

Enterprise Ready Intelligent Capture

How Financial Organizations Can Succeed in Making Critical Improvements to Paper-bound Functions and Workflow

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Enterprise Ready Intelligent Capture: How Financial Organizations Can Succeed in Making Critical Improvements to Paper-bound Functions and Workflow

Executive Summary

The financial services industry has always been on the front lines of a raging battle to understand, manage and process paper documents. Mortgages, policies, applications, loans and statements create a torrent of paper that can challenge any organization. Overwhelmed by paper documents, and the problems of processing them, public cases of banks losing documents, sending incorrect documents, or mishandling loan data are on the rise.

Despite the increasing digitization of business today, paper remains the lowest common denominator for many important financial activities. A typical home mortgage loan is quite likely to result in hundreds of pages. As a result, banks must have a strategy that encompasses multiple document types, coming from multiple locations, in multiple languages. Consider too that an increasing flow of documents are coming into the organization via fax and email attachment.

At a time when more and more customers are online and hyper-connected, continued reliance on paper represents a barrier to the kind of customer service and response time needed to compete in the market. Strict data privacy regulations make the antiquated manual processing of paper a growing risk.

Today's leading organizations have put solutions in place to quickly and accurately capture documents, extract data and move that data to a business process. Successful process engineering using document automation solutions can streamline operations, eliminate errors and lost data, remove cost, and, ultimately, deliver customer satisfaction; which is exactly the premise behind Enterprise Ready Intelligent Capture (ERIC) — a coordinated approach to document input and processing that combines distributed and centralized scanning with fax and electronic conversion across numerous department applications through a standard capture portal.

This Enterprise Management Associates® (EMA™) paper explores “Enterprise Ready Intelligent Capture” as a way for organizations to make critical improvements to long-standing paper-bound functions and workflow.

Over the past 20 years, capture systems have evolved from simple solutions for basic scanning into sophisticated systems for enterprise-wide document automation. Scanning documents to eliminate paper is a great place to start, but the goal of current best practices is the fully automated extraction of all relevant data from whatever the data source may be. Enterprise Capture (EC) is the process of preparing information contained in those documents to be extracted, classified, indexed, verified and exported in formats that can be used to enable business initiatives or meet compliance and litigation requirements.

Enterprise Capture is the “onramp” through which both physical and electronic documents will pass on their way to back-end databases and business systems. To be truly enterprise-wide in the transportation business, these solutions must be able to operate in a centralized location and also remotely through an intuitive Web interface easy enough for any non-technical user to operate. They must be able to scale to input millions of documents a day in a production setting or recognize and classify a single document scanned on an MFP at a bank branch. They must be able to support multiple document types, languages and even data types — handwriting, typed print, bar code or check boxes. And they must be able to handle a wide variety of exceptions.

41% of all forms are still manually
filed or keyed into systems.

- Association for Information and
Image Management (AIIM)

Only 14% of organizations
are using enterprise capture
across multiple processes and
departments.

- Association for Information and
Image Management (AIIM)

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Enterprise Ready Intelligent Capture (ERIC)

Financial Services companies are well positioned to take advantage of the many benefits of Enterprise Capture. However, to accomplish all that's needed for EC, you need to engage a capture system with brings a number of capabilities to the task. Use the following as a benchmark to help you evaluate the benefits with a number of key attributes that must be considered.

ERIC Attributes

Capture technology is more sophisticated and less expensive to deploy today, but buyers should be wary of unsubstantiated vendor functionality claims. Consider the following attributes in your strategic planning efforts.

Accessibility – Improved access to information for workers across the enterprise is the number-one “soft-dollar” benefit for implementing EC. Accessibility also implies an EC architecture that allows for processes to be “called” outside the formal capture solution, as well as the ability to access and receive multiple documents and forms from a variety of sources including paper, email, fax and electronic documents.

