



Distributed Capture 2008

A Survey Report

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Survey Designed by Power Decisions Group

Sponsored By

Datacap

Canon

Introduction

Since the introduction of Internet-based Distributed Capture a several years ago, more and more organizations are finding value in scanning documents at the point of origination instead of shipping documents to a central scanning center. Others are assigning indexing tasks to off site workers, often working from home. But just how prevalent has distributed capture become? What are factors leading organizations to adopt distributed capture? What are the returns that organizations have been able to measure? These are just some of the questions that we posed to users and professionals in the 2008 Distributed Capture survey.

What is distributed capture?

Capturing paper documents into digital form has traditionally been a centralized business function. In contrast, “Distributed Capture” is a strategy for entering documents into the business process in decentralized locations rather than shipping them to a central location for scanning. For organizations with a multitude of paper documents being generated in multiple locations, moving scanning and indexing functions to the point of origin saves on mail and courier expense, speeds data input, and expedites the processing of critical business documents.

A brief history

The notion of distributed capture is not necessarily a new concept; however, many new tools and drivers have recently emerged to compel organizations to take a closer look at the benefits. Early approaches utilized fax networks to send documents from regional locations to a main hub for processing. Once scanners became more prevalent in the market, companies began to utilize wide area networks (WANs) to transport documents. Both of these methods are still used today, but as the Internet has become a pervasive infrastructure, more and more organizations look to the World Wide Web as the preferred method of supporting Distributed Capture capabilities. As a result, the combination of technology advancements, the unyielding burden of paper documents, and significant cost savings available has done much to advance the proliferation of distributed capture systems.

Why do companies engage in distributed capture?

Distributed scanning solutions provide the ability to establish an efficient document management system across various offices and locations whether throughout various floors of a building or across the world. As a result, organizations can shorten transaction processing time, cut costs in shipping and mailing, and open up new opportunities for increased productivity.

While paper-intensive organizations such as transportation firms, banks, insurance companies, and mortgage brokers were early adopters of Distributed Capture, companies in all verticals and of all sizes find that distributed scanning can help them save time and money, reduce errors, and increase efficiency. Indeed, as companies become more widely dispersed with regional offices, remote employees, and geographically distant customers, Distributed Capture surfaces as an important tool to ease and facilitate the processing of mission critical information.

Background

This study is a follow up to a similar survey conducted in 2005 and was initiated and sponsored by Datacap, Canon U.S.A, Inc., and The Association for Work Process Improvement (TAWPI). It is the industry's only ongoing study focused exclusively on Distributed Capture benefits, success factors, and barriers. Power Decisions Group, Inc. provided study design consulting and Kevin Craine of the Craine Communications Group participated in the data analysis and provided copy writing services.

Management Objectives

The goal of the study was to identify the benefits and key factors driving organizations to adopt Distributed Capture solutions. The survey was designed to encompass those who have embarked on a Distributed Capture strategy as well as those who are examining its feasibility.

Methodology

The survey was issued on May 10, 2008 and continued for a six week period. The study was conducted using a web-based survey methodology through an online survey questionnaire. Media outlets included Document magazine and the survey was publicized via industry associations AIIM and TAWPI. The survey was also distributed by Datacap to roughly 10,000 customers, resellers, and prospects as well as a similar database administered by Canon.

Survey Participant Profile

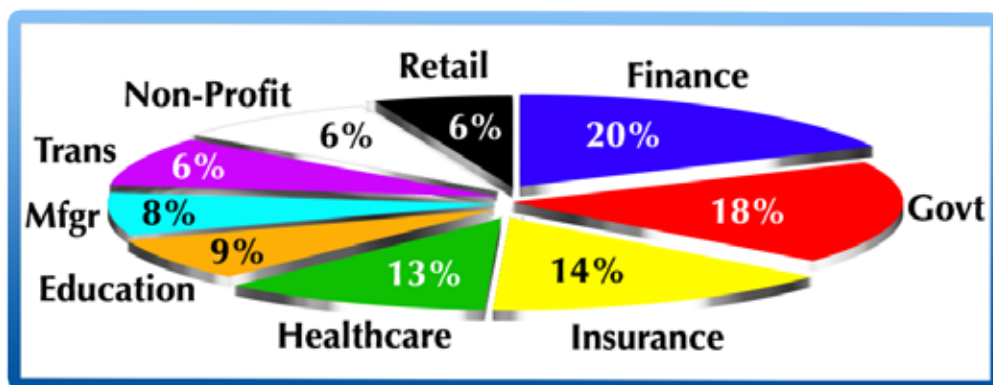
In all, 301 individuals qualified for inclusion in our analysis with a broad dispersal of participation across a variety of industries. Most are either actively using Distributed Capture technologies or actively investigating the capabilities, technologies and vendors.

