



# Digital Transformation Demystified

*What It Is & Practical Ways to Get There*

*Parascript | 2019*

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# What is Digital Transformation, Really?

“Digital Transformation” returns over 160M search engine results. *Is it:*

Going “paperless”?

Replacement of humans with technology?

Moving existing processes to newer technology?

**First thing to know:** There’s nothing new except the words:

REDESIGN

ECOSYSTEM

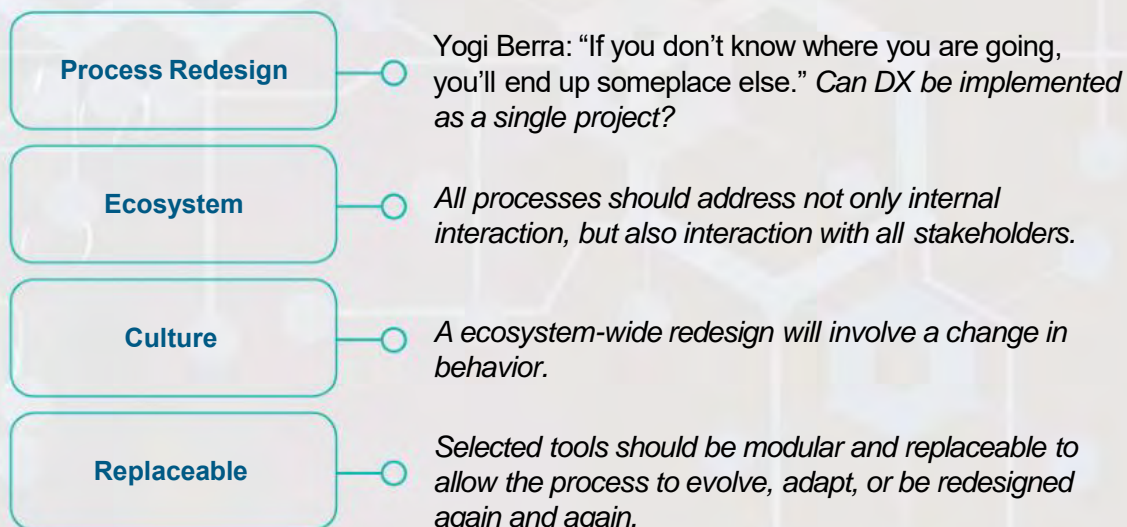
CULTURE

REPLACABLE

The words “digital transformation” are everywhere – how popular is it? Do a Google search and you will find over 160 million page results. It is clearly a popular term. Unfortunately, gaining a good understanding of not only what DX is, but how to approach it, is difficult. If you look at technology sites, you might think it is about going paperless, or replacing humans with technology through automation. Or, it could be a technology refresh by adapting new cloud-based services.

## DX is an *Approach* Not a Technology

Ultimately DX is not any single process, or technology, or function. It is a holistic approach that includes the following fundamentals: process **redesign**, **ecosystem** focused, **culture** of change, and a **foundation** that is flexible.



## 5 Approaches to Digital Transformation

There is also the potential to address DX in a different way from the most common technology/process methodologies built upon conventional wisdom. We borrowed these 5 methods from Doculabs which does a fantastic job at helping organizations approach technology-based change in a practical, effective manner. In terms of house construction and transformation, we can explain the five approaches starting with the simplest: new build day forward. You've got no existing legacy process so you can build new applications with new digital stages. If you're not in startup mode and most of us aren't, the boldest we can be is the so called "raise and replace" approach.



With Raze and Replace, you replace an existing process. It is the most innovative and, you can make the greatest changes. The challenge with it is that the costs and risks are extremely high because it requires a wholesale replacement of legacy technology and process. It's the most disruptive and there's high risk because it takes time. Next is the "outside in" approach and that's where there's an existing process and you focus on the user experience by addressing user capabilities and not the underlying capabilities. Think adding mobile apps to your existing Website or call center interactions. Organizations who have done it well, often create a layer, a middleware layer between the underlying applications in the back office and the user. It gives the appearance of improvement and hides the mess underneath until you can fix it. The pros for this is that if you do it right, it provides immediate improvements. The next approach focuses on the underlying platforms, a core, our transactional business processes. It involves maybe moving platforms to a cloud or outsourcing or implementing ECM or process management. The final one is what most of us do and that is the incremental opportunistic renovation. You aren't in a position to build new or raze-and-replace so you address specific areas opportunistically, maybe focusing on those efforts that provide the biggest bang for the buck.

