



## Changing the Game with Content Management

How Credit Unions are Leveraging Technology to Improve Business Processes and Generate Efficiency Enterprise-wide

## Executive Summary

**Timesaving Tip:** For a high-level overview, read this executive summary and scan the subtitles and bullet points throughout the paper.

## The Challenge

As the economy struggles to rebuild itself in the wake of the subprime mortgage collapse, consumer confidence in for-profit financial institutions has reached an all-time low. Although credit unions have historically comprised a small segment of the financial services industry, today they've reached a combined—and growing—membership of 92 million. Furthermore, their high member satisfaction rates combined with the slow economic recovery are creating even greater opportunities for future growth. But it's impossible to extend service to an expanding membership base without having a clear plan for enhancing efficiency across the organization. Leveraging technology is a clear path to success.

## The Solution

Enterprise content management (ECM) refers to the tools, technology and processes that enable organizations to centrally and securely manage all of their content, while still offering individual branches, business units and departments the flexibility to react quickly to changing conditions.

This paper discusses the strategic benefits of implementing a best-in-class ECM solution for credit unions:

- Streamline the lending process.
- Automate business processes in multiple departments.
- Easily integrate with existing systems.
- Reduce the cost of compliance.
- Improve staff productivity and member service.
- Decrease paper-handling costs.
- Increase space efficiencies.

## The Business Benefits

By transforming manual-, paper- and time-intensive processes into automated, digital ones, ECM increases operational efficiencies, decreases costs and improves member service. For credit unions looking to capitalize on the current lack of confidence in large banks, ECM provides a comprehensive competitive advantage and an incontrovertible return on investment.

## Introduction

As the economy struggles to rebuild itself in the wake of the subprime mortgage collapse, consumer confidence in for-profit financial institutions has reached an all-time low. The failure of several large banks drained more than ten billion dollars from the federal deposit insurance fund in 2009, and the FDIC expects to lose another \$60 billion through 2014.

Although credit unions have historically comprised a small segment of the financial services industry, today they've reached a combined—and growing—membership of 92 million. Furthermore, their high member satisfaction rates combined with the slow economic recovery are creating even greater opportunities for future growth.

But it's impossible to extend service to an expanding membership base without having a clear plan for enhancing efficiency across the organization. Leveraging technology is a clear path to success.

However, effectively using technology has traditionally been challenging for credit unions, due in large part to their scale relative to banks. The larger the organization, the lower the incremental cost of rolling out technology to each user. For example, branch automation software might cost \$500/user for the first 50 seats, \$300/user for 51-100 seats and \$150/user for 101+ seats. Because of their smaller size, credit unions simply haven't been able to afford the advanced technologies implemented at big banks.

Enterprise content management (ECM) solutions are changing the game for credit unions of all sizes. This cost-effective technology gives credit unions the capability to rapidly enhance efficiency by:

- **Automating repeatable business processes** such as invoicing, loan processing and new account opening.
- **Eliminating the need for manual data entry** by quickly capturing and indexing documents, and then making those documents available through multiple applications.
- **Improving member service** by ensuring that information is consistent, reliable, useful and available across the organization.

ECM transforms paper- and time-intensive tasks into streamlined digital processes, increasing efficiency, decreasing costs and improving member service. For credit unions looking to capitalize on the current lack of confidence in large banks, ECM provides a comprehensive competitive advantage and an incontrovertible return on investment.

## Why Credit Unions Are Turning to Enterprise Content Management

Twenty years ago, forward-thinking credit unions were just starting to implement document imaging software—technology that converts paper documents into digital images, saving storage space and retrieval time. In fact, many of the core data processors used by credit unions today incorporate the ability to do document imaging. Which is fine if you want to go without the benefits of advanced document search, optical character recognition (OCR), high-level automation and sophisticated security that protects confidential member information.

Ten years ago, document imaging evolved into document management, which is technology that manages imaged and electronic documents throughout their life cycles, including capture, filing, security and archiving. This evolutionary process added a much-needed layer of security to simplify compliance, as well as some basic automation to reduce the need for manual data entry and filing.

