Meeting the Challenge: How Organizations Are Implementing Document Management Strategies To Help Drive Business in a Tough Economy

This penetrating survey report clarifies how organizations are leveraging document management practices, such as records management and document imaging, to help meet the current economic challenges and gain a competitive edge in the eventual recovery. The survey details how organizations are looking to better manage document processes as a key strategy that can support actions they are taking, which include reducing operating expenses and improving cash flow, to survive and thrive in the days ahead.

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Underwritten by: **Océ Business Services**

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INTRODUCTION

The global economic downturn is creating significant business challenges that are expected to extend well into next year. Some companies are implementing strategies to meet these challenges and even gain a competitive edge in the eventual recovery.

More effectively managing documents throughout their life cycle (creation through disposal) is one strategy that can help organizations meet their business goals during the downturn.

There are numerous opportunities to implement document life cycle management best practices in such areas as office print/copy operations, mail and shipping, document imaging (paper-to-digital conversion), records management, and fleet management (print/copy/fax fleet). Such moves can yield critical financial and operational gains that can help organizations navigate the turbulent business climate that is predicted to continue for some time.

Successful companies tend not only to focus on realizing such gains in document process management and other areas of the enterprise, they also leverage new approaches. Document performance management, for instance, has evolved dramatically over the past few years. New systems offer in-depth, near-real-time insight that can transform document process efficiency and drive positive return on investment. This survey report takes a close look at these issues, with a focus on how organizations are leveraging specific document management practices to help meet the business challenges ahead.

The Respondents

A total of 227 surveys were completed by executives responsible for document management processes. These include chief administrative officers, mid- and upper-level operations managers, and chief information officers. A cross-section of industries is represented, including business services, financial services, insurance, technology, and government. Among respondents, 42% work at organizations with annual revenue under $100 million, 26% have revenue between $100 million and $1 billion, and 32% have revenue of over $1 billion. Survey results reflect responses from participants at organizations with annual revenue over $100 million. Respondents were guaranteed absolute confidentiality.

EXECUTIVE SUMMARY

In an economic climate that daily seems to underscore nature's law that only the fittest survive, what are some of the actions companies are taking to stay competitive? The majority of survey respondents indicate that the top two moves they are making include *reducing operating expenses (51%) and improving cash flow (20%).* More effectively managing document processes can help meet these objectives, particularly with respect to reducing operating expenses.

This survey report investigates how respondents and their organizations are leveraging five document management activities — internal and outsourced — to achieve cost reduction and cash flow goals as well as gain other important business benefits. These five document management activities include *document imaging (paper-to-digital conversion), enterprise-wide print/copy, mail and shipping, records management, and fleet management (print/copy/fax fleet).*

When it comes to outsourcing, a high number of respondents (74%) indicate that their company is taking this approach with at least one of the five document activities. The top three document activities that companies are outsourcing include mail and shipping (19%), print/copy center (18%), and document imaging (15%). The top overall business benefits that the respondents report gaining from these outsourced document activities include lowering cost, improving operational performance, and enabling a greater focus on core business.

However, a significant number of respondents (26%) report that their organization is not outsourcing any of the five document activities. This finding indicates that *many organizations are not realizing the potential benefits of document process outsourcing.*

The outsourcing scenario may change somewhat in the next 12 to 24 months as a number of companies (33%) are planning to outsource additional document processing functions, particularly document imaging (12%). The top business goals driving their outsourcing plans are cost reduction (27%), the desire to concentrate more on their core business (20%), and the desire to improve operational performance (18%).

The survey also asked respondents what document activities their companies are managing internally and what benefits they are realizing. The vast majority of respondents (95%) specify that their company is internally managing at least one of the five document activities. The top three document activities companies are internally managing include document imaging (26%), records management (24%), and enterprise-wide print copy (19%). The top overall business benefits that the respondents report gaining from these internally managed document activities include lowering cost, closely followed by improving operational performance and improving customer service.

Of the five document management activities, document imaging was seen to have the ***strongest effect across a broad range of business goals and plans.*** Respondents report that document imaging has the greatest impact on lowering cost and improving operational performance. Additionally, executives report that their organizations have implemented document imaging in key functional areas, such as general administrative (e.g., accounting, human resources), and core business processes (e.g., new customer applications, loan processing).

The survey also revealed a ***significant opportunity with another important document management practice.*** A slim majority of survey participants (55%) indicate that their company is measuring document process performance. These companies are measuring such performance elements as user activity and document processing timeliness and accuracy. A majority (67%) specify that their metrics for document performance are aligned with their business objectives (such as increasing customer satisfaction).

Despite the potential benefits of document performance measurement, a significant number of executives (45%) say that their company is not measuring performance or they didn't know if their organization had a measurement process in place.

Furthermore, of those organizations that do measure performance, only 24% utilize state-of-the-art systems for data analysis and reporting, such as a Web-based business intelligence dashboard that incorporates key performance indicators. Instead, the majority of respondents (56%) indicate that their organization uses such traditional reporting applications, such as Excel spreadsheets and PowerPoint slides. ***These findings suggest that a substantial opportunity*** exists for companies to implement or upgrade to new reporting systems that can enable them to improve document management processes and reap solid financial and operational improvements.

