

18
Years

In The Channel



STORAGE VIRTUALIZATION

A VAR resolves a hospital's storage shortage with an open architecture switch, p. 56.



SCANNING

Generate more imaging sales by capitalizing on the growing adoption of networked scanning, p. 76.



STORAGE

Could Pillar Data's new storage platform help you solve data management challenges? p. 16.

SEPTEMBER 2008
BSMinto.com

Business Solutions

Growth Strategies For The IT Channel



Grow SMB Sales With

SaaS Solutions

A **SaaS (Software as a Service)** solution for document management has this VAR anticipating a **50% increase in SMB sales**, p. 36.

NANCY LAZENBY, EXECUTIVE VP, AND MIKE PAULE,
DIRECTOR OF BUSINESS DEVELOPMENT, DSSI



Sell

SaaS Solutions

To Achieve SMB Success

BY VICKI AMENDOLA

By developing a SaaS (Software as a Service) solution for document management, this VAR is on target to increase its SMB sales by 50% this year.



think you would be hard-pressed to find a VAR that doesn't (or wouldn't) love to land big, enterprise-level sales. DSSI (Document Scanning Systems and Imaging) is among the crowd that has been successful in the enterprise arena. The reseller has found success in revenue-rich verticals such as entertainment (20th Century Fox, EMI Capitol Records, and Universal Music Group) and aerospace (Pratt & Whitney Rocketdyne and Boeing). In fact, one of the VAR's favorite quips about aerospace is that its solutions actually circle the globe as part of the national space program.

Since 1996, DSSI has been providing clients with document imaging products and services, including scanners, data capture software, content management software, and document automation and workflow solutions. Although the reseller is quick to tout the benefits of enterprise-level selling, it has noticed its most rapid growth occurring in a very different arena — the SMB market. Last year, the VAR saw its SMB revenue grow by 27.6%. Numbers from this year are even more promising, increasing by 38.2% in just the first six months of 2008. Perhaps what DSSI has learned from targeting this market can help you to cash in on your own SMB sales success.

Target SMBs For Document Management Sales

One thing you might wonder is why a VAR that has been so successful selling to enterprise customers would consider investing so much energy in developing an SMB strategy. The reseller has its share of Fortune 100 and Fortune 500 customers, and it continues to target additional prospects at the enterprise level. But according to Mike Paule, director of business development at DSSI, the allure of the SMB market is simple — it presents a larger customer base and a faster sales cycle.

"Everyone likes to go after the really big sales, but you have to realize that there is a limited number of those opportunities," says Paule. In contrast, the SMB market offers a substantially higher number of businesses to target, which according to Paule, remains a segment largely underserved by traditional ECM (enterprise content management) solutions. DSSI marketing material cites research from Delphi Consulting Group that indicates as much as 90% of documents in SMBs remain in hard copy form. Of these documents, 15% are misplaced, and as much as 30% of a workday is spent looking for lost or misfiled information.

A second reason to target SMBs is the pace at which revenue can be realized. The team at DSSI finds the sales cycle with an SMB to be shorter than marketing to larger firms, finding it easier to get to the final decision maker. "Like most VARs, we want to identify ways to shorten the sales cycle," says Paule. "When dealing with a larger prospect, you typically need to meet with multiple individuals and departments before a decision is reached. This is not the case when dealing with an SMB." Based on DSSI's experience, the sales cycle for an SMB typically ranges from 30 days to 6 months. Of course, there are exceptions to this time frame. For instance, Paule recalls a recent appointment with a dental group where he was reviewing patient charts in order to determine the requirements for an imaging project the group was contemplating. He submitted the proposal the following day and had signed approval back within a half hour.

Bundled ECM Solutions Are Better For SMBs

To capitalize on the SMB ECM opportunity, DSSI needed to understand the challenges of selling document management to small and midtier companies. In the world of the SMB, restrictive IT budgets and a lack of technical expertise appear to be two of the most common objections resellers encounter when selling technology solutions for document management. But neither of these objections negate the fact that SMBs need a solid file management strategy as much as their Fortune 500 counterparts.

