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From the August 2007 Issue

I enjoy doing paperless implementations. Although that has to sound odd to some of you who have either struggled with paperless in the past or are in the middle of conversion today, the end result of converting your world into a digital world, and making your culture a paperless one, is very rewarding. The sad news is that we see very few paperless implementations that are done correctly. As with all technologies, there is no one “right” way to do paperless. Rather, there are dozens of right ways to implement the technology and hundreds of wrong ways. Plus, over 300 content management systems are available from which to choose, with approximately 15 products working best for tax and accounting firms.

To do paperless right, certain key features that have a higher return to the business should be considered. Most products offer literally hundreds of features, but I believe the following save the most time and money: 1) OCR, 2) Portal integration, 3) Workflow, 4) E-mail integration, 5) Versioning, and 6) Practice/CRM integration. Does your paperless system have all of these features, and have you implemented all of them?

Soft Copy, Hard Copy & ECM

First, let me suggest a different terminology to speak about paperless. The documents we produce or receive can come in original digital form or “soft copy” or they can come to us in a physical paper form or “hard copy.”

Whether the content is hard or soft copy, the idea is to make all content managed electronically. Our business goal is to manage all content for the enterprise regardless of size. Hence, Enterprise Content Management or ECM is the broadest way to speak about managing digital content today.

ECM means we can manage the content regardless of source: productivity software,

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23,000 characters per page. If the hard copy is processed for text recognition and compressed, the average page is 65,000 characters.

Problems with Hard Copy Conversion

When hard copy is being converted, I see several common problems. Among these are the following: 1) using non-production scanners that are slower and don't handle mixed paper as well, 2) using multi-function devices (MFD) such as copiers or printers to make the scans, and 3) not using pre-production software, such as Kofax VRS, which cleans up and compresses the image. The issues with non-production

scanners and MFDs are that the scan settings are almost always set incorrectly resulting in too coarse or too comprehensive of a scan. Scanning at 200 dots per inch (DPI) or in full color at 1200 DPI will produce an image, but it will not be an optimal image. You should consider how you intend to use the images after they are scanned. If you intend to convert the hard copy image to be searchable text with technology known as optical character recognition (OCR), then a pretty good rule of thumb is that original copy must be 600 DPI to resolve 8 point fonts. The common error here is with scanning images that wind up being huge (1,000,000 characters per page instead of 23,000 or 65,000). These unnecessarily large images are then stored in ECM or paperless audit systems, making the resulting files big and slow.

E-mail Filing & Records Retention Policies

Many firms use e-mail as a massive filing cabinet. Retaining an unlimited amount of e-mail increases liability for the sake of convenience. While e-mail has always been discoverable in litigation, with the December 2006 discovery rule changes, e-mail in any form can be subpoenaed and must be presented in the form requested. E-mail can be stored in many different formats such as an *.MSG file, in the original mail server, as a local *.PST file on your system, an *.OST file at your home or as a temporary file at any ISP who delivered your message.

All of these formats are discoverable. We suggest that you modify your records

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- E-mail integration
- Versioning
- Practice/CRM integration

Built-in Content Management

Only about one-third of the paperless systems shipping today have content management

built-in. Generally, ECM is a feature of the high-end systems, but this feature is moving to lower-end systems. For tax and accounting firms, for example, Acct1st, CCH's ProSystem fx Document, GoFileRoom, Conarc iChannel, and Interwoven WorkSite have content management. For industry, all of the ERP ECM products have content management including EMC Documentum, IBM Filenet, Hummingbird

and OnBase. Smaller scale products such as Altec doc-link, Laserfiche and Fortis have ECM features, as well. Entry-level paperless systems rarely have ECM.

Electronic Workflow

Workflow is another key feature of a good ECM system. Workflow allows work to be electronically transferred from one person to the next. In our traditional systems, we had control sheets, cover sheets or other forms that controlled the workflow. We often did work based on the physical stack of paper that let us know there was work to be done. The final end product was in hard copy, and we probably had multiple intermediate hard copy versions as well. Electronic workflow can be built into the product, added as a feature or purchased separately. Examples of workflow products for tax and accounting firms include XCM Solutions, TaxFlow and SurePrep. Most industry ECM products include workflow, where most tax and accounting firm products do not.

The Key to ECM Implementation

The key to proper ECM implementation is understanding, documenting and

instructing

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