

THE State of Document Imaging Solutions



Small Business Chucks the Paper

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An exclusive CMP Research survey

Is small business content still trapped on paper, locked out of the digital world, where business information can be quickly accessed and shared? Our exclusive survey of 143 medium- and smaller-size companies shows that increasingly this is not the case, demonstrating the benefits of making the jump to the network.

Executive Summary

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In early June 2007, CMP Research conducted an email survey on the state of document imaging solutions in medium- and smaller-size organizations and received 143 complete responses on which the following report is based.

Over the past 12 months, according to *InformationWeek* Research's *Outlook For 2007* survey and CMP's *Purchase Process Research*, streamlining and optimizing business processes has risen to become the No. 1 or No. 2 priority among CIOs and technology leaders.

Meanwhile, the volume of corporate information is growing by 50 percent per year, says research firm Gartner. Most of that is unstructured content—the sort that is *not* arranged in easily manipulated rows and columns of data fields, but instead takes the form of e-mails, PowerPoint, Word and PDF files, digital images, video and, of course, paper documents.

Unstructured content is essential to the operations of just about every enterprise, which makes it irreplaceable. But it is notoriously hard to manage and secure because it defies traditional means of capture, centralized and/or networked storage, control (e.g., changeability, searchability), preservation, and deliverability. And most difficult of all in terms of their manageability and secureability are paper-based documents and images.

The Price of Paper

Paper-based information is not about to disappear anytime soon. Although the volume of paper has dropped some over the past several years, paper-based forms and the manual processes they're part of are common in many types of businesses and will continue to be.

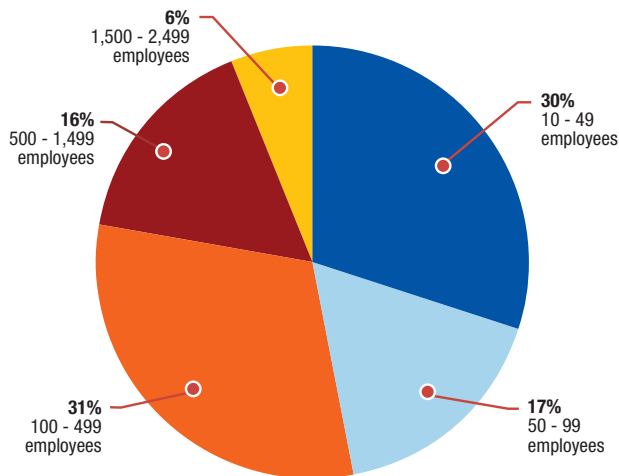
Yet manual, paper-based processes can cost up to 22 times more than computer-assisted document processing, according to research conducted by Frost & Sullivan (*A Business Case for Document and Image Processing*). What's more, eliminating manual processes can reduce processing time from four hours to as little as 10 minutes.

Enter Document Scanning

The first step to eliminating manual processes is to convert paper-based documents and images into digital form using document scanners. It's this first step that *The State of Document Imaging Solutions Survey* seeks to examine.

In particular, we wanted to know about the state of document imaging among a wide range of medium-size and especially smaller-size firms. Thus, of the 143 respondents to our survey, 78 percent work in organizations with fewer than 500 employees (see **Chart 1**) and these organizations represent a remarkably broad sweep of American enterprise (see **Appendix**).

Chart 1: Company Size



Source: *The State of Document Imaging Solutions Survey, CMP Research, June 2007*

In terms of the impact of document imaging on their enterprises, these respondents know whereof they speak. Many are senior executives; 41 percent hold titles of owner/partner, CEO, president, CIO, CTO, or vice president, and another 35 percent are directors or managers (see Appendix). Not surprisingly, most of them are key decision makers:

- 78 percent recommend, approve, or purchase printers, copiers, multifunction printers (MFPs)/multifunction devices (MFDs) or document-scanning devices
- 77 percent manage their organization's information technology/networking operations
- 72 percent recommend, approve or purchase network-based devices
- 60 percent manage their organization's office equipment, including printers, copiers, multifunction printers/multifunction devices and document scanners.

