

21st-century alchemy

Want to turn trash into treasure? Electronic document management can show you how.

By John Stelmach

NOBODY NEEDS TO BE REMINDED OF THE STRING of accounting scandals that shook corporate America to its foundations. The aftershocks, or "Enronitis," still reverberate. But legislation is already coming into being designed to at least prevent this sort of breakdown in corporate governance from ever happening again. Last year's SEC filings, for example, mean that we now require personal pledges from CFOs concerning the veracity of their company accounts. And aside from the legislation, there is a renewed commitment to veracity in boardrooms worldwide.

With literally billions of documents flooding U.S. companies, document management solutions guarantee that important financial records make it to the audit trail and not the shredder.

Efficient access to information, obviously, is key to the success of a business. What's not widely recognized is the inefficiency of storing information based on format (a filing cabinet, for example) instead of content. Indeed, according to analyst firm IDC, U.S. companies spend up to \$35 billion a

year on filing, organizing and searching for paper records.

A document management solution, on the other hand, turns documents into digital files and saves them in a central repository. Staff then can securely share documents with other users. All the information relating to a subject is integrated into a single record, whether the original format is an email, letter, spreadsheet or fax.

What are the benefits? Most significantly, capturing 100 percent of business information online in a central repository cuts down on data redundancy, improves information sharing, offers a 360-degree view of the business, and creates a virtual paper trail for more effective corporate accountability.

Just as importantly, digital image files cannot be altered or destroyed. This is critical when you think back to Enron, where electronic files were used as evidence. Even if none of the scandals had occurred, there's still a strong business case to be made for document management.

5 Golden Rules

If document management is to work properly, there are some basics to bear in mind. Here are a few tips:

- > Vendors should offer a complete package, from installation to support services. Make sure that any system you install can provide measurable results before you commit to it.
- > Any solution you implement should be intuitive and easy to use. Pick a solution that's powerful, yet functional, with an uncomplicated interface.
- > Choose a solution that can operate across disparate systems and applications. You have to be able to pull, access and use information stored in numerous formats across different data silos from a single application.
- > Ensure that the solution supports input and output of multiple file formats, especially those that minimize file size, to facilitate economical use of available bandwidth and viewing capability.
- > A document management system should use 128-bit encryption to control viewing privileges, and should allow business rules to be written for different levels of authorization and access.



It's not unusual for an organization's accounting process (even if it is extremely efficient) to go through at least 30 stages—from originating a document to handing it off to another party, all the way through to filing and retrieving it. Proper document management puts an end to this.

There are other, more immediately practical benefits. For example, did you know that, on average, filing cabinets take up at least 11.25 square feet of office space? That's a lot of room just to hold documents. Consider what this means in Chicago, where office space leases for \$24.73 per square foot. That equals a cost of \$278.21 for each cabinet. In New York City, office space rents for an average of \$36.58 per square foot, bringing the cost of a cabinet to \$411.53. Boston has one of the highest business real estate rates in the country, with each filing cabinet cutting into an organization's profits by \$487.69.

It was this very lack of space that initially prompted William, Pitts &

Beard, a Mississippi-based CPA firm, to invest in a document management system. The firm initially transferred more than a million paper documents into a digital format. In one swift move, it eliminated the wall of filing cabinets, and made sustainable reductions in hard-cost spending associated with copier and fax systems. Instead of printing out paper copies, William, Pitts & Beard now originates required documents at the desktop. Images are available within seconds with a simple mouse click, and can be automatically archived. These same documents are available to anyone with the appropriate security credentials.

In 2000, the company had 15 tax consultants with 180 hours each of overtime; a year later it had the same number of consultants, but with just three hours each of overtime. And this is on top of the "softer" benefits, such as greater productivity, improved communication and customer service. To date, the business has moved more than 7-million paper documents, and electronically manages in excess of 98 percent of what previously had been paper files.

Companies that are serious about effective corporate governance, accountability and audit trails have to put some thought into how to turn the mountains of paper that make up the typical enterprise into something manageable—more than manageable, in fact. It's the challenge of the 21st century alchemist—turning potential trash into quantifiable treasure. □

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