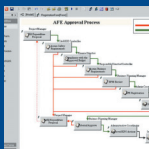


16  
Years  
In The Channel



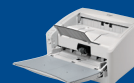
#### WORKFLOW

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Growth Strategies For The IT Channel

FEBRUARY 2007  
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## Stop The Imaging Hardware Slide

BRIAN ASHFORTH (LEFT) AND BARRY ASHFORTH,  
PARTNERS, CPT INTELLIGENT TECHNOLOGIES, INC.

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# Imaging Hardware Slide

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BY KEN CONGDON

**F**alling hardware margins. Like a plague, this trend has swept across the document imaging landscape and affected most VARs and integrators in the space in one way or another. Some VARs have been destroyed by it. Others have adjusted their business models and found ways to not only survive, but thrive in the face of it.



BRIAN ASHFORTH (LEFT) AND BARRY ASHFORTH, PARTNERS OF CPT INTELLIGENT TECHNOLOGIES, HAVE DEPLOYED PAYMENT PROCESSING, WEB INTEGRATION, AND EDI SERVICES AS A WAY TO MAKE UP FOR DECREASING SCANNING HARDWARE MARGINS.

One integrator that has successfully evolved its strategy over the years is CPT Intelligent Technologies, Inc. Run by brothers and business partners Barry and Brian Ashforth, this New Jersey-based integrator was established in 1957 as an office equipment dealer. By the late '80s the company had fully transitioned to a document imaging technologies provider. Imaging proved to be a lucrative market for CPT for the better part of the last two decades, but over the last five years the integrator began to realize a marked shift in the way imaging hardware was being purchased and implemented.

"When we first started selling imaging systems, we sold everything — from the PCs, to the imaging software, scanners, and image processing cards," says Brian Ashforth. "Back then, the systems were stand-alone solutions. Nowadays, it is a necessity for customers to access an imaging system across the enterprise via existing PCs. Furthermore, as document scanning hardware continues to move downstream, it has become less expensive and easier to implement. As a result, many customers are now purchasing their scanning hardware from online retailers and distributors. The impact this trend has had on our business is clearly visible. Five years ago, imaging hardware sales accounted for 25% to 30% of our revenue. Today, it accounts for less than 10%."

You might think this dramatic slide in hardware sales over a five-year period would translate to an overall revenue drop for CPT. However, the integrator combated this threat by making hardware a less significant component of its solution offering and placing greater emphasis on implementing software and services for data capture, workflow, and data archiving applications. This shift in philosophy allowed CPT to maintain sales growth rates of close to 20% annually over this five-year span.

Photos by Kenneth Gabrielson



The integrator expects to increase revenue another 25% this year by uncovering new opportunities that complement its core data capture focus.

### Marry Forms, Remittance, And Payment Processing

When CPT initially began to focus on data capture, most of its applications were restricted to forms processing. However, the integrator quickly realized it would have to branch out and provide more solutions with each sale if it was going to continue losing hardware dollars. CPT uncovered an ideal crossover opportunity while working with one of its clients, Dr. Leonard's Healthcare Corp.

Dr. Leonard's produces two mail order and online catalogs that specialize in health and home comfort products for the elderly. In 2003, CPT implemented a system for the catalog company that automatically scans each incoming order form, extracts data from each document, and presents the data to an agent for order verification. However, when the system was originally installed, the checks that accompanied each order form were collected after scanning and handed to the accounting department, which would then manually process the checks and deposit them into the bank. CPT realized that helping Dr. Leonard's automate this payment process would be a logical extension of its original solution and would enable the integrator to quickly earn additional revenue with this and other clients.

The technologies required to automatically process payments and remittance documents are very similar in nature to the technologies necessary to process forms. The concept of using software to automatically recognize and extract key information from each document for use by other systems is the same — it is the structure and format of the data that is different. For example, forms processing requires OCR (optical character recognition) and ICR (intelligent character recognition) to automatically identify the letters and numbers on a form. Payment and check processing requires these technologies to be tweaked in order to read the courtesy amounts and legal amounts on a check. Payment processing systems must also provide automated MICR (magnetic ink character recognition) encoding functionality. CPT gained the additional experience it needed to implement these payment processing systems by becoming certified on the specific accounts payable products offered by its existing forms processing software vendor AnyDoc Software as well as some additional check reading software. As a result, CPT was able to implement a payment processing solution for Dr. Leonard's that allowed the company to automatically process and encode each check. The saved man-hours that resulted allowed Dr. Leonard's to pay for the system in less than a year, and CPT sees similar opportunities with several of its other clients.

"There is a clear opportunity to marry forms processing with remittance and payment processing for many organizations,"

says Ashforth. "Many companies don't have the paper processes that enable them to take advantage of traditional remittance processing solutions. For example, they don't receive a payment coupon with MICR code on it that notifies the system what the amount of the check that follows should be. Instead, these customers receive order forms or other unstructured remittance documents that require forms processing to be implemented first and then integrated with a check processing system."

