

# Images from the Ashes

*Orange County (Calif.) finds document success after bankruptcy*

*By Gordon E.J. Hoke, eVisory Consultin*

The County of Orange, California – home of Disneyland, the Anaheim Angels and U.C.-Irvine Anteaters – saw some hard times amidst the fun. In early 1995, the County went bankrupt after the treasury guessed wrong on the direction of interest rates. As a result, the County's Information Technologies Department struggled to address rising demands with pre-existing resources. "We went into a total cash freeze," recalls David Sundstrom, County Auditor-Controller, "and new projects were knocked out. It took until '98 to get anything going, and that was Internet access."

Residency rose to 2.8 million citizens, making Orange the state's second most populous county. Demand for information swelled at an unprecedented pace – transaction counts rose 40 percent between 1998 and 2002. The County's 35 different agencies generated over 5,000 types of reports. With that volume, identifying appropriate information was like looking for a needle in a haystack.

"My first desire was for data mining," states Sundstrom. "I had 400 accountants and clerical staff, and we had no rational way of extracting information out of our system. I watched people take greenbar reports and manually enter the data into Excel. There was a ton of transcribing!"

Then there was a problem with paper. The different departments in the auditor's office printed over a million pages per year at a cost of \$334,000. The 1,500 square-foot central repository bulged with 90 five-drawer file cabinets, representing two years of claims. More than 100 paper-filled cabinets aged off site. Every document existed in triplicate, with most of the copies at outlying facilities.

The most obvious solution was prohibitively expensive: an enterprise resource planning (ERP) system with an estimated price tag over \$50 million. When Sundstrom searched for less expensive options, he turned to document management and, coincidentally, found other County officials looking for similar solutions.

One of the systems under review was the OnBase integrated document management solution from Hyland Software ([www.onbase.com](http://www.onbase.com)), whose proposal to the County beat out five competitors. "They had the best and lowest cost solution with easy to use, rich software," comments Leo Crawford, Orange County CIO.

OnBase features a strong computer-reports management module (COLD or ERM), and it integrates well with Monarch, a data-mining tool from Datawatch ([www.datawatch.com](http://www.datawatch.com)). When Hyland's chief technology officer, Miguel Zubizarreta, teamed with OnBase's regional integrator to demonstrate the power of the software, Sundstrom saw a solution to his department's quandary.

"I was looking for three things," Sundstrom notes, "transparency, seamlessness, and frictionless transactions. With OnBase, I have the first two, and I am starting to work on the third with the software's workflow capabilities. It is important for people in government to know there is no value in physically touching paper. That is only friction."

While Sundstrom's vision promised brighter days, his view was not widely shared within the County. Mainframe advocates disputed the ability of a server-based system to provide services that their big iron could not. The staff generally mistrusted the reliability of electronic images, feeling reassured by tangible paper.

"There were issues, especially from the mainframers," Sundstrom notes. "We had some political and psychological challenges. It took a lot of coordination to be sure it all worked well."

Sundstrom had a three-part plan for end users:

1. Give them better tools.
2. Get them comfortable with the tools.
3. Turn off the paper.

The results are impressive. After the first year of operation, and over a million accounts payable documents later, a file room was freed for more critical needs. Twice that much space (3,000 sq. ft.) became free away from the government center. In mid-2002, Sundstrom opted to convert his collections system to OnBase technology. A service bureau's back-file conversion of 200,000 documents freed an additional 600 sq. ft. storage room for more critical needs. "The beauty of adding additional applications to OnBase is that virtually no additional costs were incurred (outside those of the service bureau)," Sundstrom notes, "and the learning curve was flat because users were already accustomed to OnBase's intuitive interface. Even though the report system is mainframe-based and the imaging is server-based, it is irrelevant to the users because they are accessing the information they need through a single portal."

The workers' favorite benefit, their "big wow" as Susan Fothergill, manager of Orange County's Emerging Technologies department, puts it, is OnBase's integration of report management and imaging. Staff members looking through reports often need to find a transaction's supporting documents. Under the manual system, that meant a potentially arduous trek and search for paper. Under OnBase, users click on a transaction and, in a matter of seconds, images of supporting documents appear on screen.

"Our staff has saved hours looking for source documents such as payment vouchers," reveals Sharon Tabat, a financial manager for the Sheriff-Coroner's office. "Now we don't have to make a special trip to the Auditor's office to manually pull the documentation."

Document security has tightened tremendously because, as Sundstrom says, "There is only one legal copy [of each document], and I own it." He calculates that for every dollar saved in printing, the County saves two dollars in filing and distribution costs. This includes the elimination of delivery trucks, which brings a side benefit of less air pollution. Scanners and optical disk libraries (jukeboxes) have replaced those internal combustion engines.

"The beauty of OnBase is its ability to integrate data mining and imaging/report management into one solution," Sundstrom continues. "It is hard, however, to describe the synergy the products bring to create one control system. It is much more than a single complex. It creates a total efficiency, something for everyone."