Survey participants are using solutions from a relatively even mix of the major players in the image and data capture market including Anydoc, Captiva, Datacap, Kofax, and Readsoft, among others. Datacap is currently enjoying a market share of 7% of this survey group.

Large companies are well represented in the survey with the majority (61%) indicating they have 500 or more employees. Small and mid-sized organizations were not overlooked, however, with 17% reporting that they have between 100 – 500 employees and 11% with less than 50.

Respondents comprised a well-balanced cross section of participants including finance (15%), government (14%), insurance (11%), health care (10%), education (7%), manufacturing (6%), transportation (6%), retail (5%), and non-profit (5%). The leaders – finance, government, insurance and health care – are, not surprisingly, from industries that are traditionally paper-intensive.

Chart End User Verticals



Developments at a Glance

Several trends become apparent when looking at both the findings from our previous survey and the current 2008 data. For example:

- MFP use has grown from 24% in 2005 to 33% in 2008.
- The use of fax server servers dropped from 35% to 19%.
- Manual indexing has shrunk by 20% over the past three years among participants.
- Automated forms processing (via OCR, etc) has doubled over the last two years.
- Vendor selection time has grown overall.
- Most decision-makers are middle management (92%).
- 71% feel vendor support meets their expectations. (vs. two years ago?)

Key Findings

Several patterns emerge from the data gathered. Distributed Capture solutions are being used in a wide variety of industries in both large and small document volumes and the approach has proven its worth for nearly all those who have implemented a system. MFP use is on the rise somewhat, especially in low volume applications, as is the use of automated indexing. Given the benefits sought and realized, however, we find it surprising to find that a great number of organizations report that they are unable to calculate a return on investment in Distributed Capture technologies. We hesitate to draw a conclusion from this, but speculate the inability to discern payback is more likely due to a lack of baseline measurement rather than a lack of value or benefit from the solutions chosen.

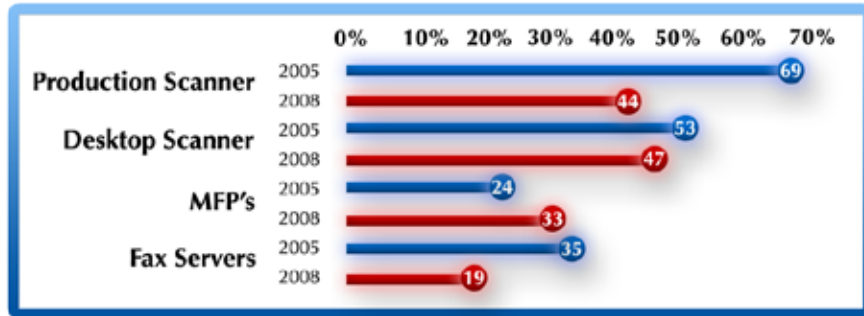
Below is a summary of key findings from the 2008 study. Where applicable we have compared and contrasted salient figures to our 2005 survey data.

Trends in Scanning Hardware

The majority of respondents in our 2008 survey use a mix of scanners and MFP hardware for Distributed Capture; 47% use desktop scanners, 44% use production scanners, and 33% use MFPs. Indeed, a great number of organizations, nearly one-third, indicate a mix of scanners and MFPs are used to distribute scanning and capture across their facilities. Scan volumes confirm this approach with a total of 73% indicating scan volumes from both scanners and MFPs. A sizable portion, however (19%) use MFPs exclusively. Fax machines are still in use in many organizations as well (19%).

Comparing data collected from our 2005 survey we see that only 24% of organizations had MFPs in use three years ago whereas MFP usage has grown to 33% in 2008. While the number of organizations using desktop or production scanners remained steady over this period, the use of fax servers dropped from 35% in 2005 to 19% in 2008. This validates the general assumption in the industry that MFPs are replacing fax servers in many instances, primarily for low volume sites. 2008 respondents indicate that 48% of low volume sites have MFPs versus only 17% in high volume applications.

