

Document Imaging Report

Business Trends on Converting Paper Processes to Electronic Format

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MFP-Focused Imaging ISV Growing, Moving Upstream

Some trends are apparently too hot to be slowed by the recession. Using MFPs for document imaging is one of them. After receiving several favorable reports from companies that focus on this niche, we caught up with **Square 9 Softworks**, which trumped them all. Granted, Square 9 is a fairly young company with a low revenue stream compared to more established entities, but its reported 140% revenue growth for 2009 is still impressive.

"In the last year, we've exploded," said Steve Young, president and CEO of Square 9, which develops a document repository sold almost exclusively through MFP dealers. "We've more than doubled our install base since we last talked to *DIR* [Square 9 was featured in our 3-20-09 edition and at that time had an install base of 500 sites.] We were not really hindered by the economy.

"A lot of people who were looking at more expensive solutions may have put them on hold. But, I think the recession has also forced businesses to look at doing more with less, and this leads them to look at automating processes through technology like document management."

Square 9's flagship product is its

SmartSearch repository, which includes image capture functionality. *SmartSearch's* starting price is \$1,950 for a three concurrent-user license. The price is targeted to fit within the parameters of MFP leases.

"Ninety-five percent of our sales still come through the office equipment dealer [OED] channel," said Young. "However, as we introduce more features that enable customization, we're starting to get interest from systems integrators."

Workflow additions

Square 9 recently released version 3.0 of *SmartSearch*, which introduces document workflow into the product. "This is a big transition for us," said Young. "While our customers thought it was great that they could store and retrieve digital documents, in many cases they are also looking to automate their repetitive processes."

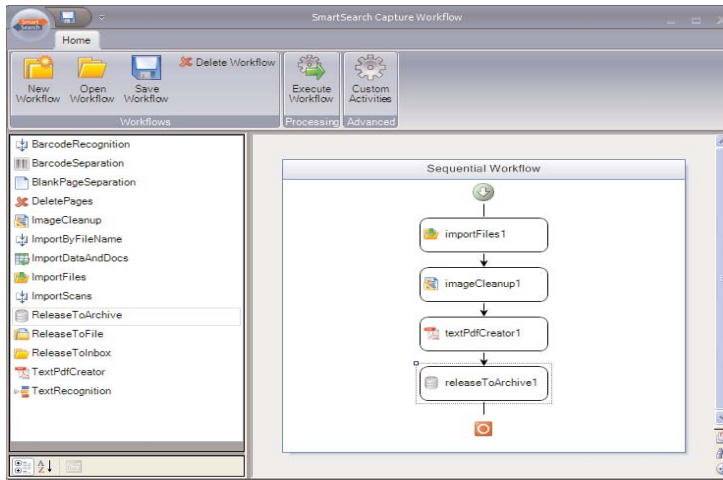
With the introduction of workflow, Square 9 has created a new tiered-level of pricing. The legacy version has been labeled the *Professional Edition*. Square 9 has also made a *Corporate Edition* available that comes bundled with workflow, as well as other features like PDF creation and zonal OCR, for \$9,950. User licenses have to

be purchased separately.

"It was always part of our strategy to move upstream," said Young. "We've seen a lot of ECM vendors that have traditionally sold six- and seven-figure deals attempting to move downstream, and some have done a pretty good job. But, I still think it's easier to move upstream. We designed a strong platform based on .NET technology and a SQL server database, with Active Directory integration. We introduced it at an affordable price and are scaling it out by adding pieces incrementally."

Between versions 2.0 and 3.0 of *SmartSearch* (within the past year), Square 9 introduced two of those pieces. One is a Web services library for integration with third-party applications and the other is a GUI workflow for document capture. The capture workflow enables users to create repeatable processes by dragging and dropping configurable features like import options, image processing, and bar code recognition.

"We are very focused on capture," said Young. "As a systems integrator we worked with **Kofax** for many years previous to launching Square 9. We've put a lot of capture into our core product and may break it out into



The capture workflow in SmartSearch enables users to drag-and-drop customizable features from the left-hand side of the screen into repeatable processes configured in the GUI designer on the right.

a separate product.”

Young did say that Square 9 will continue to work with third-party MFP capture specialists like **NSi**, **eCopy**, and **X-Solutions** (the latter two of which have been acquired by **Nuance**). “We will continue to strengthen our own capture, but at the same time, we realize there is value in those other products,” he said.

Moving upstream

Square 9’s Web site features case studies in multiple vertical markets, including accounting, construction, automotive sales, finance, healthcare, distribution, education, research, healthcare, government, and legal. “We are adding resellers at a pace of about six per month,” said Young. “We are now up to around 160 resellers and their level of experience has risen substantially.

“Currently, we are primarily installed at U.S. sites, but we are working on a deal that will expand our distribution in North and Latin America. Also, our average deal size is increasing. A couple years ago, we were doing a lot of five- and 10-seat implementations. Now, our sweet spot is 25-50 concurrent users, and we are just rolling out a system at **New York Life**.”

Young concluded that Square 9, which was spun off from a VAR business, **InfiNet Business Systems**, is taking up most of his time. “InfiNet continues to do well, but the software business is growing at such a pace that InfiNet has really taken a back seat as far as my efforts are concerned,” said Young.

For more information: <http://tinyurl.com/SmartSearch3-0>
<http://www.square-9.com/>; <http://www.infinet-sys.com/>

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DIR is the leading executive report on managing documents for e-business. Areas we cover include:

1. Document Capture
2. Image Processing
3. Forms Processing/OCR/ICR
4. Enterprise Content Management
5. Records Management
6. Document Output
7. Storage

DIR brings you the inside story behind the deals and decisions that affect your business.

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