# Categorizing DX Opportunities

Before jumping into any DX-oriented project, there are some key things to keep in mind.

|                              | Best | Maybe | Little ROI | Forget | Next Best | Risky |
|------------------------------|------|-------|------------|--------|-----------|-------|
| <b>Data Accessibility</b>    | High | High  | High       | Low    | Low       | Low   |
| <b>Process Repeatability</b> | High | High  | Low        | Low    | High      | Low   |
| <b>Process Value</b>         | High | High  | Low        | Low    | High      | High  |

**Data Accessibility:** you need efficient access to high quality data. Some processes may already have structured data stores. Others won't, especially if they involve document-oriented information. So select processes that have the ability to offer all the data required or prepare to address data accessibility first.

**Process Repeatability:** The Everest Group recommends to first look at processes based upon a scale of complexity – the most straightforward way to do this is to rank processes according to the level of repeatability and level of exception handling involved. Start first with those that are highly repeatable with little chance of exception or variability. You aren't likely to have too many of those so be prepared to focus on that middle range of processes where variability is limited.

**Process Value:** Look at processes based upon business value – some will be significant, such as the ability to process more orders more efficiently. Some will have limited value such as internal technology provisioning. The qualities of each will provide a rough guideline as to which of the 5 approaches you could take. If it is highly repeatable and lower in value, a raise-and-replace might be doable. If it is high value and highly complex, an incremental approach or inside-out approach might make the most sense.

# Customer Onboarding | DX Use Case

To help further visualize how DX is approached, here is an example of a loan approval process where the legacy and transformed processes are compared. Something like this can be created without a lot of involvement from a technical perspective because it focuses on the end-state vision instead of how to get there.

|                              | Description                                 | Legacy                                                                                                        | Transformed Process                                                                                                                               |
|------------------------------|---------------------------------------------|---------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Initiate Transition</b>   | Customer wishes to get a loan               | Customer goes to a bank branch to meet with a loan officer and provide basic information.                     | Using a mobile device, customer initiates the loan process by completing an online application.                                                   |
| <b>Documentation Request</b> | Bank requests supporting information        | Loan officer provides list of required documentation. Customer provides some and then submits the rest later. | Using a mobile device, the customer submits all documentation remotely. Loan officer is notified of documentation status.                         |
| <b>Qualification</b>         | Bank staff verifies data and qualifications | Loan officer enters data from supporting documentation and reviews all data against bank requirements.        | Data is automatically extracted and submitted to the bank loan process that automatically reviews qualifications and approves or denies the loan. |
| <b>Complete Transition</b>   | Loan closing                                | Customer returns to branch to sign paperwork.                                                                 | If approved, documents are delivered via email to digitally sign and funds are transferred.                                                       |

*Objective:* Enable a loan approval process from anywhere with minimal technical intervention in less than one day.

## Technical Aspects of Digital Transformation

Ultimately, DX is not any single process, technology or function. It is a holistic approach that includes the following fundamentals: process **redesign**, **ecosystem**-focused, a **culture** of change, and a foundation that is flexible (e.g., it facilitates **replaceability** and is **adaptable**).

Machine learning automates input. Enterprises must flip their focus from staffing the input side to the output side.



*Machines:* lots of data, recollection tasks, high precision, repetitive.  
*People:* SMEs & Technical

Everyone is talking about AI and machine learning, probably more so than DX. So what do you need to know about including machine learning into your DX strategy? It is important to understand how it is applied. Machine learning is good at repeatable processes that can involve some level of variance. The higher variance you have, the more likely you will not be able to rely solely upon pure machine learning-based automation. Machine learning is best suited to the “input” side.

According to Horses for Sources (HfS), machine learning is most effective when focused on automating the side that provides improved access to data in its “enriched” form. This enables you to focus higher value staff hours on the “output,” which entails a higher-level of scrutiny on the “meaning” of the data and how to react to it.

# Digital Transformation Toolbox & Reference Model

One useful approach to thinking about capabilities and technologies whether it's for enterprise content management or digital transformation is a reference model like this one, again borrowed from Doculabs, and simplified by Parascript. It classifies and buckets capabilities, tools and products that are used for the initiative.



