

# THE ASPPA Journal

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## Get Ready, Get Set, Go...PAPERLESS! Getting Ahead of the Curve on the Path to a Paperless Office

by Mike Mason

Transitioning to a paperless plan administration office can seem like a daunting challenge, but the benefits in efficiency, improved customer service, cost savings and contributions to the green environment will far outweigh the challenges.

**T**hird Party Administration (TPA) firms have been contemplating “if” they should transition to a paperless office model for the past 10 to 15 years. In the last three to five years, however, the question has changed from “if” to “when.” As paperless technology takes hold in larger plan administration organizations and retail consumers are indoctrinated in the use of paperless technologies in their personal lives from online banking to online bill payments, the jury is getting much closer to a verdict on the paperless revolution.

The ease or difficulty of the transition to a paperless office depends in great part on the amount of advance analysis and preparation that an organization puts into the project. One benefit of advance analysis and preparation is that firms will more often than not find out that they are already much farther along the path to a paperless office than they ever would have originally thought.

Consider the following steps in relation to your own organization's transition:

- Decision Point: Decide to make a decision.
- Sales Effort: How do we coach staff to embrace a paperless office?
- Firm Analysis: Where are we today?
- Technology: Select technology/software to support your paperless office.
- Implementation: Define implementation, training and conversion methodology.



### Decision Point: Decide to make a decision.

The ability to make the paperless office decision along with the appropriate commitment to follow the decision through to its successful conclusion can be difficult, but it is absolutely necessary. Additionally, management at all levels should be on board with the decision and management should be strong advocates for the initiative. Starting a project or initiative is often perceived as the hardest part, but once management puts their full support behind the initiative, the path is cleared to take the steps and actions necessary for success.

*In addition to selecting a technology platform, you are also selecting the firm behind the solution.*

### Sales Effort: How do we coach staff to embrace the paperless office?

Once management has embraced the paperless office initiative, the next step is for management to enthusiastically “sell” the benefits to the rest of the staff. The benefits of the paperless office should be illustrated at all levels. Staff should understand that the firm will benefit directly from the cost savings of a paperless office, the customers will benefit from faster and more efficient customer service and the staff will benefit from having the information they need when they need it to perform their roles in plan administration and client service.

While the unfettered support of management is extremely important to the success of a paperless office initiative, it is equally important to ensure that the rest of the staff has meaningful roles in the process and that they are encouraged to participate and share in the construction and delivery of the project. Solicit feedback and suggestions from the staff along the way to help establish a sense of investment and ownership on the part of every staff member. Publish time-specific milestones and goals, monitor the progress as you go and celebrate the successes with the staff.

### Firm Analysis: Where are we today?

Analysis of the firm is critical to the process of determining where the firm is today, where the firm wants to be in the future and the path to get from point A to point B. The firm analysis is broken down into Administration/Operations, Infrastructure/Technology and Current Workflow/Collaboration. The sample questions outlined for each of these three areas should provide a basis and springboard for additional questions within your firm.

#### Administration/Operations

- How much paper do we still receive and who is sending it?
- Is all of the paper necessary?
- Can we request electronic copy instead of hard copy?
- How do we handle the paper we receive currently?
- What amount of our current work product is already electronic?

In the areas of administration and operations, ask questions like the ones outlined above. You may find that some of the paper is coming from surprising sources that are capable of sending the information electronically. That knowledge might facilitate a simple request of the sender to start sending the information electronically. Moreover, you may find that some of the paper that you have been receiving is not necessary at all. Sometimes

you will discover that a practice or procedure is based on nothing more than the age-old adage “...because that is the way we have always done it.” Make these evaluations objectively, but never lose sight of the fact that one of the primary drivers for the evaluation is process improvement.

