



TOOLKITS

Pegasus Imaging Corporation expands its offerings to integrators and developers by acquiring TMSSequoia, p. 20.



CONTENT MGT.

An automated content management solution for casinos earns this VAR a 2005 Channel Innovator award, p. 8 in VAR Guide.



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Kofax integrates Adobe LiveCycle into its Ascent Capture platform, p. 20.

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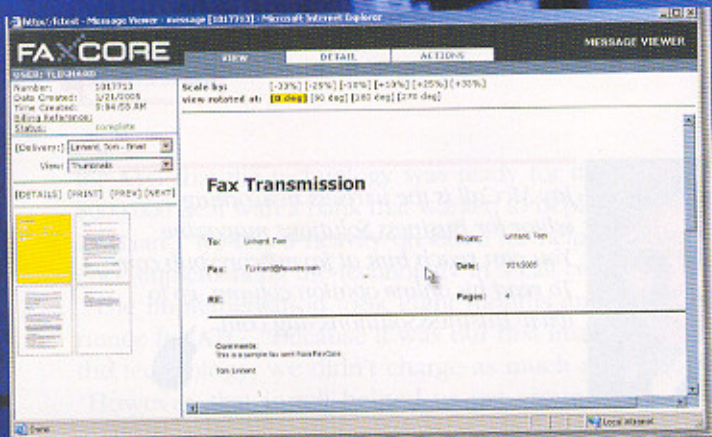
The Fax Reborn

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Many content management VARs consider fax a dead technology, but this software developer is **increasing revenue 300%** with its **fax server solution**, p. 36.

Tom Linhard, president, FaxCore, Inc.

Inside:
The Annual Guide
To VAR Programs



Tom Linhard, president of FaxCore, Inc., realized his customers weren't ready to bury fax as a technology. He created a new fax server solution designed for the Microsoft .NET platform and expects his revenue to increase 300% this year as a result.



The Fax Reborn

▲ Many content management VARs consider fax a dead technology, but this software developer is proving that big profits can still be made with the right fax server solution.

by Ken Congdon

You may roll your eyes at the thought of fax in today's paperless office environment, and many vendors may join you in this response. In fact, most traditionally fax-focused vendors have abandoned efforts to advance their fax technology and have opted to focus on wireless or IP (Internet Protocol) initiatives instead. These vendors just don't see a place for fax in the business world of tomorrow — but Tom Linhard does.

For 12 years, Linhard specialized in delivering fax server solutions. A fax server allows users to send and receive faxes through a computer terminal without the need to physically output or transmit the document in paper form. A fax server typically consists of a LAN-connected PC running a Windows operating system, fax application software, and an intelligent fax board. Linhard found that while vendors were freezing the development of their fax products, his customers' fax needs continued to grow. "Many businesses still rely heavily on fax," says Linhard. "Banks commonly use fax to blast interest rates, and transportation companies typically fax bills of lading back and forth. Plus, a lot of the purchase ordering systems, invoicing systems, and mortgage processing systems are still driven by fax. In fact, figures from many fax hardware companies indicate that the purchase of fax-related technologies continues to grow at a rate of 5% to 30% a year."

Since the existing fax server solutions on the market weren't evolving to keep pace with his clients' needs, Tom Linhard decided to develop his own. With input from his customer base and the help of Axacore, a document imaging and data conversion software engineering shop, Linhard developed FaxCore. This new fax server software package is expected to produce revenue gains of more than 300% in 2005.

Fax Must Keep Pace With Document Management Trends

As Linhard saw it, the fax server market of a few years ago lacked some significant capabilities and features. First of all, most fax server solutions never evolved beyond the client/server architecture. These fax solutions required fat-client software to be installed on every user's PC. Not only were these solutions difficult for IT professionals to deploy, they also couldn't scale to handle large volumes of fax transmissions. Second, few fax server solutions provided the archiving, search, and retrieval capabilities to comply with regulatory requirements imposed by acts such as Sarbanes-Oxley and HIPAA (Health Insurance Portability and Accountability Act).

