



# WORKFLOW: Real Life ROI

A White Paper  
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## **WORKFLOW: REAL LIFE ROI**

In the spring of 2008, Cornerstone Advisors, Inc. conducted a broad industry survey to assess the state of Enterprise Content Management (ECM) in credit unions and mid-size banks. The resulting white paper indicated that while many institutions have implemented ECM for check images and reports (Computer Output to Laser Disc, or COLD), very few felt they were realizing the true potential of their ECM solution.

At Cornerstone, we appreciate logic. We like efficiency. We are comfortable with things that make sense. The typical sequence of events along an ECM path makes perfect sense to us. It's logical, and the logic goes like this:

Step 1: COLD

Step 2: Check image

Step 3: Document archive and retrieval

Step 4: Automated, electronic workflows

We know there are a lot of like minds out there – people who understand the efficiency embodied in a logical sequence of events. So we are surprised at how few credit unions or banks have made the leap to that next natural step in the ECM evolution: document centric workflows. The intent of this white paper is to illustrate the benefits of document centric workflows – beyond a shadow of a doubt, for all you fence riders out there.

## **Efficiencies are Everywhere**

Like many credit unions, Whatcom Educational Credit Union ([www.wecu.com](http://www.wecu.com)) in Bellingham, Wash., experienced countless wasted hours consumed by literally hundreds of manual processes. One day, Whatcom, WECU®, said, “Enough!” The credit union began to use the Workflow component of OnBase, an ECM system developed by Hyland Software, to begin chipping away at the inefficiency.

In a typical ECM environment, documents in need of processing are placed into the archive and then the contributor notifies the processor via email that pending work is ready. Or, even more inefficiently, the processor periodically checks the archive to see when pending work arrives. Optimally, however, as the WECU solution works, Workflow automatically monitors the archive, and when it “sees” new documents, it instantly notifies the processor or takes action on the document.

Consider how WECU member service representatives complete debit card requests. In the old process, a form was sent via interoffice mail to Electronic Banking, which then sorted through the mail looking for orders to process. With the new workflow process, the debit card order form is imported into OnBase at the branch without having to be printed. Then, workflow recognizes that a new order form has been scanned, places the document into a workflow queue and automatically notifies central processing. Other WECU workflows perform the necessary processes, such as posting a standard note onto the document or setting a keyword value if one was missing or needed to be changed.

## **How Does Workflow Work?**

All of the top tier ECM solutions have a workflow component. This feature integrates with the archive to reuse configurations related to security, document types, keywords, etc. A workflow begins with an event, such as a new document being ingested into the archive. To initiate a workflow the system can interrogate

keyword values, document properties or something simpler like data contained in COLD reports. This is very useful when information on a report triggers a process. For example, most loan operations departments receive a daily “paid off” report. The team then must determine if overpayment refunds are required or collateral needs to be released or returned. The team must also initiate record retention periods for the loan files. Using a workflow to identify these triggers and then automatically flowing the related document(s) or information through a lifecycle of pre-configured work queues is where the power of ECM is unleashed. Eliminating sorting and shuffling through stacks of paper or highlighting rows on a report will let staff get right to work on the task at hand. The staff and management will immediately know how many items are in queue and ready to be worked. With advanced features like load balancing queues, work items can be electronically distributed among available resources instead of piles of paper stacked on workers’ desks.

Depending on the process itself, these workflow lifecycles can either complete the process in a wholly automated fashion, or simply facilitate and support the process by forcing a structured and standard path for every occurrence. By using automated workflows, efficiency is improved since no human intervention is required to handle or process the document(s). Quality is also improved because the process is performed consistently every time. In WECU’s paid off process, the workflow rules have saved 35 hours per month by automatically stamping the loan file as “PAID,” closing the file, and moving the file to the retention module.

At Denali Alaskan FCU ([www.denalifcu.org](http://www.denalifcu.org)), Anchorage, Alaska, workflows are being used to improve other processes as well. For example, workflows are used to support the credit union’s compliance efforts and keep their member records clean. Denali Alaskan FCU uses signature pads to directly import the signature card for a new account into OnBase. This eliminates the need to print and scan, a key ECM best practice. By using ECM features to place the document directly

into the archive electronically, Denali Alaskan FCU is realizing paper cost and time savings. As soon as the sig card hits the archive, workflow places it into a review queue where it is reviewed for completeness. If it is missing data, the reviewer places a “big red electronic sticky note” on the document. The next time the member comes into the branch, the sig card is displayed and the teller or MSR can collect the missing information. This type of automation keeps the member information files up-to-date, accurate and supports federal Know-Your-Customer regulation compliance.

### **When is Workflow the Right Tool?**

It is important to understand the boundaries of where it makes sense to use the workflow that is delivered with an ECM tool. In cases where business specific software applications have their own workflow, ECM can be used to support the process as opposed to re-inventing the wheel. Consider two common and major processes that occur hundreds of times per month in your branches: opening new deposit and loan accounts. Given that vendors have spent decades building out solutions for new accounts and consumer/mortgage loan processing that have workflow imbedded, re-inventing the wheel in ECM workflow does not make sense. However, it is appropriate to use ECM’s imaging capabilities to support these processes by giving new account representatives and loan originators access to customer and borrower information that is already in the document archive.