Affordability – In most cases, an ERIC solution should be able to demonstrate an ROI of one year or less. Vendor pricing should take into consideration “casual” or occasional users. Obviating the need for custom coding or frequent intervention from IT and empowering business users to configure their own solution is key to cost control. Ability to completely automate — go paperless — with a capture solution is also highly desirable.

Configurability – Non-technical workers will be able to configure capture software to create new workflows, accept new document types and work centrally or remotely through a thick-or thin-client, Web-based interface — without direct IT intervention or support. Configurability also implies the ability to configure the solution to mirror existing workflows, if desired, rather than forcing customers to create workarounds to accommodate technology constraints. Configurability should include a library of already existing APIs and “rules” to help enable existing processes.

Extensibility – Extending the functionality of the initial implementation beyond its original intended use is desirable. Enterprise Capture solutions should be transferrable to other departments or for other processes. The ability to re-use EC technology is critical.

Flexibility – The ability to provide flexible Web services capabilities is an important attribute. Customers should be able to leverage EC investment throughout the enterprise by enabling organizations to define services and integrations to match their unique architectures. In other words, SOA (service-oriented architecture) is enabled. Also, look for flexible recognition including OCR (machine print recognition), ICR (handprint and free-form handwriting recognition), OMR (bubble and check box), barcode recognition and multiple recognition with voting and CAR/LAR (handwriting on checks).

Interoperability – Integrate easily with existing enterprise software stack including Case Management, ECM, ERP and Workflow solutions is key. Interoperability allows for “calls” outside the standard EC solution and ability to integrate into existing processes and workflows. The solution should leverage industry Web services standards including http, html, SOAP and xml as well as imaging standards including TWAIN and ISIS.

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Manageability – An ERIC solution needs to be easily administered from central console or remotely through Web interface as required by the organization. Native auditing and reporting capabilities need to be part of the EC solution as well as the ability to feed more sophisticated report writers with limited or no IT intervention necessary. Auto-classifying documents as part of an existing business process should also be enabled.

Modularity – Modularity allows for the deployment of portions of an ERIC solution. For example, start with a centralized solution and add on a Web-based distributed solution at some later date, with the ability to easily add additional users as needed. With modularity, capture tasks can be broken down into separate, discrete process steps such as scan, capture, classify, index, validate and export.

Reliability – An ERIC solution should be highly reliable, stable and meet availability requirements of the organization. A high level of recognition accuracy (90%) is a must to ensure user productivity.

Scalability – This attribute enables easy, dynamic scaling of the number of users. The use of multi-threading allows processing speeds to scale and alleviates process bottlenecks.

Security – An ERIC solution needs to maintain its own security levels for system administrators to easily add and delete users, while leveraging enterprise security protocols and Internet security standards for distributed, Web-based applications.

Usability – Usability implies intuitive, easy-to-understand screens and commands for both non-IT power users and entry-level workers with little or no technical acumen.

Enterprise Capture Value, Benefits and ROI

The scenario below is the story of one banking institution that is a current Datacap/ IBM FileNet ECM client. The value components were gleaned from real-world examples in which the end users determined what the ROI was for their solution after it had been implemented for at least one year.

Mortgage Origination for Major Bank – Centralized and Distributed Capture Model

The goal of this major bank was to enable mortgage underwriters to more quickly collect and receive paperwork related to a loan approval. A variety of multi-skilled business specialists are responsible to make go or no-go decisions based on risk formulas set by the bank and the potential client's risk profile.

The bank uses information gathered from a variety of sources including credit agencies, past loan history, loan applications, and job and income verification. The workflow is dependent on other members of the bank including branch officers and loan-origination support staff. As a result, the process to gather this information and collect paperwork was time consuming. Paperwork was often shipped through mail or courier and then scanned centrally.