Remote Scanning Devices Used - 2005-2008

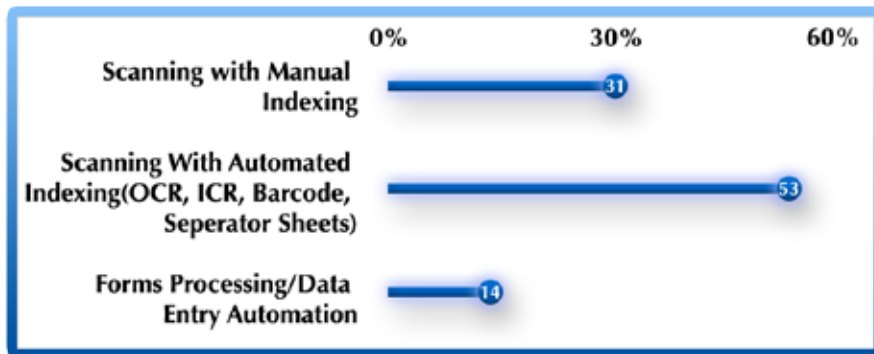


Trends in Scanning Applications

End users report a relatively high degree of automated indexing is used today. Indeed, 53% indicate that they use some sort of automated technique (e.g., OCR, ICR or barcode). 14% of respondents scan documents using forms processing and data extraction; however, manual data entry is still prevalent. Nearly one third (31%) indicate they continue to manually index scanned documents.

It is important to note some comparisons from our last study. In 2005 only 7% of respondents were using forms processing technologies. This has doubled to 14% in 2008. Automated indexing climbed from 48% in 2005 to 53% in 2008, while manual indexing declined from more than half in 2005 to only 31% today.

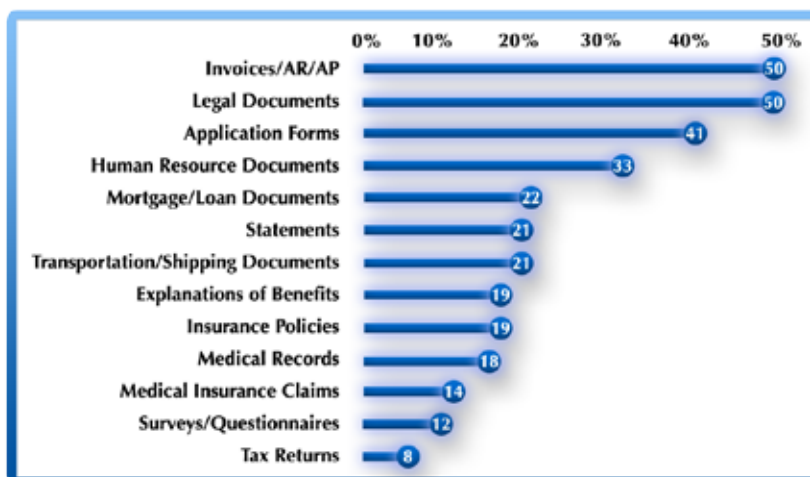
Manual vs. Automated Indexing



Trends in Documents and Volumes

Accounts payable and legal documents comprise the lion's share of the most common document types scanned via Distributed Capture (50 % each). Applications are a close third at 41% with Human Resources records following at 33%. Mortgage and loan documents (22%), financial statements (21%), shipping documents (21%), EOBs (19%) and insurance policies (19%) are solidly in the middle. With medical records, health claims, and tax returns completing the list.

Doc types scanned at distributed location

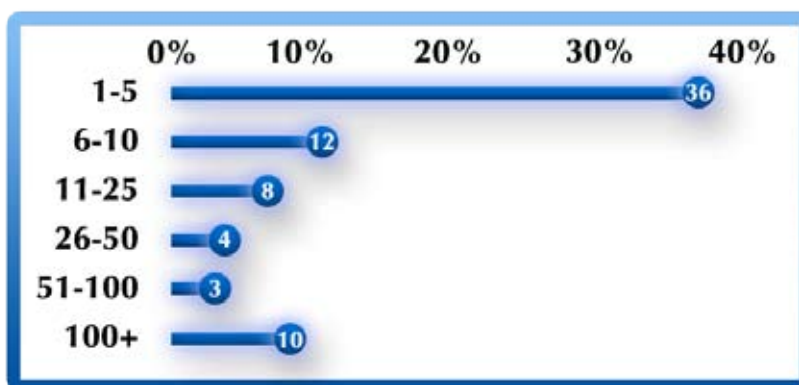


Overall, nearly one third of the organizations surveyed (27%) scan more than 200,000 documents per month on average. Eighteen percent scan more than 5,000 per week; while 10% scan between 100 – 500 documents per week and 9% between 500 – 1,000 documents per week.

