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Armed and Paperless: Ten Key Considerations When Selecting a Document Management Solution

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If you're like thousands of medium-sized businesses across the globe, you are evaluating the opportunities to "go paperless." Recent mid-market surveys indicate that document management is ranked in the top five IT initiatives being undertaken.

Why the surge of interest in document management?

For many companies, it's because IT projects involving document management have an extremely high return on investment. A study by the Association for Information and Image Management (AIIM) last year revealed that 87% of the document management projects met or exceeded their anticipated payback. The benefits of document management systems hinge on their ability to improve your business processes without altering them. While one reason to choose document imaging—that you're drowning in paper files—is fairly obvious, there are benefits to be had across a wide range of situations and industries.

Compliancy issues due to the increasing federal regulations legislating privacy and fiscal reporting represent another key motivator for companies to consider document management solutions. The Patriot Act's requirements of immediate government access to records apply to a wide range of businesses, and ISO 9000/9001 certification efforts can also benefit from document management. Manufacturing and government are two sectors that pursue document management for these broader regulatory reasons.

Other drivers for document management include the desire to reap strong productivity gains and cost reductions associated with the elimination of paper documents, and the movement to social responsibility and becoming a more "green" organization.

Because they benefit business units inherent in almost all companies, document management systems are used in a broad spectrum of businesses. Human resources and accounting departments are traditional heavy users of paper files, making them huge beneficiaries of document management, and typically the first departments to adopt the solution. Essentially, any organization that wants to eliminate its paper-based bottlenecks and put more processes in place can benefit. Document management systems are used to enforce naming conventions, ensure strict approval processes are followed, and generally add consistency to existing procedures.

So now that you're interested in incorporating a document management solution to your organization, where do you start? There are many different companies with products to help you go paperless. How do you determine which product will best suit the needs of your particular organization?

A common concern voiced by many in charge of evaluating the myriad document management solutions available in the market is—first and foremost—knowing what questions to ask. Vendors can come in and impress upon you the features and benefits of their solution, but without a knowledge base or past experience, you can potentially commit to a purchase of a solution that does not give you the breadth of functionality you ultimately desire or the ability to grow that you may need. Additionally, deciphering the true competitive differentiation among the different document management solutions available can be a challenge unless you know to ask specific questions.

To put yourself in a better position to select the most appropriate solution for your organization, minimize costly "surprises," and ensure the smoothest transition to a more streamlined and paperless environment, you need to "arm" yourself with key information. The following ten considerations can help guide you through the vendor selection process and ensure that you are making the best decision for your organization.

1. Is the document management solution fully integrated?
2. Does the document management solution respect the integrity of the accounting application?
3. How extensible and scalable is the document management solution?

4. How tight is the security?
5. Are reference calls and site visits provided?
6. How much should you expect to pay for a document management solution, and is the total cost of ownership stated up front?
7. How self-sufficient can your organization become with the document management solution?
8. Is your Sage Partner involved?
9. Is the document management solution certified by Sage?
10. Is the document management solution endorsed by Sage?

The following explores each of the ten considerations in further detail.

1. Is the document management solution fully integrated?

Document management systems integrated with your ERP application generally provide the greatest productivity gains and strongest ROI. However, not all integrations are created equally.

The most common areas of integration are the ability to automatically index documents with data from the accounting application, the ability to view documents from within the accounting application, and the ability to keep the document management system and the accounting application synchronized. Synchronization means that each time the transaction or record in the accounting system is modified or deleted, the corresponding documents in the document management system are also located and updated. The aforementioned integration points allow for seamless functionality and prevent the creation of a separate document management silo.

Beware of some integrations that require manual indexing after the documents have been processed and scanned. With these solutions, you miss out on the opportunity to streamline your process because you still need to manually process the documents first. Furthermore, since you don't reap the benefit of digitizing your documents up front, you are not afforded the visibility of your documents until after the process has been completed.

To really streamline your business processes and increase efficiencies, you want integrations that actually automate the entire data entry process. Look for solutions that automatically launch the workflow functionality, moving the document to the next workflow status when the transaction is saved in the accounting application.

During software evaluations, be sure that the vendor can actually demonstrate the depth and completeness of the integration. Ask to review documentation that clearly explains how the integration works. Does it actually streamline your process or does it just file your documents after the process is complete? Does it automatically index documents for future retrieval? Does it allow you quick and easy access to your documents from within your accounting application, or do you have to open up the document management application separately?

2. Does the document management solution respect the integrity of the accounting application?

A document management solution should never try to replace or modify the actual functionality of the accounting application. The role of the document management solution is to streamline the process and provide easy access to digital documents. If the document management system circumvents the rules in the accounting application, that should be a big red flag. Ask the vendor how the integration works. Make sure you understand if the integration is writing directly to the accounting application. If this is the case, are they circumventing the rules of the accounting application? If so, ask yourself if this integration will help you achieve your goals.