While payment processing is one clear crossover opportunity that exists with a data capture or forms processing installation, others may become evident if you know where to look. "The key to uncovering complementary project opportunities is to understand where your initial data capture application fits into the company's overall business process," says Ashforth. "Gain a full understanding of what is done with all the data you are capturing from the point it enters the organization to the point it exits or is archived, then make sure you are streamlining this process as much as possible at every stage. Also, taking a tour of the facility and asking questions about the specific functions being performed in each department will often allow you to uncover opportunities where you never thought they'd exist."

### Supplement Data Capture Revenue With Web Integration

In addition to add-on payment processing projects, CPT also sees increased opportunities to integrate its data capture applications with the Internet. "Many of our clients scan and capture data in multiple geographic locations and transmit that data to one central processing center," says Ashforth. "This data is being transmitted via the Web. The Web is also being used to distribute character verification responsibilities. For example, once documents go through an OCR process, all questionable characters can be placed in a secure Web portal where workers anywhere in the world can verify the data, including home workers who are paid on a per character basis. Our ability to create a secure Web environment where our customers' employees and clients can access com-

CPT INTELLIGENT TECHNOLOGIES, INC.

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2007 PROJECTED SALES GROWTH RATE: 25%

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**“The key to uncovering complementary project opportunities is to understand where your initial data capture application fits into the company’s overall business process. ...”**

BRIAN ASHFORTH, CPT INTELLIGENT TECHNOLOGIES, INC.

pany data has enabled us to increase our integration services revenue.”

Dr. Leonard’s is one client that has taken advantage of CPT’s Web integration expertise. The order form capture and processing system the integrator implemented for Dr. Leonard’s resides in the catalog company’s New Jersey headquarters. However, Dr. Leonard’s has multiple call centers throughout the United States that regularly needed to access form images

for order verification. Initially, order form images needed to be faxed from the corporate office to the call center requesting the information. Recognizing the problem, CPT worked with Dr. Leonard’s to create a link that made the Dr. Leonard’s order form image repository accessible to authorized employees in remote call centers via the Web.

**Be Prepared For Future EDI Opportunities In Payment Processing**

Since CPT started offering solutions in the payment processing arena, it has begun to realize the growing impact EDI (electronic data interchange) is having on transaction-based processes. EDI is the computer-to-computer exchange of business transaction data between corporations using message standards that are agreed upon by each party. Many of CPT’s payment processing clients receive one check and one remittance document that clarifies all of the invoices being paid by that one check. This remittance document can be several pages long, and many companies are agreeing to have this document transmitted via EDI rather than paper form for their larger customers and partners.

“EDI is definitely becoming more prevalent in the payment processing arena,” says Ashforth. “While it doesn’t seem to be taking over as quickly as the industry anticipated, I believe a lot of the paper-based processes currently involved in business payment transactions will eventually be replaced by EDI.”

In anticipation of this growing trend, CPT has already learned how to output files in several acceptable EDI formats using some of the data capture products it currently carries. The integrator is also educating itself on how to ingest data via EDI in many of the payment and remittance processing systems it designs for customers. In the words of Ashforth, the company wants to be ready to pounce on these opportunities as they become available. It seems offering EDI capabilities will be the latest phase in a continuing business evolution that has allowed CPT to successfully navigate the negative effects of deteriorating hardware margins. What are you doing to ensure you don’t become a victim of the imaging hardware slide? ●

**Employ Specialized Capture Tools For AP Processing**

When CPT Intelligent Technologies decided it wanted to begin developing payment and remittance processing solutions to complement its existing forms processing offerings, it needed to educate itself on some specific AP (accounts payable) products offered by its data capture vendor AnyDoc Software. Two products the integrator immediately wanted to certify itself on were AnyDoc INVOICE and AnyDoc REMIT.

AnyDoc INVOICE automatically captures and processes the data that companies regularly need to reference on an invoice such as vendor ID numbers, invoice dates, purchase order

numbers, line-item descriptions and charges, payment terms, shipping charges, and taxes. This information is automatically extracted, minimizing manual data entry, and questionable data can be validated by a human operator.

Once captured and validated, invoice images and data can be transmitted to other business applications such as a financial database, ECM (enterprise content management) system, and/or ERP (enterprise resource planning) system.

AnyDoc REMIT automates the capture of remittance data, expediting the time it takes customers to transfer data to their financial systems and deposit funds into their accounts. The software also automates preparatory tasks, such as validating remittance transactions against an organization’s back end database and matching incoming funds with outstanding invoices. AnyDoc REMIT also allows VARs to set up business rules that enable the software to adapt to the specific accounting processes of each individual business.

“One of the things I like best about the products on the AnyDoc platform is that you can execute several high-level data extraction functions without extensive programming expertise,” says Brian Ashforth, partner of CPT Intelligent Technologies. “The point-and-click capabilities of the software also make it easy for salespeople to set up their own product demonstrations without the support of a technician. This flexibility allows us to maximize our human resources, which is very important to a seven-person integrator such as ourselves.”

For more information on AnyDoc Software, Inc.  
go to [www.anydocsoftware.com](http://www.anydocsoftware.com)

**AnyDoc**  
SOFTWARE



*Ken Congdon is the editor of content management technologies for Business Solutions magazine. He can be reached at [kenc@corrypub.com](mailto:kenc@corrypub.com).*

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