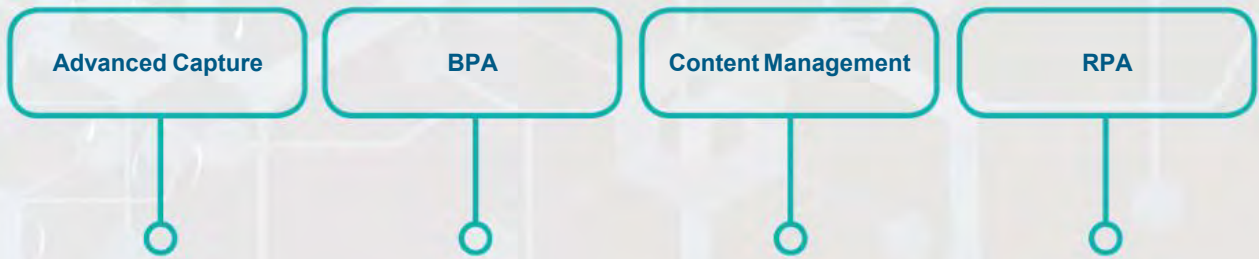
## Strengths & Weaknesses of Advanced Capture, BPA, CM & RPA

Advanced Capture enables automation of organizing and using document-based information.

BPA enables design of multiple-step workflows including support for long-running transactions

CM is geared around how you store data along with the context of that data in order to manage it

RPA is a GUI-based rules-based way to automate processes involving a number of applications



**Advanced Capture**  
 Strengths are that it can optimize data in a highly automated fashion. Weaknesses are that getting to a highly automated, reliable system often requires a lot of attention because the input data is not controlled by the organization that operates advanced capture.

**BPA**  
 Strengths are it enables visibility into status of processes, provides load-balance, and supports identification of inefficiencies. Weaknesses are in the relative complexity of configuring processes. In many cases, use of rules libraries aren't as adaptive as organizations need for many of their processes.

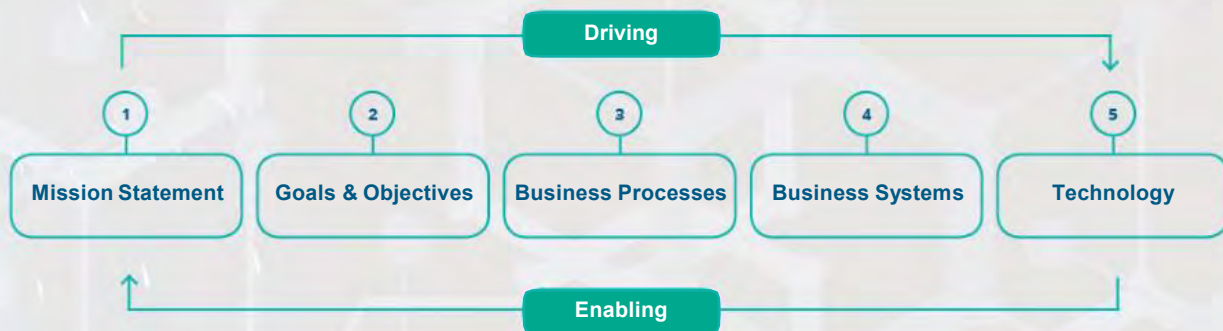
**Content Management**  
 Strengths are control over typical file system storage, improved access and better integration with line-of-business applications. Weaknesses are that few offer the ability to reliably get the metadata required to actively manage it. Many also require a proprietary repository, but this is changing to allow for alternative storage mechanisms.

**RPA**  
 Strengths are it can provide high-levels of automation for simpler processes. Weaknesses are that complex, variable processes are not suited for RPA and the automation capabilities are limited to the access points supported. Even though it can be simpler to deploy than BPM and other technologies, the costs involved with configuration and deployment are high.

## DX Technology's Role

Technology should be the enabler of our business vision and as importantly, it has to be as flexible and versatile as the business model it serves.

