

# Forms Processing Comes Of Age

Industry experts discuss the advancements and applications that have helped move forms processing from “fledgling technology” to “must-have solution.”

by Ken Congdon

## PANELISTS



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Once upon a time, forms processing technology was considered a template-heavy software solution largely limited to recognizing characters located in designated areas on highly structured documents. Boy, how times have changed! In the span of just a few years, forms processing technology has evolved to become a critical component in the overall BPA (business process automation) efforts of businesses all over the world. The primary reason for this transformation is the strides forms processing vendors have made to accurately identify and extract “unstructured” data (i.e. data that can reside on different places throughout a form) from forms, without the need for extensive template designs. *ECM Connection* recently had the opportunity to interview several executives from the top forms processing vendors in the industry to gain their insights on the evolution of forms processing technologies and the impact these technologies can have on

your business today.

### Q: WHAT ARE SOME RECENT ADVANCEMENTS TO FORMS PROCESSING TECHNOLOGY?

**Schrage:** One of the most notable advancements to unstructured document processing is the integration of data capture technology with other streamlining applications, including automated document classification, workflow, and BPM (business process management) technology. This coupling of technology has created a holistic, dynamic environment capable of enhancing a company’s ability to make better business decisions more quickly. In addition to streamlining document processing, management tools including real-time analytics, reports, and executive dashboards can optimize efficiency and lower processing costs. By effectively monitoring and managing real-time status of corporate processes that directly affect revenue, trouble areas can be identified at a glance for correction.

**Budelli:** Today, companies are more focused on making their solutions easier to use and introducing new or improved functionality, such as improved classification and extraction of line item detail. The ability to process complex table structures has improved dramatically. This allows for the technology to be applied to projects and vertical applications that have been difficult or impossible to approach previously.

**Fages:** New products have entered the marketplace that allow documents to be classified based on both their layout and contents. This holistic approach provides for even more accuracy because documents are looked at in context with one another instead of as just individual pages. More advanced forms processing technology also provides the ability to locate and extract keywords and floating fields with a predefined field type, such as dollar amounts, dates, social security numbers, etc., from anywhere on the document.





### Q: WHAT FORMS PROCESSING APPLICATIONS ARE THE MOST POPULAR?

**Blau:** The most popular application is AP or invoice processing. Why? Because AP is a cost center. Every dollar saved in AP goes straight to the bottom line. If the investment in automating invoice capture can be recouped in less than 12 months — as it typically can — then it becomes a compelling proposition.

**Schrage:** The economy has fostered a real “cash is king” philosophy, driving real interest in improving two of a company’s most paper-intensive departments with automation — AP and accounts receivable. With unstructured document processing, labor costs can be slashed by 50% or more, allowing for a near-term ROI. In addition, cycle times can be dramatically shortened, providing a much more accurate cash flow projection that is available at any time during the month.

Today’s automated invoice processing solutions also allow the seamless transfer of document images and data to nearly any ERP (enterprise resource planning) or accounting application, including SAP and Oracle. They are also designed to tightly integrate with a company’s ERP to allow a two-way flow of data exchange. For example, purchase order data contained in the ERP can be accessed to compare to the invoice total.

The healthcare industry also continues to be a rich market for forms processing due to the paper-rich nature and the variety of specialized forms used. Solutions for processing explanation of benefits (EOBs), claim forms (e.g., CMS-1500s and UB04s), encounter forms, and the classification of electronic medical records (EMR) are in demand because of the dramatic increase in productivity and data accuracy they can provide.

**Fresneda:** Applications where regulations and fines apply if transactions are not handled properly are also driving forms processing adoption.

### Q: WHAT COMMON FORMS PROCESSING MISCONCEPTIONS EXIST?

**Budelli:** The most common misconceptions revolve around a realistic implementation effort. Many demonstrations and presentations make the effort seem overly simplified with a “dog and pony” approach, while others make it seem overly complex with a full technology presentation approach. The effort involved in most implementations is in the details of what the project needs to do for that particular customer. Many, seemingly small details can make a significant impact on the project.

**Fages:** Many still believe that unstructured forms, and those that contain handwritten data, can only be keyed. There have been many advancements that allow for this type of information from unstructured documents to be automated and processed, minimizing the intervention of human labor. Additionally, those looking at implementing an unstructured forms processing application must examine the metrics around read rates and automation rates. The question should not be “What is the read rate?” but the organization should ask, “How much of this can be automated and how much more efficient can it make my company?”

**Blau:** The most common misconception is that a large setup effort is required to “train” the technology to understand each and every format in a highly variable document environment. Because of this, they are unprepared for the reality that in a highly variable document environment, documents vary. Even documents from the same source can vary from month to month. You require a solution that makes handling that variability a natural part of the process.

### Q: HOW SHOULD A COMPANY EVALUATE ITS FORMS PROCESSING NEEDS?

**Fresneda:** Look at the processes that have the highest value to the organization from a profit and loss standpoint, and identify how inefficiencies in those

processes are impacting your organization. These processes can range from the ones that cost the most money to ones that don’t cost much money, but are very revenue-driven. Start here, and identify and implement process improvements prior to implementing any forms processing whatsoever. This will help maximize the ROI you receive from a subsequent technology deployment.

**Schrage:** By comparing your existing manual performance to those best-in-class performers who have already deployed automation, it paints a clear picture for management of the benefits and cost savings to be gained. Key performance indicators where automation can have a dramatic effect on performance include processing cost per document, length of cycle time, and data accuracy.

**Blau:** Ask some simple questions: Are we getting documents with the same data but different formats that require manual data entry? What is the volume of highly variable documents? Are we receiving them by paper, fax, email, or all of these modes? Is it taking more than one FTE (full-time employee) to extract data from these documents? Are these documents being received centrally or at many distributed locations? Depending on the answers to those questions, an obvious need may be identified.

### Q: HOW CAN A BUSINESS CONTINUOUSLY IMPROVE ITS FORMS PROCESSING APPLICATION?

**Budelli:** Seek opportunities within the company for further automation, like new documents or departments. Also, many organizations never tune a forms processing application after it’s implemented. A few hours of additional tuning postimplementation can result in significant cost savings in reduced data capture labor and maximize the overall ROI of your forms processing deployment. ■



See how Goodyear used forms processing to automate its AP flow at <http://bit.ly/cCqub>.