

The Bottom Line on Enterprise Document Management



Introduction

These days, the first questions from management about any proposed IT expenditure are: “When will we recoup our investment?” and “Will it help us save money?”

Rapid return on investment (ROI) and significant reduction of Total Cost of Ownership (TCO) are the magic words that organizations want to hear when considering a new software solution. One of the most rewarding solutions in terms of ROI and TCO is enterprise document management to replace paper-based processes with an “electronic file cabinet” supported by software-based management and retrieval systems.

In fact, customers of Advanced Processing & Imaging, a leader in electronic document management solutions, typically achieve ROI in under one year—sometimes in only a few months—and save many thousands of dollars annually.

- A school district achieved ROI in approximately four months by offsetting the \$300,000 cost of the API solution with annual savings of \$1 million in paper and supplies, employee hours and transportation of documents.
- Similarly, a contracting firm estimated an API solution would pay for itself in six months, thanks to reductions in storage, labor and handling of work orders and other documents.
- For another school district, ROI from a \$90,000 API solution was immediate because the organization was able to avoid the \$300,000 projected cost of reinforcing floors in a storage building to accommodate tons of paper records.

This white paper is designed to help you evaluate the obvious and not-so-obvious costs of paper-based processes, and provide tools to calculate savings your organization can expect to achieve by adopting a comprehensive enterprise document management solution. You may be surprised at the size and scope of financial benefits that can be gained by replacing time-consuming, cumbersome and expensive paper processes with streamlined and efficient electronic document management.

The persistence of paper

All organizations utilize paper as a primary form of information capture and retention. Although information technology initially led to predictions of paper’s demise, in fact, according to *The Economist*, “What actually happened was that global consumption of office paper more than doubled in the last two decades of the 20th century, as digital technology made printing cheaper and easier.”¹ Statistics from InfoTrends cited in this article estimated per-worker paper usage at 130 lbs. per year, or about 37 reams.

The US Environmental Protection Agency estimates that each office worker uses 10,000 sheets of paper per year.² Other studies put daily paper printouts per worker at about 45.

Figure 1

Number of Employees	Monthly Paper Printed	Monthly Paper Copied @ \$.04 each	Total Paper per Month Produced	Yearly Cost of Production
20	18,000	342,000	360,000	\$177,120
75	67,500	1,282,500	1,350,000	\$664,200
250	225,000	4,275,000	4,500,000	\$2,214,000
1,000	900,000	17,100,000	18,000,000	\$8,856,000
3,000	2,700,000	51,300,000	54,000,000	\$26,568,000

Figure 1 (above) indicates that for organizations of a variety of sizes, having each employee print on average 45 sheets of paper per day becomes a very costly concern. In this example, we show the monthly production level of paper by organization size as well as the extra costs in the information flow of organizations. Specifically, the average document is copied 19 times according to AIIM. This leads small businesses to spend an estimated \$175,000 a year in producing paper alone, and larger organizations can easily spend upwards of \$25 million per year.

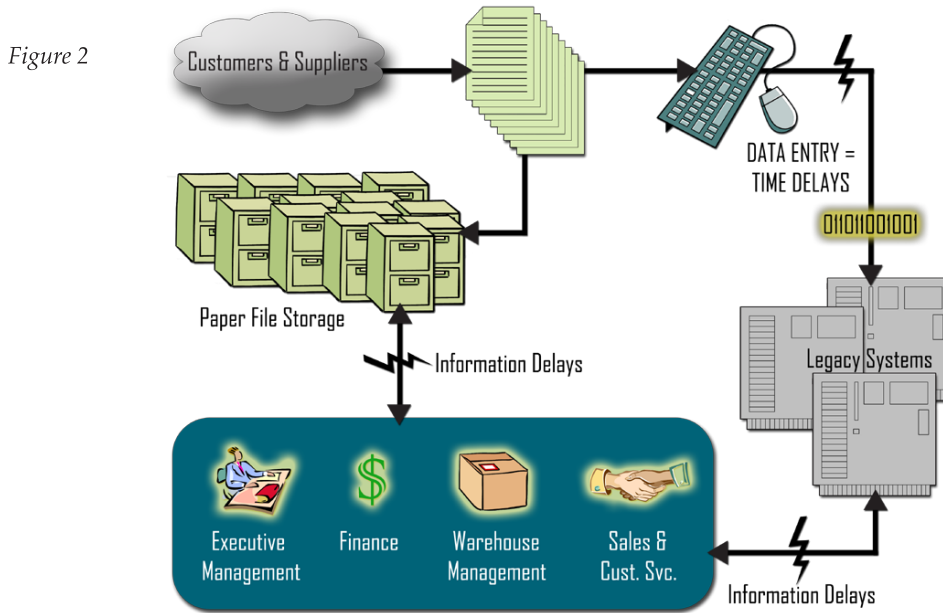
The costs of purchasing supplies and equipment and spending time at the printer or copy machine do not tell the whole economic story of paper documents. Loss of productivity and efficiency, duplication of effort, and reduced business agility and customer response are huge “hidden” costs. For example, hunting for lost documents and re-creating them when they cannot be located can waste a great deal of employees’ time and energy. Even simple filing and retrieval, and the costs of printing, faxing and couriering documents, quickly add up.

