

Transitioning **Vision** to **Digital Reality**

Baseline Business Process/ Document Management Assessment

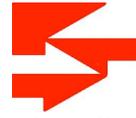


PROCESS OPTIMIZATION EXPERTS
Providing BPM & ECM CONSULTING SERVICES

Abstract

This white paper describes the use of a baseline document audit as an effective tool for analyzing a company's business processes and employee behaviors.

A thorough assessment can lead to more efficient processing and management of documents that reduces costs by as much 40%, expands document capabilities and flexibility, and improves employee productivity.



EXECUTIVE SUMMARY

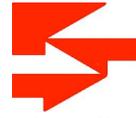
The definition of a document has evolved over the years. A document was once thought of as information that was contained on a piece of paper(s) that often recorded a legal transaction. Today's document can be electronic, i.e., computer generated reports or electronic documents, digital pictures or voice recordings. Most companies have both types of documents, often this is governed by who, internally or customer/partner, generated the document and in what format. Increasingly, even external documents are received in an electronic format, i.e., e-mail, EDI, fax, etc.

This evolution from paper documents to electronic documents has not been without challenges. Companies often mistakenly assume that since "electronic documents" and "application data" are both digital content they can be managed in the same way – THEY CANNOT. "Electronic documents" are meant for human interaction; "electronic data" was designed for system application transactions. Typically, the data that is contained in business applications comes from information that is contained in a document. However, the business application cannot access the documents and these documents contain information that is critical to the business process. This results in disconnected information requiring knowledge workers to handle data and documents in unique and separate searches.

This problem is compounded when a company's workflow is hard-coded in the business application. Hard-coding a business process in the business application not only results in disconnected information it also requires a programmer to change the work pattern, negating a company's ability to react to an ever-changing business environment.

This disconnected information has another flaw. Today's compliance regulation, i.e., Sarbanes Oxley, HIPAA, Gramm-Leach-Bliley Act, etc., require companies to manage their documents through their legal lifecycle. Failure to do so can result in substantial penalties, e.g., Enron, MCI, etc.

Companies have sizeable budgets to manage their data, however, the processing and management of documents, both paper and electronic, is taken for granted, often, until it is too late. Most organizations spend a lot more than they think photocopying, routing and managing documents, and much of that expense is wasted because of outdated technologies, and inefficient processes that result in organizations spending more time sorting, routing and looking for documents than using them. That's why baseline business process and document assessments are a requirement - not a luxury. They are an effective tool for analyzing a company's processes and document-related technologies, usage patterns, procedures, and employee behaviors. In the hands of an experienced professional, a thorough assessment can lead to a more efficient environment that reduces costs by as much 40%, expands capabilities and flexibility, and improves employee productivity.



WHY YOU MAY NEED A DOCUMENT ASSESSMENT

Reasons to perform a document assessment:

- **You do not have a document detailing the Processes, People and Operational Cost of your current document system.**
- **You are considering migrating to an electronic document management system and you want a smooth transition to the new technology.**
- **You do not know what it cost to process, store and retrieve your current documents.**
- **You are concerned about how much it is costing your company to:**
 - **Search for lost and missing documents**
 - **Photocopy documents to expedite processes**
 - **Constantly retrieve documents from remote storage to resolve business issues**

All types of organizations, from Mortgage Bankers to multi-national financial institutions, are discovering the need for a professional document/process management assessment. The proliferation of document management options, both paper and electronic, has given users more options than ever. But these choices have come with a cost: multiple repositories, poor document workflow, and a higher overall cost to process and archive their documents.

The cost to manage these documents is dependent on many variables, including but not limited to the media and format they are distributed, how the document is monitored and eventually how it is archived.

The overall cost to manage documents can be a lot more expensive than most organizations realize. Particularly when you consider the time you spend getting the proper documents to the correct person (Getting Ready Work) versus the amount of time the person is actually performing their tasks with the documents (Main Work).

Any way you look at it, the cost to management documents at most organizations is substantial – and so are the potential savings.

You'll probably recognize some of the typical characteristics of this problem:

- Lost and missing documents;
- Files that are not accessible in a timely manner;
- Files are stored in multiple locations;
- Documents that are scattered across multiple storage silos; and
- Time consuming sorting and distribution of documents.

These problems might be considered insignificant, until you look carefully at their impact on the organization. Not only is employee productivity hurt by inefficient workflow processes and by the time spent “managing” document repositories. Customer service is jeopardized from putting customers on hold or even having to call them back while an important document is being retrieved.



All of this is why document management assessments are becoming a mandatory requirement. An assessment will quickly tell you what is working and what isn't. A good assessment ultimately will provide you with specific steps that you can take to enhance your capabilities, reduce costs, and increase productivity.

Typical Document Management Costs according to:

Performance Improvement...

Implementing BPM solutions generate wide range of savings depending on magnitude of process changes. Depending on the particular process improvement implementation, there is a range of expected savings:

- Process improvement (incremental change – no technology solution) can expected conservatively on average 10-20% productivity savings and efficiency gains; and
- Process redesign (significant process change – where there maybe a BPM or ECM technology solution can expected conservatively on average 30+% productivity savings and efficiency gains;

Process cost savings and increased customer service are generally significant through streamlining efforts.

