

Demystifying Document Management Systems

Eliminate the biggest bottlenecks in your workflows and make it easier to share client intelligence, access files, and secure approvals

I'm thinking about a DMS, but...

Information is one of your firm's most valuable — if not the most valuable — assets. And yet, so many people take it for granted. The firms that most efficiently manage, organize, retrieve, and share documents — logging every change and action on those documents along the way — are those that reach top-tier productivity, collaboration, and compliance.

The problem? Many accounting firms are still stuck in outdated digital storage solutions from years ago or wrestle with a tangled mess of folders without a standard set of naming or saving conventions. All of the effort to store and find documents adds up to countless time and resources lost, sacrificing billable hours, strategic client support, and accountants' work-life balance in the process.

The solution? A document management system. But DMS adoption represents change, and any kind of business change is often seen as too painful or resource intensive. In reality, a DMS is the kind of change that's crucial for business innovation and success. In fact, a DMS is a top priority for many organizations wishing to upgrade their internal processes. According to a recent Forrester report, 36% of IT decision-makers say that they are expanding or upgrading their DMS over the next 12 months¹.

But what exactly is a DMS? How does it make your firm's daily work more efficient? How can it be integrated with your current tools and systems? And what other kinds of benefits can it bring to your firm? Read on for answers to these questions and much more.

1. [FinancesOnline](#)

First things first, what's a DMS?

A DMS is a cloud-based software solution that facilitates everything about the documents you own, have access to, or need to do your daily work — creation, organization, storage, retrieval, sharing, and even signing. “Documents” can mean any type of file, from text, to client emails and meeting notes — even graphics and raw data. With a DMS, your employees can easily access, search for, and collaborate on documents. Your clients can even use it to securely upload all of their documents into a secure digital portal and then use the portal to sign things digitally when your work is done, eliminating the time on both sides for you to meet face-to-face.

And speaking of security, it's something a good DMS doesn't take lightly. Everything lives in your existing environment, and each folder comes with access control settings so that every set of eyes on your data is cleared to see it.

Is it any wonder that document management is a growing software segment? One estimate pegs the total DMS market at \$6.57 billion this year, nearly doubling to \$12.94 billion by 2028².

What should I be using a DMS for?

While the basic features and functionalities apply to every firm, the better question is: “How can a DMS be tailored to meet the biggest efficiency and workflow challenges in my organization?”

While we'll address specific solutions and use cases that a DMS can solve in the next section, it's worth mentioning just a few of the different functions the best DMS can serve:

- Document storage
- Advanced document search
- Version control
- Electronic signing
- Client management and collaboration
- Templates and automatic email creation
- Task management
- Audit trails
- Automating menial tasks to give employees more focused time

Given that there are so many different ways a DMS can be applied to your workflows, ask yourself these three questions to determine which DMS is right for you:



What are my organization's most challenging pain points in our daily workflow?



Based on direct feedback you get from employees, what are the most common “lost file” or “workflow interruption” stories?



At what points in your workflow (and using what applications) could you save the most time and increase productivity?

With this information in hand, you can begin to match the highest priority problems with DMS solutions.

Houston... We have a (document) problem.

Now that you've started the process by asking where your biggest challenges reside, it's time to honestly evaluate what specific issues your employees are reporting in their everyday tasks. Is version control wreaking havoc? Losing files frequently they are saved in the wrong folder? Below we explain what features a DMS offers to solve some commonly reported problems.

Problem

1

Documents are stored locally on workstations or external hard drives. That makes it hard for anyone without local network access or access to a specific computer to get to those documents and make use of them.

DMS Solution: Centralized storage

A digital platform can store folders in the cloud, where they are easily accessible to any worker with proper authentication credentials. They are also more secure from physical dangers (fire or floods, for example) and hackers, who may take advantage of less secure locations and servers to access documents or personal identifiable information (PII).

Problem

2

We can't keep track of who changed what in any specific document.

DMS Solution: Version control

A cloud-based DMS will always make the most recent version of a document accessible, including a version history that allows users to see the exact time and date when new changes were saved. A detailed history with access logs makes it clear who made changes, and when, eliminating confusion about what version is most current.

Problem

3

We just can't find anything! The folder system is so complicated that simple searches are not returning the right documents.

DMS Solution: Search and retrieval

The best DMS platforms have advanced search capabilities, giving users the option to find documents through client name, title, date, and keywords — completely eliminating the “needle in a haystack” problem. To put another twist on simple search, the best DMS platform will also use a defined folder structure (and the best DMS partner can advise you on the best way to organize those folders) so that they're visual and intuitive to navigate. Either way, you'll find what you need in mere seconds.