Industries such as transportation, healthcare and government have adopted similar systems, often with advanced capabilities

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Goals:

- Reduce time taken to gather paperwork and complete application and background steps.
- Allow branches to scan and send electronic forms for quicker decision turnaround.
- Save documents in native format and extract information for use in ECM system accessible to case-management solution.
- Easy-to-use, intuitive interface for branch-office personnel.
- Ability to scan over 1 million pages per day.
- ROI in less than 1 year.

Solution:

- IBM hardware and FileNet Content Manager (P8) ECM. Case Management and scanning solution supported by IBM.
- IBM Datacap Taskmaster Capture for Enterprise Capture Solution.

Results:

- Turnaround time on mortgage decisions went from weeks to days.
- Dramatic increase in mortgage banker productivity.
- Common collaboration and activity-centric workspace enabled by capture.
- Captured documents reused for other types of loans, compliance and legal departments.

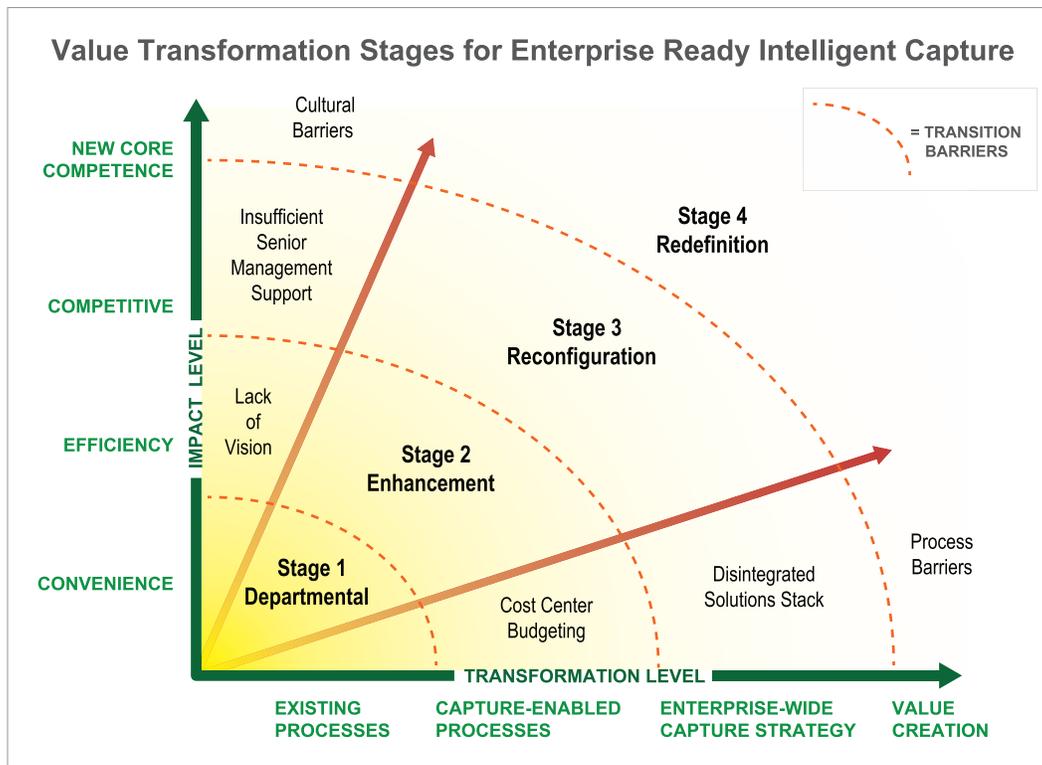
Value Proposition

Assume that current business processes are not free. There is a cost to completing critical tasks that can easily be measured in worker productivity and other quantifiable expenses such as out-dated electronic and paper-based processes including retrieval times, storage, printing, copying and shipping as well as the risks associated with lost or misfiled records.

