



Receivables Document Management

Maintaining Tight Control Over the Entire
Order-to-Cash Process

Q4 2013

Featuring Insights on ...

Evolution of AR Automation

RDM vs. RCM

Key Drivers of Receivables Automation

Building a Business Case for RDM
Automation

How to Select an RDM Solution Provider

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Executive Summary

As automation technology supporting the order-to-cash process continues to mature and become more readily available at a more affordable price point, the demand for a paperless Accounts Receivable (AR) department continues to increase. While a company can meet all of its sales goals, unless customers are billed properly and the company collects money accordingly, both the order-to-cash process and the company could be doomed. An efficient AR department keeps bills going out the door while bringing money back in.

Automating the AR department creates a seamless process from document creation to document management, routing, approval and collaboration. From the second an initial order enters a company until the final payment is received, AR automation solutions maintain tight control over the entire order-to-cash process.

PayStream analysts coined the term **Receivables Document Management** (RDM) to describe innovations in AR automation technology that create a paperless AR process. This report *RDM: Maintaining Tight Control Over the Entire Order-to-Cash Process* is a PayStream Advisors Technology Insight report focused on AR solutions that reduce the order-to-cash cycle and eliminate paper bottlenecks throughout an organization. The report includes statistics, market trends, leading providers in the market and case studies highlighting the effectiveness of AR solutions. The report should be used as a guide for AR professionals actively seeking AR automation solutions.

Receivables Document Management Defined

While document imaging technologies have been utilized in receivables management for over 25 years, it is only in the last decade that they have been gaining traction as holistic solutions. The catalyst for this was the marriage of a workflow engine to imaging and electronic document management technologies. The result is a solution that dramatically reduces paper and manual processing, while providing much greater transactional transparency and visibility across the diverse elements of the order-to-cash cycle.

Historically, document imaging solutions have been used by receivables staffs to archive paper documents such as purchase orders (POs), invoice statements, remittance advice, etc. Thanks to technology improvements that have resulted in more accurate imaging systems, today's document management environment has moved far beyond standard archival solutions by delivering automation protocols to replace disconnected paper-based processes.

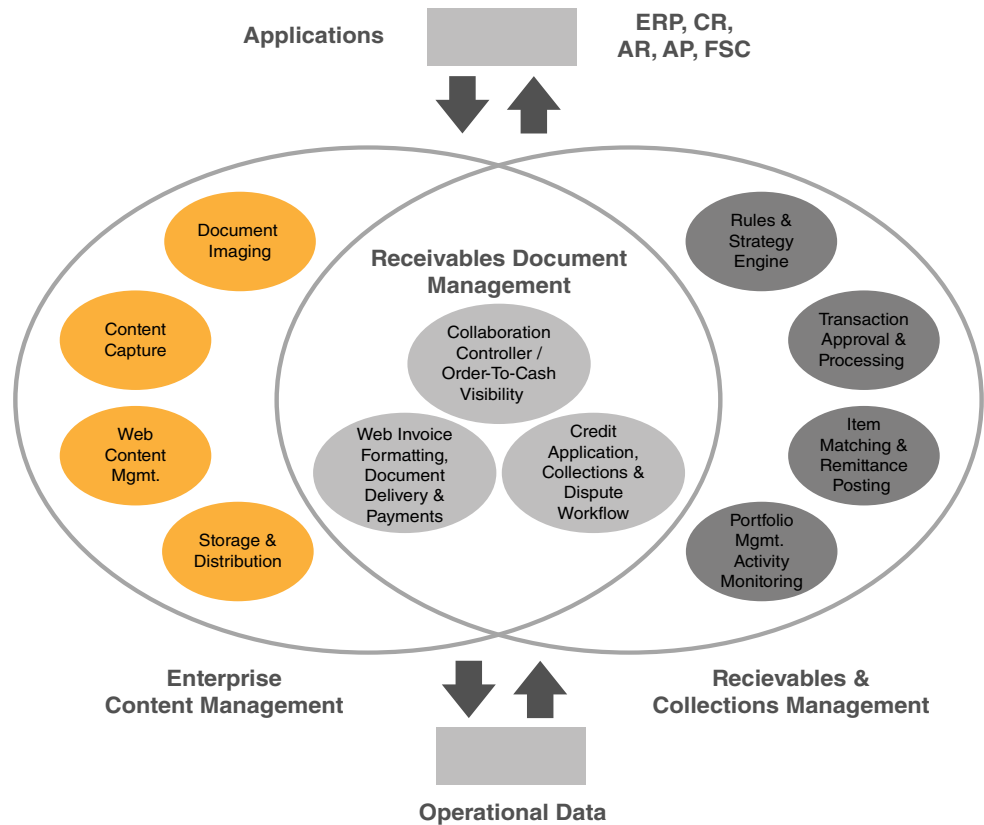
One example of this is exception management. This process is enhanced by the ability to deliver a complete set of electronic documents related to a specific transaction. In the areas of deduction and dispute management, concurrent document access for all interested parties also speeds up resolution.

