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What You Need To Know About Finding An Electronic Document Management System

By John H. Higgins, CPA.CITP

The time is now! If not now, when? Electronic document management systems (EDMS) for the tax and accounting practice have come of age. We are rapidly approaching the point where document management reaches critical mass in the tax and accounting profession, defined here as when the number of firms that have implemented EDMS outnumber those that haven't. While I don't have any hard statistics to back up this assertion, I believe you will validate this premise as you begin attending conferences, seminars and other CPE events and talk with your peers this spring and summer. This year is likely to be a watershed year in terms of document management systems and their deployment in the tax and accounting profession. This is good news because it is a cornerstone initiative to enable a tax and accounting practice to work effectively in a global marketplace linked through a flow of digital information.

So if you're ready to begin the tedious, yet important task of finding the best solution for your practice, this article provides a review of some of the key players in the market for document management systems. The information provided here will provide you with an objective assessment of the solutions reviewed so that you can screen the candidates prior to performing your due diligence assessment that is required for what will become one of the most pervasive applications in your practice.

We will begin with an explanation of the criteria that was applied to the review of the various solutions, so that you can gain a sense of what we feel is important in the selection. If you would like additional insight into the concept of deploying document management in a tax and accounting firm, refer to my article in the April/May 2005 issue of this magazine (also available at www.CPATechAdvisor.com).

Seven basic categories were used to review the different solutions: Installation & Configuration, User Interface, Integration, Training & Support, Workflow & Document Tracking, Security and Pricing.

INSTALLATION & CONFIGURATION refers to what it takes to deploy the system in terms of technology and services. The primary feature

impacting this aspect is whether or not the vendor offers a hosted solution. If that is the case, then many of the deployment issues are circumvented due to the fact that you will be utilizing the vendor's IT infrastructure and system administration services. In either case, you need to address the issue of planning and executing the deployment from a workflow integration perspective.

The **USER INTERFACE** aspect broadly assesses the overall usability of the system from a look-and-feel perspective, including intuitive screen designs, ease of navigation and key features. There are two key components in the **INTEGRATION** capabilities. The first is integration with accountant-centric applications including tax preparation software, electronic workpaper systems and practice management software. The other is the integration with more generic paperless tools including MS Outlook, Adobe Acrobat, MS Office, etc.

An important factor in the selection of any technology solution is the quality and availability of **TRAINING & SUPPORT** provided by the vendor or third-party affiliates. As you delve further into this initiative, you will realize the impact electronic document management has on your workflows. A vendor who can provide you with assistance beyond the technical setup and configuration of the system and help you plan for the deployment and how it will be integrated into your workflows can mean the difference between success and failure. Don't be penny-wise and pound-foolish when it comes to leveraging the expertise of the vendor in your deployment. Their experience and knowledge of "best practices" can be extremely valuable and save you from making costly deployment mistakes.

The **WORKFLOW & DOCUMENT TRACKING** features of EDMS systems are becoming increasingly important. Firms that have implemented document management systems quickly come to realize that the real value is in the ability to streamline your workflows through a paperless model. For this attribute, we focus on functionality that allows you to route engagement-related documents through the firm and track important engagement data such as due-date monitoring, budget tracking and more.

The AICPA's 2006 Top 10 important technology issues list is out, and information security is at the top of the list. The **SECURITY** of your digital information is becoming increasingly important. Access to and the transfer of electronic information is much

easier than in a paper-based system, and that is the core benefit of EDMS. Therefore, you must make sure you exercise your professional responsibility to protect the security and confidentiality of your clients' information. Key security features to assess include password protection, audit trail of document activity, document checkout tracking and document authentication.

The final evaluation category in these reviews is **PRICING**. The key here is to make sure you are comparing apples to apples. The factors that impact the overall cost of deployment include hardware, software, technical services, training services, project management, workflow design and more. If your price comparison properly accounts for each of these items, you will get an accurate comparison of the pricing differences. The difference in price between a hosted solution and an internally deployed system can be misleading. The real value of a hosted solution is in all the services that you don't see, including the technology infrastructure, disaster recovery protection and system administration. So be sure you take these differences into account.

