

Executive Roundtable: The Paperless Age

Whether you call it going paperless, adopting a digital office, following a digital practice model, or implementing a document management (DM), enterprise content management (ECM) or knowledge management (KM) system, the paperless age has arrived for many CPAs and corporate finance professionals. Regardless of whether you work in a small firm, a midsize regional or a large public company, the productivity gains from a paperless work environment can be vast and immediate. Before jumping aboard the paperless wave, however, make sure you plan ahead, set realistic goals and enlist the right solution provider from day one.

To help you understand both the challenges and potential opportunities of going paperless, the AICPA Custom Media Solutions team invited thought influencers from a wide range of business technology perspectives to share their insights on this hot CPA topic. Joining us (listed alphabetically) are: **Dr. Chandra Bhansali**, president, AccountantsWorld; **James C. Bourke**, CPA, CITP, partner, WithumSmith+Brown; **Bob Dias**, vice president of product and segment management, CCH; **Scott Francis**, senior director of product management, Imaging Products Group, Fujitsu Computer Products of America, Inc.; **Randolph P. Johnston**, executive vice president, K2 Enterprises; **Roman H. Kepczyk**, CPA, CITP, president, InfoTech Partners North America, Inc.; **Rene Lacerte**, CEO & founder, Bill.com; and **Dave Packer**, director of professional services industry solutions, Interwoven.



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Dave Packer
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Panelists, why is now such an important time for CPAs to be considering paperless office and workflow solutions?

Dave Packer (Interwoven): Paperless solutions can help firms address stringent regulation, earning and retaining clients, mergers and acquisitions, an explosion of content such as e-mail, increased competition and attracting talent. Paperless solutions are now proven and affordable for firms of all sizes.

James C. Bourke (WithumSmith+Brown): Why now? It just makes sense. Technology drives every aspect of what we do in our profession. Our staff is mobile. They need access to files and source documents 24/7, anywhere-anytime. The only way to make the process more efficient is to convert the "old" paper process to digital and to store files and documents in a way that allows for easy access.

Dr. Chandra Bhansali (AccountantsWorld): Paperless office systems are clearly playing an important role in CPA practices. A client engagement starts with source data, which may be on a document or in digital form that the client provides; and it culminates with finished documents that the CPA provides – be they tax returns, financials or something else. The exchange of documents and data between client and CPA is a crucial aspect of any client engagement.

Roman H. Kepczyk (InfoTech Partners North America): The "less paper" solution is critical as firms spend more time looking for misplaced documents

and tracking the status of returns. Document management solutions integrate these processes so your staff can go to one place to know the status of any project and to have direct access to the documents supporting that project.

Rene Lacerte (Bill.com): I agree. Technology advances in the last few years are enabling more efficient models for collaboration between CPAs and their clients. Paperless workflow solutions create significantly more controls for companies at a fraction of what it used to cost. CPAs who are recommending paperless solutions will grow their practices and increase their profits.

Randolph P. Johnston (K2 Enterprises): Organizations of all sizes can benefit from these technologies. Understanding how to use these technologies now can provide a competitive benefit while improving the procedures used by your organization.

Scott Francis (Fujitsu Computer Products of America): Efficiency is the key to an organization's productivity. Simply put, time is money and business professionals need to explore innovative ways of streamlining their processes to improve overall efficiencies within their organizations.

Bob Dias (CCH): The demand for accounting professionals is outstripping supply and is likely to worsen as more baby boomers retire. Meanwhile, professionals are faced with increased compliance requirements, the call for additional and higher-value services, and growing geographic diversity of clients or business operations.

What misconceptions may some CPAs have about going paperless?

Francis: Organizations think document imaging technology is too expensive, too confusing and requires too long an implementation time. By implementing a document imaging solution, you are eliminating the inefficiencies of paper storage and management.

Kepczyk: Some firms think that implementing a document management system makes them "paperless." In reality, firms must integrate new workflow procedures and train personnel to create and manage their documents so they can be properly managed within the document management system. Without this workflow integration, firms will repeat the same mistakes they had with using standard Windows Explorer file storage.

Packer: If anything, CPAs tend to underestimate the positive impact that content management solutions can have in a firm. Many consider "going paperless" to mean nothing more than building an electronic archive. While there are benefits to an electronic archive, firms can benefit further by going "beyond paperless" and implementing solutions that manage content throughout the firm and throughout the client engagement lifecycle.