Document imaging vendors now deliver exceptional value to the receivables management community by understanding the complex nuances of the order-to-cash cycle. Imaging providers have also adapted their solutions to serve the specific needs of AR, resulting in the adoption of more document imaging solutions in Receivables and Collection Management (RCM) processes. Together, these innovations have gelled into what PayStream analysts refer to as RDM, and can be found at the conjunction of Enterprise Content Management (ECM) and RCM, (see Figure 1).

Figure 1

Defining Receivables Document Management

RDM is found at the conjunction of ECM and RCM automation.



RDM solutions should be the first step AR departments take to improve receivables performance. These solutions deliver rapid process improvement and a favorable return on investment (ROI) for large and small companies alike. In addition, RDM solutions provide the following benefits:

- » Improves the collection process by removing paper-based inefficiencies
- » Resolves invoice disputes
- » Reduces collection cycles
- » Identifies inefficiencies and potential AR bottlenecks
- » Maintains an audit trail, ensuring all business rules are followed and tracked
- » Increases visibility into processes
- » Creates instant robust reports

Accounts Receivable Automation

The biggest obstacle for AR to overcome in the order-to-cash process is paper. Due to the complexity of commercial trading partner relationships, paper often becomes the medium for connecting all disparate elements – both internally and externally. A paper-based process is not only error-prone, but it is also inefficient and costly. This is especially taxing when AR departments are currently tasked to do more with fewer resources.

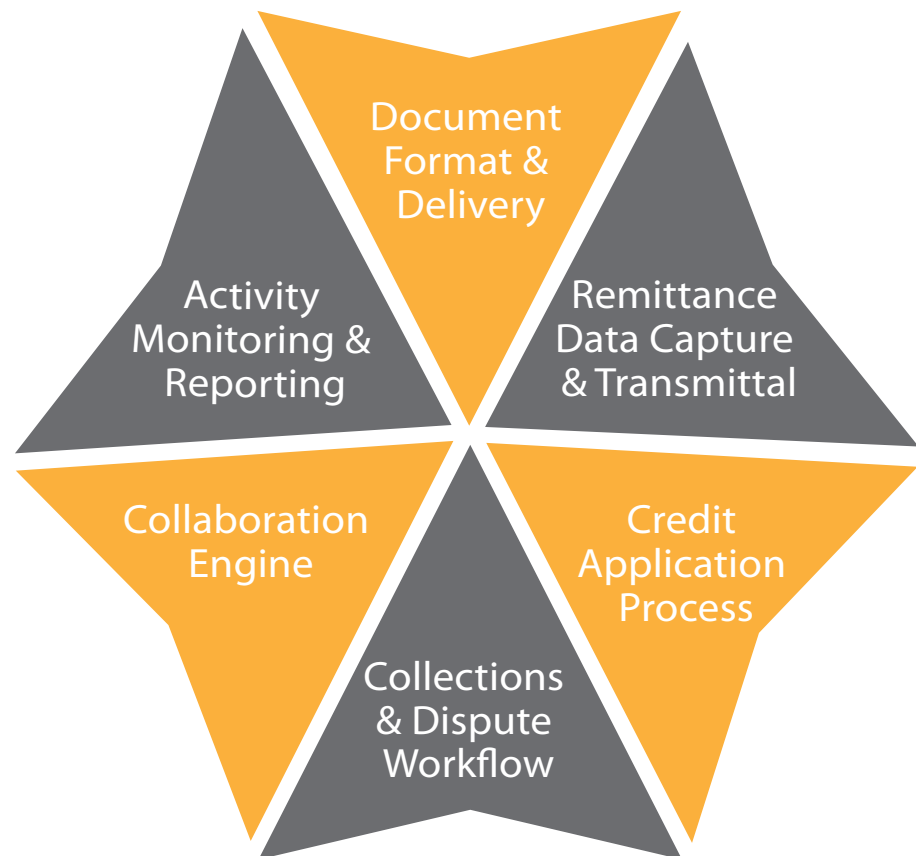
That’s where RDM solutions can help. They are used throughout the order-to-cash cycle to capture credit, order, billing, shipping and remittance information; make all documents related to every transaction easily accessible to authorized personnel; and expedite business process workflows by replacing paper with electronic images that are automatically routed to appropriate personnel.

