ENABLING YOUR DIGITAL OFFICE FOR SMB'S:

BREAKING THE BARRIERS TO DOCUMENT AUTOMATION

How to overcome the roadblocks preventing you from achieving business continuity and prepare for the next normal.

INTRODUCTION

Why is digital transformation important?

Digital transformation is essential if you want your company to be more agile, innovative, responsive, and more customer-centric in a post-pandemic business environment.

When organizations are asked to identify their top priorities in terms of where they are making strategic investments, digital transformation is always at the top of their list. In 2018, Quadient surveyed its customers on the status of their document automation journey. Sixty-five percent intended to be primarily digital in the next 3 to 5 years. Yet, according to IDC's 2019 Digital Transformation Executive Sentiment Survey, on average, only 3.7% of revenue is spent on digital transformation initiatives.

MOST BUSINESSES LIST DIGITAL TRANSFORMATION AS A TOP PRIORITY YET ON AVERAGE DEVOTE LESS THAN 4% OF REVENUE TOWARD ACHIEVING THIS GOAL.

WHAT BEST DESCRIBES THE CURRENT STATE OF YOUR ORGANIZATION'S DIGITAL TRANSFORMATION?

10%

10% Are still struggling to get started

43%

43% Have a long way to go in terms of going digital.

36%

36% Are making great progress

11%

11% Are a digital organization

Source: Enabling Your Digital Office Webinar Poll – June 2020

So while there appears to be a vision to move into digital channels for customer communication, what's holding organizations back? The majority of SMB's are in the middle range in terms of advancing their digital transformation strategy; and some may be stuck in that journey. They start with good intentions, but then find roadblocks along the way that create challenges with making the transition. For smaller businesses, digital transformation efforts, specifically the ability to transition from paper-based workflows, is particularly challenging. A lot of it has to do with legacy systems and ad hoc workflows that rely heavily on paper and manual processes.

Conversely, many SMB's feel they have already migrated to digital delivery when, in reality, they are utilizing a manual digital process. An interesting phenomenon is that not all information shared digitally is born digitally. Digital-born documents are printed attachments like e-mails, reports, spreadsheets, and invoices. For true digital transformation to occur, organizations need to think about how to optimize the preparation and processing of their documents rather than the state of the final output.

OVER HALF (53%) OF THOSE SURVEYED, SAY HAVE NOT STARTED OR HAVE A LONG WAY TO GO IN THEIR DIGITAL TRANSFORMATION JOURNEY.

A digital workflow strategy is more important than ever.

Since COVID-19, organizations of all sizes are racing to digitize their office environment and not everyone is traveling at the same speed. Those organizations that were already using tools such as video conferencing or cloud-based collaboration software found it easier to adapt to these new conditions. More and more businesses are enabling their employees to work from home and are looking for solutions to help them do it more effectively and efficiently. This work from home phenomenon was initially viewed as a stopgap response until things returned to normal. When you think about it, we don't know what the next normal is going to look like. It has yet to be defined. The distributed workforce that is now in place is likely going to stay this way for a while. Maybe even forever.

In this case, the business environment changed overnight. Many SMBs did not have the flexibility in their processes to adapt quickly to this shift to work from home and found themselves struggling to maintain business continuity. The work from home mandates really put a

spotlight on inefficiencies in their back-office operations and underscored the importance of being an organization that is resilient, agile, and fully connected.

NOW MORE AND MORE ORGANIZATIONS ARE LOOKING FOR NEW WAYS TO MANAGE BUSINESS-CRITICAL DOCUMENT PROCESSES BY INVESTING IN COLLABORATIVE TECHNOLOGIES, DIGITIZATION, AND WORKFLOW AUTOMATION TO OPERATE SUCCESSFULLY IN THE NEW WORK ENVIRONMENT.

The extraordinary circumstances surrounding the pandemic and the impact that it's having on business operations and how that's influencing the way we work today will have lasting implications. It's not just about business continuity, it's also about future-proofing your business to handle whatever comes next.

We will discuss some of the barriers and roadblocks that may be holding you back on your document automation journey and how to scale these obstacles.

