Spectrum Financial Advisors

DocStar®

Imaging Pays Dividends for Investment Advisor

Company Facts

Overview
▶ Location: Cincinnati, Ohio
▶ Industry: Financial Services
▶ Number of Employees: 8

Success Highlights

Challenges
▶ Strict compliance and retention regulations
▶ High quantity of documents to manage
▶ Insufficient disaster recovery preparation

Solution
▶ DocStar® Enterprise Management Content (ECM)

Benefits
▶ Increased document security and confidentiality
▶ Boosted customer satisfaction
▶ Improved employee productivity and morale

Spectrum Financial is a registered investment advisory firm that's been in business since 1986. According to Doug Loftus, certified financial planner (CFP) and managing member of the firm, Spectrum Financial manages 150 million dollars worth of investments for 300 or so clients. Eight people staff the full-service financial planning firm—four of them advisors.

As the company grew, it became increasingly difficult to manage things the old way—with paper files and metal cabinets. "The accumulation of 20 years of client records led us to document imaging," Loftus says. "The file cabinets continued to grow." That's a common enough reason for many firms to opt for imaging and DocStar, but for Spectrum Financial Advisors, there was more.

Regulations and recovery

As a registered investment advisory firm, Spectrum Financial has some pretty strict guidelines to follow. The Securities and Exchange Commission (SEC) has some comprehensive rules and regulations—as does the National Association of SecuritiesDealers (NASD). A "compliance maze" is how Loftus describes it.

"Record retention rules in our business are significant," he notes. "We have NASD rules to deal with on record retention as well as SEC document retention, regulations." When you consider the firm has approximately 10,000 pages of statements a month and could well see a quarter million emails in a year, documents are definitely an issue. Not all of them go into DocStar, but the rules remain. As chief compliance officer, Loftus has to be concerned with those rules.

He also concerns himself with disaster recovery planning. "Responding to a disaster is difficult under any circumstance—whether it's fire or tornado or any sort of natural disaster," he says. "We just saw in New Orleans that you can't count on recovering your paper files. If you have 20 file cabinets filled with 20 years of client records—and you have a flood—they're done." The SEC requires a written disaster recovery plan for any registered investment advisor.

"That's the beauty of the document imaging system," Loftus continues. "You can keep data off site without having to copy everything and move 20 file cabinets." His firm's disaster recovery plan calls for three sets of backups—all stored at different locations DocStar makes it easy to manage.

Loftus says DocStar's AuthentiDate technology is a huge help when it comes to document compliance. "One of the things the SEC requires is that your documents be stored in a non-modifiable format," he says. AuthentiDate maps the document and allows users to be sure of a document's integrity. "I've not seen any other product out there that has a similar feature," Loftus says. AuthentiDate was actually a big part of Spectrum Financial's decision to go with DocStar.

To protect and serve

SEC and NASD regulations such as SEC Rule 17a-4—don't exist just to create busywork. They were designed to protect customers. Customers value the protection, and—according to Loftus—they appreciate the extra measure of protection DocStar delivers. "In the financial services industry, one of the most important issues from a client's perspective is confidentiality,"

says Loftus. "When you don't have papers floating all over the place, the client response is extremely positive." Document imaging from DocStar boosts security and reduces the risk of documents and confidential client information from getting into the wrong hands.

According to Loftus, studies done by major financial firms show clients care more about confidentiality than even investment performance and other things you'd traditionally think are more important. "In many cases, confidentiality was chosen number one or number two."

That's not to say performance and service aren't important. While DocStar can't do much to improve investment performance, it does help Spectrum Financial staff members deliver better and faster service. Having immediate access to client information and paperwork—right at the desktop—means that when customers call, they get answers right away. That saves time and boosts customer satisfaction. It also makes for more satisfied employees.

Better for business

According to Loftus, one of the most significant pre-DocStar challenges was document access within the office. Besides wasting time, the inability to locate files was getting to be downright frustrating. "Being able to find documents you're looking for is important," he says. "As client files got thicker and thicker, it became more and more difficult to access or find the documents we were looking for."

Opportunities for misfiling grew—and when a drawer filled up, watch out. "When you've got 20 file cabinets, and you need to expand the B's—that's a job," he warns. In most offices, it's enough to make even the most dedicated employees vanish into thin air.

With DocStar, virtually all of the work takes place right at the employee's desk. "We have

the ability to click on an icon in our inbox—for instance—then immediately index and attach it to the client record," Loftus says. "From inside of any Microsoft product, we can simply press the DocStar button. Then, it moves that document into DocStar, and we index it for that client, subject matter, or whatever indexing criteria we set up." A side benefit of imaging is a marked reduction in employee paper cuts that came from digging through files and handling paper, Loftus notes.

According to Loftus, DocStar is working to develop interface with the country's leading financial planning management software product—a move he believes will make DocStar even more valuable and will deliver even greater efficiencies to the financial community.

The system helps out with other business-related issues as well, including errors and omissions. In this business, liability always seems to be a concern.

One document at a time

Spectrum Financial tapped DocStar for its document imaging earlier this year—after three years of studying the options, Loftus says. The firm uses four desktop scanners—three Xerox DocuMate 262s and a Fujitsu 9210C. Implementation went rather smoothly, he remembers. "Training staff and reworking processes took some time. Changing internal structure to accommodate the new system and workflows required some changes in habits."

The firm is still in the process of getting all of its documents into DocStar. "We decided that from one point forward, we would scan every single document that goes through here and not file them anymore," he says. Whether they scan on the front end or after processing is done depends on the document—and how much it gets modified in processing.

For older documents and existing files, the company is literally doing everything from A to Z to get them into the system. They started with the drawer containing the "A" files, scanned them, moved to "B" files, and so on. Loftus advocates using college interns to speed the task along.

Despite its aggressive digital initiative, the company is holding on to a relative handful of paper documents. "There are a few types we will keep—original signatures on investment advisory contracts, and that sort of thing," he says. "But all collateral documents will be gone." His goal is to cut the number of file cabinets from 20 or more to three—or even less. They're even scanning, digitizing, and indexing all files the in-house CPA uses to prepare client tax returns.

Getting the most from DocStar

Loftus says his company goal is to use the DocStar system throughout the entire organization. "Our plan right now is to use it for everything. We've already converted all of our human resources files over to it." Loftus set up templates that help track information the company needs to ensure employment law compliance. "The more organized we are on our end, the more likely we are to be able to reduce potential liability problems," he adds.

As he finds other ways to use the system, its value will grow even greater.—not that it needs to. "When we went into this, our primary criteria were compliance and efficiency," he remembers. "We recognized the up-front cost and realized that's an issue for some businesses." However, DocStar delivered, as Loftus calls it, "an amazingly quick payback or return on investment." Looking at the physical space gained from fewer file cabinets and the productivity gains from faster file access, Loftus estimates the system has already saved the equivalent of a half a person.

"We're still finding new applications for it," Loftus adds. "My partner and I read voraciously. So what we do now is if we read something we might want to cite in a client newsletter or other communication—we scan it." They can even convert it to a document—rather than just an image—so they can go back and search using a topic, a word, or a series of words.

That's just one more reason Spectrum Financial loves using document imaging and the DocStar system.

About DocStar

Helping businesses translate vision into action for more than 20 years, DocStar delivers a flexible and innovative enterprise content management and process automation platform. Easy to implement and use—both in the cloud and on premises—DocStar proven technology and global process expertise empowers organizations to operate at peak performance, navigate change, and grow.

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