4**Problem**

Three people end up working on a document at once, and it gets confusing.

DMS Solution: Collaboration tools

Collaborative editing, commenting, and real-time access enhances teamwork and helps people feel more comfortable working together on shared documents. This can also include individual user permission settings so that sensitive information can only be modified by certain people, as well as automatic notifications when changes are made to a particular document. You may also want to consider how much you're sharing with users outside the company, or clients that you regularly collaborate with. If that is a feature that you want to add, make sure there is a built-in app for this inside the DMS solution, or at least an easy integration with an existing tool you use for secure large file sharing.

5**Problem**

I'm unsure who has access to what, and I worry that there's too much exposure for sensitive information.

DMS Solution: Security and access control

Role-based permissions ensure that only authorized individuals ("privileged users") can access sensitive folders

6**Problem**

In our industry we often get audited and compliance is paramount. We need to know every document's history in detail so there are no loose ends when compliance comes knocking.

DMS Solution: Logs and audit trails

Every action taken on a document is logged, providing a detailed history for compliance and security purposes.

7**Problem**

Our workflow is complicated and we use a lot of different apps depending on function. How can I be sure a document stored with one app is still visible in areas that another app can use?

DMS Solution: Integrations and dashboards that connect across apps

Most DMS solutions resemble a bicycle wheel — in the center is the system you started with. For example, most companies start with a commonly used file sharing system like SharePoint from their Microsoft Office 365 subscriptions. The solution will be built around or intersect directly with that commonly used file system. But a successful DMS has "spokes" in the wheel that connect to many other points of contact where work is being done, like Outlook, practice management systems, or other document organization or reporting apps, for example.

Setting the record straight on DMS misconceptions

Change within any organization is difficult, and changing the way people work is especially difficult because there can be some very strong forces of resistance.

If you are going to be in charge of a DMS rollout or will be on the change management team, you're likely to hear a few complaints from the change resisters (it's OK, every organization has them). But those complaints are usually powered by some common misconceptions about DMS. Here are a few corrections you can use as an antidote to change resistance.

Misconception 1:

It's going to cost too much, both in dollars spent and time lost in transition.

Correction: Most solutions are reasonably priced on a per-user or single firm license basis — but the key to keeping costs minimal is to buy a set of features that closely aligns with what problems you need solved. Nothing more and nothing less. You can also save precious time by selecting a DMS provider that will quickly and seamlessly guide you through the implementation process.

Misconception 2:

Our files will be less secure if we allow another application to work with files in the cloud.

Correction: The foundation of your security lies with your cloud provider. Adding a DMS that is fully integrated with your existing cloud provider should not make your system more vulnerable than it currently is.

Misconception 3:

We'll lose any onsite storage, and we like to have "hard" backups for our files.

Correction: While the best DMS is cloud-based for flexibility and accessibility, your provider will have an automated backup system so you don't have to lift a finger. Getting everything off-premise means you don't have to function as your own IT department.

Misconception 4:

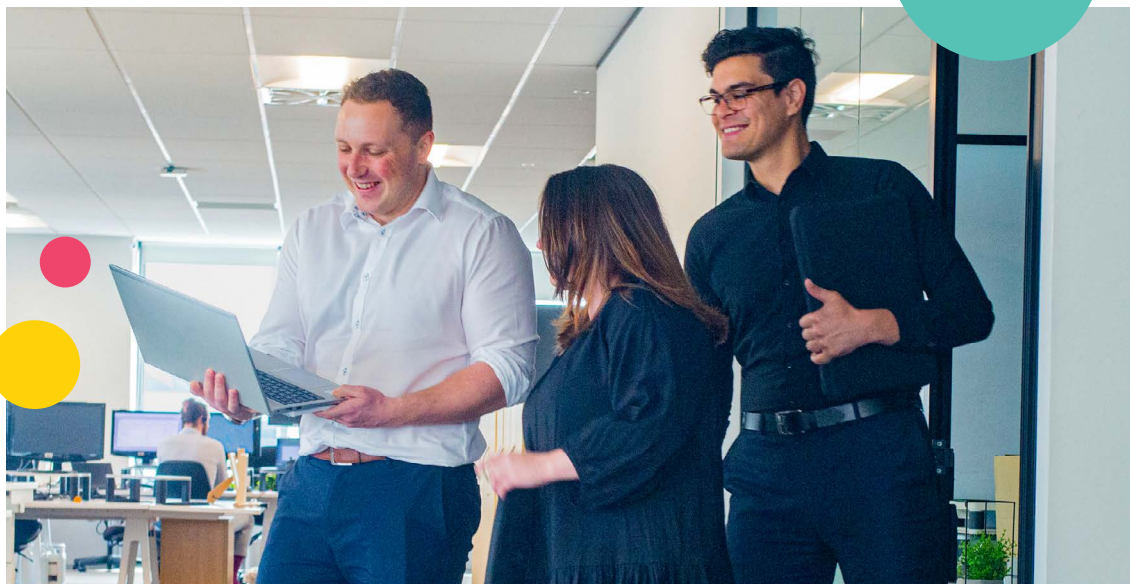
The transition to a new DMS will cause more chaos than it's worth.

