



## I D C T E C H N O L O G Y S P O T L I G H T

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# Document Workflow Automation Study: Implementing Solutions and Realizing Benefits

May 2015

Adapted from *Business Workflow Automation and Optimization Study Drivers*, by Ron Glaz, and three reports: *Pain Points that Drive Manufacturing, Healthcare and Financial*, IDC #252543, #252417, #251828

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### Overview

Today's businesses are facing many challenges as technology innovation continues to transform how and where business is conducted. One of the biggest challenges organizations face is technology integration within business workflows. For instance, with the adoption of mobile technology by employees, business activities are conducted in multiple locations within the office environment. The ability to conduct business anywhere and anytime is clearly changing user behavior, and has a significant impact on workflow processes that, in many cases, have been in place for years and are most likely highly dependent on paper and human interaction.

At the same time, businesses are being pressured to reduce costs, be more efficient, and increase revenue. To improve efficiencies, businesses are deploying document solutions that reduce costs associated with print and automate workflows to improve process efficiencies. The gloomy part, however, is that although many organizations invest in technologies to improve workflows, they still struggle with costly processes that have additional bottlenecks caused by manual data entry, lack of validation, and errors — all the result of limited modification to antiquated workflows.

IDC defines "business workflow automation" as a process that reengineers document-intensive workflows by integrating software, hardware technology, and/or services to reduce cost and improve efficiencies where the re-engineering may transpire either internally or by outsourcing. The results from correct automation provide significant benefits to organizations. Task management, for example, is greatly improved as priorities and timelines are linked across and between organizations. Furthermore, management can monitor processes and identify roadblocks, resource constraints, and opportunities for additional process improvement.

To help grasp the variables that drive automation, this document includes results from IDC's Business Workflow Automation and Optimization study. The study brings to the forefront pain points that drove businesses to automate workflows. The study also uncovered benefits obtained from technology deployment that alleviated pain points. Results from the study were obtained via an online survey of 675 individuals that managed and/or participated in workflow automation deployments, respondents were employed by healthcare, manufacturing, financial services, and insurance firms in the United States.

### Pain Points Driving Workflow Automation

Inefficient workflows place great constraint on businesses in that they delay process completion that eventually impact the bottom line by delaying revenue obtained for completed jobs, as well as blocking opportunities to generate new revenue. A study conducted by IDC shows that businesses

that have automated workflows deal with a variety of pain points that spurred interest in automation. The following are the top five pain points:

- Document workflows and routing within or across departments to complete business transactions
- Lack of e-signature technology (the technology or legal requirements)
- Document life-cycle and storage management
- Security related to paper based documents (printing/copying/faxing/scanning)
- Sharing/collaborating

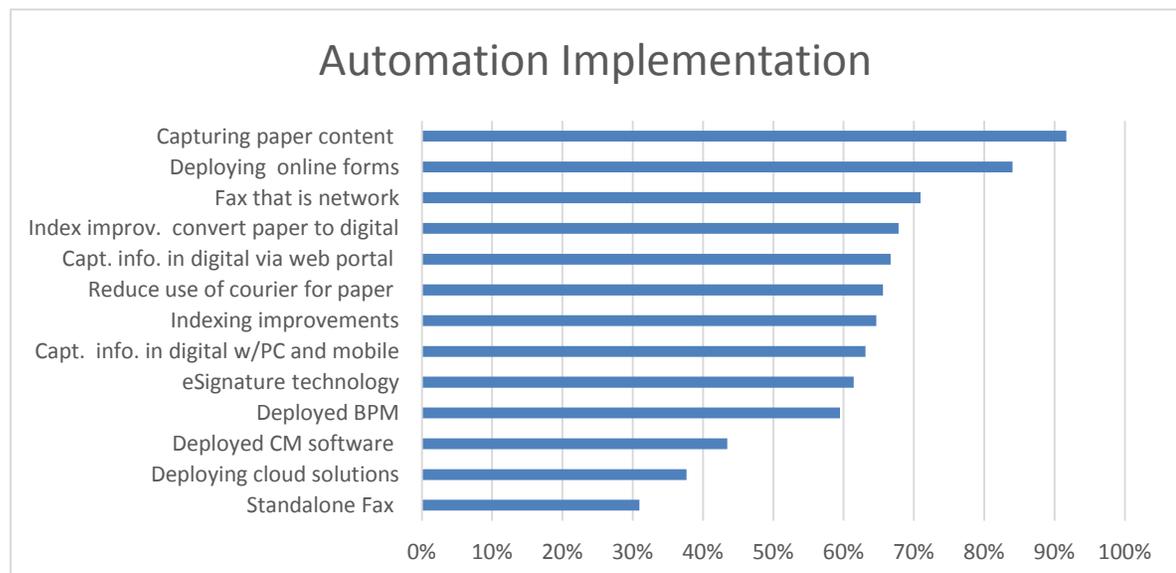
When further questioned as to the specific source within document workflows that prompted automation, a third of the respondents (33%) mentioned that they manually extract content from paper-based workflows to integrate content from the document within the workflow, while 22% stated that they manually extract content from digital documents.

