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Your Information. Securely Managed.



- ▶ Documents - Physical, Digital, or both?  
A Framework for Evaluation

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## ▶ Goals



Explore the dynamics of physical and digital document management solutions and create a framework that allows you to evaluate the benefits of digital documents. There will be an overview of the basic concepts, a survey of the core capabilities you will need, and examples of successful applications.

Key topics discussed will include:

- Scanning and data capture
- Software applications
- Automated workflow
- Physical and digital storage

In this presentation we are addressing documents, not necessarily records. Think about how this discussion would be different if the focus were records.

## ▶ Company Background

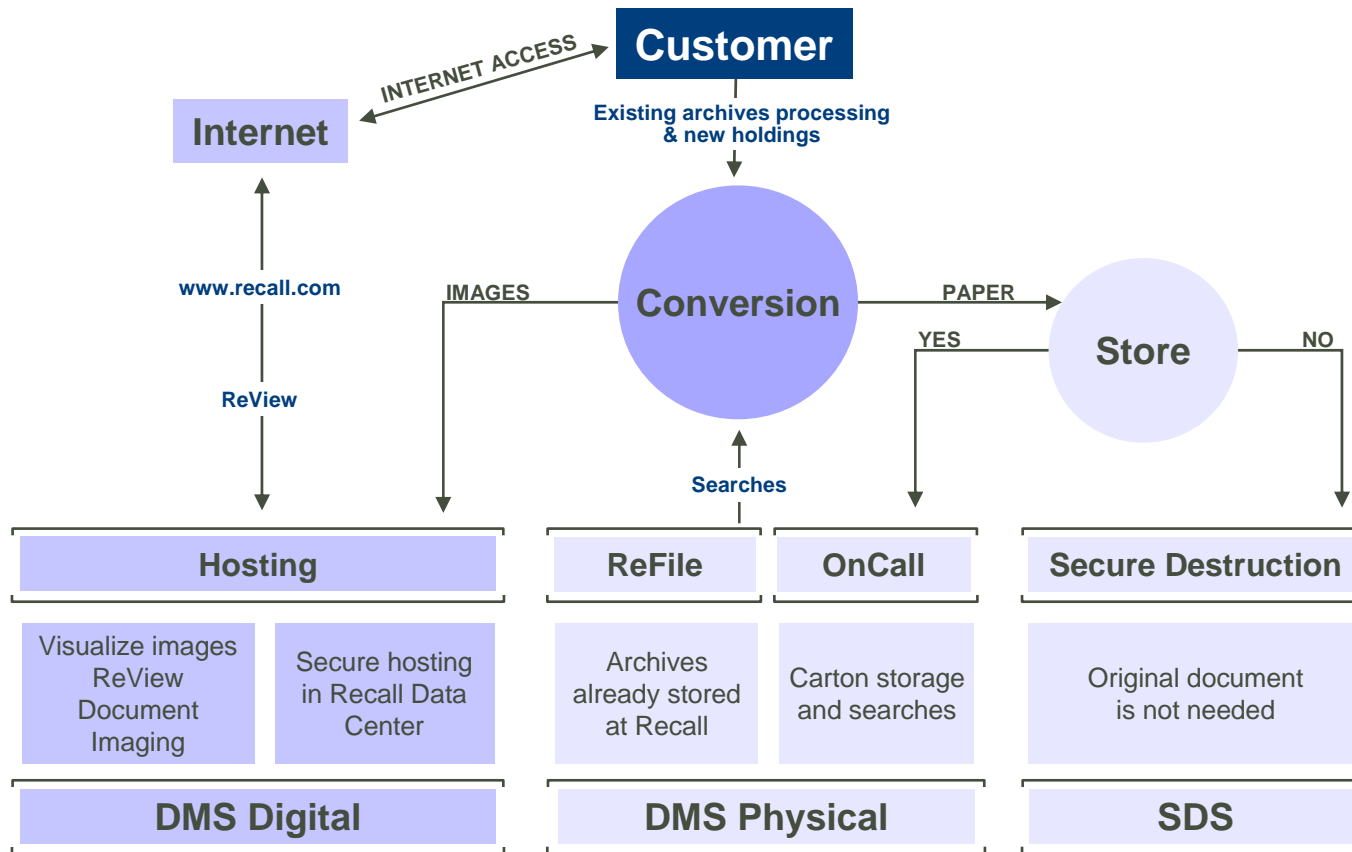


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- We manage the secure storage, retrieval and destruction of physical and digital information for customers worldwide
- 5 continents, 22 countries, 300 locations
- 4,500 employees 80,000 customers
- Global services, processes, and systems
- Industry leader, committed people, best practices
- Recall world headquarters – Atlanta, Georgia
- Subsidiary of Brambles Limited, Australia