Barrier: Apprehension toward disrupting current processes

Entryway: Understanding how the change will benefit your organization in the long term

Why are many SMB document processes still manual? The most common answer is typically because 'we've always done it that way.' Manual processes are the bottleneck for growth and change. While the current process may be functional, many times they are not optimized, and may be preventing your company from evolving with the times. If some current gaps and issues are reoccurring, continuing with the same processes will not lead to different results.

Ask yourself these questions: What are the benefits of deploying workflow automation tools? What does my organization stand to gain in driving towards a digital office? Think about the value you will deliver to both your business and your customers. Think about the areas of business impact:

WORKER PRODUCTIVITY

Streamlined workflows and more engaged employees

BUSINESS OUTCOMES

Improved security, compliance, and data integrity

CUSTOMER EXPERIENCE

Targeted messaging and quicker through the customer's preferred delivery method.

BUSINESS AGILITY

The ability to pivot and adjust internal processes to meet the changing business environment and stay ahead of your competition

By automating tedious, paper-based processes, organizations can focus on servicing their clients in terms of faster response times, improved data accuracy, and quicker transactions. All of these are measurable benefits may be tracked across the organization.

Business process automation enables your organization to process documents more securely, efficiently and more frequently. It eliminates the disruption to office staff that takes them away from higher-value tasks and ultimately increases employee engagement and satisfaction, not to mention time savings. It greatly enhances your operations and business outcomes, from accelerating cash flow to allowing you to maximize the impact of each communication with targeted marketing messages.

The best way to approach digital transformation is to first document your workflow and lay out your business rules. It is the most important starting point to ensure your final solution will meet your specific business requirements.

HOW ARE YOU PROCESSING AND SENDING YOUR OUTBOUND CUSTOMER COMMUNICATIONS TODAY?

Mostly paper **14%**

A mix of digital and paper but managing them manually **54%**

Mostly digital **27%**

Don't know **5%**

Barrier: Deeply entrenched paper-based manual processes

Entryway: A more efficient way to handle paper documents along with multi-channel document delivery

Despite an increasingly digital world, many SMB's largely process customer communications using traditional paper. According to the Keypoint Intelligence Mail Delivery and E-Adoption Study, 57% of those surveyed currently use paper for their outbound communications. This is indicative of most small to medium-sized businesses. The gap is narrowing, but

paper is still a preferred and required medium across multiple industries, as well as specific use cases. Paper persists in areas like customer and employee onboarding applications, expense reports, purchase orders, where there is a lot of document sharing, and approval. There are many ad hoc workflows where paper is still very prominent. These include verticals such as health care, utilities, and manufacturing.

In health care, for example, patient onboarding and consent forms continue to be primarily paper-based as are prescriptions and pharmacy records. These are just a few examples where paper sits in the way of digital transformation.

IDC's 2019 Document Process Survey states manual, paper-based processes continue to play a prominent role in the everyday life of the typical knowledge worker. 30% of documents used each day are paper-based and 55% of knowledge workers report using paper the most to extract content to be integrated into new documents. That can be documents created digitally and then printed for additional processing, approval, or a physical signature. For example, printed documents are converted back to digital format for archival purposes. The fact is that so much existing workflow is wrapped up in paper-based processes. A lot of it is around company policies that mandate the printing of certain documents as part of the legacy process which creates challenges for companies looking to drive their digital transformation efforts.

On the flip side, there is a push toward sustainability and a drive towards the paperless office. In some verticals, more and more customers prefer receiving their customer communications digitally. Some customers that receive paper documents have not been given the opportunity to communicate their interest in digital. There may be areas of your business, like invoicing, where automating that entire chain of events, would make a lot of sense. The goal is ultimately about integrating and optimizing both to deliver the best outcome for both you and your customers.

Document automation is more than just enabling new channels, but upgrading business operations to ensure outbound communications are seamless and deliver the best customer experience.

30% of documents used each day are paper-based and 55% of knowledge workers report using paper the most to extract content to be integrated into new documents

Barrier: Cultural resistance

Entryway: Help employees understand how the new processes will benefit and enhance their day to day responsibilities.

IDC looked at the typical document-based processes conducted by office knowledge workers across various company sizes and vertical segments. Several important themes emerged from the survey. One thing that hasn't changed is the fact that businesses continue to spend a lot of time working with documents. 32% of employee time is spent each week on document-related tasks[2]. That is a significant number when you think about it. One-third of the workweek is dedicated to one specific function.