As a result, most transportation organizations use at least some form of imaging, particularly within Finance and HR departments. Other industries such as banking, healthcare and government agencies have adopted similar systems, often with advanced capabilities to “recognize” typed and handwritten information from applications, forms, invoices and a variety of paper documents. These capabilities, commonly called Optical Character Recognition (OCR) have been deployed for nearly two decades.

While it’s well documented that capture can produce a quantifiable return on investment, these applications are just the beginning of what can be accomplished with Enterprise Ready Intelligent Capture if deployed throughout the enterprise for a variety of use cases. Without a strategic plan in place that includes enabling technologies taking advantage of the opportunities will be infinitely more difficult.

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As the graphic above implies, achieving enterprise readiness for intelligent capture is a multi-stage process. Most organizations that have capture solutions in place fall into either the first or second stage. Overcoming both cultural and process barriers are critical to reaching higher levels of transformation vis-à-vis ERIC.

Making the Financial Case for ERIC

Once an organization has a strategic plan in place which identifies intelligent capture opportunities and has buy-in from senior management, making the financial case is the next critical step. The most popular financial justification model used by IT today is ROI, which has a multitude of variations and definitions depending on the industry, company or individual who creates the model.

Doug Hubbard, author of the book *How to Measure Anything*, suggests that clear definition of how to measure success is a key success factor for any financial analysis. “Business managers need to realize that some things seem intangible only because they just haven’t defined what they are talking about. Figure out what you mean and you are halfway to measuring it.”

Hubbard, who has worked extensively with IT professionals and organizations throughout the world on building technology justifications adds, “Management needs a method to analyze options for reducing uncertainty about decisions.”

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ROI for Enterprise Capture

What most ROI calculations have in common is the desire to measure costs, benefits, risks, flexibility and value. Hubbard urges managers to “be creative” and use tools they already have at their disposal or adopt measurement tools that already exist. Consider the following five key ROI categories and the components to consider when assembling an ERIC ROI model.

Costs

- Software License, Maintenance and Implementation Fees
- Necessary Software License Upgrades
- Custom Software Development
- System Configuration Changes
- System Integration Expenses
- Additional Hardware or Hosting Expenses
- Impact on Network and Web Infrastructure
- User Training and Learning Curve Impact
- Administrative Support from IT, Helpdesk

Benefits

- Improved Worker Productivity
- Reduced Operational Expenses
- Reduced IT and Vendor Intervention
- Creation of New Information Views
- Reduced Risk Associated with Paper

Risks

- Solution Does Not Meet Requirements
- Implementation Costs Outweigh Benefits
- Process Improvement Minimal
- Users Not Prepared for Change
- No Value Added to Customers

Flexibility

- Extend Solution Beyond Initial Use Case
- Integration with Existing ERP, ECM Solution
- Little or No Ongoing IT, Vendor Intervention Required
- Configurable by Business Users for the Way They Do Business
- Intuitive Interface Accessible Locally or Through Web
- Little Training Necessary Even for Unskilled Workers

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Value

- Increase Profit Margins
- Improve Customer Satisfaction
- Create Additional Revenue Streams
- Support Improved Decision Making
- Establish Competitive Advantage
- Increase Productivity with Existing Staff

As you begin to assemble an ROI “checklist,” information technology and business owners should also outline which business and technology elements are necessary to support a successful implementation. EC solutions need to be flexible enough to complement the way organizations conduct business, provide financial return, and also be able to offer opportunities for expanding capabilities beyond the initial use case.

IBM Datacap Enterprise Capture Architecture: Built for Growth

IBM Datacap Taskmaster Capture is deployable in both thick- and thin-client versions. Support for multi-threading allows for the easy addition of servers to eliminate processing bottlenecks in high-speed scanning environments. Datacap takes advantage of cloud-enabled environments, virtualization technologies, SOA-based architectures and standard Web services.

The Datacap solution integrates with existing ERP or ECM solutions by exporting scanned, indexed and verified content to those systems; it also has the ability to be “called” for a business process by those enterprise solutions when needed. An example would be the bundling or packetizing of content into a single “case” or auto-classification of an archive.

