

Building a Better Business

## Why Document Management?

White Paper  
Computhink, Inc

Date: May 2008

For more information, visit [www.computhink.com/why](http://www.computhink.com/why)

## Table of Contents

<b>Why Document Management? .....</b>	<b>3</b>
<b>Document Management Features and Benefits .....</b>	<b>3</b>
<b>Tactical and Strategic Implications .....</b>	<b>4</b>
<b>Reduced Operating Costs .....</b>	<b>5</b>
<b>Hardcopy Costs .....</b>	<b>5</b>
<b>Administration Costs .....</b>	<b>5</b>
<b>Space and storage.....</b>	<b>6</b>
<b>Employee Productivity.....</b>	<b>6</b>
<b>Regulatory Compliance and Legal Risk.....</b>	<b>6</b>
<b>Growing regulatory trend in all industries.....</b>	<b>7</b>
<b>Changing demands for archive and retrieval .....</b>	<b>7</b>
<b>Changes in legal risk .....</b>	<b>7</b>
<b>Electronic Discovery .....</b>	<b>8</b>
<b>Central Information Repository.....</b>	<b>8</b>
<b>Online access and remote workers.....</b>	<b>8</b>
<b>Customer service implications.....</b>	<b>9</b>
<b>Decision-making .....</b>	<b>9</b>
<b>Comprehensive Document Management.....</b>	<b>9</b>
<b>Gain the Benefits of Document Management with Computhink .....</b>	<b>10</b>



## Why Document Management?

One of the most profound advancements in recent years has been the advent of digital document management systems. Today, organizations can bring both paper and digital documents together in one environment and search, distribute and archive these documents with a level of ease, affordability and flexibility that was impossible only a few years ago. As a result, organizations find that they can significantly reduce administration costs, dramatically improve the efficiency of their workers, bolster customer service, and mitigate legal and regulatory risk.

Once widely regarded as too time-consuming and expensive to deploy, a new breed of document management solutions, like Computhink's ViewWise, has removed the barriers to real-world document management. Next generation systems no longer require that an organization have an enterprise-sized budget or a team of consultants, but instead are designed to be easily deployed and minimize the cost of ownership. Best of all, this new level of flexibility and affordability will allow small and mid-sized companies to realistically apply document management to the core processes that drive business every day.

## Document Management Features and Benefits

The term *document management* can mean different things to different people but is most commonly defined as a way to capture and centralize all critical paper and electronic based documents into one holistic system. The application of document management is also varied, but in general, companies find that they can reduce the cost of the "paper burden" while extending increased control and intelligence to vital business documents, data, and communications. By integrating document management with existing applications, organizations encourage the best use of information while making the workflow within their organization more efficient. In short, document management allows you to gather, manage, find, share, distribute, and archive important documents and information efficiently, accurately and securely from one central source.

There are many different options for inputting documents into a document management system, including scanning paper documents, using a print-to-driver directly from various desktop applications, or by importing from common applications like e-mail or Microsoft Word. Optical Character Recognition (OCR) and other related data capture technologies allow companies to extract key bits of data from paper documents and retain that information electronically. Keyword data about each document – like customer name, account number, date, or amount paid, for example – is automatically gleaned from each document and retained in index fields. This "metadata" is used to enable a variety of searches, or queries, which allow



users to quickly search for and easily retrieve documents regardless of whether they once took form in paper or in electronic format.

Once retrieved, users can create an annotation on the document, share a document with co-workers, or consolidate it into a compound document. Check-in/check-out features, audit capabilities, and version control keep documents safe and under control, while secure encryption and archive capabilities provide a central repository that will aide in regulatory compliance, mitigate legal risk, and safeguard vital information from fire, floods, or worse.

While there are many ways to gain advantage using document management, some of the most common benefits are:

- Reduce the costs associated with “the paper burden”
- Optimize key business processes.
- Boost employee productivity.
- Bolster customer service.
- Gain a better return on IT investments.
- Eliminate document storage space in file cabinets, warehouse, etc.
- Increase document accessibility, both on and offsite.
- Secure archive and retention.
- Better disaster recovery and business continuity.
- Improved regulatory compliance and reduced legal risk.

