



THE POSSIBILITIES ARE INFINITE

## **Document Imaging Trend Report**

### **Small to Medium Businesses**

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### Market Description (The Prospect)

- There are an estimated 167,000 medium size businesses in the United States alone. These are organizations with between 100 to 1,000 employees. Additionally, there are literally hundreds of thousands of small businesses with less than 100 employees. These organizations face many of the same issues as major enterprises. They are dealing with competitive pressures and are seeking ways to maximize their efficiencies and to enhance their customer service. They are struggling with economic issues and are seeking ways to cut costs and to maximize the use of their valuable resources. Adding to these factors, is the fact that now many of these smaller organizations are dealing with the issues associated with regulatory compliance including managing their information more efficiently, ensuring its privacy and physical protection.
- Small to medium size businesses (SMBs) present a major opportunity for Enterprise Content Management, including the critical document imaging component as it will help them cut costs, accelerate their business processes, streamline business operations, aide with regulatory compliance and ensure the protection of their valuable information asset.
- Although SMBs share many common business problems and objectives with larger organizations, the sales cycle, implementation requirements and budgets will vary dramatically.
- This sector includes numerous prospects including the following:
  - Law Firms
  - Certified Public Accountants
  - Solo or Small Physician Practices
  - Real Estate and Property Management
  - Municipal Governments (DOT, Courts, Transit, City and County Governments)
  - Community Banks
  - Sub-lending Mortgage Companies
  - Transportation Companies & Brokers
  - Professional Service Organizations
  - Not For Profits
  - Educational Institutions (State and Community Colleges, Professors, Local School Districts)

### Business Drivers

- Many SMBs are faced with serious economic issues. The price of gas alone is having a serious impact on many of these organizations whose businesses rely heavily on shipping and courier services to market and sell their products and services. These organizations are seeking to achieve **significant cost reductions** in some or all of these areas:
  - Photocopying
  - FAX Communication
  - Physical Storage Space
  - Shipping

- Expenses
  - Employees
  - Overtime
  - Courier Services
  - Administrative Costs
- Businesses of all sizes are impacted by government regulations such as the Health Insurance Portability and Accountability Act (HIPAA) and Sarbanes-Oxley. Many of these regulations provided a grace period for smaller businesses, but the time to comply is now at hand. This has created a need for the SMBs to implement document retention policies and strategies and to seek technology that can help them **manage all their business information more efficiently.**
  - We are living in a time when there is an unprecedented number of natural disasters including tsunamis, hurricanes, earthquakes and tornadoes. Large, medium and small businesses are impacted by these disasters. Unless the organization has a fully implemented disaster recovery plan, it is likely their operations will be shut down. *Inc. Magazine* reported “that 75 percent of SMBs have no disaster recovery plan and that 40% never reopen after a disaster.” According to market analyst firm, Gartner Group, “50 percent of SMBs will go out of business within three years if lost data can not be recovered within 24 hours.”
  - These staggering percentages are forcing SMBs to consider digitizing their paper information assets so they may conduct redundant off-site storage to **ensure the physical protection of their information and ensure business continuity**, should they experience a data storage disaster.
  - Furthering the adoption in the SMB sector is the lower cost and higher performance of document scanners, storage and document imaging software. Workgroup scanners with a price between \$500 and \$2,000 and scanning at speeds up to 25 pages per minute (ppm) are affordable for many SMBs. Additionally, these scanners often come bundled with document imaging software, image enhancement tools, and are capable of delivering sophisticated functionality such as double feed detection, color, auto crop and deskew.

### **The SMB Document Imaging Solution**

- A number of solutions to help SMBs address these business drivers lies within the Enterprise Content Management (ECM) arena, including document imaging, forms processing and workflow as it enables them to capture, manage, store, preserve and deliver information and documents related to business and organizational processes.
- Selected ECM technologies that are particularly beneficial for the SMB sector include:
  - *Forms processing* for processing documents such as accounts payable, purchase orders and invoices. Forms processing can be used to scan and extract data from either typed or handwritten text. Advances in this technology allow organizations

to process forms with either structured or unstructured data. Implementing this technology can reduce processing time from weeks to literally hours.

- *Archive and retrieval* can assist by converting paper-based document such as customer records, human resource records, contracts, engineering and other related business documents into electronic documents that can be archived. These electronic documents can be searched and retrieved for viewing or printing. Accessing electronic documents is much faster, enabling SMBs to have efficient document access for audits associated with regulatory compliance.
- Electronic documents reduce the costs associated with paper filing systems and reduce the risks of misplacing or losing a document.
- *Document distribution* can be used to electronically distribute documents using the internet, eliminating the time and resources required to fax documents. Additionally, this can be used for redundant off-site storage to ensure the physical protection of data.
- *Workflow* can be applied to automate business processes by routing electronic documents to appropriate departments or individuals to expedite the approval processes.
- *Image enable software* gives SMBs the ability to add scanning and document management functionality to existing lines of business applications and business processes such as customer and vendor databases. This gives them the ability to implement document imaging without having to change the way employees are used to doing their jobs.
- *Scan to PDF (Portable Document Format)* are combination hardware and software devices, such as the Fujitsu ScanSnap™ scanner, a compact, upright, one-touch color scanner allowing users to quickly convert paper documents into searchable PDF files that are easily shared, organized and protected.

