

# Intelligent Imaging

## Scanning Only What You Need, Only When You Need It

By Jim Stephenson, Document Management Consultant for Iron Mountain

Many businesses come to imaging frustrated with the problems of managing their paper records and, quite often, overly enamored with the vision of life in the digital world. The pain of paper is fresh in their minds and the vision of a paperless Camelot shines in the distance—an image often reinforced by the last imaging salesperson to call on the business.

The path from today's pain to tomorrow's utopia is not a smooth one. In today's business environment, most organizations are faced with an imposing legacy of paper records and numerous paper-based business processes that continue to churn out paper despite the digital industry's promises of less paper. What viable options are available to businesses facing these real pressures and looking for real-world solutions?

### Today's Challenge— The Hybrid Record

The reality of business is that related business information and documents are frequently stored in multiple formats throughout distributed storage locations. Rarely does one find information that is stored in one central structure. Increasingly, business records are geographically dispersed and stored in electronic files, emails, file cabinets and record storage boxes. Regrettably, business rules and regulatory mandates are notoriously inflexible in accommodating an organization's very real challenges in managing this record environment. As a result, businesses must be very innovative to effectively manage their document and record assets to achieve business efficiency, enhance customer service and maintain regulatory compliance.

There are many companies that can provide quality guidance to businesses that are interested in more effectively managing their physical records and there is no lack of companies that are willing to assist businesses in navigating their way through the digital maze. Unfortunately, there are too few companies that can step up to one of today's biggest business challenges—the compliant management of hybrid records.

As businesses face the challenges of the hybrid record, business options have become highly polarized. There are two strong advocacies—paper and digital—one attempting to hold onto its constituents and the other trying to live up to its hype and perceived value. With this ideological battle as a backdrop, it is easy to lose focus of the fact that the best solutions for many

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businesses may lie somewhere in the middle of the two warring factions.

The solution landscape between physical and digital records management is shifting and businesses are benefiting. Instead of being driven to one of two solution extremes—maintain the paper “status quo” or “imaging everything”—more attractive options are emerging that leverage the cost-effectiveness of physical storage with the convenience of digital delivery. These include:

- ◆ **Image on demand:** Scan records as they are requested;
- ◆ **Selective scanning:** Using predictive tools, scan records with a high likelihood of retrieval; and
- ◆ **Abstract scanning:** Scan a small subset of high-value images within a larger record.

### Physical vs. Digital— Which is Cheaper?

This is a question asked by all businesses seeking ways to more effectively manage their information and document assets. Unfortunately, the answers that are being provided too often reflect market biases of those providing the answers and do not help businesses better understand the available options and their financial implications. Let's attempt to provide directional price guidance with a “back of the envelope” analysis:

Assume that hardcopy documents will be stored in standard record storage boxes. Each storage box holds approximately 2,000 pages (2,500 images) of business documents. Eight storage boxes will contain the equivalent of 20,000 digital images or approximately 1GB of digital storage.

Record storage costs for a box will average approximately \$5 per year including a low level of file retrievals. At prevailing conversion rates, it will cost between \$200 and \$300 to convert the documents in one box to digital images. Therefore, the cost of digital conversion is equivalent to the cost of retaining the documents in paper form for a period of 40 to 60 years. Adding the costs of a digital storage and retrieval solution to the costs of conversion often creates a significant financial barrier to implementing a full digital conversion project.

Under most conditions, physical archival storage is a cheaper alternative than digital storage when the cost of conversion is included. A compelling business value proposition may justify digital storage over physical storage, but, absent the business case, physical storage is the more cost-efficient alternative.

### Digital Conversion— The 800-Pound Gorilla

It is important to elevate the dialogue from a discussion of cost to a discussion around business value. The financial case for a major document conversion effort is stronger when the conversion occurs early in the business process. At this point, businesses have the potential of capturing significant process-related business value from the conversion and the justification of the expenditure is often a fairly straightforward financial exercise that can be justified by improved productivity, better process standardization and control and improved customer service.

When does a full conversion not make sense? Certainly, converting after a significant amount of the business process has been completed limits the impact to only

the remaining value and justification becomes more challenging. In these situations, more businesses are asking if there are other viable options.

The answer is yes. Businesses now can consider a number of options designed around intelligent scanning that offer significant business value without the excessive cost of full digital conversion projects. Intelligent conversion is based upon the fact that external factors cause certain documents to have significantly higher business value than the average document. What are these factors? They are typically relatively significant business events that increase the business' need to access the information. One pertinent example would be records that are identified for audit. The conversion of these records to digital format often provides significant value and improved productivity in the audit process to more than offset conversion costs.

A representative healthcare example would be the patient record for an existing patient that has scheduled follow-up service within the same healthcare system. Scanning patient charts for patients that present for follow-up service can be financially justified when a full backfile scan cannot. A full backfile conversion would include records of patients that may seek future services from the healthcare provider and other records for patients that will not seek subsequent services from the provider. The overall value of the full conversion is seriously diluted by the expense incurred in scanning records for patients that will not be generating future revenue for the healthcare provider.

