

INDUSTRY

Manufacturing

ORGANIZATION

IMI Cornelius Americas, Inc.

SOLUTION

COLD and Imaging Systems Save Beverage Equipment Manufacturer Nearly \$100K in First Year of Operation

IMI Cornelius Americas, Inc., a maker of beverage dispensing equipment, saved \$89,820 in the first year after implementing a computer output to laser disk (COLD) and imaging system.

By capturing reports created internally on the company's AS400 and downloading them to the network, the COLD system has dramatically reduced the number of printed documents. This saved the company \$63,470 by eliminating many printer and paper expenses as well as storage and retrieval costs and recovered the \$60,000 cost in the first year.

"We saw huge savings as soon as we implemented this technology," says Mike Hierlinger, network specialist, at IMI Cornelius. "And although it's more difficult to quantify, employees now find the documents they need in minutes, which improves customer service."

The imaging portion of the system digitally captures printed-paper forms for storage within the same database, saving another \$26,350 in document handling and storage expenses.

A division of Britain-based IMI plc, IMI Cornelius Americas Inc. is the world's leading supplier of beverage dispensing equipment. The company manufactures and markets a full line of post-mix and pre-mix dispensing systems, ice machines, juice and tea dispensers, frozen carbonated beverage machines, hot beverage dispensing systems, beer dispensers, and accessories. IMI Cornelius has manufacturing and sales offices in over 30 countries on five continents and employs more than 3,000 people worldwide.

Eliminating AS/400 printing and storage costs saves over \$48,000 annually

IMI Cornelius uses an IBM AS/400 computer to manage its operations. Different departments such as sales, accounting, purchasing, information systems, and customer service use the AS/400 to generate reports and other

documents. In the past these documents were printed on laser or ink jet printers and then distributed. The large volume of documents that the company printed each year represented a significant expense. Annual savings realized by eliminating just the six reports used most frequently included \$4,000 for paper, \$14,100 for toner cartridges, \$1,500 for laser printer maintenance kits and \$2,700 in labor for printer handling activities, for a total of \$22,300.

Eliminating storage costs also generated significant savings. Documents that were

storage, it cost approximately \$10 to retrieve it and deliver it to that person. This added another \$6,670 in savings.

The company's four other manufacturing plants generated similar, although somewhat lower, printing and storage savings by giving them access to the system through Metafile's Remote Retrieval Client. A total of \$12,000 was saved annually between them.

Thus, total savings realized by eliminating printing and storage costs for documents printed from the AS/400 were \$48,470.

Savings - Metafile COLD @ IMI	
Paper	\$4,000
Toner Cartridges	\$14,100
Maintenance Kits	\$1,500
Labor	\$2,700
Reallocated Space	\$7,500
Offsite Storage Expenses	\$6,670
4 Manufacturing Plants	<u>\$12,000</u>
Total Savings - COLD	\$48,470
Savings - Metafile Imaging @ IMI	
File Clerk	\$25,000
Offsite Storage	<u>\$1,350</u>
Total Savings - Imaging	\$26,350
Savings - System Expansion @ IMI	
220 additional reports eliminated	<u>\$15,000</u>
Total Savings - Metafile @ IMI Cornelius	\$89,820

not discarded were stored for one year in filing cabinets. After they were more than a year old, they were sent off-site to long-term storage at a facility 30 miles away. Filing cabinet space in the office claimed 150 square feet of floor. At the going rate in manufacturing facilities of \$50 per square foot, eliminating the on-site storage freed up space costing \$7,500 per year.

In addition to on-site space, it cost the company \$1,500 per year to rent the off-site storage space. There were other costs of maintaining the off-site storage, including \$270 for boxes and \$3,000 per year in administrative expenses. The company estimates that it was also spending \$1,900 for related activities such as picking up, delivering, and recycling the boxes. On average each time someone needed a document from

Scanning and indexing paper documents saves over \$26,000 annually

Handling and storage of existing printed forms, not generated by the AS/400 represented another expense. IMI Cornelius was paying \$25,000 annually for a file clerk position, and \$1,350 per year for off-site storage costs for these documents. The total cost eliminated by scanning and indexing these documents into Metafile was \$26,350.

Customer Service - The Intangible Benefit

The above savings were not the only reason to eliminate the use of hardcopy documents, however. A more serious concern was the fact that employees didn't have timely access to information that was in storage. It required at least one day obtaining documents from the off-site storage facility. Documents in the filing cabinets were more readily accessible, but still required the person to get up from his desk and retrieve them. As a result, many queries from customers could not be answered immediately.