But to survive the downturn, credit unions today need more than simple imaging and basic automation. They need technology that combines comprehensive document management functionality with business process management (BPM) tools that automate repeatable work processes and interface with existing applications. These types of sophisticated enterprise content management (ECM) solutions manage and process information—turning it into an asset that enables efficiency and smart decision making organization-wide.

ECM solutions:

- Provide a single point of control for managing all organizational content—whether structured or unstructured, paper or electronic, audio or video, photograph or e-mail—throughout its life cycle.
- Link into legacy systems and line-of-business applications such as Check 21, CRM, COLD and more, allowing users to access information through their primary applications.
- Apply BPM tools to content-related processes to standardize and optimize them.
- Enable credit unions to establish overarching standards and security policies.
- Grant individual departments and branches the ability to store information and configure business processes according to their specialized needs.

This white paper explores the specific ways in which ECM can help credit unions improve efficiency and cut costs, including:

- Streamlining the lending process.
- Automating business processes in multiple departments.
- Integrating with existing applications.
- Accelerating audits while reducing compliance costs.
- Improving staff productivity and member service.

# The ECM Advantage

As regulatory and compliance mandates raise pressures on organizations across all industries, the need to control diverse forms of content is increasing. For credit unions, ECM has moved way beyond the old finding-and-filing days to become a technology that not only manages information, but also processes it.

- By serving as the universal repository for all organizational content (including paper forms, audio/video files, e-mail and more), ECM provides a single point of control for complete life cycle management.
- By acting as integrative middleware that links into legacy systems and line-of-business applications such as Check 21, CRM, COLD

and more, ECM allows users to access information in the manner and environment with which they are most comfortable.

- By serving as an enabler of shared services, ECM eliminates data silos and automates cross-functional activities, accelerating collaboration and data processing.

By providing central control alongside central flexibility, ECM also enables credit unions to establish overarching standards and security policies while at the same time giving individual departments the ability to store information and configure business processes according to their specialized needs.

SMARTER OUTCOMES		
Publication and Distribution	Enterprise Risk Management	ROI for Repeatable Processes
Enterprise Information Portal	Personalized Interfaces	Value Creation
VALUABLE CAPABILITIES		
Transparent Records Management		Business Process Management
Enterprise Classification	Document Capture and ETL	Auditing
Enterprise Search and Retrieval		Information Life Cycle Management
AGILE FRAMEWORK		
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## Streamline the Lending Process

According to a recent survey sponsored by Accenture and SAP, branch employees spend nearly 40 percent of their time working on back-office activities rather than member-facing pursuits. For many credit unions, the loan application process is a key offender.

Employees spend time gathering paper copies of documents, and support staff manually affixes them within cardboard files. Other employees file them by hand. Files are retrieved manually when they are needed and are re-filed by hand until they are needed next. There is usually no back-up except for microfilm copies of selected crucial elements. Time lags and redundancies abound.

ECM enables credit unions to transform this manual process into an automated digital form. With ECM, loan departments design custom workflows to fit their unique needs. Workflows automatically perform specified actions at appropriate times, such as filing newly created loan applications into appropriate folders, populating template fields and e-mailing documents to identified users for review and approval.

Specifically, ECM can be used to simplify loan processing and underwriting by:

- Electronically routing a member's loan application file through the origination, closing and funding processes.
- Automatically populating member or loan index information from the credit union's database or processed paper documents to reduce manual data entry.
- Tracking missing or expired documents to ensure compliance and reduce risk.
- Retrieving documents pertaining to any relationship based on any of a number of different indexes, including loan number, SSN or EID, document type or collateral description.
- Strengthening loan administration procedures in case of an audit or other examination.

With ECM, staff no longer has to collect, transport and file paper documents before taking action, resulting in improved process speeds for loan applications, fewer lost documents and branch employees with more time to devote to member service.

## Steps in the Automated Lending Process

1. **Capture.** Scanners at branch offices generate account-specific barcode cover sheets for automatic separation of documents before batch scanning documents.



2. **Processing.** The central office uses Laserfiche Quick Fields to process the scanned images. Account numbers embedded in the barcodes enable the system to retrieve additional information from the credit union's database and automatically populate template fields.



3. **Routing.** Laserfiche Workflow automatically routes documents to quality assurance operators who verify there are no issues with the documents. Documents are then routed to loan processors, who receive notification via e-mail.