Whether managing document activities on an internal or outsourced basis, deploying specific solutions such as document imaging to streamline operations and records management to enhance compliance, or instituting new approaches to measure document performance, one thing is clear. An increasing number of enterprises are seeing the potential for document management best practices to yield business benefits that can help them survive and thrive in the days ahead. This survey report communicates key elements of this vision.

KEY FINDINGS: IMPLEMENTING DOCUMENT MANAGEMENT STRATEGIES TO HELP DRIVE BUSINESS IN A CHALLENGING ECONOMY

1. In order to deal with current economic challenges, the two top moves organizations are making include reducing operating expenses and improving cash flow.

KEY FINDING:

When it comes to taking actions that can help weather the storm and position themselves for an eventual recovery, a strong majority of executives (71%) indicate that their organizations are reducing operating expenses and improving cash flow. Other actions include looking at the possibility of business process outsourcing or outsourcing additional business process functions.

How is the economic downturn affecting your organization's actions?
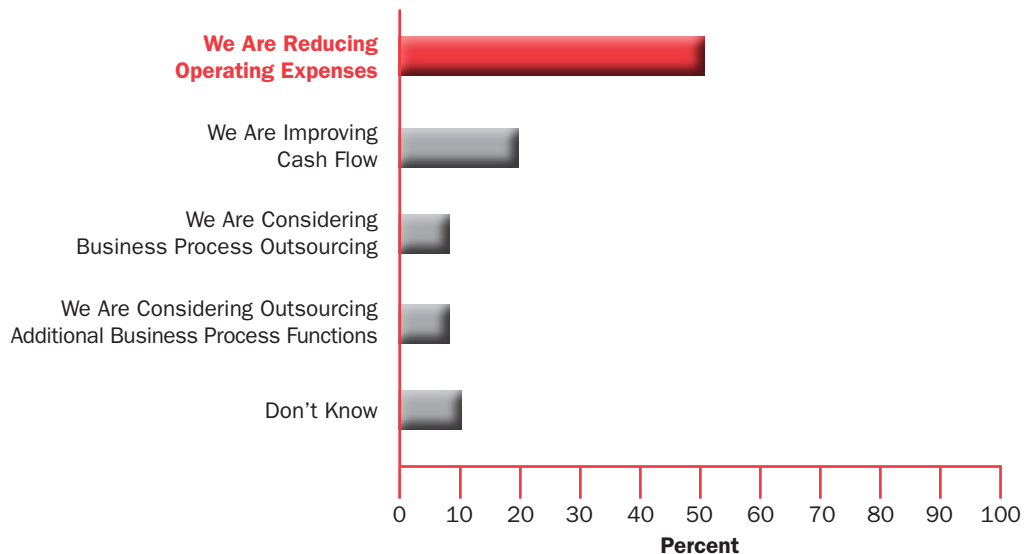
Taking Organizational Action:	Response %
Reducing Operating Expenses	**51%**
Improving Cash Flow	20%
Considering Business Process Outsourcing	9%
Considering Outsourcing Add'l Business Process Functions	9%
Don't Know	11%

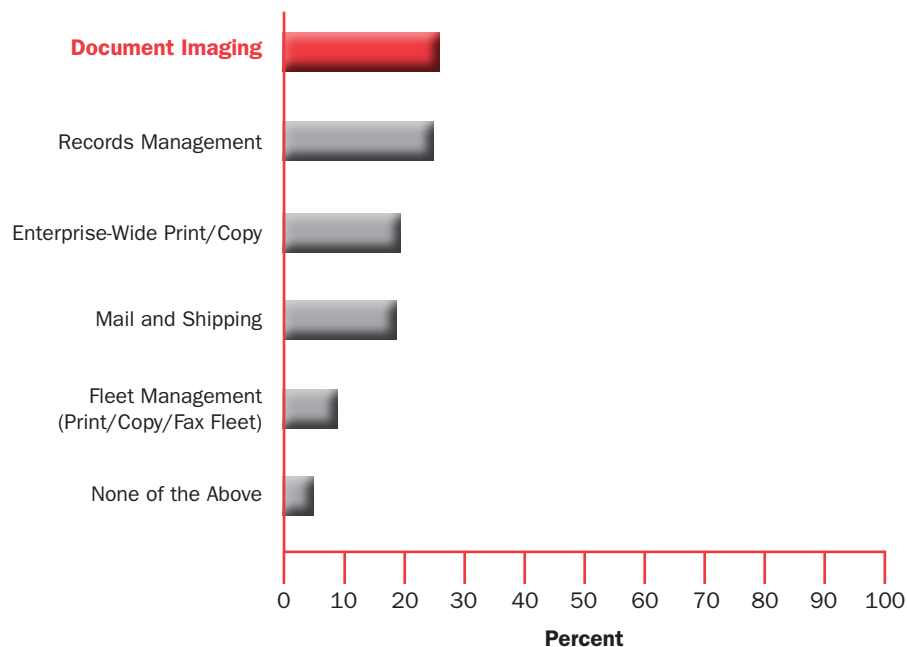## 2. Document imaging and records management are the top internally managed document processing functions.

