



Reducing
the cost
of remote
business
processes.

Distributed Data Capture

Technology to the Rescue

White Paper
April 2008

KOFAX 

In today's global economy, information exchange is vital. Competitive advantage goes to the companies that can share information and collaborate quickly and accurately in the most cost-effective manner. Combine this with government requirements around data accuracy, security, and auditing, and your company's very survival is at stake. Accurate, timely, and efficient data capture has quickly moved into virtually every corporation's list of top business concerns.

Important data can reside within documents that are created anywhere within an organization. Since 80% of all business data is unstructured, the challenge to integrate it is magnified. How do you effectively share this data, regardless of its form (paper or electronic), and satisfy everyone's needs? The classic solution is to assign more people to manually handle data capture needs. You can hire resources to scan and convert customer orders, vendor invoices, and government tax documents, to name a few. However, this solution doesn't scale well, increases your costs, and lessens your ability to compete globally.

Besides being wasteful (most documents are reprinted or copied up to 19 times), manual data processing is slow and error-prone. Let's examine some of the labor and material costs associated with data capture and processing within a typical organization:

- Single document filing cost: \$20
- Searching for a misfiled or wrongly categorized document: \$120
- Reproducing a lost document: \$220
- Invoice processing (critical to revenue generation): up to \$80

These activities and their associated costs increase the cost of each sale and cut directly into your company's margins. Lowering or eliminating these costs should be a priority, as the associated money can be retargeted to new revenue generating activities. In fact, manual document capture and data processing result in further unbounded costs to your company. Let's take a look at this problem in more detail.

Manual Data Capture Problems

Today, corporations increasingly outsource portions of their key business processes. Trends show that organizations are outsourcing more and are using more sources for these services worldwide. Relying on manual labor to capture data and integrate it within your distributed business processes is costly. For instance, important workflow decisions must be made at each remote location. This results in duplicated effort globally and can also lead to errors, inaccuracies, and lost data, all of which costs your corporation money.

Inability to Scale

On average, the volume of information produced by the typical corporation is growing by 50% annually. Today, a knowledge worker generates about 800 megabytes of data content each year and this figure will only grow larger. At the same time, government regulations require you to ensure that this information is secure, accurate, and auditable. This includes paper-based information, email messages, instant messages, and other electronic data that you transmit and receive each day.

You need the ability to process, integrate, save, and retrieve all of this data instantaneously (structured, unstructured, paper, and electronic) regardless of where it resides. Relying on manual labor to perform this work globally represents a continually growing expense.

Mail or Courier

The relatively simple process of sending important documents by mail is slow and risky. Documents leave the relative security of your offices, and are out of your control for a length of time. They may even be lost. Overnight and express delivery offer more traceability and an increased level of service, but cost significantly more and pose the same security risks. Further, delaying business processes by even a day is unacceptable in many business transactions. Gathering all the required information from various locations at the moment you require it can be key to beating the competition.

The costs, security risks, and time delays associated with mailing bulky documents (sometimes numbering hundreds of pages) costs money and future business as it negatively impacts your company's ability to compete. Shipping data via CD or DVD, while eliminating some cost, poses the same risks and adds additional manual steps to the process.

FAX and Multi-function Peripherals

Many corporations still rely upon fax machines or multi-function peripherals (MFP) for data transmission. While data transmission is much quicker than physically shipping documents, many problems remain. For instance, this requires a person to manually feed pages into a fax machine or watch over an MFP as it transmits the pages of a large document. Security is still a concern as you can never be sure who will intercept the data either on the receiving end (the wrong person picks up the document off the MFP) or along the way (via a data tap).

Other problems include the inability to trace or audit the documents and related processes, telecommunication costs, the tedious manual labor that is required to complete the task, and, in the case of fax, the poor quality of the received documents. Because of this, the transmission of documents via fax is difficult to include as part of a secure, automated process.

FTP and Other File-based Protocols

File transfer protocol (FTP) and network-share based file-swapping protocols may be a tempting solution to your information sharing needs. Although transmission speeds are near instantaneous, security and other issues remain. For instance, FTP requires authentication outside the user's current computer session. The need for a secondary password often results in the password being shared, copied onto paper, or eliminated altogether. Regardless of password strength, FTP data transmission is not encrypted and is easily intercepted.