The solutions featured in this report offer document imaging and content management as an integrated system or outsourced service for not just the receivables area, but rather every function in the enterprise that is involved in the order-to-cash process. Besides the accounting and finance and credit and collections departments, order processing, customer service, and shipping areas can greatly benefit from the implementation of RDM technologies.

Figure 2

The RDM Universe

RDM solutions streamline and optimize the order-to-cash process. The use of a sophisticated workflow and the capture of data from both paper and imaged documents give creditors the ability to drive efficiencies in a paperless environment.



PayStream delineates the specific components of the RDM Universe as follows:

- » **Document Format & Delivery:** Before you can transmit documents or post them to the web, you must first address formatting for invoices, statements and other order documents; access rights; and electronic storage.
- » **Remittance Data Capture & Transmittal:** Having a lockbox image interface and/or remittance detail extraction tools enables automated invoice and remittance reconciliation, dispute identification and payment mechanisms.
- » **Credit Application Process:** Online applications and workflow that includes reference requests, reference capture, credit report acquisition, and decision tools to automate credit application processing. Everything is then stored in a virtual credit file with well-defined access rights.
- » **Collections & Dispute Workflow:** Document capture, image linkage, image routing, task escalation and search capabilities facilitate both collections and dispute processing. All activities are then captured in a virtual collections file.
- » **Collaboration Engine:** By providing order-to-cash visibility that includes a contact database and linkages to external documents within a secure, common user interface, internal and external partners can easily collaborate.
- » **Activity Monitoring & Reporting:** User/contact activity tracking, status reporting, exception reporting, and query tools fill out the RDM Universe.

Automation solutions dramatically reduce the amount of paper in AR, while increasing efficiency and compliance, accelerating cash, increasing profitability and reducing losses related to bad debts. Automation solutions designed to meet the specific needs of AR can address the following processes:

Order Management: The manual order release process can be time-consuming and labor intensive. By automating this process, orders available to ship are quickly identified. Automating the order management process works by comparing the order to a predefined set of parameters. If the order qualifies, it is automatically approved to be processed and shipped. Orders that fail the predefined set of parameters are flagged and sent to an analyst for manual release. Automating this process greatly increases efficiency because it quickly identifies only the orders that require human intervention.

Billing: Accurate and timely billing must be done to ensure prompt payment of invoices. Automating the billing process works to achieve this goal. Both order processing and billing can be facilitated through the use of Electronic Data Interchange (EDI) technology. Electronic Invoice Presentment and Payment (EIPP) offers an alternative to EDI technology. EDI and EIPP systems automatically audit incoming invoices for validity. When an error is identified, the system notifies the biller immediately and requests that the error be fixed prior to resubmitting the invoice. In addition, billing automation solutions ensure supplier compliance and eliminate discrepancies that lead to slow payment and/or bad debt write-offs.