Documents are either system-generated from an ERP or as ad hoc individual documents from a desktop. They generally go through the preparation phase first where business rules are applied. This is all about those legacy processes, one-off variables that are generally managed manually by employees preparing these communications for the processing stage. The preparation stage may include sorting documents into piles, pulling out exceptions, or collating different documents for the same customer. Once these tasks are complete, employees move to the processing stage which is the physical activity of folding and stuffing documents into envelopes.

When the preparation and processing stage isn't automated, the risk of human error becomes a key factor. Manual document processes negatively impact your organization in many respects. For one, it drives inefficiency by taking high-value employees away from core business activities and reallocating their time to lower-tier tasks. From an employee perspective, the reality is repetitive tasks such as mail prep, are low impact and encourage employee dissatisfaction. Most employees do not
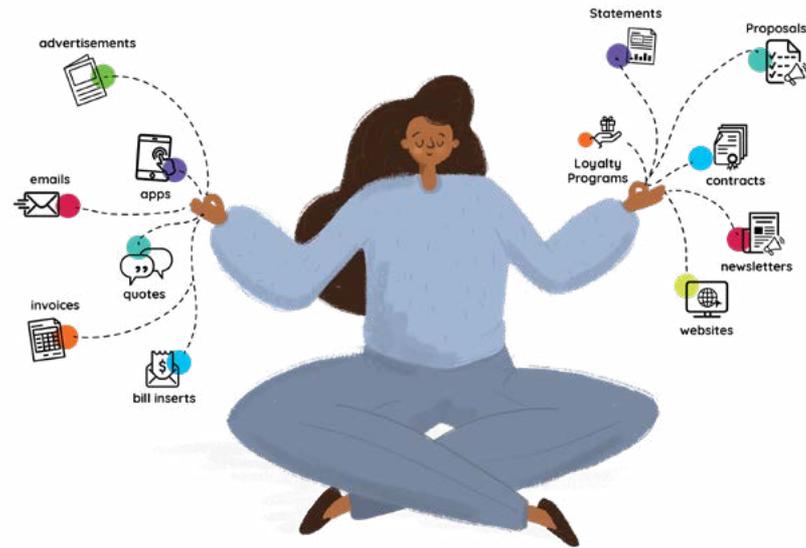
enjoy performing redundant, manual, tasks. As we see the workforce start to evolve, this is an area that must be addressed by organizations in order to retain and motivate younger and more digital-savvy generations.

There are key benefits around user experience that can be realized both by employees and customers through

document automation. If you streamline workflow, typically an employee becomes more productive and is able to better concentrate on their core job duties. When employees spend more of their time on complex and intellectually stimulating activities, they tend to feel more valued which typically leads to higher motivation and engagement.
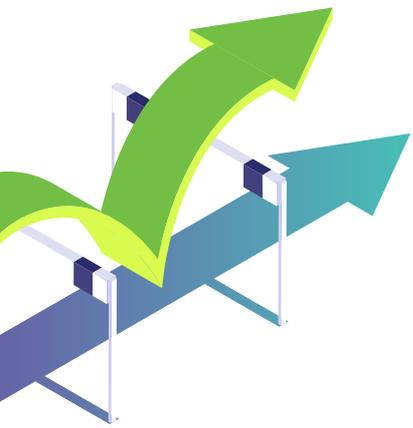
Barrier: Document silos and concern for potential inoperability between new and old systems.

Entryway: Plugin architecture that is easy to integrate and delivers modern features to your legacy applications.

Over time, business processes may become disconnected. When most SMB's digitize, they create a new process. The new process is often managed by a different group. For example, paper documents are managed by the mail center and digital communications by another department. This means that as companies digitize, they increase not decrease the complexity and reduce efficiency while running the risk of sending duplicate or conflicting communications to customers.

This lack of coordination ultimately impacts customer experience and is incredibly inefficient for the organization. Information is stored across a host of on-premise and off-site locations in document repositories. Those records can be all over the place,

from local network file folders to email and printed documents. This lack of integration and interoperability between disparate systems and various information silos is where the path to digital transformation begins to break down. Employees spend a lot of time just looking for documents and content within those documents.

