

A Doc.It White Paper



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DOCUMENT MANAGEMENT AT ITS BEST

GATHER – PROCESS – STORE – DELIVER

Explore Document Management with industry thought-leaders Darren Root, CPA.CITP, Randy Johnston, Dr. Bob Spencer, and Alan Salmon, who discuss pain points of document management and share their document management expertise.



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AICPA research has revealed that firms can sharpen their efficiency and improve their bottom line if they refine how they gather, process and deliver client data. These firms, defined in 2012 by the AICPA as “systemized,” work less and earn more. This white paper explores document management at its best with industry thought-leaders M. Darren Root, CPA.CITP, Randy Johnston, Dr. Bob Spencer, and Alan Salmon.

Accountants may wrestle with how to improve document management (DM). Some may want to work less and improve their quality of life, while others hope to increase profitability. To understand how to improve DM, accountants must first understand what DM is and how it impacts every aspect of daily work. There is a common misconception that DM is about storing files. Yet DM is about securely managing data from the time it is gathered and through the process of the engagement, to the time when the data is stored and delivered to the client. Document management at its best handles this entire process with ease and efficiency.

Consider the initial step of DM and how client data is gathered, sorted and organized as it flows into a firm. Data may arrive as paper documents or from electronic sources such as email, Web portal, fax, or by some other means. When DM is at its best, the “gather” step is easy and highly automated. As data streams into a firm, standardized naming conventions and document retention policies should automatically be applied by the DM technology and data should be filed in an electronic binder, resulting in highly

organized electronic binders which make document retrieval effortless. If the “gather” process is not handled this way, productivity suffers before billable work begins!

DM pain is initially felt in the “gather” process. If this process is not highly automated (as described above), gathering data may require work-arounds (temporary measures taken to address a problem without directly addressing it). After gathering client data, processing, storing, and delivering client files can be easy and seamless, or require additional work-arounds—which kill firm efficiency.

This white paper explores DM at its best with industry thought-leaders Darren Root, CPA.CITP, Randy Johnston, Dr. Bob Spencer, and Alan Salmon, who discuss pain points of DM and share their DM expertise.

What is Document Management?

A document is any communication (e.g., Word, Excel, PDF, email, QuickBooks) with or from a client. The most common misconception about DM is that it is little more than storage of documents. In actuality, document management encompasses handling the flow and process of work from the time documents stream into the firm until the time when an engagement is complete, securely stored and delivered to the client.

Document management at its best should handle the entire process well, be easy and affordable, and follow the natural workflow of how an accountant works. A well-designed DM system includes workflow to improve efficiency and staff utilization in a firm, directing tasks to the staff member best suited for the job based on experience, skill sets, billing rate, availability, and other factors.

Document management at its best provides a simple, affordable, and efficient way for firms to GATHER, PROCESS, STORE and DELIVER documents.

- **GATHER:** The process of gathering data as it streams into a firm should be easy. While “gather” is occurring, DM technology should apply consistent naming conventions and assign document retention rules based on document type. In lieu of staff or partners keeping manual lists or tracking spreadsheets, integrated workflow tools can track the status and location of a file with a few clicks of the mouse.
- **PROCESS:** Working in a way that is comfortable is important. Allowing data to live within a well-organized DM binder system and in its native file format allows staff and partners to work in a familiar way with existing software. Easy, secure access and keeping information organized is also important. Throughout the process of an engagement, allowing multiple staffers secure access to work in a well-organized binder ensures one version of a file remains centrally located, which increases collaboration and elevates efficiency.

- **STORE:** The two most critical dates—and pains—impacting data storage for firms are when a document retires and when it expires. Firms must examine document integrity, liability, and the internal lifecycle of a document. To avoid these pains, information should be stored with these critical aspects in mind:
 - Simple indexing and uniformed naming conventions to eliminate confusion during workflow.
 - Files named using auto-assign and data retention policies based on file type ensure company standards and industry compliance.
 - Store in a permanent file format such as PDF, which eliminates proprietary software issues while easing the delivery of data to the client.
 - Web portals allow staff and clients easy access to data.
- **DELIVER:** Having the ability to easily deliver data in a way that conforms to security laws and the flexibility to deliver in a way each client prefers is critical to client satisfaction. Whether by Web portal, secure email, or some other electronic means, being able to handle delivery with ease is the key. Delivery that requires work-arounds wastes time and resources.

“A DM system should be more than just software. It should include best practices with implementation assistance that will guide your firm towards standardization of processes that will allow every area of your firm to GATHER, PROCESS, STORE and DELIVER as efficiently as possible.”

