



## Kofax ROI Case Study Ventura County

Independent Research and Analysis by Mainstay Salire

### Ventura County Meets Rising Demand for Social Services with High-Productivity Enterprise Capture Solution from Kofax

#### Client Profile

The **Ventura County Human Services Agency** provides public services that promote self-sufficiency, health and well-being. The agency's programs help ensure the protection of children, the elderly, and dependent adults, and provide a safety net for individuals and families who need assistance with food, housing and health care. The agency also helps people secure employment through education, training, job search skills, and job placement. Located northwest of Los Angeles, Ventura County has a population of approximately 830,000.



#### Results Summary

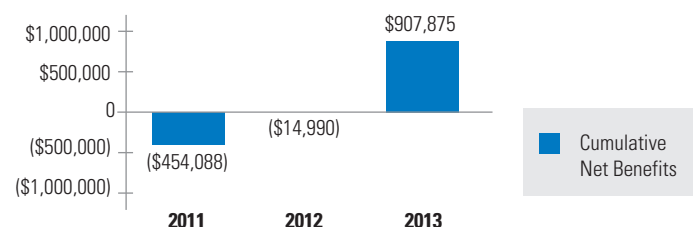
- 29% ROI in first three years
- Achieved payback in just over two years
- \$1.1M reduction in records storage costs
  - 51% in GSA storage cost reduction
- \$279K facilities space optimization cost avoidance
  - 48% reduction in office filing space
- \$1.9M in labor productivity savings
  - 64% faster response to information requests
  - 100% audit compliance
- \$525K in paper-related cost avoidance
- \$172K in staff training cost optimization

#### EXECUTIVE SUMMARY

With a tough economy swelling the ranks of needy residents, California's Ventura County needed to scale out its social services programs. But flat to declining budgets meant it had to meet demand by becoming more efficient. The answer was a timely investment in a Kofax Capture Enabled BPM solution that helped the county cut paperwork, save on document warehousing, and accelerate delivery of crucial social services.

Implemented in 2011, the Kofax solution spans 12 offices of the county's Human Services Agency and gives every caseworker and program manager a unified platform for digitizing and automating the flow of documents needed to qualify applicants and rapidly deliver services to eligible residents. The investment has paid off in multiple ways. As documented in this study, over the first three years the county is expected to realize \$1.1M in cost savings by minimizing record handling and storage, \$1.9M in savings from increasing the productivity of caseworkers, and another \$977K from a combination of facility space savings, avoided training costs, and reduced paper-related expenses. Minus investment costs, the county is set to realize net benefits of more than \$900K, as shown in Figure 1.

**Figure 1: Ventura County's Kofax Solution:  
Cumulative Net Benefits**



### Services Supported by Ventura County Human Services Agency

- Food Assistance
- Employment Assistance
- Medical Assistance
- Financial Assistance
- Housing Assistance
- In-Home Support Services
- Veterans Services

Moreover, with the Kofax Capture Enabled BPM solution, the county has built a scalable technology foundation that will empower caseworkers to deliver social services faster, more flexibly, and at less cost for years to come. As one member of the project team observed, the Kofax solution proved to be “one of the most successful implementations we have had in the 18 years I have been with the Human Services Agency.”

## THE CHALLENGE

Like many local governments across the country, Ventura County in Southern California has been dealing with its share of tough economic times in recent years. While the county continues to boast a strong economic base with a large and diverse labor pool, the sluggish job market has seen more residents looking for work and caused poverty rates to inch higher. As a result, more families and individuals are turning to the county’s Human Services Agency (HSA) for assistance with basic needs ranging from nutrition and housing to medical care and job training.

The surge in county residents seeking assistance has translated into a heavier workload for HSA across the spectrum of social programs it supports. Examples include:

- **CalFresh**, the state’s nutritional assistance program (formerly known as food stamps), has seen cases skyrocket in the county, rising from 12,000 to 30,000 active cases since 2006, a 150% increase.
- **Medi-Cal**, which provides healthcare assistance, has seen a 19% increase in cases in Ventura County since 2006, with more than 112,000 residents now receiving services.
- **CalWORKS**, the welfare program that gives cash aid and services to needy California families, has seen its caseload increase by 15% in Ventura County since 2006, putting pressure on existing staff and budgets.