#### Infrastructure/Technology

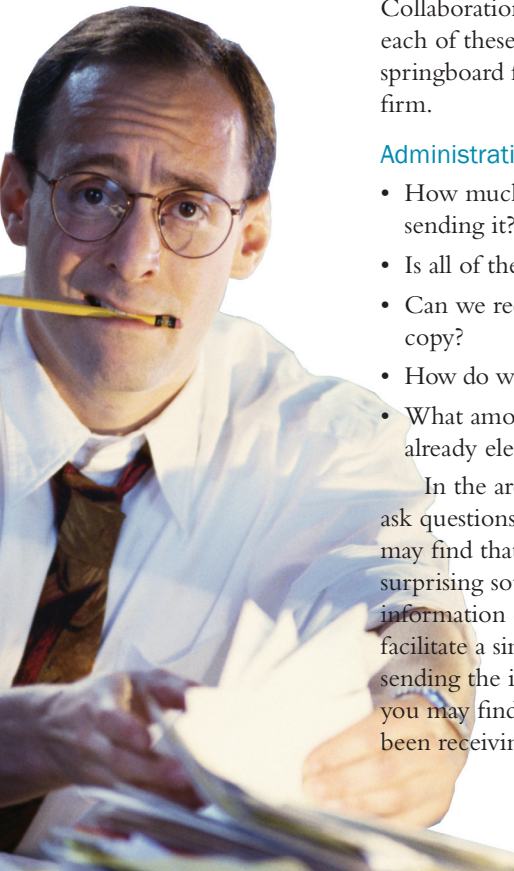
- Are our fax machines digital?
- Are our scanning devices up to date?
- Can we capture e-mail to store electronically along with other client data?
- How do we currently share data with plan sponsors?
- Do we use encryption technology or secure portals to share data with clients?
- Are we proficient in the use of Adobe® PDF documents?
- Are we using dual monitors for review purposes as opposed to printing documents for review?
- Is there a provision for staff to work remotely?

Infrastructure/Technology questions are central to assessing the current state of your technological physical plant. If you have a fax machine that only produces paper, but for a minor investment you could have a fax machine that will produce digital outputs in various formats, the decision to upgrade becomes simple. If you have scanners that are the size of large kitchen appliances and scan 1.5 pages per minute in a somewhat grainy quality, perhaps a nominal investment in a newer, faster, more compact scanner would be a wiser path to follow. Can your employees work from remote locations without lugging paper files around? Working remotely may not be a very viable option if your firm is paper-based, but as soon as you digitize all of your workpapers, remote employees suddenly become a very real possibility.

#### Current Workflow/Collaboration

- Analyze current workflow and collaboration practices for more efficient methods.
- Create a “Paperless Initiative Champions Team” to identify, define and promote best paperless practices.
- Emphasize standardization so that workflow is seamless and transferrable.
- Develop a “Paperless Procedures and Policies” document and publish it for all.

Are any of your current workflow and collaboration processes dictated by the fact that you are still handling physical paper documents? If your answer is “yes,” then how might the process of digitizing the information enable you to create more streamlined workflow and collaboration



processes? Are your current processes dictated by the various administrators who each perform his or her work in his or her own way? Would standardization of those processes and workflows make it easier to train new hires and make it easier for current staff to fill in behind each other in the event of absences? These are all valid questions which open real possibilities for process improvement in your firm.

### Technology: Select technology/software to support your paperless office.

Selection of technology/software solutions for a paperless office can be daunting. One of the first things to remember about the process is that it is a dual process. In addition to selecting a technology platform, you are also selecting the firm behind the solution. Ostensibly, the best software application in the world can be rendered useless if you, as the customer, and the software itself are not properly supported by the vendor firm.

#### Evaluate available technology/software solutions

- Consider the software feature set and design.
- Evaluate the flexibility of the software as it relates to your workflow and processes.
- Determine whether the solution provides open architecture which enables you to continue to use your familiar productivity solutions such as Microsoft® Office, Adobe® Acrobat, etc.
- Ensure that the solution is scalable to meet your current needs as well as anticipated growth.
- Interview current users of the solution who are comparable in size and practice to your own firm.

When evaluating a software solution, it is wise to evaluate the features of the solution as well as the design, but it is also very important to evaluate the solution in the context of how your firm operates. Consider the flexibility of the solution to accommodate the way that your firm operates. Ideally, the software should be capable of “flexing” to the way your firm works versus your firm having to modify the way it works to accommodate the solution.

Another very important consideration in the evaluation process is to determine whether or not the solution is an “open architecture” solution. Simply stated, you want to make sure that office productivity tools you currently use (Microsoft® Excel, Word, Outlook, Adobe® PDF, etc.) are compatible with the solution under consideration. Look at your current book of business and your anticipated growth projections to ensure that the solution is scalable to meet your needs today and into the future.