With economic conditions remaining questionable, companies of all sizes are tightening financial belts. If a company is privately held, as many SMBs are, the budget constraints can be even more restrictive. "We took a look at some of the technologies we use in our enterprise solutions and examined how we could effectively port them over to the SMB market," says Paule. "We also looked at how we could do so in such a way that we could sell solutions at a lower price point,

DSSI
(DOCUMENT SCANNING SYSTEMS AND IMAGING)

2007 SALES REVENUE: \$3 MILLION

2008 PROJECTED REVENUE: \$4 MILLION

2008 PROJECTED SMB SALES GROWTH: 50%

EMPLOYEES: 27

(877) 906-3774

WWW.DSSI.COM

VENDORS: BÖWE BELL+HOWELL, CAPTARIS, DOCUWARE, FUJITSU, KODAK, KOFAX

DISTRIBUTORS: NEWWAVE TECHNOLOGIES

requiring a lower capital outlay, which is more important than it was just a couple of years ago.”

Additionally, the VAR wanted to develop a solution that could eliminate the potential challenge of the limited IT infrastructure common to many SMBs, especially those on the smaller end of the scale, having 100 employees or fewer. On the enterprise end of the scale, it is not uncommon to find IT leaders and teams that can easily grasp the fundamentals of document imaging and content management. In contrast, smaller companies simply don't have the human resources or the time to dedicate to identifying, comparing, and integrating all the elements of a document management system. DSSI knew that removing the need for any technical expertise would make a big difference when selling to an SMB.

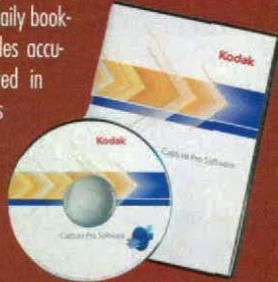
The VAR's answer to all of these concerns came in the form of its ScanPortal-WebConnect, an integral part of DSSI's SMB growth strategy. The reseller took a turnkey approach when

constructing the solution, eliminating the IT challenges of an SMB by bundling everything needed for a complete document management system from front end scanning and capture to image repository and archive services. On the surface, this solution may sound both IT-dependent and expensive — exactly the opposite of what the VAR was trying to accomplish. But DSSI designed ScanPortal-WebConnect as a hosted, or SaaS (Software as a Service), solution that enables the reseller to assume all the IT requirements. Because of the hosted nature of a SaaS solution, the VAR can break the cost into smaller, monthly payments that are much easier to justify on an SMB budget.

DSSI also realized that selling a complete solution would not only be more favorable in the eyes of its prospects, but would also protect its profit margin. “Let's face it, margins are shrinking, and you can't stay in business just selling hardware,” says Paule. “In software, margins are still pretty good, but even then you are running into more and more competition. By offering a bundled solution that includes a hosted document repository, we create a long-term relationship with our customer, and we generate recurring revenue. Best of all, we are achieving good margins.”

Choose A Capture Solution With No Volume Restrictions

Content Management reseller DSSI knows a thing or two about relieving the burden of paper-based file management. Recently the VAR solved this challenge for the Santa Barbara, CA county jail. The booking process at the jail was completely paper based, and daily booking files accumulated in boxes



COMBINING KODAK SCANNERS AND CAPTUREPRO SOFTWARE SIMPLIFIED DOCUMENT MANAGEMENT FOR A COUNTY JAIL.

that were quickly consuming valuable office space. “County budgets are always tight, and their internal technology is not always up-to-date,” says Mike Paule, director of business development at DSSI. Although the jail had some old document scanners on hand, they had never been implemented as part of a formal document management strategy, and paper files continued to pile up for years.

DSSI originally proposed to outsource the entire project, but the county didn't have the budget to support that option. Any solu-

tion would have to remain in-house. Faced with this requirement, DSSI turned to Kodak and came back with a solution that combined a KODAK 1420 scanner with the vendor's new CapturePRO software.

CapturePRO software fit the county jail's needs on many levels. First, it had no volume restrictions, meaning the jail could use it as both a going forward solution and a back file conversion tool. Second, it fit within the county's budget constraints. And third, the software was user friendly, operating with a familiar Windows look and feel. This enabled nontechnical users to pick it up quickly, using intuitive icons and toolbars that can be learned by clicking your way through the process.

As an added benefit of choosing Kodak's new software, DSSI was able to tap into a marketing incentive offered by Kodak to provide the jail with a free Kodak flatbed scanner in addition to the sheet-fed KODAK 1420. Having a flatbed scanner enables the jail to scan materials, such as identification cards, that could not be imaged using the sheet-fed scanner. Rebate and promotional programs, such as the free scanner offer, are another reason DSSI chooses to partner with Kodak. In a market where Internet merchants can cannibalize a reseller's hardware sales opportunities, programs such as these enable DSSI to remain competitive.