KEY FINDING:

The vast majority of respondents (95%) specify that their company is internally managing at least one of the survey's specified five document activities, which include document imaging (paper-to-digital conversion), enterprise-wide print/copy, mail and shipping, records management, and fleet management (print/copy/fax fleet). The top two document activities companies are internally managing include document imaging (26%) and records management (24%).

Which of the following document processing functions does your organization manage internally?

Internally Managed Document Process Functions:	Response %
Document Imaging	26%
Records Management	24%
Enterprise-Wide Print/Copy	19%
Mail and Shipping	18%
Fleet Management (Print/Copy/Fax Fleet)	8%
None of the Above	5%

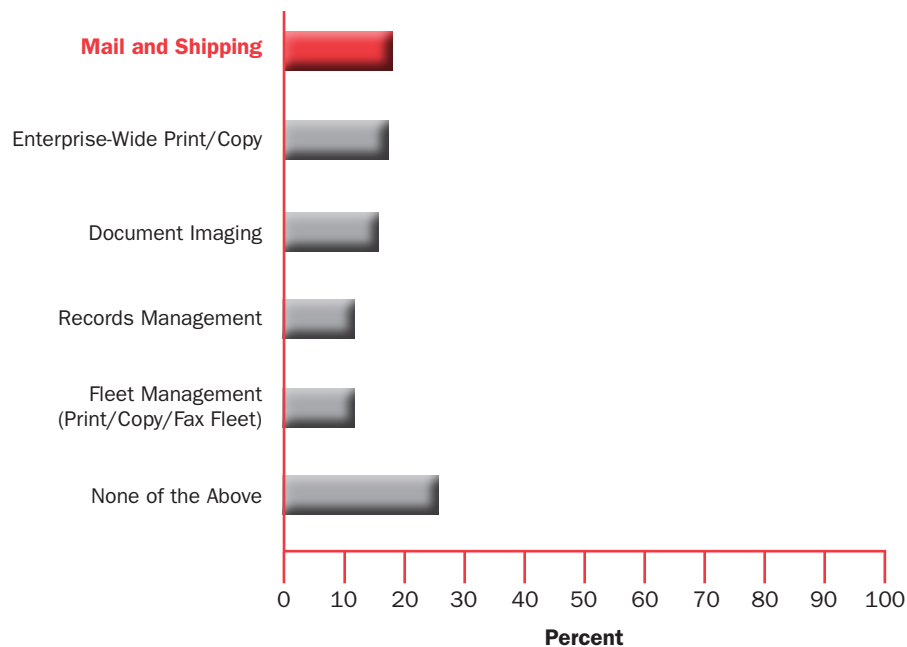## 3. Mail management and enterprise-wide print/copy center operations are the top outsourced document processing functions.

KEY FINDING:

A majority of respondents (74%) report that their company is outsourcing at least one of the survey's five specified document activities. The top two document activities companies are outsourcing include mail and shipping (18%) and enterprise-wide print/copy center operations (17%). These findings are closely followed by document imaging (15%) as well as records and fleet management (both at 12%). A significant number of respondents (26%) report that their organization is not outsourcing any of the five document activities. This indicates that many organizations are not realizing the potential benefits of document process outsourcing.

Which of the following document processing functions does your organization outsource?

| Outsourced Document Process Functions:	Response %
Mail and Shipping	18%
Enterprise-Wide Print/Copy	17%
Document Imaging	15%
Records Management	12%
Fleet Management (Print/Copy/Fax Fleet)	12%
None of the Above	26%

4. Reducing costs and concentrating more on their core business are driving organizational plans to outsource additional document management processes within the next two years.

KEY FINDING:

A significant number of survey respondents (33%) indicate that their organization plans to outsource additional document processing functions — particularly document imaging and mail and shipping — in the next 12 to 24 months. What business goals are driving these plans? The top two reasons that executives cited for outsourcing are to reduce costs (27%) and to concentrate more on core business activities (20%). Improving operational performance (18%) and enhancing customer service (11%) are also important drivers.