Handling the rising volume of cases has posed operational challenges for the Human Services Agency, which has had to make do in recent years with flat to declining budgets. “The current economic conditions have created an environment where more people need help, but unfortunately there are fewer resources to provide it,” said Barry L. Zimmerman, Ventura County’s HSA director. In 2006, the Human Services Agency served one out of every 10 people in Ventura County. Today, it serves one out of every seven.

That reality is what drove county officials to step up efforts to boost efficiencies at HSA’s 12 offices, where caseworkers were inundated with case-related paperwork, causing work backlogs that threatened to delay the delivery of services to needy residents. “The business case for this project was to address the increase in workloads, while the budgets and funding remained flat, and, in some cases, were reduced,” said Mike Pettit, the county’s chief information officer.

## The Opportunity of Capture Enabled BPM

Officials were confident that harnessing technology to reduce the document-processing burden at HSA would lay the foundation for implementing efficient flexible systems that allow multiple workers to service clients from any location countywide. Their search for a solution eventually settled on a new generation of technologies—called capture enabled business process management (BPM)—that automatically captures, classifies, extracts and validates information through an efficient “touch-less” process.

## Managing Over 600 Forms

Deploying a capture enabled BPM solution at HSA would allow for faster processing of eligibility forms and supporting materials and enable caseworkers to serve needy clients more effectively. But the solution would have to be robust enough to digitize and interpret the agency’s vast array of

forms—more than 600 in total—and extract data accurately and consistently from sources ranging from handwritten documents to emails to faxes. “We had hundreds of forms, many of them redundant,” Zimmerman said, “And they were tremendously hard to manage because we didn’t control the content or where the client information was placed.”

The county also needed the capture-enabled solution to integrate with HSA’s existing systems for managing social services, including the state’s CalWIN client benefit system and the county’s call center system and other business applications. “Whatever solution we implemented had to work with the IT infrastructure we have,” CIO Pettit said.

The county also needed to be convinced that a paperless solution would keep documents safe and secure. “Document and data security can be a major concern, especially where health and human service, or law enforcement or criminal justice information is concerned,” HSA Director Zimmerman observed.

THE SOLUTION

The search for a solution to HSA’s document overload challenge concluded in 2011 with Ventura County’s decision to invest in a suite of Kofax Capture

Enabled BPM products—specifically Kofax Capture and Kofax Transformation Modules (KTM). The Kofax investment provided the technology backbone for the county’s overall enterprise content management (ECM) initiative at the Human Services Agency.

The county has since implemented Kofax-powered ECM solutions at each of HSA’s 12 offices, giving caseworkers and program managers a unified platform for digitizing and automating the flow of documents they need to qualify applicants and rapidly deliver services to eligible citizens. The Kofax solution does this by extracting and classifying data from more than 600 forms and converting the paperwork into easily shared and managed digital case files.

On the frontline of the ECM solution is a fleet of more than 70 digital scanners stationed at HSA offices; it includes a mix of scanners at several mail centers, several medium-volume scanners, and a number of small-volume scanners. Each month the county scans about 350,000 documents, or about 4.2 million each year, as shown in Table 1. Besides standard forms, the solution allows for scanning and indexing of all kinds of non-standard documents—like client letters, receipts, and other types of paperwork—for later retrieval.

“The combination of Kofax Capture™ and Kofax Transformation™ Modules has enabled the Ventura County to drive a lot of expenses out of its business processes from a hard cost standpoint—for things like paper and real estate—while empowering staff to access the information they need in real time to get the job done.”

BARRY ZIMMERMAN,  
DIRECTOR,  
VENTURA COUNTY  
HUMAN SERVICES AGENCY

Table 1: Broad, High-Volume Deployment:  
Ventura County HSA’s Deployment of Capture Enabled BPM Solution

Kofax Capture Enabled Sites	12 HSA offices
Scanners	74
Users	760
Images Scanned Monthly	350,000
Images Scanner per Year	4.2 million
Images Currently Stored in Repository	9.6 million

Scanning operators perform an initial quality check before validating the output and “committing” the images to a central repository that can be accessed by caseworkers at every HSA office. The easy sharing of case files among offices has led to significant productivity improvements and load-balancing efficiencies.