Take the mortgage origination process as an example. Your mortgage loan origination system (LOS) will have an internal workflow that collects data in the application phase of the process and ultimately places loan requests into a status or queue for the underwriters to make their decisions. When underwriters retrieve loans from the queue, they have access to all of the information that the originators entered. In most cases, they also receive paper loan files with the supporting documents. This is where ECM can play a role. By letting the LOS do

what it does best (handling data and transactional workflow) and integrating the documents and data in the ECM system to the LOS, users are able to stay in the business application they are most comfortable with. In the end, you gain efficiencies like increased productivity and happier staff.

Admittedly, some LOS's have an imaging feature that moves documents along with the transaction from queue to queue. This is fine except that the documents are only viewable with the transaction inside the LOS. Eventually, the documents must be exported from the LOS to the long-term ECM archive. The LOS is designed to be transactional so the images are tied to that one mortgage transaction. By moving the images into the ECM archive, it is possible to share the documents with other applications and departments that may not have access to the LOS. In addition, the LOS does not have record retention capabilities, so when the loan is paid off there is no way to begin a retention period and delete the document image when the retention period expires.

Integrating the LOS to the ECM archive using productivity tools such as Application Enabler from OnBase allows loan information in the LOS to be passed via an application programming interface to retrieve the documents from the ECM archive. This kills four birds with one stone:

- The workflow capabilities of the LOS are retained so the LOS investment is leveraged
- Training is reduced because users access information in the ECM archive using their familiar LOS interface
- Stakeholders that do not use the LOS (e.g., staff on audit, compliance and servicing teams) have immediate access to the documents through the ECM interface (or their own business application)
- Electronic documents are consistently saved and stored in one location according to your business rules

## **Getting the Job Done**

If you find yourself asking, “Why do our Cornerstone Benchmark numbers show that we have too many people in (fill in your favorite department) for the number of accounts we have?”, the answer probably lies more with the nature of the beast you have built, rather than managers who like to be surrounded with idle employees.

Even with the advancements in loan origination, platform and other front office production technology solutions, these tools often stop just before or just after fulfillment. This explains the constant flow of information and service requests from the front office to the back office. Continuing with the example of the mortgage LOS, once the borrower closes the loan, the LOS may upload the loan to the core system and then it is finished. However, the mortgage loan documents continue to have a very active life immediately after closing and then every year at escrow tax and insurance time.

- Mortgages are sent to the county offices for recording. Workflow can be used to monitor the receipt of the recorded mortgage and notify when a time threshold has expired and the recorded document has not been scanned into the ECM archive. This will help lenders ensure their loans are properly collateralized.
- If the institution is active in the secondary market, investors will need copies of the loan documents. All too often this is accomplished with costly overnight shipping and courier services. ECM solutions can facilitate the electronic transmittal of mortgage documents.
- Mortgages on properties that are in a flood zone need to be monitored for insurance. ECM workflow can place expiring insurance documents into a work queue to be monitored and managed. The regulators are still doling out significant fines to banks that have a sloppy flood insurance process. ECM workflow can help protect the bank from these civil money penalties.

Core systems do transaction processing very fast and very well. But from a non-transaction, exception servicing perspective, most core systems play two “limited” roles. They either:

- Provide the information to begin an event (e.g. “this loan was boarded,” or “this account is closed”); or
- Become the recipient of information as a result of some process action (i.e. “rebate this overdraft charge,” or “change this address”)

These shortcomings, if you will, are the reason why the back office exists. Automated workflows are one of the secrets to trimming your back office operations.

Before automating or improving a manual process, we need to understand the value of the process. Every workflow project should begin with a thorough review of the policies and procedures to ensure they still make sense. It is not uncommon for our operational assessments to uncover policies and procedures that were put in place when the institution was founded or as a reaction to a single incident. Over the years, with new regulations, products and internal guidelines, the back office has accumulated a plethora of relatively small processes that are deemed important to customer/member service or safety and soundness.

Approached correctly with creativity and a sense of continual improvement, using workflow to support and automate these processes will eventually lead to a less complex, less manual back office that can either scale to support more volume or be reduced to support current volumes.

In the case of WECU, the efficiencies keep piling on.

- First it saved four hours per month automating notifications of bankruptcies when documents were received,
- then it saved three hours per month handling loan extensions,
- 23 hours for debit card orders, and
- 46 hours for item processing.

By a rough calculation, WECU has saved more than 170 hours per month of manual labor using just 13 automated workflows. In addition to the personnel savings, the new workflow processes are more standard and controlled, resulting in better quality. Finally, the system tracks the number of each and turn-around time, resulting in better management information.