Howard Brown, Founder and CTO, Doc.It® Inc.

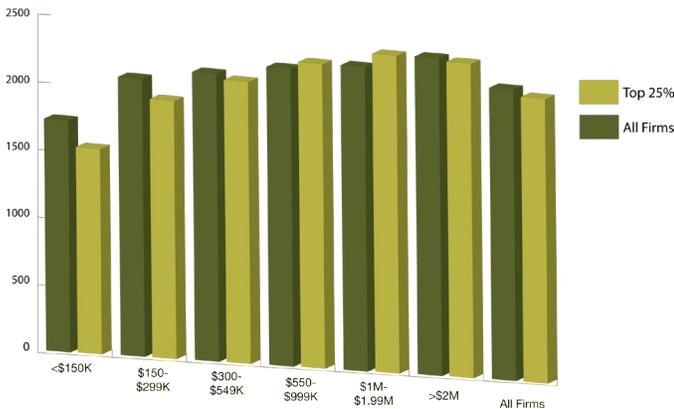
Efficiency Gains When Document Management Is at Its Best

Document management at its best ensures DM technology automates processes and eliminates work-arounds while following the flow of the way accountants work. This allows accountants to be top performers while working fewer hours and increasing revenue. When DM is automated and processes are repeated with consistency, there will be greater efficiency and control over the quality of work being done.

“It’s not about working more hours, it’s about working more effectively.”

M. Darren Root, CPA.CITP, executive editor of *CPA Practice Advisor Magazine*, and CEO of RootWorks LLC and Root & Associates.

TOP PERFORMERS WORK 3% LESS THAN AVERAGE!



Source: AICPA and the Texas Society of CPAs.

“3% fewer hours = working 2149 hours versus 2199 hours”

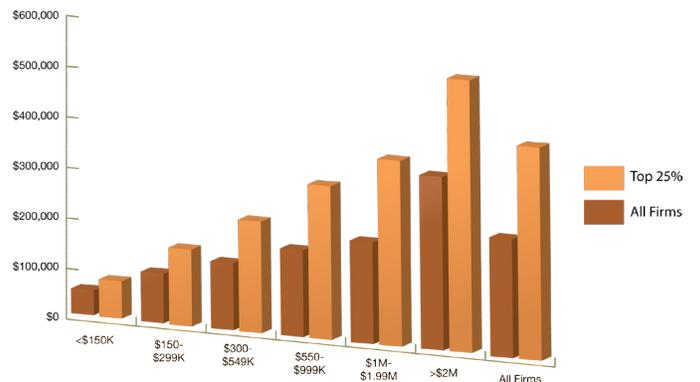
M. Darren Root, CPA.CITP, executive editor of *CPA Practice Advisor Magazine*, and CEO of RootWorks LLC and Root & Associates.

“When considering a DM solution, keep in mind that most DM systems are built for individual document storage and retrieval. Accountants spend most of their time with “collections” of work-in-process documents which most DM systems do not address. Other engagement management technologies are inefficient for non-trial balance engagements and are not suitable for other work-in-process projects. Doc.It fills this gap with our full-featured WIP Binders.

Do not settle for less.”

Howard Brown, Founder and CTO, Doc.It® Inc.

TOP PERFORMERS EARN 72.4% MORE THAN AVERAGE!



Source: AICPA and the Texas Society of CPAs.

“Top performers are earning 72.4% more than average, or \$426K versus \$247K”

M. Darren Root, CPA.CITP, executive editor of *CPA Practice Advisor Magazine*, and CEO of RootWorks LLC and Root & Associates.

Document Management Pain Points

Document management can be one of the strongest aspects or biggest challenges of running a thriving practice. From the time documents are gathered as they flow into a firm, how they are handled can cause pain and force work-arounds impacting nearly every function and area of practice.

At first glance, automating DM to reduce or eliminate pain points may seem daunting. When exploring DM technology, ask questions and learn how DM software handles these common pain points.