## **Tactical and Strategic Implications**

When evaluating how document management can make a difference for your organization, it is helpful to frame your perspective by examining both strategic and tactical implications. Whether digital or paper, documents cost money to produce and require labor to process. As a result, documents are a tactical liability if they fail to perform optimally and cause inefficiencies in the business processes they support. Indeed, the tactical implication of document mismanagement can be significant. Stacks of statistics from various sources point to the unwavering cost of documents to corporate America – estimated to reach as much as 15 percent of annual revenue. Effective document management can dramatically lower these expenses in terms of reducing reliance on paper and printing, and alleviating the administration costs associated with filing, searching for, and storing hard copy documents.

At the same time, the strategic implications of document management can be significant as well. Regulations regarding the retention of corporate documents and records continue to evolve and the explosion of digital information, especially e-mail, has made the need for comprehensive document management an ever more pressing concern. The legal risks should not be overlooked, with judges now requiring that all documents pertaining to a law suit – whether in the form of e-mail, Word files, spreadsheets, or plain old paper – be turned over to opposing legal counsel and the court. Document management provides the ability to quickly and completely assemble the



demanded information. Without this capability companies are exposed to tremendous expense and risk.

Finally, a great deal of corporate knowledge takes residence in the form of documents. This information has great strategic value. But while many firms recognize documents as a corporate asset, the struggle has been to gain control of the environment and leverage the intellectual property. Document management makes it possible to mine the “knowledge value” of corporate information by providing the ability to access, understand, and use documents in more beneficial and collaborative ways. Document management allows organizations to capture and archive all vital documents so that they become part of a corporate information repository and are made available for decision-making, customer service, and other strategic initiatives.

## **Reduced Operating Costs**

Despite the trend toward digital office systems and web-based applications, most small and mid-sized companies continue to rely on paper documents for a majority of daily activities. Purchasing, accounts payable and receivable, human resources, manufacturing, claims processing – these are just a few of the fundamental functions that remain, for the most part, mired in paper.

### **Hardcopy Costs**

American businesses eat up a million tons of paper every year and the resulting hard copy costs are significant. Industry analysts estimate that the average company spends approximately six percent of their annual revenue on daily office documents alone. Even as the number of “paperless” electronic transactions continues to grow many of these files are printed, annotated, copied, communicated, or otherwise repurposed as paper documents. Document management provides an environment that encourages collaboration and information exchange without the need for documents to take form on paper.

### **Administration Costs**

Companies in the U.S. also spend billions each year filing, storing, retrieving, and managing paper documents. The result is expensive in terms of lost productivity, inefficiencies, and cumbersome workflow. Working with paper documents claims a majority of office worker’s time and accounts for a significant portion of labor costs. While statistics can vary, the bottom line is that for every dollar a company spends on a paper document, the cost can be ten-fold to administer the process.



## Space and storage

Document management can help companies eliminate the valuable office space taken up by filing cabinets, storage boxes, and records retention. Scanning and imaging can also eliminate the high costs of maintaining data stored on microfilm and aperture cards. While these techniques are a mainstream technology in many larger organizations, small and mid-sized business often fail to capitalize on the available savings due to the complexity and expense of traditional document management systems. Newly developed solutions come at a much lower acquisition cost and are designed to be applied with a minimum of added support.

## Employee Productivity

Studies show that the majority of documents filed are never retrieved, around half are duplicates, and many are simply obsolete. Combine that with the time it takes file, find, retrieve, and use each document and the cost to employee productivity becomes a growing concern. Document management can reduce these costs by virtue of an “electronic filing cabinet” that provides simple and efficient storage within a centralized and secure document management environment. Employees review, route, print, e-mail, and fax documents online. Better yet, these tools are also available to employees outside the traditional office environment, providing remote workers with the same access and capability no matter where they are located.