FTP and other file-sharing methods also suffer from a lack of delivery confirmation. There is no reliable, built-in method to ensure that the data was received, and that errors did not compromise the data along the way. Because of these two risks, it can be difficult to convince many vendors, customers, and government agencies to do business with you this way.

Demand for Low-skilled, Manual Labor

All of the issues in the tasks outlined above are worsened as they require large amounts of manual labor to complete. As your business demands grow, your need for more people and office space will grow also. Not only does this result in increased costs, it also impedes your corporation's ability to grow. Additionally, the cost involved with continually hiring and training staff for these high-turnover positions results in lost productivity.

Over time, your corporation is at risk to maintain these staff levels as your workload goes through cycles of lower volume. Then, when workloads increase suddenly, your ability to take on new work will be directly related to your ability to hire and train more people. As you spend time scaling up with more employees, space, and equipment, you may need to turn down projects that should be started immediately.

Further, errors from a labor-intensive process that involves multitudes of staff distributed across remote locations can result in a loss of goodwill with your customers, which may result in decreased demand for future work.

Lack of Security and Ability to Audit

As mentioned earlier, the manual process of shipping, faxing, or sharing documents through other means has security risks that can impact your business. Important data can be compromised or lost altogether. For some business transactions, the results can be disastrous and can make or break your company's future.

Even when things go as planned, manual processes cannot be easily audited. Without this, you and your customers may be unable to meet certain regulatory requirements, significantly eliminating your ability to accept new work from many customers. To compete globally with a distributed workforce, you need a transparent process that can be audited from start to end.

Accuracy Concerns

As with any manual process, there's potential for errors to be introduced at every stage. Documents can be faxed to the wrong number, pages can be omitted, documents can be routed to the wrong people, and information can be classified incorrectly. All of this results in unmitigated risk and represents the potential for lost repeat business and money. Further, lost productivity due to efforts to correct past mistakes inhibit your ability to service new projects and customers in a timely fashion.

Your business requires a transactional process where mistakes are traceable, easily found, and easily corrected. The more you can ensure an accurate process and the sooner you can stop inaccuracies from making their way through the rest of your processes, the more successful your corporation will be.

Lack of Integration

Manual data capture and exchange results in even more work to integrate with existing enterprise systems, such as those for enterprise management and customer relationship management (CRM). In fact, many outside organizations require you to communicate with their back-end systems via XML or other application protocols. With manual data capture, you will need to hire specialized knowledge workers to perform the data transformations by hand. This costly, error-prone, and inefficient process can sink your business.

Technology to the Rescue

All the problems described above can be solved with the right technology and an automated data capture solution. To succeed in today's competitive environment, your business needs a technical solution that solves all of your distributed data capture needs. Scanning and otherwise capturing documents and information at the point of origin and feeding them into an automated workflow not only results in significant cost savings but also enables your business to take on more work.

Let's explore all of the benefits data-capture technology has to offer your business.

Increased Productivity and Scale

When technology allows data capture to become part of an automated workflow, the productivity of your organization, and everyone in it, increases dramatically. For instance, the ability to capture data remotely, without manual intervention, whether in paper or electronic form, saves labor. As information becomes easier to capture and integrate within your workflow, its use within your organization will grow. Contrast this to a manual process where information flow can be impeded.

Further, an automated solution can also help to categorize captured data as it enters your workflow. The result is a faster, more accurate method of data categorization and distribution within your corporation. As a result, there's far less chance of errors compared to a manual process. Automation also allows document-borne errors to be caught earlier in the process. What's more, the workers that were once tasked with the tedious work of categorizing data by hand can now be redeployed within your organization.

Increased Agility

Reduced manual labor, the elimination of errors and inaccuracies, and better exception management equate to a more responsive business process. As data is more quickly integrated into your key business processes, it's available to help you:

- Make faster, more informed decisions;
- Answer customer questions almost immediately;
- Give a better picture of your company's financials;
- More reliably honor customers' service-level agreements (SLA).

Technology can help your company more quickly and efficiently respond to increased work demands and customer requests and more effectively compete for new work. In summary, having an automated data capture and exchange process results in a more agile corporation with happier customers and improved margins.