Finally, seek out peer industry references to discuss the solution. If possible, ask potential vendors for reference firms that are similar in size and practice to your own firm. Contact the references and ask questions about experiences with installation, training and consulting, conversion of their existing book of business, support, etc. There is no substitute for the insight and perspective of peer references who are actually using the solution on a day to day basis.

#### Evaluate the firms behind the solutions

- Ask targeted due diligence questions.
- How many production based users are there currently?
- Will the vendor provide current references?
- What is the size and stability of the vendor firm?
- What is the size of the vendor’s support staff?
- What are the support options of the vendor?
  - Toll-free telephone support
  - Online chat support
  - Online context-sensitive help
  - Current and up-to-date documentation
  - Hours of operation
- What types of training and consulting does the vendor provide?

As important as the evaluation of the software solution is, the evaluation of the company offering the solution is also very important. Due diligence questions regarding the current number of production users, the size and stability of the vendor and whether or not the vendor is willing to provide reference contacts are critical. Questions about the vendor’s ability to support the solution are paramount. Find out the various support options, the size of the support staff, the hours of support, and whether or not the user documentation is current and up-to-date.

#### Implementation: Define implementation, training and conversion methodology

Once you have selected your solution, the next steps are to clear the way for implementation and training. After implementation and training, you will be ready to convert your existing book of business to your chosen solution.

- Ensure that your firm infrastructure is prepared for the solution implementation.
- Determine and publish a schedule for system implementation with milestones.
- Choose between an historical versus date-forward conversion.

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- Determine and publish a schedule for converting your existing book of business.

Make sure to investigate the system requirements for your chosen solution and ensure that any additional components required for the implementation are ready and available prior to the implementation date. Establish and publish an implementation and training schedule and monitor it closely. Implementations that exceed their deadlines can be detrimental to the confidence of the team (users); therefore, you should be vigilant about deadlines so as not to shake the confidence of the team who will be responsible for using the solution.


Conversion of your existing book of business is an issue that requires some significant decision making up-front. The first question is whether you will convert all prior data for your existing plans (an “historical” conversion) or, instead, select a “date-forward” conversion approach, wherein you select a conversion date and you convert new data only for the plans on a date-forward basis starting on the conversion date. There are relative merits and challenges to both methods.

The historical conversion approach provides the most obvious advantage of including and capturing all historical data in the new paperless environment. This would mean that all data for a plan, including prior years, would be located in one electronic repository. Some of the challenges of this approach are the time, labor and expense of converting the historical data. One argument posed against the historical conversion approach suggests that the cost/benefit equation does not justify the work involved. The argument suggests that the prior data is accessed far less frequently than current data and as the data ages out of retention, the investment in converting the data is diminished.

The date-forward conversion approach entails establishing a conversion date on which all new plan administration data will be processed in the new paperless environment. The obvious advantage to this approach is that the firm can avoid the time, effort and expense of converting historical data. One disadvantage to the approach is that historical data will be held and have to be accessed separately.

## Conclusion

It's time to get started! TPAs are doubly challenged currently with the general economy that everyone is experiencing, in addition to the consolidation in the TPA industry that has been occurring during the past several years. The consolidation in the industry has placed downward pressure on pricing; therefore, TPAs need to avail themselves of products, processes and initiatives that will allow them to do more work with the same amount of resources to remain competitive. The improved efficiency and substantial cost savings of a paperless office will help TPAs to remain competitive for years to come.

As stated earlier, many times the hardest part of a project or initiative is starting it. The conversion to a paperless office is no exception, but with the appropriate prior planning, preparation and commitment, it can be accomplished with relative ease. The standard benefits of a paperless office, such as increased efficiency, improved customer service and substantial cost savings, are very compelling and real. 



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*Wolters Kluwer Law & Business provides paperless office solutions along with highly experienced training and consulting services to assist third party administration firms in transitioning to a paperless office. Mike has more than 20 years of experience in the retirement plan technology marketplace. His career has included positions at SunGard Asset Management Systems, TrustMark, Schwab Retirement Technologies, Venture (k) Corp and Independent Consulting. ([mike.mason@wolterskluwer.com](mailto:mike.mason@wolterskluwer.com))*