3. How extensible and scalable is the document management solution?

Typically when companies incorporate a document management solution, they introduce it in one department before expanding the solution throughout their organization. Oftentimes, they do so in steps or phases so that their personnel can become familiar with utilizing it at a basic level before expanding it to other processes. A document management solution should have the ability to grow with the needs of your company.

There are four main areas of consideration when it comes to extensibility and scalability:

o **Architecture**—Many companies today prefer nonproprietary systems. In document management, this means that the system should store your documents in their original formats and run on a range of hardware.
o **Configurability**—Because their function is so central to your everyday operations, the system you choose should be configurable to match your business processes. The supplier should be able to integrate the system into the applications you use today, making the use of the system almost transparent.
o **Scalability**—The system needs to be able to grow with you, both in terms of how many users it supports and how many documents it can handle.
o **Modularity**—In the best-case scenario, you should be able to buy only the functionality you need at first and add more as you expand your use of the system.

Key considerations/questions to be asked include:

o Can the document management solution integrate with other systems (besides your accounting application)?
o Can you use the document management system for other types of documents? If so, how easy is it to set up new documents in the system?
o How are the documents stored? Make sure the documents are not stored in a proprietary format. Scanned and ERM-captured documents should be stored as Group IV TIFs, which is an industry standard.
o Are documents stored in the SQL database or in the file system?
o What happens when you need to add more storage? Is it transparent to the user?
o What kind of volumes can the document management system support?

4. How tight is the security?

If you're not taking data security seriously, you should be. Threats from outside (competition, identity thieves) and inside (disgruntled employees, employee theft) threaten the integrity and value of your most important information. Document management systems can provide several layers of security:

a. Multiple levels of password-protected access for groups and individuals, sometimes down to a property level

b. Audit trails showing who and when documents have been accessed, and what has been updated

Important questions to ask include:

o What's the security like?
o How granular does that security get?
o Can you limit the documents a user can access?
o Can you give your business partners (customers/suppliers) access to their documents—a self-service portal?
o Is there an audit trail? Can you audit all of the actions a user takes against a document?

5. Are reference calls and site visits offered?

Take advantage of the opportunity to talk with other users and, if possible, attend a site visit. If the document management vendor has few sites running and is hesitant to arrange a site visit, it's important to understand why. Reference calls and site visits can be immensely beneficial and insightful into a vendor's performance and commitment to a market space.

6. Document management solution pricing—how much should you expect to pay? Is the total cost of ownership stated up front?

Document management systems are a major capital expense. You can expect to pay thousands of dollars for even the most basic system. Ask your potential vendor to analyze the costs of your current paper system and provide you with a ROI calculation. Most well designed and implemented document management solutions will provide a payback of less than 12 months.

One of the biggest hidden costs that paper-intensive businesses face is the time it takes to work with paper files. Say it takes a $20/hour employee five minutes to walk to a records room, locate a file, act on it, refile it, and return to his desk. At just four files per day, that's over 86 hours per year spent filing—around $1,700 in wages. At ten files per day, that shoots up to 216 hours per year—over five weeks' time, or $4,300—and that's only for one employee. A system that lets employees find and work with those documents without ever leaving their desks can instantly and significantly slash those costs.

Document management systems also eliminate the "lost document" cost—the time it takes to recreate a document that's been destroyed or misplaced. Some suppliers estimate the cost of replacing each lost document at $250.

Additional cost savings come from the office space that can be freed by eliminating most paper records. With real estate costs at $15 to $40 per square foot in many major cities, converting records rooms into usable office space can save considerable amounts of money. In other cases, you may be able to eliminate warehousing costs for years of old records.

Costs for a document management system vary tremendously depending on the features and integration work you require.

For entry-level paper conversion systems, including a server, scanner, and software with all the basic indexing, searching, and security features, you might be able to find solutions as low as $5,000 for a very small setup. At ten users, you're more likely looking at a minimum of $10,000, often more. A medium-sized installation, with web access, auditing, and workflow features, and support for 30 - 75 users can range from $20,000 to $100,000.

You want an affordable solution with no hidden costs, so understanding the total cost of ownership is critical, and that includes service engagements. Key considerations to keep costs down and minimize risks are to go with an industry leader with a proven integration methodology. Look for certifications and endorsements that are credible in your industry and marketplace. Ask for costs to be clearly broken down for software, services, support, and maintenance. Services as a percentage of software should generally be 50% or less and, if possible, quoted as a fixed price so that you know the total costs of ownership up front.

Considerations/questions to ask include:

- o How does the pricing model work?
- o After the initial investment in software modules, do you only need to buy additional user licenses?
- o How are service engagements quoted? If possible, secure a fixed price versus time and materials to avoid runaway costs.

