

## Alternative Technologies for Microfilm and Microfiche Conversion Markets



**Kurt Breish - CEO**

nextScan is a world leader in cutting edge technology for the micrographics conversion and document management industry. Incorporated in 2002, nextScan was established to give the microfilm and microfiche conversion market a high performance alternative to existing technologies. nextScan's innovative patented products are designed and built with simplicity and functionality to increase user production and lower overall costs for scanning film and fiche.

**Interview conducted by: Lynn Fosse, Senior Editor, CEOCFO Magazine**

**CEOCFO: Mr. Breish, the tagline on your site indicates "nextScan is the next generation in film scanning technology. What is nextScan doing?"**

**Mr. Breish:** We build film scanners for all of the old microfilm that is out there in the existing document world. Prior to 1995, the federal government, state governments and many large corporate archives; just about everything was stored on microfilm. Therefore, as you can imagine, the reservoir of microfilm is very large. I would imagine that probably at some point in the future we will still be scanning microfilm even when paper documents have all gone digital, because of the massive amount of microfilm that is still available.

**CEOCFO: Are people, governments and organizations being selective on what they scan or is the tendency to say, "We have to save everything?"**

**Mr. Breish:** It depends. Of course legal and public record documents get taken care of sooner and the budget seems to be available for those sooner. However, there are also documents that date back into the 1920s and 1930s that are very, very low usage, but the federal government cannot dispose of them. Therefore eventually, as long as nextScan can continue to lower the cost of scanning, those documents will be converted.

**CEOCFO: Is all microfilm usable? Are there different types that might work better for you or that you are able to deal with?**

**Mr. Breish:** It is easier to scan roll film. That is because the documents are all in a streaming format already. In other words, one follows the next, so it is easy to deal with roll film. The problem with roll film is, they are not indexed very well. The other main film format is microfiche, which is a small four by six inch card and usually contains between seventy and four hundred documents, depending on the format. Microfiche usually do have indexes associated with them. Therefore, it helps when we output these to document management systems, because there usually is an existing index. However, the format itself leads to slower scanning because you do not have as many documents on the individual piece of media.

**CEOCFO: Are you selling a piece of equipment that companies would use to scan? Do you do the scanning for them?**

**Mr. Breish:** That is correct. We are an OEM manufacturer. We build the actual equipment ourselves. We have various models of scanners with different performance capabilities depending on what the end user requirements are.

**CEOCFO: Are there many companies in your space?**

**Mr. Breish:** There are actually only two of us in the market today that build production microfilm equipment. Several companies have on demand products, where you can take a roll of microfilm off of a shelf, put it on your scanner and digitize one or two pages off of that or even a series of twenty pages or so. However, those scanners are manually operated and do not lend themselves very well to being able to do page to page automatically. Our scanners have the capability of up to one thousand pages a minute, so there is obviously no manual intervention.

**CEOCFO: Do people know where to find you?**

**Mr. Breish:** We are on the internet at [www.nextscan.com](http://www.nextscan.com). We also post useful technology updates to our company nextScan Facebook, Linked In and Twitter pages. We exhibit at national and international tradeshow that are targeted to the micrographics and records preservation industries.

**CEOCFO: Are companies that are likely to be using your equipment, already scanning? Do people just wake up one day and say, “we need to do it?” What is the typical scenario?**

**Mr. Breish:** Customers who have microfilm begin to realize that it is costing them a lot of time and storage space to maintain it in the current format. The cost in time comes from something as simple as this: The records department gets a sticky note from another employee who says, “I need this document”. Then someone actually have to go to a vault and dig through the microfilm, find the roll of film, bring it out, put it on a reader printer or a new on demand scanner, scan that document, either make a print of it or email it if that is possible and on the new scanners that certainly is. That was really the only retrieval method that was available and it is very time consuming. Many customers are beginning to come to the realization that they want to get their film and fiche into a more modern format, with an index and a distributed format, which would be digital, obviously. Then they could have their documents on demand or at least they have fast access to them. Once the customer goes through this conversion process, they are immediately able to pull up needed files electronically as opposed to having to wait and find that roll of film and so on. Therefore, they come to this decision that for financial reasons they need to be able to convert this old microfilm and get rid of the warehouse space that it is containing, save on labor and speed up the process. When customers make the decision to convert their film archives, they have a couple of options. They can research on the internet for microfilm scanners and then they them come across nextScan. We pop up right there on the top of the Google list every time. Large conversion project customers many times decide to purchase or lease a scanner, receive training for their internal staff, and perform the scanning conversion themselves using their already available labor staff. We try to assist with all customer inquiries whether they have a large conversion project or a small amount of film. For example, a local company here came to us and said, “I have one drawer full of microfiche. How can I get that converted?” We referred them to a service bureau who performed the scanning job for them, using our equipment of course, and they are provided with the digital output. The other option is the customer can go to a service provider that they currently have a relationship with. Most microfilm shops already have some type of a service bureau or service provider selling them microfilm, doing services for them, providing them with reader printers from the past or the new on demand microfilm scanners. That is another way that potential customers can then be put in contact with nextScan. “We want to get the whole thing converted.” Those are the two primary ways of actually getting a scanning conversion job done.