Dias: One big misconception is that moving to paperless simply means buying a software package. You need to put the right processes in place, supported by the right software and training.

Bhansali: While the broad scope of paperless technology is to increase productivity in all phases of CPA engagements, most CPAs take a much narrower view. Their first misconception is that going paperless means eliminating piles of paper in their offices. They don't see how eliminating piles is going to increase their productivity. Their second misconception is that going paperless is all about implementing a document management system. These two misconceptions are why small to midsize firms have been slow to adopt this technology.

Organizations need to change their mindset from going "paperless" to going "digital".

When is a firm or company an ideal candidate for going paperless?

Bhansali: Contrary to common belief, small to midsize firms, and even start-up firms, are ideal candidates for digital office technology. They carry a lot less baggage and can implement a suitable solution almost painlessly.

Bourke: I agree. It's never too early for a firm to make the move. The smaller the firm, the easier and smoother the transition to paperless. Most vendors have designed scaled-down, simple solutions of their higher-end products for the smaller firm.

Johnston: The time is right when the business becomes serious about client service and effective workflow – and less concerned about appeasing inefficient paper-centric users.

Lacerte: Every business is an ideal candidate for going paperless. We have all lost bills, paid vendors late, and forgotten the details of a particular transaction five minutes after it was paid, let alone five months later.

Francis: If an organization is allocating lots of resources to access paper documents onsite or off, or if it notices a significant portion of its office space is used for file storage, or if it notices rising customer service issues due to lost or illegible information, then it should seriously consider an electronic document management system.

To really understand the need, not to mention the value, of going paperless, organizations should start by quantifying their business operations and production processes.

Dias: We're getting to the point where it won't be a matter of where your organization is in its development. You're going to need to adopt a paperless environment. The costs – the competitive, recruitment and practical disadvantages – of not doing so are simply going to be too great. You need to figure out if you want to get out ahead of that curve or be forced to change.

Gentlemen, can you give us your quick "elevator pitch" about the benefits of going paperless?

Dias: Simply put, if you are a client, you want to work with the firm that is more efficient and can deliver a better, higher value service. And, if you're an accounting professional, you want to work for a firm that lets you spend more time focused on delivering service rather than working through routine tasks.

Packer: By reducing reliance on paper records and reducing the time and cost to retrieve them, firms are becoming much more efficient and productive. No matter where financial professionals are located, a content management solution enables them to access, share and collaborate on consolidated client files.

Kepczyk: A key benefit is peace of mind and document security, as it's not possible to store digital backups offsite from the firm. Other benefits are the ability to search 100% of your files and the fact that paperless forces you to standardize file naming and directory structures, which, in the long run, makes it easier for everyone to use the system.

Lacerte: Our customers are seeing their bookkeeping time reduced by 50% to 80%. Good paperless solutions take care of the client's entire workflow, document storage and bill payments. Our customers no longer spend time filing, routing or paying bills. All of it happens automatically and is seamlessly integrated with the client's accounting software.

Bourke: How about: better compliance and adherence to firm standards; increased realization within 24 months of deployment; greater security over digitally stored records; 24/7, anywhere-anytime access to your records; scalability (addition of new client, mergers, acquisitions) and the ability to address client requests for documents instantaneously?

Bhansali: Going paperless will streamline the firm's workflow, greatly enhance productivity by minimizing data entry, increase accuracy, strengthen client relationships and ultimately raise the bottom line.

How can CPAs measure the success of a paperless office initiative?

Lacerte: The most important success metric is time savings for both you and your clients. Next, the accuracy in your accounting should be going up significantly. When both the CPA and the client can see the same document, the CPA will be better able to account for the invoice correctly the first time.

Kepczyk: Early studies of firms that implemented document management and dual monitors pointed to productivity increases of 10% to 20%. Firms should be able to measure success by completing jobs onscreen quicker and by reducing the manual time lost due to printing and shredding multiple documents.

Johnston: Look for improvement in things such as: time needed to complete tasks; time needed to respond to client requests; the number of requests from clients handled on the first call; and the number of requests handled via the firm's portal.

Dias: Agreed. Organizations will see the amount of time spent on routine tasks diminishing season to season as their staffs become more familiar with the paperless process. Other metrics to consider are the savings in paper and toner and document storage.