Let's now look at a couple of examples that show how the effective use of intelligent scanning can produce measurable business value.

### Credit Card Disputes

A large entertainment company generates a significant portion of its revenue through

millions of annual credit card purchases. As a highly visible market leader, the company realizes that it is a very appealing target for fraud and has decided to aggressively defend itself against all potentially fraudulent credit card activities. As part of this program, the company actively responds to all disputed credit transactions and provides credit card companies with supporting documentation to substantiate that the cardholders authorized credit card transactions for disputed claims.

The company evaluated both physical and digital options and found the options lacking in key areas. A purely physical solution was logistically unwieldy and a solution built upon a full digital conversion of all credit card transactions was unnecessarily costly and labor-intensive. When they evaluated intelligent scanning options, the company found a way to design a highly functional solution that met their strategic business needs while effectively managing the overall cost of the initiative.

The company now collects the physical credit card receipts and stores them by date, point-of-sale location and cashier ID. When a dispute is registered by a credit card company on behalf of a card member, the entertainment company identifies the envelope that contains the disputed receipt and record center staff identifies the disputed receipt and scans it to a content management system. The combination of a well-crafted physical storage system and a robust electronic delivery and storage solution helps this company protect its revenue stream and defend against fraud in a cost-effective manner.

### Human Resource Records Management

After completing an acquisition of a regional restaurant brand, a major restaurant chain needed to consolidate HR records to facilitate consistent HR management practices. In some locations, records from the acquired chain were centralized. In other locations, HR records had been retained by the hiring restaurants.

The restaurant analyzed their business needs and determined that they needed to centrally manage all HR records to achieve their goal of uniform HR administration across their brands. After thorough evaluation, they realized that they had two distinct business issues—the management of active HR records and the management of inactive HR records—that required different business approaches. The business value required to justify the digital conversion of active records was easily identified. The value proposition for converting the inactive records was not as evident.

In the restaurant industry, staff turnover in excess of 100% annually is often the norm. Therefore, established restaurants typically have high numbers of inactive HR files. Restaurant management could not determine a compelling business reason to convert all inactive HR files. Therefore, they evaluated their intelligent scanning options.

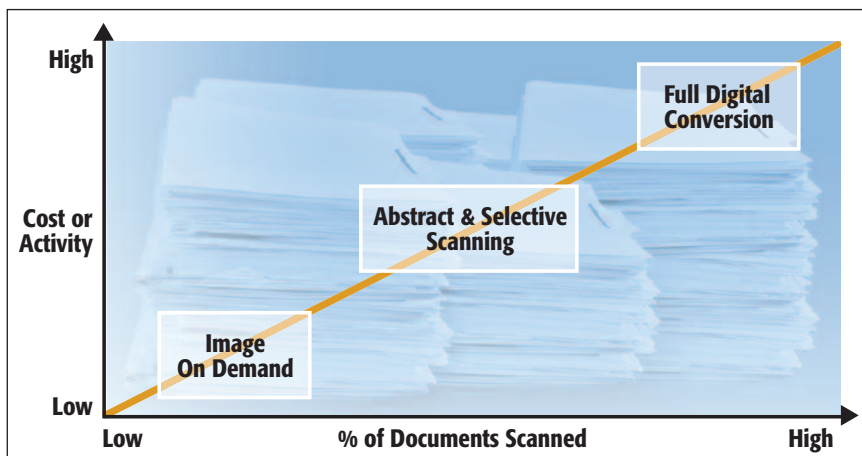
In the vast majority of cases, there were no reasons to access inactive HR records. In a small percentage of cases, there were issues associated with employees that justified investing in the scanning of the inactive HR record. These business reasons included involvement in active litigation, disputed pay or benefit issues, medical issues and employment verification issues.

This company found that its most effective approach to the management of its HR folders involved scanning all active employee records and storing the information in a content management system. Because access to inactive HR records was not routinely required, the company decided to place inactive employee hardcopy records into off-site record storage and use image on demand to electronically deliver the records if they were needed.

### Scan What You Need, When You Need It

Organizations that are looking for effective hybrid record strategies may find that their best options combine cost-effective physical storage with the digital conversion of selected high-value documents. This approach is feasible when there are discrete business events that elevate the value of certain records. These records can be identified, scanned and stored in a digital repository that provides easy and secure access to the information. The highest value solution is frequently structured around intelligent scanning—*"Scan only what you need, only when you need it."* ■

Jim Stephenson is a document management consultant responsible for directing Iron Mountain's document management initiatives in the southeast US and the Caribbean. He has more than 30 years of experience in consulting, business process analysis and technology management.



Conversion costs for intelligent scanning options.