Small But Sophisticated

Despite their modest size, respondents' firms are technologically savvy. Fully 44 percent report that their incoming business applications (such as accounts receivable, orders and change orders) are either entirely or mostly computer-based; only 3 percent say their

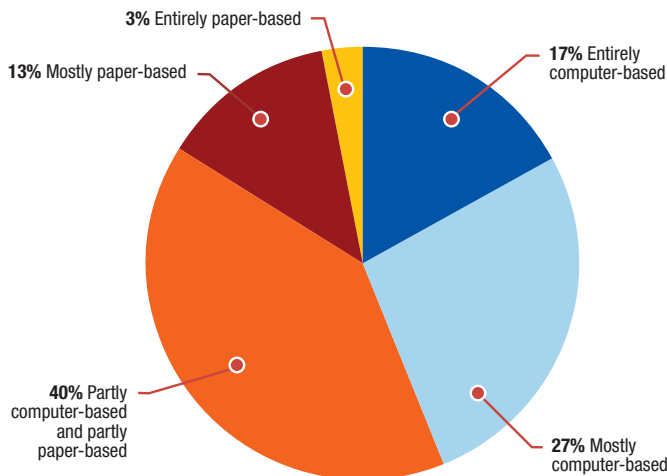
incoming business applications are entirely paper-based (see Chart 2).

Respondent companies' outgoing business applications (such as accounts payable, estimates and proposals) are even more advanced: 56 percent say the applications are either entirely or mostly computer-based, while just 2 percent rely entirely on paper-based applications (see Chart 3).

To support these computer-based applications, respondents' organizations have embraced key technologies. Ninety-six percent use servers (see Chart 4), while 86 percent have adopted organizationwide data networks (see Chart 5) and 85 percent rely on dedicated storage/backup/archival systems (see Chart 6).

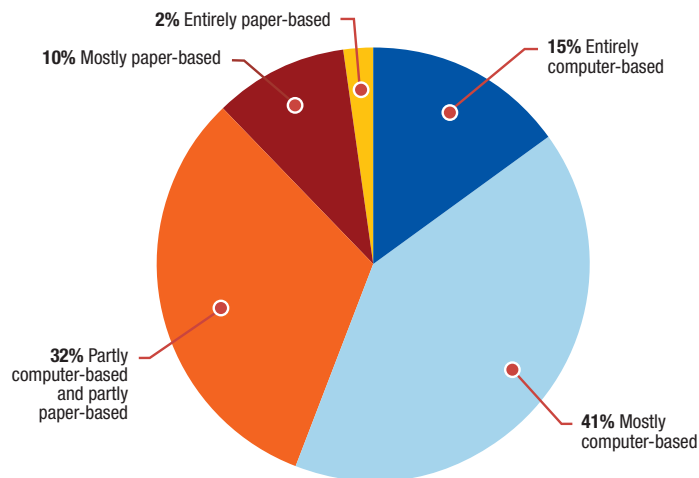
When it comes to online business transactions, the numbers are still impressive—59 percent of respondents' firms conduct business online (see Chart 7). However, substantially fewer respondent companies are transacting business online than are using an organizationwide data network or servers. And although 13 percent will be going online with business transactions in the next six months, a sizable 28 percent have no immediate plans to do so. Chances are they're relying on paper-based transactions instead.

Chart 2: Incoming Business Applications



Source: *The State of Document Imaging Solutions Survey, CMP Research, June 2007*

Chart 3: Outgoing Business Applications



Source: *The State of Document Imaging Solutions Survey, CMP Research, June 2007*

Indeed, even organizations that do business online also typically do business using paper. Thus nearly three-quarters of *The State of Document Imaging Solutions Survey* respondents use desktop document scanners, while half of them use production-scale document scanners and 49 percent use MFPs/MFDs (see **Chart 8**).

