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Growth comes through reduction ImageSoft helps cut piles of paper

BY TOM HENDERSON
CRAIN'S DETROIT BUSINESS

Despite the economy, Southfield-based ImageSoft Inc. continues to hire employees and grow its revenue, driven by the need for such large entities as governments, medical institutions and insurance companies to convert paper files to digital records.

The company opened an office in Portland, Ore., in December and is pursuing acquisitions in the Midwest and California. ImageSoft, founded in 1996, opened the Oregon office to support a major contract it recently won to convert the paper files of all 36 of the circuit courts in that state to digital files available online.

President Scott Bade said the company is on track for revenue of more than \$10 million this year, up from \$9 million in 2008.

In August, it completed the acquisition of 13 accounts from a former competitor, Indianapolis-based Tronitech, including Time Warner Cable, the City of Cincinnati Retirement System, and the Pepsi-Cola bottling companies of Lexington, Ky., and Columbus, Ohio.

Also in August, it landed a contract with the Canadian Automobile Association of South Central Ontario. It is the largest auto club in the Canadian Automobile Association, with more than 1.8 million members in Ontario and about 5 million overall in Canada.

The company has more than 150 clients, including the Mayo Clinic, Duke University Health System, Wayne and Washtenaw

counties, Grand Valley State University, Ford Motor Co. and Federal-Mogul Corp.

The company ended 2008 with 41 employees and expects to have at least 50 by the end of the year, including three new hires for what is now a one-person office in Oregon. Three years ago, the company employed about 25. It also has sales offices in Ohio, North Carolina and Grand Rapids.

For the second year in a row, ImageSoft was named to the Inc. 5000 list of fastest-growing private companies.

"We're there to squeeze out efficiencies through IT," said Bade, who said the bulk of his company's revenue comes from services but augments revenue by selling some hardware, including scanners, and software.

ImageSoft is a major reseller of OnBase, off-the-shelf enterprise content-management software made by Ohio-based Hyland Software Inc. OnBase is central to the digital conversion.

"We're not looking to make incremental changes at companies," said Vice President Rick Wilson. "We look to have a big impact."

He joked that ImageSoft looks for companies that have stacks of paper in plain sight and figures out how to eliminate them.

"ImageSoft is the real deal. Scott and his crew have beat us on some jobs and we've beat them on others. We're friendly competitors," said Joe Mosed, CEO and general manager of Southfield-based DSS Corp., which creates its own software in-house to help government entities and companies manage their communications and to convert paper files to a digital



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format, including scanning services.

"Scott's got a good vision," Mosed said. "They're good at going in and saying, 'Here's where you are wasting money.' They're a good outfit."

Bade said his company will profit from the recession in at least two ways — as part of the stimulus package, President Barack Obama earmarked \$19 billion for electronic record keeping, which is directly in ImageSoft's sweet spot, and as local

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government entities see shrinking tax revenue, they'll need to focus on saving money by converting labor-intensive paper filing and record keeping to electronic storage and retrieval.

"If you have a shrinking revenue base, how can you afford not to?" he asked.

Dan Kreuger is the Ottawa County clerk. ImageSoft first began digitizing court records in 1998 and since has expanded its services to all record keeping, including births, deaths, elections and campaign financing.

"We went out for bids originally and three bids came in," said Kreuger. "ImageSoft had a good presentation, but their basic cost was so much lower. They could do exactly what we wanted them to do, and the cost was so much lower.

"They worked hand-in-hand with us in developing procedures. I have thoroughly

enjoyed working with them," said Kreuger. "Our efficiencies are consistently improving."

"I'm proud to say we were their first health care client, going back seven or eight years," said Steve Serra, vice president of Henry Ford Health System's Southfield-based health products and infusion division, which Serra said has about 150 employees and about \$45 million in revenue.

He said ImageSoft has directly led to a reduction in personnel of about 5 percent of his full-time equivalents. He said the technology has also allowed his division to streamline the time and cost involved of doing audits for such customers as Medicaid, Blue Cross Blue Shield of Michigan and Health Alliance Plan.

"Instead of audits taking two days, we can do them in a day. And we have

a much smaller error rate than with paper filing. I love ImageSoft. The best decision I ever made was going to digital record keeping," said Serra, who said that support from the firm is so good that even in the event of system trouble, "I've never been off-line for a full day."

Bade said the company is pursuing several possible acquisitions "in the Midwest and out West. We're looking at a number of opportunities in California. It's a good time to be opportunistic, while the economy is in the dumps. It's an advantage for us to be sound financially."

He also said that he has bids out on several big contracts that, should they materialize in the fourth quarter as hoped, will significantly boost revenue next year.

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