Collection Management: Automating the collection management process works to establish an efficient workflow system, in addition to a collection strategy for each delinquent account. Collection management solutions make all customer, invoice, dispute and credit information references instantly accessible. Users quickly access payment history, proof-of-delivery documents, and any information relevant to the customer. Most solutions also allow users to enter case notes, create payment plans, generate disputes and send customers invoice copies directly from the application.

Dispute Management: Customer disputes can be time-consuming for AR. Dispute management solutions work to identify problems in the order-to-cash process and remedy problems before they result in customer disputes. While EDI and EIPP solutions work to assure billing accuracy, they also facilitate immediate feedback when an error in billing or fulfillment occurs. Based on this feedback, users can remedy errors quickly, resulting in quicker dispute resolution and customer satisfaction.

Payments and Remittance Processing : There are a number of solutions that address payments and remittance processing. These include:

- » **Electronic Funds Transfer (EFT):** An EFT is the electronic exchange or transfer of money from one account to another. Many payment transactions within the EDI and EIPP use EFT.
- » **Remote Deposit Capture:** Allows a user to deposit a check into a bank account from a remote location, such as an office or home, without having to physically deliver the check to the bank. This can be accomplished by scanning a digital image of a check into a computer file and then transferring the image to the bank.
- » **Payment Gateway:** Allows a user to accept credit, debit or purchasing card payments. Payment information is transmitted along with the sales detail to the card issuing bank for approval. The bank then approves the sale and transmits an approval code back via the payment gateway, which then permits the sale to close. The process usually takes less than 5 seconds. It also protects credit card details by encrypting sensitive information to ensure that it's securely transferred.
- » **Auto Cash Software:** Works to dramatically decrease the time and cost of manually keying in payments, clearing invoices and creating deductions. Auto Cash software utilizes a set of algorithms to match payment remittance detail to open invoices. This leaves only the exception payments and invoices to be reconciled by AR.

Reporting: Without the ability to continually monitor and measure performance, the order-to-cash process cannot be improved. An automated reporting process allows for the creation of instant reports that drill down into detailed information that impacts AR, including cash flow models, credit scoring models, benchmark reports, scorecards, and much more. Easy access to this information improves visibility and accountability.

Building a Case for RDM Automation

As previously stated, the order-to-cash process is swimming in paper. Computerizing receivables has resulted in not only more paper, but also more disconnected processes. For example, call notes are often recorded on an aged AR trial balance printout and transferred to either a computerized notepad or the next aging printed report. Moreover, if there is a dispute, invoice copies are often re-printed and held in a suspense file along with related order documents until the matter is resolved. Applying workflow tools in conjunction with imaging technologies increases receivables management efficiency.

The below list includes a number of benefits that will help build a case for RDM automation.

Manual processes benefit from being automated:

- » Eliminating manual tasks boosts productivity
- » Automated workflow streamlines accounts receivable administration, eliminating the errors and loss of valuable time associated with re-keying data
- » Electronic documents cost less to handle than paper documents (purchasing paper in addition to printing and storage costs can add up quickly)

Access to information boosts efficiency:

- » Instant access to documents decreases employee time spent on retrieval
- » Web-based access improves collaboration between internal and external partners
- » Automated workflow reduces cycle times because information is highly visible
- » Document capture with automated data extraction can drive workflow activities, further boosting efficiency and productivity
- » Reporting tools allow management to reallocate workloads to ensure performance goals are achieved

Supports compliance initiatives:

- » The automated logging (date and time stamp) of all actions and approvals creates an audit trail that provides evidence of control within the system
- » Enhanced security features such as in-built users and groups, where authorized users receive the specific access they require provide better security than manual, paper-based processes

Key Drivers of Receivables Automation

The key obstacle to greater throughput in both accounts payable (AP) and accounts receivable (AR) operations is the exchange of documents between trading partners.