Correction: No one is saying cultural change is easy, but the efficiencies achieved at the end of the road make any bumps well worth it. Here are a few ways you can ease the pain of transition and reassure employees.

Do an internal audit before a DMS rollout

When you come to the table with a detailed listing of functional needs and current systems, shopping for a tailored solution (and the rollout of that solution) gets a lot easier. You can best assemble this list through an internal audit of all workflows and applications used. This audit should be comprehensive and include the following questions:

1. Do you store files on-premise, in the cloud, or both?
2. Are you using a business-grade filing system like SharePoint (a Microsoft Office 365 subscription), or are you using a consumer-level solution like Dropbox, OneDrive (Microsoft) or Google Drive?
 - You may want to go deeper to find out exactly how collaboration is happening. Are there collaboration tools used within those systems that you think could be improved? Do you have a need to collaborate on files with people who work outside your organization? Having a clear understanding of collaboration functionality and requirements can determine what level of DMS your business needs.
3. Do you have common naming conventions? If so, are they consistently used? These naming conventions can be essential to creating files that a DMS can easily work with.
4. What folder structure are you using (if any), has it been used consistently, and can that folder structure be reconsidered in the DMS?
 - Sometimes you just can't find that essential email that is your cornerstone. Where are important email conversations stored in that folder system?
5. Do you have privileged users who have access to folders that others do not?
6. Is there a single place where all templates, stock emails, and other common-document frames are gathered? If not, can you ask employees to complete that task before any rollout of DMS begins?



Advanced features you can consider for a DMS

While we talked about some basic problems that DMS can solve, some DMS solutions have advanced capabilities that could be industry specific or customized. These include:

Electronic signatures – Some businesses might already use a service like DocuSign, HelloSign, Adobe, or dozens of other standalone signature applications. But those software licenses can be costly, especially for organizations that do not have high-volume use. The best DMS solutions incorporate electronic signing into the solution, making it work seamlessly with your current workflows. In a survey by McAfee Cloud Security, 45% of companies said they had spent a week just to get a contract signed³. Integrated electronic signature functionality can keep you on the right side of that statistic.

Workflow automation – What you automate will vary quite a bit by industry and business, but at the heart of automation lies one golden rule: file storage that doesn't need to be handled by an individual should be automated if possible. Automated or single-click storage of key files and emails can streamline the daily workflow and save valuable minutes.

User permissions – Sensitive folders need safeguards on who can edit, read, and move them. An easy-to-understand permission assignment system, which can be tethered to role-based or department-based status for users, is essential to making this advanced functionality run smoothly.

Mobile functionality – We do most things on our phone today, so having easy mobile access to the DMS, through an app or a browser, can be useful depending on whether your workforce is remote, hybrid, or mostly in the office. Some organizations may have more sensitive security concerns and may want to limit mobile functions only to those who need it, ensuring privileged access folders aren't put at a higher risk.

Practice management integrations – Some professional services practices — accountants, lawyers, engineers, or architects, for example — might already be working with practice management software customized to manage their client pool. The last thing you want when a DMS enters the landscape is to further complicate already established workflows in those practice management packages. When you approach a DMS provider, it's worth asking what kind of integrations they have experience in. Or, look for a DMS that has its own practice management capabilities and eliminate the third-party subscription. Either way, rollouts will go much more smoothly if the details are mapped out ahead of time rather than ironing out wrinkles post-rollout.

Do's and Don'ts of DMS rollout planning

DO'S

Have an internal champion for the DMS project. This person should “play point” on all aspects of the DMS project and take some ownership of it.

Make sure that champion is a good communicator and can act as a troubleshooter for other employees that might have difficulty with the DMS.

Get that champion to train a second champion. Like files, people need backups in case they are deleted (or leave for another company!

DON'TS

Assume every employee will adapt immediately. Change management principles apply here — clear communication, with managed expectations on what will come out of the project, will make your entire workforce appreciate the streamlining that will result from DMS.

Assume all DMS are created equal. Number of features, and especially how many integrations are offered, can make the difference between the right choice and one you regret in six months.

