

Savings through Document Preparation and Optimization

Every successful business continuously searches for ways to cut expenses and improve profitability, and today's economy has made that search even more critical.

One major opportunity for increased productivity, reduced expenses, and higher revenues can be realized by replacing slow, expensive, manual document preparation processes with automated solutions. Companies interested in maximizing the opportunities inherent in data-driven, automated technology might also consider the benefits of bringing document preparation processes in-house because the tools and technology available now make it easier and more affordable to do so.

What is Document Preparation?

Many businesses have documents they regularly prepare and mail out to customers. These may include invoices, reminders, legal, medical or financial documents, monthly statements or any type of document asking for a regular or ongoing payment, which is considered transactional. Document preparation refers to all of the data processing, print and production processes leading up to the distribution of the mailing.

Manual Processes: More Costly Than You Think

Companies frequently waste time and money on outdated manual processing simply because they are not aware of the capabilities, ease and efficiency of the tools and software at their disposal. Here are a few of the drawbacks of manual document preparation:

Data Inaccuracy — Successful document preparation is dependent on gathering and processing data accurately. Manual data entry is susceptible to a variety of human errors that can cause a chain reaction of problems. These can range from incorrect invoice amounts to delayed approvals and payments, as well as the additional time and expense incurred from manual searches to identify and correct errors. Correspondence that is sent and never received (or arrives late) because it was mailed to the incorrect recipient is also an issue. So the accuracy of data drives the cost of each mailing and also can negatively impact the revenues that come back (i.e. receivables) as a result.

Production Inefficiency — Manual invoice processing sometimes needs additional steps. For this reason, it can take longer than digital automation processing. Manual processes can therefore backlog mailings for days, even weeks, while automation can be done in a fraction of the time with the right equipment and software.

Lost Revenue — The longer it takes to process and mail critical documents, the longer it takes to get the desired response. As mentioned above, in the case of invoices, delays in processing increase the overall cycle time needed to turn outstanding receivables into operating capital or interest-generating revenues.

Outsourcing Can Also Drive Up Costs

Some businesses, aware of the benefits of automated digital document preparation, have made the transition from manual to automation by outsourcing the process to a third-party vendor. This doesn't quite maximize the full benefits of the savings opportunity in all cases, however.

In the past, paying for the expertise, equipment and labor of third-party vendors was a smart business decision because managing in-house processes could involve a lot of labor. With today's technology and integrated processes, more companies do their processing internally. This not only saves time and money, it also helps them regain control of the security of the data.

Here are a few reasons why businesses might consider replacing some of their outsourced processes with in-house production:

Potential Privacy Violations – From SOX regulations for financial information to HIPAA compliance regarding patient health data, privacy concerns are real and powerful motivation for keeping processes internal—meaning safe and secure. As long as all data remains in-house, there are fewer chances for breaches of security and fewer risks involving privacy violations.

Lack of Control — Organizations that rely on production vendors have little say on the details of the process. Third-party vendors may not be as diligent at seeking the most efficient and cost effective options—or may not pass on all the cost savings to their clients. Vendors often use processes and procedures that are most profitable and convenient for them.

Slower Cycle Times — Third-party vendors add extra steps to any process because it takes longer for two separate entities to coordinate, produce and distribute mail than it does for one to do it itself. Third-party vendors also have multiple clients, so jobs must take their place in line and wait their turn. With steps ranging from data delivery and processing to final production, the waiting time in a vendor's schedule might cost a company thousands of dollars in lost days of receivables.

Many printers use larger continuous-feed printing equipment that is expensive and cumbersome to set up—and problematic in post-production. Set-up alone costs additional dollars. There are also expenses associated with paper spoilage, minimum print run quantities, warehouse storage, trimming, folding and inserting—plus the actual cost charged per form by the vendor.

Solutions Savings

If management sees that manual processes are too slow, inaccurate and financially impractical, and that outsourcing wastes resources, they may consider in-house solutions. The next step is to consider how to go about researching them and implementing them. There is equipment and software in the marketplace today that can automate, consolidate and simplify every stage of document preparation.

Data Capture and Processing

Leveraging various types of Optical Character Recognition (OCR) technology, today's solutions are proficient at scanning, comprehending and indexing a wide range of information, located almost anywhere on the form. From barcodes and symbols to type and handwritten text, to design graphics and images—OCR technology automates the data collection and analysis processes. Once the data is collected and integrated into a database, it can be automatically populated into a document.

Use of OCR technology has been proven to boost efficiency by 25-60%.

A survey of more than 400 accounts payable departments by The Institute of Management & Administration (IOMA) found that companies who utilized OCR for automated invoice data capture were processing 25-60% more invoices with the same level of AP staffing as those who were relying on manual data entry.

Pre-Printed Forms

Companies that buy preprinted forms are paying higher costs for an expensive process that is not always necessary. Quality document preparation software can easily recreate the same forms from plain white stock that can be printed efficiently and affordably—on demand. There is no waste, no storage fees, and bursting and trimming expenses are eliminated.

Print Envelopes In-House Too

There are additional costs associated with outsourcing envelope conversion and printing. There's no need to purchase expensive preprinted envelopes when they can be printed in-house.

Full Production Functionality

We've discussed printing forms and envelopes on-demand, on plain white stock, which saves time and funds. From there, we can focus on the sorting, matching, folding and insertion processes. Hardware and software solutions can bring these production activities together in a cohesive, cost-effective, in-line process.

Start-to-Finish Automated Document Preparation

Data is captured and processed automatically. Then, based on preset rules and queues, the data is used to print forms and envelopes. The forms are folded and inserted into the envelopes and ready for distribution.

Implementing in-house solutions that automate and optimize every aspect of document preparation can greatly increase overall productivity and revenues and simultaneously cut expenses. From data collection, analysis and processing, to variable form production, envelope printing, and insertion, some in-house document preparation solutions are capable of handling it all.

Third-Party Vendor	In-House
Expensive preprinted forms	Software prints on plain white stock to create forms, printing on-demand
Expensive printing and production processes, including set-up fees, rollers and trimming equipment	Smaller, inexpensive, automated, single-run digital processes
Minimum quantity requirements and lead times	No minimums; print as-needed
Spoilage and over-runs	Exact amount printed on-the-fly
Fees for inventory storage, for each form, design, envelope, etc.	No inventory storage except for white stock (as needed)—for all production purposes
Unused collateral is often destroyed wasting money	No waste with on-demand capabilities
Costs for envelope conversion and printing, stored envelope spoilage	Print custom envelopes as needed

For every hour and every day a customer invoice is delayed, money is lost as outstanding company receivables hover in limbo, waiting to be processed and become revenues that should have been earning interest all along.

Source: "Overcoming the Top Pitfalls of Manual Invoice Processing." AP WHITE PAPER. 29 June 2011. <http://www.aiim.org/Resources/Publications/White-Papers/Overcoming-the-Top-Pitfalls-of-Manual-Invoice-Processing>.

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