Back in the '60s and '70s the use of computers to track transactions followed by the explosion in fax usage added even more paper to the already manual-intensive ordering, billing and collection functions. The proliferation of isolated, mostly manual routines contributes even more inefficiency. In this environment individual staff members (particularly collectors) tend to evolve their own manual routines to cope with their daily workload, leading to inconsistent results.

The ability to electronically deliver diverse sources of information to an employee's desktop and provide automated workflow routines to ensure systematic processing can dramatically improve AR performance. Visibility across the entire order-to-cash cycle and automated processes are therefore critical to doing more with less.

PayStream has identified four key drivers of receivables automation:

1. The growing demand for electronic settlement
 2. The need for invoice accuracy
 3. The pain of dispute resolution
 4. Increased attention to compliance issues
- » **Electronic Settlement:** As electronic settlement gains in popularity, there is increasing pressure on receivables departments to deliver invoices by electronic means that their customers' systems can 'read'. Similarly, it is advantageous for vendors to electronically capture customer orders. Electronic settlement is greatly facilitated when the data contained in order and billing documents is exchanged electronically, even if only in the form of a document image that can be subsequently 'read' so that the data is extracted into the automated systems. Paper is very much an obstacle to progress.
 - » **Invoice Accuracy:** The benefits of electronic documentation are severely degraded if inaccurate data is passed from one system to another. Consequently, invoice accuracy is another driver of receivables automation, and it is greatly facilitated when both structured and unstructured data can be captured and extracted electronically. Moreover, there is a very high correlation between invoice accuracy and prompt payment.
 - » **Dispute Resolution:** Dispute resolution causes a great deal of pain in both AP and AR departments. However, access to all transactional documents coupled with workflow tools minimizes the burden of dispute handling. Additionally, automated dispute resolution provides metrics that can be used to identify the root causes of disputes, and thus act as a catalyst for addressing the system weaknesses that are often the cause of disputes.

» **Compliance:** Visibility and workflow ensure processes with clear audit trails. The combination of documentation and automated processing can be utilized to provide clear evidence of control within the system, which is critical to auditors and regulators. In addition, because of the sensitivity and confidentiality of credit data, greater security is facilitated electronically as compared to a paper-based environment.

Figure 3

The Paper Trap

Paper problems are merely symptoms of more critical underlying process inefficiencies.

Paper Problems	Process Problems
<ul style="list-style-type: none"> » Storage Cost » Missing or Damaged Documents » Manual Processing 	<ul style="list-style-type: none"> » Unproductive Time » Duplication of Effort » Deficient Process Controls » Access to Records

The New Receivables Management Paradigm

The key differentiator between RDM solutions and Receivables and Collection Management (RCM) automation is that RCM is primarily workflow driven, whereas RDM is document and data driven. RDM is not synonymous with RCM, or even a subset of RCM.

Instead, RDM seeks to solve distinct issues that afflict the order-to-cash process. It is therefore no surprise that organizations are turning to RDM solutions to bridge the gaps between the paper-intensive, legacy processes that define traditional receivables management: credit, billing, collections, account reconciliation and remittance processing. While facilitating the transition from pen-to-paper and filing cabinets to electronic processes and archives, RDM can maintain the same familiar forms that facilitate transaction processing or provide a launching point for comprehensive order-to-cash data capture and automation.

Figure 4
RDM Best Practices

<i>Good</i>	<i>Better</i>
Document Capture	Data Extraction
Indexing and Archiving	Full Text and Advanced Search
Prioritized Task Lists	Automated Email Notifications
Self-Service Portals	Online Collaboration Tools
Ad Hoc and Fixed Workflow	Advanced Workflow Routing Decisions
Decision Support Tools	Straight-Through-Processing

RDM solution providers have adopted different approaches to the elimination of paper. Some vendors focus on specific costly functions such as invoice and statement distribution or remittance capture to provide in-depth tools to deliver maximum return on investment. Other vendors offer solutions that are broader in scope, working to quickly move receivables management to an entirely paperless environment. The effectiveness of either methodology depends entirely on the user's culture and adaptability to change.

