

IntegratedSolutionsMag.com

October 2005

Integrated Solutions

FOR ENTERPRISE CONTENT MANAGEMENT

Conquer Invoice Overload

An **automated invoice processing** solution helped Jetro Cash & Carry absorb growing invoice volumes without hiring additional personnel.

Lora White, director of AP,
Jetro Cash & Carry



Conquer Invoice Overload

An automated invoice processing solution helped Jetro Cash & Carry absorb growing invoice volumes without hiring additional personnel.

by Ken Congdon

Paying invoices is a necessary evil for all organizations. Nobody likes shelling out money, even if the product or service received was well worth the expense. This practice becomes even harder to stomach when you consider how much the process of paying your bills actually costs your company. According to the Institute of Management and Administration (IOMA), it costs a business between \$9 and \$13 to process the average invoice. These costs can increase to more than \$50 for each problem invoice (i.e., invoices that don't balance correctly or contain incorrect item information).

The main reason processing invoices is so expensive is that despite the availability of EDI (electronic data interchange), 96% of all corporate invoices are still received as paper documents. In order to process this paper, many accounting departments have employees dedicated to manually sorting and keying invoice information into an accounting system for tracking, payment processing, and archiving. This manual labor is where processing costs are incurred. For invoice-intensive organizations such as retailers, wholesalers, or construction companies that deal with countless vendors and suppliers, these manual processing costs can have a negative impact on the organization's bottom line and impede its ability to grow. Jetro Cash & Carry faced this prospect in early 2005.

MANUAL DATA ENTRY CAN'T ACCOMMODATE A RAPID INCREASE IN INVOICE VOLUME

Jetro Cash & Carry is a wholesale supplier of food goods and household products to inde-

pendent grocery retailers in the United States. Members shop at Jetro distribution centers to purchase grocery items by the case and replenish stock at their stores. Jetro also owns Restaurant Depot centers that provide wholesale catering supplies and food preparation equipment to independent restaurant owners and foodservice operators. Jetro Cash & Carry owns and operates a total of 44 distribution centers in 12 states.

Keeping product on its shelves requires Jetro to maintain relationships with more than 5,000 vendors and process thousands of invoices on a daily basis. In the past, 15 data entry clerks located at Jetro's headquarters in College Point, NY manually keyed all invoice information into the company's account management system. While the data entry clerks sufficiently handled existing invoice volumes at the time, Jetro embarked on an aggressive growth initiative in 2005 that would add several stores to the chain a year over a three-year period. The rapid expansion would introduce new regional vendors and thousands of additional invoices into the process.

"We needed a way to quickly absorb the added volume of invoices we would be receiving," says Lora White, director of AP for Jetro Cash & Carry. "We were unable to simply throw more bodies at the problem because we faced severe space limitations in our corporate office. We decided to investigate technology options that could help alleviate some of the burden."

A VAR CAN HELP YOU UNDERSTAND INVOICE PROCESSING TECHNOLOGIES

White had read IOMA reports and technology

magazines that illustrated how companies like hers had implemented forms processing and ECM (enterprise content management) technologies to automate some of their invoice processing functions. Using these resources, she took it upon herself to contact some of the key software vendors mentioned in these reports.

One of the vendors was AnyDoc® Software, a developer of OCR (optical character recognition) solutions based in Tampa, FL (see sidebar pg. 3). AnyDoc put White in touch with Document Conversion Associates (DCA), one of its value-added resellers (VARs) in the New York area. White invited DCA and one of AnyDoc's primary competitors to Jetro headquarters to demonstrate the capabilities of their software packages.

While impressed with the functionality of OCR for AnyDoc®, it was the VAR's method of selling that influenced Jetro's decision the most. "They clearly understood our business problems and didn't confuse us with a bunch of technical language. They explained the solution to me using terms I could understand, and I was very reassured by this," says White.

OCR HELPS AUTOMATE INVOICE PROCESSING

Jetro hired DCA to implement an automated invoice processing solution to address the company's PO (purchase order)-based invoices. PO-based invoices are invoices that can be matched up with a PO for a product generated by the company at an earlier date. These invoices are only one of many types of invoices that Jetro processes, but they constitute

Photos by Jack Miller



“We currently process more than 3,000 invoices a day, 50% of which require no manual data entry, thanks to our automated invoice processing solution. ...”

Lora White, Jetco Cash & Carry

nearly 75% of the company’s total invoice volume. Also, since these invoices can be cross-referenced with a PO number already recorded in Jetco’s account management database, they were the easiest from a technical standpoint to automate and offer the highest accuracy levels.

Jetco’s invoice processing solution consists of a Böwe Bell + Howell Spectrum 8000 Series document scanner, OCR for AnyDoc document and data capture software, and ECM/Documentum ApplicationXtender document management software. As invoices are received in the mail, envelopes are opened, and documents are sorted into PO-based and non-PO-based invoices. PO-based invoices are scanned at the point of entry by a single scanner operator. Data fields designated by Jetco (e.g., PO number, vendor name, invoice number, invoice date, invoice amount, and freight) are then captured from the invoice, and document images are automatically indexed based on this information. The PO number and vendor name are then cross-referenced with data already recorded in Jetco’s account management system, and if they match, the rest of the data extracted from the invoice automatically populates the empty fields on the account management screen. If the data doesn’t match, the images are treated as exceptions

and routed to a data entry clerk for verification. Document images are ultimately stored in the ApplicationXtender repository for future access.