- **GATHERING DATA:** Documents may arrive as paper or from electronic sources such as email, Web portal, fax, or by some other means. When DM is at its best, gathering is easy and highly automated. Because documents of all types can stream into a firm from different sources, efficiency in gathering data has become one of the biggest daily pains. Each step required in the “gather” process takes time away from productivity and increases the likelihood of errors. Integration, especially with Web portals, can be another issue. Staff may be forced into ongoing costly work-arounds when integration issues are not resolved.
- **WORKFLOW:** Workflow can be negatively impacted when staff and accountants do not have easy access to client files. Firms that can easily access and retrieve well-organized electronic files are far more efficient than those who rely on routing sheets or binders moving from desk to desk.
- **FILE SEARCH:** Firms experience pain in file search for a variety of reasons such as a lack of automated file naming methodology, poorly organized electronic files, or the scattering of client data in the cloud. When these situations occur, file retrieval may require multiple steps and time-consuming work-arounds. Most would agree there is nothing worse than wasting time searching for a file or having to admit your firm could not locate a file.

“Firms need to look at their practice and determine if they follow filing methodology. Are there standards, methodology, and uniformity in place? Are there standards and is there uniformity between locations?”

Randy Johnston

“Don’t route documents through email. There is risk of version control and security problems.”

Randy Johnston

- **DOCUMENT ROUTING (OUTLOOK):** Firms routing client documents through standard email platforms such as Outlook often run security risks and open the door to readability issues due to varying email platforms. Relying on email platforms for routing can also increase the risk of circulating multiple versions of a document. Firms that do this increase the challenge of gathering data when preparing the final version of an engagement for the client.

“Accountants must be more concerned regarding the sensitive nature of correspondence via email, and it is critical that the sharing of files as email attachments must be carefully managed. Using secure registered email or DMS-based Web portals is more reliable and easier to manage. Once documents are separated from the primary document repository, all management of the copies of documents becomes impossible, such as compliance with records retention policy.”

Dr. Bob Spencer

- **SECURE DOCUMENT STORAGE:** Proper storage and document retention is a serious aspect of DM. More firms are becoming aware of eDiscovery issues, where electronic data is sought, located, secured and searched with the intent of using it as evidence in a legal case. When data is digitally bound and archived in a secure environment, it is more easily searched, which speeds the process of locating information. Proper secure document storage protects the firm and decreases the pain and the expense associated with searching for files.

“Whenever an accountant selects a third-party DMS solution provider, significant thought should be given to not only *where* the documents are stored, but *how*. Many solutions depend on proprietary databases and file formats that are not easily transferable. Also, many vendors limit options to PDF or a proprietary format for storage. Both of these options limit the files you can store in the DMS. For document management reasons, you want to store all documents, regardless of the format type, in your DMS system. Using a secure Windows Explorer file methodology gives the user maximum flexibility and ensures that should something change in the future, it will be much easier to move the files at a much lower cost.”

Dr. Bob Spencer

“In Canada, another issue is where the data is being stored. If it is in the US, there are issues with the U.S. Patriot Act.”

Alan Salmon

- **WINDOWS EXPLORER:** There is security and retention-management pain if Windows Explorer is used as a file manager. Using Windows Explorer can often result in searching for and not finding information.

“When Windows Explorer is used for document retention, eDiscovery issues can arise when litigation happens. Litigation is increasing every year due to document retention/lifecycle management issues along with attorneys understanding that many accounting firms are not disposing of documents in a timely fashion. When managing a document’s lifecycle, there are two critical dates, the date a document retires, and the date it expires. You do not want to question your document integrity, liability, or the lifecycle of the document.”

Randy Johnston

- **EMAIL DELIVERY:** Email has become a primary method of transmission of information. The security of this method is being scrutinized and more restrictions are being put in place to limit the exchange of client data using this method. While email has been deemed by some as an effective tool for data exchange, it serves more as a diversified repository where a variety of client data can be lost or forgotten. Relying on email as the primary method to exchange data is not advised because it does not serve as a well-organized repository or a complete collection of all data associated with a client’s engagement.

“Email is still the most efficient delivery mechanism. Its lack of security can be resolved by using password-protected attachments and a secure portal when required.”

Howard Brown, Founder and CTO, Doc.It® Inc.

- **DELIVERY TO CLIENTS:** Because clients prefer different methods of receiving their data, delivering the final engagement to the client is a pain most firms experience regularly. Some firms are forced into costly and time-consuming work-arounds, while others rely on stand-alone technologies like Web portals. The pain experienced with delivery to clients is caused by not having the ability to easily deliver to a client in the way a client prefers. Stand-alone Web portal service providers may cause future pain when monthly costs increase as more data is added to the Web portal.

“There is a movement away from stand-alone Web portals to find secure transfer for smaller firms via email, Dropbox, Box, or SugarSync, for the integration of data. With these solutions the maintenance is manual, therefore files keep piling up and charges for space used continue to increase.”