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# ▶ An Integrated Solution



## ▶ Do you have a strategy?



Do you have organizational goals?

Are you concerned about:

- The safety and security of your documents?
- Legal, compliance, business requirements to retain or destroy documents?
- Accuracy, integrity, costs to maintain your documents?

As professional Records Managers you know the importance of:

- Organization
- Planning
- Management
- Administration

Let's apply those disciplines to a discussion about physical and digital documents.



## ► Overview – Physical Documents



- Active / Files
- Archive / Cartons
- In house / Easy access
- Offsite / Low cost

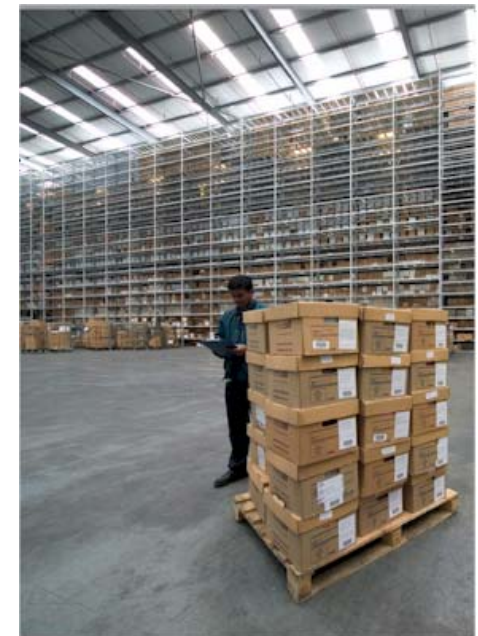


### Key attributes:

- Volume [ Existing storage + add – destroy ]
- Access [ Access ] & [ Unique / Cumulative Access ]

+ No conversion cost  
+ Very reliable, easy to use  
o Original can only be in 1 place at a time

- Physical shipping is costly  
- Access control / audit is difficult  
- No provision for loss or damage



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## ► Overview – Digital Documents



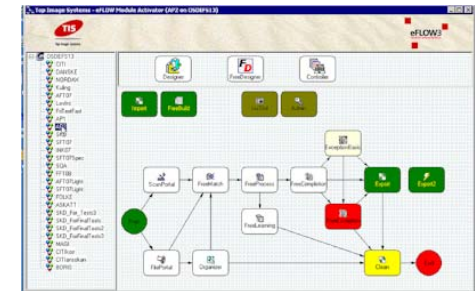
- Many different sources and types
- Most often transactional
- Ability to capture data

### Key attributes:

- Volume [ Conversion->Add + Storage - destroy ]
- Transaction [ Data Capture ]
- Access [Cumulative Access] & [ Archive Access ]

+ Rapid, multiple access  
+ Any time, anywhere  
+ Rides for "free" on existing infrastructure  
+ Easy audit, replicate, DR

- Costly conversion process  
- Loss of fidelity, status  
- Technology support system can fail



## ▶ Digital Capabilities



- Document handling, mailroom, file prep, sorting, etc.
- Scanning and document conversion, capture print streams, web forms
- Data capture, manual data entry, Optical Character Recognition (OCR), data transformation
- Content Management software application
  - Hosting of images and other digital documents
  - Search
  - Presentation tools
  - Workflow and other Business Process Management (BPM) capabilities



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## ► Techniques, Buzzwords, Standards



- Prep – sort, organize, remove staples, tape, repair
- Coversheets, patch codes, inserts
- File Format – Standard?
  - 200dpi TIFF G4
  - PDF, PDF-A
- Simplex, Duplex, blank page deletion
- Deskew, threshold, crop
- Key – From image, from original
- Edit rules
- Table lookup
- OCR, structured, semi-structured, unstructured
- XML, CSV
- Backfile