That "everyone" includes the 35 agencies that each had their own networks. Fothergill and her team linked them to an Asynchronous Transfer Mode (ATM) backbone. With that in place, documents and reports were stored centrally but available remotely.

"It was an uphill challenge to pry paper from people's hands," Sundstrom wryly notes. "I took their paper, but I gave them all their information and total search ability. Then my claims manager and I put all the accounts payable and after-payments information on the system.

"As useful as all of this has been, possibly the most extraordinary value added by the project has been the cultural shift away from paper that the County is making. This will ready us for our planned workflow project roll-outs," he adds.

When the County was paper-based, managers were reticent to question transactions because it was time-consuming and difficult. Now, they say, it is simple. Errors and irregularities are easier to uncover. "We made auditors out of a whole lot of people," Sundstrom smiles. "They do their own checking and review. It brings transparency; you can see everything; there is no place to hide."

The County based its hard dollar payback on reduced printing. There, the savings returned the \$547,000 price tag for hardware and software in roughly 18 months. Fothergill notes other advantages:

- Increased productivity and analysis using data mining;
- Increased accountability;
- Instant access to reports and documents for geographically dispersed workers;
- Savings from hard copy costs for distribution, storage and destruction;
- Improved security; and
- Extension of the useful life of the existing financial system.

At this writing (Q4, 2002) 650 employees have taken the two-hour training that brings comfort with the system. Soon, that number will grow to 1,000, and Sundstrom sees the potential for 2,000 users. The system is growing across the County government. In addition to the 55,000 check-per-month A/P department, A/R-collections and online access to journal vouchers (and their associated documentation), he expects cash processing records to come online soon. Then Sundstrom wants real estate tax reports to join the system.

Outside the Auditor's office, each of the 35 agencies has scanning capabilities and is moving toward the elimination of paper. Among the most notable are:

#### 1) County Executive Office/Human Resources

Eventually, all County employee records will be stored in OnBase. Today, the files of 600 retirees – approximately 3 million images – are scanned. By year's end (2002), backfile scanning for current staff will commence at the beginning of the alphabet. The project plan predicts an 18-month cycle, and this will free another 3,500 square feet of file space.

OnBase's security for the personnel records is extremely tight, yet workers from any of the 35 agencies with the appropriate privileges will retrieve images from the central repository.

#### 2) Probation

Parole officers at any of The County of Orange's four facilities find records for their adult, juvenile or parental parolees by logging in over the Internet or an intranet to a central server. A query produces a chronological list of entries including images of court orders, family histories, drug test results, violations and other documents. As an officer looks at his/her screen, a simple click on a menu item retrieves the image in moments. Officers with laptops dial in from any location. Mug shots in the files verify that the real parolee – not a surrogate – meets with the officer. The savings in time and the improvement in accuracy are priceless improvements.

#### 3) County Counsel

When elected officials and County employees need legal advice, County attorneys render opinions, a practice begun over 60 years ago. As the number of opinions multiplied, the County began a card catalog that referred to historical opinions by key words. The success of a search depended on the diligence of the workers in past generations.

To improve and speed the system, the County introduced OnBase with its optical character recognition (OCR) engine and full text retrieval. Since the meticulous scanning (some of the legal opinions had been written on onionskin paper), attorneys find every opinion relating to a requested issue, even if the reference is peripheral.

The next step extends the application to legal briefs.

Eventually there will be one user interface, a portal, for the whole County. "The other integration part I love and look forward to installing is the Web-based product," Sundstrom states. "It is extremely clever – with the browser, you get a control for thumbnails and a magnifier. It's great to see that in a client-based application, but there is unexpected power in the Web-based product. I couldn't believe what I was seeing. The software didn't sacrifice anything. That's important because we will eventually go to Web access for both County workers and the public. Our philosophy is thin client wherever possible, and their client is without equal!"

"For Orange County," he concludes, "OnBase was the right product at the right time. When we started, we had a 42 percent dissatisfaction rate among our internal customers. We brought that down to 14 percent in two years, and today it is even better. I attribute much of that gain to OnBase and its Monarch integration."

As Sundstrom looks with satisfaction at the accomplishments thus far and with anticipation to the future installation of OnBase Workflow and Web access, he nods with obvious pleasure at the tens of millions of dollars saved over the first-conceived solution in the County's darkest days. ■

### Users Appreciate Automation

*Hanh Ly, Accountant / Auditor II  
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Thanks to ERMI [Electronic Report Management and Imaging], we can now collect and analyze financial data five times faster than we did before. We save about three to four hours of manually compiling and adding data from the quarterly reports by creating a special job-cost-detail schedule for the County Expense Claim work papers, using ERMI job-cost models.

With the ability to access reports online, ERMI has accelerated the availability of reports. This has assisted our unit in continuing to meet state-mandated deadlines, even with staff vacancies.

ERMI not only helps Social Services Agency (SSA) Accounting staff but also benefits the whole Agency. The Technology Division uses ERMI to track its costs each month by using the Job Code Recap Schedules created by SSA Accounting. These schedules are prepared much more quickly than when they were manually prepared. The data is available much sooner than when we waited for hard copy reports.

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*Document Imaging*

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