Officials say that the ECM platform has helped the agency add flexibility to its case management process by enabling multiple people with the right mix of skills to work on a single case, thus speeding service delivery. In addition, the solution has improved organizational performance by giving managers greater visibility into cases and improving the agency’s regulatory compliance and audit capabilities.

Not least, the solution is proving to be a source of significant cost savings for the county. For example, once the files are validated and committed to the repository, most of the documents can be securely shredded, saving on storage space. Paper-related expenses have plummeted since the Kofax solution was rolled out in 2011, while staff’s ability to access key data across traditional organizational and geographical boundaries has surged.

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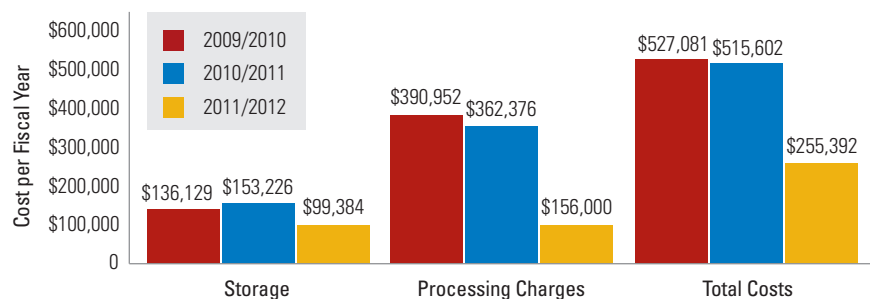
## THE RESULTS

According to Mainstay Salire’s assessment, Ventura County is on track to realize a range of operational and financial benefits, as detailed below.

### Reduced Warehouse Storage Costs

By dramatically reducing the amount of paper documents it needs to handle and store, the county will avoid hundreds of thousands of dollars in off-site document warehousing costs.<sup>1</sup> As shown in Figure 2, the county has seen its annual warehouse storage and processing costs fall by 52%, or \$272K, since the Kofax system was introduced in 2011. Over three years, those savings will total \$810K. The county will realize additional savings, estimated at \$300K over three years, by significantly reducing costs related to holding files at HSA offices, prepping records for permanent storage, and shredding and disposal of files.

**Figure 2. Declining Warehouse Storage and Handling Costs, 2010–2012**



<sup>1</sup>Warehousing savings include lower costs for physically storing case-related documents as well as securely packaging, retrieving and delivering files.

### Space Optimization Savings

The ECM platform has allowed Ventura County to retire scores of filing cabinets, opening up close to 4,000 square feet of file-cabinet storage space at county offices, a 48% increase (Figure 3). The county is planning to re-purpose the extra space, which should help it meet facility expansion needs without as many new real estate purchases—a space optimization benefit valued at \$279K.

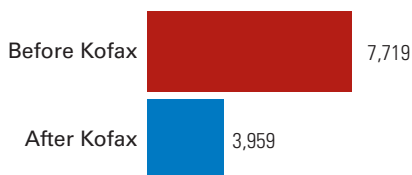
### Savings in Paper and Related Costs

As predicted, the county's adoption of the Kofax capture enabled BPM solution led to massive reductions in paper consumption and related expenses like photocopiers and filing systems. Over three years, Ventura County is expected to save \$525K in paper purchases and related costs.

### Staff Productivity Savings

Cutting paperwork gave county caseworkers a big productivity boost, allowing them to handle information requests significantly faster. Today, caseworkers on average access files and retrieve information in about 4.6 minutes using the Kofax capture enabled platform compared to about 12.8 minutes using the paper-based filing system—a 64% time savings.<sup>2</sup>

**Figure 3. File Cabinet Storage Space Usage Reduction (in square feet)**



Applying these savings to HSA's 720 caseworkers, the agency could be saving an estimated 88,500 hours per year in information retrieval time.<sup>3</sup>

With records stored and indexed online, county managers can track the flow of documents and generate accurate reports with comparative ease. Managers said the new platform marks a significant advancement over the old system in which workers had to physically count paper files to track caseloads and compile reports. Over three years, these labor efficiencies are expected to help the county add five fewer caseworkers per year than it otherwise would, generating savings of about \$1.9M over this period.