More Sanguine on Critical Issues

Survey respondents were asked to comment on classic business issues caused chiefly by the limitations of

paper-based information. We asked how critical these issues are in respondents' organizations:

- Our business processes are too inefficient
- Employees spend too much time handling paper documents
- We spend too much time looking for files
- We make mistakes that cost us business because the right information isn't available to the right people at the right time
- We worry about being able to meet compliance mandates
- We have trouble keeping sensitive business information secure.

Only a minority of respondents indicated that any of these issues is "very critical"—a sign that document scanning is slowly bringing the paper beast to heel. Of course, "slowly" is the operative word here: Inefficient business processes are regarded as "somewhat critical" by two-thirds of respondents, and a majority say the

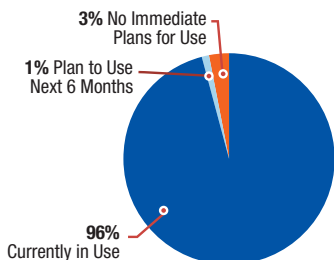
time employees spend handling paper and the time spent looking for files is a "somewhat critical" issue (see **Chart 9**).

Identifying the Benefits of Document Imaging Solutions

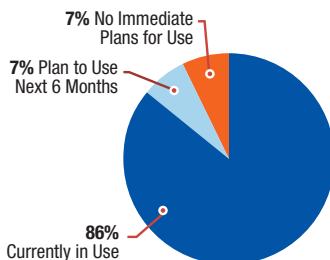
To discover how respondents are benefiting from the use of document imaging solutions, we asked them two questions. The first concerned a half-dozen productivity

Charts 4-6: Technologies

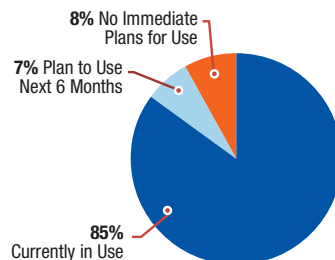
Servers



Organizationwide data network

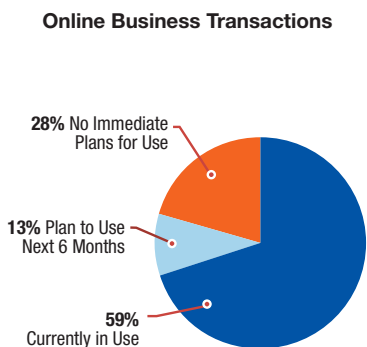


Dedicated storage/backup/archival systems



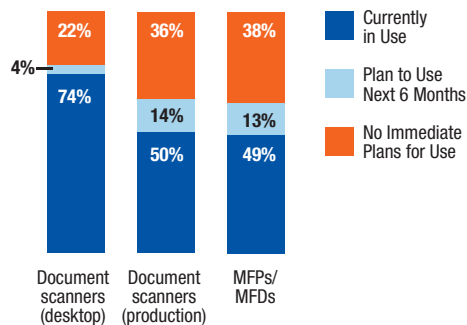
Source: *The State of Document Imaging Solutions Survey, CMP Research, June 2007*

Chart 7: Technologies



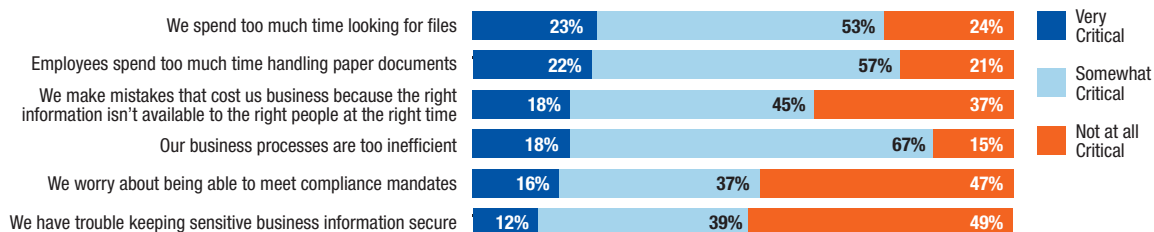
Source: The State of Document Imaging Solutions Survey, CMP Research, June 2007

