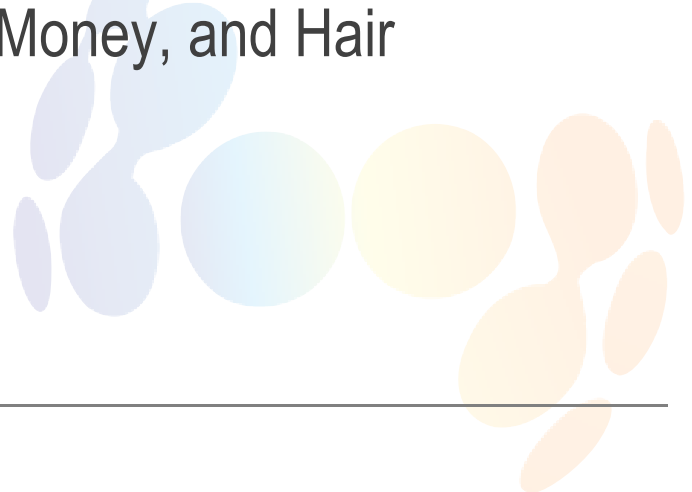UFCInc

White Paper: Data Capture and Document
Management Systems - 10 Tips and
Information Nuggets That Will Save
You Time, Money, and Hair

How to Calculate an ROI for a Document Management System

Most people in the business world know that ROI stands for Return on Investment. In its simplest terms it means "what am I going to get in terms of a return for money that I am about to spend". And every business and person, for that matter, wants to know what they are going to get in return for spending money. But sometimes trying to put together a project's ROI can seem like a daunting task. For that reason, we are providing at the end of this article a simple ROI calculator that you can use. It's as simple as going to our website and obtaining it.

Almost all business use some form of document management systems to maintain their documents and data. From accounts payable to accounts receivable departments, documents such as invoices and sales orders are stored and maintained in some kind of filing arrangement. Some are stored manually while others may be stored electronically. And each type of document management system, whether it is paper or electronic based, ultimately has a cost associated with storage and processing. What you want to do is to find the system that, in the end, results in the least amount of cost over a given period of time but still provides you with the soft benefits and business needs that you have identified as key for your business. This is where understanding ROI and calculating ROI for your document management system comes into play.

Hard Benefits

In a nutshell, electronic document management systems will result in bottom line improvements due to productivity gains and reduced expenses. But how do you figure out what those gains in productivity and reduced expenses are? Probably the best thing to do is to think broadly about the categories that your benefits can be broken down into and then to put them into an ROI calculator. A good place to start is to think about physical space and labor. For example, consider the benefits of reduced filing space that you will obtain by being able to capture documents electronically. What is the cost of the square footage that your filing cabinets take up? What is that cost over a certain period of time? Or consider the reduction in labor costs, due to less time searching for documents, if you implement a document management system. What is the cost of labor for filing and searching for documents? What is the cost for that labor over a certain period of time? Or maybe you have to do a lot of manual routing of documents through your organization for review or approval prior to filing which takes time and effort. What is the cost of having to route those documents over a certain period of time?

Simple ROI Calculations Explained

Once you have thought about and documented all those costs that go into your present document management system, then you are ready to calculate by line item the reduction in costs that you can achieve either with a new document management system or maybe just a change to your existing one. Compare those reduced costs to how much money it will take to buy and implement a new document management system (for instance taking into account the software, hardware and maintenance costs for an electronic document management system) and calculate the time that it will take for the reduced

costs to make up for the initial and ongoing investment of the new system. Now you have your simple ROI. A more complex ROI calculation may take into account tax effects such as depreciation of any capital expenditures, as well.

Soft Benefits

Besides the hard benefits you also need to keep in mind that there are other soft benefits that an electronic document management system can provide as well. For instance, if a fire or flood was to damage your paper documents how would you recover their contents? With an electronic data capture and document management system, your files are stored on disk or on tape and can be backed up or even stored in a separate location. This is a soft benefit that an ROI calculation won't consider. Other soft benefits that may not be included in an ROI consist of reduced exposure to regulation risks, better information accuracy, and improved customer service times, to name a few.

Although calculating an ROI for a document management initiative may at first seem like a daunting task, by thinking through your document management processes and breaking down their components, the exercise can be relatively straight-forward. In order to help you get started in developing or refining your Document Management project's ROI, UFC is providing you a free ROI calculator. Our ROI Calculator is an Excel tool that provides you with the ability to quickly calculate your simple return on investment for data capture and document management projects. There is even a tab with a filled in template as an example. Just go to our website at www.ufcinc.com to obtain it.

About UFC Inc.

UFC Inc. is a consulting, integration and solutions firm preferred by clients worldwide for our quality, innovation and integration expertise. UFC provides data capture, enterprise content management software, support and integration services - based on a flexible architecture and common set of applications for collecting, classifying, retaining, migrating, securing and accessing information – all at the lowest cost of ownership.

Unlike vendors that deliver generalized ECM products with centralized or consolidated architectures, or support few applications and data types, UFC delivers the most comprehensive solution, specifically tailored for the customer. The distributed nature of the solution along with UFC's extensive expertise and unique approach makes it ideal for companies with remote offices that have limited storage space, minimal IT infrastructure or technical support. Remote locations realize significant improvement in operational efficiencies, improved collaboration, a reduction in storage costs - without sacrificing centralized control or visibility of information. From capturing and processing vendor invoices, personnel information such as employment applications and human resource forms to capturing and storing engineering drawings, large contracts and correspondence, UFC provides their customers the ability to reduce paper transaction costs while increasing their data processing efficiencies.

Call us today to find out how we can help your organization at (248) 447-0100 or email us at sales@ufcinc.com.

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