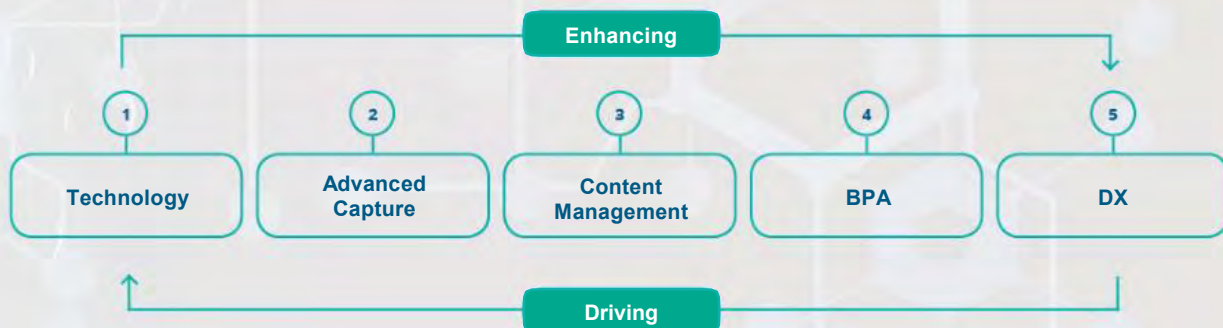
Flexibility and versatility are key requirements when designing and rolling out a DX project. Critical factors in today's rapidly changing environments are the ability to conceptualize the solution quickly, the ability to configure and deploy the system rapidly, and it has to satisfy your current business model through at least its next two evolutions.



## DX Realized

As technologically advanced as we are in the world, current assessments of “Digital Maturity” put the United States at less than 20% achievement, and we are the leaders. Here are the systemic components used in pursuit of Digital Transformation.

1. Facilitate Data/Document acquisition as close to the point of Origination as possible. (Advanced Capture)
2. Combine, eliminate and simplify steps in the process. (BPA/Content Management)
3. Preserve & Pass intellectual property of the transaction mechanically whenever possible. (RPA)



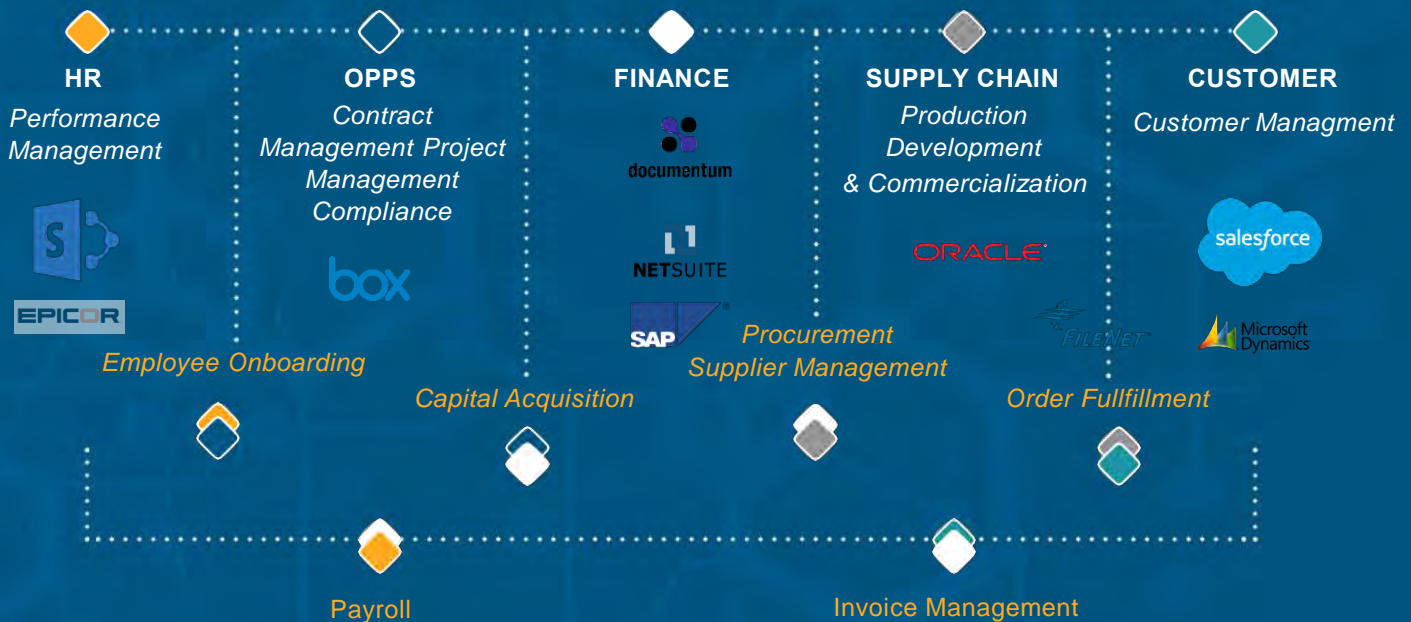


# Facilitating DX | The Parascript Paradigm

ECM Technology has evolved over the last 30 years in corporations have had to evolve with it. Unfortunately, that evolution was largely add on or siloed deployments of the latest hot ticket capability. Over 75 percent of all major businesses in the United States have multiple ECM platforms, according to AIIM.