Faster Data Access

Automated capture technology can transmit scanned documents and images anywhere in the world in electronic form, in real time. By capturing and immediately integrating the data with enterprise management and CRM systems, you maximize the benefits from these systems, as well as your company's investments in them. Your cost savings due to less manual labor is compounded by the gains in productivity, data integration, and data dissemination that a data capture solution enables.

Other benefits include increased document accessibility, the use of content management systems for document versioning and a common storage form for all business data. For instance, most collaboration today (both internal and with customers) is done via email. The rest is a combination of meetings, phone calls, physical documents, and instant messages. Capturing these forms of data into one content management system provides you with a single, consistent view even as changes occur.

Financial Return for your Business

When business data arrives in real time from every corner of the globe in a common electronic form, you can see an accurate view of your corporation's financial state almost immediately. As conditions change, you have a real-time view of their effects on your bottom line and any discrepancies that may exist. The result is more accurate reporting of your corporation's financials (critical with today's government requirements), as well as your ability to honor your customers' SLAs.

For instance, as business grows, so do the obligations to your customers. With a more accurate picture of your customers' requirements presented in real time, you'll know sooner that you need to reassign staff to meet the demand. With this ability, you can avoid the costly penalties usually associated with missing a customer's SLA.

Lower Costs

An automated data capture solution results in the reduced need for manual labor and lower document shipping costs, hidden costs associated with errors, and lost data. An integrated solution can also reduce the need for dedicated scanners and MFPs, as these systems can be made accessible remotely.

Reducing the need for manual labor also reduces or eliminates costs associated with staff hiring, training, and office space. The reduced workload on your existing staff, to help recruit and train new workers, results in increased productivity. As an automated capture process is integrated into your workflow, existing staff can be redeployed from costly manual tasks, to other cost-saving or revenue-generating jobs.

Increased Security

When automated technology eliminates the need for humans to interact with confidential data, security naturally increases. Data that is captured can be immediately categorized, encrypted, and routed to the correct party. Rules can be implemented to limit access to business data to only key personnel and computer systems. This puts control over who has access to sensitive data in your hands, giving your customers peace of mind and increased trust. Security risks and privacy issues are diminished as documents are routed only to those who have the authority and expertise to view and process them. The result is a secure solution, end-to-end.

Improved Audit Trail

In addition to increased security, automated data capture and exchange technology enables your entire business process to be audited. Having greater transparency into every stage of your process, throughout all remote locations, allows you to adhere to government regulations that are required in many cases and different countries. An automated process allows you to monitor and report your business activity as soon as data is captured and provides you with the ability to respond to customer requests on demand.

Issues with Automated Capture

This section has focused on a perfect-world solution to the problems of distributed capture. Although today's technology does offer similar solutions, they can sometimes bring their own problems. For instance, some solutions are complicated to learn and may require expensive user training. Other problems include:

- Lack of integration: the solution may not integrate with existing enterprise systems or be based on point technologies that are not well integrated;
- Lack of flexibility: does not adapt to changing business needs;
- Lack of scalability: does not grow with your business demand;
- Expensive: requires a great deal of investment in hardware, software, and other costs;
- Overhead: once purchased, it requires large IT resources to install, configure, and maintain – a high total cost of ownership.

To gain the total benefit of an automated, distributed capture system, you need an integrated solution that offers a fast return on investment (ROI), the ability to scale to your growing business needs, and the ability to integrate with your processes and existing enterprise systems.

The Kofax Capture Solution

Kofax offers a suite of products that address all these issues and can be used to meet the capture needs of your organization, regardless of size and global scale.

With Kofax Capture, you can achieve the following:

- Implement an automated process to capture content from any device, from any place, in paper and electronic forms;
- Reduce errors by eliminating manual, error-prone processes;
- Increase efficiency by implementing automated, information-driven decisions and business processes.
- Automatically categorize captured documents and integrate directly with your processes;
- Implement transaction-based capture, distribution, routing, classification, and validation;
- Extract the appropriate information from varied content sources and deliver it to your organization's existing ERP and CRM systems;
- Automatically notify the proper departments, partners, vendors, and customers, when critical information is received;
- Automate the straight through processing of data and business decisions based on new information as it is captured;
- Increase customer satisfaction by providing accurate information on demand;
- Meet customer and government requirements for process auditing and document traceability.

Documents and associated meta-data can be captured at any location and sent to an ECM system, database, or line-of-business application you already have in place. The automation Kofax Capture provides eliminates the costs and errors associated with manual labor, as discussed earlier in this document.