There is also the concern of a lack of potential interoperability between new digital platforms and an organization's legacy systems. The need to marry these multiple input sources with various data destinations creates a lot of challenges when it comes to workflow automation. The process starts to bog down when it comes to migration between these new digital systems and legacy business functions.
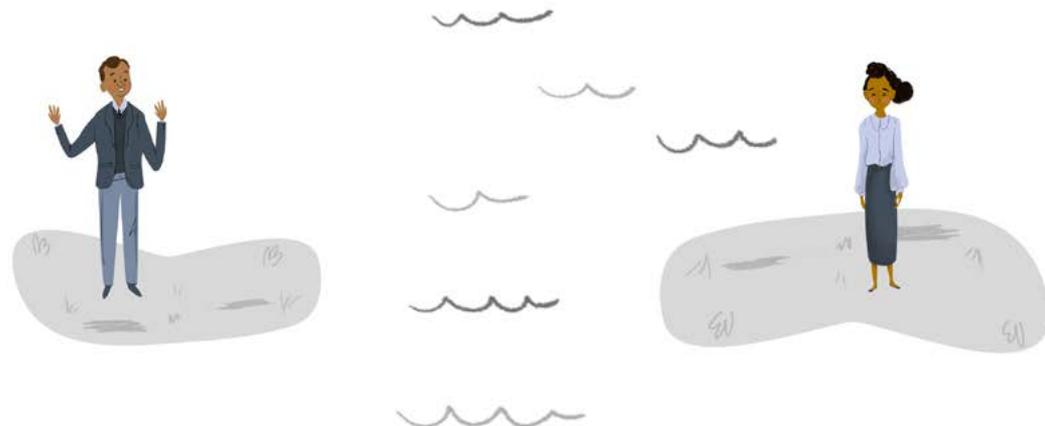
The question is, how do you collect and unlock the power of data? How do you make it easily accessible and usable? Digitized content enables organizations to effectively leverage templates, analytics, and business intelligence tools. That's a key element to process optimization. But it's not just about accessibility. Data processing errors are also a key pain point for businesses entrenched in manual processes.

To drive real business value from workflow automation and digital transformation, companies have to focus on digitizing the inputs that come into the organization. Identify documents that need to be digitized and eliminate unnecessary printing during the workflow process. It's all about gaining access to that business-critical information currently trapped in paper documents. Other critical factors that fall within the need to drive better business outcomes are external

requirements, such as security and compliance, and dealing with privacy, and regulatory issues. Those have a big impact on the need to go digital. A lot of organizations are focused in this area and face a lot of challenges, in terms of how do they achieve regulatory compliance and how do they reduce the risks associated with data privacy, and data protection.

A single, flexible document automation platform with modular architecture could be just what you need to enhance your most business-critical processes and modernize your outbound communication workflow. A platform that handles both physical and digital communications, in single or batch applications, that may be managed on-site or remotely. And, best of all, integrates easily with your legacy systems.
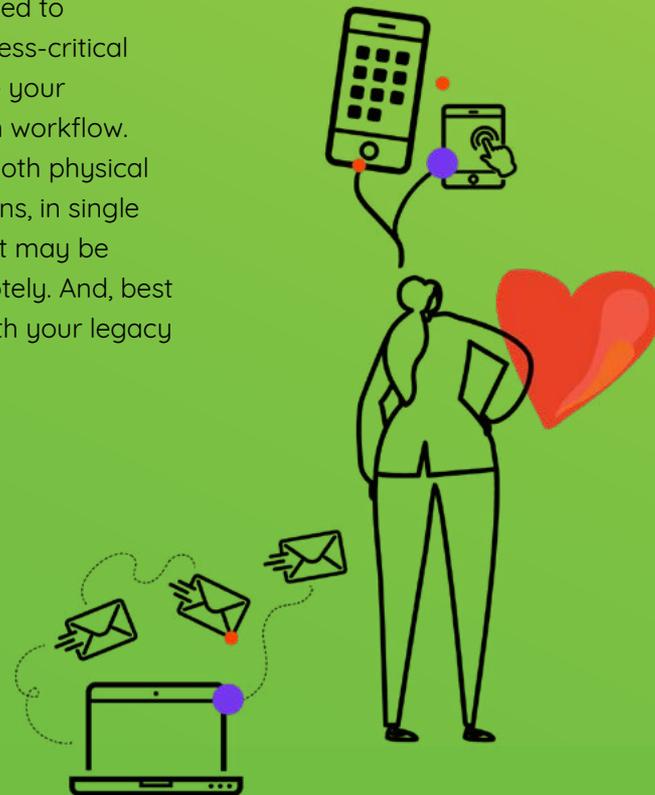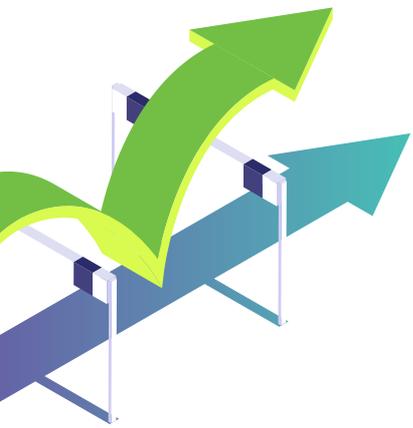
# Barrier: Lack of resources or expertise to deploy a digital workflow strategy