Chart 8: Scanning Technologies and Capabilities



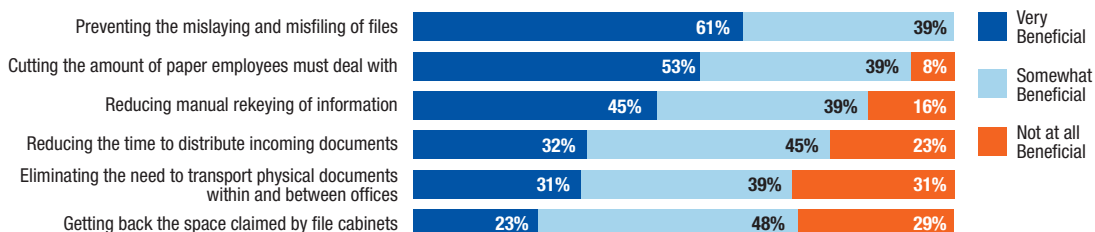
Source: The State of Document Imaging Solutions Survey, CMP Research, June 2007

Chart 9: Critical Issues



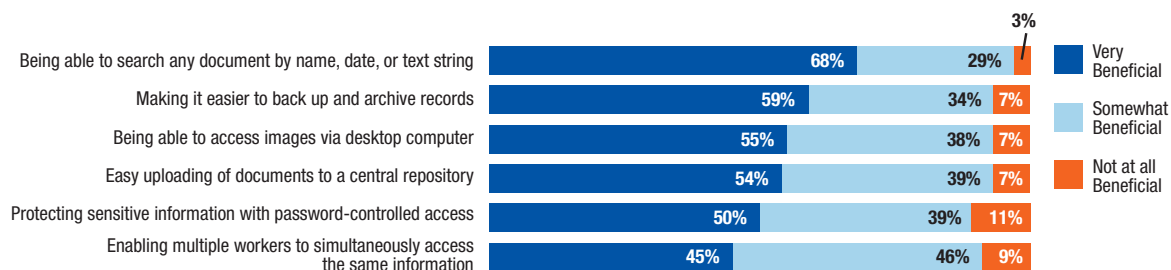
Source: The State of Document Imaging Solutions Survey, CMP Research, June 2007

Chart 10: Productivity Enhancements from Digitizing Paper Documents



Source: The State of Document Imaging Solutions Survey, CMP Research, June 2007

Chart 11: Information-Handling Capabilities that Make a Difference



Source: *The State of Document Imaging Solutions Survey, CMP Research, June 2007*

enhancements derived from digitizing paper documents (see Chart 10). Significant majorities of the survey respondents report that these enhancements are either somewhat or very beneficial.

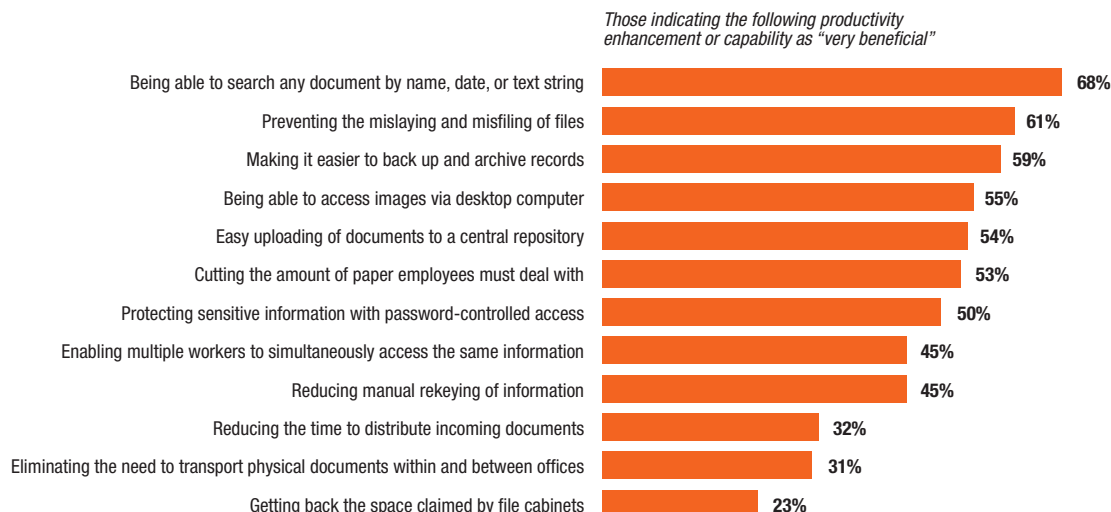
Three productivity enhancements stand out. Preventing the mislaying and misfiling of files is seen as either somewhat or very beneficial by all 100 percent of respondents. Almost that many—92 percent—regard cutting the amount of paper employees must deal with as either somewhat or very beneficial. And elimination of