Randy Johnston

- **LOSS OF CONTROL OVER CLIENT DATA:** Loss of control over client data is a pain that impacts most firms today. For example, when data is stored in proprietary software, a firm may lose control by not having an exit strategy, or an easy way to get information ported out. In the short term, the pain occurs as the firm is limited – for better or worse – to one technology provider’s DM solution. In the long term, this loss of control over client data can be the costly roadblock that impedes the merger or sale of the firm where data will need to be ported into the buyer’s environment.

“While accountants have been used to keeping everything forever, the emergence of the wide deployment of electronic formatted documents has radically changed the way one must think about client files. Serious consideration has to be given to the impact of a client leaving to the retention of their information and the firm’s future responsibility. There is financial risk associated now with maintaining electronic documents past their economic lifecycle. And, as the professional accountant is considered a gatekeeper of clients’ information, they have a higher level of risk of the exposure of client-sensitive information.”

Dr. Bob Spencer

- **CLOUD STORAGE FEES:** Cloud storage has grown increasingly popular. The pain experienced with cloud storage is typically felt over time, as monthly storage fees escalate when more data is added to the cloud storage space. There are hidden pains that extend beyond storage fees, including data-transfer fees and the challenge of getting data removed from the cloud when a client transfers to another firm, quits the business, or passes.

“Document storage in the cloud sounds great until you get the bill. For accountants who do not have a plan to actively manage and retire archived documents, the cost of online storage can escalate quickly.”

Dr. Bob Spencer

Creating a Private Cloud to Store Information Internally

As the risks, costs and pains of cloud-based and off-premises storage increase, more firms are considering creating their own private cloud to store information internally. Reasons for creating a private cloud environment are plentiful; consider our earlier discussion on selling a business and exit strategies, or the possibility of not being able to easily get client data off of a cloud storage service. When there is no clear and feasible exit strategy, the risks of storing anywhere but in your own private cloud environment must be weighed.

“What I am trying to accomplish by creating my own private cloud is being able to work whenever, however, and with whomever I want. I do not want space or location to be a limiting or driving factor in my work. I created my own private cloud for flexibility, security, and to employ and serve the best people wherever they are located.

I don't like vendors forcing me into proprietary software or proprietary storage, telling me what I can and cannot use in my firm. I want the freedom to use whatever technology I believe will enhance my firm.

Ultimately, I found creating my own private cloud provides the benefit of working wherever I am at, with redundancy or repeating of data at any site.

In this environment I have the flexibility to use whatever software I want to use.

I am concerned about security and backups in the event of a natural disaster. For backup, I use Internet streaming backup which backs up data daily in another part of the country.”

M. Darren Root, CPA.CITP, executive editor of *CPA Practice Advisor Magazine*, and CEO of RootWorks LLC and Root & Associates.

What the Future Holds

Many accountants are concerned with the future of their practice. Some long for a better quality of life or increased profitability, while others are concerned with retirement or succession planning. Because DM touches every area of practice daily, there are implications surrounding DM decisions being made today.

Accountants should prepare their practices to be fully mobile-enabled. Individuals should have the ability to check out the complete document history for a client from the archive or take the entire engagement on the road as well.

When in the field, peer-to-peer network support should be provided in addition to scanning tools. If your firm prefers to work through Terminal Services or Citrix instead, Doc.It Suite is fully compliant.

“Your DM solution should be “complete”. It should include all of the tools that you need today including an integrated Client Portal and Workflow solution. It should not only keep pace with technology but should lead it with a strong focus on process automation.”

Howard Brown, Founder and CTO, Doc.It® Inc.

Doc.It Suite is the DM Solution

Today, firms are all over the map with regard to their paperless practices. Firms that value process improvement, compliance, security, and standardization have invested in best-of-breed document management solutions.

There are still many firms that have not yet recognized the efficiencies, cost savings, improved client service and numerous other benefits of a well-implemented DM system. Many of these firms use “unmanaged” approaches like Windows Explorer or their engagement managers as a paperless solution. They have not yet come to recognize that these types of “home grown” solutions create pain points and are actually more of an expense to maintain and lack essentials like security, retention management, searchability, version control and collaborative tools, to name a few.

Owners of firms are business owners, not technicians. Document management at its best should follow a firm’s workflow, be simple, affordable, and make a firm more efficient. Doc.It eliminates the pain points of GATHER, PROCESS, STORE, and DELIVER without requiring costly and time-consuming work-arounds.

CONTACT DOC.IT TODAY TO SCHEDULE A DEMO, REGISTER FOR A WEBINAR, OR REQUEST PRICING.

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