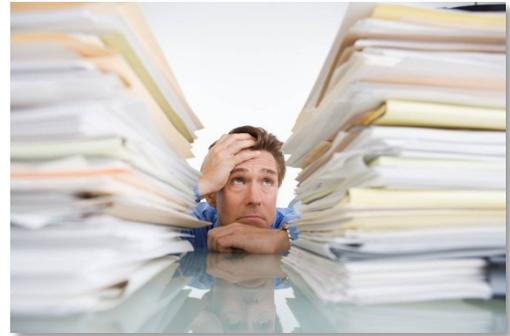


Document Management Software ROI

More than 50 years ago, copy machines found their way into American offices. Twenty years later, the personal computer and word processor entered the fray, followed closely by the fax machine. Ever since, businesses have been battling the reckless proliferation of paper—and the various costs associated with it.

Over the past twenty years, **electronic document management systems (DMS) have progressed from scan and archive to enabling document driven business process automation.** DMS have reduced business' reliance on paper, delivering financial and efficiency benefits ranging from hard and soft dollar cost savings to better, more efficient processes and faster customer service.

Each year, as technology costs drop, the potential return on investment (ROI) in electronic document management increases. Years ago, when storage costs were much higher, going paperless made sense to many businesses. Today, the returns are even greater.



Paper continues to increase because we cannot resist using our print buttons!

Summary: Stats Reveal Huge DMS ROI Opportunities

- **Eliminate Paper** - 90% of corporate memory exists on paper.
- **Improve Handling** - Most offices waste 65 cents of every dollar spent on handling records.
- **Immediate Access** - Professionals spend up to 50% of their time looking for information.
- **Reduce Labor Costs by 50%** - The average office spends \$11 to process a document; \$20 to file a document; \$120 to find a misfiled document; \$220 to reproduce a lost document.

ROI #1: Capital and Operating Costs

When trying to determine a return on investment, businesses often consider hard costs first.

- **Paper** used for printed documents, photocopies and faxes
- **Contracts** to purchase, maintain, service and repair copiers, printers and fax machines
- **Toner and consumables** used to operate computer printers, photocopiers and fax machines
- **Shelving and space** required to store the equipment supplies
- **Extra phone lines** for multiple fax machines and all-in-one printers
- **Filing cabinets** used to store printed documents
- **Supplies**, such as folders and tabs, required for paper filing systems
- **Real estate** to house file cabinets (estimated to be 12 to 18 square feet per unit)
- **Offsite storage** of archived, or worse yet, current documents
- **Microfiche** and other items required for non-electronic storage
- **Transportation** and handling of documents bound for offsite storage
- **Retrieval** of needed paper documents that are stored offsite
- **Shipping** or delivery of documents to and from clients, business partners and other offices

CALCULATE YOUR COST



20 standard four drawer file cabinets. (20 x \$2,913.50)

\$58,270

Total Annual Expense

Given the increase in information and data created, companies that rely on paper documentation and filing will spend thousands of dollars unnecessarily.

Example: True Cost of a File Cabinet

Type of Cost	Annual Expense	Explanation
Hardware	\$50	Typical file cabinet. (\$500 amortized over 10 years)
Space	\$247.50	\$2.75/square foot x 7.5 sq. ft. needed for one cabinet.
Supplies	\$16	\$4 per drawer includes: folders, labels, etc.
Labor	\$2,600	One clerk at \$500/wk, 10% of time handling files.
Grand Total	\$2,913.50	Annual Expense for Four Drawer File Cabinet

ROI #2: Human Factors

Personnel costs could well exceed the physical expenses. A BAE Systems study reports that 80% of employees waste an average of half an hour per day retrieving information, while 60% spend an hour or more duplicating the work of others. Whether those numbers are high or low, what's certain is that paper-based firms pay employees for the inefficient processes below.

