Just two preciously short years ago, no software existed to help accountants organize the (ever-growing) stacks of client tax compliance source documents. And the thought of auto-magically harvesting data from those documents and directly
pushing into tax preparation software was a glimmer in the minds of a few thought leaders. In 2004, a group of forward-thinking Florida CPAs asked a custom software developer to help them solve a workflow problem, and a few months later BOCDIP was released and a whole new genre of software was born.

The process, which looks deceivingly simple, scans a 1040 client's tax documents ("stuff" is the operative term of art) and sorts the pages
into a logically organized, bookmarked PDF file. Then, using dual monitors displaying
this organized PDF as "workpapers" on one screen and tax compliance software on the other, a professional tax person can prepare a return paperlessly. The idea was much better than the early implementation, but, despite early warts, BOCDIP (Bag of Crap Document Imaging Process) resonated positively throughout the profession, and many firms were very interested. BOCDIP was soon acquired by CCH and renamed as ProSystem fx Scan ... and the genre quickly gained credibility. Suite style competitor Thomson paid attention and quickly rolled out a similar product called TaxFlow in its GoFileRoom document management system.
These products utilize a combination of OCR (Optical Character Recognition), ICR (Intelligent Character Recognition), and biometric pattern recognition (think fingerprint or face matching software) to figure out what each particular document is and then arranges and bookmarks it appropriately in a PDF file.

In prior years, many well-run firms had an administrative assistant who had

is to determine how MANY forms they can recognize and how ACCURATE is that recognition.

The currently available products vary wildly in their abilities, just like those long-time admins or interns!

About the same time, industry visionary Dave Wyle's SurePrep released 1040SCAN, which very quickly moved the game up a notch ... or two! Suddenly, it wasn't enough to simply "scan & organize," as "scan & populate" had arrived. The 1040SCAN product not only scans and organizes, but it actually "reads" the numbers off the forms it's identified and transfers the data it reads directly into tax compliance software. Many practitioners are chuckling now because we've all had long-time admins and/or interns doing the same thing. That WAS once considered a best-practice. Not anymore. Now there is definitely a new sheriff in town.

Last tax season (2006 returns), CCH's ProSystem fx Scan and Thomson's GoFileRoom both had "scan & organize" modules while 1040SCAN and Lacerte's Source Doc Auto-Entry both included "scan & populate" features. For the upcoming tax season (2007 returns), Lacerte has pulled its "scan & populate" product, saying it "didn't meet our quality standards" (an opinion shared by many who used it during its debut year), and the others will be joined by new products from CCH Small Firm Services ("Scan & Fill" for TaxWise and ATX), a CCH ProSystem fx limited release "scan and populate" product and a Thomson "scan & populate" limited release module for its FileCabinet CS product.

And just to round out the bidding, a brand new entrant has entered the fray: A Boston-based company named Copanion has announced a "scan & organize" service that will be essentially free for the upcoming tax season and will expand

to "scan & populate" for the following season. Copanion's

of returns. For firms, it means no hardware investment (beyond a good scanner, which most firms already own) and a very easy test model. In terms of simple and easy, these products really get it. You scan a pile of documents, upload the file via a highly secure portal, and a few hours later receive back an accurately organized, book-marked PDF file. As indicated above, these products vary wildly:

- **Capabilities** — from simple organization to very sophisticated sorting to actual data input, workflow, and intelligent workpaper design and management.
- **Number of forms recognized** — from as few as a dozen to several thousand.
- **Accuracy** — from approximately 60 percent to well over 90 percent.
- **Delivery** — from completely in-house to completely web-based.
- **Business model** — per return on demand, per return by subscription, tiered by volume pricing, tiered by page count pricing, and all-you-can-eat.
- **Pricing** — from free (hmmmmmm ... the business model is obviously designed to get you try the system) to >$40 per return.
- **History and maturity** — from beta/pilot/limited release to full first-year release to entering the third tax season.

As mentioned earlier, many of these products are web-based so there's no investment in software or hardware. Because they're a file transformation service, there's no training curve. And because they are (can be) tax-platform agnostic, there's no compliance program barrier. In other words ... it's a no-brainer.

Based on my initial reviews of these products, you will like them if you try

a program." So here goes:

- CCH ProSystem *fx* Scan
- SurePrep's 1040SCAN
- GoFileRoom
- Thomson's FileCabinet CS module
- CCH Small Firm Services "Scan & Fill"
- Copanion's GruntWorx
- Intuit's Source Doc Auto-Entry (not available this year)

Watch for our star-rated reviews of "tax automation" (scan & organize/scan & populate) products in our September 2008 issue.