As the knowledge-based business environment continues to require handling more data in less time, this situation quickly becomes unmanageable. The fact remains that future profitability and competitiveness will hinge on fast, simple access to and use of business information. Organizations can no longer afford to ignore this issue and be left behind.

Conducting an information flow audit

The need for document management is often so obvious that few organizations make a targeted effort to look at their internal stumbling blocks with paper. Through an information flow audit organizations can account for their inefficiencies in information flow and understand prior to selecting software how they would like to solve their enterprise-wide pains with paper. Such an audit also assists in developing a compelling case for the allocation of resources for an organization-wide project.

Figure 2 (below) visualizes the typical information in-flow in most organizations. Customers and suppliers provide paperwork to your organization. The core data contained in the paperwork is manually entered into your legacy systems (enterprise resource management, financials, customer relationship management, etc.) through a slow, costly and labor-intensive data entry process involving significant human intervention and, therefore, almost certainly fraught with errors and omissions. The physical paper is then stored in file folders and inside filing cabinets—for future retrieval needs.



As employees from all departments go through their day-to-day activities, they often find the need to retrieve original documents to verify, copy and forward or use the information for some other business need. In the current system, employees must attempt to find the information. Often, this information is misfiled, sitting on someone else's desk or simply lost. Finding the right information can add minutes and hours to routine processes.

By understanding and creating a similar diagram for your own information flow, your organization will have a better idea as to the bottlenecks and issues involved in your current processes. This will also help to identify opportunities for cost savings in both supplies and labor.

I Step 1: Identify key information users. The best and most comprehensive way to begin an information flow audit is to start at the bottom and work your way up. Specifically, identify the key individuals in your organization who understand the workflow of various departments in need of an electronic document management solution.

It is important to get input from the front-line employees who conduct the process daily, but often better to delegate this task to a department head. This often also helps in getting buy-in from your employees once an electronic document management solution is decided upon.

- **Step 2: Create individual information flow diagrams.** Ask each department to create rudimentary diagrams regarding their current information flows. Place emphasis in the quantification of time spent and resources used. Even if these numbers are rough estimates, they will prove to be an important component in building your case for an electronic document management solution. Resources should include everything from equipment leasing costs and supplies to square feet allocated to filing cabinets, off-site storage and more. Essentially, anything and everything that is costing you extra money to keep this information flow going should be listed.
- **Step 3: Create a list of your current document inventory.** Ask each department to generate a list of their current document types; for example: invoices, checks, purchase orders, engineering plans, work orders, etc. Have them provide estimated current quantities and a brief explanation of the method for filing these documents. Are they filed by a case number or by vendor number or just by date? Also ask them to include the mandatory and recommended retention dates for each category of document.
- **Step 4: Create a list of the average wages per department and number of hours worked.** Organizations typically find that using the average wage in each department is sufficient to produce an adequate case for an electronic document management solution.

Making document life cycle decisions

It is not uncommon for an information flow audit to raise some provocative questions about the way the organization currently handles paper. Understanding this process and identifying inefficiencies will help your organization make immediate changes to the information flow that will result in some direct efficiency gains as well as aid in a smooth transition to an electronic document management solution later.

In your audit you may have noticed an issue common to most organizations—the retention of documents that are past their expiration dates. The federal government, its agencies and most state governments maintain different legal thresholds for document retention. These are dictated by the type of document, vary from state to state and may change according to legislative activity. For example, the State of Florida states that invoices, sales records, purchase orders, personnel files of terminated employees and many other categories of documents may be purged in seven years from their date of origin. In contrast, bank statements, most employment applications, expired insurance policies, sales commission reports and petty cash vouchers may be purged after three years of their date of origin. Other document categories vary anywhere from one year of retention to permanent

retention, and some states even require pre-approval for the disposal of certain documents.