Many RDM systems available in today's market are a sub-set of full-featured, enterprise level imaging and document management solutions. These solutions not only address RDM, but also the purchase-to-pay side of the financial supply chain. When best practice document management capabilities are applied to revenue cycle management, the benefits in regard to RDM include:

- » End-to-end transactional transparency including clear audit trails
- » Increased visibility into customer risk and performance assessment
- » Enhanced document security based on user permissions
- » Document distribution for action (e.g. workflow automation)
- » Data extraction to drive automated straight-through processing (STP)

- » Increased collaboration between trading partners to resolve discrepancies and reduce interactive system weaknesses

In concert with advances in electronic payment protocols, RDM promises to help transform the cash settlement process. Though receivables managers are just beginning to embrace the notion of a paperless environment, we believe that given the cost, complexity and variety of EDI and other standards-based trading partner and banking protocols, RDM will continue to play a significant role in receivables management automation for the foreseeable future.

Figure 5

Key Benefits of
Receivables Document
Management

<i>Key Benefits of RDM</i>	
<p><i>Document Imaging</i></p> <ul style="list-style-type: none"> » Removes paper from the order-to-cash process » Extracts data from document images to eliminate manual re-keying, thereby reducing errors and facilitating automated processing » Cuts costs associated with purchasing and storing paper » Shifts to an electronic environment while maintaining familiar documentation conventions and forms » Eliminates mail float 	<p><i>Content Management</i></p> <ul style="list-style-type: none"> » Ensures records are easily accessible throughout the organization » Provides secure access to and allocation of documents based on user permissions and document types » Distributes documents based on customized workflow processes » Enables online collaboration to ensure compliance and resolve discrepancies » Facilitates information consolidation, even for decentralized organizations

Accounts Receivable Key Performance Indicators

Business-to-Business (B2B) collections are a vital part of every company. Their main duties are to optimize an organization's working capital position while lowering the Days Sales Outstanding (DSO), write-offs and revenue leakage. Benchmarking and key performance indicators (KPIs) are essential tools for a successful AR operation. Real-time access to the AR portfolio improves transparency and provides AR with immediate decision-making information. Many of the RDM solutions on the market today provide robust reporting functionality that allows instant access to reports including:

- » DSO
- » Number of invoices collected
- » Total value of invoices collected
- » Collections efficiency
- » Overdue AR amounts
- » Reduction of aged items

In order to make end-to-end AR improvements, existing customer accounts and AR data should be analyzed. This historic information will help identify which areas should be targeted first, for improvement. RDM solutions provide detailed data for analysis, along with functionality to continuously monitor progress against KPIs.

Hyland Software

For over 20 years, Hyland Software has been dedicated to meeting organizations' needs for document and process management with OnBase, the company's ECM solution. Hyland's consistent product innovation, guided by customer feedback and industry-leading customer support, has awarded the company with more than 11,900 lifetime customers in 65 countries. Hyland delivers configurable business solutions that are highly intuitive to use. Because of these solutions' ease of use, customers do not require lengthy training and are able to configure a robust and rapidly deployable solution without custom programming.

In early 2013, Hyland acquired AnyDoc Software in a move that further expanded the Hyland solution suite. The marriage of the Hyland and AnyDoc product suites provides customers with best-of-breed capture and ECM technology from a single vendor.