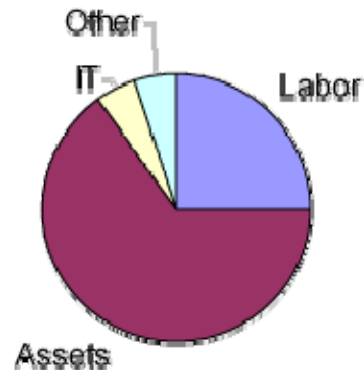


## ► Cost Drivers



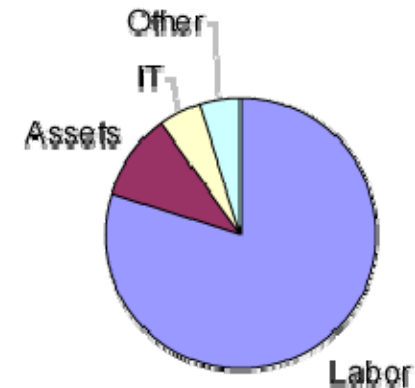
### Physical Documents

- Labor to setup files
- Materials costs, folders
- Materials handling – shelves, racking
- Real estate, space
- Transportation
- Transactional labor
- Inventory control system



### Digital Documents

- Labor to setup files
- Scanning labor & equipment
- Data capture labor & software
- Content Management application
  - IT labor - configuration, support
  - IT infrastructure, servers, storage



## ▶ Value Drivers



### Physical Documents

- Compliance
- Minimize business risk
- Preserve institutional knowledge
- Support business process
  
- Fit solution to minimize cost

### Digital Documents

- Drive a business process
- Reduce data capture cost
  - Automation
  - Labor arbitrage
- Access to documents
  - Frequent
  - Multiple locations
- Enforce business rules
- Transparency into business process
- Business continuity

## ► Destruction



- Do you manage destruction independent of storage media?
  - Physical and digital copies destroyed together
  - Retain digital working copies, destroy paper originals
- Does your litigation hold apply to information independent of storage media?
  - For a held record, Is it OK to preserve a digital copy and destroy the paper original?
- Do you have standards when you destroy physical documents?
  - Requirements like cross cut, 3/4" cut, pulverize, incinerate
  - Affidavit or certificate of destruction
- What about digital destruction?
  - Delete the files? Aggressive overwrite? More?
  - All copies, backups, mirrors, temporary copies?
  - How do you document this?

▶ Any Management in the room?



# Eliminate offsite storage?

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## ▶ Eliminate offsite storage



- Should we scan everything so you don't have to pay for offsite storage?
  - Any requirements for retention of originals?
    - Wet signatures
    - Intrinsic, tangible, negotiable value
- Scanning could cost you 10x more than a year of physical storage
  - I don't care if you store it yourself or use a vendor
  - I don't care if you scan it yourself or use a vendor
  - One vendor's price isn't materially different from another's, it's not about price

- Physical storage costs aren't the only costs...
  - Activity during the document's life
  - Permanent removal / out fees
  - Secure Destruction fees

- Scanning costs aren't the only costs...
  - Indexing
  - Storage / Control / Access
  - Software application?
  - Media conversion (over time)?
  - Secure Destruction fees

## ▶ Do the math



Assume typical industry pricing, process 1 carton, about 2,000 pages, and store for 7 years...

Physical		Digital	
Transpiration	\$ 10.00	Transpiration	\$ 10.00
Cartons	1	Cartons	1
Months/yr	12	Pages	2,000
Storage/mo	\$ 0.35	Scanning/page	\$ 0.08
		Scanning Cost	\$ 160.00
		Pages/file	50
		Files/carton	40
		Index/file	\$ 0.25
		Index Cost	\$ 10.00
		Image (mb)	0.05
		Total storage (mb)	100
Storage cost(carton/yr)	\$ 4.20	Storage cost (gb/yr)	\$ 2.00
Years	7	Years	7
Storage Cost	\$ 29.40	Storage Cost	\$ 1.40
Perm Out	\$ 2.00	Software	\$ -
Destruction	\$ 5.00	Destruction	\$ -
<b>TOTAL</b>	<b>\$ 46.40</b>	<b>TOTAL</b>	<b>\$ 181.40</b>

