



# Managing **Outsourced** Conversion Services

# Who is looking at your data? What should you ask your service provider to ensure the protection of your company's most valuable business assets?

By Bob Zagami

**O**utsourcing is a familiar concept to many organizations, especially in recent years as IT has begun to outsource functions to handle their tremendous workloads. Many companies choose to outsource the labor-intensive activities required in document management and processing. Realizing that document preparation, scanning, indexing, and quality control of mission-critical documents, historical records and files, and any incoming mail in a timely manner, requires special skills, equipment, and additional personnel; thus, outsourcing of these activities has become an obvious and attractive choice.

For the most part, organizations have not imposed the same strict evaluation criteria on their hosting and outsourced document conversion vendors as they have with computer infrastructure vendors. This can be a dangerous oversight. Document conversion vendors have access to personnel records, medical records, contracts, accounting information, and critical corporate information. It is not uncommon for service providers to simply show up at a client's site, pick up boxes of documents, perform the requested services, and return digital images, microfilm, or load data into a document management system with very little discussion about what will actually happen to the documents once they leave the client's controlled and secure environment—quality and turnaround time is a primary concern.

So as not to be “asleep at the switch” if a breach of security or break in the change of custody occurs, the following are some of the questions you might ask your document conversion services outsourcing vendors that will help you manage the relationship in a manner consistent with your company's compliance and security requirements.

## Employee Background Investigations

In an era where we see daily instances of identity theft and fraudulent use of information, should we not be more diligent about asking our vendors what kind of background investigation they do on all of their employees? Are they performing credit checks and criminal investigations by an independent

third-party that specializes in these services? You can no longer assume that the company you are doing business with is doing everything right or that they will never have a problem with any of their employees. When you transfer the chain of custody of confidential information and critical business documents, are you completely comfortable with the decision and that the vendor has hired individuals who have been properly screened? Does the vendor hold their employees to the same guidelines as you hold your own employees?

## Employee and Visitor Confidentiality Agreements

As a trusted business partner, does your outsourcing document conversion vendor require each employee and visitor to sign confidentiality/non-disclosure documents that clearly state the requirements for confidentiality and the importance of protecting all client information from unauthorized access and disclosure?

## Building Access and Credentialing

Your outsourcing vendor must maintain tight control over access to their facilities. They should screen and accompany their vendors and visitors who have access to areas where information might be viewed inadvertently. Every employee should have a photo ID, preferably barcoded and integrated with a centralized or national security system. Additionally, the security system should record every entry and exit from the facility and control the hours that access is granted based on job responsibility and client requirements. Every visitor must have a temporary identification badge and should be escorted at all times while in the building that now also contains your business records. This applies to your vendor's business partners, visitors, and any person that is not a direct employee of the company, with no exceptions allowed.

## Employee Training on Security and Confidentiality Requirements

It is no longer acceptable to simply say that you will protect customer information; you must document how you are going to do



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it and how you are going to train your employees. There must be written policies, documented procedures, and validated testing to ensure complete compliance of security and information protection standards. You should ask to see the outsourcing provider's employee handbook and the training policies and procedures on confidentiality and information protection.

## Data Protection and Encryption

This is an area where you may want to get your IT department involved in vendor discussions about how they are going to protect your images and data once they assume responsibility for the document conversion process. This is not a technical article, so I'm not going to delve into the various firewall and encryption technologies, methodologies, and company infrastructure that you must now investigate. Validate that your provider has taken the steps to protect documents and data while in their possession and when the information is electronically transmitted.

## Security System

Gone are the days when document conversion companies simply put a key in the lock as they finished work for the day. Think about the security and protection systems that you have implemented at your company and then go see what your vendors have implemented in their facilities. Are their systems what you would expect from your own company? Are you comfortable that when you entrust the vendor with your documents and data that it will be fully protected and secure in the vendor's production facility 24 hours a day 7days a week 365 days a year, and is the site fully monitored by an outside security agency such as ADT or Brinks? Aren't these the same requirements you have for your own business?

## Vendor Management Program

Just as you expect protection of your data and documents and require that your outsourcing vendor is in compliance with

industry security standards, your outsourcing company also has vendors who repair equipment or act as subcontractors to their service activities. If your outsourcing vendor engages subcontractors, then what assurance do you have that they will also be in compliance with your security and requirements? Security is only as good as the weakest link. If the service provider you are using does not demand the same security measures of their subcontractors, then overall security is compromised. Require and validate that your outsourcing supplier has a vendor management process that ensures they also maintain the confidentiality and security of your information.