Website	www.hyland.com
Founded	1991
Headquarters	Cleveland, OH
Other Locations	Charlotte, NC; Irvine, CA; Lincoln, NE; Andover, MA; Tampa, FL; Salt Lake City, Utah; Sao Paulo, Brazil; London, UK; Zug, Switzerland; Wiesbaden, Germany; Tokyo, Japan
Number of Employees	1,600+
Number of Customers	11,900+ in 65 countries
Key Clients	Moen, Bush Brothers, Denny's, Emerson Climate Technologies, Leggett & Platt, Pepsi Bottling Group, and more.
Target Verticals	Financial Services, Government, Healthcare, Higher Education, Insurance, Manufacturing, Retail, Wholesale Distribution
Partners / Resellers	SAP, Microsoft, Lawson, Oracle
Awards / Recognitions	<ul style="list-style-type: none"> » Mortgage Technology – Top Mortgage Technology Service Provider 2013 » Workplace Dynamics: National Top Workplaces for 2013 » Ernst & Young – Entrepreneur of the Year for Northeast Ohio 2012 » Business Solutions – Best Channel Vendor for 2012 » Weatherhead100 – Centurion for 2012 » ERC – NorthCoast99: Great Workplaces in Northeast Ohio 2012 » Software Magazine – Software 500 for 2012

Solution Name	OnBase
Current Version	OnBase 13

Solution Overview

OnBase is a modular suite of products and is deployable throughout an entire organization, including Accounts Receivable (AR). OnBase is a flexible solution that can grow with an organization as needs develop and change over time, making it attractive to both small and medium enterprises (SMEs) and global organizations alike.

Hyland offers OnBase as a licensed, hosted and software-as-a-service (SaaS) solution. This flexibility allows users to either deploy OnBase on-premises or take advantage of Hyland’s cloud or SaaS solution. Regardless of deployment methodology, the OnBase solution remains the same, making it easy for organizations to migrate from one method of deployment to another.

OnBase seamlessly integrates with the applications that customers use on a daily basis, including Microsoft Office. Leveraging existing technology investments through integrations helps organizations connect processes across the enterprise, rather than keeping them siloed in disparate systems. To date, OnBase has integrated with more than 500 different applications, including SAP, Lawson, Oracle E-Business Suite, PeopleSoft, JD Edwards, Epic and Esri, to name a few.

Document Format and Delivery Functionality

The flexibility of OnBase gives it the ability to receive documents in almost any file format including paper, fax, EDI or email. Once documents are scanned or imported into the system, OnBase AnyDoc Remit automatically locates and captures data from remittance and check images, including line-item details. Algorithms, keywords, logical combinations or the data itself allow the software to locate the information needed regardless of where it resides on the document, eliminating manual indexing.

Document and Data Capture

Users scan individual documents or in batches of the same document type. Documents enter into the solution quickly with queues that create fluid scan and index processes.

OnBase AnyDoc Remit then automatically captures the data that appears on remittances, such as invoice numbers or total amount due. Customers simply define the data fields they need to capture and the solution scans the entire remittance to locate any variation or combination of the keywords to quickly locate the data. Key features include:

- » Automatically captures remittance data – including line items
- » Reconciles payments to outstanding invoices
- » Auto-balances remittance total to line items and accompanying check
- » Provides check capture and image cash letter creation

For invoice and remittance reconciliation, OnBase offers a virtual foldering option to present a holistic view of invoice processing, providing information about each individual invoice and related documentation. OnBase automatically reconciles remittances to the outstanding invoice and the accompanying check. Line-level extraction and automatic balancing totals further ensures proper cash application.

OnBase also incorporates data validation tools to ensure data accuracy - such as data formatting, database table lookups, edit masks, data normalization, automatic balancing of subtotals and totals - to minimize the need for manual correction. By leveraging these capabilities, OnBase clients realize up to a 99.9 percent accuracy rate.

OnBase also processes credit card applications. When users complete electronic forms, OnBase kicks off electronic workflows for processing. The solution captures documents from both online and credit bureaus. OnBase also features robust indexing, allowing users to create unlimited keywords to help define documents for easy reference and retrieval.

Content Storage and Management

OnBase stores any file type, including images and data files. Once in OnBase, users quickly retrieve information through a variety of options like keyword, date range, document type and full-text searches. The ECM solution streamlines business processes while also handling all data-centric processes usually managed by a BPM system. OnBase also features flexible backup and recovery options that are configured according to service level agreements.