Assume:

- \$10 transportation
- 2000 pages per carton
- \$0.08 per page to scan
- 50kb per page to store
- \$2/gb/year digital storage
- \$0.00 software cost
- \$0.25 per document to index
- 50 pages per document
- \$0.35/month physical storage
- \$2.00 carton perm-out
- \$5.00 carton destruction

Scanning inactive documents is NOT likely to lower you costs



## ▶ So, where's the value?



Scanning is an enabler that allows you to \_\_\_\_\_ your documents.

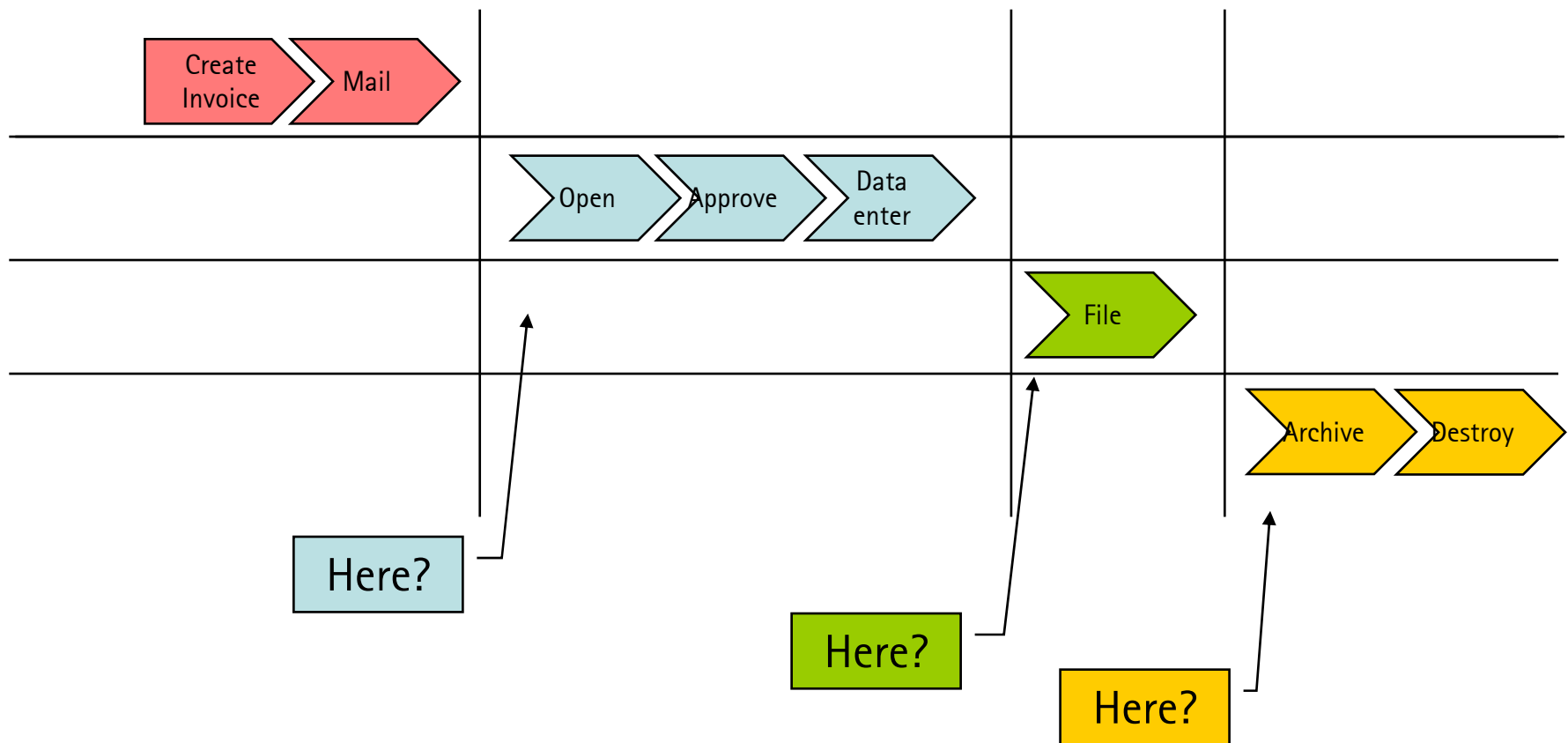
- Efficiently capture information
- Access, share, automate a business process
- Reduce business risk, improve process transparency, audit