Your organization can effect an immediate reduction in your paper storage capacity simply by adhering to the respective regulatory rules in your state. The general suggestion is to purge and destroy any paper documents and records currently stored beyond their required retention period. This will require an initial examination of shelves, filing cabinets and boxes to identify candidate records. Depending on the volume, you may wish to hire a shredding company to properly dispose of your information. Reputable shredding companies will track and log all of the documents that your organization is disposing of and provide you the final document log for your records.

Keeping a detailed log of the records disposed of will allow your organization to prove that the record was once in existence, but is no longer available due to retention guidelines. In the event of any litigation, the record that it was properly purged and disposed of will cover your organization's liability. For optimum coverage, it is recommended that this log contain, at a minimum, the following information: the creation date; the expiration date; the number of pages; a general description; and any index data that may be relevant. However, it would be advisable to check with the regulations in your state regarding any additional information required in the log.

Public entities such as local municipalities, public safety departments and educational institutions may have additional document retention guidelines set forth by various agencies. Before implementing any widespread document life cycle management program in either the public or private sector, it is highly recommended to consult with an experienced document management professional regarding your organization's specific needs.

Choosing the best electronic document management solution

Organizations that are armed with the proper tools including their own information flow audit and an understanding of their document life cycle policies are able to garner better information from an electronic document management solution search process. In addition, the following questions will help to highlight the advantages and drawbacks of different solutions.

- **Can it be implemented quickly?** Every day that your organization delays in implementing an electronic document management solution, costs money to manually handle paper files. The right solution needs to be comprehensive but easy and fast to install. Ask the vendor how long it takes for a typical implementation. Ask them to specify what is included in the implementation. Aside from the typical installation procedures, does it include both administrator and user training? Does it include a period for coaching and monitoring usage of the software?
- **Is it easy to learn and use?** Any software is worthless if it is not used by your employees.

The ideal electronic document management software should be intuitive and require as little data entry and typing as possible. For best adoption results, it is imperative to get user buy-in before making your selection. If your employees do not like the solution, it may derail the project altogether, along with any cost savings that had been envisioned. Change management is a very important aspect of an electronic document management solution. Ask your vendor how they have dealt with change management in other implementations.

- **Will it be compatible with existing business processes?** You've now completed your audit and you know exactly how your organization manages its paperwork. The solution that you select must be able to accommodate your work requirements and not force your employees to radically change the way that they are used to working. The only thing that they should need to change is clicking on the screen instead of getting up from their desks to retrieve files and make copies. As you review demonstrations from various vendors on the use of their system, keep this fact in mind.
- **Will it integrate seamlessly with our database applications?** Your organization has spent thousands, or perhaps even millions implementing comprehensive business solutions to manage your accounting, human resources, sales, production and other business data. A critical component of an electronic document management solution is its ability to integrate smoothly with these existing systems. A truly integrated solution will give your employees instant access to related documents without the need for extra searching or typing. The more seamless the process and the less training required of employees, the greater the benefit to your bottom line.

API's Turnkey Solution for Electronic Document Management

Advanced Processing & Imaging (API) offers a suite of electronic document management software, together with server and scanner hardware, professional and technical services, and offsite software hosting and disaster prevention solutions that make it easy to answer "yes" to all of the above questions and more.

Software

API software not only provides significant cost and efficiency advantages to your organization, but also solves the traditional challenges associated with conversion from a paper-based system by minimizing the learning curve, providing seamless integration with other business applications, and delivering returns quickly. In fact, employees can learn the basics of the system in a few minutes, helping to encourage adoption—ROI is typically achieved in under a year.

API products are exceptionally intuitive and versatile, offering users many ways to search for and work with a document. In addition, OptiView ECM[®], the company's flagship solution,

provides a number of unique capabilities that set it apart from the competition. First, compared to other solutions that charge separate fees for specific functionality, OptiView ECM is an inclusive offering. Also, it is intelligent by design—the technology appears to read your mind by anticipating which documents you might need when working with a particular application and proactively making them available.

This powerful solution manages, stores, secures and retrieves audio and video files , images, drawings and e-mails as well as documents, and can easily be scaled up to accommodate larger volumes of material and additional users.

Following are the components of the API suite. Each integrates with the others and with most business applications and databases —without reprogramming.