Entryway: Don't go at it alone. Leverage the knowledge and expertise of a trusted partner.

SMB's don't have the same types of resources as larger enterprises. Some can't even speak the technical language. Most enterprise organizations, for example, have fully assembled teams that are dedicated to moving these broader digital transformation initiatives forward. They're dedicated to understanding what technology components are necessary. They have significant dollars that are earmarked for these programs, and they have internal resources assembled to help with every step along the way.

Many SMBs don't even have an IT department let alone a team of dedicated people that are backed by investment dollars to go out and create a targeted digital workflow roll out plan. If you don't have the tools, assets, resources, and the budgets of the bigger guys, seek out a partner who will help guide you through the minefield. Find the right partner with the right set of solutions to address your specific business needs. A trusted advisor, like Quadient, will help you answer questions like: Do we acquire a solution and manage that in house, or do we

outsource our larger disruptive mailings? Do we have a workflow that supports both on-site and remote workers? Are we providing our customers with the optimal experience? These are questions that you have to ask to determine the best solution for your business. Don't be afraid to lean on the experts and take advantage of the resources they can bring to the table.

Depend on your partner's expertise to assume some of the responsibility in making sure that whatever solution you put into place meets your specific requirements and delivers the best ROI.
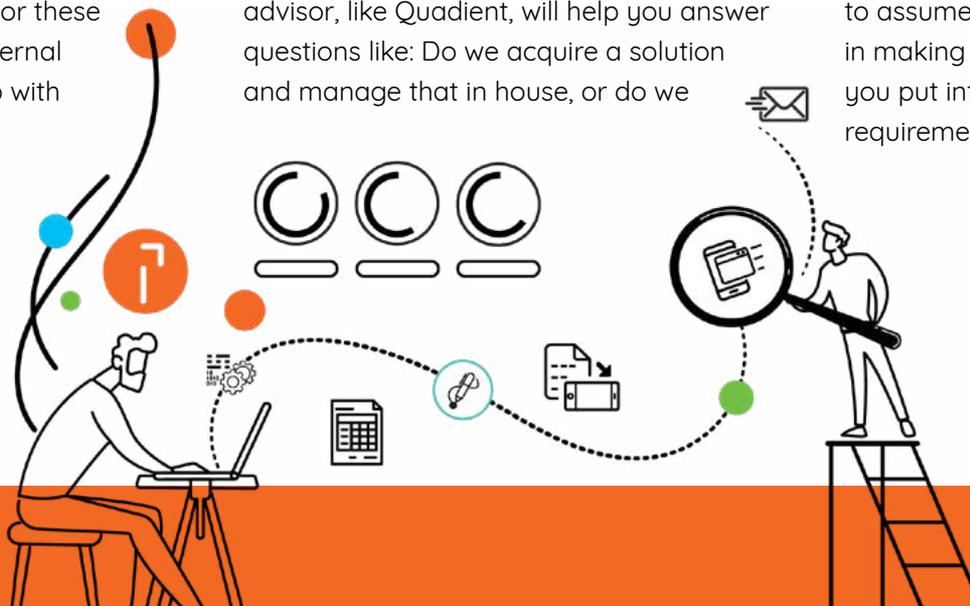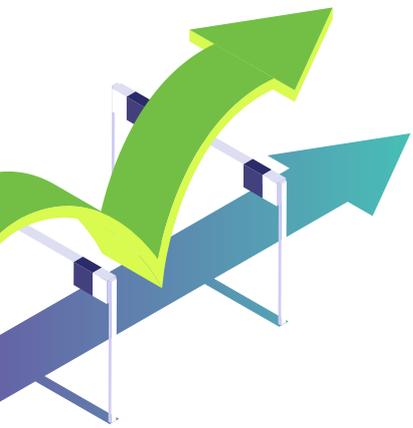
Barrier: Where do I begin?