What business goals are driving your company's plans to outsource document management processes in the next 12 to 24 months?
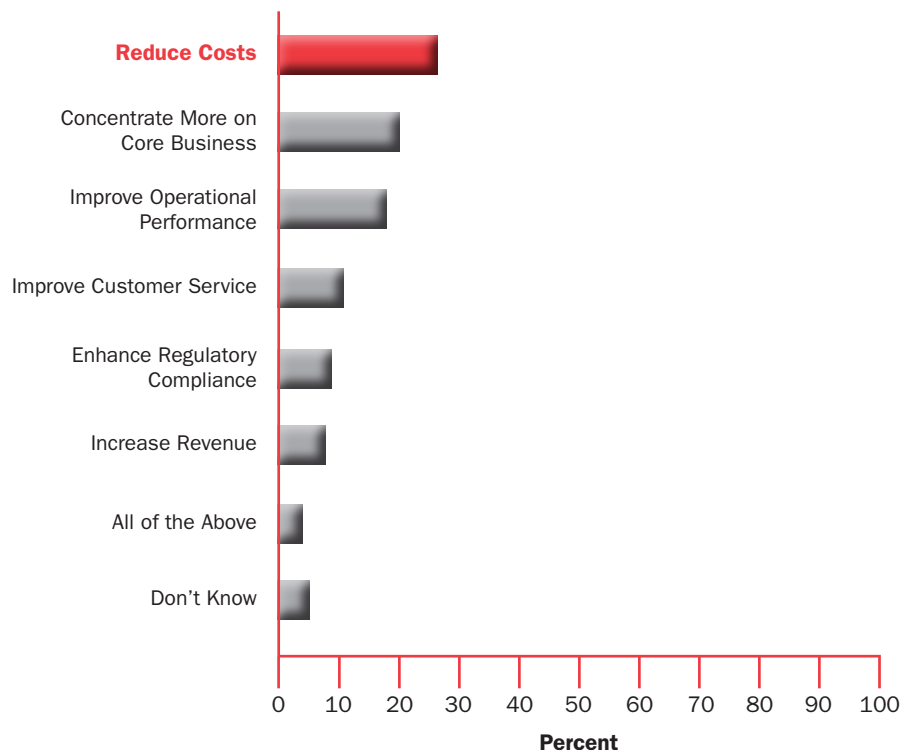
| Business Goals Driving Outsourcing Plans:	Response %
Reduce Costs	**27%**
Concentrate More on Core Business	20%
Improve Operational Performance	18%
Improve Customer Service	11%
Enhance Regulatory Compliance	8%
Increase Revenue	7%
All of the Above	4%
Don't Know	5%

5. Document imaging continues to have a high impact on a broad range of business goals.

KEY FINDING:

In our 2008 document management industry survey, respondents indicated that, compared to the other specified document management activities, document imaging (paper-to-digital conversion) had a high impact on the broadest range of top business goals. Respondents to this year's survey indicate that document imaging continues to have high value, with organizations gaining such business benefits as improved operational performance (21%), lower costs and reduced paper (both at 19%), and better customer service (17%).

What business benefits do you believe your organization is gaining from its document imaging processes?
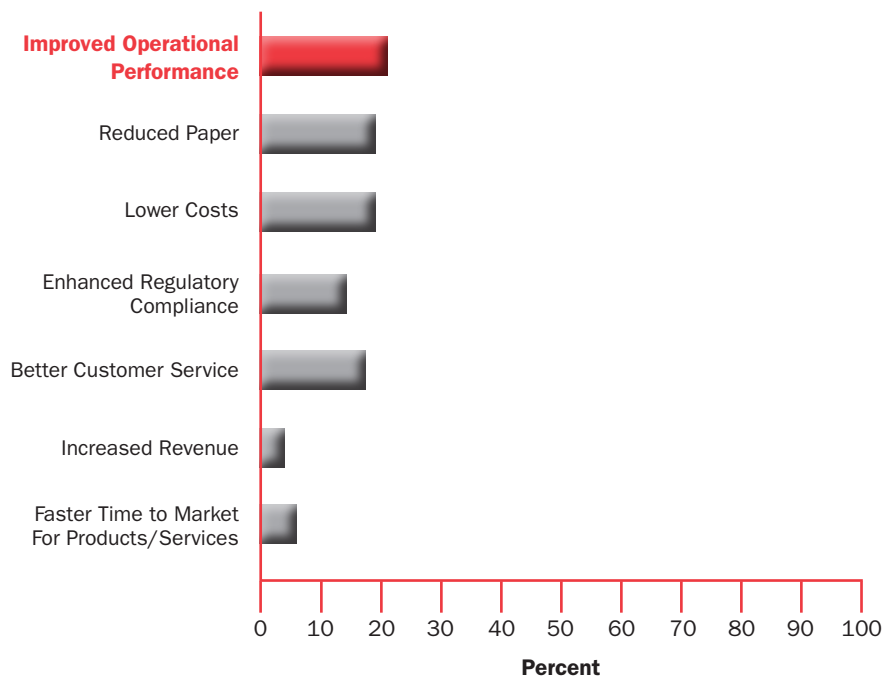
| Business Benefits of Document Imaging:	Response %
Improved Operational Performance	**21%**
Reduced Paper	19%
Lower Costs	19%
Enhanced Regulatory Compliance	14%
Better Customer Service	17%
Increased Revenue	4%
Faster Time to Market for Products/Services	6%

6. Many organizations have "gotten the message" about the benefits of document imaging and are implementing imaging solutions in key functional areas.

KEY FINDING:

In addition to reporting that document imaging continues to provide solid business benefits, executives surveyed also indicate that their organizations are leveraging these benefits by implementing imaging solutions in key functional areas. These areas include general administrative processes such as accounting (28%), records management (22%), and core business processes such as new customer applications (20%).

