

INSIGHT

Equitrac Enhances Document Accounting Offering for the Office, Education, and Legal Markets

Keith Kmetz

IDC OPINION

Equitrac's document accounting systems product line continues to evolve. In its latest announcement, the company is in a solid position to maintain a market leadership role for cost recovery applications (e.g., legal and other professional services) and to take advantage of the problem of unmanaged document costs and pay-for-copy/print opportunities. Equitrac has done well in the established cost recovery markets and has shown signs of success for document accounting in the emerging general office and education markets. Keys for future success lie in:

- ☒ **A growing market interest in tracking hardcopy usage.** Many organizations are beginning to recognize the high costs associated with producing documents on paper. If left unmanaged and untracked, document costs can spiral out of control. Equitrac technology helps identify excessive costs or waste associated with copying and printing so that organizations can better manage and/or reduce the costs of producing hardcopy documents.
- ☒ **Ongoing product evolution.** Equitrac continues to add several new or enhanced features to its document accounting system software to bring greater cost efficiencies for the office, education, and professional services markets.
- ☒ **Embedded technology developments.** Equitrac has partnered with several hardcopy market leaders including Canon, eCopy, EFI, HP, Ricoh Sharp, and Xerox to develop embedded Equitrac solutions for these vendors' products.
- ☒ **Building on a market leadership position.** Equitrac has an established market leadership role in the cost recovery market. As an example, most of the top U.S. law firms use Equitrac technology. Additionally, the company claims an impressive base of more than 10,000 customers worldwide.

IN THIS INSIGHT

This IDC Insight analyzes Equitrac's strategy as well as the company's new document accounting products for the office, education, and legal markets. Equitrac held an analyst/press meeting in Newark, New Jersey, on April 21, 2006, that highlighted the company's strategic direction and discussed upcoming product announcements.

SITUATION OVERVIEW

Equitrac announced the latest versions of its document accounting software for the office, education, and legal markets. The new Equitrac document accounting systems include:

- ☒ Equitrac Office 4
- ☒ Equitrac Express 4
- ☒ Equitrac Professional 5

Equitrac Office 4 and Express 4 are targeted at the office and education markets, respectively. Both products are expected to ship in June.

Equitrac Professional 5 was announced on May 1 at the Association of Legal Administrators (ALA) Educational Conference and Exposition in Montreal. This product is targeted at the traditional cost recovery market in the legal industry. It is scheduled to ship in September.

Equitrac Office 4

Equitrac currently claims it has a 20% share of the general office market. Executives also commented that the company's greatest successes have come in the traditionally paper-intensive financial, healthcare, and insurance industries. However, the company anticipates a more broad industry reach over the next few years.

To target this growth opportunity, Equitrac announced Equitrac Office. This document accounting system software is targeted at cost management opportunities for the general office market. This new version, Equitrac Office 4, comes with a number of new or enhanced features.

A new Device Monitoring Engine offers real-time monitoring of available devices as well as rules-based alerts. Because the IT staff is notified only after a device has been offline for a reasonable amount of time or a fault has occurred repeatedly, the number of excessive alerts to the help desk can be significantly reduced. Real-time monitoring also allows for automatic job routing to the most appropriate printing devices, based on the attributes of the job and the current status of available units. Equitrac states that this new feature should reduce help desk calls because jobs can be routed from unavailable devices (e.g., those with low toner or a paper jam) to a device that can produce the job. Of course, the user will be alerted to the alternative routing.

Rules-based printing is based on the criteria of the job and the most appropriate device to produce the job. Equitrac provided the example that companies may not want their employees using a color printer to print out Web pages. In this case, if users try to print this type of output on a color printer, they will be alerted that this type of output is not permitted on the color device and will be routed to another named machine. Users can then choose to either continue with the output or delete the job.

Another new feature is Color Quota Management. This function controls color output by determining who may print to color devices and how much volume they may produce over a given time. Equitrac states that this feature should alleviate many of the current fears revolving around the adoption of color-capable devices. It provides companies the freedom to allow color access by lessening the risk of abuse. In fact, this feature is expected to facilitate the sales of color-capable printers and MFPs by removing the fear of color's higher cost of operation and waste implications.

The Follow-You printing feature provides a layer of security for producing sensitive documents. Follow-You allows print jobs to be held securely on a server until the users authenticate themselves at any printing device, anywhere in the enterprise. Essentially, Follow-You enables a networked, workgroup device to function like a personal output device. If jobs are unclaimed by a user, they are deleted after a specified time as programmed by the administrator.

The new Send To capability allows users to share documents with another individual or a distribution list of recipients. Send To uses the Follow-You feature so that recipients can release jobs securely.

Other new/enhanced features include:

- Administrators can track deleted or abandoned jobs in the print queue.
- A department manager tool allows the ability to add, delete, change, or adjust member accounts.
- Users can create their own PINs, and IT managers can assign temporary PINs as well as automate the process for resetting forgotten PINs.
- Multiple vendor platforms and environments are supported.
- Equitrac Office 4 is scalable with a small business edition for a single server to multilocation enterprises with thousands of hardcopy devices.

