

Gosford Micrographics Pty Ltd

DOCUMENT & DATA CONVERSION SPECIALISTS

QUALITY ASSURED COMPANY AS/NZS 9001:2000 REGN NO.1457

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Cost Justification for Digitising Paper

There are a number of issues that need to be addressed when examining the cost of traditional methods versus the technology based. What we will attempt to do is examine these costs and show what benefits and savings can be derived.

There several areas they need to be investigated and these are:

- 1) Archiving & Storage
- 2) Retrieval

Now let's examine each in turn to create an understanding of what is happening within your organisation.

- 1) Archiving - this is the action of filing into storage of physical documents and pages into folders within desk drawers and filing cabinets for later retrieval.
 - a) Desk drawers were supposed to be personal storage areas and should be only utilised for general business and personal files. Unfortunately, we know through convenience, that everyone keeps their daily work, customer files, project files and company business in these areas for ease of access.
 - b) Filing cabinets have been the organisational memory for many years and is the mainstay for Accounts payable, Contracts, insurance, member application forms, project documentation and correspondence. The filing cabinet has become a cultural dilemma on how to minimise reliance on the filing cabinet without disrupting the workforce processes and general morale.

Now to highlight the size of the problem is that each division or department within an organisation has their own set of filing cabinets eg Finance, Sales & Marketing and Service. Each of these departments will have a folder allocated to the same customer, yet none of it is cross-referenced or shared.

- 2) Retrieval - This is the action of finding and recovering from storage.
 - a) The desk drawer has created a challenge within any organisation on locating vital information, especially when someone is on leave, off sick, retires or is made redundant. The cost to an organisation to locate this information is extremely costly as everyone has a different filing system.
 - b) Filing cabinets are the place where everyone goes to locate a document or folder that they do not have in their own storage area. The documents that are retrieved from the filing cabinets tend to be misplaced usually filed into the folder adjacent to the one required or filed into someone's own desk drawer. This usually results in either a costly rewrite of the document or a frantic search through the filing cabinets and desk drawers for the missing document.

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Lets take an example of a distribution company that has 10 warehouses located around Australia with a centralised administration in Sydney. Every week the warehouses process their supplier invoices and send them to Sydney for archiving at about 200 invoices per day and once a month they send in the statements for reconciliation. The central administration handles all disputes from suppliers which is usually about 6 to 10 per day. There is 6 people working in the accounts payable area. Now let examine the costs:

Digital Storage & Retrieval

Step 1 Archiving

Num. Documents to archive/day	200
Avg number of pages per document	2
Cost of scanning/page (2 indexes)	\$0.12

Total for Archiving per day \$48.00

Step 2 Storage

Cost of 40Gbytes hard disk	\$360.00
Depreciation of hardware	3

Total for Storage per day \$0.33

Step 3 Retrieval

Num of retrieved documents/day/employee	8
Avg time to retrieve a document	0.5
Num staff retrieving documents	6
wages of personnel/hour	\$24.00

Total for Retrieval per day \$9.60

Total Cost per day \$57.93

Traditional Storage & Retrieval

Num of documents to archive/day	200
Avg number of pages per document	2
Avg time to archive one document (mins)	2.00
Wages of personnel archiving (hourly rate)	\$17.00

Total for Archiving per day \$113.33

Cost of 4 drawr filing cabinet	\$450.00
Depreciation of filing cabinet	5
Num binder per filing cabinet (30x4)	120
Num of pages per binder	40
Cost per binder	\$1.00

Total for Storage per day \$12.02

Num of retrieved documents/day/employee	8
Avg time to retrieve a document	5.00
Num staff retrieving documents	6
wages of personnel/hour	\$24.00

Total for Retrieval per day \$96.00

Total Cost per day \$221.36

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Savings per Day	\$163.43
Savings per Month	\$3,268.60
Savings per Year	\$39,223.21

Studies by the Association for Information and Image Management (AIIM) estimate the cost of misfiling a document at \$330. This does not reflect the business impact of losing a customer file and taking hours or days to respond to an inquiry or dispute.

Imaging

Document imaging is an inexpensive and easy to use file storage method that replaces traditional filing. The benefits of scanning are:

- Guarantees 100% accuracy for archiving and retrieval purposes.
- Preserves integrity of documents for permanent long-term storage.
- Eliminates file folders, file cabinets and paper cost.
- Eliminates misfiling and allows for quick search and retrieval of documents.
- Promotes sharing of documents within an organisation.

In conclusion, document imaging is a valuable tool that can help businesses and corporations of all sizes categorise and store documents to achieve a "paperless" work environment.