Can you share a success story about how your solution helped a CPA firm or finance organization?

Packer: Sure. Ehrhardt Keefe Steiner Hottman PC (EKS&H) embarked on a knowledge management (KM) initiative to break down silos and help its professionals manage, organize and collaborate around information. The solution implemented provides easy access to content of all types including work papers, client information, finished documents, and e-mails, managed side-by-side in a unified environment. Interwoven WorkSite is used firm-wide, supporting engagement-centric collaboration and business processes throughout the firm. Client portals extend the solution beyond the firm, helping EKS&H compete effectively with a higher level of service.

Bhansali: Tom Carrigan is a CPA who gives his clients access to a client portal, where they can access Accounting Relief, Payroll Relief and CyberCabinet. Clients log into Accounting Relief to enter bookkeeping transactions, which his firm uses to complete its accounting work. Clients enter payroll data into Payroll Relief, which performs all payroll functions with minimal supervision from the firm's staff. All finished financials (reports, payroll tax forms, etc.) are automatically saved securely in CyberCabinet for clients to access at their convenience. Hardly any paper documents are used or produced for accounting and payroll engagements in the firm. Our online "digital office" suite has let Tom Carrigan change his entire business model, increasing his firm's productivity significantly while making his practice much more profitable.

Francis: Stambaugh Ness, one of the largest CPA and business consulting firms in the central Pennsylvania business community, deployed its first ScanSnap scanners at client sites in late 2004. This enabled its audit teams, who frequently work offsite, to scan and e-mail work papers back to the office instead of trudging boxes back and forth between locations. Prior to those implementations, auditors had to carry thousands of papers back to the office and then had to return the documents to the client site after reviewing them. Now, with eight deployed scanners, auditors can quickly digitize most of their clients' audit documentation and return the documentation to them.

The audit team members review the documentation on their personal computers then permanently store it in the firm's electronic document management system.

Dias: Wiss & Company is a New Jersey accounting and consulting firm that is using CCH paperless solutions. Its team members are now working more efficiently and collaboratively with its professionals focused on long-term client needs, including cross-selling services, new revenue streams and business development. Florida-based O'Sullivan Creel reports similar advantages, with the added benefit of being able to resume business quickly, thanks to its use of ProSystem fx Document after a devastating hurricane put many other firms on the sidelines for weeks as they tried to recover paper files.

Do you have any final takeaways for Journal of Accountancy readers?

Francis: The Fujitsu technology is not expensive. Implementing our solutions is relatively easy and scanning documents is incredibly straightforward. It's also important for businesses to start small. Run a pilot test in one area of your business operations before rolling out across the entire organization.

Packer: Agreed. Planning ahead is key. Consider your firm-wide needs and business processes — not just your priorities today, but your needs one, three, even five years into the future.

Dias: Organizations shouldn't think they need to figure out a paperless environment all on their own. A good strategic partner will have the right tools, experience, insights and training staff to establish the right processes to enable you to succeed.

Bhansali: For most small to mid-size firms, aiming to go completely "paperless" is not the right approach. Instead, a firm can save a tremendous amount of work by adopting a "digital office" strategy that minimizes paper and lets the firm receive much of its source data in digital format.

Visit www.AccountantsWorld.com where you'll find useful information about implementing such strategies.

Lacerte: Just the other day, I was paying a bill that I thought I had paid before. With two clicks, I saw the invoice from the previous month and realized that I had paid it already. The new invoice went out the day the check was cashed. Thanks to Bill.com, I knew exactly when I had paid it and did not send in a second payment. For more information about the Bill.com Accountant Program available through CPA2Biz, visit www.cpa2biz.com/BusinessSolutions.

Bourke: Now's the time to jump on the bandwagon. With tax and audit season behind you, you have the summer and fall to train and implement a paperless workflow or document management solution. Take the time and do it right. Test the process with some fiscal year-end clients and individual and corporate returns currently on extension. By the time next tax season rolls around, you'll have all of the bugs out of the process and be ready to have a more productive season.

READER NOTE: Additional comments from this Paperless Panel Discussion can be found in AICPA Insider™ e-newsletters throughout the month of July. Go to www.cpa2biz.com and click on the "Newsletter" tab at the upper right corner of your screen.

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