Finding the Solution

Company management began searching for technology that would reduce the cost of document printing while improving access to documents. They learned that a



COLD system, that reads host report files and distributes them over a network, would eliminate the need to print the internal reports. Since the documents are stored in a central database, they are also easily accessible from the users' computers. Because some documents, such as shipping contracts and invoices, still need to be printed, IMI Cornelius also wanted a way to archive images of these documents and add them to the central document database. After researching the technology, Hierlinger decided that the combination of a COLD system with an imaging system that scans documents and stores digitally would address the company's document handling needs.

Hierlinger's team evaluated products from three vendors. Their main requirements were affordability, a Windows-based system, and good integration between COLD and imaging. He 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 COLD and imaging in a single integrated solution generally ran into millions of dollars and years of implementation time. Then he heard about Metafile, a Rochester, Minnesota-based Company that offers COLD, imaging, and workflow in a single integrated solution at a very reasonable price. The company provides print capture and imaging products that feed a single print output and imaging warehouse. The solution provides a full-text indexing capability providing much broader searching and greatly reduced setup costs when compared to a more traditional field-based approach. 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 Windows client or over the web. This was important to Cornelius because they wanted to implement the COLD and imaging solutions at the manufacturing sites as well as at company headquarters.

Another factor in Metafile's favor was its concurrent licensing policy. Unlike like other vendors that require the purchase of a license for every user, Metafile would allow Cornelius to buy a license for 15 concurrent users, yet allow them to load the software onto 100 computers. "This makes the technology available to more people within the company while holding down the cost," Hierlinger says. The cost of the COLD

system, including the Metafile software, installation by the vendor, and two Windows servers was approximately \$60,000. The imaging system's cost of \$47,500 reflects the fact that Cornelius was able to install it on one of the two servers purchased for the COLD system.

Getting Started - System Implementation

Metafile performed the initial software installation after Hierlinger and one of his colleagues had attended a brief training session provided by the software vendor. As part of the initial installation, Cornelius selected six daily, high-volume internal reports to process.. This went very smoothly and no host code changes were required.

Cornelius currently stores the data on a hard disk located on a RAID5 server with daily backup to tape. CD ROM will eventually supplement this Raid 5 server as storage volumes increase.

After completion of the initial system

"We saw huge savings as soon as we implemented this technology."

*Mike Hierlinger
Network Specialist
IMI Cornelius*

implementation, Hierlinger trained users on how to use the COLD and imaging systems, using live training for employees at headquarters and video conferencing for those at the manufacturing plants.

IMI has continued to add reports to the Metafile system and is currently processing well over 200. Hierlinger estimates this has saved an additional \$15,000 in printing and storage costs.

Hard and soft benefits

The COLD system reads spool files from the AS/400 and converts them to compact, searchable files that reside on the Windows server. The software automatically scans a specified location for a new spool file and, if it is found, automatically downloads and indexes it. The information is then available to users on their computer screens, so that instead of waiting for reports to be distributed, they can access information almost as soon as reports are created. Rather than paging through reports to find the relevant information, they can perform a

text search and zero into any section of interest in a few seconds.

Not only do they have almost immediate access to all documents from their desks, they have better tools for compiling information, resulting in better dealings with customers. For example, when the service department is working to solve a problem for one customer, they can search the database by invoice to find other companies using the same type of equipment and contact them to determine if they are experiencing similar problems. The accounting staff can also search the database for all records relating to a particular customer quickly determining the status of that account. These types of searches were not possible in the past.

The imaging functionality of the system permits access for scanned documents such as customer PO's, packing slips, and bills of lading documents and the AS/400 with a single query.

To further streamline the indexing of the paper documents several preprinted barcodes are read as the documents are scanned and this information is cross-referenced to the existing AS/400 database. If the barcode data is valid, a number of other fields from the AS/400 database are automatically used to index the documents. This is all done in batch mode and any exceptions are routed to the appropriate queue for review.

Operating the imaging system requires a quarter-time position, but this is balanced out by the elimination of the \$25,000 file clerk expense and the other storage and handling costs for these documents.

As IMI Cornelius' thorough analysis indicates, COLD and imaging technologies yield quantifiable benefits that make it easy to cost justify this equipment. Eliminating printing, storage, and related labor costs quickly pays for such systems. Other benefits are harder to quantify, but equally important. These include more efficient use of staff time and quicker, more complete responses to customers.

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APPLICATION OVERVIEW