Denali Alaskan FCU has built several workflows that automate the clean-up of the archive. These workflows are often one-hit wonders but leverage the power of the workflow tool. As an example, vouchers for member-cashed items were archived in a single document type. The majority of these had a member number keyword automatically indexed because the teller system electronically created the voucher in the archive at the time of the transaction. In cases where a paper voucher was created, they were all batch scanned at the end of the day into the same document type but the member number keyword was blank because it is a masked field on the paper voucher. When researchers tried to find a member's voucher, they could not take advantage of the member number index because if the voucher was one that did not have the index value set, it would not appear in a hit list of documents. This meant the researcher had to look through all of the vouchers for that teller for that day. The solution was to create a separate document type for batch scanned vouchers without a member number. In about 30 minutes Denali Alaskan FCU created a workflow that automatically reclassified all of the vouchers without a member number keyword to the new document type. Now the researcher can use the member number and search for vouchers in one document type, and if it does

not return one for that day, it is only necessary to look through vouchers in the scanned batch for that teller for that day. This results in much faster research time.

### **Teamwork**

Identifying and designing workflows that tackle these micro-processes is best served by using small teams of two to three individuals. A typical team consists of the following:

- **The workflow expert:** This individual knows what the tool can do and has the analytical ability to ask all of the right questions as the process is being designed and configured.
- **The process expert:** This person performs the task on a regular basis and provides the guidelines and parameters for configuring the workflow. This person also tests, documents and trains others on the new process.
- **The departmental management sponsor:** The person with the authority and responsibility to make decisions regarding the process and ensure that the new process complies with institutional requirements and is adopted within the unit and/or the institution. For processes that significantly exceed the scope of a department, other management sponsors may be necessary.

It helps to have departmental staff, outside of workflow support, that understands the capabilities of the workflow tool. Often, departments have a need but don't know that a solution is easily within reach. Once a department has a winner of a workflow, the creative juices will start flowing and there won't be enough workflow configuration experts to satisfy the demand – a great problem to have for the organization striving for high efficiency.

## **Measuring Success**

Once a process to automate with workflow has been selected, two tasks are important to the success of the effort. The first is documenting the current process and getting confirmation that it is correct. This information will be invaluable as the automated process is being configured. The second task is establishing the baseline of performance for how many, how long, how many errors, etc. For the organization to embrace automated workflows, success stories and their benefits need to be communicated. Having a baseline of performance and showing the improvement after an automated workflow is the surest way to get others in the organization thinking about how workflow could improve their areas.

## **Wrap Up**

If you already have an ECM solution, adding the workflow component is cheap. If used correctly, it will be the highest ROI piece of software you have ever purchased – period. However, depending on the size of your organization and the types of processes that are automated using workflow, it is not likely that you will trim 30-50% of your back office costs with a single workflow. Still, over time, as more and more tedious and cumbersome processes are eliminated, you will find headcount that can be reallocated to more profit oriented functions or that do not need to be replaced as attrition opportunities arise. In baseball terms, ECM COLD, check images and document archive and retrieval is a grand slam. ECM workflow is nine innings of batting around and everybody hits a single. Would you rather have 4 runs or 63?



## Cornerstone Advisors, Inc.

Cornerstone Advisors ([www.crnstone.com](http://www.crnstone.com)), a leading consulting firm to financial institutions, provides a wide range of services to mid-size and regional banks and credit unions clients. Cornerstone specializes in Strategic Planning; Efficiency Improvement; Benchmarking and Best Practices; Technology Assessment and Planning; Risk Management; Merger Integration; and System Selection, Contract Negotiation and Conversion Management services.

Cornerstone publishes *GonzoBanker* ([www.gonzobanker.com](http://www.gonzobanker.com)), an online information resource dispatched each week along with a good helping of irreverence to more than 15,000 readers, including banks, trade groups, the media, and industry analysts. Cornerstone also publishes *The Cornerstone Report: Benchmarks and Best Practices for Mid-Size Banks* and *The Cornerstone Report, Benchmarks and Best Practices for Credit Unions*.

Cornerstone is a strategic partner of the Credit Union Executives Society ([www.cues.org](http://www.cues.org)) and provides articles for *Technology Edge*, CUES' weekly online newsletter, and *Credit Union Management*, its monthly publication.

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## Hyland Software, Inc.

One of the largest independent software vendors in the world of enterprise content management (ECM), Hyland Software ([www.onbase.com/English/WholsHyland](http://www.onbase.com/English/WholsHyland)) is the developer of OnBase. An award-winning suite of document management and content management solutions, OnBase has a proven record of solving problems resulting from time consuming, costly and error plagued manual tasks. Today, people at more than 9,000 organizations both large and small in 60 countries have the time to do the things that really add value thanks to OnBase.

Available on-premises or as software as a service (SaaS), OnBase installs and integrates with other applications quickly, cost effectively and is designed to grow with organizations. To learn more, visit [www.OnBase.com](http://www.OnBase.com).

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