Computer World...

- 95% of a companies information is in file cabinets
- The cost of owning and maintaining a standard file cabinet is \$880/year
- Executives spend more the than 150 hours per year looking for documents
- The cost of each misfile is \$150.

Price Waterhouse...

A Professional spends 5-15% of their time reading documents but up to 50% looking for documents.

- Makes 19 copies of each document
- Spends \$20 to find each document
- Loses 1 our of every 20 documents
- Spends \$120 dollars in labor searching for each misfiled document
- Spends 25 hours recreating each lost document
- Spends 400 hours per year looking for lost files

Gartner Group...

Business Process Management wins the “triple crown” of saving money, saving time and adding value. It also spans the business and technology gap to create synergy, with proven results.



METHODOLOGY OF A SUCCESSFUL DOCUMENT MANAGEMENT ASSESSMENT

A methodology must be in place in order to conduct a successful process and document management assessment. This methodology must have a predefined process. At a minimum this process should include defining the scope of the audit, documenting and analyzing the existing environment, and developing specific recommendations to improve productivity and reduce cost. The importance of a proven methodology to collect the information should not be overlooked. It ensures that accurate data is collected in a timely manner and that end-user expectations are met through the entire process.

CHOOSING A DOCUMENT MANAGEMENT CONSULTANT

Choosing an outside firm to perform a Document Management assessment is the first – and perhaps most important – decision. Since different consultants have varying approaches to how they conduct an assessment, the quality and usefulness of those assessments can vary dramatically. Some questions to consider when selecting an assessment firm:

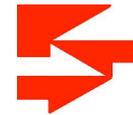
- Does the firm have a specific assessment process or is everything done on an “ad hoc” basis? A well-defined, proven assessment methodology is essential to uncovering and analyzing key issues.
- Does the firm use trained, experienced consultants to conduct the assessment? There’s no substitute for experienced professionals who developed assessment tools and who can produce a well-reasoned and detailed analysis of each customer’s particular situation.
- Does the firm provide specific recommendations, or does it simply describe the problems it finds? Documenting deficiencies is only part of the equation; to get the most from an assessment, you should use a firm that also will provide you with tangible solutions to improve your business operations.
- Is the consultant tied to a vendor solution? Industry experts advise using an consultant that offers multiple options and isn’t wedded to a specific product. In fact, a Gartner study of found that vendors who also are manufacturers “are more likely to push their own products.” (Gartner Technology Analysis, February 2003.) That can be a problem for the customer when better solutions exist in the marketplace.

The bottom line is that you should choose a consultant that best fits *your* needs.

ASSESSMENT BENEFITS

A thorough document management assessment, performed by a trained and experienced consultant, invariably results in eye-opening discoveries about the inefficiencies of the client’s current systems and processes – along with specific recommendations for fixing those problems. The implementation of these recommendations can produce immediate and substantial benefits.

Document assessments often identify improvements that lead to higher returns on investment, expanded capabilities, improved document access, increased employee productivity, better



controls and accountability, enhanced customer service, and increased user satisfaction. In almost all cases, the significant benefits that can be derived from a document management assessment will quickly pay for the modest cost of the assessment.

SAMPLE ROI COVER DOCUMENT

PURCHASE COSTS:	START UP	Year 1	Year 2	Year 3	Year 4	Year 5	Total
<i>Scanner HW/SW Cost</i>	64,000		0	0	0	0	64,000
<i>ECM SW</i>	75,000	0	0	0	0	0	75,000
<i>Misc. Cost</i>	0	0	0	0	0	0	0
<i>Training & Installation</i>	12,000	0	0	0	0	0	12,000
<i>Customization</i>	12,000						
<i>HW Maintenance</i>		6,400	6,400	6,400	6,400	6,400	32,000
<i>SW Maintenance</i>		13,500	13,500	13,500	13,500	13,500	67,500
<i>Conversion</i>	0						
<i>Supplies</i>		530	557	584	614	644	2,929
Total Costs	163,000	20,430	20,457	20,484	20,514	20,544	265,429

