# Ready to go paperless?

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Going paperless can have a number of advantages ranging from reduced risk and improved compliance to dramatic labor savings. Recent studies have found that employees spend 40 percent of their time managing non-essential paper documents. The average document gets copied 19 times. It is estimated that 7.5 percent of all documents get lost and 3 percent of the remainder get misfiled.

Here are some sobering statistics. Recent estimates have shown that the average business:
• Spends $20 on labor to file each document
• Loses 1 out of 20 office documents
• Spends $120 searching for every misfiled document
• Spends $250 recreating each lost document
• Spends $25,000 to fill a four
• Drawer file cabinet and $2,000 annually to maintain it

These costs and issues associated with storing paper documents just scratch the surface of the cost of paper. If you have paper intensive processes in your business (accounts payable, loan processing, accounts receivable, claims processing, etc.), the costs of moving information from one knowledge worker to another grow exponentially and the inability to process information quickly can result in poor customer service, lost prompt payment discounts, delayed cash flow, fraud, and many other problems.

The cost of storing paper can be a hidden expense that is often overlooked. If your building is full of paper it is eating up valuable space that you could be using for revenue generating activities. Businesses often lease additional space that they could have avoided had they managed their records better. Off-site storage can be expensive and even more expensive if you do business with a vendor that has a "hostage fee" for permanent removal of your records. Transportation of a single box of records can be upwards of $50 when you need to view a file.

Companies go to great lengths to back up their electronic information and do this as a routine course of business. Ask yourself how much thought you've given to backing up your paper records. What is your risk exposure if your contracts, personnel files, sales orders, customer files, etc. are lost or damaged in a fire, by water damage, or intentional sabotage by a disgruntled employee? When your records are digital, it's easy to back them up and ensure that you can reproduce them if needed for audits, litigation, etc. You can ensure that you are complying with document retention requirements and just as importantly make sure that it is easy to destroy records once they have met their retention requirements.

With privacy standards becoming ever more stringent, what is your liability for HIPAA, PCI, etc.? Digitizing paper records makes it possible to secure records that contain highly confidential information and restrict access so that only authorized users can view the information.

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**Planning and implementation**

Scanning takes a lot of careful planning and it is critical to have a solid process in place to ensure proper document identification, document separation, and image quality. If a document is not indexed correctly, it can be impossible to find it. If image quality isn't monitored, it may be difficult or impossible to read or reproduce. If documents aren't properly separated, information may be stored in the wrong location, creating an "electronic misfile". Some documents have very little value to scan. If you have records that must be kept for compliance reasons, but don't have much risk associated with them and they are rarely accessed, scanning may not have a return on investment.

**Determining ROI**

Cost savings vary from one company to another and from one set of records to another. Studies have found that 46% of users realize a Return on Investment (ROI) within 12 months and two- thirds of users see an ROI in 18 months.

***What should a company consider when deciding whether to buy a scanner or outsource the scanning?***

Any company considering buying a scanner(s) should visit a professional scanning service bureau to understand the amount of process control that is involved in managing the scanning workflow process. In-house scanning can be disastrous if there aren't controls in place to ensure that all documents are indexed properly and consistently.

Scanning may seem easy, but when you have to manage thousands or millions of pieces of information, the opportunity for things to be done incorrectly is huge. Service bureaus typically use very expensive high speed scanners that are capable of 3-4 times the throughput of a typical office scanner which reduces the cost per scan significantly. They also employ sophisticated tools to manage the indexing and quality control processes.

The biggest cost of scanning is labor. Scanning requires careful preparation of the documents and consistent rules based identification of the documents. Many people make the mistake of calculating their throughput and costs based on the rated speed of a scanner. If you only have one person doing the scanning, the actual throughput will be about 20-25 percent of the rated speed of the scanner. The actual scanning is typically only about 25 percent of the process with the rest of the time being spent on preparing documents (removing paper clips, staples, etc.) before they are scanned and indexing and performing a quality control check on documents after they have been scanned.

**A paperless office creates new opportunities**

Converting paper documents to digital makes it possible to instantly retrieve information without leaving your desk. You can also easily share information without having to make copies, send faxes, etc. Many systems provide the ability to easily redact sensitive information if needed. Most document management solutions provide a secure repository for your records and restrict access to sensitive information.

Most systems provide an audit function that allows you to see who has viewed what information and what they have done with it. You can restrict the ability to print or e-mail documents if needed to ensure that sensitive information doesn't leave your organization.

The information within the documents can be made searchable through the use of Optical Character Information (OCR). If you need to see all documents that contain a specific word, it is possible to quickly perform that search. OCR also allows information to be extracted from paper documents to feed claims processing, loan processing, accounts payable, order entry, and other business applications.

## Getting the most bang for your buck

Any business with a lot of paper is a good candidate for imaging technology, but in particular, insurance companies, banks and other lenders, medical practices and hospitals, aerospace and other manufacturing companies, can see dramatic returns on their investments.

## How a paperless office increases efficiency

Once your records are digital, you can answer questions from customers, vendors, and partners instantly. If there is a question about a payment, transaction, etc. you can access the information instantly while you are on the phone with the requestor and eliminate the time spent searching for files, making copies, sending faxes, making return phone calls, etc.

Today's technology makes it possible to "lift" information out of paper documents to feed business processes. Instead of having employees look at a paper document and manually key information into a business application, that information can be extracted from a scanned image and be automatically fed into the business system.

## Managing expectations
It doesn't make sense to scan everything and if you don't build a good process and get user input and acceptance from the start, your investment could be a complete bust. You have to make sure that you take security and access needs into consideration. In the past, there were infrastructure limitations (server storage, bandwidth, etc.), but most businesses already have the infrastructure needed to support imaging in place. OCR is not 100% accurate and is not always helpful. The technology still hasn't reached a point where hand-written information can be quickly and easily recognized.

## Emerging trends and technologies

Some of the current trends include the use of cloud computing, mailroom automation, and improved recognition technologies. Cloud computing, or "Software as a Service" (SaaS) provides almost all of the functionality of traditional client server based software without the hassles of installing, maintaining, and upgrading and at a fraction of the cost. Information can be securely accessed from anywhere by any authorized user with an internet connection.

Many companies are already scanning all of their incoming mail and providing it to recipients electronically. For others that receive a specific type of mail that requires further processing (insurance claims, loan applications, surveys, order forms, etc.), scanning these documents dramatically reduces costs and speeds up these processes.

Recognition technology is at the point where documents can be categorized by type and routed or stored based on their document type and information within the documents can be extracted to populate business systems.

## Where do I start?

Take a rough inventory of your current paper storage. How many file cabinets do you have? How many records boxes? What types of records do you have? It's often a good idea to pick one set of records that you think will have the most impact and start there. Make sure that you get management support for the cost savings and productivity improvements and that you involve end users to ensure usability and acceptance.

*Greg Mennegar has served as vice president of sales for Spectrum Information Services NW (SIS NW), a leading provider of document imaging services and imaging consulting services with a strong focus on health care and offices in Portland, Ore. and Seattle, Wash., since 2006. Greg has over 25 years of experience in the microfilm and document imaging industry, including management of the Imaging Program for the Washington State Archives, and operations management for one of the largest Computer Output Microfilm service bureaus in the U.S. Greg can be reached at 360-866-0366 or gmennegar@sisnwinc.com.*