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COVER STORY

With Checks on the Wane, Viewpointe Is Diversifying

■ BY STEVE BILLS

With weak growth projected for its main business of archiving check images, Viewpointe LLC is expanding into new markets.

The New York company is the industry's dominant repository for banks' check images, and is trying to take advantage of that expertise to store other types of documents for banks and possibly nonfinancial firms as well.

But this shift in focus will take Viewpointe from a market where it has few real rivals to one teeming with them.

"What we do in storing checks today is analogous to other forms of electronic content," said Richard Walsh, the president of Viewpointe's document archive and repository services unit. "With the platform we have, it does not matter what the content is."

Walsh said "a couple" of its current archive customers are testing data-storage projects that go beyond check images, and he expects to announce such services and the initial clients by yearend or in early 2010. "We're going to come out of the gate with a couple of users, I believe."

By moving beyond checks to offer enterprise content management capabilities, Viewpointe enters a crowded market, including companies that target banks and those that offer data storage and management services to a wide variety of clients.

Some of Viewpointe's owners, including JPMorgan Chase & Co. and Wells Fargo & Co., offer to store nonfinancial data for customers through virtual safe deposit box services. (Neither company returned calls.)

But Walsh played down the notion that Viewpointe could end up going head to head with its owners. Instead, he said, his archive could power banks' data-storage services.



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"We are not competing with our owners or customers. We're offering our customers an opportunity to provide even more value to storing and accessing electronic information to their customers," he said.

Viewpointe's bank clients already use its service under their own brand when they deliver check images to customers through online banking sites, and Walsh said financial companies could use a similar model to offer the new services. "What we're proposing is simply extending that to other types of documents beyond checks, so we could help power additional solutions."

Bob Meara, a senior analyst at the Boston market research company Celent, said Viewpointe has become the industry's de facto, near-universal archive.

It announced an agreement in January 2008 to provide archive services for Fiserv Inc., the nation's largest nonbank check processor, and in May it agreed to take on the archive maintained by the 12 Federal Reserve banks. Viewpointe claims its archive now holds more than 70% of all check images in the country.

But Meara said the long-term prospects for this business are poor because check volume has been on a long, steady decline.

"At some point, you can't bring on enough new customers to make the growth curve interesting," he said. "Why not expand beyond checks?"

The idea of imaging other types of documents should be attractive to banks, which still must transport loan applications, new-account forms, marketing brochures and other materials, he said.

Banks have long used courier services to deliver paper checks and other documents, but most checks are now presented electronically, shifting delivery expenses to other parts of the bank, Meara said. "Now the other departments

are asking, "Wait a minute, now I have to bear the cost of transporting new account records? You have implications throughout the organization."

Still, when banks replace paper documents with electronic versions, they also must introduce new workflow systems to manage the content and ensure that all the necessary tasks are actually completed, Meara said. Loan applications, for example, are often viewed as a good fit for electronic processing because many people in various departments need to evaluate and update the paperwork.

While there are many advantages to handling such forms digitally, the concept has proven tough to turn into a reality. "With very large and capable providers in the market, it's been spotty adoption and typically siloed," Meara said.

One potential rival Viewpointe might encounter as it expands is eGistics Inc. of Dallas, which provides an archive hosting service with workflow features and customer specified business rules.

Viewpointe Expanding Into More Crowded Field

Gary Provo, an eGistics executive vice president, said his company has avoided the check-archiving business because of Viewpointe's dominance, though it does have a large lockbox archive and its clients include the processors Regulus Group LLC and Remitco LLC for which it incorporates

payment coupons and other remittance documents along with checks.

eGistics also archives automated clearing house payment records for PNC Financial Services Group Inc. to make it easier to search for specific transactions and potentially detect fraud, Provo said. "We have tried to pick those spaces where we could do image-enabled workflow improvements."

Viewpointe may offer its services to other industries like health care, which deal with large volumes of data and need to share information while maintaining security.

"When people have access to this, they're going to get creative about how they use it," Walsh said. ■