In terms of the number of remote scanning sites, over one third (36%) of organizations surveyed have between one and four remote scanning sites while 12% have between five and 10 sites. More notably, however, is the finding that 10% of the organizations participating in the study have 100 or more sites dedicated to distributed capture and remote scanning.

When comparing 2005 and 2008 survey data, we observe that the number of organizations with 100 or more remote scanning sites went up from 6% to 10%, and the number with one to five sites went down from 62% in 2005 to 36% in 2008. 27% did not answer or did not know.

Number of Scanning Sites



Our survey findings indicate that of those organizations that are engaged in Distributed Capture, many are relatively experienced with the technology; 36% having been active for three years or more and 21% have been actively engaged from one to three years. 16% of respondents indicate that they have adopted the technology within the last 12 months.

Solution Details

One underlying question posed by our survey can be summed up this way: What was it like for those organizations who have adopted Distributed Capture? We asked our participants to detail their experience in terms of their selection and implementation process, the benefits they received, and their return on investment.

Time to Select a Vendor

The majority of the organizations surveyed (33%) take six months or more to select a vendor. This suggests that a long sales cycle is typical; decision-makers take their time to select the right provider and the right solution. Indeed, 20% indicate vendor selection commonly spans between three and six months, while only 18% report the process was completed in less than three months. One reason for this may be the result of budget constraints and delayed funding despite pressing interest on the part of IT professionals operations managers to investigate the various options and benefits available.

When comparing this data to information from our 2005 survey we see an interesting trend. Three years ago 80% of respondents took less than 3 months whereas in 2008 only 18% of users surveyed took less than 3 months. We wonder what factors have driven this change. Have users become more discerning in their selection process, or have economic or organizational factors influenced vendor selection time?

Implementation Time

Implementation time among our survey participants spans from less than three months (21%), to three to six months (20%), and upward to six months or more (27%). This seems to indicate that implementation is dependent upon the scope of the effort, the complexity of the application, and the number of resources needed to complete the project. For instance, if an organization has a multitude of remote sites to install and a variety of document types included in the scope of their efforts, an implementation time of six months or more is not uncommon. For those organizations requiring that only one or two sites are brought online, implementation time can be relatively quick; within months or perhaps even weeks. We conclude that implementation time is more likely a snap shot of the variety of complexity in applications that are present in business today rather than a testament to the effectiveness of the vendors selected.

Primary Decision Maker

Contrary to what might be assumed, the overwhelming majority of organizations report that middle managers are the primary decision makers when it comes to adopting Distributed Capture technologies. By far, the majority come from the ranks of IT, operations or records middle management (92%). While C-level executives in large organizations may have cursory approval, those responsible for day-to-day operations clearly guide the way and are empowered to make tactical decisions regarding Distributed Capture.

Return on Investment

Nearly one quarter of the companies surveyed (21%) achieved a return on investment in Distributed Capture within one year. The remaining respondents (9%) had a return on investment within 24 months. We were surprised to find, however, that 42% of respondents indicate they either do not know, did not attempt, or were unable to measure return on investment. This seems to indicate that the majority of companies we surveyed have either no way of knowing, or do not care to know, whether or not efforts to implement Distributed Capture paid for itself. We find this result rather disheartening, since decision-makers rarely invest in new and innovative technologies without a clear indication of payback on the investment. Will a lack of baseline measurement hinder continued efforts on the part of end users to improve internal processes?

Key Benefits

The majority of end users we surveyed view improvements in core business processes as the leading benefit of distributed capture. This broadly encompassing goal can be more clearly defined by the fact that reduced document processing time and reduced shipping and handling costs rise to the top of key benefits realized. Improved customer service, increased labor efficiencies, and improved records management compliance also stand out as key benefits that drive users toward the adoption of Distributed Capture.

