

INTELLIGENT DOCUMENT CONVERSION: A Better Way to Manage Document Archiving

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INTRODUCTION

Regardless of industry, businesses are constantly fighting against problems created by a deluge of mismanaged paper-based documents and it's unlikely that this struggle will end anytime soon. This is regrettable since improperly managed paper-based documents are an anchor on productivity, is prone to getting lost, and can create legal liability problems. As a result, many organizations are looking for a solution that acknowledges the continuing role of paper-based documents and helps them efficiently manage them in a productive and intelligent way.

Utilizing digital conversion and content management tools, some solutions try to sell the idea that paper can be removed from business processes completely. Vendors selling these solutions maintain that digitally converted documents are superior to paper-based ones and that eliminating the use of paper is the best course of action. This belief is erroneous for a variety of reasons. To begin with, a complete conversion of all paper-based documents can be cost prohibitive for many organizations, making the business case for total document conversion difficult to justify. In addition, properly managed paper-based documents can be preferable, depending on the context of the situation, making total digital conversion costly and counterproductive as well.

The reality is that paper-based documents and their converted counterparts play a synergistic role in business, and the removal of one is both impractical and undesirable. Consequently, companies should seek a common sense, low-cost approach to physical document management while ensuring the content they contain can be accessed when needed. While a solution will differ in its specifics depending on the company or industry, the hybrid split of paper and imaging in business requires a solution that recognizes the strengths of both categories and can apply them in varying degrees as business needs dictate.

Assessing the needs for physical records and determining where digital conversion adds value can be difficult for a firm with core business competencies unrelated to document management. Simply put, short and long-term paper-based document management is a field of expertise unto itself, and a firm that specializes in document management can often store, index and image pertinent documents at less cost than the company creating the documents. Therefore, outsourcing these needs to a third party with a proven ability to manage paper records and their digital counterparts should be seriously considered.

PAPER IS NOT GOING ANYWHERE

Technology futurists began predicting the death of paper-based documents as early as the 1980's, which led to numerous articles about a utopian paper-free work place. Almost thirty years later, these predictions have been proven wrong as the adoption of new technologies has ironically contributed to a massive increase in the use of paper. While not explicitly referring to physical documents, one study estimated that 161 Exabyte's of data were created in 2006 and that, by 2010, that number would increase exponentially to a staggering 988 Exabyte's a year¹. With this level of new content growth, there is no doubt that the use of paper-based documents will also rise.

Take for example the process of buying a property. This paper intensive process requires over 20 unique documents to be filled out, initialled, signed and processed, which then generates numerous additional paper-based documents. Each of the documents that pass through the hands of the mortgage broker and real estate agent must be processed and shared with multiple parties, such as an attorney, insurance company, county clerk, bank, Title Company, and more. In addition, many of the documents generated must be archived for months, years or decades depending on corporate governance policies and government regulations.

When considering the sheer number of paper-based documents involved in a business transaction such as buying real estate, it's clear that eliminating paper documents is impractical and, due to the fact that paper documents are the preferred standard, trying to remove them from the process could lead to unacceptable business delays. Instead of trying to eliminate paper, careful attention should be paid to the business processes that create paper-based documents in order to discern how to best integrate the management of paper documents, electronic conversion and storage to help alleviate the pain points of paper whilst maintaining its advantages

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A SOLUTION TO THE PROBLEM OF IMPROPERLY MANAGED PAPER

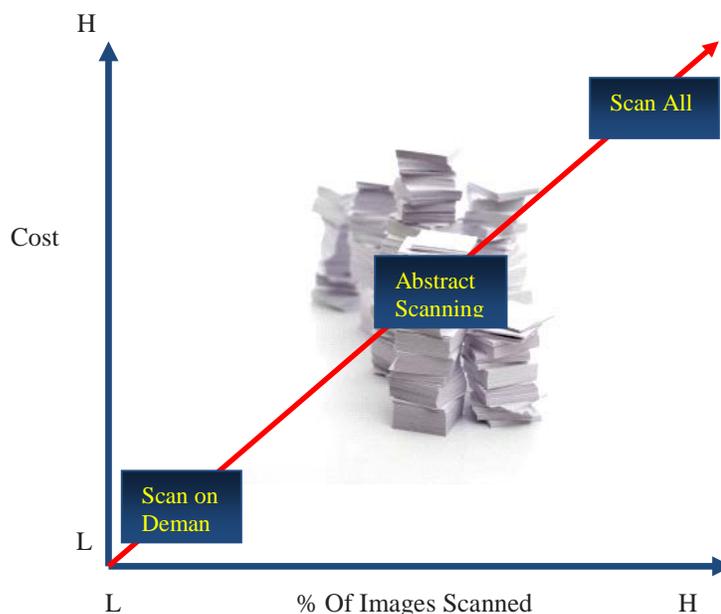
A solution to the issue of mismanaged paper-based documents can be complex and dependent on the unique needs of an organization, which prevents making generalizations outside of three broad, interconnected themes:

1. The management of physical paper records.
2. The conversion of paper to a digital archive.
3. The storage and management of that digital content.

All too often a firm assumes that the best way to mitigate the problems associated with paper is to remove it entirely, an approach that is flawed from a business process and cost perspective. Taking a closer look at the business cost of document archiving, a company with document archiving expertise can store 2000 pages at approximately \$5 dollars a year. The cost to convert all of those pages to a digital format is approximately \$250 dollars, the equivalent of 50 years of physical storage. Add to that the additional cost to store and retrieve converted digital material and the idea of a complete document conversion becomes difficult to make a business case for given that it's exceedingly expensive. Due to the cost of complete digital conversion, many organizations choose to do nothing at all. This is an unfortunate position to take since the benefits of electronic document management, as well as the compliance benefits it brings, do not require full document conversion. Nonetheless, because many organizations can't justify the cost of full document conversion, some hold the erroneous opinion that it is more affordable to risk legal repercussions, bottlenecks and reduced productivity than it is to invest in a system which could rectify those business issues.

Intelligent Document Conversion

Instead of perceiving document conversion as an all or nothing proposition, a company should look at their specific paper archiving practices and determine the best way to leverage digital conversion whilst keeping the costs of their physical records management as low as possible. In this context, digital imaging is only preferable to paper-based storage if it can be shown to mitigate potentially expensive business issues that justifies its high price. There are a number of ways this can be done.



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The least expensive method is scan on demand (SOD). As the name suggests, SOD requires a robust paper archiving scheme with digital conversion performed only as business needs dictate. This solution is ideal for a firm that needs rapid access to a document to settle a business dispute. Using SOD, if only 1% of business transactions are challenged, the storage of those physical documents can be handled in a cost conscious and methodical way. Once properly archived, the documents in question can be requested, converted into a digital format and shared on an online content management system as needed.

Another novel way to reduce costs and provide significant value is the process of abstracting. Abstracting refers to the identification of important pages of a document and the imaging of only those pages. This solution is ideal for applications that have lengthy standardized documents that have only 1-2 pages of signatures and other unique information. In this case, abstract imaging of 2 pages in a 90 page document is much more cost efficient than imaging the document in its entirety.

Additional consideration should be given to the management of document archives from previous years. Depending on business needs, a firm must decide if it wants to begin selected digital archiving processes on a day forward basis, (imaging selected documents from the time of implementation only), or if it wants to do a back file conversion (imaging the relevant paper-based documents that are already archived).

Which System Should You Choose To Satisfy Your Document Archiving Needs?

As previously mentioned, a truly holistic system will have, at its core, the three broad themes of (1) the management of physical paper records, (2) converting paper to a digital format and (3) the storage and management of that digital content. However, as all organizations are different, there is not a "one size fits all" solution to satisfy the needs of every company. Instead a company must thoroughly analyze its physical and digital processes and decide on a solution based on the results of its analysis.

Due to the importance of paper-based documents within the workforce, physical document management processes will form the basis of effective records management, with digital conversion being integrated only when it provides value. As such, the proper identification of a firm's requirements should start at the paper level and progress from there, although it is possible that paper-based archiving can benefit from fine tuning. For example, if a firm requires significant security, storage space and resources to keep their materials safe, it may be able to save considerable sums of money by partnering with an outsourcing company that specializes in records management.

Once the physical document management needs are met, various methods of digital conversion can be utilized as business needs require. One case in which digital conversion can be of assistance is in risk management and data redundancy. What would occur, for instance, if several years of paper-based archives was lost in a fire? Assuming the loss of the archives would be of concern, a firm could duplicate all relevant documentation and store it in a redundant secondary location, or it could choose to scan its most important documents and store them electronically. The most logical and convenient option, digital conversion, underlines the reality that converting documents to a digital format can solve significant challenges and provide considerable benefits to an organization, but it can do so only when a robust physical records management solution is already in place.