OptiView[®] ECM

OptiView ECM, the flagship API electronic document management product, enables you to capture, manage, retrieve and distribute incoming information (scanned paper documents, electronic documents, e-mail, and audio and video files) as well as reports from Windows systems in document format. With OptiView ECM, users can incorporate new information into the system and access archived materials anywhere Internet access is available. This solution offers a long list of features, including drag and drop importation of materials, an “electronic file cabinet,” flexible search functionality, annotation and redaction of records, full records management, and the ability to e-mail, fax and export documents.

OptiWorkFlow[®]

In conjunction with OptiView ECM, OptiWorkFlow enables you to automate business processes, including the intake, notification, routing, distribution and reporting of electronic documents such as expense reports and purchase orders. Processes can be set to electronically follow the same path across the organization that paper documents used to follow, but in a faster, more efficient and more reliable way. OptiWorkFlow monitors the status of every document and its related approvals, and notifies managers of documents that have not been approved promptly.

OptiSpool[®]

Complementing OptiView ECM, this report management and archiving system handles information generated within the company. OptiSpool automatically captures spool files from your AS/400 system and quickly processes them silently in the background. It automatically compresses, parses and distributes the reports electronically, and archives them for future use. Also, OptiSpool automates document retention and purges reports based on compliance regulations.

AgendaMaker™

This solution is designed for organizations that conduct a large number of meetings. It allows multiple people to collaborate on the creation and management of a complex agenda, including attaching supporting documentation. Once the agenda is completed, the administrator can create a hard copy, export to a CD or external storage device, or publish to Microsoft Word or onto the Web.

OptiReports®

OptiReports is a fully configurable audit trail tool that allows you to run reports from the OptiView ECM system and other databases. This capability is essential for organizations that must maintain an extensive audit trail of information flow and access. The software provides a set of standard, preconfigured reports, but also enables users to define their own reports with an intuitive report-building wizard. OptiReports is ODBC compliant and does not require users to know programming languages.

Form Processor™

Form Processor is a solution for batch scanning multiple types of forms and uploading them into OptiView ECM. This software automates the process of indexing and adding a large numbers of documents such as service orders, packing slips and time sheets into the electronic document management system.

Services

To enhance its product suite, API offers professional and technical services to customers. The company's in-house consultants or Platinum channel partners can work with you to design and implement your API solution, and provide training and ongoing coaching and monitoring to make sure you are deriving the greatest benefit.

A dedicated technical support team is available by phone and e-mail to provide instruction and guidance on features and functionality so that customers can optimize the value of their API solution. Support representatives can also install upgrades, as well as troubleshoot issues. API offers customers a Web-based remote support tool for faster service. In addition, API provides ongoing training webinars for both administrators and users alike. These webinars are designed to assist organizations with continual education on API products.

Hardware

As part of its complete offering, API's services team can supply, implement and support servers and scanners from the leading names in hardware, which have been selected to optimize the performance and reliability of API electronic document management software.

Hosting

Organizations that prefer not to maintain their own server infrastructure and applications, or want the extra protection of a disaster recovery solution, can choose API's hosting services. These fee-based services make API software and data available to your users over the network from a secure, fully redundant, Tier 1 Category 5 facility.

Bottom-line benefits of electronic document management

By replacing paper-based processes with an electronic document management solution from API, your organization will achieve measurable return on investment in less than 12 months, and reduce TCO by thousands or even hundreds of thousands of dollars annually in both hard and soft cost areas. These include reduced usage of paper, ink, toner, copiers, faxes, file cabinets, offsite storage, power consumption and transportation. They also encompass increased employee productivity and satisfaction, better use of human resources, improved business agility and faster response to customers. Still another benefit area is the ability to comply with regulatory requirements and audits. And electronic document management is an important component of a disaster recovery planning strategy.

For more information on API solutions, go to www.apimg.com

¹"A greener office," *The Economist*, October 10, 2008.

²US Environmental Protection Agency Web site, <http://epa.gov/osw/conserves/materials/paper/faqs.htm#offices>

For more information, please visit www.apimg.com or call 800.430.7011.

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Advanced Processing & Imaging, Inc.

Founded in 1996, Advanced Processing & Imaging (API) develops software solutions that enable public and private organizations, across a range of industries, to implement an efficient and effective paperless environment. The API enterprise content management (ECM) portfolio includes document management and imaging, records management, workflow and agenda administration. The company is a certified IBM® Business Partner, Microsoft® Gold Partner and Microsoft® ISV. Powerful solutions, the ability to seamlessly integrate with line-of-business applications and world-class customer care set API apart from their competition.

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