Entryway: Invest in a single, flexible platform that evolves with you as your business grows.

Trying to figure out how and where to begin may seem daunting and somewhat overwhelming. For SMB's who have identified areas of their business where document automation would be beneficial, it's a question of "how do I get there?"

Fortunately, much has changed when it comes to the availability of new cost-effective cloud-based solutions that enable SMB's to reap the benefits of advancing their document automation and digital transformation journey. Technology has evolved to a point where SaaS-based tools for automating manual processes are more easily accessible and affordable. Digital transformation is no longer reserved for larger enterprises. SMB's with few IT resources can get up and running quickly, empowering business users to automate business-critical processes, become more agile and efficient, and

improve their customers' experience. It doesn't have to be complicated or expensive. In some cases, solutions can be set and implemented in just hours.

The best line of attack is to start small. Digitally transforming document processes carries a host of benefits beyond employee productivity. Imagine saving several days or more each month of precious employee time that could be reallocated to core business activities by eliminating time-consuming mundane tasks. Managing communications through a single, platform with access to a variety of integrated, intuitive applications will improve your operational efficiency, enhance your corporate image, provide better tracking and visibility of your critical communications while offering your business and your customers the best of all worlds, print, digital, or outsource.

Business continuity is critical when you think about what happened with COVID-19. There's no way to overemphasize how important this issue has become in light of the changing office dynamics driven by this new emerging remote workforce. Organizations have to look closely at the tools and services they can deploy that will enable them to continue to process information in a timely manner and support those critical business workflows that keep their businesses up and running.
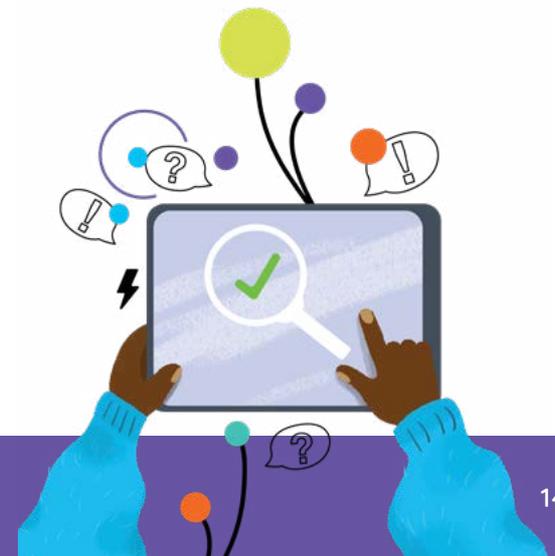
If you're not currently investing time and effort to advance your document automation journey, then you're already behind the curve. Your competitors aren't waiting and neither should you. Technology has amplified customer expectations and subsequently, added increased pressure to drive customer satisfaction which is necessary to stay ahead of the game. Think of your digital transformation initiative as an investment in the future of your business.

Workforce dynamics are ever-changing and it has already impacted the way companies have had to make adjustments to continue to effectively run their business. Automating your document workflow is more important than ever and key to maintaining business agility and continuity for the new normal and the next normal.

Sources:

1. Keypoint Intelligence/InfoTrends Mail Technology and E-Delivery Adoption Research Study, July 2018
2. IDC Document Process Survey, May 2019
3. Enabling Your Digital Office Webinar, Quadient, June 2020

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Quadient, formerly Neopost, is the driving force behind the world's most meaningful customer experiences. By focusing on four key solution areas including Customer Experience Management, Business Process Automation, Mail-Related Solutions, and Parcel Locker Solutions, Quadient helps simplify the connection between people and what matters. Quadient supports hundreds of thousands of customers worldwide in their quest to create relevant, personalized connections and achieve customer experience excellence. Quadient is listed in compartment B of Euronext Paris (QDT) and is part of the CAC® Mid & Small index.

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