It's not just about going green. Paper is expensive but it isn't just about the cost of paper. The ROI can be considerable and acheived quickly for many organizations

Many studies have analyzed the costs of working with paper, and the results can be quite surprising. These analysis prove out that paper costs businesses time and money, impacts productivity, and can severely impact efficiencies within any department. Following are some interesting and supporting examples:

* Industry research firm Gartner, estimates that as much as 3% of a company's revenue is spent on paper, printing, filing and the costs to store and maintain files of information. In addition, the average office worker uses 10,000 sheets of paper a year.

* That same study revealed that on average, professionals take 18 minutes to locate each document; and on average, it costs US companies $120 to find a misfiled paper document.

* Other industry studies show that it costs companies $20 on average to file a paper document (this includes labor and salary costs, storage, office supplies, and other factors.)

* Paper documents impact productivity. Studies show that upwards of $14,000 of productivity is lost per worker each year as a result of difficulties in finding data needed to complete their job.

* Paper costs can certainly add up. Citigroup conducted a n internal study and found that if each employee saved just one sheet of paper per week, the company could save $700,000.

All great information for determining a move to paperless, but when it comes to cost justification financial leadership will invariably turn to the hard costs first - capital and operating costs:

- Paper used for printed documents, photocopies and faxes
- Toner and consumables used to operate computer printers, photocopiers and fax machines
- Contracts to purchase, maintain, service and repair copiers, printers and fax machines
- Footprint space and shelving required to store the equipment supplies
- Filing cabinets used to store printed documents
- Supplies, such as folders and tabs, required for physical filing of paper documents
- Real estate to house file cabinets (estimated to be 12 to 18 square feet per unit)
- Shipping or delivery of documents to and from clients, business partners and other offices
- Off-site storage of archived or current documents

Calculate your cost
18 standard 4-drawer file cabinets (18 x $2,899)

$52,182 total annual expense

The math:

Cost type	Annual expense	Explanation detail
Hardware	$40	Average file cabinet $400- amortized over 10 years
Supplies	$16	$4 per drawer includes folders, labels, etc.
Space	$243	$2.70 per square foot x 7.5 square foot / cabinet
Labor	$2,600	One clerk at $500/week - 10% of time handling files
Grand Total	**$2,899**	**Annual expense for a four drawer file cabinet**

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Accounts payable departments are usually the top benificiaries in going paperless. Immediate access to invoice information and associated paper trails can cut customer service response times to 80% and higher.

Workflow automation can reduce invoice processing time from weeks to a matter of days

Invoices come in all variations these days, such as emails, PDFs, and even paper. These need to be filed, recorded and approved by the right person before being paid. Depending on the size of the company, the rules and hierarchy can make this a far more complicated process than it seems.

Invoice processing can be an absolute challenge for most organizations – especially those with accounting departments managing thousands of invoices a month. The processing is incredibly time-intensive. Individual invoices can take several hours (or even several days) to verify, approve, and schedule for payment. Multiple employees are most often involved with processing, where they're responsible for getting invoices to the right people, then routing them to the next levels of approver(s) until ready for payment, It's a cumbersome process that can easily become a manual nightmare with too many hands touching paper documents. Regardless of your company size or the number of invoices your AP team handles, manual invoice processing costs you more than it should in lost time, productivity, and wages. Manual processing costs are taking a bite out of your bottom line through:

- ☉ Invoices getting lost (or delayed) in the mail
- ☉ Invoice being misplaced in a disorganized office
- ☉ Issuing duplicate payments
- ☉ Data entry errors (and the time it takes to correct them)
- ☉ Assigning the wrong General Ledger codes to non-purchase-order invoices
- ☉ Approvals being held up when employees are out of the office or unresponsive
- ☉ Missing out on early payment discounts and leaving money on the table

A leading aerospace company's internal study reported that 80% of employees waste an average of half an hour per day retrieving information, while 60% spend an hour or more duplicating the work of others. Whether those averages are high or low, it's plain to see that companies that are paper-based pay employees for these inefficient process.

Unfortunately there's no "magic number" for determining invoice processing costs - it's dependent upon who's tabulating the numbers. Sterling Commerce Reasearch determines the average cost of processing an individual invoice is between $12 and $30. Levvel Reseach has the average cost at $15 per invoice and oher firms narrow this gap to between $11.20 and $15.
With the above in mind, for the purposes of determining your ROI number, let's stay with the lowest number of $11.20 per invoice.

Calculate your cost
500 AP invoices per month at $11.20
(500 x $11.20 x 12)
$67,200 total annual expense

Increased productivity with touchless processing means that valuable accounting staff can be free to do other important work. If you simply consider a productivity boost of 6% for your AP staff the savings work further to your advantage.

8 Employees at $35,000 with 6% productivity boost
(8 x $35,00 x .06)
$16,800 Annual productivity savings

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