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It's that time of year again. You're coming out of the annual 'busy season' and have yet another opportunity to take a renewed look at your practice model and assess whether or not this 'paperless thing' is fact or fiction. As you head out to CPE conferences, seminars and other practitioner networking events, you're likely to hear even more stories than last year about firms that have made significant strides toward a paperless model. Not all will be success stories. This article is intended to revisit the value proposition of deploying an electronic document management (DM) system and provide you with ideas and suggestions to help you achieve success in the elusive race toward the paperless practice model.

What is Document Management?

First of all, it is important to understand that a document management system is only one piece of the paperless practice model, albeit a foundational piece. In its simplest form, DM is an electronic replacement of your paper file room, file cabinets and yes, the stacks of file folders that are an integral part of your office decor during busy season. There is a distinction between electronic DM and electronic workpaper (WP) systems. The difference may not be readily apparent initially, but if you talk with practitioners who have implemented either or both types of systems, they can help explain the distinction for you. The essential difference is that DM systems are designed to manage the storage and retrieval of electronic documents that are 'static' in nature. This means they are documents that are primarily used for reference and review, not subject to a lot of editing, i.e., prior year workpapers, client supporting documents, correspondence, etc. Electronic WP systems, on the other hand, are primarily designed for the purpose of managing a set of 'dynamic' electronic documents and files that are going to be edited, annotated and ultimately integrated to support a trial balance and perhaps even linked to the financial statements. These WP systems are typically used on audits, reviews, compilations, business tax returns

and virtually any engagement that has a trial balance at its core. The purpose here is

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software if somebody steals your computer system, but if you don't have a backup copy of your data files, which will now include all of your electronic documents, how are you going to recreate the information? In a truly paperless model, there is no paper copy to which you can revert.

The main point is this: Don't take the DM initiative lightly. The rewards of doing it effectively are very high; the risks of doing it haphazardly can be even higher.

What's the Benefit?

In order to deploy a DM system successfully, you have to understand and truly believe in the value proposition. If you're not there yet, then your first responsibility is to research the benefits to the point that you are convinced that it is well worth the investment of time and money. Until you get to that point, spare yourself the frustration and anxiety and postpone the initiative. Let's explore the benefits further. The pyramid to the right illustrates the traditional practice model (you can click it to make it larger). It shows that the bulk of time spent is in data gathering and report preparation, both of which are important, both of which are labor intensive and both of which are being automated with technology. In some cases, the work is even being outsourced to offshore service providers. The tradition is changing. The irony is that your client places little or no value on the effort you make to gather the data and prepare the report. All he or she wants is the finished product, and they certainly don't want to pay for your inefficiencies, like having a highly paid professional sort through and organize paper documents, make photocopies, send faxes, etc.

The rapidly emerging opportunity is to leverage technology to automate these tasks as much as possible in order to maximize productivity and redeploy that effort toward the more valuable analysis and planning activities, such as tax planning, financial planning, business planning, financial statement analysis, internal controls analysis, etc. DM can play a significant role in reducing your data gathering

and report preparation tasks, simply by leveraging the skills of all levels of your staff

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means 'stay at home moms' can prepare tax returns from home on a part-time basis, or a partner on the road can review returns remotely. Perhaps you don't want to spend your tax season evenings at the office. Why not do some of the work from home? The point is that you create a flexible work environment that can pay dividends for everyone.

Perhaps the most important benefit is improved client service. With a fully implemented DM system, you can give clients secure access to their pertinent documents via the web, or e-mail copies to third parties instantly with a 'cc' to the client. You can even provide the client with a professionally organized and bookmarked *.PDF copy of the proverbial 'shoe box' of paper documents that they bring to you. Hopefully, these benefits will encourage you to make DM this year's top priority. Many other practitioners are well down this path and achieving the benefits described, providing them with a strategic competitive advantage.

What to Look For

Are you convinced DM should be a priority? The next question is, 'What do I look for in a solution?'

Some of the key features and attributes that you should focus on as you evaluate alternative solutions are described below. It is important to remember that the impact of each of them grows exponentially year after year, as the number of electronic documents stored in your systems grows endlessly.

User Interface

Don't settle for anything less than a simple, easy-to-use, easy-to-understand system. If it's not intuitive after a 15-minute orientation, move on to the next system.

Remember, everyone in your organization will be using the system on a continuous

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etc., while the index for internal HR documents may be employee #, name, year, document type). If all of your documents have to follow the same indexing structure, the system will be cumbersome.

Batch Scanning

This is a key feature that will allow you to structure your processes to establish scanning as a task performed exclusively by administrative staff. This means you will need the ability to separate the indexing function from the scanning function. One of my pet peeves in working with firms is to see professional staff performing administrative tasks. Scanning is a prime example. It's easier to start a good habit than it is to break a bad habit. Focus on keeping the scanning function a purely administrative task.

Document Tracking

The ability to review a history of all of the activity with a document is a feature that will increase the security over your electronic documents. Some systems provide advanced functionality to automate the document routing process via electronic control sheets, folders and binders.

Document Security

A multitude of security features is available, and there is a balance between a security model that is too broad in scope and one that is too narrow. A single level of security that gets you access to all documents is too wide open. On the other hand, if you have to control security at the individual document level, you'll give back a lot of the productivity gains the DM system provides.

Public Accounting Centric

This refers to the overall ability of the system to integrate with typical practice

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DM Print Driver

Look for the capability to use a print driver to generate *.PDF files that can be indexed and stored directly into the DM system. This will provide a quasi-direct integration with all of your Windows-based applications. This is similar to the Adobe Acrobat and eFax print driver features with which you may already be familiar.