In what functional areas has your organization implemented document imaging processes?

Percent
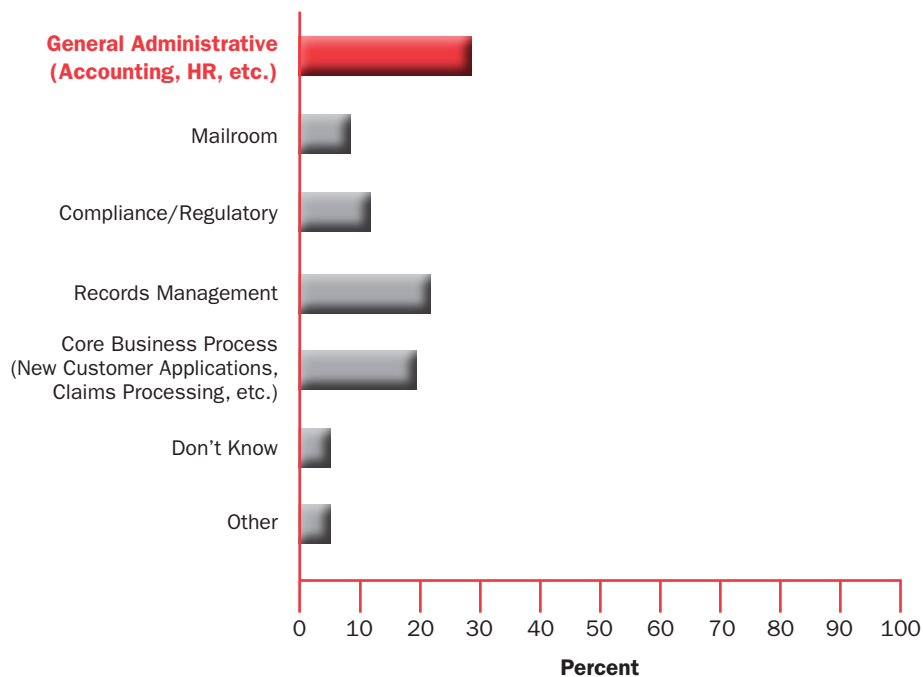
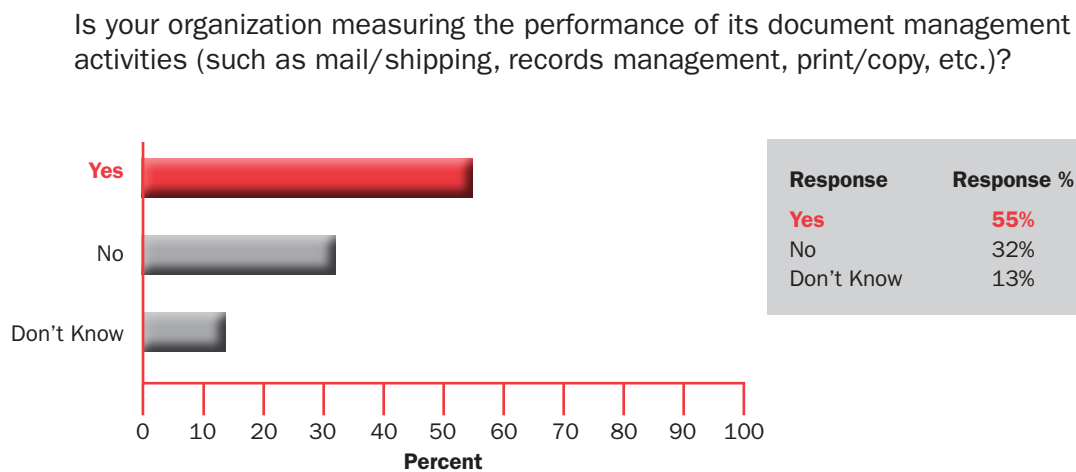| Key Functional Areas for Document Imaging:	Response %
General Administrative (e.g., Accounting)	28%
Mailroom	8%
Compliance/Regulatory	12%
Records Management	22%
Core Business Process (e.g., Claims Processing)	20%
Don't Know	5%
Other	5%

7. A significant number of companies are measuring document performance management, however, many companies also may be missing an opportunity.

KEY FINDING:

Besides the five document activities, the survey also spotlighted another important document management practice. Some forward-thinking companies are applying Business Performance Management and Six Sigma®-based principles to more effectively manage document processes and outsourcing service providers. A slim majority of survey participants (55%) report that their company is measuring document process performance. However, these findings indicate that many companies also may be missing an opportunity. A significant number of executives (45%) say that their organization is not measuring performance or they don't know if their company has a measurement process in place.

Is your organization measuring the performance of its document management activities (such as mail/shipping, records management, print/copy, etc.)?