# Scanning alone seldom delivers value

# ► Where is the right place to digitize?



## Accounts Payable Process Map



## ▶ Accounts Payable example



- Simple AP Invoice processing (5k invoices/mo)
- Industry estimates set manual processing costs from \$3.00 to \$5.00 per invoice (Benchmark by The Hackett Group and the American Institute of Certified Public Accountants)

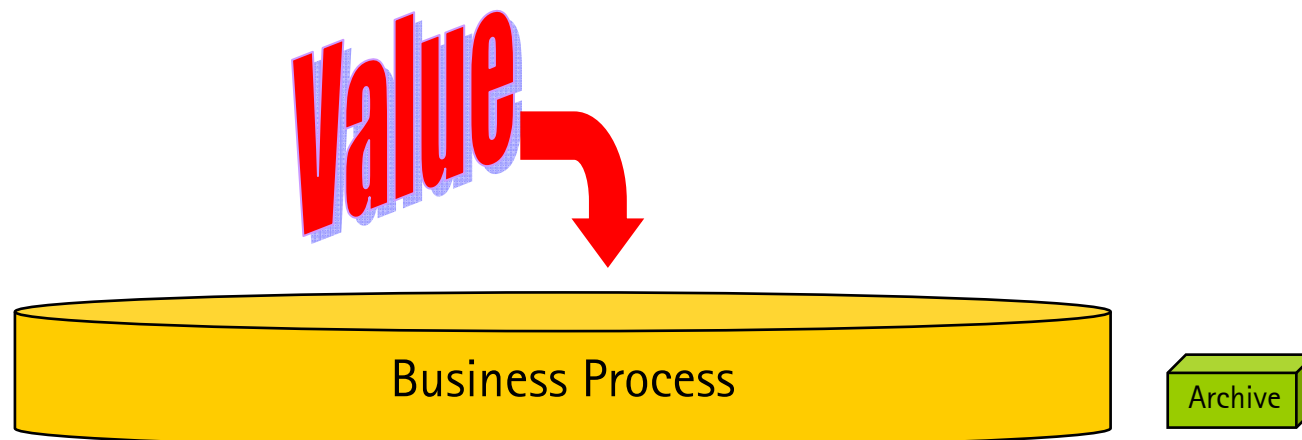
	Receive	Process	File	Archive	Destroy	TOTAL
Manual	\$0.05	\$3.11	\$0.21	\$0.06		\$3.43
Digital Back-end	\$0.05	\$3.11	\$0.36 (scan, index, store 3 yrs)			\$3.52
Digital Front-end	\$1.84 (receive, scan, data capture, process, store 3 yrs)					\$1.84

→ Back-end=Digital *after* the business process is complete  
 → Front-end=Digital at the *start* of the business process

## ▶ The value is in the business process



- You need to have a basic understanding of the business process to help your users/clients/peers to realize value from technology like scanning
- The value is unlikely to come from archiving inactive documents

