

Freedom Though Independence: Going Paperless

By Karla Paxton

This is the fourth installment in our series of transitioning to an RIA. [Part 1](#) discussed selecting a custodian, [Part 2](#) discussed selecting in-house software for your operations, and [Part 3](#) discussed outsourcing your operations.

There has been talk about going paperless for years. Walk into most offices and it is quite obvious the talk outweighs the doing when it comes to document management or streamlining workflow. So, with the New Year upon us, let's reset that goal and make 2008 the year to go paperless!



There is capital to be laid out and upfront work to be done, but the efficiencies gained in the workflow process and the time saved in retrieving documents is great! Going paperless also serves as a useful tool in disaster recovery. If you have everything scanned and backed up off-site, you can easily access all your documents from any PC. With today's emphasis on 'going green,' the savings in the cost of paper is more than just monetary.

If your office currently has a good filing system and a dedicated staff person to oversee the filing, your transition will be smoother. Setting up a paperless office requires a lot of organization. Implementing a document scanning system will not make your office more organized. The organization of the filing system must come first. During the implementation process you will be forced to set up a system that is user friendly to the filer and the person who is trying to access the file. A committee can decide how paper is filed, but the person(s) who will be doing the filing should be in charge of configuring the scanning system and scanning the paper, so the documents end up in the right folders. The system must be easy for the end user to search and locate files. You want documents to be searchable by account numbers, client names, keywords, company names, and anything else you commonly use when searching for a document.

Scanning documents via OCR (optical character recognition) converts the documents from an image to digital text that can be read by the computer. It takes a little longer but documents are then searchable by their contents. Although OCR is a good feature to have, it is not a substitute for a well documented filing system.

There are three parts to buying a document scanning system. First is deciding what you are going to scan and how it will be scanned. Second is purchasing the necessary hardware - the scanner and the PC. This should be done in



conjunction with the third part, purchasing the software that will organize the documents. A dedicated PC is required for doing the indexing and storing the files without overloading your server. Make sure the PC gets backed up along with your server.

Another item to consider is additional screens for the PC dedicated to the scanning process. This increases efficiency by allowing the user to have multiple windows open. For instance, you can have a scanned document open on one screen while running an application on another. You can add these later after your staff is comfortable with the new process. I have seen this work effectively in wealth management firms. It definitely decreases the amount of paper on desks and all but eliminates unnecessary printing of the scanned document.

What to scan? Do you scan everything that comes through the door or only those documents that tend to get accessed the most? If you are just starting out, scanning everything makes sense. If you are already established, you will want to consider the time you have to dedicate to scanning. You can decide to start scanning everything that comes through the door, starting as of a specific date. You can scan just one type of document, such as statements. You get a lot of these and a number of people in the office access them. You may want to scan statements going back a number of months. Once statements are complete and the system is operating smoothly, go on to the next type of document. It is more manageable than trying to scan everything at one time. Another alternative is to pick a few clients and scan everything just for those clients.

You can either shred what you have scanned or store the originals in an offsite storage facility, which costs a lot less than office space.

Creating the process and following through is critical. There is a lot of upfront work, especially if you are going to enter historical documents. If you are just starting out, going paperless from day one will eliminate the hassle of going back and scanning historical documents.

Once you have selected what you will be scanning, you need to purchase the PC, scanner and software. The PC does not need to be the fastest, most robust computer, but it should have a good size hard drive and the ability to add storage space. The scanner should have OCR capability, an automatic sheet feeder and the ability to scan both sides of a two-sided paper (duplex feature). The PC will run you around \$500-\$1000. Check the software requirements before purchasing the PC. The scanner will run around \$700 to \$1000.

Most scanners come with their own software, but usually require some customization. A document management product configured for office use or, even better, one configured specifically for the financial industry reduces or



eliminates the need for this customization. More specific software translates to less setup time on your end. Some programs can capture your e-mails so you can easily retrieve them, which is a good idea since the SEC wants to see that your e-mails are not only being saved, but are also easily retrievable. Another way to make your workflow more efficient is to have the document management system interfaced with your CRM (contact relationship management) system, to allow you to view client information and link directly to documents such as statements.

Software can run anywhere from \$200 to \$20,000. The \$200 level is an off-the-shelf product which will not include training, support, or workflow capabilities (like easy to use searches); it is more for just storage. Software appropriate for the small advisor will run around \$2,000-\$4,000, depending on the number of user licenses, and will include training and implementation support. Third party consultants can assist in purchasing the whole package (PC, scanner and software) and the implementation and integration of the software with your CRM or other applications. Expect your overall cost to be around \$7,000 or more, including consulting fees. Another alternative is an ASP (Application Service Provider), where the scanned documents are held on the ASP's server and not on your own. You will pay a monthly usage fee.

Here are some websites to help in the selection process:

- [Document Management Resource](#) – A website dedicated to finding the right document management solution for your office.
- [Laserfiche](#) - Document Management System
- [Worldox](#) - Document Management System
- [Scansoft](#)– Off the shelf Document Imaging (Omnipage) and Document Management (Paperport) systems. (Omnipage comes with some scanners; it has storage capabilities but needs Paperport for filing and accessing capabilities).
- [Net Documents](#) - Web based Document Management ASP
- [Trumpet](#)– Third party consultant that will integrate Worldox with AttachPlus (for e-mails), Virtuoso (for integrating your CRM), and Maestro (OCR technology for converting scanned text into PDF, this allows for easier searching), and Assemblage (for collating and assembling documents, can help in the reporting process). Specializes in the financial planning industry.
- [Moulton Strategic Partners](#) – Third party consultant who specializes in document management solutions, as well as other technology solutions for the financial planning industry.



Like any other workflow process, the biggest hurdle after the implementation is getting everyone in the office to buy in to the new process. That is a good reason to implement a paperless solution if you are just starting out. You don't have to start by scanning everything. Even if you just do the statements, you will notice a difference in workflow efficiency and filing space. Whatever solution you choose, work with a company that knows the wealth management industry. They will be able to assist you in setting up your filing system to match your business.

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