**“What we are focusing on, to enable growth for nextScan, is to make sure that we drive the cost of scanning down, so that more of these projects can get converted... By nextScan providing products and equipment that is fast enough and software that is more usable and user friendly, we enable many more markets to be able to do this conversion, which helps our growth.” - Kurt Breish**

**CEOCFO: Once you have sold a machine is there an ongoing relationship with the customer?**

**Mr. Breish:** Yes, many times a customer will have one type of media that they convert this year. The next year they may decide to convert a different type of media. Many companies have both roll microfilm and microfiche. Some also have aperture cards, which are typically old engineering drawings. Road departments and county government have many engineering drawings also civil engineering companies, all of their work is on aperture cards. Boeing has a huge records department that keeps all of the old aircraft designs. All of those documents will eventually end up converted to streamline their retrieval processes and safeguard the records, as over time microfilm and microfiche can crack, break, fade and separate making the original images difficult or impossible to read.

**CEOCFO: What is your geographic reach?**

**Mr. Breish:** We sell internationally. About forty percent of our business is international. The rest of our sales are here, domestically in the United States. If you look at our market segments, we are broken up into three basic market segments. The first one is the service industry, (known as service bureaus), who then provides the scanning for the end user. In the case of the larger end users, such as a national Insurance provider, Church, or the genealogy market, those end users typically come directly to nextScan and buy our equipment. Then of course you have the government sector who may elect to either use a service bureau or scan in-house depending on the scope of their project.

**CEOCFO: You have a huge marketplace!**

**Mr. Breish:** Yes we do. Each market is divided pretty much evenly at this point. I think that the service market might be declining slightly. However, the government market is certainly increasing, just because of the need to get all of the old records online before the film deteriorates and to be in compliance with new governmental regulations regarding public access to information.

**CEOCFO: What has changed in your models since you have started making equipment? What are some of the newer capabilities?**

**Mr. Breish:** The most important thing that we look at, that nextScan really focuses on, is how to drive the cost of scanning down. The reservoir of film across the world is so large that it can't all be converted very soon. What we are focusing on,

to enable growth for nextScan, is to make sure that we drive the cost of scanning down, so that more of these projects can get converted. It used to be people could scan for ten cents a page and companies were happy to pay that, because the usage requirement was so high that it did not matter if you spent that much money. However, now we are seeing prices well under a penny a page for scanning and by nextScan providing products and equipment that is fast enough and software that is more usable and user friendly, we enable many more markets to be able to do this conversion, which helps our growth.

**CEOCFO: *Other than bringing down the cost, are there parts to scanning or items that are not candidates for scanning?***

**Mr. Breish:** We are running across a few applications that need further research. We just finished a custom scanner for a Russian ministry where they were scanning aerial photographs of, I guess, cold war types of documents. This led us to develop a seventy millimeter scanner for them. There are formats which we do not support, but we are always open to doing custom engineering, because we do have our own in house development team.

**CEOCFO: *How is business?***

**Mr. Breish:** Business is good! We had about a twenty five percent growth rate last year, so we were very, very satisfied with that. This year is starting out good and it looks like we are on track to do about that same growth rate.

**CEOCFO: *Where do you manufacture?***

**Mr. Breish:** We manufacture in Boise, Idaho; in the suburb town of Boise called Meridian. That is our manufacturing facility. We also have a service organization in Texas. That is one of our satellite organizations. Then we have sales offices on the West Coast and East Coast. Our international sales efforts are run out of Boise, Idaho.

**CEOCFO: *For people who always question manufacturing in the United States, how are you able to do it successfully?***

**Mr. Breish:** This is not a low cost piece of equipment. Our equipment runs from the lowest end model, which is about twenty five thousand dollars, to over one hundred and twenty thousand dollars for our high end scanners. It is a low production, highly specialized market. We are not building tens of thousands of scanners per year. We ship about one hundred units a year. We have about twelve hundred scanning platforms currently installed worldwide. We do all of the engineering and manufacturing work right here in Boise. We don't contract out anything off shore. Obviously, we do use some components which are not locally manufactured, but in general, all of our design work is done in-house. The Boise area is well known for its technology startups so we are also able to utilize specialized local machine shops how we work closely with using our design to custom build specific parts. We then assemble the scanners and do final QA and testing.

**CEOCFO: *Why does nextScan stand out?***

**Mr. Breish:** Our distinction is based upon our engineering technology. I am an engineer and I always have my eye on what we can do better, how we can create and innovate. I started out working for TRW years and years ago, designing telephone switches back in the Carter era. We are an engineering driven company and this is a small market where you need a lot of innovation. In our industry, if you do not have the ability to modify your products as new challenges come along, then you really do not have the ability to move forward and capture more of the market. I think nextScan is growing into more of a software company. We have a new product out that we call Virtual Film. Virtual Film viewing software gives a user the ability to scan a roll of film very, very inexpensively and do no indexing on it. A person can access the roll of film as if it was on an old reader printer. However, the beauty of this new technology is you have it in a digital format so that you can distribute it easily. We are driving price points down so that libraries and small organizations can afford to get small important collections of say one hundred rolls of film, converted and use it in a digital environment. Therefore, nextScan is really pushing its way forward on the software frontier to help the film and archival preservation industry.

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**BIO:** Kurt Breish, nextScan CEO and Industry Visionary

Kurt has over 35 years' experience in the total end-to-end engineering process, manufacturing process and the documentation production for numerous hardware and software solutions. Most recently, Kurt has consulted to companies such as Motorola and Bell & Howell for products including digital imaging capture cards, motion control hardware and optical devices. Kurt was an original founder of SunRise Imaging, a developer of high end microfilm scanners, assisting the company with developing technology that made the company profitable, to later being acquired by Motorola. Prior to this, Kurt was a co-founder of Computer Systems. Kurt was instrumental in introducing leading-edge technology to the film and fiche scanning marketplace through his development of scanner mechanical transports, CCD camera electronics, motion control electronics and device driver software. .

Kurt founded nextScan, Inc. in late 2002 to introduce new scanners and software designs, features and functionality.

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