One additional objective of this review is to determine whether the solution is designed primarily for small firms of up to 15 users, or as enterprise solutions designed for firms with more than 15 employees. The distinction is not always black and white, and in some cases the packages are designed to meet the needs of both segments of the market. We also identified which packages were designed primarily as accountant-centric applications or targeted more horizontally for many different industries. ■

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Cabinet NG, Inc. — CNG-SAFE

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Cabinet NG - Shared Access Filing Environment (CNG-SAFE) is a document management system designed primarily for the SMB (small and midsize business) market. It provides a comprehensive collection of features and functions that meet the needs of this market. CNG-SAFE is targeted primarily at the small firm and is not an accountant-centric solution, per our standard of measure for this attribute.

Greg Crabtree is the CEO of Crabtree, Rowe & Berger, PC (www.crbcpa.net), a 15-employee firm based in Huntsville, Alabama. The firm offers a balance of business consulting, tax services and traditional financial statement preparation to clients throughout the southeast. "Our ability to enhance the profitability of closely held businesses wins us clients over a broad area," Crabtree says. "And the ability to work remotely has allowed us to maintain a long-term relationship with clients regardless of location."

Crabtree says they were approached by several vendors about document imaging, but he found CNG-SAFE's presentation of features to be more thorough with practical solutions to document control. "CNG-SAFE is very logically organized and very simple to use," he says. "My biggest concern with going digital was the ability to effectively retrieve the information once it was scanned. We had looked at just using Adobe to create folder structures, but that process did not adequately protect files from being deleted or moved by sloppy user actions."

Crabtree says they are currently in phase one of implementation, which is to convert existing files. He expects that phase to be completed this summer, after which they will begin to use the file routing and control features of live projects.

INSTALLATION & CONFIGURATION

The system is based on client/server technology and requires a Windows 2000 or higher server. Estimated storage requirements for a four-drawer file cabinet are 1GB. Obviously this requirement is dependent on the volume and nature of the docu-

ments you store. The vendor estimates that setup can be accomplished with approximately two to three hours of administrative setup support. The assumption is that your client/server technology is already in place. No ASP (Application Service Provider)/hosting option is available. ★★★★★

USER INTERFACE

My first impression of the interface was that there is a lot of information on the primary display screen. As I learned more about the capabilities the system offers, it quickly became apparent why various content items were appropriately displayed. The benefit is they have provided the user with more opportunities to manage the filing and retrieving of documents. The basic model for document organization is a cabinet | folders | tabs | documents hierarchy. The tabs typically represent workflows, such as tax preparation, audit, etc. ★★★★★

INTEGRATION

CNG-SAFE is designed for a horizontal market, not exclusively for an accountant-centric market. Therefore, there are no direct links to accountant-specific software applications "out of the box." However, the system does offer the ability to develop interfaces as appropriate through its API (Application Program Interface). Using the API in conjunction with *.CSV (Comma Separated Value) file formats, interfaces can be developed from a practical perspective. Direct integration with MS Outlook and MS Office is provided, and documents/files can be imported directly via the MS Explorer window. More attuned to the specific needs of the accountant market is the company's CNG-Books module, which provides a very unique capability for direct integration with QuickBooks that allows you to link documents to specific transactions. Custom *.PDF annotation tools are provided, thereby potentially reducing the need to provide Adobe Acrobat for all your users. ★★★★★

TRAINING & SUPPORT

Cabinet NG provides a comprehensive array of support services ranging from remote training and technical support to on-site training and system configuration assistance. ★★★★★

WORKFLOW & DOCUMENT TRACKING

The system includes the functionality to automate the routing of documents/files using predefined workflow rules, or by simply routing documents in an unstructured path as necessary. This feature includes an "inbox" to show inbound documents. You can also route to a group and, when a member of the group takes control of the document, it is removed from the rest of the group members' inbox. This can be useful in an environment where you have a pool of tax returns to be prepared by a team on a first-come, first-serve basis. You can add workflow notes to documents that are being routed. ★★★★★

SECURITY

A complete set of security features is provided including user/group-level permissions at the cabinet, folder and document level. The system administrator can establish a "sensitivity" at the folder level that filters who has permission to access the documents in the folder. The system maintains an audit trail of document activity. The files are stored in the traditional Windows file directory structure and can be accessed or deleted without going through the CNG-SAFE software. Cabinet NG recommends that server administrators use standard Windows security practices to prevent unauthorized access. ★★★★★