For example, documents can be captured in paper or electronic form as they arrive, transformed automatically according to your rules, integrated with data that arrives later via email or fax, and then made available to users through CRM applications, common databases or repositories, or even outbound fax and email messages.

Standards-based

Kofax Capture uses technology standards such as HTTP/HTTPS, XML, and service-oriented architecture (SOA) protocols. This allows your corporation to integrate it more easily with your existing systems, as well as those used by your customers and vendors. Additionally, your processes will be kept secure via standard encryption and security tools and will be easier to manage globally.

The Kofax product suite contains a number of SOA-compliant web service interfaces providing a standards-based, IT-friendly development and deployment framework that's scalable and secure. These web services can be consumed by your enterprise applications with standard protocols and development tools. This allows you to integrate Kofax Capture into your business processes with standard application servers, such as those based on Java or .Net, without requiring a proprietary solution.

Performance, Productivity, and Scalability

Although standards are important, the real strength of Kofax Capture is its ability to increase the productivity of your entire organization throughout your business processes. Automated data capture, categorization, and exchange free up knowledge workers to focus on other important tasks. With fewer mistakes introduced from manual processing, data will move throughout your organization more quickly.

Kofax Capture servers can be load balanced to distribute workloads. In fact, the system is designed to handle unexpected traffic peaks while remaining cost effective during times of lower demand. Through data-routing optimization, only the minimum amount of data required for processing is transmitted at each stage. For instance, if an error is detected at any stage of the data capture and integration process, only document reference data is used to identify the problem. The corrected data that is returned includes only the subset required to fix the error.

The automated capture process allows you to control the timing of data transmissions across your organization. This allows you to distribute workload and data traffic to remote offices, scheduled according to time zones and work shifts. Flexible scheduling options allow you to synchronize the software to your data processing schedule. Having complete control over the system enables you build a more scalable solution that works to a schedule more suited to you and your customers.

Reliability

Kofax Capture uses a combination of built-in redundancy, failover, and error-correction to provide an automated data capture system that is always available. Even when portions of your network fail, remote locations can continue to capture and process business data. For workflows that require processing from systems at the failed location, Kofax Capture will safely save and retransmit the applicable transactions when the network becomes available.

Reliable failure processing is done automatically, without human intervention, and is available out of the box. No special configuration or planning is required from your knowledge workers or IT department.

Redundant servers can be deployed, to share the total load of data capture and to provide high-availability. For instance, if a server in one location fails, others will take over. Additionally, because Kofax Capture is built on industry standards, it uses the error correction and avoidance features built into protocols such as TCP/IP, HTTP, HTTPS, and SOAP.

Security and Auditing

With its elimination of manual labor, Kofax Capture offers a higher level of security as captured data is in your control. For instance, as data is captured and categorized, the resulting data is encrypted and routed to only those that have been authorized to access it. For documents that need to be stored for later access, Kofax implements document archiving according to your corporation's established records' management's permissions and practices.

When data needs to be transmitted between remote locations, standard 128-bit encryption technology is used along with HTTPS to ensure security. The use of standard, secure communication eliminates the need to open additional ports in your firewall for other, proprietary, solutions. The result is a secure solution, end-to-end, that gives you, and your customers, confidence and peace of mind.

As with security, the ability to audit all phases of your business process is important. Total process transparency is provided, allowing you to trace and access data at each stage. As data is transformed, transmitted, and integrated with external systems, alerts are sent automatically if discrepancies are found or important data is missing. The end result is a predictable process that your customers can rely on, with service-level agreements that you can accurately price and be sure to meet.

Management

An administrative dashboard allows you to manage and control your data capture and integration processes from a single point. This saves you time and money, as the need for on-site support is minimized or eliminated altogether. A broad range of processing can be managed and configured remotely, including:

- Scanner configuration
- OCR profiles, templates, and engines
- Selection of fields to be extracted
- Data transformation policies
- License distribution
- User rights and other security options
- Data processing and transmission schedules

Cost Savings

All the benefits of Kofax Capture, as described above, equate to cost savings and increased margins. As manual processes are eliminated, the need to constantly hire new staff is reduced or eliminated. Additionally, the increase in accuracy and speed of automated processing eliminates the need to manually intervene to correct errors by hand. The end result is a solution that saves you money through increased efficiency and accuracy and allows you to refocus your existing staff and resources to find new revenue opportunities.