FaxCore was designed exclusively for the Microsoft .NET framework. This

Company: FaxCore, Inc.

Headquarters: Centennial, CO

Other location: San Diego

Founded: 2002

2004 sales growth rate: 100%

2005 projected sales growth rate: 300%

Employees: 15

Principals: Tom Linhard, president; Nick Basil, CTO

Markets: financial, healthcare, insurance, transportation

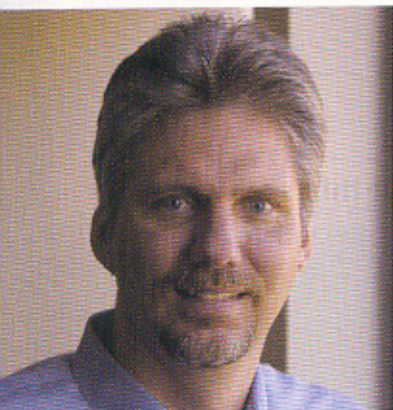
Vendors: Brooktrout Technology, Pegasus Imaging Corporation

Customers: Kinder Morgan, Modern Postcard, Partners Healthcare, Scientific Cutting Tools, United Agricultural Products, Valmont Industries

Phone: (720) 870-2900, ext. 305

Web site: www.faxcore.com

E-mail: tlinhard@faxcore.com



"The purchase of fax-related technologies continues to grow at a rate of 5% to 30% a year!"

Tom Linhard, FaxCore, Inc.

thin-client architecture allows an IT administrator to deploy the solution enterprise-wide without touching the desktop. All of the capabilities of the software are provided from the server, and users access product features through a browser-based interface.

FaxCore is also tightly integrated with a Microsoft SQL server on the back end. This server configuration allows businesses to transmit and store millions of transactions in FaxCore without affecting their system performance.

FaxCore is equipped with compliance features that allow a fax to be indexed and retrieved quickly from within the system. To comply with Sarbanes-Oxley requirements using other fax systems, a user may have to print a fax, scan it into an imaging system, and then destroy the paper copy. FaxCore automatically indexes outgoing and incom-

ing faxes based on a number of identifiers including the date, the CSI (called subscriber identification), and DID (direct inward dial) or DTMF (dual tone multi-frequency) routing information. Users can quickly retrieve specific faxes by conducting searches based on these indexes.

Overcome Fax Server Software Development Challenges

Fax server software must integrate telephony interfaces, communication protocols, an operating system, and different pieces of hardware (e.g. servers, switchboards, fax machines). Addressing all of these variables took Linhard longer than expected. "FaxCore took three years of constant development to bring to market," says Nick Basil, CTO of FaxCore. "However, speed to market wasn't our primary objective; getting the product right was. We limited the size of our core-level engineering team to six people, each of whom specialized in a specific technology point such as database optimization, telephony communication, document conversion, or the user interface and

display. These engineers cross-trained each other during the development process to check and test the product design. This methodology allowed us to develop more completely with fewer administrative constraints."

To ensure its product hit the mark, FaxCore also limited its initial rate of penetration into the market and did extensive product testing. "We targeted a small group of customers whose archiving or document conversion needs weren't being met by other fax products on the market and sold our product idea to them first," says Linhard. "We let these sales dictate the first round of features that were built into FaxCore, and we used these clients as beta sites and reference sites to influence subsequent sales of the product."

One of FaxCore's initial customers was Axacore, the data conversion and document imaging company that was helping Linhard with the engineering

Imaging Toolkit Impacts Fax Conversion Speeds

To convert fax content into browser-compatible content accessible through a .NET platform, FaxCore had to build some raw image conversion and manipulation capabilities into its software. The company used an imaging toolkit from Pegasus Imaging Corporation to program these functions.