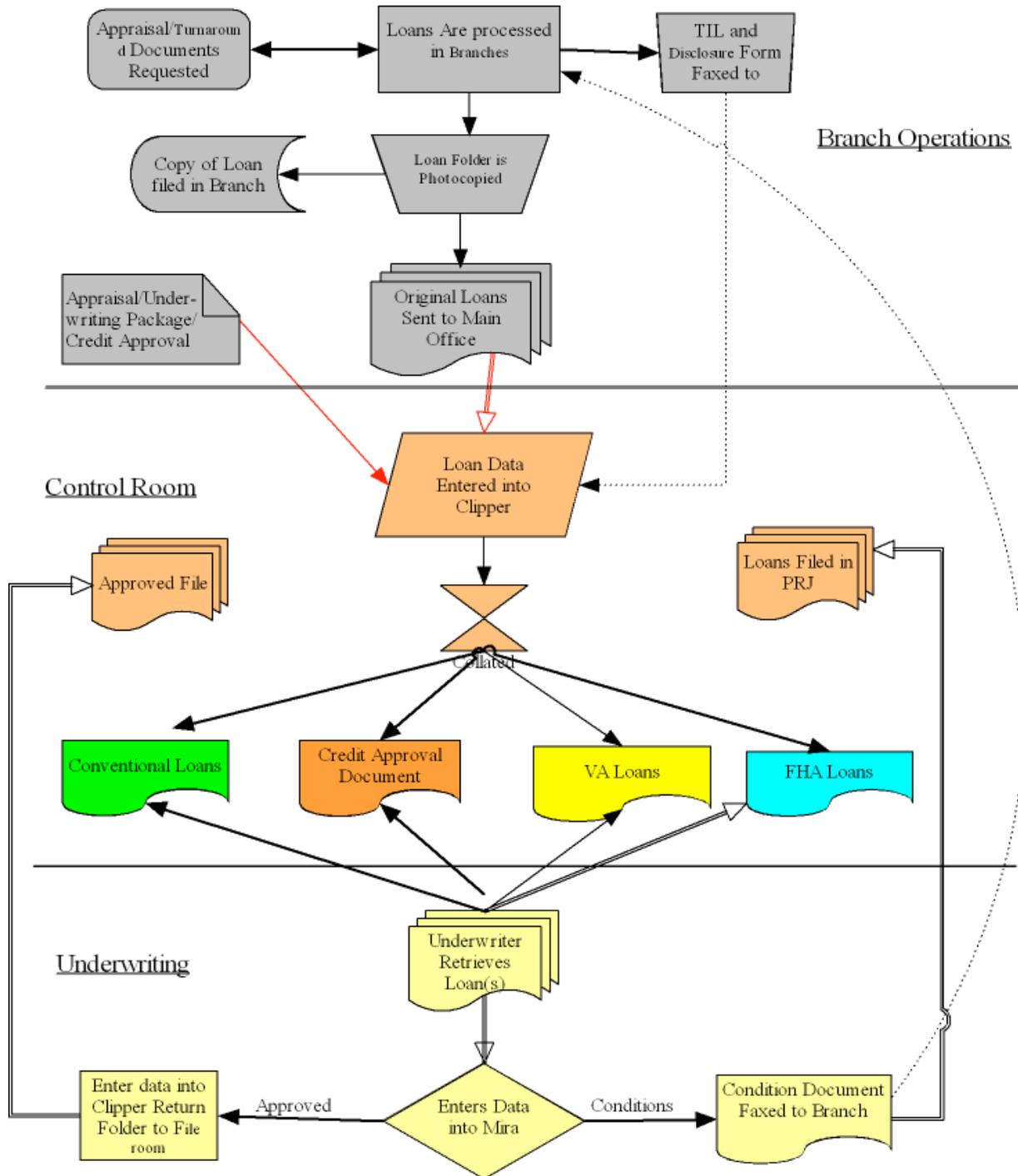
SAVINGS:	Year 1	Year 2	Year 3	Year 4	Year 5	Total	
<i>Personnel Savings</i>	87,200	88,750	93,188	97,847	102,739	469,724	
<i>Personnel Avoidance</i>	36,000	37,800	39,690	41,675	43,758	198,923	
<i>Office Furniture Avoidance</i>	1,160	1,218	1,279	1,343	1,410	6,410	
<i>Copying Cost Savings</i>	638	670	704	739	776	3,528	
<i>Delivery Cost</i>	34,020	34,020	34,020	34,020	34,020	170,100	
<i>Microfilm Cost</i>	0	0	0	0	0	0	
<i>Floor Space Savings</i>	33,250	34,913	36,658	38,491	40,416	183,727	
<i>Construction Cost</i>	0						
<i>Off-Site Storage Savings</i>	0						
Total Savings	0	192,268	197,371	205,538	214,114	223,119	1,032,411
Net Cash Flow	(163,000)	171,838	176,914	185,054	193,601	202,575	766,982
Accum. Cash Flow		29,268	185,753	370,807	564,407	766,982	
	1.00	0.83	0.00	0.00	0.00	0.00	0.83

PAYBACK PERIOD

0.83



SAMPLE DOCUMENT FLOW





SUMMARY

Business Process and Document Management technologies have advanced so quickly while their cost have plummeted, that virtually every organization will benefit from a professional document management assessment. Most assessments can be accomplished swiftly and unobtrusively, and if the resulting recommendations are acted on, they almost always deliver a significant and rapid return on investment.

PERFORMANCE IMPROVEMENT

Performance Improvement has over 50 years experience in designing and analyzing Electronic Document Management, Document Imaging, Business Process Management/Workflow and Enterprise Report Management Systems. Performance Improvement has experience in the Financial Services, Healthcare, Distribution and Manufacturing Verticals as well as the Account Payable, Account Receivable and Human Resources Departments.

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