

Scanning paper to go paperless? Have a plan!

Since the advent of the desktop computer nearly 30 years ago, everyone has talked about 'going paperless'. But here we are, with all of the technological capabilities one could ask for, and we're still producing paper - mountains of it. So, what of the paperless office? Well, the dream has not died, but what the dream does require is a plan.

There are some industries that are primarily taking advantage of software platforms that may be standardizing their business/office information and documentation management practices, providing a vehicle with which to make the very long leap to a paperless environment. An example would be the efforts to standardize and digitally convert medical records and the billions of dollars being poured into that very complex proposition. However, what about the rest of the business world that day-in and day-out relies on the most heavily used and oldest recording media available: paper?

Well, some companies have still tried to go paperless' by combining two elements of records management, namely, hard copy record scanning and subsequent hard copy record archiving. This process of scanning (turning the hard copy record into a digital copy such as a TIFF or PDF) and archiving (long-term physical storage of the original hard copy) has become commonplace in all industries from manufacturing to law and from accounting to real estate. The goal? Have the same access to information that would normally be available by keeping the hard copy record, but without keeping the hard copy record.

This process, though common, has some problems with it both from a regulatory stand point and a cost stand point. We'll deal with the regulatory issues first.

TWO BARRIERS

Though there are many cases in which a scanned image of an original hard copy record will suffice to fulfill industry or government regulations, this is far from being a standard that applies to even most records in most industries. In order to be in total compliance with all regulations, one must first understand the retention requirements for each record type. Retention requirements vary in terms of the length of time a record must be maintained, and in what format that record must be maintained. Some records, for example, must remain in hard copy format, immediately accessible, for a certain period of time; some can then be archived or perhaps scanned and subsequently disposed of.

Other regulations might require a record to be kept in hard copy format for the entirety of its retention period, but can be stored off-site immediately. The different scenarios can go on and on in a multiplicity of different record-specific requirements. These requirements vary industry to industry and state to state.

The second major issue is cost. Generally, the cost of scanning all of your paper files and capturing them electronically is simply too expensive. This is because of the manual nature of the record preparation involved in scanning. When scanning records, there can



be no paperclips, staples or other document binders present or the scanning machine might jam or break. In addition, there is a quality control element involved that requires human approval. An image of a contract had better be crystal-clear so that it will be easily printed and read long into the future. Another manual process that is often overlooked is the keying in of data with which one might identify or index the image in the future when retrieval becomes necessary. These three elements, to say nothing of the storage and maintenance needs of the electronic file over time, are usually cost-prohibitive for a company to engage fully in a PET (paper-to-electronic transition) program. At an industry average of between \$0.10 to \$0.15 per scanned page, a typical 1.2 cubic foot records carton containing 2500 pages will cost between \$250 and \$375 to scan fully. That's just one carton of records. Even for a small business with only 75 cartons, this is a tall order and usually is not achievable. That same carton would cost mere dollars per year to archive for its full retention period.

But there is good news in all of this. Scanning technology and equipment is improving all the time. OCR (optical character recognition), quality control, and document recognition capabilities in image-capture software have come a long way in the last several years, allowing many companies to begin laying the foundations of making this transition at a lower cost, perhaps over an extended period of time.

HERE ARE FIVE RECOMMENDATIONS:

1. Understand what the government (federal and state) requires for retention of particular record types for your industry.
2. Implement industry best-practices for record creation, usage, retention, archiving, and destruction so that no one will question your commitment to your customers and business partners.
3. Don't worry about scanning everything from the past 10 years in order to make the paperless transition. You can scan all of those cartons at \$250-\$375 per carton, or you can archive them for a few dollars each per year, heightening security and regulatory compliance and maintaining total access to your valuable business records.
4. Scan what you need, when you need it. Some commercial records centers offer 'scan-on-demand' services so that you can create digital versions of your hardcopy records only when you need to. When you have no use for the hard copy, but need the information contained in it, this is an imminently more cost-effective approach. In addition, an average company only accesses 5-10% of its archived records during their retention period. So why waste all those dollars on scanning all those records that will never need to be accessed?
5. If you are serious about 'going paperless' have only the new, active records scanned. This process of incremental PET (paper-to-electronic transition) over time will position your company for growth (by creating an electronic records archive) and enable it to transition more smoothly to adapt to the many technological changes that are sure to come in the future.

As you choose a vendor to store, manage and maintain your records, make sure they are able to retrieve and deliver your records to you in multiple ways. They should also be helping you to create and implement policies, procedures and best practices to make sure your records are always secure, yet always available to you. With a small investment of time a good records management company will be able to provide your business with a clear pathway to a better, more efficient, lower cost and more compliant records management program than almost anything you may be engaged in currently.

Morgan Records Management, LLC provides comprehensive records management services including storage, retrieval, scanning and destruction. They also provide no-cost Client Needs Assessments designed to provide businesses with clear, objective feedback to help determine the best course of action to achieve greater compliance, work process efficiency and productivity while reducing current records management expenditures. Dan Fawcett can be reached at (603) 509-3986 x15 or via email at DFawcett@MorganRM.com.

WHAT IS SCAN-ON-DEMAND?

Scan-on-Demand is a customized digital imaging process that allows a company to completely control the records that get scanned and when. It is based on the proven statistic that businesses generally only need access to 5-10% of their archived records over time. By scanning only the needed records when they are needed, businesses can realize the benefits of PET (paper-to-electronic transition), while avoiding the prohibitive costs and diminished returns of scanning across the board.

COST VS. BENEFIT

If a sample of 100 records boxes is used to determine actual costs for implementing a scanning solution for a small company, the costs can clearly be seen to outweigh the benefits.

1. Equipment - Typically a small company will need to spend \$500- \$1000 on a scanner that will meet both the speed and quality expectations for the company. We'll call it \$750.
2. Software - Access to an online repository can be purchased for a monthly fee, or an actual piece of software can be purchased and deployed onsite. This cost is typically between \$2,000 and \$10,000 per year.
3. Labor - If an employee is paid \$20/hour (including taxes and overhead), and they spend 5-10 hours per week scanning, this becomes \$5,000 - \$10,000 per year. If the records are going to be indexed properly for efficient retrieval in the future, this will take much more time.

The total yearly expense for this small scanning program can be expected to land between \$7,000 and \$20,000 per year.

Those same 100 boxes could have been archived for about \$600 per year, while the scanning of roughly 1-2% of the total records inventory over the course of the year would have cost the company less than \$1,000. That's a savings of \$5,000 to \$18,000.