Intelligent Scanning: The Key to Improving Operational Performance and Reducing Costs

By Derrick Murphy

Traditionally, exceptions handling has been dealt with as a post-scanning problem. Images are pushed downstream from the scanner as quickly as possible and poor quality images or incorrect data must be corrected by a knowledge worker and/or an expensive data capture or enterprise content management system. But this process likely means a more expensive person will lose productivity trying to fix it.

Exceptions are the curse of document-driven business processes. Exceptions are directly responsible for cost and processing inefficiencies, potential negative customer impact, and greater risk of compliance violations as a result of incomplete or incorrect information.

Forrester Research estimates that 22 percent to 25 percent of all document-driven processes require structured collaboration or interaction between colleagues to resolve exceptions. Worse, between 8 percent and 10 percent of document processes require ad hoc interactions between colleagues to resolve exceptions, and between 3 percent and 5 percent of document processes require supervisor intervention to resolve exceptions.

While technologies such as optical character recognition and intelligent character recognition are helping organizations achieve impressive straight-through-processing rates for document-driven business processes, the costs of handling exceptions continue to have a significant impact on an organization's overall costs. Payments-related exceptions alone cost the U.S. economy a whopping $700 million a year, according the U.S. Department of Commerce. The majority of the costs associated with exceptions resolution are labor-related, stemming from the degree of manual processes still required for managing exceptions.

Organizations understand the impact of exceptions on their document-driven business processes, more so now than in the past, as they struggle to emerge from the economic malaise and increase their sales and profits through increased efficiency and improved corporate agility. At the same time, LEAN principles are fast becoming a key differentiator between service providers, delivering better processing efficiency and effectiveness that results in lower costs, improved turnaround and fewer errors for processors and their clients alike.

Traditionally, exceptions handling has been dealt with as a post-scanning problem. Images are pushed downstream from the scanner as quickly as possible and poor quality images or incorrect data must be corrected by a knowledge worker and/or an expensive data capture or enterprise content management system. But this process likely means a more expensive person will lose productivity trying to fix it, the downstream system will produce less than stellar results, and/or the overall process will be delayed. This model also inflicts a major hidden cost on the document processing lifecycle, such as the time senior management may spend assisting in the resolution of an exception or the loss of goodwill resulting from a customer's document not being processed in a timely manner. For these reasons, organizations are rethinking the way they process documents to eliminate downstream exceptions.

The proven process solution to reducing exceptions is to deploy intelligent scanning at the point that documents enter an organization – whether they arrive via the mailroom, a web scanner, mobile capture, e-mail, fax, or a network folder full of images. This process helps ensure optimum image quality and enables organizations to capture the data required for functions such as pre-defined business rules, and document out-sorting. All of this improves operational performance, reduces costs, and accelerates turnaround.

The adjective "intelligent" is used so often these days by other scanner vendors that it risks losing any meaning. For the purposes of this paper, we will propose that a truly "intelligent" scanner has the following capabilities that distinguish it from conventional scanners:

- Can apply business rules automatically to documents while the scanner is running (i.e. inline), not after it stops;
- Can perform inline document recognition, classification and data extraction, eliminating the need for post scan steps;
- Uses left-justified document feeding to reduce document preparation time and reduce jams and rescans of mixed size batches; and
- Can automate the physical separation and sorting of documents and separator sheets into separate trays.

Many organizations are discovering intelligent scanning just in the nick of time. A 2013 study by Brousseau & Associates indicates that document capture requirements have increased for an eye-popping 73 percent of organizations over the past two years, with 15.1 percent stating that their document captures were significantly more complex. What's more, the majority of survey respondents expect the complexity and volume of their document capture requirements to increase over the next three years.

Complicating matters is the increasingly diverse range of document input channels: scanners and multi-function peripherals, mobile devices, web portals, faxes and e-mails, electronic files, and XML and EDI data streams. Most legacy capture systems have been set up to deal primarily with paper input. These systems will not be capable of ingesting PDF files or fax input, leading to organizations printing electronic documents and scanning them back into the capture system. Another issue is that many capture systems have been implemented as single point solutions feeding a single process application.

By adopting an enterprise capture solution that combines intelligent scanning with multi-channel capture, it is possible to efficiently manage the rising document capture requirements and volumes without downstream processes grinding to a halt.

Forward-thinking companies are implementing intelligent scanning as part of an overall strategy to improve operational performance, reduce costs and improve visibility into key information. The following are examples of what leading organizations have done:

- Replacing its traditional scanner with an intelligent scanning solution enabled a leading UK provider of business process management and outsourcing solutions to improve operational efficiency and speed the delivery of images and data to downstream applications. Automatically capturing the batch header detail that drives processing rules eliminates the need to manually key the information or physically out-sort documents that fail pre-set rules. Intelligent scanning also automates the identification of the many types of forms the company receives, and sprays an ink jet endorsement on documents based on pre-configured rules.

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- A leading U.S. brokerage and investment firm reduced downstream exceptions by replacing six legacy scanners with an intelligent scanning solution that included two high-speed scanners and capture software. The intelligent scanning solution enables the brokerage and investment firm to automatically re-orient images of documents that were fed into the scanner incorrectly, automatically identify different types of documents during scanning to trigger pre-configured processing rules, and capture the MICR data from checks during scanning to reduce manual data entry and speed the delivery of information to downstream applications.

- Intelligent scanning is helping a major insurer reduce downstream exceptions by automatically triggering processing rules based on the machine-printed scan line read from documents during scanning, automatically detecting that none of the pages of a document are missing, and out-sorting documents for exceptions processing or bank deposits based on the MICR data read during scanning. The intelligent scanning solution also compares data read from documents during scanning to a file of derogatory account numbers to automatically out-sort any matching MICR numbers to stop payments from posting to closed accounts.

The cost-saving opportunities and benefits of deploying intelligent scanning at the point of entry are simply too large to ignore. Beyond cost savings, intelligent scanning accelerates document processing turnaround, enhances the agility of the organization, and improves visibility into critical content. Importantly, intelligent scanning enables organizations to focus on exception prevention rather than exception resolution.

Benefits of Intelligent Scanning

- Fewer downstream exceptions
- Reduced costs through less manual sorting and keying
- Faster delivery of images and data to downstream systems
- Increased straight-through-processing (STP)
- Better return on investment on downstream systems