4. **Review and Approval.** Loan processors review relevant information in Laserfiche. Using a drop-down menu, they approve or deny loans. Laserfiche can also be integrated with other software applications, allowing staff to access documents from the application of their choice.



5. **Storage and Archival.** Documents are filed to their final locations in the central Laserfiche repository and remain there for archival and retrieval purposes.

## Automate Business Processes in Multiple Departments

In addition to loan processing and underwriting, ECM eliminates the time lags and redundancies inherent in many other collaborative business processes, including:

- Accounts payable (A/P) processing.
- New account opening.
- Recruiting and hiring.
- Expense report approval.
- And more.

To ensure the successful adoption of the new automated processes across the organization, credit unions must make certain that the new processes map to the way employees want to work. The easiest way to do this is to implement a flexible ECM system that:

- Allows the organization to maintain central control over content while accommodating the unique needs of different departments.
- Grants workflow configuration rights to the people (department heads, line-of-business managers, etc.) who are enmeshed in the day-to-day reality of various groups' working requirements.
- Is easy to change without the help of a vendor, consultant or outside programmer.

By granting department heads control over their business processes, best-in-class ECM solutions enable credit unions to gain quick system acceptance, rapidly improve the efficiency of their business processes and make easy, inexpensive changes when changes are required.

### Spotlight on the Automated A/P Process

1. **Capture.** Invoices are batch scanned and processed using Laserfiche Quick Fields.



2. **Routing.** Laserfiche Workflow automatically routes invoices to their assigned A/P staff members, who receive notification via e-mail.



3. **Review and Approval.** A/P employees review relevant invoices in Laserfiche. Using a drop-down menu, they approve or deny payment. Workflow then routes the invoices back to the technicians who cut the checks.



4. **Auditing.** Laserfiche Audit Trail tracks all activity within the Laserfiche repository throughout the entire process, giving the organization greater visibility into—and control over—the way A/P-related tasks are performed.



5. **Storage and Archival.** Invoices and related documentation are stored in the Laserfiche repository for easy retrieval. With integration, these documents can be made available through other applications, including accounting applications.

## Integrate with Existing Systems

Ease of use is essential when deploying ECM to branch employees, but the ease with which the system can be integrated with other business-critical applications is just as important. After all, ECM doesn't exist in a vacuum; there are many tasks besides information management that credit unions must carry out.

ECM built with an open architecture is designed for integration and interoperability, enabling credit unions to:

- **Easily develop integrations** with any non-proprietary software, providing information on demand, as well as document collaboration and movement capabilities.
- **Retrieve information from databases and other back-office systems** to automatically populate template fields, as well as validate data entry and check metadata capture.
- **Integrate with core applications run on mini and mainframe computers**, so any time there is a new account or an account change, updates are automatically reflected in the ECM repository.

- **Trigger Workflow activities from third-party applications** like CRM, COLD, branch automation software and a variety of back-office systems.
- **Integrate with Check 21 solutions to store check images in the ECM repository.** With this capability, members can deposit checks from their own homes or offices while credit unions decrease the need for paper-based deposit statements and reduce storage fees at clearinghouses.

Integrating your ECM system with primary applications such as branch automation enhances efficiency by allowing users to access information through the applications in which they are most comfortable. It eliminates the need to learn a new system, toggle between screens and force members to wait while a staff member launches a new window.

Furthermore, best-in-class ECM solutions minimize the burden on IT staff by offering packaged integration tools such as Check 21 Check Capture programs.

### Digital Signatures

With integration, ECM enables credit unions to add electronic signatures to any Windows-based document. Using signature pads, customers and staff can sign digital documents, which are then captured and archived in the content repository. Digital signatures decrease operational costs by eliminating the need to print and scan paper documents, accelerating business processes and ensuring compliance.

## Accelerate Audits while Reducing Compliance Costs

In addition to improving operational efficiency, credit unions today are challenged to cope with changing industry rules and regulations. To cost-effectively facilitate information security and compliance, credit unions are increasingly investing in ECM technology, which can:

- Provide auditors with instant access to digital files, decreasing the amount of staff time needed to prepare for these reviews and enabling remote audits.
- Reduce the storage burden of complying with recordkeeping regulations.
- Automate document retention and destruction—eliminating lost documents.
- Enforce standard operating procedures that ensure data authenticity, integrity and retention by automating internal processes.