Equitrac Express 4

Equitrac has noticed increased success in the education market. Equitrac Express 4 is designed to maintain and grow the company's penetration in the pay-for-print/copy opportunity.

Equitrac Express 4 has many of the new/enhanced features incorporated in Equitrac Office 4. These common features include the Device Monitoring Engine, Color Quota Management, Follow-You enhancements, and automated PIN management.

The unique new/enhanced features for Equitrac Express 4 are:

- A number of at-device payment options (e.g., cash, billing code, user account, stored-value cards, or campus cards)
- Support for CBORD Odyssey and Blackboard campus card accounting systems

- ☒ Account balance access at the workstation without client software
 - ☒ The ability to view pages versus dollars available, view account statements, and preview job costs
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Equitrac Professional 5

Equitrac Professional 5 is the fifth-generation software tracking of scanned, copied, faxed, and printed documents as well as phone, postage, research, and other disbursement cost recovery through a single point of administration for the legal market. The company claims to have a 30-year leadership position for cost recovery in the legal market. Supporting this claim, Equitrac highlighted the following achievements during the analyst/press meeting:

- ☒ Equitrac indicated that its technology is presently in use within 70% of AmLaw's top 200 U.S. law firms.
- ☒ Equitrac gained approximately 100 new legal customers in the current fiscal year.

IDC projects the cost recovery market for the legal industry to show strong growth through 2009. The 2009 revenue figure for this market is projected at \$234 million, representing a 25% compound annual growth rate (CAGR) from 2004 to 2009.

Equitrac Professional incorporates many of the same features (e.g., rules-based printing, Follow-You secure document release) as Equitrac Office 4 and Equitrac Express 4. Equitrac indicated that for the purposes of cost recovery reporting, Equitrac Professional 5 offers more than 100 different types of reports. Reports can be automatically scheduled, generated, and distributed as well as accessed remotely. Equitrac Professional 5 can also be directly integrated with all leading time/billing systems, Microsoft/Novell/Citrix network infrastructures, document management systems (e.g., Hummingbird, WORLDOX, Interwoven), and many third-party solutions specifically developed for the legal market.

FUTURE OUTLOOK

Document accounting systems were once relegated to a small, but lucrative, niche in cost recovery applications for legal and other professional services markets. Equitrac built its initial success by providing technology to track document usage for the purposes of billing back this usage to clients.

However, the market opportunity has expanded more broadly as nonprofessional service firms desire to have an understanding of their document traffic and workflow. This trend has opened up many other opportunities for document accounting beyond client billback systems, becoming a way for organizations to better manage seemingly uncontrolled document costs in education and the general office market. Additionally, the benefits of Equitrac's technology expand from a specific cost recovery application to a slew of more general, but very valuable, benefits in the universal marketplace.

These benefits include:

- Lowering waste and authorized use
- Optimizing the deployment of hardcopy devices
- Improving supplies management
- Lowering support costs
- Allowing organizations to gain the benefit of increasing the availability of color devices without the worry of misuse
- Offering an avenue for compliance to meet regulatory requirements

In fact, a recent IDC survey confirmed the need of U.S. companies to address these concerns. The survey asked respondents to rate the priority of document-related tasks and activities. The top priorities, ranked by the total mean responses, were:

1. Reducing the cost of toner/ink supplies
2. Addressing equipment downtime
3. Easing help desk demands
4. Understanding utilization of hardcopy assets
5. Tracking the costs of document output

All of these challenges can be adequately addressed with a document accounting system in place to help manage workflows and hardcopy equipment usage.

Equitrac stipulated that its mission is to provide solutions that contain costs; eliminate waste; increase productivity; and simplify usage of digital copiers, printers, and multifunction devices. The company provides the insight to help customers make more informed and responsible document decisions. So far, the mission has proved to be successful. Over the past 30 years, Equitrac has built a base of more than 10,000 customers worldwide.

IDC believes that Equitrac is in a solid position to continue building the opportunity for document accounting systems. While legal and other professional services organizations have had a well-established niche for cost recovery systems as a part of conducting business and generating revenue for these firms, a growing percentage of this market potential should come from cost containment and pay-per-use environments. Equitrac is correct in building the opportunity within the general business and education markets with Office 4 and Express 4. Of course, this strategy does not mean neglecting the core business in the legal market. IDC anticipates that Equitrac will continue to maintain a stranglehold on the legal opportunity unless it makes a serious misstep in execution.

The next direction for the company is in providing embedded solutions with partners. This initiative has already started with embedding Equitrac document accounting

technology with the eCopy ScanStation (see *eCopy's Paper Connection Forum Builds Momentum for the Paper-to-Digital Market with New Scan-to-Application Connectors and Partnerships*, IDC #201445, April 2006) and Xerox's job-based accounting controller interface. Additionally, Canon USA and Equitrac have just announced a partnership to embed cost recovery and print management solutions in Canon's MEAP-enabled MFPs. Equitrac already has embedded solutions for Ricoh MFPs (Ricoh Print and Copy Control) and highlighted future embedded activity for HP and other manufacturers as well.

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