

Kofax Enterprise Brief

A Roadmap to Automating Document Driven Business Processes

Implementing a Real Enterprise Capture Strategy

The implementation of an enterprise capture methodology should be viewed as an evolving process. There is no single piece of hardware or software that will instantly convert all of an organization's manual, document driven business processes into an integrated, enterprise capture system. But if you have reviewed our prior Enterprise Brief, *A Roadmap to Enterprise Capture*, you have already begun your organization's document automation journey.

Hopefully, you have taken the following important steps:

- Established stakeholder (including management) buy-in to automation.
- Studied the fundamental goals of each document intensive process, such as getting invoices accurately paid in a timely manner at the lowest possible cost, settling claims settling claims in a compliant and customer focused way, and so on.
- Understood the information process flow (you know which bits of data are critical to each process, and where—and in what formats—that data may first enter the organization).
- Understood how and where document content can be repurposed throughout the enterprise.
- Inventoried existing document automation technology and assets, such as MFPs, scanners, fax machines and content repositories.

Perhaps you have even identified the specific document centric business processes targeted for automation and streamlining. Every organization has its own document pain points—the places where the manual processing of paper, or the integration of it with an electronic workflow, creates a bottleneck. As a result of these bottlenecks, customer service, cash flow, data security, and timely decision making can all suffer.

The Perfect Place to Start: The Accounts Payable Department

Invoice processing within the accounts payable department can capitalize on recent advances in automation perhaps more than any other document centric function, as it is usually very paper intensive and uses highly skilled—and therefore very expensive—manual labor. The return on investment from invoice automation can be felt almost immediately, and the lessons learned and technology required can be quickly extended to other departments. Invoice processing is the ideal starting point for enterprise capture because it features some of the most diverse documents and it's a problem faced by companies in every industry. Not only do invoices come in an almost limitless variety of layouts, designs and sizes, but they also arrive in a wide range of formats. Whether received by fax, email, EDI data stream or (most often) paper, they must all be integrated into a business process quickly, ideally at the point of entry.

Furthermore, invoices are likely to arrive at a number of separate locations. This is especially true for a large organization with distributed branches, satellite offices or shared service centers. Multiple vendors might send invoices to their local client, while payment processing is conducted at the corporate office. A properly implemented enterprise capture solution enables capture of the invoice as it enters the enterprise, regardless of the location or format.

Because accounting staff are more highly skilled, each step that requires manual handling quickly adds to the cost of processing and approval. Therefore, every opportunity should be made to minimize paper handling. Finally, invoices deal directly with company expenses, so speed, accuracy and traceability are paramount.

These are just some of the reasons that invoice processing has become so ripe for the process improvements brought by enterprise capture. When properly executed, capture allows data from any source, in any format, to be readily integrated into a business process. Notably, this technology goes further than that—not only integrating documents into a process, but actually triggering those processes automatically.

While invoice processing represents one of the most rewarding areas to automate, it need not be the first department chosen for an enterprise capture implementation. Each organization will have to consider its own document processing needs. A healthcare provider might look to first automate its patient records handling. A catalog retailer might begin with its mail order fulfillment unit. A mortgage originator might streamline its branch office document workflow. Each organization will have its own most acute pain points. Any document intensive process involving mixed document content streams—fax, email and paper—lends itself to automation.

Quantify, Quantify, Quantify

Regardless of which document centric business process is first chosen for automation, the most successful enterprise capture implementations are those that offer immediate, demonstrable results and ROI. Therefore, the need for accurate metrics cannot be overemphasized. Measuring both the cost and volume of documents processed—both before and after deploying document

technology—will ensure the executive level authorization to expand to additional areas throughout the enterprise. Benefits can be felt immediately in the reduction in transporting and handling paper, so a compelling ROI for capture often starts with a sizeable cut in shipping costs.

The analyst firm IDC notes that the capture and image management software market will continue to be one of the stronger growth segments in the content management space, “given the potential ROI from automating manual, document intensive business processes.”*

Specific benefits cited by IDC include

- Improving business process efficiency and containing costs,
- Ensuring compliance and reducing risk, and
- Improving knowledge worker productivity.

Look for processes with a mix of paper and electronic input, as well as processes where incoming documents arrive from a variety of sources and locations, such as remote branches. Count the number of items that must be handled manually, the time it takes to do so and the cost of the labor involved.

Set realistic expectations; you will not end all manual intervention. But you won’t need to in order to enjoy substantial benefits. Your goal is to minimize manual document handling wherever possible, not eliminate it entirely. The cost savings from process efficiencies should more than justify the effort when compared to the high cost of manual processing.

Start with the most common documents that cause the lion’s share of work. You’ll find that some portion of those incoming documents can be fully automated immediately, while some will still require a minimal amount of verification or manual exception processing. And there will always be exceptions.

Once the initial document process has been streamlined with capture automation, each subsequent business process can be addressed more easily. In fact, the migration to additional departments will be almost organic. Overlapping data from one area will seamlessly populate data demands in another. Further, the time, labor and cost reductions seen in the flagship process will be coveted by other departments throughout the enterprise.