7. How self-sufficient can your organization become with the document management solution?

If you are like most customers in the mid-market, there are certain requirements you should insist upon:

- o You want to be less reliant on the solution provider and prefer to be presented with options when it comes to purchasing and implementing software solutions.
- o You want the ability to control change management so that you can introduce procedural changes in steps or phases and at a pace that is comfortable for your organization. This generally calls for greater product modularity and scalability.
- o You want the ability to have your own IT staff be able to configure and maintain the product rather than relying on the specific software vendor to do so.
- o You don't want to end up with obsolete technologies, preferring to adopt middle-of-the-road platforms so that switching costs are kept to a minimum.
- o You desire software that is configured rather than customized so that your organization can make changes independently without having to hire an expensive software programmer to write code.

Considerations/questions to ask include:

- o If you should decide to move to another document management system, can the documents be easily exported to another system?
- o Can the Workflow module be configured for virtually any business application? Are your staff and in-house personnel taught how to configure the software?
- o Can you create additional workflows for other types of documents?
- o Is there a software development kit (SDK)?

8. Is your Sage Partner involved?

Involving your Sage Partner in the vendor selection and business requirements phase assures a smooth implementation and richer customer experience. As a trusted advisor to your organization, your Partner can be a key resource on the task force, helping to ensure maximum utilization of the document management functionality and assisting in identifying and streamlining your business processes. Sage Partners are experts in business transaction processing and can provide invaluable support and direction in charting your paperless course.

9. Is the document management solution certified by Sage?

Certification is a major competitive differentiator among document management solutions. Sage Certified Products must:

1) Support all Sage upgrades and product updates within certain minimum time periods.

2) Meet a broad range of accounting, architectural, and product support guidelines.

3) Be submitted for independent testing by VeriTest, the product certification division of Lionbridge Technologies.

Certification standards vary slightly by product line, but in general, Sage Certified Products have been pledged to:

- o Be independently tested for minimum stability and functionality on the current release of their relevant Sage product line.
- o Be independently tested for minimum compatibility with current Windows® XP Professional and Windows Vista® Business client systems. Server components must be independently verified with Microsoft Windows Server 2003, SQL Server® 2005 and Pervasive 10 (where relevant).
- o Perform internal testing, which verifies that the certified product does not damage Sage data integrity.
- o Offer Certification Statements available on the Sage or VeriTest websites, which detail all certification testing and relevant platform configurations. These must include a statement to customers about known performance issues related to concurrent user loads.
- o Provide Sage technical support with lists of product integration points, and Sage module modifications, where relevant.
- o Provide user documentation that has been independently audited for clarity, currency, and completeness.
- o Support each monthly upgrade of the relevant Sage product line within minimum time periods, and to recertify with major Sage upgrades.
- o Offer automated installation, which detects dependencies and alerts users to known conflicts and deficiencies in preinstalled products.
- o Use Sage preinstalled, compatible third-party integrated and accessory applications, if available.
- o Not install unsupported third-party integrated and accessory applications, and not to overwrite supported products with different versions.
- o Offer documented uninstallation procedures that do not damage Sage product modules or Sage data.
- o Perform Windows version checking before installation, install to Windows-standard program folders, and adhere to Windows Resource Protection (WRP). (Sage ERP MAS 500 and Sage ERP Accpac solutions must also support Windows Least-User Privilege, also known as LUA.)

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- o Follow generally accepted accounting principles as defined by the country in which the solution is sold.
- o Adhere to the payment card industry data security standard.
- o Adhere to a number of relevant user interface, file naming, data handling, and coding standards as published by Sage, and varying by product line.

Purchasers of Sage Certified solutions can be assured they follow certain minimum standards and have passed certain minimum tests for installation, functionality, design architecture, and feature support.

10. Is the document management solution endorsed by Sage?

Sage has three distinct certification tiers: Silver, Gold, and Endorsed. The Endorsed level is the highest achievable designation in the program and represents partners that have a strategic relationship with Sage, and continues to be at invitation only. The program provides extensive development resources, technical services, and strategic product and marketing benefits that help assure complete customer satisfaction with third-party applications.

This strategic relationship provides vendor access to beta versions of software and advance notification of software releases for testing purposes. What this means to a purchaser of an Endorsed Solution is that when you are ready to upgrade your accounting application, you can be assured that your document management solution is lock and step in sync with the new release.

Finally, migrate at your pace . . .

While you may eventually want a comprehensive, companywide system, document management vendors strongly recommend you start by implementing a solution for one application in one department. It's much easier to get management support for a new effort that only affects a single department at a lower cost. Tackling one problem at a time also makes installation less disruptive.

Once it's been implemented, vendors indicate that it's very common for a company to come back to expand the solution to multiple departments or processes months or years later. The success of the first, smaller solution leads to greater support for a more significant investment later. For example, a successful implementation in Human Resources or Accounts Payable can serve as the launching point for larger, companywide projects.

Vendor selection is perhaps the most critical decision you will make in your document management review. It's important to find a solution that will fit with the needs of your company—now and in the future—and it's equally important to find a trusted vendor that will be available and around to support the needs of your organization. Going with an industry leader with a proven track record can save you thousands of dollars down the road and get you started on your paperless migration in the smoothest and most efficient manner. Utilizing the above checklist of questions will properly "arm" you with the knowledge to find the best fit for your organization.

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