Imaging System Saves Wine & Spirits Wholesaler Hundreds of Thousands of Dollars

Implementation of a new imaging system has helped a wine & spirits wholesaler save hundreds of thousands of dollars by eliminating the need to file and retrieve paper invoices and avoiding lost invoices. In the past Allied Beverage Group, Carlstadt, New Jersey, had five people filing invoices and 10 to 15 people would be needed now to handle the current sales volume. Despite that fact, invoice copies with customer signatures were sometimes lost, resulting in revenue losses because it was impossible to substantiate delivery. So Allied Beverage implemented a relatively inexpensive imaging system that automatically communicates with the company's AS/400 to ensure that it contains images of every invoice that has been generated. Only two people are required now to scan the invoices, and lost invoices have been eliminated. "We have saved a huge amount of manpower and have eliminated write-offs because of lost invoices," said Vern Koppenhaver, Director of Information Systems for Allied Beverage Group. "We also save time because our service reps can now provide customers with instant answers to just about any question."

Allied Beverage Group is New Jersey's largest and most comprehensive wine & spirits distributor and one of the largest in the United States. Formed from a merger of The Baxter Group, F&A Distributing Co. and The Jaydor Corp, the company operates a statewide distribution network providing a full range of products and services to every New Jersey beverage alcohol retail licensee.

Allied Beverage Group uses a customer order entry and financial accounting system that runs on the AS/400. Customer service representatives enter orders into the AS/400, and the invoices are printed in the morning and distributed to the drivers that deliver the products. When the drivers make the deliveries, the customers sign the invoices to verify receipt of product. In some cases other important notations may be made on the invoice, such as that the entire order could not be delivered or that the customer has returned product from a previous order for credit. In the past when the drivers returned from their runs, invoices would be delivered to the five people who at that time made up the filing department. With several thousand invoices per day being generated, the filing department typically ran about a week behind so the invoices would sit in a stack until they could get to them. The filers would then sort them by customer number and check them off against a list of deliveries for that day to be sure they had all of them. Since the invoices have to be kept by law for at least three years, 75 filing cabinets were required to hold them.

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Director of IS
Allied Beverage Group

Industry:

Distribution

Metafile Solution:
Proof-of-Delivery
Customer Service
AS/400 Integration

ABG Corporate Profile:
Wine & Spirits Distributor
One of the Largest in the US

METAFILE
Capture Organize Index Deliver

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A major problem in the past came when the collections department called a customer because they had not paid their invoice. Often the customer would dispute the transaction, and request a copy of proof of delivery. This would take time to produce because the invoice may not have been filed yet; and even if it was filed, it might take the filing department a day or two to retrieve it, further delaying payment. Even worse was the situation where the invoice was misfiled or lost. "We were losing money every year because of those situations where we could not substantiate delivery of our product," Koppenhaver said. "Beyond that, our volume was rising at a rapid rate, and we foresaw the need to substantially increase the number of people and the amount of space required in our filing department. But the first imaging system that we tried failed horribly. The main problem was validating that we had scanned all of the invoices that were on the AS/400. It used optical character recognition to read the invoice number, and there were many errors. The errors put the validation routine into a loop so that it rarely if ever completed. After spending a lot of time and money, we decided to shut the system down."

Then Koppenhaver heard about an imaging system that claimed to have a solution to this problem. MetaViewer Enterprise from Metafile Information Systems Inc., Rochester, Minnesota, takes advantage of the ability of the AS/400 to print bar codes on each record. It reads the barcodes with near-perfect accuracy and provides a prompt for operators to manually enter those that it has difficulty with, for example because coffee was spilled on the bar code. "After having been burned once," Koppenhaver said, "we were a little skeptical. But we tried it out and talked to a few of their customers that were using the AS/400, and everything checked out so we decided to give it a try."

Now, when the truck drivers return from their routes, they provide that day's signed invoices to two scan operators in the shipping department. Before the driver leaves for the day, the scan operators quickly verify that all of the invoices have been returned. Once verified, the invoices representing all of the day's deliveries are scanned into the Metafile solution.

We scan in all customer documents invoices, credits, pick-ups, and exchanges. Once scanned, the system reads the bar code printed on each invoice which contains the customer # - invoice # - document type . The system automatically validates this invoice number against the AS/400 database. If a valid match is found, MetaViewer Enterprise reads the invoice number, customer number, truck number and stop number from the AS/400 database and indexes the document with this information as well as the invoice number found in the barcode. If a matching invoice number is not found in the AS/400 database the invoice is routed to a rejected database for manual entry. Manual entry of this indexing information is only necessary on approximately one out of every 200 invoices scanned. Once the scanning has been completed, Enterprise again checks the invoices against the AS/400 database and issues a report that highlights any missing invoices (invoices given to the drivers in the morning but not signed and entered into the imaging system) so they can be immediately tracked down.

When the scanning is done, the clerical staff flips through the invoices looking for any that require special attention, such as shortages and credits. These invoices are sent to the customer service department for resolution. They typically issue a credit or call for a reship; and when they are done, they stamp the invoice to indicate how they resolved the issue and scan it again. The corrected invoice is associated with the first invoice through the invoice number. If the customer calls up a month later and says: "I'm short two cases", then the service rep can easily bring up the invoice verify the customer claim, and print out proof that a credit was issued. The scanned documents are bundled up in a package with the date on it and saved for a short period of time in case any issues arise.

By the time that the office opens the next morning, all of the invoices are scanned into the system and ready to view. A customer service representative can call up any invoice in seconds by typing in any of the numbers that they are associated with. Then, if a customer questions an invoice, the service rep can print a copy and fax it to them in seconds. Metafile also offers a module that makes it possible to fax or email the invoice directly from the system; however, Allied Beverage Group has not implemented it yet.

"The checks and double-checks in the new system have come very close to completely eliminating missing invoices," Koppenhaver said. "Once the invoices are scanned in, they are saved to the hard drive where they can't be deleted. The imaging system also makes it possible to attach notes to each invoice. Our service reps use this feature to make a record of their conversations with customers, such as 'faxed a copy of invoice, customer says that he will pay tomorrow.' Our savings paid for the cost of the system in the first year. We have reduced the size of our clerical staff from five people to two and moved the extra three people to different departments. The way our business has grown, if we hadn't installed the imaging system, we would have had to double or triple the size of our clerical staff. We have recently achieved further savings by installing scanners in our second location in Mount Laurel and connecting it with a T1 line so that invoices generated in this location can be scanned into our database, and their service reps can call them up as easily as if they were here. We are also considering expanding the system to provide COLD capabilities as well to eliminate the need to print out copies of each invoice for the sales staff."

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