“We currently process more than 3,000 invoices a day, 50% of which require no manual data entry, thanks to our automated invoice processing solution,” says White. “This system has helped us easily absorb the invoice volumes from the five stores we’ve added so far this year. In fact, throughout the year, four of my data entry clerks left the company, and I have not had to replace them because of the improved productivity we receive from the invoice solution. The automated system currently processes the same number of invoices as the 11 Jetco employees that still manually enter non-PO invoice data into the system and verify and adjust exception invoices.”

DISTRIBUTED SCANNING CAN OPTIMIZE INVOICE PROCESSING

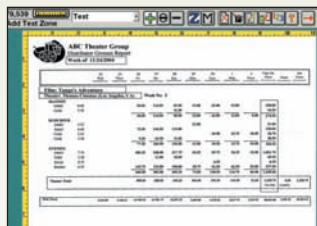
The success of its PO-based invoice processing system has convinced Jetco to expand the solution into other areas of its business. For example, Jetco is currently adding two new invoice types to the platform. One of these invoice types is GL (general ledger) expenses, which include everything from warehouse

OCR Accuracy Feeds Invoice Processing Productivity

The more accurately an OCR (optical character recognition) software package captures data, the more effective an automated invoice processing solution will be. Lora White, director of AP for Jetco Cash & Carry, witnessed this for herself when she received a product demonstration on OCR for AnyDoc® by AnyDoc Software.

“Document Conversion Associates [DCA], an AnyDoc VAR, built a prototype of the OCR for AnyDoc solution using our own invoices,” says White. “I was impressed by the high accuracy with which the software captured the precise information we wanted to extract. Also, if it didn’t initially recognize a particular field on a document, such as the invoice number, we simply had to highlight that area of the form once and the software would remember where to locate that field in every subsequent read of an invoice from that vendor.”

OCR for AnyDoc was designed to work with every kind of document in every industry. The software achieves up to 99.99% accuracy in extracting information from documents containing machine-generated print, handwriting, optical marks (e.g., checkboxes), and one- and two-dimensional bar codes. As OCR for AnyDoc extracts information, users can apply specific business rules to validate the data. Once the data is extracted and validated, questionable characters or fields are displayed for users to correct or accept. The final step is to create an ASCII file of the validated, corrected, and verified data from the forms for further processing. All of this is performed with minimal human supervision and intervention.



The character recognition provided by OCR for AnyDoc helps Jetco Cash & Carry automate invoice processing functions.

For More Info. On AnyDoc Software

Go To www.anydocsoftware.com

INVOICE PROCESSING

OCR • Document Management

expenses to electricity bills. Rather than cross-referencing a PO-number, the OCR technology is now extracting line-item detail and GL coding values from the invoice to automate the process.

The other invoice type being addressed is direct store delivery invoices. Each Jetro branch receives daily deliveries from bread, dairy, and chip vendors to ensure the store has a fresh inventory. No POs are generated for these deliveries, and these invoices are presented at the branch level rather than being mailed to Jetro's corporate office. To streamline the processing of these invoices,

Jetro is placing a Xerox DocuMate 510 workgroup scanner in each of its 48 branch offices. These scanners will come equipped with AnyDoc®CAPTUREit software from AnyDoc Software, Inc. AnyDocCAPTUREit will allow all Jetro branches to scan direct store delivery invoices remotely from the branch locations and feed these images into the corporate OCR for AnyDoc platform for automated processing.

Jetro will also be adding non-invoice projects to the platform. For example, the company will leverage the OCR capabilities of the solution to capture information from cus-

tom membership forms and surveys filled out at the store level. The scanner and ApplicationXtender components will also be leveraged by HR to image and store new hire packages electronically. □



Ken Congdon is the content management editor of Integrated Solutions. He can be reached at: kenc@corrypub.com.



www.anydocsoftware.com

AnyDoc Software develops automated document and data capture solutions that continue to set industry standards. AnyDoc's flagship product, OCR for AnyDoc®, and its associated solutions help thousands of businesses worldwide dramatically reduce the cost and inefficiency of manual data entry.

AnyDoc®INVOICE, a solution powered by AnyDoc's proprietary AnyApp™ technology, uses customizable business rules and specific keywords to extract accounts payable invoice data off scanned documents. The extracted data, as well as the invoice image, is then ready to be transferred to accounting, enterprise resource planning and document management systems for use in financial management.

Additionally, AnyDocINVOICE can access financial database tables to verify negotiated payment terms and perform two-way matching of purchase orders to invoices to prevent duplicate and inaccurate payments. With AnyDocINVOICE, the end results are increased productivity, near-perfect data accuracy and quicker payment turn-around to capitalize on early payment discounts.

AnyDocINVOICE helps to eliminate the hidden costs an organization pays as a result of manually processing data off its purchase orders, remittances, order forms and other day-to-day documents. Time-to-process, document storage and human error compound these costs, but AnyDoc Software solutions can dramatically lower them.

AnyDoc Software is the preferred choice of companies around the world, including U.S. Airways, Circuit City, Procter & Gamble, BlueCross BlueShield, the U.S. Census, LeasePlan, Zürcher Kantonalbank, Soudronic AG, MS200, Die Post and more. For more information, please contact us at (813) 222-0414 or visit www.AnyDocSoftware.com.

Posted with permission from Integrated Solutions Copyrighted 2005.

For subscription information, call (814) 868-9935 or visit www.IntegratedSolutionsMag.com.

#1-12808420 Managed by Reprint Management Services, 717.399.1900. To request a quote online, visit www.reprintbuyer.com.