E-mail Integration

Inbound and outbound e-mail integration with the DM system will give you greater control over important messages, as well as streamline your ability to send documents via e-mail, on demand, to clients and third parties.

Open Architecture

An important feature to investigate is whether or not the system uses a proprietary file storage system. This can be easily tested by the ability to transfer a *.PDF copy of the file out of the system and retrieve it in Adobe outside of the DM system. If you can't do this easily, beware that you are getting into a system that may be very difficult to abandon in the future.

Document check in/check out

This functionality will allow you to copy documents to a laptop computer for access away from the office. Ideally, the DM system will allow the remote user to edit the documents and leave an original copy on the central system that can be viewed by others while it is checked out.

Adobe Acrobat Integration

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the DM software, networking and storage infrastructure, network administration, disaster recovery and data security protection. This is accomplished by maintaining the system and data files in a remote data center and providing secure access via an Internet connection. The benefits of hosting are significant and include world-class network infrastructure and security; inherent anytime, anywhere web access; increased vendor accountability for hardware and software integration and performance; scalability; rapid deployment; and minimal upfront investment costs. The ASP model can be especially attractive, particularly for the small practice that typically has a limited pool of technology resources with which to work.

Client Portal Option

The ultimate extension of your DM system is through integration to a secure web portal that will allow you to post client documents for self-service access by your clients. Offering clients the option to have a secure repository for their tax and financial documents as well as important personal documents such as wills, insurance policies, contracts, etc., will not only enhance your value to them, but also minimize costly and inefficient processing of client requests for documents. An effectively designed and marketed client portal can also become a high-margin service offering.

Implementation Tips & Techniques

Once you've found your solution, the 'heavy lifting' of implementation begins. While it is important to find the DM system that offers the best combination of features and functions to meet the needs of your practice, the bottom line is that success or failure is more likely to be determined by your implementation process. The following are some recommendations for you to ponder as you plan your implementation:

Establish Goals & Objectives/Success Metrics

The first step in a successful DM deployment is defining what you hope to achieve

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Start Slow

It's easy for your eyes to become bigger than your stomach as it relates to implementing your DM system. The wise go slowly in the initial implementation phase in order to minimize disruptions to the practice while they become more familiar with all of the idiosyncrasies associated with DM. Pick an isolated area of your practice to complete your pilot implementation. 1040 tax preparation is a great place to start because it is a relatively routine process with an abundance of document types. Piloting the system with live engagements during busy season creates unnecessary stress and anxiety. Start in the summer time by going back and recreating a dozen prior-year engagements in the system. You'll know you have achieved success when you have the confidence to shred the paper documents from your pilot files.

Define Your Workflow

This is where it really gets fun. Nothing brings out the inefficiencies in your practice more than an objective review of your workflows. Walk through your key processes, identify what documents are involved and determine how they will be handled in an electronic flow. If you find that client-supporting tax documents are handled four different ways by four different partners, use the DM project as a catalyst to getting everyone to follow the same workflow. This may do more to impact your productivity gains than the DM system itself. With all of your workflows, you will have a fundamental decision to make regarding the integration of the DM system: Do you want your documents stored in the system at the beginning, mid point or end of the workflow? The impact of the decision will be significant.

If you scan and store your documents into the DM system on the front end, that means your entire workflow will be not only paper-less, but also pencil-less. You will have to record all of your notes, annotations, entries, etc., in electronic format. This

should be the ultimate goal in all of your workflows, but it can be very painful to

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way you leverage each staff member's unique skills and abilities. All too often, firms have too many people performing the same tasks. The deployment of a DM system provides a great opportunity for specialization in the area of document handling. Consider establishing the position of 'Document Specialist.' This person's primary responsibility is the conversion of all incoming paper documents to scanned electronic documents that are indexed and filed in the DM system. The benefits include consistent organization of all electronic documents and elimination of professional staff handling and organizing paper documents. This can be a good role for interns and entry-level staff by providing them an opportunity to become familiar with all of the various types of documents that flow through the firm.

Centralized Scanning

Whether or not you create the Document Specialist position, you should strive towards a centralized scanning function. This allows you to concentrate your investment in scanning equipment to one or two high-speed, high-quality scanners operated by a limited number of administrative staff. Decentralized scanning is inherently inefficient for all but the very smallest of firms. Centralized scanning provides you with greater ability to implement the quality control procedures necessary for this mission-critical task. Once the original documents are destroyed, the scanned copy is your only source.

IT Requirements

The specific IT infrastructure requirements will depend on the solution you select, particularly if you opt for a hosted solution. Here are some recommendations for your desktops and laptops. Dual screens will provide an immediate payoff in productivity increases. Your staff will quickly become accustomed to viewing *.PDF copies of documents on one screen while working in the software application on the other. Dual screens will expedite the culture transformation to operating in a

paperless workflow. RAM memory should be 1GB or more. You'll quickly discover

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I hope this article helps you get more comfortable with the concept of moving your firm toward a paperless model with a DM system. This is one of those initiatives that is inevitable for your practice, just like the fax machine, tax preparation software, client write-up software, e-mail, voicemail, etc. Please seriously consider whether or not this is the right time to implement DM in your firm. If so, get started now so you can work through all of the issues before next busy season.

The implementation process can be a challenge, but once your system is in place, you'll wonder how you lived without it, and the myth will become reality for your practice.

Technology

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