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The Virtual Office: How to Live the E-Life

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You are on the phone, stalling for time while you find that piece of paper with the notes you took a week ago, regarding what you were going to do for Mrs. Jones. What is her first name again? Where is that piece of paper? Finally, unable to stall any longer, you break down and say, "If you only saw my desk, you'd understand." And you say to yourself, "If I could only see my desk, I might know where it is!"

Well, it has happened to the best of us; it has plagued even the most organized of us, and it has been the undoing of some of us. But in the offices of those who have implemented this system, they have overcome the paper problem. There are no papers in their office ... and they function quite well without it, thank you!

Envious? I don't blame you. So what I plan to explain in this article is what the paperless office is, how it works, and how you can put it into action for your own offices.

No Copies, Please. Scan and Store.

What is the "paperless" office? It's an office where documents are scanned and stored. They can be annotated, indexed and searched. They can be viewed, printed, faxed or sent as an image file to an end-user. The paperless office provides access to all historical data in the form of a CD-ROM's, DVDs or stored on a large hard drive. The greatest thing about it is, provided you have a laptop, data can be accessed from wherever you are – from your car or at a client's location. You can display a document on the laptop screen, transfer it over a wireless modem and print the document to a printer or fax at a remote location. Using other wireless technology you can access client investment transactions and eliminate the need to "see" a paper statement.

The financial planning industry of necessity, under ordinary and traditional circumstances, deals with large quantities of paper. And each piece is handled many times. It could, for example, arrive at your office in an envelope. It's opened by a secretary and put in your in-box. You read it and decide on appropriate action. You probably give it to someone else to act upon. It has to be physically filed, possibly in a filing cabinet which takes up a lot of space. And it will more often than not, generate more paper – a letter in response or the completion of forms. That's a lot of paper, and it's a lot of handling. A paperless office would eliminate both the paper and the multiple handling.

Is our industry ready? I think so. In addition to paper client files being nonexistent, all firm accounting records – bills, financial statements, personnel and payroll records are digital. You can receive downloads daily from the investment companies that are directly added to clients' accounts in computer systems. Sales tickets are on the computer and investment applications are on-line. Bank information is provided so that the client will write no paper check. An electronic signature box can be used so that the signature will be directly transmitted, and the client will not even have to sign anything!

Planners often need to be able to produce historical information periodically; retrieving information electronically is a lot more efficient and a lot faster than going through paper files. Planners also need to keep documents for legal purposes and one of the nice things about electronic data is that it doesn't age the way paper does. It doesn't get torn or faded; it doesn't smudge or carry coffee stains.

> **PLANNERS OFTEN NEED TO BE ABLE TO PRODUCE HISTORICAL INFORMATION PERIODICALLY; RETRIEVING INFORMATION ELECTRONICALLY IS A LOT MORE EFFICIENT AND A LOT FASTER THAN GOING THROUGH PAPER FILES**

Legal and Regulatory Concerns

A paperless office is superior to one filled with paper. It eliminates not only original documents but also the many copies of documents which might have been stored in different filing cabinets around the office. In a paperless office, the only equipment required is computing and electronic data equipment. Traditional office equipment like fax machines, photocopiers and filing cabinets – and space to house them – is no longer required. And because there is less paper to

manage, offices need fewer staff. All of these things make the paperless office more cost-effective and more efficient than the paper-based office.

Are regulators going to be satisfied with electronic records? With the technology known as "WORM" (write once, read many), documents cannot be altered electronically. In the U.S., if we destroy the paper files, electronic ones become the valid ones. Keeping paper files is only needless duplication, and regulators would prefer to see them. They want to see the document closest to the original. In order for the images to be used for legal purposes, they must be in a form that cannot be altered, so paperless office managers need to make sure they are stored that way. There are different regulations in this regard for NASD broker/dealers than for RIAs. If documents are available, they must be produced rather than an image. But electronic storage of data is very appealing from a compliance perspective because it's permanent. It can be electronically dated and timed, and it contains evidence of who entered the document.

Back-Ups

To safeguard against potential loss of information, two back-ups are suggested (two back-ups off-site – one in a fire proof safe at home and one at another location). And let me ask this – if your office burns down or is flooded, what back-up do you have for your one and only paper files?