- **Handling paper** (or “shuffling” it, as some might say)
- **Making paper copies of documents** – perhaps after standing in line waiting for the copier or, worse yet, after wasting time clearing a paper jam or refilling empty ink or toner
- **Processing paper invoices**, estimated to cost \$11.19 each
- **Filing paper documents**, estimated to cost \$20 each
- **Retrieving documents from within the office**, which takes up to 40% of an employee’s time
- **Finding missing documents**, estimated to cost \$120 each
- **Recreating or replacing lost documents**, at an estimated \$220 per document
- **Locating and retrieving documents stored offsite**, which too often is a complicated – and sometimes unfruitful – process
- **Handling any or all of these tasks and more at audit time**

CALCULATE YOUR COST



500 AP invoices per month at
\$11.19 industry avg.
(500 x \$11.19 x 12)

\$67,140

Annual Processing Expense

ROI #3: Productivity Plus

Other benefits, while perhaps less tangible, also exist. For many firms, being able to capitalize on these may deliver greater payback in the long run.

- **Customer Service and Retention:** Delays caused when employees need to dive into paper files lead to customer dissatisfaction and can reduce repeat business.
- **Knowledge Professionals:** Time spent by more senior employees handling paper fails to capitalize on the expertise and experience they are being paid to deliver.
- **Staff Productivity and Focus:** Handling paper unnecessarily eats into time employees could spend on more beneficial activities, from customer relationship building to increased sales.
- **Employee Frustration:** Forcing employees to do work that is obviously unnecessary or unproductive leads to reduced employee satisfaction, which can lower total job performance.
- **Decision Making:** Lack of readily available information and data hampers management’s ability to act—or act quickly enough—on important strategic and tactical issues.
- **Objectives Tracking:** With important information buried in file cabinets, managers don’t have easy access to information needed to monitor and improve performance.
- **Audit Compliance (and Possible Penalties):** Having data distributed among various locations makes it difficult to produce information needed during audits and other compliance checks.
- **Regulatory Compliance:** Paper documents present difficult challenges in protecting confidentiality and data privacy, which are increasingly important issues for many businesses.
- **Silo Mentality:** Relying on paper documents limits the ability of various departments to communicate and collaborate, which can lead to lower productivity and lost opportunities.
- **Security and Data Integrity:** The use of (sometimes redundant) onsite and offsite storage presents more opportunity for information to be lost, stolen or damaged.
- **Mobile Access:** Use of paper filing and documents means data is not available through mobile devices, which are quickly becoming the tool of choice for customers and employees.

CALCULATE YOUR COST



10 Employees at \$30,000
get 5% productivity boost
(10 x \$30,000 x .05)

\$15,000

Annual Productivity Savings

BUSINESS OFFICE – AP/AR BENEFITS

- Workflow Automation
- Electronic Approvals
- Case Management
- Eliminate the need for paper and onsite/offsite storage

ROI #4: Hidden Costs

We buy insurance to reimburse us for asset losses, but what about information loss? Business continuity is an issue that every business owner should address.

- **Natural disasters:** Floods, earthquakes, hurricanes, tornados, blizzards, fires, etc.
- **Physical damage:** Theft, burst water pipes, arson, etc.
- **Employee loss:** If a company downsizes or a valued employee leaves, it's relatively easy for paper files to "disappear" at the same time.
- **Litigation:** Discovery requests can be a much greater expense for paper-dependent firms. Accessing documents is expensive, but failure to access them can cost much, much more.

Conclusion: Go Digital to Save Time and Money

All of these ROI factors need to be balanced with the cost of software, hardware, (much of which is already in most offices today) implementation, training and maintenance. From a purely economic standpoint, most firms should find the comparison to be rather lopsided – in favor of digital document management. Add to that the less quantifiable gains, and the decision is fairly simple.

Given the benefits and the predicted rapid growth in the market, the question may not be, "Can I afford to implement an electronic document management system?" It may be more appropriate to ask, "Can I really afford not to?"