In summary, document management provides a variety of benefits that can reduce operating costs:

- Reduction of elimination of paper documents
- Faster and more reliable retrieval of documents
- Powerful search capabilities to locate relevant documents
- Simultaneous access to documents by multiple people
- Electronic workflow and business process improvement benefits
- Reduction of physical document storage
- Secure to key documents by remote workers

## Regulatory Compliance and Legal Risk

Regulatory compliance is a growing concern in today’s business environment. A rising number of regulations from the state, federal, and industry levels have resulted in increasingly severe risks and penalties for non-compliance. Businesses that fail to address these risks are subject to fines, lawsuits, and loss of market share. The consequences of non-compliance can be significant and can even result in prison for the most egregious offenders.

The transition from paper-based documents to electronic systems has added an additional layer of complexity to document management and compliance, and the new breed of document management systems alleviates many of the



barriers that have prevented organizations from reaching their goals to ensure regulatory compliance and mitigate legal risk.

### **Growing regulatory trend in all industries**

When it comes to document management, regulatory agencies look for accuracy and integrity, and auditors look for instituted controls for retention. Companies must demonstrate chains of custody and the ability to preserve that chain as evidence. Many organizations are subject to regulatory standards for maintaining the latest revisions of key documents. "Up-to-date documentation" and "available at all times" are among the requirements that govern more highly regulated entities.

Material Safety Data Sheet (MSDS) automation is one good example of how document management can support regulatory requirements. For example, an organization that works with regulated chemicals must ensure that their MSDS files are current and quickly accessible in an emergency. A document management system allows these companies to scan their MSDS documents, index them with a variety of metadata tags for quick retrieval, and store the documents in a secured, central repository. When needed, any number of employees, located in plant or at other locations, can gain access. Through ad hoc or full text search, employees can easily review, red-line, output, and distribute the documents. In this way, the documentation becomes an integrated and efficient part of the regulatory environment.

### **Changing demands for archive and retrieval**

While regulations governing the archival of information vary from industry to industry, the length of required retention is generally increasing. Credit history files, for example, can have a lifetime of fifty years or more. Engineering drawings for bridges, airplanes or factory machines must endure for decades. Life insurance policies must be retained not only for the life of the client, but also for life of any potential law suit. Document management provides this kind of enduring archive because the digital information can be copied and replicated, and archived in a secure repository.

### **Changes in legal risk**

The Information Age has spawned a number of headline cases – suits against Enron and Microsoft for example – that underscore the litigation risk that corporate records and documents can present. But the legal risks do not apply only to large organizations, small and mid-sized companies are exposed as well. For example, the exponential growth of e-mail, and the increasing reliance on other digital records, has given rise to a new set of concerns regardless of the size of your organization. Indeed, for trial lawyers e-mail is often the "smoking gun" that will win their case or force a settlement and attorneys aggressively lobby courts for access to their opponents' stores of digital information. By capturing e-mail, documents created by desktop applications, and paper-based documents all in one document management



system, companies make great strides to mitigate legal risk and prepare for any potential lawsuits.

### **Electronic Discovery**

Most companies have effective and reliable policies in place for paper records, but many find that they have a false sense of confidence that their information technology systems reliably retain and manage electronic documents in the face of litigation. The stakes are high; depending on the size of the company and the complexity of the lawsuit, organizations can spend hundreds of thousands of dollars to find and retrieve documents in order to comply with a discovery mandate. Indeed, compliance is likely to be an economic and operational nightmare, if not downright impossible. A company operating in all 50 states could face as many as 2,500 potentially relevant laws affecting records within their organization. And since organizational documents essentially constitute a “corporate memory” of how a company conducts itself, document management can provide the structure and capabilities needed to address the associated risks and liabilities.

