

# Document Imaging Report

Business Trends on Converting Paper Processes to Electronic Format

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## eCopy Continues To Evolve With Market

Over the past few years, MFP capture leader **eCopy** has made several adjustments to adapt to an evolving market landscape. These have included releasing an SDK for third-party connections, launching an embedded initiative for displaying its application interface through MFP touchscreens, opening up its sales strategy to embrace multiple hardware partners, and dropping prices. eCopy's latest challenge is dealing with changes in the sales channel of its top hardware partner—**Canon USA**.

"In addition to losing **IKON** [which was bought by Canon competitor **Ricoh**, see *DIR* 9/12/08], over the past 18 months, Canon has also lost Global Imaging [which was purchased by **Xerox**] and Danka [acquired by **Konica Minolta**]," said Schmid. "That represented about 50% of Canon's U.S. distribution.

"Obviously, we're concerned about the Ricoh transition at IKON. Yes, IKON has sold our technology with both Ricoh and Canon devices, but, because we've had a longer relationship with Canon, a higher percentage of our product was going out with Canon devices. We are optimistic because we've had a good relationship with the Ricoh people at IKON, but it's only been two months since IKON stopped selling Canon, so it's too early to tell."

### Adopting a VAR strategy

Never one to dwell too long on the negative, Schmid remains upbeat about eCopy's prospects. "When we look at the eCopy addressable market in the U.S., which is the install base of MFPs that support our application, I'd say our technology is installed on less than 5% of them. Our competitors may be on another 5%. We asked, why is the penetration so low?

"Part of the problem is that our channel of copier dealers doesn't generate any aftermarket sales. Despite all their talk about solutions, it turns out most dealers only sell eCopy when they need it to sell hardware. We are not their core product offering. Dealers sell *ShareScan* as an add-on to help them sell their core products—MFPs. Then, they forget about us.

"We decided we need resellers that are more focused on selling eCopy, which is why we've started to go after the imaging VAR channel. We see a huge opportunity for them in going after the existing base of MFP users and building eCopy-based solutions on top of that hardware.



Ed Schmid,  
president & CEO,  
eCopy

"We're starting to see interest from **Interwoven** resellers as well as the channel that sells **EMC's AIX** product. Most of these VARs already sell a batch capture product, but sometimes a simpler MFP-driven solution will solve the problem. For example, you hear a lot about people scanning invoices into SAP environments and using IDR technology, but if the data capture requirements can be handled by reading a bar code, then *ShareScan* might be the right fit.

"We are also working with some large SIs that focus on ECM platforms like *Documentum* and *SharePoint*. Right now, we have about a dozen VARs actively selling our products. Building a channel is not easy. In fact, it might be easier to bring a new product to market than to build a channel."

eCopy also continues to expand geographically. "About 95% of our business currently comes in North America and Europe—but those regions represent only two thirds of the install base for MFPs," said Schmid. "We're just starting to establish relationships with copier dealers in places like Singapore and China. And there are even pockets in Europe where we're not covered."

### Revised licensing program

In line with its VAR efforts, eCopy

has launched an initiative to change the way *ShareScan* is licensed—so it's more in line with traditional software models. "Historically, when users' leases expired for their digital copiers, and they signed leases for new devices, our dealers have been charging them to purchase a new version of *ShareScan*," said Schmid. "Basically, they were making their customers buy *ShareScan* all over again, which was opening up the door for competitors.

"There's an old adage that it's always easier to keep the customers you have than to win new ones. Most software vendors aim toward this by making upgrades available perpetually, as long as users pay annual maintenance fees. We've introduced a program, through which, as long as users are paying their annual maintenance, when they upgrade their copiers, their *ShareScan* software is automatically upgraded to run with the new devices [If the user is running the hardware-based version of *ShareScan*, we assume there will be a charge if a new ScanStation is required]. This gives users financial incentive to stay with *ShareScan*."

Schmid concluded that even though eCopy stopped announcing annual growth figures a couple years ago, it continues to grow and do well. "If you add up all our competitors' revenue, not including the copier vendors [many of which offer their own scanning software], it still doesn't add up to our revenue," he said. "The reason we stopped reporting our growth was simply that it was encouraging too much competition."

For more information: <http://www.ecopy.com>

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