**Efficient Document Management**

By David L. Lawrence

In a profession evolving toward a paperless office environment, many financial advisors have found the transition to be a difficult one. Part of the issue is the conversion of years of files and other documents stored in the advisors’ file cabinets, off-site facilities or other. Another part of the issue is deciding how, when and with what system should the conversion be done. There are also potential compliance issues to confront, particularly if the financial advisor is associated with a broker dealer.

One concept is a massive project to scan and convert all documents to electronic form. This is clearly the most expensive option as either the financial advisor and/or his staff would be tasked with the scanning project or an outside firm could be hired to come into the office and perform the scanning for the advisor. Use of such a firm could be prohibitively expensive and potentially disruptive to the office environment, but may be necessary to ensure the job is done completely.

Another, more cost-efficient concept is to take a ‘line-in-the-sand’ approach. This is where the financial practitioner would choose a date beyond which all documents would be stored in electronic form and those that fall before the date would be stored in paper form and sunsetted (destroyed) per compliance and other rules for document retention. This is potentially a more cost-efficient solution as the financial advisor and/or his staff would not be facing the massive scanning and storage task of converting everything to electronic form.

Yet another concept might be called selective scanning. This is where only certain documents, say those without an original signature, might be scanned with the remaining documents stored in paper form. This concept may be driven by a broker dealer or custodian’s rules on retention of original signature documents. However, more and more, institutions are embracing scanned versions as well as electronic signature solutions, such as DocuSign ([www.docusign.com](http://www.docusign.com/)), a web-based software that allows users to send, sign and store agreements.

Choosing one of the above concepts, though, is really only the first step. You then need to consider what equipment should be used and what document management software that can handle the scanning and storage of large amounts of documents efficiently. Often, advisors may try to pair old scanning equipment with newer software solutions, which may or may not be entirely compatible. Also, the quality and speed of newer scanners can have an impact on how quickly a financial practice can proceed through the document capture and storage process.

As an example, consider the comparison of an older Xerox scanner with a newer Fujitsu model. A Xerox Documate 152 model has a scanning speed of up to 18 pages per minute in one-sided scanning mode (Simplex). A newer Fujitsu, the ScanSnap Fi6010n model, has a speed of up to 50 pages per minute in two-sided mode (Duplex). Also, the Fujitsu is compatible with most newer scanning and document management softwares whereas the older Xerox is configured to use a Nuance (www.nuance.com) software solution. This is from the makers of PaperPort, an off-shelf variety of document management software.

And, it is not just the scanning that should be considered. You also need to explore the speed of document capture and processing. And, while PaperPort is a reliable software solution, it is comparatively slow compared with other solutions and it is not specifically designed for financial practitioners.

Docupace ([www.docupace.com](http://www.docupace.com)) is a popular software for document management used by financial advisors and supported by many broker dealers and custodians. Docupace has successfully paired an electronic signature program with its software and also offers ePACS® which is an automated workflow management program geared to document management.

One of the best known solutions is Laserfiche ([www.laserfiche.com](http://www.laserfiche.com)). Laserfiche offers an electronic document management (ECM) platform with workflow and document management. Their RIO Product is an enterprise level ECM platform, whereas their AVANTE product is a desktop solution better suited to small to medium size firms.

Despite these recognizable names in document management, there are a host of new solutions that deserve consideration. One of these is offered through a division of Fidelity called XTRAC Solutions ([www.xtracsolutions.com](http://www.xtracsolutions.com)). XTRAC is a workflow and document management solution that addresses several areas of a financial advisors practice. It has a robust workflow tool with automation. It is a hosted document management solution with ultra-high security within a regulatory compliant environment. It also has a compliance management feature and contains management reports on work item status and overall performance statistics.

Yet another player in this space is NetDocuments ([www.netdocuments.com](http://www.netdocuments.com)). NetDocuments offers a cloud-based document management solution that touts its easy organizational tools in a secure regulatory-compliant environment. NetDocuments also points to its integration with Salesforce CRM (Client Relationship Management). It also has document collaboration and sharing capabilities with an online shared workspace that can be used with clients.

Even CRM softwares are getting into the act. Redtail Technology offers an optional Redtail Imaging solution with its CRM. Redtail’s solution is specifically designed for financial professionals and uses a combination of ASP.net applications, Windows Service applications and Single Query Language (SQL) databases to capture and store information in secure, geographically-diverse offsite locations with redundancy and backup. The storage centers meet the SEC 17a-(4) record retention requirements and there is an audit trail capability to record all interactions between the user and the system. Coupled with Redtail’s easy to use and flexible workflow management system inside their CRM, this combination of tools is a cost-effective, all-in-one solution. Redtail also offers integrations with other document management solutions such as Docupace, Laserfiche, ShareFile, NetDocuments and potentially others.

There are several popular online file storage solutions that may not be appropriate for use by financial advisors in light of their security and owner rights issues. Such popular providers as Microsoft’s SkyDrive, Apple’s iCloud, Dropbox, Box.net and Google Drive all have different issues that may prove to be inappropriate choices for financial practices. Dropbox, in particular, has been under scrutiny, given several instances of reported security breaches.

Given the number of choices available for imaging and document storage and management, it is important for financial advisors to compare equipment, software and services to determine which set of variables will best match up with what they need. It is not just finding the fastest scanner or the fanciest software, it is all about finding the combination that fits the needs of the practice, handles the tasks associated with document management efficiently and integrates seamlessly with other softwares and solutions used by the advisor and his/her staff. And, it must have security features that meet or exceed SEC/FINRA regulations.

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