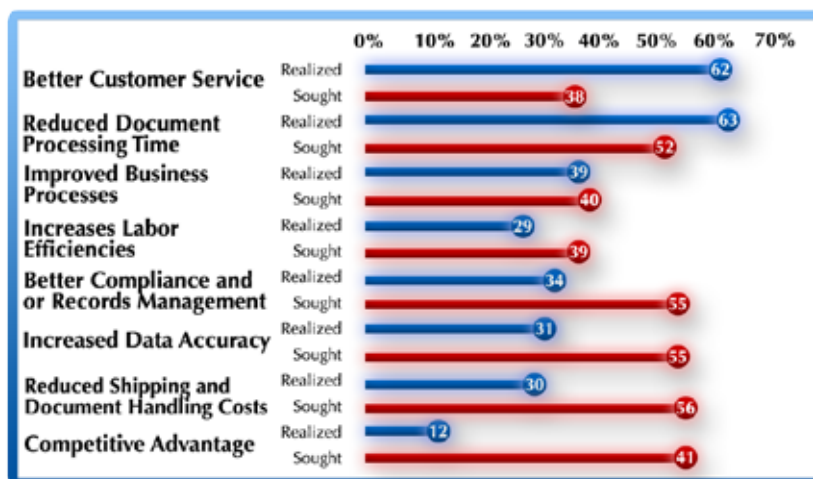
Top Five Benefits Sought



Key Expectations

When reviewing a list of key attributes of a Distributed Capture solution, end users indicate that their top three expectations are overall performance, cost effectiveness, and vendor support. Scalability and implementation cost are also key expectations. When asked how well their implementation met expectations, a majority of end users (63%) say that the overall solution performance either meets or exceeds their expectations. Indeed, only 3% say that their Distributed Capture solution does not meet their expectations for performance. When it comes to cost effectiveness, 63% indicate their solution meets or exceeds their expectations, while 71% feel that vendor support meets or exceeds their expectations.

Expectations Sought and Realized





Obstacles

While 13% of our survey group is actively evaluating a Distributed Capture solution, we recognize that Distributed Capture is not an answer for every organization. Of the organizations we surveyed that rejected a distributed solution, 25% claimed there wasn't a sufficient payoff, another 25% said that they were unable to measure an ROI, and 13% feel that the solutions they have evaluated are simply too expensive. Some of the reasons cited by those who selected "Other" included "Not enough technical expertise" and "Incompatibility with existing technology."

Conclusion

According to our data, Distributed Capture is clearly proving its worth and value to the majority of organizations that have adopted the technology. Proven results center on savings in mail and courier expenses, improvements in data input, and efficiencies in the processing of critical business documents. Beyond that, what end users look for today are better service, better performance, and higher flexibility. Indeed, with the elimination of the bandwidth bottleneck, browser-based Distributed Capture is seen as a tool to improve document management processes and reduce costs. As industry vendors continue to add features and improve implementation, based on customer input, like the data available in this survey, Distributed Capture will continue to deliver even faster ROIs and more enhanced process improvements.

Checklist for Evaluating a Distributed Capture Solution

We believe this survey is an important venture since it allows users that are experienced with Distributed Capture to "tell their story" and pass along their wisdom to other professionals. What is important to end users? What factors drive results? What are the obstacles to avoid?

As a result, we have compiled a list of conditions that, according to those surveyed, can help assure the success of a Distributed Capture solution. And while the checklist below won't guarantee your success, it can be a helpful tool to guide your evaluation and selection efforts. The more times you check "Yes," the more likely the solution you are evaluating will deliver satisfaction.

Browser-based scanning? Yes No

Automated validation and look-up support? Yes No

Central administration? Yes No

Real-time monitoring of work in progress? Yes No

Is the solution easily scalable? Yes No

Encryption and other security features? Yes No

Easy to use edit screen for correction and rapid indexing? Yes No

Ability to leverage the use of MFPs in your organization? Yes No

Compatible with network scanning? Yes No



On-line scanning? Yes No

Does the “duty cycle” of the scanning device match the document volume at each remote site? Yes No

Enabling of clearly defined business rules regarding scanning and indexing of documents? Yes No

Flexibility to easily adapt to change? Yes No

Good customer references? Yes No

Implementation within 3 – 6 months Yes No

Reasonable implementation cost? (i.e. professional services cost less than 33% of software cost)?
Yes No

About Datacap

Since 1988, Datacap Inc. has provided leading document capture and forms processing software solutions to organizations worldwide. Datacap Taskmaster software efficiently transforms paper into information, reducing data entry costs and improving information accuracy. A client/server, rules-based document capture workflow platform, Taskmaster provides highly flexible solutions for both image indexing and data entry automation. Taskmaster also enables distributed scanning, indexing and administration from a browser and integrates with all leading document management solutions. <http://www.datacap.com/>

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