How Does it Work?

Thanks to the sophistication of enterprise capture software, and the relative ease of deployment of capture hardware technology, the design of a document driven business process automation system is relatively straightforward. That said, the initial setup will involve a fair amount of training—both with those involved in the process and with the software itself—to fully achieve its benefits. Put simply, the software will capture documents—more precisely, the information within those documents—from any source and from any location. Content might arrive on paper, by email, via SMS data streams or by fax; each will be automatically captured. The documents and the relevant information will be automatically identified and classified. The information will be extracted, verified and then routed where needed to launch or drive specific processes or to populate metadata within content management systems.

While not to be confused with the “scan-to-archive” technology of a decade ago, an effective document process automation system does nevertheless place documents and their information into a repository where they can initiate a business process, remain available for access by other business processes and/or have records management policies applied.

* Worldwide Capture and Image Management Software 2010-2014 Forecast and Analysis, Melissa Webster, IDC, Doc # 208699.

It's also worth noting that a document process automation system need not change an existing business process; it will, however, make the process more efficient. Existing business rules, security access, database infrastructures and content routing remain very much intact. While the increased efficiencies brought by automation will sometimes uncover changes that could further improve the process flow, for the most part the document workflows themselves become faster and more holistic.

Catch Data at its Source

Consistently capturing business documents and information at the point where they enter an organization greatly increases efficiency, reduces response time and better supports information security and data integrity. It requires an enterprise capture platform capable of efficiently and securely processing any form or format of information, at any location, using a wide variety of office equipment, such as MFPs, scanners and fax systems.

To determine where to first capture incoming documents, trace them back to their source. The mailroom is often the first place to consider installing a document scanner or MFP. Now think beyond the most common receiving point. While a large financial services company might do most of its loan or mortgage processing in a back office, there are likely critical documents also arriving at the branch or teller level. These should likewise be integrated into a business process as quickly as possible. By placing a scanner or MFP at these alternate locations, even exceptional items can be seamlessly included in an ongoing process or even used to launch a new process.

Similarly, a large accounts payable department might already have high volume document scanners in place. However, there might be times when invoices are sent to a customer's familiar contact in the sales department or to the local retail office that placed an order. These exceptional locations should be identified, as placing a

workgroup MFP at these points can reap a great reward. It cannot be overstated: incoming content should be brought into a business process at its earliest entry point into the organization.

Once captured, a document process automation system should then do the necessary image enhancement, document identification, information routing and content extraction. This is where powerful document and information capture software from a trusted provider comes in.

The Tools

Kofax Capture

Kofax Capture, the foundation of the Kofax enterprise capture platform, takes documents and forms of all types and transforms those static documents into accurate, retrievable information, which is then delivered directly into business applications and databases. Regardless of whether information originates on paper or in electronic files, or where that data is located, Kofax Capture can quickly and accurately bring it into an organization's content infrastructure.

Offering unmatched compatibility with document scanners and other capture devices, as well as with a full range of content and document management systems, workflow applications and databases, Kofax Capture features powerful functionality that has developed over the past twenty years, including image viewing, optical character recognition, data extraction and an intuitive, customizable user interface.

Kofax Capture can be used right out of the box to meet the capture needs of a specific department. With powerful functions such as OCR, ICR and OMR as well as the ability to read barcodes, the software can be deployed immediately for image processing and data extraction. Document images become usable information while they are simultaneously converted to the PDF format for archiving.

Once established as an organization's central capture platform, Kofax Capture can quickly evolve to meet the complex requirements of a high volume business process that handles up to millions of documents every day. Kofax offers a range of extensions and custom modules to more fully connect Kofax Capture with existing systems and business applications. For example, Kofax Capture Fax automatically and securely transfers inbound faxes from fax servers to Kofax Capture for processing.

Kofax Front Office Server

Designed to integrate front office operations directly into transactional processes in real time, Kofax Front Office Server extends Kofax Capture by enabling customer facing staff to initiate back office business processes. Employees trigger these processes directly from familiar front office equipment such as digital copiers, multifunction printers (MFPs) and desktop scanners, or from any PC with the Kofax Front Office Web Client – a browser based, thin client scan application.

Preferences can be personalized based on the functions users perform most often, with the added power of database lookups and dropdown lists to improve accuracy. These options make document capture accessible with minimal training, enabling customer facing staff to focus on the business process they manage rather than figuring out how to use a document capture solution.

Existing line of business applications, workflow systems and ECM platforms in the back office remain intact, just more readily accessible "upstream." These processes can now be started in the front office with just a few clicks on the touch screen of a digital copier (or similar equipment), greatly shortening transaction time.

Best of all, Kofax Front Office Server can capture documents using existing IT assets such as MFPs and

desktop scanners. This reduces the need to invest in new technology in order to initiate a front office capture solution. Similarly, existing fax and email servers can also be used by Kofax Front Office Server to route outbound documents.