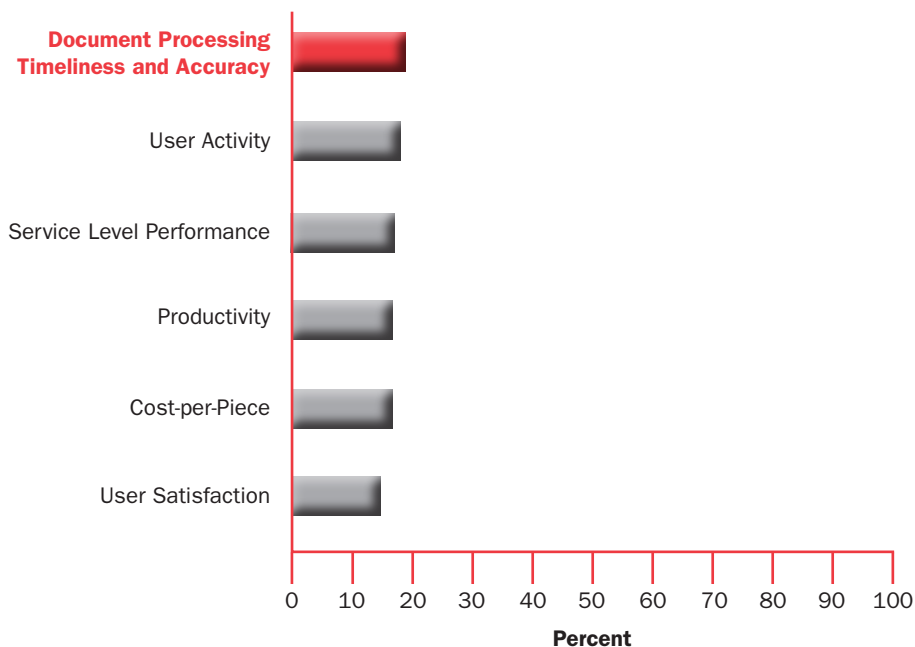| Response	Response %
Yes	55%
No	32%
Don't Know	13%

8. Companies that are measuring document performance are focusing on several key metrics, particularly document processing timeliness and accuracy as well as user activity.

KEY FINDING:

Companies that are seeking to realize the business benefits of document performance measurement are focusing on a number of key metrics. Chief among them are document processing timeliness and accuracy (19%) and user activity (18%). Executives indicate that almost equal emphasis is being placed on measuring service level performance, cost-per-piece (to process each document, mail piece, etc.), productivity, and user satisfaction.

Which of the following elements of document performance is your organization measuring?

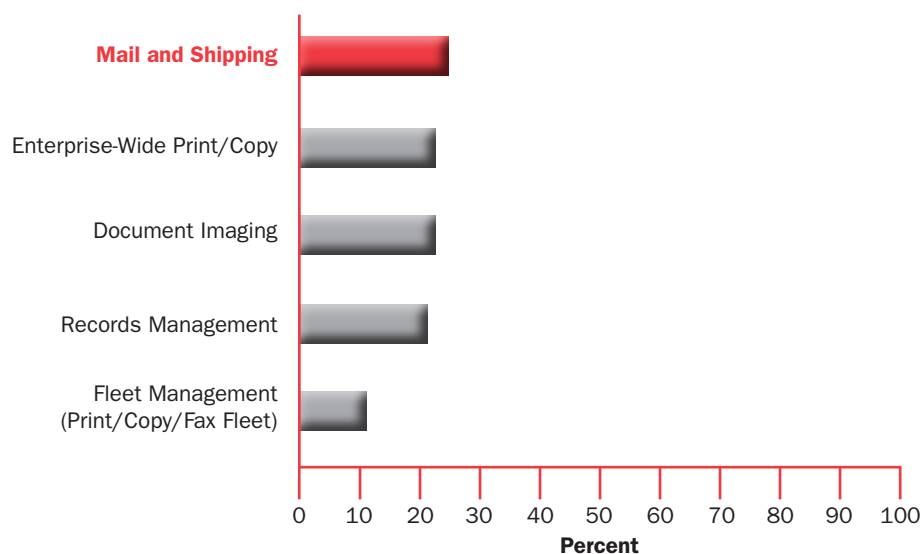| Response:	Response %
Document Processing Timeliness and Accuracy	**19%**
User Activity	18%
Service Level Performance	17%
Productivity	16%
Cost-per-Piece	16%
User Satisfaction	14%

9. The top document management activity for which organizations are measuring performance is mail/shipping, closely followed by print/copy and document imaging.

KEY FINDING:

According to survey respondents, companies seeking to leverage the business benefits of performance management are targeting specific document activities, particularly mail and shipping (24%). This is closely followed by document imaging and print/copy center operations (both at 22%), records management (21%), and fleet management (11%).

Which of the following document management activities is your organization measuring?