In short, document management provides a variety of capabilities that can bolster regulatory compliance and mitigate legal risk:

- Multi-tiered security, document encryption, audit trails, and usage tracking
- Reporting and accountability features
- Integration of e-mail, desktop documents, corporate records, data streams, and paper documents
- Ability to meet regulatory reporting, information handling, and privacy mandates
- Controlled Access to information from anywhere, by anyone authorized
- Disaster recovery and backup are facilitated

### **Central Information Repository**

A great deal of corporate knowledge takes form in documents and e-mail. Companies find that they can more effectively compete in today’s marketplace with integrated document management and e-mail archival technologies as a result. But the key to finding the “knowledge value” lies in the ability to access, understand, and use archived information in beneficial ways for collaboration, customer service and decision making. Document management allows companies to capture and archive key documents so that they become part of the available corporate information repository.

### **Online access and remote workers**

Not everyone works from the office. Whether on the road, working from a remote location, or simply catching up with work from home, document management provides a centralized repository that can be accessed by all



employees with the proper security and rights from anywhere in the world, 24 hours a day. To be competitive, companies must have this type of "information agility" in order to effectively react to dynamic changes in their marketplace. If firms are not agile in using the information they have within their enterprise, they will be less able to face competitive pressures and dynamic changes in the market place. Document management leverages the value of remote workers and ensures that an organization can find, use, and keep vital information with agility and effectiveness.

## **Customer service implications**

Customer service can be greatly improved with document management, which essentially puts customer service representatives on the same page as your customers. Document images can be presented online and tracking data fed to customer service agents who can then resolve customer inquiries more quickly. The result is a higher rate of first-call resolution and more satisfied customers. By linking document management systems to a company web portal, end users are able to satisfy their own requests without engaging live service agents; viewing statements and requesting reprints, for example, all performed transparently to a company's normal support hours. This can reduce call center staffing demand and provide an arguably superior level of customer service. The bottom line is that when customers and service representative can refer to the same information in real time you benefit in terms of more efficient and effective customer service and more satisfied customers.

## **Decision-making**

Information is power – the power to produce quality products, the power to increase market share, and the power to maintain profitability. Whether on paper or in digital form, nearly all business information takes shape in a document. Often times, however, this important information is hidden from the whole of the organization and makes effective decision making and strategic planning more difficult and less effective. Document management systems enhance the flow of information and you no longer need to measure document retrieval in hours or days. Everyone can have access to important documents, from numerous sources, in under a minute, empowering your organization to formulate strategies and tactics based on solid, timely information.

## **Comprehensive Document Management**

The need to comprehensively manage documents in small and mid-sized business is driving demand for more inclusive solutions that are easy to use, easy to adopt, and priced affordably. As we see by examining the



opportunities and risks associated with document management, companies are in position to make substantial improvements in terms of reducing the “paper burden” and lowering operating costs, improving regulatory compliance mitigating legal risk, and bolstering the value of the information contained within their enterprise. Indeed, the time has come to regard document management as a business imperative as conditions demand well-thought document strategies. Organizations can no longer ignore the implications and benefits as the new breed of available document management solutions, like Computhink’s ViewWise and others, help decrease costs, increase efficiencies, mitigate risk, bolster compliance and increase customer satisfaction. Best of all, these newly developed systems come at affordable price points and without the complexity of traditional document and content management systems.

Ultimately, this paper should help you better define your document management requirements and provide a helpful baseline with which to question potential vendors, establish decision criteria, and evaluate solutions for the best fit. The areas to consider should aid in formulating a practical document strategy and help small and mid-sized businesses better respond to the growing opportunities that exist using the new breed of document management applications.

## **Gain the Benefits of Document Management with Computhink**

Computhink is committed to the goal of offering enterprise-level document management capabilities and features to small and medium sized businesses. Our flagship product, ViewWise, makes a variety of advanced features available to the SMB market and at a price you can afford. Customers of all sizes can benefit from a centralized electronic document repository and our approach of bringing e-mail, desktop documents, and paper-based correspondence under the umbrella of a comprehensive document management solution. We invite you to visit our website at <http://www.computhink.com> to find out more, or call us at **(800) 98-THINK** to discuss how we can help bring the benefits of document management to your organization.

