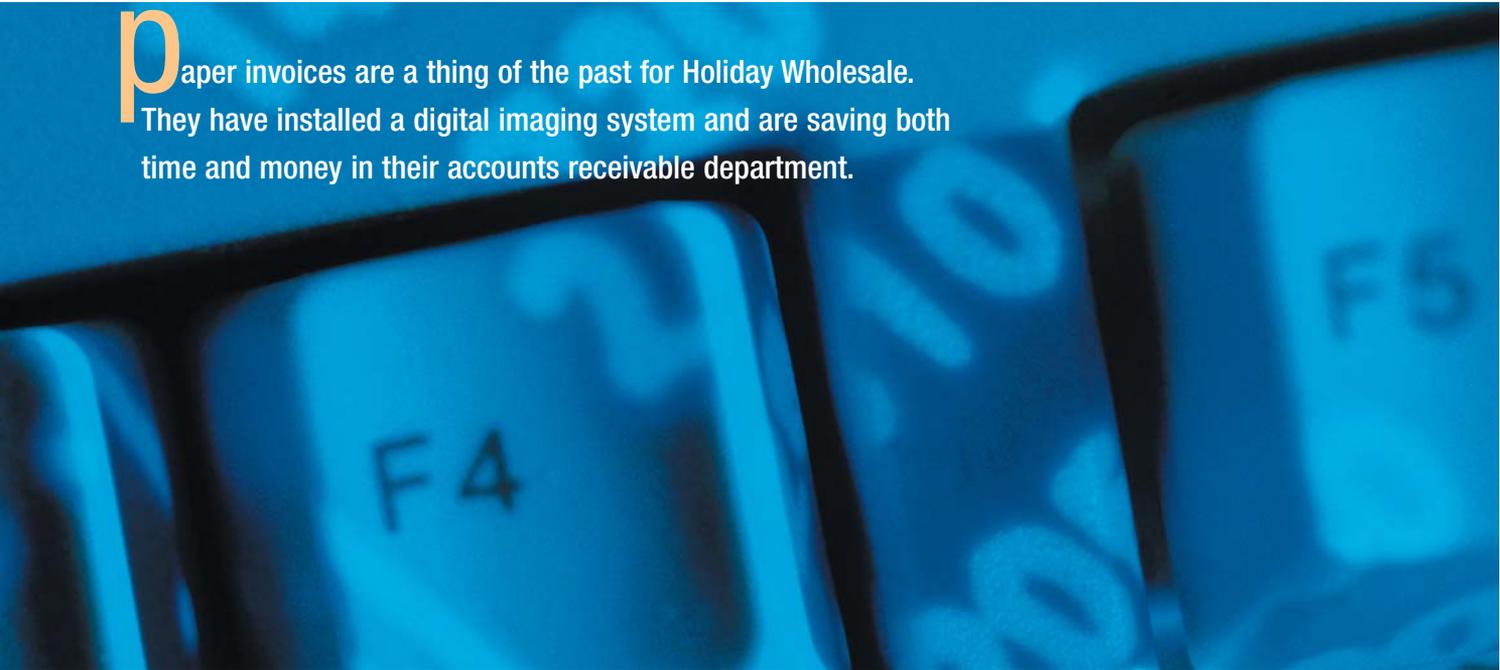


Paperless

By Austin McKenzie

Pays Big Dividends

Eliminating hardcopy invoices



Paper invoices are a thing of the past for Holiday Wholesale. They have installed a digital imaging system and are saving both time and money in their accounts receivable department.

By replacing paper invoice handling methods with a computer output to laser disk (COLD) and imaging system, Holiday Wholesale Inc. is realizing a net saving of 21.5 hours per day in accounts receivable staff time. Since the systems were installed, staff members no longer spend hours each day on mundane tasks such as matching different colored copies of invoices, filing paper copies and searching through filing cabinets to answer customers' questions.

The COLD system captures invoices after they are generated by the company's IBM AS/400 mainframe and then downloads them to a server. The result is that the company has replaced paper in-house copies with digital versions that are accessible online. The imaging system scans copies of invoices returned from customers, making it possible to store these digitally and access them online as well.

Beyond "going paperless," part of the increased efficiency comes from the ability to reconcile the two copies of the invoices electronically rather than matching them up by hand. Time is also saved by not having to file paper copies of invoices as well as the ability to respond immediately to customers' questions about their bills.