- Constantly monitor document access, editing, printing, deletion and export to maintain the highest standards of security.

Many credit union compliance officers look for ECM solutions that meet the DoD 5015.2-STD Electronic Records Management Software Applications

Design Criteria Standard from the U.S. Department of Defense (DoD). Knowing an ECM solution has been thoroughly tested against the DoD's rigorous standards provides credit unions with the confidence to transition away from cumbersome paper records to digital ones.

### Spotlight on Transparent Records Management

Due to their job responsibilities, compliance officers are often forced to be more interested in the rules (e.g., published retention schedules) and less interested in the importance of records from a business perspective. They must also be less concerned with designing a repository layout that allows them to find records quickly and more concerned with designing a structure that logically satisfies the retention schedule.

In many cases, the layout of a formal records management file plan is related to the fact that different retention schedules apply to different types of documents (e.g., loan applications, tax documents and employment applications). For example, a compliance officer might be required to organize human resource (HR) documents by type.

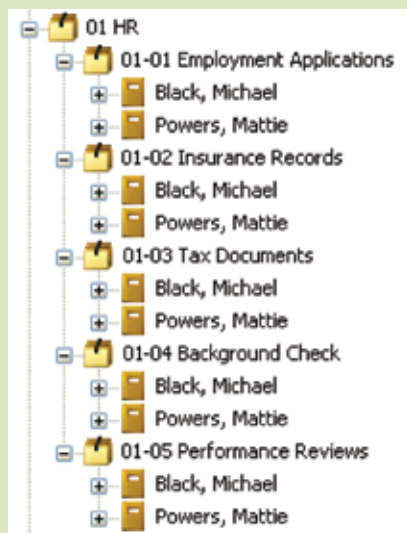
Unfortunately, this type of layout is cumbersome for general users. For example, a user who wants to print all HR documents for a specific employee might have to open more than a dozen different folders in different locations to search for that employee's documents.

Transparent records management is "transparent" because it enables general users to see through the cumbersome records management layout to the layout of their choice. Multiple views of the repository can be configured to allow compliance officers to monitor and act on records through one folder structure, while other users access a folder structure organized more logically for their needs.

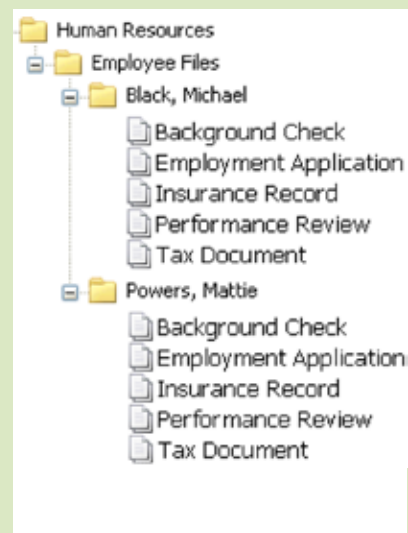
Compliance officers work with actual records; for greater security, other users of the system only access shortcuts to them.

One of the greatest strengths of transparent records management functionality lies in the way it enables compliance officers to create a file plan and manage retention schedules without interfering with any department's line of business. In addition, such a system enables compliance officers to easily apply consistent policies to records in a variety of media, from e-forms to archived e-mail messages to imaged documents.

Repository View for Records Manager



Repository View for HR Staff



## Improve Staff Productivity and Member Service

As nonprofit organizations, credit unions often can't afford to hire a large staff. And yet, providing quality member service is vital, particularly in a day and age when online banks can compete with credit unions neck-and-neck on loan and interest rates.

In an environment where efficiency and quality service are vital, ECM enables credit unions to do more with existing resources, including:

- Make member records available to authorized employees on demand, improving access, elevating service levels and decreasing wait times.
- Archive and retrieve member records quickly and cost-effectively, without the unnecessary overhead associated with copying, transporting and filing paper documents.
- Reduce misfiling, document loss and related costs.
- Automatically route loan documents to the correct employees for review and approval, accelerating processing time.
- Increase transparency by providing a secure public portal that grants members instant access to their information, decreasing the burden on branch staff.