information rekeying is either somewhat or very beneficial to 84 percent.

Next we asked respondents about six information handling capabilities that are enabled by the scanning and digitizing of paper documents (see Chart 11) and are major contributors to improved business processes. Overwhelming majorities of respondents found these capabilities either somewhat or very beneficial:

- Being able to search any document by name, date, or text string—97 percent

Chart 12: What's Most Beneficial



Source: *The State of Document Imaging Solutions Survey, CMP Research, June 2007*

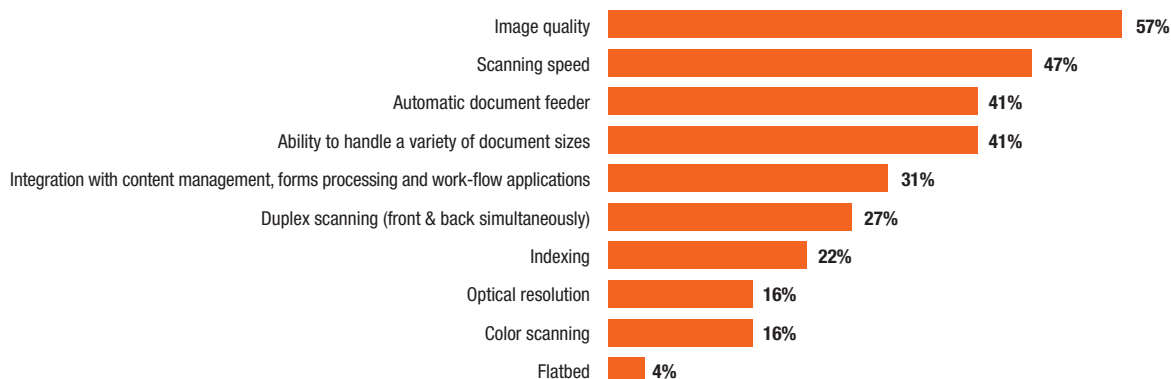
- Being able to access images via desktop computer—93 percent
- Making it easier to back up and archive records—93 percent
- Easy uploading of documents to a central repository—93 percent
- Enabling multiple workers to simultaneously access

the same information—91 percent

- Protecting sensitive information with password-controlled access—89 percent

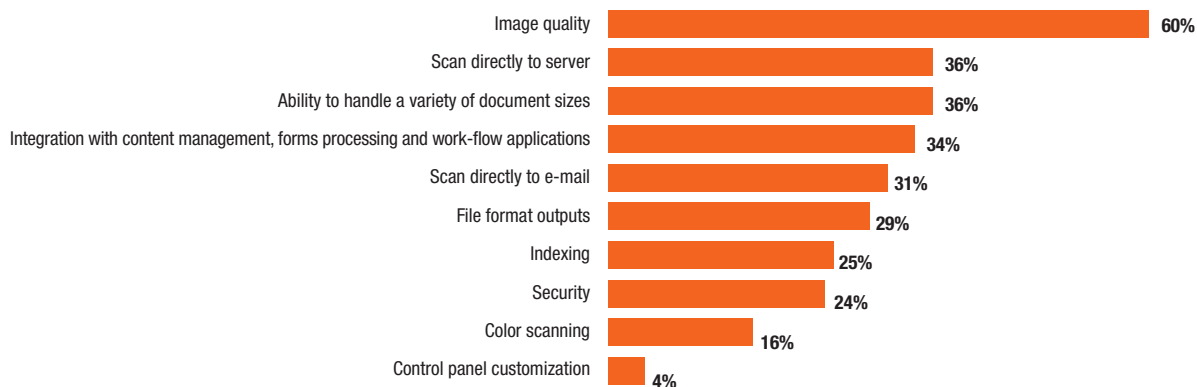
Thus even smaller organizations are reaping measurable benefits both from productivity enhancements made possible by digitizing paper-based documents and from information-handling capabilities enabled by