Although not impossible to do, a return on investment (ROI) calculation can be difficult to determine due to the unique variables in different organizations. However, when a firm tries to measure ROI for records management it should strive to quantitatively incorporate every benefit proper document management possesses. Namely, that it can reduce inefficiencies, insulate a business against legal liability and increase productivity across the organization. All three of these factors are difficult to quantify and depend heavily on the extent of the system, the amount of employee utilization and a host of other issues.

The costs side varies widely as well, particularly if a complete conversion solution is used when it is not necessary. The most obvious costs to include in an ROI model are those related to current document archive management, the amount of document conversion necessary and the level of management required for the industry and company in question. There are also a host of potential indirect costs and benefits, including regulations that pose a liability risk for organizations lacking a proper records management system.

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THE CASE FOR OUTSOURCING

All of this complicates the task of deciding what is required for a strong document management strategy and implementing a solution that is capable of meeting an organization's business needs. As previously mentioned, the amount of expertise, secure warehouse space, as well as the hardware and software infrastructure required for a robust document archiving solution can quickly become substantial if a company chooses to embark on an in-house document management strategy. In addition, the costs of archiving, converting and managing the digital archives can become a costly endeavor if it is not a firm's core competency. The task is further exacerbated by the fact that related technology and regulations can change rapidly, forcing a company to spend additional financial resources each year on maintenance and upgrades even after the system has been implemented.

For these reasons, outsourcing can be a viable alternative for a firm that wants to benefit from better records management but does not have the expertise, time or resources to manage the process in-house. An ideal partner will have substantial experience and numerous case studies that qualitatively and quantitatively describe the business value of their services for current customers.

Outsourcing can remove some of the challenge inherent in self-management and offload the responsibility for keeping technology and processes up-to-date. Finally, dedicated vendors can utilize their expertise and economies of scale to provide services, such as paper-based archival and retrieval, at a lower cost than many firms can do themselves. This is particularly true of complex operations where the need for space, security and expertise can quickly add up for a firm that does not specialize in records management.

Evaluating Strategic Outsourcing Partners

When evaluating potential strategic outsourcing partners, a company should look for a firm that has a strong offering in physical records management document conversion and maintenance of digital archives. This combination is fundamental as completely eliminating paper is not feasible and any attempt for complete document conversion can be exceptionally expensive for the small return it offers. As a result, a solution should be rooted in a paper-based records management solution which, on its own will alleviate many of the problems that improperly managed paper documents can place on an organization. At the same time, the conversion of documents can add considerable value when applied in an intelligent manner, such as abstracting or imaging on demand, processes which necessitate expertise in both the paper archiving and imaging realms. Therefore, it pays to be wary of an outsourcing company with a sole focus on physical records management, imaging, or digital document management exclusively as they will tend to advocate all or nothing imaging. Indeed, they might be incapable of doing anything else.

MOVING FORWARD

The enterprise is swamped with paper-based documents and despite claims that paper will become obsolete, rapidly increasing levels of content and three decades in which paper document usage has increased suggests that paper will not disappear in the foreseeable future. While many continue to dream of a paper-free business place, poorly managed paper archives continue to create significant problems including bottlenecks, productivity loss and preventable costs that can be as high as several million dollars. In addition, an appetite for litigation bolsters the need for a strong system to archive and maintain documents in an increasing number of industries. Typical solutions have centered on trying to greatly reduce or remove paper from the enterprise through complete document conversion, a process that can be counterproductive, impractical and exorbitantly expensive. The sane approach is to implement a robust records management process and, based on individual business needs, only image relevant pieces of information that add value to the organization. Due to the complexity of both the analysis and the implementation of a hybrid approach to document management, the rapidly changing regulatory climate and the costs of going it alone, it is advisable that firms give outsourcing serious consideration. It is also advisable to seek out a partner that is capable of managing paper-based archives as well as digital ones, as firms that focus on one in exclusion of the other are prone to suggest all or nothing digitization due to their own limited capabilities in either the paper or digital document realm.

“For an organization whose core competency is unrelated to the management of paper based documents, operational costs can skyrocket.”