PRICING

CNG-SAFE is priced at \$995 per user license with an annual maintenance fee of 20 percent. An optional technical support contract is available for a fee of \$350 annually for five users. A single QuickBooks interface is provided with the base CNG-Books system. ★★★★★

RELATIVE VALUE

Cabinet NG provides a strong feature set for the small firm, despite the fact that it is not specifically targeted to the tax and accounting practice. The strength of its document management capabilities is impressive. The QuickBooks link is a bonus feature for many smaller firms that use QuickBooks. ★★★★★

2006 OVERALL RATING ★★★★★

Executive Summary

As you peruse the individual reviews, you should begin to gain an appreciation of all the different aspects to consider and evaluate when you embark on the search for the optimal document management (DM) solution for your firm. This review is intended to provide you with a starting point in your selection process by offering insight on the solutions that were submitted for review. It is important to remember that with a review of this nature, the research time and print space that can be invested has practical limits. We could have easily devoted the entire review to a single offering. The point is you need to start with the information provided here and proceed with your own independent research and evaluation. If you think it is as simple as picking one of the

highest-rated solutions, then you likely don't understand what implementing document management is all about.

I recommend that you invest some time early in your selection process to educate yourself on the common features and functions of DM. This review provides a good starting point. As well, you may want to review the article I wrote for this magazine in the April/May 2005 issue titled, "Document Management for the Tax & Accounting Firm," to help build your awareness of what's important when selecting and implementing a DM system. Finally, I invite you to view *The CPA & NSA Technology Advisor's* webcast, "Document Management 101: How to Manage the Paperless Office."

Perhaps the most important point to make is

that document management is a firm-wide application that will ultimately impact every aspect of your firm — tax, assurance, consulting, firm administration and client communications. Therefore, it is important that you not become too narrowly focused in your selection criteria. A system that is really strong in terms of tax workflow integration may not have the appropriate flexibility to handle your practice administration requirements. Take the time to determine what your objectives are for deploying a DM system. Be as specific as possible. Don't just focus on cost reduction benefits. That's a bi-product that all systems should provide. The real value is in automating your workflows so that you can provide enhanced client service and maximize the productivity of your staff. ■

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AMONG TECHNOLOGY VENDORS SERVING THE ACCOUNTING PROFESSION

ACCOUNTING BACK UP DOCUMENT MANAGEMENT FIXED ASSETS GUIDANCE INTEGRATED SUITES PAYROLL PRACTICE MANAGEMENT TAX PREP TAX RESEARCH TIME & B



COMPANY OVERVIEW

Cabinet NG solves the "paper cuts profit" problem for accounting professionals. Creating electronic file cabinets, the Cabinet NG-Shared Access Filing Environment (CNG-SAFE) transforms existing labor-intensive, paper-based and error-prone processes into efficient business workflows. Cabinet NG eliminates paper at its source, enabling SMBs to better manage documents and accelerate business processes. A CNG-SAFE solution helps companies achieve optimized workflows, meet regulatory compliance, enforce security and preserve its proven business processes.

PRODUCTS

CNG-SAFE, CNG-Books, and other add-ons.

MARKETS SERVED

Cabinet NG markets to CPAs and other financial professionals in support of their Accounting, Compliance and Documentation needs.

Accounting: The SMB accounting function is continually challenged by paper gridlock. CNG-SAFE turns AP/AR and other paper bottlenecks into efficient, streamlined electronic processes. This helps CPAs save time, reduce data entry and filing errors in a way that makes filing and finding documents quick and easy. For QuickBooks users, CNG-Books merges document filing/data entry into a single automated process and enables viewing documents directly from within QuickBooks. Compliance: CNG-SAFE is a vital tool for companies striving to meet compliance

requirements. Businesses today are under increasing regulatory pressure to secure and track their financial, personnel and private



customer information. CNG-SAFE offers a secure and effective way to manage information lifecycle requirements through retention classes, version control and other critical compliance features. Documentation: In most industries, over 80% of a company's information resides in unstructured (paper) and difficult to find documents. Fast access and control over business-critical documents is essential to

minimizing costs and improving efficiencies. CNG-SAFE provides the document management platform for electronic retrieval, routing and archiving of these documents.

CUSTOMER SUPPORT

Cabinet NG offers a full range of services, from initial installation through custom design and integration, to match the client's needs. Training, ongoing technical support, and software maintenance ensures optimal long-term performance.

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YEAR FOUNDED: 1992

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