### **Applications**

These software technologies along with document scanning and storage technologies are being used to address many diversified applications including:

- Human resource records management
- Customer records management
- Student records management
- Accounts payable
- Accounts receivable
- Transaction processing
- Patient records management
- Clients records management
- Document distribution

- Disaster recovery
- Document publication
- Customer survey
- Identification cards
- Signature cards
- Parking tickets
- Police department records
- Proof of deposit
- Deeds, liens, loan documents
- Proof of delivery
- Receipts
- Historical documents
- Claim processing
- Order entry
- Data entry
- Research materials
- Compliance document
- Contracts
- Buyer files
- Sales agreements
- ISO procedures
- Wire transfer documentation
- Safe deposit contracts
- Lock box

The list of applications is virtually limitless. Please reference the sales considerations section of this report for helpful information in helping your SMB prospects in applying the technology to address these and many other applications.

### **The Benefits**

Implementing document imaging technology in small to medium businesses can yield many benefits such as:

- *Faster access and retrieval* of documents associated with customers, employees, and transactions to improve customer service and expand their competitive advantage.
- *Reduced risks* of misplacing or losing critical business documents.
- *Track access and manage information more efficiently* to assist with regulatory compliance related to the protection and privacy of information.
- *Leverage the internet* to enable better business to business communication and better business to consumer communication.

- *Remote access* to corporate information helps facilitate mobile workers.

### **Return on Investment**

In addition to business improvement benefits, there are many other tangible returns on investment benefits that small and medium businesses may achieve from implementing document imaging technologies. These include the following:

- *Cut costs* associated with the labor required to manage paper-based transactions. In many cases, organizations have increased productivity with the equivalent or less staff members.
- Significant savings are also achieved by eliminating the photocopying, faxing and courier service costs associated with paper filing systems.
- *Eliminating the physical storage of paper* can decrease the need for additional office space. Organizations whose retention policies do not permit the immediate destruction of paper documents will often save money by utilizing less expensive off-site storage.
- *Increase the volume of transactions and revenue* by reducing processing time. This also facilitates improved customer service and overall customer satisfaction.
- The ultimate ROI is the result of redundant off-site storage, *ensuring business continuity should they experience any type of data storage disaster*.

### **Sales Considerations**

- The decision maker in a small business is likely to be the actual business owner. They may rely upon recommendations from internal information technology personnel or on a third party consultant.
- The decision makers in medium size businesses may include upper management, line of business managers, information technology professionals, records managers and legal counsel. It is imperative you make sure you are fully aware of all participants who have ownership of the corporate information management strategies.
- Most SMBs have smaller, fixed budgets. A recent AIIM Industry watch study revealed that SMBs' anticipated yearly document imaging hardware and software budgets were between \$10,000 and \$60,000.
- A large implementation would impact the daily operations of a SMB. Most SMBs choose a phased implementation. They start by addressing a single paper-intensive business problem. Once they achieve proof of concept and minimum return on investment they tend to leverage the success and address another paper-intensive business problem. The benefits of this type of approach include:
  - The SMB can take advantage of technological efficiencies on their own terms

- Adding additional components incrementally reduces upfront capital expense
- Gives the SMB success evaluation
- Increases their chances of achieving a successful implementation
- Keeps the Value Added Reseller in front of them seeking other business problems they may help the SMB address

**Ten Keys to Success (Not all Inclusive)**

1. Identify a single paper-intensive line of business application to address.
2. Get a commitment from all stakeholders. Remember the decision maker could be the owner or it could be a group of individuals including some or all of the following:
  - The Board of Directors
  - CEO
  - Line of Business Managers
  - Information Technology Professionals
  - Third Party Consultants
  - Records Managers
  - Legal Counsel
3. Determine specific objectives to achieve proof of concept. Get the decision maker(s) to sign off of the defined objective for proof of concept.
4. Get knowledgeable:
  - a. Research potential hardware and software solutions
  - b. Obtain industry credentials such as CDIA+ and the AIIM ECM Practitioner and Specialist certificates
5. Conduct a site survey to determine business problem and breadth of project. It is critical you involve end users in the information gathering and design phases. Document project scope and objectives. Develop a strong business case.
6. Demonstrate proof of handling. Demonstrate the recommended hardware and software addressing the prospect's business application.
7. Design system solution, including business classification scheme. Get upper management agreement and sign off. Make sure upper management communicates project objectives and mandates success.
8. Implement solution (installation and training). You can never provide too much training.
9. Evaluate implementation and determine if proof of concept and minimum return on investment have been achieved.
10. Do a post implementation review. Leverage infrastructure and start the process again by addressing another paper-intensive line of business application.