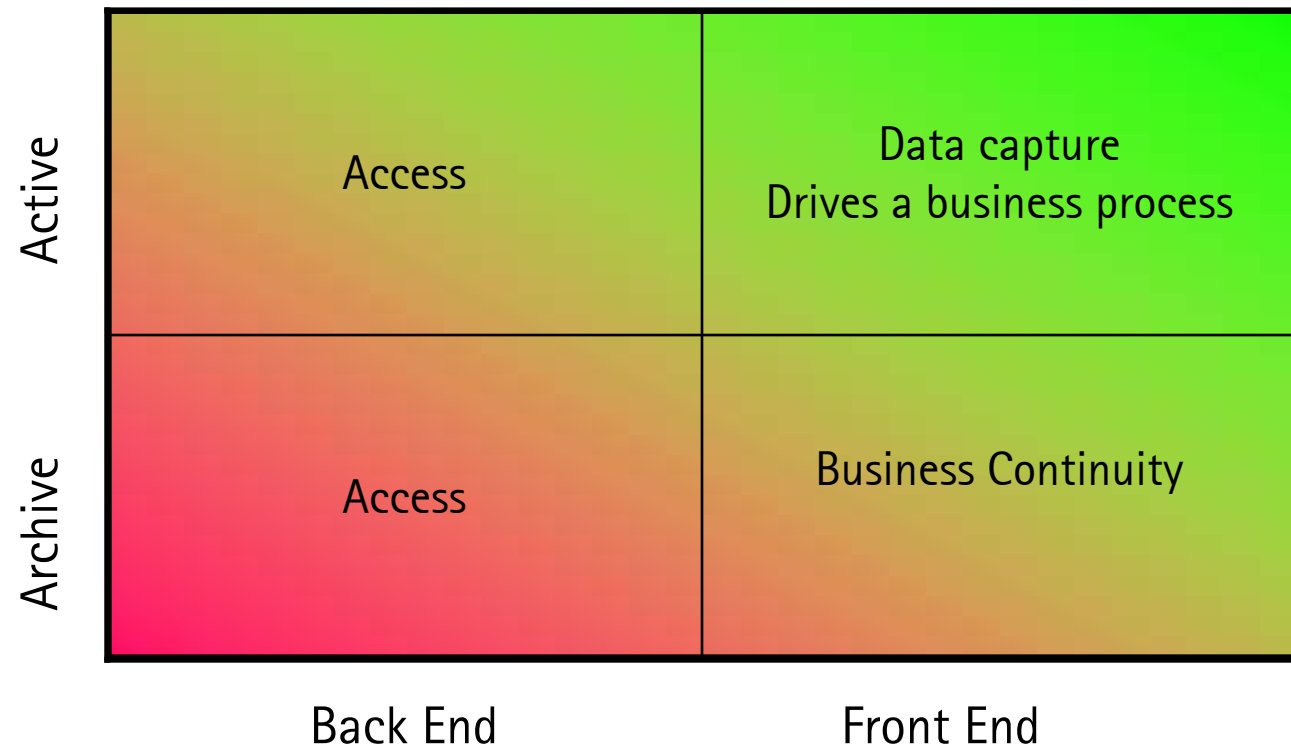


- However, do you think that a formal records management would benefit from a well defined business process with digital documents? SURE!