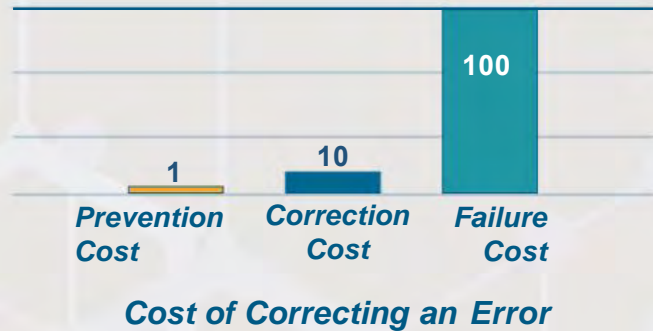
## Enterprise Complexity



Having departments interact with each other leveraging different repositories, creates issues in all sorts of areas including security, standardizations, record management, backup and disaster recovery.

# Production and Cost of Correction

The 1-10-100 rule can be applied in many scenarios concerned with production and the cost of correction. It is expressed in dollars in this example, but it can be understood to mean any number of units measured in financial terms or “level of effort.”

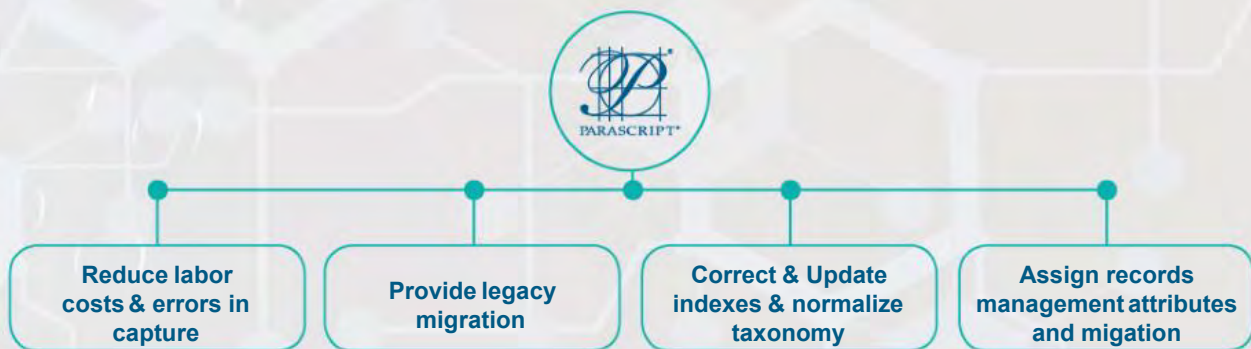


The postulate is: If it takes 1 unit of work to facilitate a transaction or prevent an error, it will take 10 units to correct it mid-process. If the item makes it all the way through the process and fails, it will take 100 times the effort to correct it.

## Optimizing Content Management Systems

Let’s optimize to get an increased capability from existing hardware platforms and digital plumbing. Our advanced capture platform used for daily transactions can be used to facilitate legacy migration and metadata correction, data normalization as well as records management.

By inserting Parascript between current capture process and workflow, you reduce costs and complexity while you increase velocity and accuracy. Importantly, we reduce errors due to batch capture, and more importantly, you can do this with very little change to the existing business process. No training required, and everything works in the background.



### Parascript Advantage:

75% - 90% of Capture is batch processing. Don’t compete with it. Enhance it. Insert Parascript between batch capture and content.

# The Parascript Paradigm

Parascript creates direct labor savings in the downstream areas to which our software provides the extracted data. Our software process more documents faster using fewer people and produces less errors.