Equipment

In order to design a paperless office, you need equipment, rather than paper. You need storage media, computing power, scanning/imaging equipment, indexing/searching software and specially trained personnel. Regarding storage media, you'll need a hard drive or disks with complex optical storage options. Before you can decide upon which is the most suitable, you need to ask yourself not only how much storage you need now, but also how much you'll need in the future and then how much you'll need as a safeguard.

Your processor will need to be at least 800 MHz or more. with at least 128 megabytes of memory. The faster your processor is and the more memory you have, the better off you will be. You can use two types of scanners – a flat bed scanner and a high-speed scanner. While higher in price, the high-speed scanner allows a greater amount of work to be done efficiently. Regarding indexing and searching software, you'll need file folders and indexing capabilities. They'll also need optical character recognition (OCR). Some brand examples are LaserFiche by Compulink, ImgaePlus by Exigent, and Scansoft and PaperPort by Visioneer.

Staffing and Getting Started

A paperless office eliminates the long-term need for a large staff. Planners can consider whether to hire a service to do the conversion or to hire short-term employees (i.e., college students, part-timers from households with children, etc.) to do the work in-house. Services are worth their money because that is their specialty, and the cost and disruption to a planner is obviously short-term. An alternative

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is to have planners hire computer literate people to scan in-house, allowing them to maintain effective control of all files. Confidentiality is a big concern, so many chose to do the scanning in-house. Training short-term employees saves both time and money – time in which a planner would have to learn how to scan or teach someone else how to scan, and money in avoiding costly errors. All practices will obviously still have a need for some staff to maintain the office and the scanning system. Those are the people who will need to be trained, preferably professionally, to scan and maintain the new system.

As you convert to a paperless office, you'll need to think about how to file and label the images in folders. Think when OCR'ing and indexing about what data should be searchable. Images should be able to be paged through or searched like a file. They can also have folder tabs and labels. But remember that images by themselves are unwieldy for large searches. OCR'ing and indexing is more suited for large quantities of paper, but it uses more computer capability and it's harder to "just look" for documents, requiring more preparation time to input into the system. Some older documents, especially inactive files, can be scanned in large batches, OCR'ed, and left under a single file name. This takes less preparation time and simulates what an archived paper file would be anyway. On the other hand, each new document entered in on a daily basis into the system is heavily indexed and placed in one or more labeled folders or tabs. This makes future retrieval options a snap, as you can quickly identify a document by company, client name, date, etc.

Costs

The total cost for our system, hardware and software, was about $15,000 to $20,000. We decided to lease the hardware. Training and on-going input of documents is a cost concern, but this is not rocket science! When using an outside scanning service, a per-page cost can vary anywhere from $.05 to $.20. The in-house time is the going hourly rate for a data entry

employee, and that is between $8.00 and $10.00 per hour for such personnel. The input system is easily learned, and the retrieval is even easier. The key factor is that time is taken to set the electronic system like your paper system, using the advanced computer capability to speed up complex retrievals.

Clients will need to move with the times too. They "sign" forms on computers electronically. They transfer their money from their bank account into their investment account in nano-seconds. All that transacting is done right on a screen in front of a client. They enjoy immediate validation.

Don't be left standing there with manila folders, pencils and erasers in your hands. Be part of the (r)evolution. Be at the forefront of the paperless office. Serve your clients with the most efficient and cost-effective standard available today. If you are left behind, "the good old days" will not be so good. ■

About the Author

Sharon A.C. Kayfetz is vice president and owner of both Personal Financial Consultants and Personal Financial Consultants Securities, a NASD broker-dealer (1997-2003). Sharon has been actively involved in the financial planning field since 1983. She has specialized in the risk management area with emphasis on elder care issues and volunteers her time extensively by working on local, regional and national levels with the professional organizations that serve financial planners and the public. She is currently on the Agents and Brokers Advisory Committee with the California Department of Insurance as well as a NASD arbitrator and a General Securities principal. This had lead her to speak nationally and internationally on financial planning and women's issues as the original creator and continual innovator of The Paperless Office. Her fees for presentations, consultations and tele-conferences are partially donated to environmentally oriented charities. Her e-book, *The Virtual Office for the Visionary Enterprise,* will be available soon, and she can be reached at sharon@paperlessoffice.org.

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