"The problem with most imaging toolkits on the market is that they are built for the desktop, not server processing," says Nick Basil, CTO of FaxCore. "Pegasus Imaging, on the other hand, is designed for server processing. It has the speed to handle multiple transmissions simultaneously. With a fax server solution, the fax load is shared among all users, and every millisecond of processing

time is important so that system performance isn't affected. With the Pegasus Imaging toolkit, we were able to improve our conversion speeds by magnitudes of 10."



Basil also was impressed by the availability of Pegasus Imaging's engineering team and their willingness to adjust the toolkit to meet FaxCore's needs. "Other toolkit vendors tend to do their development overseas," says Linhard. "Pegasus has a U.S.-based engineering team that you can go to with tough imaging challenges. They were more than willing to tune their kernel and tweak their product to help us develop FaxCore."

For More Info. On Pegasus Imaging Corp.

Go To www.pegasusimaging.com





aspects of FaxCore. Axacore needed to move about a million pages of fax transmissions a month through its data center and was having difficulty accomplishing this with the existing fax server solutions on the market. FaxCore engineers used the Axacore data center to test the product under load and ensure it provided the scalability to handle large volumes of fax transmissions.

New Fax Server Features Pique Interest, But ROI Still Drives The Sale

FaxCore's .NET architecture and SQL scalability makes the product an attractive fax option for an IT professional, but ultimately, ROI is still the deciding factor as to whether a fax server solution is implemented or not. Furthermore, the ROI of a fax server solution is not

reserved only for companies that fax hundreds of thousands of documents a month. Businesses with modest fax requirements can also experience significant payback. To

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Telephone Deregulation Flips The Fax Pricing Model

In the early 1990s, deploying fax servers at branch offices made the most sense for most businesses. During this time, it was cheaper for a business to make a local or intrastate call than it was to make a long distance call. For this reason, companies deployed a fax server in their remote offices to take advantage of local phone numbers and to distribute the fax load.

However, the Telecommunications Act of 1996 deregulated the industry and flipped the pricing model for local and long distance calling. Local calls are now taxed more heavily, and it is cheaper for businesses in the United States to call across state boundaries. "IT administrators are now looking to pull back the remote fax servers they have deployed and consolidate their telephony and fax resources," says Nick Basil, CTO of FaxCore. "This desire drives the need for a fax server solution capable of handling high volumes while providing easy access for users. With a browser-based fax server that works with a corporate e-mail system, users from around the world have access to fax transmissions and system features through a browser or their Outlook/Notes e-mail client."



illustrate this point, Linhard compares the automation benefits of a fax server to the inefficiencies inherent to manually faxing a document.

"The old-fashioned way of manually faxing documents takes an average of 8 minutes and consumes too many resources [i.e. paper, toner, space for fax machines]," says Linhard. "By using a fax server, the 8-minute faxing

process is reduced to less than 30 seconds." Considering an average hourly labor cost of \$20, a company that transmits a modest 1,000 faxes a month will spend \$2,666.66 a month in labor alone to send those faxes manually. With a fax server, this same company would spend only \$166.66. This translates to annual labor savings of \$30,000. A FaxCore solution for a company that

transmits 1,000 faxes a month would cost between \$8,000 and \$10,000 to deploy. So, the solution would pay for itself three times over in one year.

Through extensive testing and customer feedback, FaxCore is now in its third generation of the product. The company has extended beyond its small initial customer base and has begun to market FaxCore to the masses. "We have been promoting ourselves heavily at industry trade shows such as Microsoft TechEd and ARMA [Association of Records Managers and Administrators]," says Linhard. "None of our competitors are marketing at these shows, so these branding efforts have been particularly advantageous for us. They have given us a platform to accelerate name recognition by showcasing our product to several decision makers in the industry at one place and time."

FaxCore has also adopted a 100% channel-focused distribution model for the product. To push his product, Linhard has built upon his distributor and VAR ties from his 12 years as a fax server reseller. Through these efforts, FaxCore expects to enjoy a 300% increase in revenue in 2005, followed by revenue growth of 150% in 2006 and 2007. □



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Ken Congdon is the content management editor for *Business Solutions* magazine. You can reach him at kenc@corrypub.com.