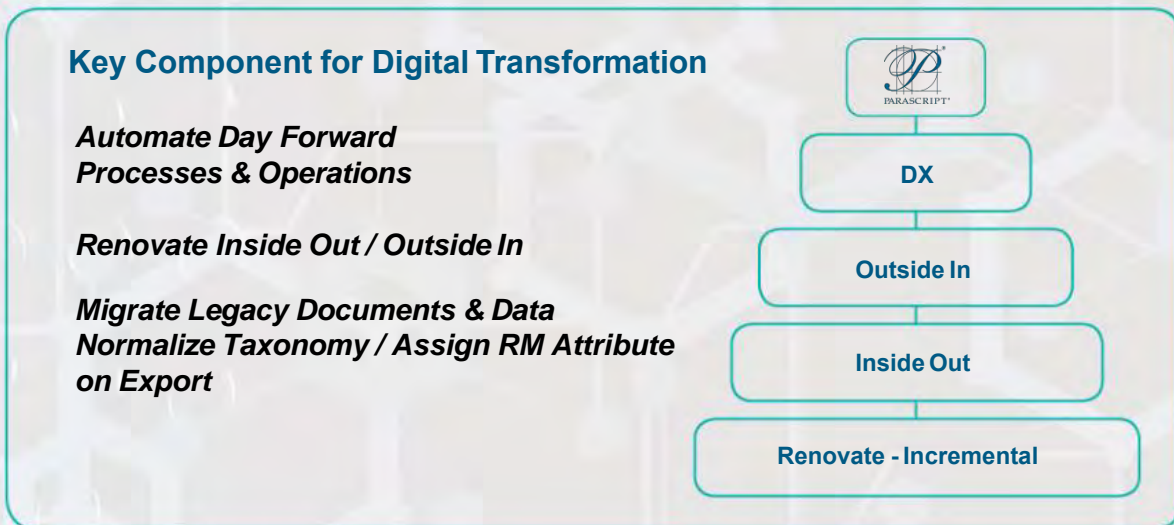
Parascript Advanced Capture improves workflow performance **with no investment, change or cost to the workflow process.**



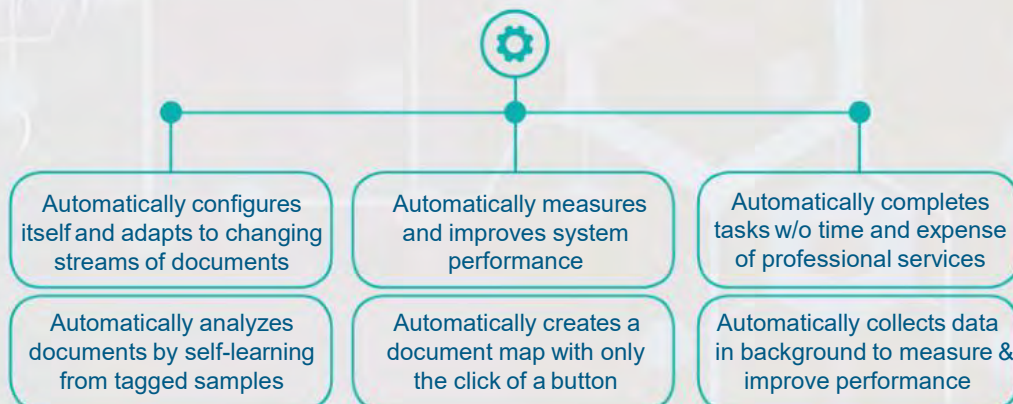
Increased cash flow due to increased efficiency provides a solution-based funding source that **outperforms the cost of capital** on a monthly basis.



Digital Transformation & Data Normalization via Legacy Migration



## FormXtra. AI Self-learning Technology



# Demystification of Digital Transformation: 5 themes

Digital transformation occurs through smart automation. Machine learning solves the ever-present challenge of cost and complexity plaguing advanced document capture solutions. So what should an organization consider when planning DX that involve document-oriented processes? We've found that five themes tend to emerge.

Transformation approaches, especially focused on RPA, are at risk of forcing either a simplistic doc automation strategy or placing unrealistic expectations e.g. page-level STP.

1

Attended vs. Unattended Automation. Early RPA set the automation bar very high when it comes to how processes are conducted. Expectations need to be set properly.

2

It's not just about adopting new technology or "webifying" a process. Speed and immediate feedback are increasingly important.

3

Success often depends on starting out with a relatively small project focused on short-term ROI where business drives both the business plan and the use cases and then go wider, applying all of the lessons learned.

4

Initial planning makes a tremendous difference. Setting objectives for the amount of automation is based on some key factors such as the degree of data variance, the importance of the data and its accuracy and the type of business process driving these data needs.

5

Parascript offers software that automatically configures itself and adapts to changing streams of documents while measuring and improving performance on its own. This is all without the typical time required and expensive professional services. Once in production, the software collects background data from operations and uses it to measure and improve performance. All of this intelligence is also portable instead of a massive database. This data file can be easily transferred or shared between systems.



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