Kofax VRS

The de facto standard in image enhancement, Kofax VRS is considered the premiere technology for improving the quality of scanned images. In addition to making electronic images easier to view for key-from-image operations, Kofax VRS also improves the accuracy of automatic character recognition.

The need for manual intervention is further reduced through features such as Automatic Color Detection (which determines which portions of a document should be processed as black and white and which should remain color), Auto Rotation (which detects and automatically corrects skewed images) and Blank Page Detection. Kofax VRS examines documents and applies the correct settings automatically, which can further reduce document preparation time.

Kofax Transformation Modules

This brief began with the caveat that there is no magic software application that can instantly create an enterprise capture methodology. But the closest thing to it may be Kofax Transformation Modules (KTM), which work with Kofax Capture to streamline the transformation of documents into structured electronic information, ready for delivery into business processes. KTM replaces manual, error prone and expensive document sorting and data entry with automatic document classification, separation and extraction.

KTM analyzes and classifies incoming documents so it can extract their information with ever-increasing accuracy based on their type (one letter addresses an existing

customer's mortgage inquiry, another is a complaint, an email is a request for product information) and each can be routed accordingly.

The power of KTM's classification and extraction broadens the opportunity to extend benefits across departments. Where Kofax Capture enables automated extraction and reduced manual data entry from structured forms (such as surveys), KTM's intelligent processing goes further to identify and extract information from semi-structured documents such as invoices, where the required information is in varying locations on the document. Even more impressive, KTM streamlines the processing of wholly unstructured documents such as correspondence.

The ability to identify, classify and validate document content automatically allows electronic data streams to be mixed with incoming paper of all types, from any location. Each document and the information it contains can be routed automatically to the right process, all on the fly. But perhaps KTM's greatest power lies in its ability to become increasingly accurate over time. It actually gets smarter as it encounters new documents.

For web based batch processing, KTM offers thin client access via the Internet, which enables distributed workforces to be enlisted for content validation, data correction and key entry. No local software is installed; the remote user simply needs a web browser to access KTM tools. Additional features include multi-CPU support and parallel processing so that high document volumes can be processed without straining the capacity of the system.

Kofax Transformation Modules combine an extensive suite of classification and extraction technologies to automate the processing of any document, including hand printed and handwritten forms, invoices, checks, correspondence and any other document type, all on a single platform. Information within each document can be parsed as well.

For example, KTM will automatically extract invoice information, including line items, and match it to purchase order data, enabling the automatic booking of invoices into leading accounting and ERP systems, including SAP and Oracle Financials.

Extend Your Investment

The most important lesson to bring to an enterprise capture implementation is the fact that capture has advanced. No longer should the scanning of documents for later retrieval be considered the primary goal of document capture. While secure archival retention remains a distinct advantage, capture has advanced to become much more. Capture is now a catalyst for helping customers achieve their process goals. Whether they are looking for answers, or looking to conduct business, effective enterprise capture brings speed, visibility, control and quality to each transaction—all while saving money.

Incoming information, whether on paper or in electronic form, needs to be acted upon immediately. The tools of business process automation now allow documents—in any format and from any source—to become a catalyst for business processes, as opposed to an interruption of a process. The benefits are tremendous:

- Cost savings from reduced manual labor.
- Cohesive access to data between the front and back office.
- Shortened process cycle times (response times).
- Minimized exception rates.
- Increased speed of information retrieval.
- Improved customer satisfaction and service (and employee experience).
- Immediate answers to customer inquiries (“where’s my claim?”).
- Greatly reduced paper handling or rekeying of duplicate data.
- Availability of document content for reuse across the enterprise.

Get Started

Find your organization's own document process pain point. Wherever document handling creates a bottleneck—such as accounts payable—the advantages of automation will be felt immediately. Any business function that needs to capture documents from multiple sources and make them visible to both users and business processes will benefit from this automation.

While the first implementation may be the most difficult, it is also likely to be the most gratifying, as you “pick the low-hanging fruit” of a sluggish, paper intensive process. Once measurable benefits are seen in one area, growth to others will inevitably follow. With the cross-departmental nature of information flow, this migration will be almost spontaneous. Once information is captured and extracted, it becomes immediately available to other departments as well as being deposited into content repositories.

By implementing a capture-to-process solution with the power of automatic content classification and information extraction, each business process can become much more proactive.

Documents (in any form) become an initiator of a business process, allowing you to address customer needs in real time.

About Kofax

Kofax plc (LSE: KFX) is the leading provider of document driven business process automation solutions. For more than 20 years, Kofax has provided award winning solutions that streamline the flow of information throughout an organization by managing the capture, transformation and exchange of business critical information arising in paper, fax and electronic formats in a more accurate, timely and cost effective manner. These solutions provide a rapid return on investment to thousands of customers in financial services, government, business process outsourcing, healthcare, supply chain and other markets. Kofax delivers these solutions through its own sales and service organizations, and a global network of more than 700 authorized partners in more than 60 countries throughout the Americas, EMEA and Asia Pacific.

For more information, visit www.kofax.com.