**Ten Sample Site Survey Questions (Not all Inclusive)**

1. What is your most paper intensive business problem and why?
2. What types of documents are involved?
3. What is the current manual process?
4. How frequently is this information accessed?
5. Who is allowed to access this information?
6. How do you currently search and retrieve this information (index)?
7. Are there supporting documents? (i.e. proof of delivery associated with an invoice)

8. Are there retention policies associated with this information?
9. What are your business efficiency objectives?
10. What are your cost savings objectives?

**Strategic Software Partners:**

Fujitsu document scanners are a critical component in addressing the myriad of application needs in the SMB sector. Complementing Fujitsu scanners to make a complete solution are a number of strategic software partners including some of the following (list is not all inclusive):

- *aXs* ([www.axsinfo.com](http://www.axsinfo.com)):  
aXs Info is a powerful, full featured solution for information and document management. aXs Info enables users to capture, store, retrieve and manage the critical business information that flows through their company. In turn, this empowers businesses to create better efficiencies and improve overall productivity.

aXs Info has been designed for ease of use and fast implementations. We know that the power of any software application is the speed in which your employees adapt it to their day-to-day activities. Built on an open architecture, aXs Info is both flexible and scalable. This means that it can be easily integrated to your existing applications and can grow as your needs grow.

- *CEO Image Systems* ([www.ceoimage.com](http://www.ceoimage.com)):  
“CEO Image Systems provides two products for scanning and content management:

Executive Assistant is a full featured document management platform designed for standalone and small office environments.

The Image Executive EDMS NG Enterprise Content Management System is a powerful, integrated application that contains records management processes for document scanning, filing, and organization, retention and disaster recovery, and easy retrieval and viewing.

Both Image Executive NG and Executive Assistant address WORM compliance standards and incorporate backup and disaster recovery processes.”

- *Doculex* ([www.doculex.com](http://www.doculex.com)):  
“DocuLex provides ‘Instant Document Access’ with Archive Studio, simple to operate software providing web-based retrieval of server-stored document and automated distributed capture of paper and electronic documents.

The retrieval program, WebSearch, manages security and retrieval of indexed and stored electronic files housed locally on a network or remote file server with secure access to the internet. The electronic files may be easily located by

searching document-specific descriptions or a combination of full text key words contained in the document. Proximity searching is also available using visual file cabinet and folder structure methods.

Goby Capture is designed to utilize with digital copiers, network scanners and Microsoft Office. The automated imaging and indexing distributed capture program provides walk-up convenience for scanning, indexing, archiving and sharing valuable documents. In addition, Goby offers the integrated capture and indexing capability for MS-Office files such as MS-Word, Excel and Outlook.”

- DocuWare ([www.docuware.com](http://www.docuware.com)):  
The DocuWare document management system is state-of-the-art software for integrated document management. It can automatically process any type of document regardless of its source; with internal control procedures that help you meet audit requirements. DocuWare imports them, classifies them, adds a full text index and makes them available for onward processing.

Additional records management functions ensure that all access is secure, controlled, and logged. Enhanced with workflow functionalities, Web Content Management and universal integration functions, DocuWare provides powerful ECM functionality for enabling expansion throughout an organization.

- Hyland ([www.onbase.com](http://www.onbase.com)):  
OnBase®, developed by Hyland Software, is content management software that combines integrated document management, business process management and records management in a single application. Whether deployed as a hosted or premises-base solution, OnBase allows organizations to automate business processes, reduce the time and cost of performing important business functions, improve organizational efficiency, and address the need for governance, risk and compliance through the management and control of content from virtually any source. OnBase also facilitates the sharing of digital content with employees, business partners, customers and other audiences.
- iDatix ([www.idatix.com](http://www.idatix.com)):  
iScan is a user friendly encounter-based capture solution that automates manual data capture tasks, streamlines document entry processing, reduces long-term operational costs, and improves productivity. iScan is suitable for small offices, departmental, and ad hoc scanning environments. iScan delivers advanced and powerful scanning controls and harnesses them for use in a smaller setting. iScan offers embedded scanning capability for a fully integrated process.
- Kofax (Dicom) ([www.kofax.com](http://www.kofax.com)):  
Kofax is the world’s leading provider of information capture solutions. No other company has the same global reach, depth of experience or breadth of technology devoted to capturing vital business information.

Capio™ is designed specifically for the person productivity of business users. Capio helps you better manage your work files by capturing and organizing paper documents as high-quality PDF files. Searching for your documents takes just seconds, and sharing them through email is a breeze.