Assume that employees have been filing documents correctly in your old system. It's more likely that a few renegades have created a mess. But with new naming conventions and a DMS, your troubles should get corrected soon!

From G-Drive to C(lient)-Drive

One challenge many CPAs and other professionals face is sharing and editing documents with a long list of clients. How do you securely share documents that clients need to see, then collaborate on those documents and maintain version control?

Kimberley, a CPA, recently transitioned from Google Drive, which some clients felt was not secure enough, to a DMS that provided individual client portals. Here's how she described what happened after the transition:

“ I have all my clients set up with their own portal so all their files are stored there, and they can upload documents to me. I love that I can offer that service because I can't tell you how many times during the year someone asks, 'Can I get a copy of my 2020 personal tax return?' I don't want to sit there and have to find it, so I just tell them 'It's in your portal, here's the link.'... Clients really like the fact that it's a secure space where they can transfer documents back and forth.

Saving emails is beautiful. They open up nicely, I can see everything clearly, and track all of my threads. When someone says ‘Yes, it’s ok to do that’ or ‘Can you please do this?’, I have records I can point to down the line.”

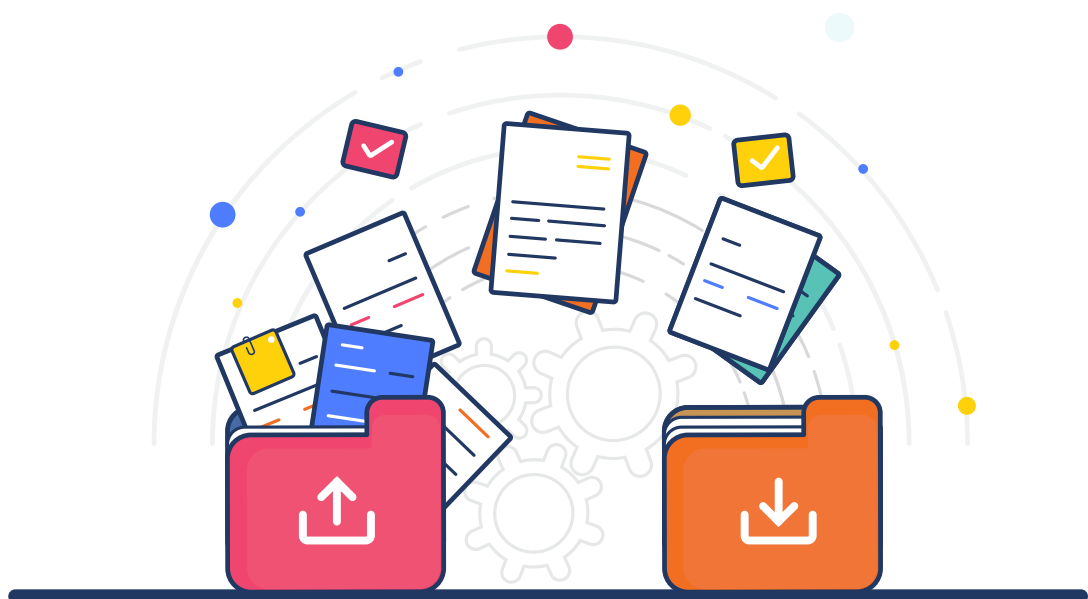
From Server-based to the Cloud

Ben worked at an organization that relied on a server-based DMS, alongside a traditional file server. They could not access files easily when they were outside the office, and there were frequent expensive updates.

Here’s how transitioning to a cloud-based DMS helped Ben:



We now have the ability to search an entire database for specific client folders and files, and we use an Outlook add-in to automatically save emails to client folders and attach documents. It works well with our practice management software, and the cloud makes it possible to access files from anywhere. This really helped during the pandemic lockdown when we couldn’t meet with clients in person — we were able to save money by digitally sending and signing files and folders.





Conclusion

DMS isn't a panacea, but it does help your business become more efficient so you can focus on more important things like developing deep advisory relationships with clients and growing the business.

DMS also isn't a "one-size-fits-all" solution — it's better thought of as a toolbox you open, then pick out the set of tools you'll need to do the job. You certainly have an organized way to arrange those tools, but it's more about having the "right tool for the job" than owning the whole tool set. Identifying your highest priority problems first and doing a full internal audit makes sense before you begin vetting all of the DMS solutions out there.

We've covered all the basics: what a DMS is, what problems it can solve, and how you can prepare for a rollout. If you'd like to learn more about the best practices for implementation and DMS selection, read our ebook, [**The Winning Formula: Document Management System Best Practices for High-Performing Accounting Firms.**](#)



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