Datacap supports capture and processing of images originating from email, fax, traditional scanners and multifunction peripherals (MFP). These images can enter the system through the Taskmaster Web client, the thick client, directly using email and fax servers and through network folders.

The Taskmaster server is the core server, handing out tasks with batches of images to Rulerunner stations to process. The Taskmaster Web server hosts the Web site and manages information from Taskmaster. IBM’s Datacap Taskmaster Capture RV2 Web application displays information about the current status of batches and other relevant activities.

Taskmaster supports email, fax, scanners and multifunction devices through a Web client, the thick client, and using email, fax servers and network folders.

Rules: Fundamental to ERIC

The ability for “rules” to be applied to a capture process, without IT or programmer intervention is a fundamental building block for Enterprise Ready Intelligent Capture (ERIC). In other words, business users, not IT, can learn to apply and adapt their systems by configuring rules. As Taskmaster moves batches of images through the capture process, the actual processing is managed by Rulerunner Service, a configurable rules engine that can handle layers of complexity.

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Taskmaster includes a large library of pre-scripted procedural rules that can be assembled into a hierarchy of rule sets that control every aspect of the capture process. Often derived from existing client implementations, a rule could be something as simple as verifying the required length and characters in a field intended for a Social Security number. In addition, users have the ability to create their own rules to support existing or newly designed workflows.

IBM/ Datacap: Enterprise Ready and Beyond

Since well before IBM made the decision to acquire Datacap in August 2010, Datacap's Taskmaster team has had a single-minded focus on delivering an efficient, flexible, scalable and highly configurable platform for the enterprise capture customer. The primary objective has always been to help clients reduce the amount of manual labor and steps necessary to complete a business-critical process, while exposing the business user to an unprecedented amount of control over that process. This allows the user to create their own capture workflows with little or no intervention from IT or a systems consultant.

Datacap Future

Now that Datacap is part of the IBM ECM family of products, users can expect much tighter integration with the IBM solutions and partner stack. For instance, in September, Datacap announced the integration of IBM's Classification Module into the product suite for analytics-based document classification. Datacap Taskmaster Capture has also been integrated into IBM's Production Image Edition (PIE). IBM can now claim "a single product that manages the entire lifecycle of document imaging."

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EMA Perspective

Financial services organizations often find that their process-reliance on paper encourages inefficiencies, heightens compliance risk, and hinders customer service. Organizations looking to leverage capture technology in departmental, centralized or distributed implementations should consider the attributes of Enterprise Ready Intelligent Capture in their strategic planning efforts.

Rules-based capture solutions like IBM Datacap Taskmaster Capture that allow business users to easily reconfigure process steps or include additional capabilities or actions within a process are more desirable within a complex enterprise setting, as global transportation organizations often are, where simple capture solutions do not easily meet requirements.

The IBM Datacap solution has a 20-year-plus track record of delivering innovative, stable, scalable products and support for a variety organizations and industries. Now, as an integral part of the IBM family of ECM solutions, Datacap Taskmaster is poised to deliver on the promise of a complete enterprise class document lifecycle management solution. Datacap has to be included in any Enterprise Ready Intelligent Capture solution conversation and certainly deserves to be part of any organization's Enterprise Capture shortlist.

About Enterprise Management Associates, Inc.

Founded in 1996, Enterprise Management Associates (EMA) is a leading industry analyst firm that provides deep insight across the full spectrum of IT and data management technologies. EMA analysts leverage a unique combination of practical experience, insight into industry best practices, and in-depth knowledge of current and planned vendor solutions to help its clients achieve their goals. Learn more about EMA research, analysis, and consulting services for enterprise line of business users, IT professionals and IT vendors at www.enterprisemanagement.com or blogs.enterprisemanagement.com. You can also follow EMA on [Twitter](#) or [Facebook](#).

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