With digital-based workflow on the rise, the need for electronic signatures has evolved as the second highest pain point that spurs automation. Traditionally, users of digital workflows that required a signature had no choice but to print the document out and obtain a hardcopy signature. The availability and deployment of an e-signature solution enables digital workflow completion in digital format. The need for sharing and collaboration is much more efficient in digital, but many respondents felt that digital sharing and collaboration had its own obstacles.

## Automation Deployment and Benefits

The study also shows that users contemplating workflow automation deployment tended to focus on eliminating the use of paper documents within the workflow. Figure 1 shows that 92% of respondents stated they deployed scanning technology that converted paper to digital. Eighty-four percent of respondents used network fax to capture documents in digital files.

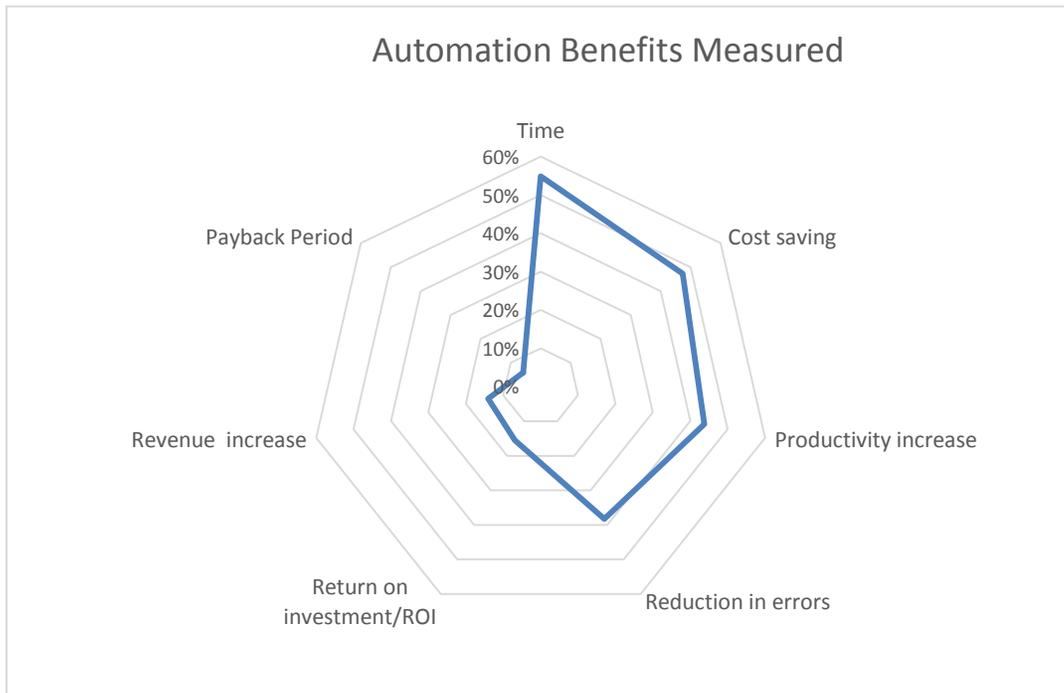
**Figure 1**



Source: IDC, 2015

But when the focus is on basic services and solutions that convert/integrate digital content within a workflow, users obtained significant benefits. When asked about the various benefits that are measured from automation, we learned that time and cost saving were the two most measured benefits. Productivity improvement was third, followed by error reductions, revenue increases, and return on investment. The spider graph in Figure 2 shows the level of respondents that measured benefits and the type of benefit measured.

**Figure 2**



Source: IDC, 2015

As stated earlier, a small investment in converting paper-based documents to digital provides high returns. Actual benefits obtained (average) were as follows:

1. Cost saving \$444,586
2. Time saving 1,026 hrs/yr
3. Annual productivity growth 27.6%
4. Annual Reduced error 44%
5. Annual ROI 36%

### Industry Automation View

To help understand how automation is integrated within process workflows, the study highlights challenges that businesses in healthcare, manufacturing, and financial services/insurance deal with, which in turn drove automation.

### **Industry Pain Points Driving Workflow Automation**

Across all three vertical industries, managing document workflows and routing -- with 49% of respondents in healthcare, 50% in financial services/Insurance, and 39% in manufacturing -- was identified as the top challenge. Financial services/Insurance and healthcare had similar rankings with e-signatures and security related to paper and digital documents, as the second and third challenges, respectively.

Further investigation of document workflows showed financial services/Insurance and healthcare workflows tended to use the most expensive solution to extract content – i.e., manual data extractions. Manual extraction eliminates data classification, prohibiting the ability to locate and integrate content with other workflows. Manufacturing challenges continued to focus on document life-cycle, sharing/collaboration, and search, followed by lack of automation deployment or the inability to integrate workflows with CRM, ERP or AP.

