

Transaction Directory presents:

# Transaction News

# Transaction Directory: Predictions 2016 Issue



# Nine and a Half Trends in Transactional Data Extraction

Managing business transactions—with all of their supporting documents and data—is essential in today’s rapidly evolving business environment where new technologies and trends continuously vie for our attention. Not all of these will survive, but a few trends promise to permanently alter our business transactions:

**Documents captured by non-traditional devices become a meaningful percentage of total scanned documents.** Considering the total amount spent on document capture software, we can infer that over 300 billion documents are scanned annually, with the cost per each estimated conservatively at one cent. We predict more than 5 percent of total scanned documents will be captured by mobile devices by the end of 2016—the equivalent of all the checks written in the U.S. in a single year.

**Capture of receipts and data becomes a “killer app.”** Receipts will become ever more important. The data on receipts—and how this data is used to support the tracking of spending and expense reimbursement—is a highly valuable asset that hasn’t been fully incorporated into the automation picture. Conservative estimates are that 1 TRILLION receipts are printed each year in the U.S.

**Transactional processing of documents moves to the cloud with major outsourcing of this discreet process.** Many transactional documents, such as checks and invoices, are part of a larger capture workflow. Accurately locating and extracting this information has been the province of only the largest companies. It’s complex work. And yet, every organization has checks, invoices, receipts and other documents that are part of a transaction. Just as many platforms are being “cloud-enabled,” more companies will look to third parties to supply transactional data extraction as an API instead of configuring and managing the process themselves. SaaS and mobile app companies will lead this charge.

**Migrations of on-premise document capture to managed services hits an inflection point.** Traditional “front-end” capture is so *last* century. Companies will outsource this non-core function to those who do it best. This will follow the same progression of offloading business processes such as accounts payable or payroll management to outsourcers (e.g., ADP and EDS). Every company has documents to process, and the initial and ongoing costs—not to mention the complexity—are best left to companies that specialize in these

capabilities. Leveraging an outsourcer allows organizations to move capital expenditures to an operational expense.

**“Embedded” document capture overtakes traditional document capture.** A major shift from capture-centric workflows to those focused on business processes will occur where document capture is essential, but non-core functionality. Most documents are integral to specific business needs. Across finance, human resources, and manufacturing, process-centric applications are incorporating these data extraction capabilities directly into their offerings. Think Box Enterprise, SAP/Concur. If documents are involved, there’s a process-centric solution provider that needs data extraction.

**Data lakes for document-based information.** Companies store more information in data lakes instead of keeping select data points and discarding potentially salient data. Today, that data is mostly unused, largely because it’s inaccessible. Access to this data will become commonplace over the next five years through supervised and unsupervised machine learning that can classify and segment this data from documents and images.

**End-users demand real-time or near real-time access to data for business intelligence.** With the new volumes of data being received, more automation will need to occur in order to classify and identify key information. By 2019, we will see advanced automation of document classification and data extraction incorporated into all controlled, large-scale centralized ECM systems.

**Deep learning applied to advanced document-based classification and data extraction will emerge.** Currently, the state-of-the-art for commercial technologies utilizes tried-and-true, but very brittle and complex techniques based upon explicit rules. With cloud-based computing and access to large data sets via web APIs, the ability to train an AI system to extract key data from document-based information will finally see the light of day, advancing knowledge management and process automation.



## Nine and a Half Trends in Transactional Data Extraction

**Frontiers of process management are expanding, but substantial opportunities still exist for automating repetitive, error-prone activities.** This includes manual data entry, especially for data that resides on more complex documents like remittances and invoices. Over the next three years, these “islands” of complex data become the next fertile ground for growth of outsourced services catering to both large and midmarket companies.

**And 9.5: Electronic documents processed natively for data extraction will make up 50 percent of all document capture.** While paper or image-based documents are the primary focus of traditional capture vendors, native elec-

tronic documents have been treated as a separate information type, using separate software and workflows. 2016 will see a significant shift of overall electronic document volume being processed in native forms in a single uniform workflow.

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## Three Drivers of Change in Processing and Collections for 2016

**Dave Yohe, head of corporate marketing at BillingTree, one of the nation's leading providers of payment processing solutions, previews three trends that will impact payments in 2016.**

**EMV? The next step is EMVco compliance and tightened CNP security**

In 2015 EMV was the 'hot topic', as the industry looked to the liability shift on October 1<sup>st</sup>. Reports say the US is migrating slowly to the new chip-and-PIN payment method with MasterCard reporting 46% of Americans had not received Chip-and-PIN cards and only 41% of merchants had installed terminals to accept them. But as takeup of the new system increases, so will the importance of new compliance measures set up by EMVco – the consortium that manages EMV standards. We predict a double edged sword for vendors in 2016 – they will have to make sure they comply with EMVco standards for all payment methods - including contact, contactless, mobile and tokenization. At the same time security for card-not-present payments needs to be as tight as possible, as industry opinion predicts fraud moving towards these types of transactions due to the EMV liability shift.

**Millennials disrupting traditional banking**

In the 2015 Banking Industry Growth Strategy Survey, Bank Director found 60% of banking executives felt they didn't have the right products, services and delivery methods to address a “decidedly untraditional digital generation.” In the

payments space in 2016 as the number of millennials taking out loans, buying houses and signing up for auto finance increases, organizations that offer 'generation Y' their preferred payment method will gain a competitive edge. This means offering them a path of least resistance at the payment stage – which means offering digital payment channels such as online portals, mobile and automatic interactive voice response.

**Continued FinTech development**

With the disruptive influences of a changing regulatory landscape and millennials' payment preferences, Financial technology will continue its rapid development. The US is the global leader in Fintech investment according to [Statista research](#), with \$3.97bn invested in 2014. We will see the emergence of modernized gateways to support the latest banking and compliance rules alongside an appetite for modern technology and devices. Financial technology will be developed to support traditional and non traditional channels in order to appeal to the widest possible customer range in 2016.