www.kodak.com

Leverage SaaS To Provide Index And Archive Services

On the front end of the ScanPortal-WebConnect solution, DSSI couples scanners, most often Kodak or Fujitsu, with Kofax capture technologies that include VRS (Virtual ReScan) and the Ascent capture platform. The reseller then offers its customers the option to either process the scanned images, which includes steps such as OCR (optical character recognition) validation and indexing, on their own or let DSSI perform this service on a SaaS basis. For customers that opt for the SaaS solution, the reseller recommends a system that utilizes bar codes or separator sheets to identify document sets. In some cases, the VAR even custom designs a PDF separator sheet that can be used to either enter key fields manually or autopopulate those fields through a text lookup process. For example, in the case of an invoice, key fields may be invoice amount and purchase order number. These pieces of information can be entered manually into the PDF separator sheet, or the capture solution can be customized to extract this information when the form is scanned and populate these fields automatically.

Regardless of whether images are processed by the customer or by DSSI, those images are then uploaded using Kofax Remote Sync agent into a document repository built on the Captaris Alchemy content management platform. The repository is also a hosted service that DSSI provides by co-locating with the Qwest CyberCenter, a facility built specifically for secure Web and data hosting. According to Paule, security is as much a concern for the VAR's SMB customers as with its enterprise clients. Choosing to co-locate was a strategic decision that helped DSSI provide security for its customers' data without having to develop, deploy, or maintain its own Internet data center. For further security, the reseller's servers run multiple power supplies and redundant hardware. In addition, the data is backed up daily to an off-site storage location. The reseller also gives customers the

option of receiving a CD library of images every quarter for their own, internal archive purposes.

Presenting a SaaS solution also enables DSSI to overcome the financial challenge of selling document management to SMBs. "ScanPortal-WebConnect allows SMBs to retain the control of scanning documents without having to pay the capital and IT expenses of maintaining their own content management platform," says Nancy Lazenby, executive VP at DSSI. For example, if the VAR had to present a complete in-house document management system, the price tag could easily reach \$20,000 to \$30,000 — an up-front investment many SMBs cannot justify. However,

leveraging these technologies on a hosted basis enables the reseller to spread the cost across multiple customers using the system on a monthly basis. The VAR is able to determine a per-customer cost for ScanPortal-WebConnect by annualizing the cost of the hardware, software, and system setup, along with the cost of processing and storing document images and of system maintenance. As far as SMBs are concerned, an initial account setup cost of \$1,000 followed by a monthly cost of \$500 to \$600 is much easier to justify.

MoreInfo ▶ If you would like to read more about SaaS, check out BSMinfo.com/jp/3173.

Market To SMBs With Online Tutorials, Webinars, And Web Sites

DSSI discovered that the limited IT expertise of the typical SMB meant it not only had to price its solutions differently, it had to market them differently as well. The VAR needed to present the solution from the customer's point of view, turning it into more of what Paule and Lazenby refer to as a 'visual sell.' "In small business, people often have to wear so many hats that they don't really have the time to allocate someone to do all the education and training necessary to put together a complete document management package," says Lazenby. "We've taken the time to create Flash demos, Webinars, and other visual tools to demonstrate how our solutions work and also illustrate what our solutions can do for them."

The VAR's visual selling tools have garnered such good results that it has launched a major initiative to redesign its Web site. The site is being developed to be more user friendly, visually rich, and educational in purpose. On the agenda are plans to include multimedia tutorials, demos, Webinar opportunities, and white papers. "We want to drive

more people to the site, we want them to stay on the site longer, and we want to be able to track people who download the site's content," says Lazenby. To track the effectiveness of the new site, as well as gather potential leads, DSSI will have visitors register in exchange for unlimited downloads of the site's educational content. In addition, DSSI plans to post an ROI calculator that can help prospective customers compare the cost of a paper-based system with a document management system.

When it comes to calculating ROI, marketing to the SMB market is certainly paying off for this reseller. With SMB sales in 2008 already reflecting a 38.2% increase, DSSI is well on its way to accomplishing its goal of generating a 50% increase in SMB revenue over last year. ●



Vicki Amendola is the ECM technologies editor for Business Solutions magazine. She can be reached by e-mail at Vicki.Amendola@BSMinfo.com. To read her other editorial or online opinion column, go to BSMinfo.com.

ViewWise® Document Management is sold exclusively through certified partners. Dedicated resources help partners market, sell, and implement.

Become a part of our growing industry and anchor your existing product lines as part of an active solution in demand. Excellent profit margins, rep sales assistance, full training and support, leads and joint marketing.

The time has come to call Computhink.

Visit Computhink.com

To learn more about **Reseller Opportunities**,
email sales@computhink.com
or call **800-98-THINK**

Computhink