

Return on Technology Investment (ROTI)

(Reprint of Page 4)

A White Paper by
Virtual Office News LLC

Author: David J. Drucker

Date: December 2009

Returns to Document Management Software

Returns to document management systems are as difficult to measure with precision as those to CRMs and, to complicate matters, the two systems overlap to some degree since a good CRM will be integrated with the advisor's document management system making it hard to say which is generating the realized efficiencies.

Yet, document management systems confer benefits of their own, even if not coupled with a CRM, so we'll focus on those.

Trumpet, Inc. is a Phoenix, AZ firm consulting with financial advisors to install document management systems consisting of Worldox software for scanning and filing and Virtuoso, a product that integrates Worldox with certain CRMs. Trumpet offers a case study that it believes is representative of the efficiencies realized by its clients.

Wingate Financial Group of Lexington, MA used Trumpet's services to install the above-described system about eight years ago. At the time of installation, Wingate consisted of five full-time and three part-time employees. It was managing \$240M in assets and sending out (and filing) quarterly reports to clients. After installation, Wingate found it was able to run its operation with only three full-time employees and two part-timers and, since 2002 when it adopted Worldox et al, AUM has grown to \$600M.

Trumpet's installation and training, along with the software licenses themselves, would cost Wingate approximately \$7,600 if implemented today. So the savings of three employees' salaries — which one might estimate conservatively at \$76,000— is ten times the cost of the new system.

Are these savings real? In our opinion, yes. In studying many advisors' journey to a paperless office over the years, we've found that employees' time is always a major component of savings. Thus is the nature of paper... it must be generated, it's often copied and disseminated, it must be filed and it must be retrieved later on. The sheer act of managing information on paper in this manner is clearly labor-intensive. When advisors convert this to a digital process via adoption of a document management system, much less employee time is needed to manage the new system. Paper is inherently inefficient.

Conclusion

Installation of a document management system in one's office provides a quantum leap in efficiency versus a paper information management system. For this reason, we consider document management software a Tier I "must-have" technology.