### Workload Balancing

The online ECM system gives the county agency a new level of visibility into the inflow and ongoing management of cases. Supervisors now utilize the Kofax solution's tracking tools to divide workloads more equitably among caseworkers. Freed from having to ship physical case files between offices, the county can instantly assign and redistribute cases across the entire 12-office workforce, with caseworkers going online to access the full set of supporting documentation.

This new flexibility has helped the county respond faster to the needs of residents. No longer limited to the resources in a local office, the agency can move quickly on every case and achieve its "No wrong door policy" goal. The equitable load balancing has also had a positive impact on staff morale, since workers know that no single office is being unfairly burdened with work.

"One of the most successful implementations we have had in the 18 years I have been with the Human Services Agency."

MARIA MAESTRO, ECM  
BUSINESS/PROJECT LIAISON,  
VENTURA COUNTY  
HUMAN SERVICES AGENCY

<sup>2</sup>Northwoods White Paper: "Reducing Expenses and Increasing Productivity at HSA." Case files include Medi-Cal Cases, NA FS Cases with Medi-Cal, and CW Cases (Categorically eligible for MC).

<sup>3</sup>Mainstay Salire estimate calculated as follows: 8.4 minutes x 720 caseworkers x 10% of each 40 hour week x 48 work weeks.



**Combining the savings and efficiencies reviewed above, the assessment shows that Ventura County is on track to realize total benefits of \$3.9 million over a three-year investment period.**

### **Stronger Data Security**

The move to the online ECM system has given the agency tighter control over case documents—a key improvement that offers clients better privacy protection compared to paper files, which are at greater risk of being misfiled or falling into unauthorized hands. The Kofax solution enables the agency to enforce strict document-access rules based on user profiles and case assignment criteria.

The system's security safeguards allow for multiple levels of access and confidentiality based on the type of case being managed. Furthermore, the online ECM system offers better disaster recovery capabilities compared to paper-based systems.

### **More Efficient Audits**

Like other public agencies, Ventura County's HSA is subject to audits on a regular basis to ensure tax dollars are being appropriately spent. Not surprisingly, in the earlier paper-based environment, tracking down the documents requested by auditors entailed an extensive commitment of time and labor. Officials said it took two to three days on average and cost as much as \$9 per case file. The task also was a distraction for employees, taking their focus away from serving clients.

Introducing capture enabled process automation has minimized the work associated with supporting these audits, allowing HSA to produce requested documents in a fraction of the time. Moreover, the efficiencies have allowed the county to shift about \$100K in resources from full-time audit support to client-focused services.

### **Efficient Regulatory Compliance**

Speedier case processing also has the potential to correct another operating inefficiency: overpayment of benefits. Paperwork delays can lead to missed compliance deadlines, allowing clients to receive more benefits than they should—overpayments that the county then needs to collect.

With the automated system helping caseworkers review and process paperwork more quickly, overpayments are expected to decrease significantly along with the time and effort to reclaim these funds.