### **Industry Automation Deployment and Benefits**

Considering that all three vertical top challenges center around document workflow and routing, there was no surprise that capturing paper content into digital format and deploying online forms were the top two solutions deployed by all three verticals. Other solutions deployed by each vertical were:

- Financial services/Insurance deployment focused on cloud-based solutions and indexing improvement
- Manufacturing focused on fax that is networked, better indexing and using Web portals to capture information
- Healthcare needs for digital authorization, and the ability to receive a more secured fax that is networked

Automating document workflows provides high returns. Actual benefits obtained for each vertical are as follows:

	<b>Financial Services/Insurance</b>	<b>Manufacturing</b>	<b>Healthcare</b>
Annual Cost Saving	\$575,000	\$505,000	\$276,300
Annual Time Saving	1250 hrs	961 hrs	1082 hrs
Annual Productivity Improvement	37%	20%	30%
Annual Error Reduction	55%	18%	38%

Values in the table reflect vertical average value. Results in the table clearly demonstrate that implementing workflow automation and optimization provide significant benefits and that the level of benefit depends on workflow complexity and the number of human interactions. The table shows that

Financial services/insurance obtain the highest benefits from automation. Average cost savings of \$575,000/year was largest among all three verticals, while average annual time savings of 1250 hrs, to annual productivity improvement and annual error reduction of 37% and 55% respectively. The push to digitize healthcare records is supporting high returns from time saving, productivity improvement and error reductions.

## **Canon Viewpoint and Case History Examples**

Canon Business Process Services agrees with IDC's findings that organizations are struggling to reduce manual data entry activities as well as lower costs and improve the efficiency of their paper intensive processes. These approaches translate into inefficient workflows that cause delays and create a higher probability of errors. Canon's "2014 Accounts Payable Optimization Study" disclosed that most companies still manually handle the vast majority of their invoices, including those that arrive via email and fax. In Canon's experience with clients spanning a variety of industries, a similar situation exists beyond accounting to includes virtually every department within the enterprise. There is an excess of paper-based, manual processes combined with the need to implement enhanced workflow automation. Two brief Canon client case histories illustrate this point.

A bank was failing Sarbanes-Oxley (SOX) audit findings and experiencing low overall accounts payable (AP) processing performance. The bank received, via mail, about 8,000 non-purchase order paper invoices monthly. This was increasing the cost and cycle time of the invoice process. Integrating non-PO invoices with a procure-to-pay system that processes the bank's PO invoices electronically could improve operational efficiency, increase on-time payment, reduce costs and improve its SOX compliance. Canon implemented a system that includes centralized receipt of the non-PO paper invoices, automated workflow for processing the invoices, and improved procedures for managing exceptions. Results include an 80% reduction in the number of SOX audit findings during the past year, according to Canon. Additionally, the bank reportedly realized a 20% reduction in overall AP processing costs annually and a significant reduction in invoice payment cycle time.

The second example involves an insurance company that was scanning, indexing, and coding documents including claims and customer correspondence. Parts of the company's document conversion process were automated, but some key elements were missing, such as a comprehensive performance management system that could provide insights and critical data in real time. Canon created a four-phase plan to meet these challenges. In phase one, Canon assumed management of staff and operations for receiving, prepping, imaging, and coding time-sensitive documents and entering them into the insurance company's claims process workflow. In phases two, three, and four Canon is addressing the need to reduce costs while increasing efficiency. This includes moving some of the imaging activities to Canon's business processing centers in the U.S. and Philippines. With these workflow improvements, the insurance company has saved approximately \$140,000 annually, according to Canon. The company also implemented a performance management system. The insurance company now has an interactive dashboard that tracks key SLAs. These SLAs include tracking the day Canon receives an insurance claim and whether that claim is scanned and uploaded into the insurance company's systems by 5:00 PM the same day.

## **About Canon Business Process Services**

Canon Business Process Services, Inc. offers a comprehensive portfolio of managed services and technology across information and document management, business process outsourcing and managed specialty staffing. Combining singular experience and process knowledge, Canon Business Process Services helps clients improve operational business performance while reducing costs and risks. Named a Global Outsourcing 100 Leader in 2015 by IAOP for the ninth year; the company is a wholly owned subsidiary of Canon U.S.A., Inc.

## **Challenges**

The challenge for CBPS will be twofold. First, the company must continue to adapt and develop its portfolio of solutions and services as cloud-based applications, mobile devices, and the increasing socialization of business applications drive rapid changes in requirements for imaging and output. Second, CBPS must leverage its document domain experience and expertise to clearly differentiate its offering from that of larger, well-established BPO competitors.

## **Conclusion**

The study clearly shows that companies can eliminate critical challenges by implementing a variety of workflow automation solutions and as a result obtain significant benefits from cost saving, employee productivity and time. The issue for most companies is determining the challenges they would like to eliminate and whether they are in a financial position to invest in IT infrastructure or take advantage of outsourcing services. To the extent Canon can address the challenges described in this paper, the company is positioned to succeed in this important market.

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