Paper Handling Slows Service

Holiday's sales representatives enter customers' orders into Telxon handheld computers. After a representative has visited several

customers and taken their orders, he places a call to Holiday's 800 line and uploads the information from the Telxon computer to the company's IBM AS/400 DAC CVICOM software from Creative Data Research then generates the invoices for those orders. The company's typical business volume results in 1,500 to 2,000 invoice pages per day.

In the past, invoices were printed onto three-part forms. The top white copy and a yellow copy were sent to the customer, who kept the white copy and returned the yellow copy with a signature. The third pink copy was kept in-house. Every day accounts receivable staff made sure that there was one pink invoice copy for each of the entries on the previous day's sales log. After the yellow copies were returned, they were also filed. Both versions were stored for seven years. As a result, the department was spending approximately 10 hours each day just filing invoices.

Paperless Invoices

"The limitations of our paper-based system led us to explore a paperless invoicing system," says Kim Miller, an accountant at Holiday Wholesale. "We knew we wouldn't be able to go completely paperless since our customers still want paper copies. But we wanted to eliminate paper copies in-house and find a way to store the returned invoices digitally rather than keeping hard copies in filing cabinets."

After researching the technology, Holiday learned that two different types of systems could be combined to meet their requirements. One

was a COLD system, which would read the invoices created by the AS/400, distribute them over a network and store them digitally. This would eliminate the need for the pink copy that was currently being printed for in-house use. Since the invoices would be stored in a central database, they would also be easily accessible from the AR staff's computers. The second system was an imaging system. This would capture images of the returned yellow copies and add them to the central document database, eliminating the need to file and store paper copies.

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When Holiday began evaluating COLD and imaging products, the company learned that while it was easy to find an economical solution to address one of these needs in isolation, the higher-end systems capable of handling both operations in a single solution generally ran into millions of dollars and years of implementation time. Then Holiday heard about Metafile, a Rochester, Minnesota-based company that offers COLD, imaging and workflow in a single integrated solution at a very reasonable price. Metafile provides print capture and imaging products that feed a single print output and imaging warehouse. Documents can be easily written to CD-ROM or hard drives for storage. The information stored in the document warehouse can be accessed with a viewer client or over the Web. “We chose the Metafile products because their price was very reasonable compared to other companies,” says Miller.

Less Paper, Faster Responses

Holiday installed the COLD and imaging systems in three weeks. Since then, the company has converted from three-part to two-part invoices and saves \$1,500 in paper costs on every 100,000 invoices. The dreaded pink copy is no longer needed, having been replaced by a digital version. The system reads invoices from the IBM computer and converts them to compact, searchable files that reside on a Netfinity Windows NT server. The software automatically scans a specified location for the files and automatically

downloads them to the server and indexes them. Having a digital version of each day’s invoices has eliminated the need to match pink paper copies to the sales log. Now, the log is simply compared with a summary report of the day’s invoices prepared by the COLD system. What formerly took 10 hours of staff time per day is now done in one-half hour.

The information on the invoices is available to the staff electronically at their PCs. The COLD system’s full text search capability makes it possible to search for a particular invoice quickly by searching for a number of criteria. According to Miller, having instant access to the invoice database has eliminated the eight hours per day that were formerly spent tracking down information from the filing cabinets. It also helps Holiday maintain excellent service by giving customers the answers they need in the first call.

The imaging system is used every day to scan returned yellow invoice copies and enter them into the Metafile database. The system records a digital image of the invoice, showing the signature and any hand-written comments. It captures the invoice number and the customer number automatically using optical character recognition.

The Metafile Data-Population Module then uses an ODBC connection to validate the invoice and customer numbers against the existing AS/400 database. If the numbers are valid, the system automatically populates the index with the additional fields found in that record. This eliminates the bottleneck of manually entering this information and ensures the accuracy of the index.

Time Saved Equals Savings

The net savings realized by the COLD and imaging system is 21.5 hours per day in the Accounts Receivable department alone. Holiday’s financial analysis indicates that at this rate, the systems will recoup their costs in three and a half years. This does not include other benefits of the COLD and imaging system, such as the less expensive, two-part paper invoices and the ability for Holiday Wholesale to provide better customer service. There may be additional benefits as well. “Everyone uses these systems, not just people in AR,” says Miller. “There might even be some savings in other places.”

Austin McKenzie is a staff writer with “DOCUMENT.” For additional information regarding Metafile, please visit them on the Web at www.metafile.com. ■

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