



White Paper

Waste and the Paper Chase

A look into the business processes surrounding document management with respect to the time, money and other resource waste that can be eliminated

omtool

Driving Your Information Route™



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INTEGRATING PAPER INTO THE ELECTRONIC WORKFLOW AND INFRASTRUCTURE

As much as corporations desire to move to a paperless office, paper remains part of the critical information infrastructure of a company. Paper is still a very critical component of most business processes and complementary to digital workflows. The integration of paper into the digital workflow, if done correctly, will create a more comprehensive information system combining both paper-based and digital-based documents; documents referred to as “mixed-mode documents”.

Paper-intensive business processes exist in a variety of businesses in many markets. For example, in financial institutions, loan processing, credit card applications, mortgage applications, account statements, and invoicing are among the most paper intensive business applications. Industry-wide the business processes range from human resources, to marketing to expense management to name a few. According to IDC research, over 50% of organizations indicated these paper-intensive applications need further digitizing¹, which clearly underscores the need for paper capture and integration into the electronic business workflows.

While companies are implementing document management solutions to address the paper-intensive business workflows, there is an underlying need to improve corporate compliance, insure privacy and security of corporate information and probably most importantly, eliminate the waste and inherent costs of dealing with paper documents.

THE CHALLENGES OF THE PAPER CHASE

It is evident that paper has been and will continue to be a critical business format for the foreseeable future. Creating, sharing, editing, printing and copying documents are activities that have become commonplace, yet there remains significant costs associated with the management of business documents.

Consider a typical office worker who spends 40% of their time looking for information. Consider, an average organization makes 19 copies of each document, loses 1 out of every 20 documents and spends 25 hours recreating each lost document. This represents significant employee time that interferes directly with corporate efficiency and profitability².

In fact, the abundance of information has driven companies of all sizes to hire new employees dedicated strictly to information and document management, sometimes referred to as a knowledge or information worker. A typical professional can spend up to 500 hours, annually reviewing and routing files and another 150 hours, annually, looking for incorrectly filed documents.² This amount of time quickly adds up to almost 35% of an employee's time reviewing, routing and looking for lost documents.

Clearly, there is waste in the paper chase.

Time Lost Can't Be Regained

For every document:

- *19 copies are made*
- *1 out of 20 are lost*
- *150 hours/year lost looking for incorrectly filed documents*
- *25 hours are spent recreating documents*

See references



Competitive companies must address waste in their business process workflow while improving compliance to meet regulatory requirements, increase security and protect privacy. Further, without tight control, security and integration of a company's paper files, its business continuity and disaster recovery programs are at risk.

Technologies that automate these processes provide a significant return on investment by taking into account the efficiencies discussed above and their associated labor costs. As a result, document scanning has become a corporate imperative. Within the past few years document scanning has evolved from the monolithic, centralized, back-office facility to distributed document capture and scanning by the end users within the workgroup. Today, document integration is done during the course of daily work and at the time of need.

Effective solutions will be implemented that seamlessly integrate paper into the electronic workflow while capturing and distributing documents to all the destinations, in the required formats seamlessly. Further, successful implementations will be quickly adopted by office workers and professionals while allowing at-the-desktop management of these critical documents. These solutions will ultimately:

- Increase operational efficiency
- Increase employee productivity
- Improve compliance
- Insure business continuity

The shift to electronic information systems while still relying on paper-based documents for critical business information has created a corporate conflict; disallowing one secure location for all information pertaining to a single matter. This creates inefficiencies and redundancies that can be reduced or eliminated.

REDUCING WASTED EMPLOYEE TIME

Filing and Retrieving Documents

65% of office workers file documents at their desk or personal workspace². Sending documents out of the employee office and to a centralized scanning facility is not feasible. Still, the cost of filing each document is approximated at \$20 in labor while even greater costs are incurred when \$120 is spent in labor searching for lost documents³.

<i>Calculate the Savings</i>	
_____	Number of administrative and knowledge workers
X	
\$8,000	Annual spend
=	
_____	Potential savings looking for lost docs.

COST SAVINGS: Eliminating 400 hours per person per year wasted searching for lost files adds up to significant savings even at the administrative level earning \$20/hour. If, through the adoption of an effective document routing solution, an enterprise can cut the time spent searching for lost files in half, the savings for a single employee is over \$4,000/year. A large company with 200 administrative staff can save \$800,000 annually.



