INDUSTRY

Manufacturing / Distribution

ORGANIZATION

Holiday Wholesale, Inc.

SOLUTION

COLD and Imaging System Saves Wholesaler More than 20 Hours/Day in AR Staff Time

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 (AR) 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 AS/400 and downloads them to a server, replacing 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. Part of AR's increased efficiency comes from the ability to reconcile the two copies of the invoices electronically rather than matching them up by hand. Not having to file paper copies of invoices accounts for another portion of the time saved. Being able to respond immediately to customers' questions about their bills, rather than having to track down information and follow up later, accounts for the remainder of the 22-hour savings.

Holiday Wholesale Inc., Wisconsin Dells, Wisconsin, is a family owned company doing business since 1951. It currently services two-thirds of the state of Wisconsin with confections, tobacco products, paper and plastic items, novelty items, groceries, and chemicals. The company's customers are primarily convenience stores and other small businesses. Holiday has no minimum order size and no delivery fee. Its product mix is constantly evaluated and kept up-to-date with current market trends. Territory representatives visit each customer weekly and provide delivery the day after the order is received. Holiday also offers unlimited consultation services at no charge, including a demographic study of the customer's location, estimate of foot traffic, and evaluation of proposed floor plans.

Many invoices

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 CV1COM software from Creative Data Resources 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 by the AS/400 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 one with a signature. The third pink copy was kept in-house. Every day five members of the AR staff made sure that there was one pink invoice copy for each of the entries on the previous day's sales log. Each person spent approximately two hours on this task for a total of ten hours per day. Then the pink copies were filed. After the yellow copies were returned, they were also filed;and both versions were stored for seven years. The department was spending approximately 10 hours each day just filing invoices.

In addition to the internal inefficiency that resulted from handling so much paper, this method of dealing with invoices also limited customer service. When a customer called with a question about his bill, it wasn't possible to answer the question right away. The AR representative would have to take notes, hang up the phone, and go find the appropriate invoice in the filing cabinets. Assuming it was filed correctly, this caused a minor delay. But misfiling was a possibility; and when that happened, it caused an even longer delay in getting back to the customer with an answer. The AR staff was spending approximately eight hours per day searching for invoices in the files.

"The limitations of this approach led us to explore a paperless invoicing system," says Kim Miller, accountant at Holiday Wholesale. "We knew we wouldn't be able to do that completely 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, the company learned that two different types of systems could be combined to meet its 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 they needed 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.

When Holiday began evaluating COLD and imaging products, they 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 and because the reseller, Datalink, Minneapolis, was quite knowledgeable about the product," says Miller. Another factor in this vendor's favor was the fact that Metafile was willing to work with Holiday to ensure that its software worked with Holiday's dot matrix printers.

Less paper handling, 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, saving $1,500 in paper costs on every 100,000 invoices. The pink copy is no longer needed, having been replaced by the digital version created by the COLD system. This software reads invoice files 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 if they are found, 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 then available to the AR staff electronically at their desktop PCs. The COLD system's full text search capability makes it possible to

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search for a particular invoice by entering any of the information it contains. This feature makes it possible to search for a specific dollar amount, for example, if for some reason the invoice number or customer number is not known. According to Miller, having instant access to the invoice database has completely eliminated the eight hours per day that were formerly spent tracking down information from the filing cabinets. It also helps Holiday maintain its reputation for excellent service by giving customers the answer they need in their 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 OCR (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.

Each day a macro running on the AS/400 reconciles the database to see which yellow invoices have not been scanned and alerts the staff to possible missing forms. Digital image files of the returned yellow copies are now stored on CD-ROMs. Holiday uses a Plasmon D480 jukebox that holds 480 CDs. The scanning and automatic indexing of the invoices is accomplished in 6 hours per day compared to the 10 hours formally required to file the paper versions.

The net savings realized by the COLD and imaging system is 21.5 hours per day in AR alone. Holiday's financial analysis indicates that at this rate, the systems will recoup their costs in three and a half years. The 21.5-hour advantage does not include other benefits of the COLD and imaging system, such as the less expensive, two-part paper invoices and the ability 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."

APPLICATION OVERVIEW