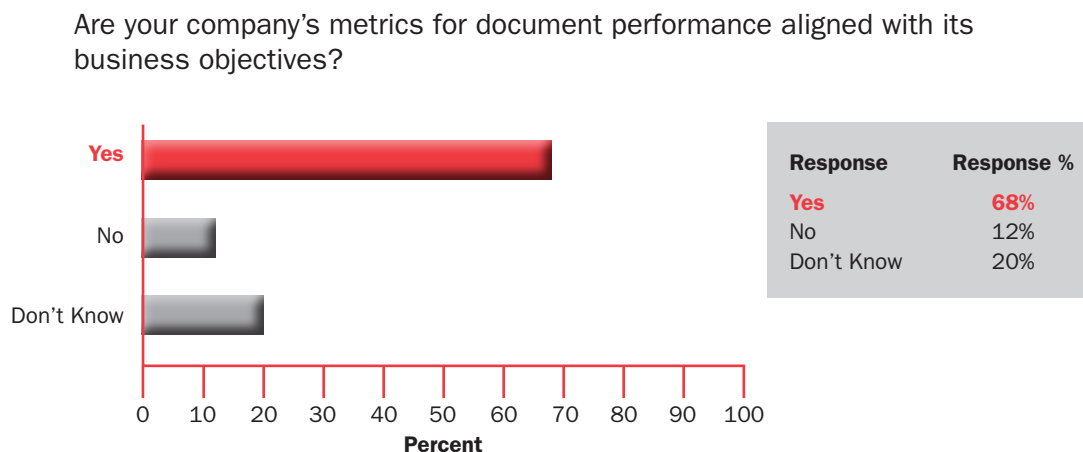| Response:	Response %
Mail and Shipping	24%
Enterprise-Wide Print/Copy	22%
Document Imaging	22%
Records Management	21%
Fleet Management (Print/Copy/Fax Fleet)	11%

10. There's good news in the fact that many organizations are aligning their document performance metrics with their business objectives.

KEY FINDING:

While applying Business Performance Management and Six Sigma methodologies to measure and continuously improve document processes is a relatively new science, the good news is that a significant number of organizations are on the right track. They are finding ways to translate document processes into data that is measurable against strategic business objectives. Of the executives surveyed, 68% indicate that their organization is aligning document performance metrics with business objectives. There's also a solid opportunity for improvement: 32% of survey participants say that their company has not aligned performance metrics with business objectives, or they don't know if their organization is focusing on this best practice.

Are your company's metrics for document performance aligned with its business objectives?

Response	Response %
Yes	68%
No	12%
Don't Know	20%

Percent

11. Many companies are "missing out" on document performance measurement by using limited approaches, such as Excel spreadsheets, instead of more insightful, dynamic systems.

<u>KEY FINDING</u>:

According to survey findings, only 24% of organizations that measure document performance are using the latest, innovative approaches. These approaches include Web-based business intelligence (BI) dashboards that provide customizable monitoring of metrics based on a company's key performance indicators and benchmarking of performance against company and industry targets. Instead, a strong majority (56%) of organizations that measure performance currently use more limited approaches, such as Excel spreadsheets and PowerPoint slides. Additionally, 20% of survey respondents indicate that their organization has no formal reporting method. These findings suggest that a substantial opportunity exists for companies to implement or upgrade to new reporting systems that can enable them to improve document management processes and gain solid financial and operational improvements.

How is your company reporting its document performance?
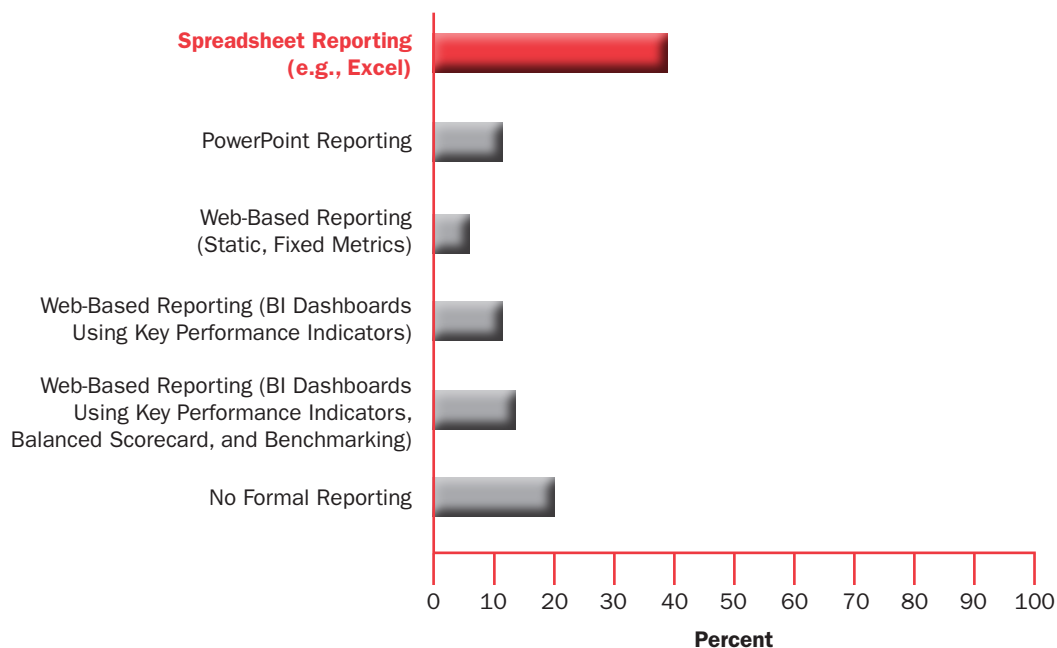
Document Performance Management Reporting:	Response %
Spreadsheet Reporting	**39%**
PowerPoint Reporting	11%
Web-Based (Static, Fixed Metrics)	6%
Web-Based (BI Dashboards Using KPIs)	11%
Web-Based (BI Dashboards Using KPIs, Balanced Scorecard, etc.)	13%
No Formal Reporting	20%