Converting Documents

Too often, documents arrive in paper format, only to be required in electronic format. Office workers are then required to re-type these documents to get them back into the desired format and available for electronic distribution. Typing multi-page documents is a time consuming and expensive process.

COST SAVINGS: Scanning and converting a paper document into a text-based and searchable document has incredible value. Assuming an hourly administrative assistant making \$20.00 per hour is tasked with retyping a 6000 word document in order to convert it to an electronic document, the task would consume at least an hour of uninterrupted time (if you assume a typing speed of 100 words per minute). Every document then costs \$20 to retype.

The Cost is Staggering

"An enterprise with 1,000 information workers can spend \$4,500,600 annually, recreating content"

...IDC

According to IDC, this is an overly conservative estimate. IDC reported an enterprise with 1,000 Information Workers spend an average of 3 hours a week recreating content which is an average cost per worker per week of \$87 and \$4,501 for a year. This adds up to a staggering \$4,500,600 spent annually.⁴

CUTTING RETRIEVAL AND DELIVERY COSTS

Alternatives to electronic distribution and delivery of documents include the traditional land-based methods of US Postal Service, overnight mail services and courier services. The cost and speed of each of these three delivery methods increases respectively, but none of them comes close to the cost-effectiveness or immediacy of electronic delivery. Furthermore, with globalization realities, sending a document by overnight delivery may be completely unrealistic and, in some cases, literally impossible.

Immediate Delivery

If documents delivery is time-sensitive, traditional services such as guaranteed over-night service or a courier service - if the recipient were local – are only as good as their committed delivery time which is typically the next business day. Logically, these methods of delivery are not viable for documents that need to be delivered to a different location immediately.

COST SAVINGS: Typical overnight delivery cost would be about \$13.00 for each document. Depending on the size of the company and the number of documents currently express mailed daily, the cost savings can be significant.

Offsite Retrieval Costs

Companies can incur courier costs at two different points in the office document workflow. The first is in the retrieving of documents that may be stored in an offsite facility and will require someone to retrieve the document and deliver it to the desired location. The second point in the document workflow relates to delivery. Courier costs vary widely based on location, destination and availability of services.



REDUCING FACILITIES COST AND STORAGE SPACE

Paper Files Consume Valuable Storage Space

Consider the large financial institution that eliminated the need for almost 1,000 square feet of storage space simply by implementing a document management strategy that included integrating their critical corporate paper-based documents into their enterprise content management system.

COST SAVINGS: Eliminating the storage area required (1,000 square feet of commercial real estate, priced as low as \$15.00 per square foot per month) amounts to \$15,000 per month or \$180,000 per year of savings. Even if one were to consider moving the paper files to remote storage space at a rate lower \$5.00 per square foot per month, the savings would amount to \$5,000 per month or \$60,000 per year, absent of any shipping costs incurred to deliver the documents to the storage space or courier services required when retrieving necessary documents from their offsite location.

ELIMINATING WASTE AND THE PAPER CHASE

Omtool, an enterprise document routing solutions provider, had a client with a problem just as the one described above. A law firm with 175 attorneys with offices worldwide had a significant challenge in allocating enough space in its Washington, DC office to store critical legal documents. To address the problem, the firm licensed document capture, process and delivery software (AccuRoute document routing platform) and eliminated the need for document storage space. The benefits far exceed just the cost savings. While the firm regained valuable office space once dedicated to storage, they also completely eliminated offsite storage and retrieval costs. Further, intellectual property related files become readily accessible when and where they are needed by the attorneys and administrative assistants.

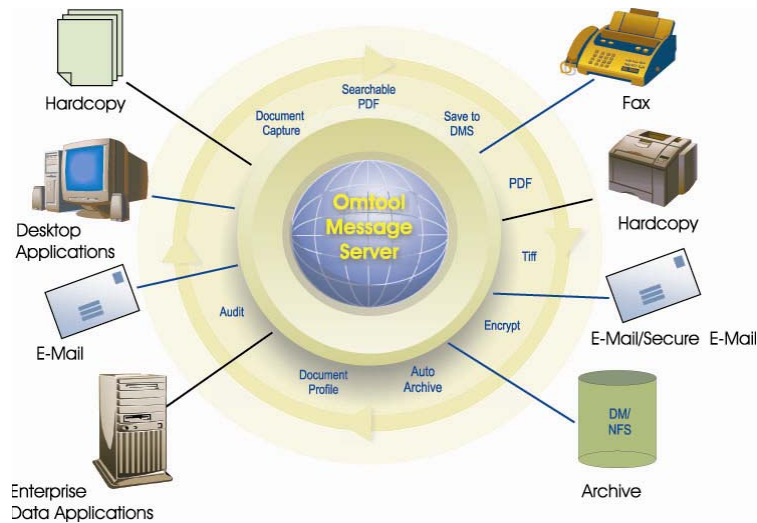
A comprehensive document capture, process and delivery system will enable connectivity to any scan-enabled multi-function device (MFD) joined with the required document management and electronic information systems within the organization.