ECM also protects the credit union in case of a disaster by assuring the long-term accessibility of critical information. Paper is a vulnerable medium, but a best-in-class ECM system stores information in a non-proprietary digital form that protects it from damage due to fire, flooding or rough handling. Furthermore, mirrored servers ensure that if the primary server fails for any reason, the backup server can immediately take its place without any downtime, allowing credit unions to serve members at all times.

## How to Get Started

Credit unions that are ready to harness ECM to automate the lending process, accelerate audits and improve member service will get the most out of their investment when they have a clear, planned vision for how ECM will fit into their overall IT strategy. Conducting a needs assessment to uncover the unique requirements of your organization is essential, but to maximize your investment, there are three key questions to keep top-of-mind:

- 1. Does the system provide global control while still allowing individual branches and departments the flexibility to adapt ECM to the way they work?** Centralized content standards and storage create consistency, improve information access and reduce operating costs. At the same time, local flexibility ensures user adoption and empowers branch managers and department heads to respond quickly to changing market needs. A quality ECM system does not make you choose between flexibility and control—it allows both.
- 2. Can the system be rapidly deployed, and will it scale up to meet the needs of a growing organization?** Implementations that take months or years to roll out deplete valuable time and resources and make it difficult to expand the system during a merger or period of organic growth. Web-based systems accelerate deployment, and systems that provide unlimited servers accommodate long-term scalability and maintenance.
- 3. Is the system easy to use—for end-users and IT?** Best-in-class ECM solutions streamline content management and associated business processes without requiring extensive user training. From an IT perspective, the best ECM solutions are engineered for maximum scalability, interoperability and ease of administration. Maintenance is simple because they provide extensive support for standard Windows administrative tools such as MMC, Event Tracing for Windows, WMI and the

Windows Event Log. Flexible configuration allows departmental databases to reside in separate locations with individualized security settings.

As with any needs assessment, it's best to involve multiple stakeholders when answering these questions and identifying the business problems that the technology must address. IT managers, department heads and branch managers should work together to ensure buy-in not only from the people who will implement the system, but also from those who will use it every day.

## Conclusion

Effectively using technology has traditionally been a challenge for credit unions, due in large part to their scale relative to banks. In the past, they simply haven't been able to afford the advanced technologies implemented by for-profit financial institutions.

But to capitalize on the current lack of confidence in large banks, credit unions are investing in cost-effective technologies that improve operational efficiency. ECM is an extremely effective solution that more and more credit unions are using to:

- **Automate repeatable business processes** such as invoicing, loan processing and new account opening.
- **Eliminate the need for manual data entry** by quickly capturing and indexing documents, and then making those documents available through multiple applications.
- **Improve member service** by ensuring that information is consistent, reliable, useful and available across the organization.

By transforming paper- and time-intensive tasks into streamlined digital processes, ECM provides a comprehensive competitive advantage to credit unions of all sizes.



The Laserfiche Institute teaches staff, resellers, and current and prospective clients how to use Laserfiche most effectively. As part of this mission, the Institute conducts more than 500 Webinars each year, covering a variety of topics. The Institute also hosts an annual conference where members of the Laserfiche community attend presentations and network to share ideas and learn best practices. Additionally, the Institute conducts a number of regional training sessions and provides resellers with content for more than 100 user conferences each year.

The Institute also develops and distributes educational material through the Laserfiche Support Site. On this Website, clients can access training videos, participate in online forums and download technical papers and presentations that help them become savvier ECM users.

**For more information, contact:**

[info@laserfiche.com](mailto:info@laserfiche.com)

**Laserfiche**

3545 Long Beach Blvd.  
Long Beach, CA 90807  
United States

Phone: 562-988-1688

Toll-free: 800-985-8533 (within the U.S.)

Fax: 562-988-1886

Web: [www.laserfiche.com](http://www.laserfiche.com)

**Laserfiche**

3545 Long Beach Blvd.  
Long Beach, CA 90807 USA  
[www.laserfiche.com](http://www.laserfiche.com)