CONCLUSION/MEETING THE CHALLENGE

Survey participants clearly indicate that their organizations are bracing for a tough economic climate by reducing operating expenses and improving cash flow. Successful companies are also implementing other strategies that will enable them to weather the storm as well as maintain a competitive edge so they can capitalize on the eventual recovery, when it occurs. Some experts point to outsourcing as one such strategy. Many survey respondents clearly understand that improving document management processes, whether through outsourcing or internal management, can help their organizations meet these challenges.

Leveraging Document Management Processes

Illustrating this viewpoint from the outsourcing perspective, a majority of surveyed executives indicate that the top three document activities their company is outsourcing include mail/shipping, print/copy center, and document imaging operations.

The executives specified that the critical benefits their companies are gaining from outsourcing these processes are lowering costs and improving operational performance. A number of companies plan to outsource additional document processes in the next 12 to 24 months not only to continue to cut costs and increase efficiency, but also to achieve a greater focus on their core business activities.

In another survey finding, consistent with Océ Business Services' 2008 document management survey, executives report that document imaging has a strong effect across a broad range of business goals and plans.

This year respondents say that document imaging has the greatest impact on lowering cost and improving operational performance. Executives specify that their organizations have implemented document imaging processes in five functional areas that include general administrative (such as accounting), mailroom, compliance/regulatory, records management, and core business processes (such as claims processing). Both our 2008 and 2009 surveys suggest that a growing number of organizations are becoming aware of, and leveraging, the benefits of document imaging.

A Prime Opportunity

Also consistent with our 2008 survey, this year executives indicate that their organizations continue to recognize a prime opportunity in the form of document performance management. A slight majority of survey respondents report that their organization is measuring document process performance. However, survey findings also indicate that many companies are missing a chance to gain solid business benefits. A significant number of executives say that their company is not measuring performance or they don't know if their company has a measurement process in place.

Probing more deeply on document performance management than in our 2008 survey, this time we asked executives to specify which document management activities their organization is measuring. Their response indicates that organizations are focused almost equally on measuring document process performance within mail/shipping, print/copy, and document imaging. To a lesser extent, companies are also measuring fleet management processes.

While it's good news that companies are measuring document processes and aligning their document performance metrics with their business objectives, our survey disclosed that many companies are "missing out" on optimal document performance measurement. These companies are using limited approaches, such as Excel spreadsheets, instead of new, dynamic systems, such as Web-based dashboards, that provide customizable monitoring of metrics based on a company's key performance indicators and benchmarking of performance against company and industry targets. Thus, a substantial opportunity exists for companies to implement or upgrade to new systems that can enable them to improve document processes and gain solid financial and operational improvements.

Advancing Document Performance Management

Océ Business Services has advanced the concept of document performance management as an integral element of our Document Lifecycle Services approach. The life cycle of a document begins at its creation, evolves through distribution, storage, and access, and ends with archiving or precisely timed disposal. Our Océ MAX™ document performance management system incorporates Six Sigma methods and innovative technology to help maximize the life cycle management approach, reduce document management costs, and improve operational efficiency.

Organizations are realizing the potential benefits of document performance management. The Océ manager for one client — a major telecommunications company — installed Océ MAX to monitor mail center performance. After noticing an increasing amount of overnight mail across nationwide locations, the manager engaged the Océ Best Practices team for a Six Sigma project, including an analysis and recommendations. The project resulted in a new process that saved the client $500,000 in the first year.

In a competitive environment where virtually everyone is scrutinizing strategies that can potentially yield even moderate business gains, organizations can make surprising advances in meeting strategic business goals by driving improvement in their document processes. These processes include the five specified in this survey as well as document performance management.

If your company is like many others, it spends an estimated 1% to 3% of its revenue on activities related to printing, copying, scanning, and faxing. Because these document processes are a central element of your organization's success, not managing them correctly can be costly, especially in this economy. From a positive perspective, managing documents across their life cycle using innovative approaches and technologies can position your company to not only meet — but exceed — the challenges ahead.

Océ Business Services is a leading international provider of document process outsourcing services and technology to businesses and the public sector. We improve and manage non-core yet critical document processes to enable organizations to reduce costs, increase efficiency, mitigate risk and improve operational performance. Our solutions span the document lifecycle from creation through disposal, including business records, eDiscovery, imaging, print and mail management. Proprietary service delivery methodologies apply Six Sigma® to improve results.

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TO A HIGHER LEVEL**

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