Case Studies

Many customers already benefit from Kofax technology today. In this section, we'll review some of these design wins, and review each customer's cost savings and business benefits. As you'll see, these success stories span multiple industries and sectors, on a global scale.

First Interstate Bank

First Interstate Bank, a \$4 billion banking organization headquartered in Billings, MO., maintains a 58-branch network of banking centers. Every month, each branch receives and scans hundreds of thousands of multi-page account documents and forms, then sends them to First Interstate's corporate headquarters to be indexed and fed into a centralized database for processing. The time required to manually sort and index customer account documents is significantly reduced.

Other cost savings include the reduction in the number of paper documents that are sent between branch offices and internal departments and the manual sorting that it used to require. First Interstate has reassigned the staff to other, more productive, jobs within the organization.

"Kofax's Capture platform and VRS technology enables us to maintain complete control over our enterprise's document processing workflow and provide accurate indexing and classification of customer documents," said chief information officer, Kevin Guenthner. "We expect that the new system will pay for itself and offer a significant return on our investment.

State of Utah Office Recovery Services

Utah's Office of Recovery Services (ORS) manages over 90,000 child support case files, and receives 80,000 pieces of new mail each month that need to be distributed to case workers throughout the state. With workers and their documents distributed across the state, gaining quick and easy access to information was a challenge. To solve these problems, ORS implemented a solution based on Kofax Capture.

Today, documents are captured at their point of origin and the resulting data is fed into transactional business processes in real time. The result is that information is seldom lost and data is made available to all case workers as they need it, regardless of location. Because less time is spent searching for data, more time is dedicated to helping families.

Randolph Brooks Federal Credit Union

Randolph Brooks Federal Credit Union (RBFCU), one of the top-ten credit unions in the country, currently uses Kofax Capture to increase member service and streamline business processes.

“By using Kofax’s approach to integrating electronic and paper-based document capture into our mainstream business processes, we’ve created a bridge between the back office and the front while changing the way we handle documents from batch based to transactional,” said Ken Truitt, RBFCU’s system administrator. “It is a smoother, swifter process that reduces costs and allows us to serve our members more quickly and efficiently”

The solution helped pave the way for credit union members to be able to walk into a branch, initiate a video conference with a specialist, and provide their documentation that is scanned and integrated with the credit union’s server-side enterprise systems. The loan documentation is immediately available to any loan officer, no matter where he or she is located. Information (paper, voice, and email) is seamlessly captured, exchanged, and transformed. In addition, the solution has eliminated the need to create, install, and maintain specialized client-side software, translating to additional cost savings for RBFCU.

ADP Brokerage Service Group

As ADP’s business grew, customer volume and requirements grew beyond the capacity and capabilities of their home-grown solution. After carefully researching possible solutions to their problem, Kofax Capture quickly emerged as the winner.

ADP implemented a solution that integrates data from various brokerage houses, using bar codes to improve data indexing. Release scripts were quickly defined to integrate Kofax Capture with each customer’s back-end system. “This all unfolded in about 45 days,” explains Business Development Manager, Michael Thomas. “We implemented the solution with a release script that loaded directly into ADP’s workflow software.”

ADP found that Kofax made the question of future functionality a non-issue. With Kofax Capture, integrating with existing workflow software was quick and easy, and Kofax’s modular design conserved resources. Because of its increase in efficiency, security, and accuracy, ADP has been able to repeatedly win new customers. And each time a new one comes on board, integrating with their existing systems is almost seamless.

“We keep adding clients,” says ADP’s Nick Hunt. “Now they range in size from 25,000 pages per month to 250,000 pages per month. It all goes into one Kofax system, which feeds different workflow systems. After working with Kofax and Digital Storage Solutions for three years, we consider them Best of Breed. It’s great to be on a single platform!”

Learn More

To learn more contact Kofax at:

Phone: +1 (949) 727-1733

E-mail: info@kofax.com

Web: www.kofax.com

www.kofax.com

Copyright© 2008 Kofax, Inc. All rights reserved. Kofax is a registered trademark of Kofax, Inc. All other product names and logos are trade and service marks of their respective companies. All specifications subject to change without notice. (05.2008)