<i>Calculate the Savings</i>	
_____	Square footage allocated to storage
X	
_____	Price per square foot
=	
_____	Cost/square foot
+	
_____	Annual retrieval costs
+	
_____	Annual shipping to offsite location
=	
_____	TOTAL SAVINGS



ACCURROUTE® Document Capture, Process and Delivery

Omtool designed AccuRoute to address the document capture, process and delivery needs of today's companies that desire a distributed document routing platform. While initially most document routing applications are integrated with document management systems to address a specific need of the enterprise, these IT projects must contemplate the price justification and potential return on investment of implementing such a system. Based on the costs outlined herein, document routing solutions should be easier to justify.



The cost benefits and return on investment of implementing a document routing solution such as AccuRoute are many. Depending on a company's specific business document workflow, effective systems can save wasted employee time, expensive real estate allocated to document storage as well and recurring overnight mail and courier charges required to get information from one destination to another. Employee productivity is gained through hours once lost to locating and retrieving documents (especially those that were lost) and through tasks such as retyping documents to get them into an electronic format.

AccuRoute integrates paper and electronic documents into a single, efficient and managed system, AccuRoute allows users to define document distribution rules integrating into their electronic workflow and accomplish multiple, complex document routing tasks easily, while providing the company with increased control over security and compliance-related issues, all from the users' desktop or the device panel. AccuRoute is designed to work with virtually all multi-function devices and recently expanded its capability to provide device front use of AccuRoute on those devices that are now Java-enabled.

A recent survey conducted by Omtool solidified the design and market decisions made for its document routing solutions. The company found that over 94% of respondents desired a comprehensive document routing solution from a single vendor. Further, and consistent with the time and cost savings information presented here, 97% of the respondents felt it important to minimize the amount of time spent at a device to perform scanning, faxing of document capture. With AccuRoute, the majority of the work is done at the users' desktop, ultimately helping them to



achieve their objectives. AccuRoute is always available where it is needed including at the device if necessary.

While document management and document scanning functionality is adopted for a variety of applications and usages within the business workflow, an effective solution will not be successful unless it saves significant time and money, eases the burden of the work and ultimately increases operational efficiency while improving compliance-related requirements and insuring business continuity.

References:

¹ Boyd, Angela, "Cutting Costs and Maximizing the Return on Your Imaging and Output Assets", IDC, August 2005.

² Fujitsu "Document Scanning in the Office" at <http://www.fcpa.fujitsu.com/download/download/scanners/scansnap-whitepaper.pdf> (date accessed February 6, 2006)

³ Doyle, Pamela, "Information Management Compliance Through ECM: The Value Proposition" at <http://www.aiim.org/education/AIIM2005Presentations/ConfPresentations/Session37DoylePart1.pdf> (date accessed February 3, 2006).

⁴ Feldman, Susan et.al "The Hidden Costs of Information Work, IDC White Paper, March 2005.

About Omtool, Ltd.

Omtool, Ltd. is a leading provider of document handling solutions that simplify the integration of paper and electronic documents in enterprise information management systems. Our flagship product, AccuRoute, streamlines the capture, conversion, and communication of paper and electronic documents, enabling fast, secure, simultaneous distribution to multiple destinations in multiple formats. Available at any network-enabled scan device or from users' desktop computers, AccuRoute provides faster, more efficient workflows, while reducing cost, complexity and risk. Omtool solutions are used worldwide by businesses in document-intensive industries that demand secure handling, integration and tracking of documents in full compliance with a range of regulatory requirements. Based in Andover, Massachusetts with offices in the United Kingdom, Omtool can be contacted at 1-800-886-7845 or www.omtool.com.