## Hosted Information and Business Continuity

As more companies gravitate toward an online Web-hosted application service provider (ASP) or software-as-a-service (SaaS) solution, even more scrutiny is required. As you investigate, validate, and test the redundancy and disaster recovery services offered by your vendor, it is imperative that the primary repository of your documents and data is available when needed, and that there are no interruptions to the service for even a brief period of time. Your customers expect it and your business operation requires it—so should you of your ASP or SaaS provider

Not having to purchase any hardware or software, or maintaining and upgrading that hardware and software, is certainly attractive. Nonetheless, when selecting this document management solution, the attractiveness can quickly lose its luster if the expectations of your internal users are not realized and the service level agreements are not met. Not having access to your critical business information for an extended period of time is unacceptable. What kind of redundancy has your vendor built into their overall systems infrastructure to assure (short of a national disaster) that you will have access to your information 24x7x365?

## Document Conversion at Verizon

By Bryant Duhon

Verizon has used Databank IMX's scanning, conversion, and imaging services since early 2006. After an initial backfile conversion of roughly 25 million images, Databank IMX continues to scan and/or image Verizon's pension-related records, I-9 forms, and Verizon Wireless Payroll records—around 20,000 documents added per month. We spoke with Meg Cook, Manager, IT Systems Integration for Verizon Services Organization.

**EDOC:** What led to the decision to outsource?

**Why not do it yourself?**

**Cook:** Verizon did not have an internal end-to-end process and that was our requirement. We needed someone who could handle all of the tasks associated with the backfile conversion through to storing the original documents.

**EDOC:** Why the payroll, pension, and I-9 administrative documents?

**Cook:** The basic reason everyone scans paper documents: for backup/disaster recovery (you don't really have disaster recovery/backup with paper documents) and to be able to find the documents quickly and efficiently. The pension documents were very old and stored in multiple Verizon locations and staff had to be onsite to pull the records. The

I-9 forms for Verizon Telecom (a Department of Homeland Security requirement, completed by new hire employees to verify their eligibility to work in the U.S.) are now completed online and imaged, eliminating compliance issues and making frequent federal government audits easier to respond to—they can just look at the images now.

**EDOC:** What happens to the paper documents after they are converted?

**Cook:** Based on Verizon legal counsel's guidance, the original paper documents are currently retained in off-site long-term storage.

**EDOC:** Are there any legal requirements that you keep the paper?

**Cook:** No, it's an internal comfort factor. Until there is

## Current and Standardized Hardware and Software Platforms

When working with a multi-location or single site vendor who is scanning and indexing your documents, you will want to be assured that there is an undetectable difference in the quality of the images or the integrity of the indexed information when it is returned to you. Internal vendor specifications for hardware, software, and customer documentation must function in concert with each other so that the final delivery will meet or exceed your expectations. Quality has changed as the technology has improved over the last several years; demand the current levels of quality the technology can deliver.

***For the most part, organizations have not imposed the same strict evaluation criteria on their hosting and outsourced document conversion vendors as they have with computer infrastructure vendors. This can be a dangerous oversight.***

## SAS 70 Type II Certification

Many companies today are SAS 70 Type II Certified as part of their internal auditing process. Their standards are validated by a reputable independent audit firm. Have you asked the same of your outsourcing conversion vendor? Recently, service companies who have recognized the importance of acquiring this impressive credential are best positioned to ensure compliance, security, and consistency in processing your documents and in achieving the results you should expect. SAS 70 Type II Certification endorsed by an independent, renowned auditor validates processes and procedures and proves that they are in compliance with standards for security and compliance. Although costly for a service provider to achieve, it provides another layer of comfort with an independent accreditation of the outsourced vendor's business processes and security that is not typically available from

document management providers. Work with vendors who can give you this added level of confidence that your critical business document assets and information are protected

SAS 70 is an acronym for Statement on Auditing Standard 70 that was developed, and is maintained, by the AICPA (American Institute of Certified Public Accountants). Type II audits thoroughly check the application of standards. Auditors test the efficacy of internal controls to reasonably assure that they are working correctly; they document their findings and present their opinion on the effectiveness of all controls. A Type I certification only lists the processes and controls and they are not tested.