Chart 13: Most Important Scanning Features



Source: *The State of Document Imaging Solutions Survey, CMP Research, June 2007*

Chart 14: Most Important MFP/MFD Features



Source: *The State of Document Imaging Solutions Survey, CMP Research, June 2007*

APPENDIX: Survey Demographics

RESPONDENTS' PRIMARY JOB FUNCTION

- 31% IT Director/Manager
- 18% IT Staff
- 16% CIO/CTO/Vice President Information Technology or Networking
- 11% Owner/Partner/CEO/President
- 9% Line-of-Business Vice President/Director/Manager (Non-IT)
- 5% CFO/Vice President Finance
- 4% Office/Production Manager
- 2% Line-of-Business Staff (Non-IT)
- 6% Other (includes Engineering Technician, Chief Compliance Officer, Purchasing Manager, etc.)

Base: 143 Respondents

RESPONDENT ORGANIZATIONS' BUSINESS OR INDUSTRY GROUP

- 15% Manufacturing and Process (Noncomputer-related)
- 8% Education
- 8% Government
- 7% Healthcare/Pharmaceuticals/Biotech
- 6% Business Services
- 6% Utilities
- 6% Wholesale/Trade/Distribution/Retail (Noncomputer-related)
- 5% Financial Services/VC/Accounting
- 4% Banking
- 4% Computer Manufacturer (Hardware, Software, Peripherals, etc.)
- 4% Computer-Related Retailer/Wholesaler/Distributor
- 4% Media/Marketing/Advertising
- 4% Non-Profit
- 3% Construction/Architecture/Engineering
- 3% Real Estate/Legal
- 3% Solutions Provider/E-Business Integrator
- 2% Transportation/Logistics
- 1% Aerospace
- 1% Agriculture/Mining/Oil/Gas
- 1% Communications Carrier (Telecom, Data com, Cable, Internet/Online Service Provider)
- 1% Consulting (Noncomputer)
- 1% Insurance
- 1% Service Provider (ASP, DP, FSP, Web Hosting)
- 1% Travel/Hospitality/Recreation/Entertainment
- 3% Other (includes Communications/Computer Consulting)

Base: 143 Respondents

Note: Percentages add up to more than 100% due to rounding.

Source: *The State of Document Imaging Solutions Survey*, CMP Research, June 2007

document and image scanning.

Seven of the 12 benefits asked about in the survey (**Charts 10 and 11**) are considered very beneficial by a majority of respondents, as Chart 12 illustrates. Of these seven, five are information handling capabilities enabled by document and image scanning.

Document Imaging Solution Features That Matter

Finally, we asked respondents to pick out the top three document-scanning features and the top three MFP/MFD features they consider most important.

For both categories of devices, image quality matters most, and the ability to handle a variety of document sizes also is important. After that, for their document scanners, respondents care about scanning speed, automatic document feeding, and integration with content management, forms processing and work-flow applications (**see Chart 13**).

When it comes to MFPs/MFDs, respondents' focus shifts to the machines' ability to scan directly to servers, integrate with content management, forms processing and workflow applications, and scan directly to e-mail (**see Chart 14**).

Paper documents aren't going away anytime soon, but as the respondents to *The State of Document Imaging Solutions Survey* show us, information residing on paper doesn't have to remain locked in paper. Nor do businesses have to remain chained to manual, paper-based processes.

Once a business takes the first step into document scanning, a variety of document imaging solution benefits are within reach.

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