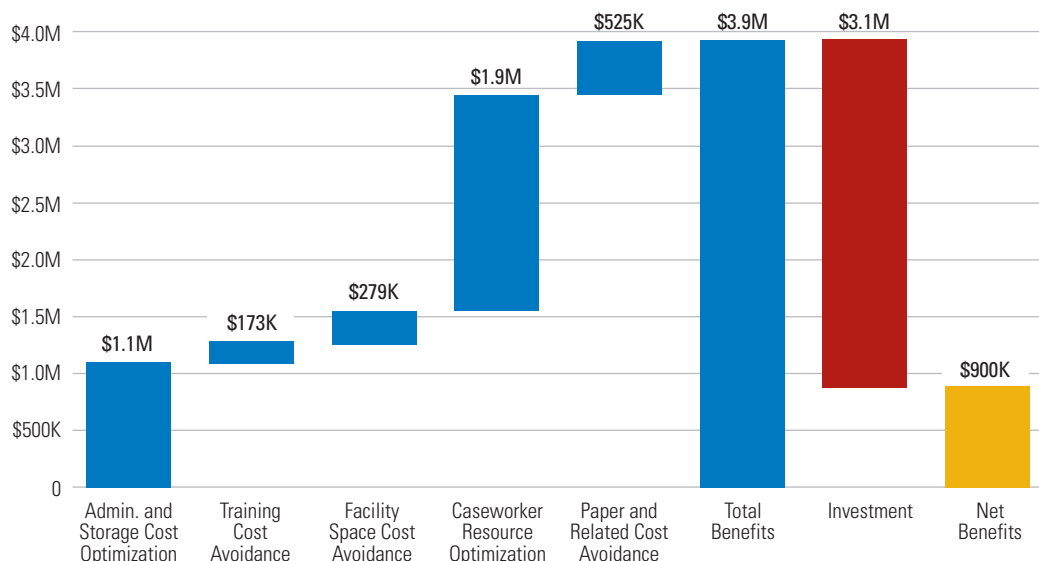
### **Streamlined Staff Training**

Managers identified additional savings from the solution's fast and easy deployment, which included a training program for 700 users in 12 offices. In addition to full-day courses for regular users, the streamlined rollout delivered advanced training to a handful of "super users" who later served as on-site solution experts at each office. Officials said the approach was an important success factor in helping new users to embrace new ways of working. According to the assessment, the optimized training program saved an estimated \$172K compared to similar deployments.

### **ROI SUMMARY**

Combining the savings and efficiencies reviewed above, the assessment shows that Ventura County is on track to realize total benefits of \$3.9 million over a three-year investment period, as shown in Figures 4 and 5. Factoring in investment costs, the county is now on track to achieve a 29% ROI in the first three years. The agency is expected to break even on its investment in just over two years.

**Figure 4: Total Undiscounted Cost and Benefits by Category — Three-Year View**



**Figure 5. Financial Summary**

	Initial Investment 2011	2012	2013	Total
Total Investment Costs	\$1,615,204	\$941,238	\$499,721	\$3,056,163
<b>Total Investment</b>	<b>\$1,615,204</b>	<b>\$941,238</b>	<b>\$499,721</b>	<b>\$3,056,163</b>
IT Service Admin. and Storage Cost Optimization	\$370,686	\$370,686	\$370,686	\$1,112,058
Deployment Training Cost Avoidance	\$172,800	\$0	\$0	\$172,800
Facility Space Cost Avoidance	\$67,680	\$84,600	\$126,900	\$279,180
Caseworker Resource Optimization	\$375,000	\$750,000	\$750,000	\$1,875,000
Paper and Related Cost Avoidance	\$175,000	\$175,000	\$175,000	\$525,000
<b>Total Benefits</b>	<b>\$1,161,166</b>	<b>\$1,380,286</b>	<b>\$1,422,586</b>	<b>\$3,964,038</b>
<b>Summary</b>				
Total Discounted Costs	\$3,081,303			
Total Discounted Benefits	\$3,881,733			
ROI	29%			
Payback	25 months			

## ABOUT THIS CASE STUDY

Research and analysis for this study was conducted by Mainstay Salire, an independent consulting firm, drawing from interviews with Ventura County employees, review of planning documents and searches of industry literature. ROI calculations use industry-standard assumptions regarding the time value of money. Mainstay Salire is the leading provider of independent value assessment and IT strategy services. For more information, please visit [www.mainstaysalire.com](http://www.mainstaysalire.com).

Information contained in this case study has been obtained from sources considered reliable but is not warranted by Mainstay Salire.

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## ABOUT KOFAX

Kofax plc (LSE: KFX) is a leading provider of Capture Enabled BPM solutions. These award-winning solutions capture and streamline the flow of business critical information throughout an organization in a more accurate, timely and cost effective manner, enabling our customers to be more responsive to their constituents and better grow their businesses. Kofax solutions provide a rapid return on investment to more than 20,000 customers in banking, insurance, government, healthcare, business process outsourcing and other markets. Kofax delivers these solutions through its own sales and service organization, and a global network of more than 800 authorized partners in more than 70 countries throughout the Americas, EMEA and Asia Pacific. For more information, visit [kofax.com](http://kofax.com).