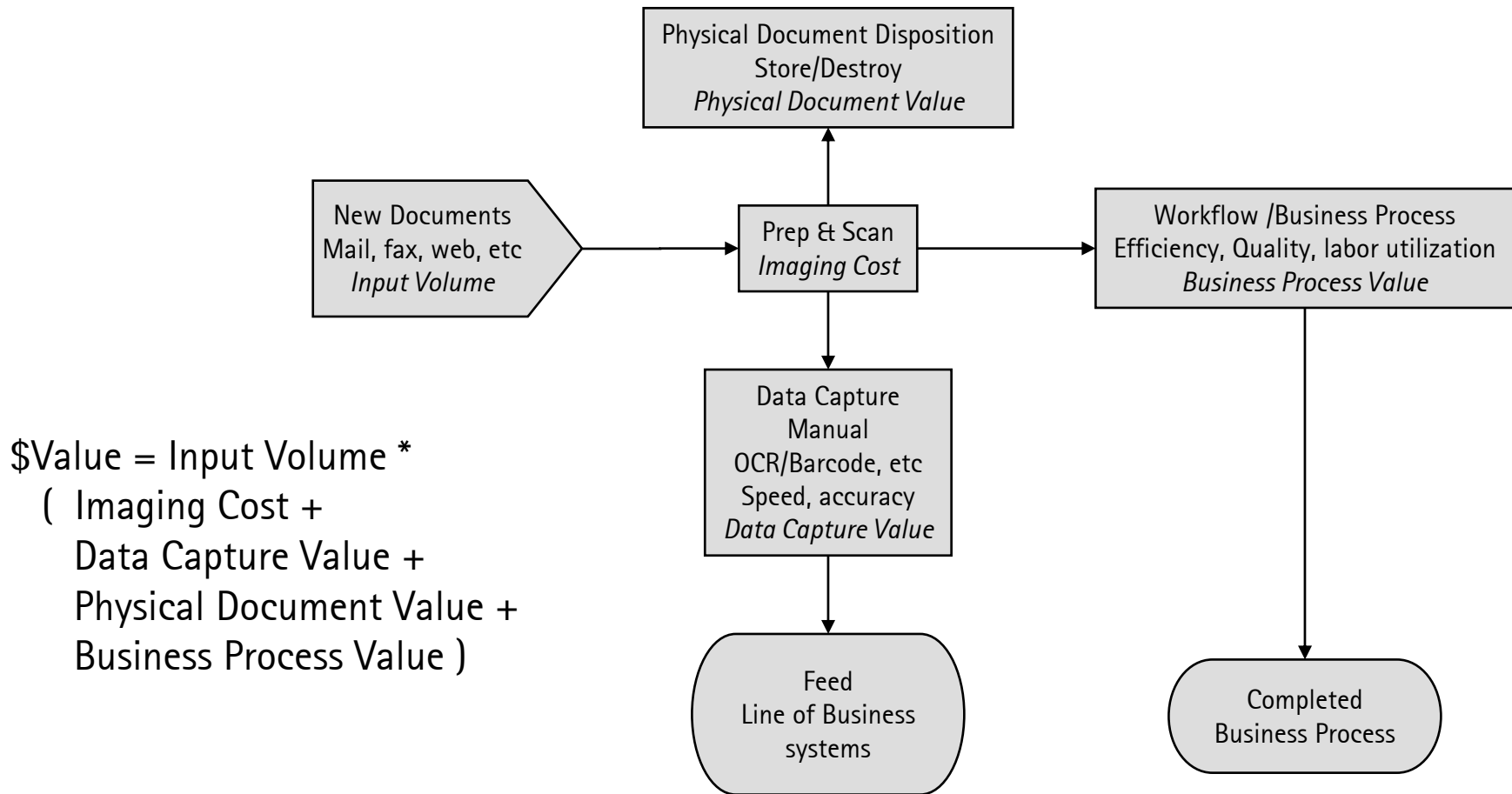
## ► Framework for evaluation



### Value Drivers



# ▶ Active document front end framework



$$\begin{aligned}
 \$\text{Value} &= \text{Input Volume} * \\
 & ( \text{Imaging Cost} + \\
 & \text{Data Capture Value} + \\
 & \text{Physical Document Value} + \\
 & \text{Business Process Value} )
 \end{aligned}$$

## ▶ Active document front end ledger sheet



Process Step	Cost	Savings
Scanning Data Capture	\$0.10/page	\$0.10/field
Content Management app Filing	\$0.10/file	\$2.00/file
Access Storage	\$0.05/file	\$5.00/file
Destruction		\$0.50/file

These costs are estimates. You must determine your own costs which may be very different.

## ▶ Archive document and back end value



- Driven almost exclusively by access
  - Typically you need to access the same document 2 or 3 times to get value from digitization
  - Low volume prevents significant labor and process efficiencies
- Difficult to get value with unstructured content
  - Low volume makes Content Management applications difficult to justify
  - Quality is difficult to maintain
- "*On Demand*" services don't deliver much value
  - Often the transportation savings are offset by the cost of scanning
- Aggressive destruction is not often possible, you end up with both physical and digital copies of the same documents

## ▶ Hybrid solutions



High value applications for digital documents

- Feed line of business systems with data capture
- Automate a business process
- Provide multi-user, simultaneous access to documents
- Eliminate filing and physical storage

High value applications for physical documents

- Documents of intrinsic value
- Regulatory and business requirements for originals
- Long-term (> 5year) retention
- Documents unlikely to be accessed more than once

Should physical and digital retention be identical? Maybe not.

## ▶ In summary



Physical, Digital or both?

- Understand the value drivers
- Understand the cost drivers
  
- Understand the basic capabilities required for digital documents
- Understand the difference between front end and back end solutions
  
- Framework for evaluation considers:
  - Costs for digitization: scanning, data capture, Content Management application, digital storage
  - Savings/Value from digitization: efficient data capture, rapid, multi-use access, business process automation, transparency & audit, business continuity

► Thanks for your time and attention



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