A side benefit to the customer is that their audit fees can actu-

ally be reduced if they are outsourcing work to a SAS 70 Type II Certified company. You have every right to ask your vendor if they understand the importance of protecting your vital information and if they have installed systems and procedures that have been tested by an outside company, to validate that they are providing security and compliance as a trusted business partner that functions as an extension of your own internal operations and protects documents and data throughout each engagement. When interviewing outsourcing conversion vendors you will want to make sure that they cover document handling operations, document imaging, data management, and internal and external document image transmissions as well as a comprehensive set of internal operating processes. SAS 70 Type II accreditation from a reputable accounting firm should be considered a very strong plus and should give you additional comfort.

a consensus within Verizon legal counsel of whether to retain or destroy the original documents, we will continue to retain the original paper in off-site long-term storage (based on the Verizon Retention Policy).

**EDOC:** Are the images hosted by Databank IMX or are the images returned to your own system?

**Cook:** The images are hosted by Databank IMX, on a dedicated Verizon network.

**EDOC:** Why that as opposed to hosting them yourselves?

**Cook:** Databank IMX provides a robust failover/replication infrastructure with more scalability for future implementations.

**EDOC:** Have you measured your return on investment?

**Cook:** The ROI was initially difficult to "sell" because there was upfront spending to realize long-term savings. However, Verizon has achieved head count reductions due to significant operational efficiencies. As a result, Verizon will achieve ROI by 2009.

**EDOC:** Are there any lessons learned you could share with our readers?

**Cook:** From a customer perspective, don't be afraid to ask questions. From a vendor perspective, don't be afraid to offer suggestions. There are a lot of technical advances out there that the customer isn't aware of and may be interested in. Also, a good project manager and sound customer-vendor relationship is critical. We literally partnered with Databank IMX. It's not been a typical vendor/customer relationship and that's the

mindset we've had from the get-go; and that was a very good way to start. Of course, in a project of this size, there were a few glitches, but everything went, and continues to go, smoothly.

**EDOC:** Looking to the future, do you have plans to convert any other documents?

**Cook:** Yes, we have a few things coming down the pike. We want to convert more pension-related records to increase the efficiency of that staff. We want to implement the imaging system for Verizon Payroll Operations enterprise-wide. Finally, we are looking at some integration with Workbrain, which is a payroll and absence administration system.

*Bryant Dubon (bdubon@aaim.org) is editor of AAIM E-DOC Magazine.*



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## PCI DSS Accreditation

Another acronym is working its way into our business vocabulary: PCI DSS (Payment Card Industry Data Security Standards). From the PCI Security Standards Council, it was developed to ensure financial data security standards. While it was originally instituted by major credit card companies as a guideline to help organizations that process card payments, prevent credit card fraud, and various other security threats, PCI DSS has now gravitated into the document conversion industry. Stories regarding identity theft and security breaches dealing with credit card information are all too common. If you are outsourcing documentation that contains confidential employee information, including social security numbers and credit card information, then you should be asking your outsourcing vendor if they are an accredited PCI DSS conversion service company.

A few years ago you could argue that the service company with which you do business would not need to be covered by such a standard, but not in today's business environment. You must be ever diligent to protect your confidential information, and that of the clients you serve, for any and all information that appears on the documents you send outside your company.

## Summary

In today's environment, you must evaluate your document conversion vendors with a different set of standards than before; with full expectations that they will secure your information, provide an effective chain of custody once they leave your facility, be processed in accordance with new standards, and be delivered on time, on budget, and fully secured until they are back in your possession where your internal security procedures and processes take over.

If your company has not investigated most, if not all, of the critical areas noted in this article when it comes to the evaluation and selection of document conversion outsourcing vendors, then it may be time for an internal review and reassessment of vendor selection criteria. Security and compliance are critical elements of your internal business processes and they must now be part of any discussion when vital business documents and information are entrusted and outsourced to a qualified document conversion company. 

*Bob Zagami (781-830-2500, 3552 or bobzagami@atabankimx.com) is the general manager, New England Region, with DataBank. He is also chair of the AIIM International board of directors and the first service company executive to lead AIIM in over twenty years. He also serves on the program planning committee for AIIM's Document Management Service Provider's Executive Forum that will be held in Austin, November 6-8.*

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