Capio uses VRS (VirtualReScan), the de facto standard, for scanning productivity – to guarantee the best image quality without rescanning or tinkering with settings.

Capio's clear, simple interface makes it one of the easiest personal capture solutions on the market.

Ascent® Capture automates the capture of information from documents and forms, and delivers reliable, retrievable information into your business applications.

Whatever form your information comes in, Ascent can capture it all quickly and accurately. The result is lower costs, faster business processes, better access to information and more complete records.

## Market Potential

- There are several studies indicating the SMB market is healthy.
  - Forrester Research indicates purchase plans for content management technologies increased 15 percent from last year as firms of all sizes adopt strategies for managing documents.
  - A recent study by AIIM shows that a large portion of this growth can be attributed to the SMB sector. The survey asked businesses with 100 to 1,000 employees to reveal their ECM purchase plans. Seventy-four percent said they would spend at least \$10,000 on ECM technologies and 50 percent said they would spend more than \$25,000.

## Supporting Case Study – Meritage Mortgage:

### *Business Process Automation Solution for the Paperless Enterprise*

Located in Clearwater, Fla., and founded in 2000, iDatix® Corporation offers a new approach to the paperless office and understands that when it comes to technology solutions, organizations have unique needs and challenges with workflow analysis and business process automation. To ensure customers receive significant and measurable results, iDatix implemented iSynergy product suite that provides a fully scalable, modular architecture to address the core business problem of managing unstructured data.

With 120 customers iDatix developed an iSynergy product specifically for the mortgage market, iSynergy Mortgage. This solution streamlines end-to-end mortgage processing from loan origination and electronic delivery of mortgage files to the secondary market. Due to iDatix' iSynergy Mortgage recognition in the mortgage industry, Meritage Mortgage, a sub prime mortgage company, embraced the technology to combat rising costs of the paper intensive mortgage process, reduce the paper handling process time, eliminate lost documents, and to have the ability to share information across the enterprise.

Traditionally the sub prime mortgage environment is significantly more labor intensive than a standard mortgage process due to the stringent requirements inherent in the environment. After learning about Meritage Mortgage concerns and goals, iDatix knew that the iSynergy business process automation solution they needed to provide the company had to provide a significant cost savings and it had to be able to capture and share paper and electronic mortgage documents in real-time. With that in mind, along with iSynergy, iDatix provided Meritage Mortgage with iScan, an encounter-based scanning interface for capturing paper documents, and recommended the use of the Fujitsu *fi-5650C* color duplex workgroup scanner with iScan.

“We recommended Fujitsu scanners to accompany our iScan technology because of their document imaging reputation for superior image quality, paper handling ability, dependability to complete the task with limited support, performance to price point and scanning speed,” said Mike Kuhnsman, vice president and COO, iDatix Corporation. “Originality of the scanned document is extremely important for mortgage users along with the ability to capture both text and images in color, monochrome and grayscale. Providing our customers with a complete business automation process that saves them costs, diminishes manual labor tasks and increases

productivity is a paramount to the success of our character recognition and the software solution we offer and the products we recommend. This is something we've only found in Fujitsu scanners – functionality and image quality are significantly better than Fujitsu's competitors.”

***Implementation Saves Costs and Increases Productivity***

Meritage Mortgage implemented iSynergy's iScan along with 16 Fujitsu *fi-5650C* scanners throughout their Portland, Ore., and Jacksonville, Fla., facilities. With this installment, Meritage Mortgage can now capture paper and electronic mortgage documents as received in real-time, automatically index, assign individual document types, electronically route, and simultaneously share digital mortgage documents with users responsible for mortgage processing, underwriting, reviewing, approving, and shipping. Real-time access to electronically stored documents is key for Meritage Mortgage as their customers rely on them for a quick response time in order to meet loan deadlines.

Additionally, Meritage Mortgage can now capture documents at the beginning of the loan origination process with the ability for simultaneous access to each document within the mortgage file – allowing multiple job tasks to occur at the same time. The ability to have concurrent access to loan documents coupled with the ability to route documents electronically has dramatically reduced the time required to process and approve or deny loans.

Based on the process improvements, cost reductions from minimizing copier and fax machine use, and paper and shipping costs, Meritage Mortgage expects a 12 month return on investment since installment of iSynergy Mortgage solution and Fujitsu's *fi-5650C* scanners. The productivity gains and the increase in the quality of the processes will all be net gains.

**Additional Resources of Information:**

The following web sites have been beneficial in the research of this report and may prove beneficial for further research on this subject:

- The Association of Information and Image Management: [www.aiim.org](http://www.aiim.org)
- The Association of Records Management Professionals: [www.arma.org](http://www.arma.org)

Periodicals referenced include:

- Business Solutions Magazine
- eDoc Magazine
- Document Imaging Report