Workflow Management

Workflow, an integral part of the OnBase solution, is quickly customized to fit a company's specific business processes with no custom coding required. Many workflows are point-and-click configurable, making OnBase a user-friendly solution. Organizations also administer security rights to specific user groups and enable real-time collaboration between users.

OnBase Workflow routes items through a number of different actions. User interaction, timers, ad hoc tasks, certain keyword data, etc., start the workflow engine and keep documents moving from one location to the next for reviewers and approvers to make their decisions and process documents faster.

With OnBase, users can create a customer contact database using electronic forms to store necessary customer information. Adding even more background information, users can post notes on documents in the form of a virtual sticky note or discussion thread. OnBase also features automatic reminders and back-up features, eliminating bottlenecks from slowing down processes.

Reporting and Analysis

OnBase quickly generates a variety of reports and allows users to access real-time updates on business processes. The solution provides a detailed audit trail for every document with out-of-the-box reporting tools available. With OnBase, managers monitor individual user's activity as well as entire workflows, allowing them to identify ways to continually improve processes.

Pricing and Implementation

Hyland uses a phased implementation for OnBase. The company works with customers to determine their business needs and develop an implementation plan. With point-and-click configurability, users take a hands-on approach with their own implementation. Overall, the size and scope of a project determines deployment timelines.

Hyland's high level of customer service is a differentiating point worth mentioning. Hyland makes their customers their partners and from the moment a customer decides to work with Hyland they have access to OnBase professionals that help simplify existing processes, deploy OnBase and provide support for the life of their ECM solution.

The Hyland Software Education Group provides resident, onsite and Web-based education. Customers work directly with a dedicated support team consisting of Hyland employees offering 24/7 technical support. Pricing is determined by solution modules based on customers needs.

Hyland Software Case Study

Backed by 100 years of experience delivering high-quality products to its customers, Bush Brothers and Company supplies over 80 percent of the U.S. baked bean market share. However, despite the fact that Bush Brothers' high-volume financial processes were almost all EDI-driven, its AP and AR departments were engulfed in paper, clouding real-time visibility. Too much staff time was spent on non-value-added tasks and it was impossible to handle the year-end volume without hiring temporary help. On top of this, Bush Brothers was storing 90 banker boxes per year to meet internal and FDA retention mandates. Documents were stored in-house for one year, offsite for seven.

"We knew we needed something," begins Jim Derrick, IS manager, Central Services- Applications. "We had an enormous volume of documents moving through customer service, AP, AR and quality. If there was ever an issue, it could take a week to find the paper that had the answer. We wanted our staff to be able to spend time on valuable activities, like reporting and analysis... not searching for documents." Since costly jukebox systems were no longer the only option, Bush Brothers decided it was time to look at document imaging.

Bush Brothers chose OnBase ECM or its document management solution. Documents are scanned—at corporate offices and from plants around the country—and indexed into OnBase using data from the Infinium ERP. Any invoice or purchase order is instantly available from its Infinium screen. Instant access to documents has optimized processes in AR as well as other departments. By improving visibility across the enterprise, implementing OnBase has resulted in reduced operations costs, dispute resolution time and DSO.

Now decision-makers at Bush Brothers have the appropriate data at their fingertips, at the moment it is needed. Even the year-end is now handled just like any other month-end at Bush Brothers. Before OnBase, temporary staff was needed for two or more months, but no longer. In fact, two vacated full-time positions were not refilled, despite a 15 percent increase in volumes. Customer service and employee satisfaction have improved as well.

Common disputes in AR center on whether agreed-upon terms for goods, services and payment are met. Before OnBase, staff would have to call the distribution warehouse and wait for the back-up documents to be found—sometimes a week later. This delayed deduction resolution and put service at risk. OnBase now provides Bush Brothers AR and customer service staff with the tools to collaboratively and quickly resolve deduction disputes. More than 90 percent of receivables documents are received via EDI and COLD processed

into OnBase; the remaining supporting documents are scanned in and automatically associated with the correct order. Customer service can instantly view and e-mail not only the order in question, but also bills of lading and packing slips.

The time saved in looking for documents is now put to use in valuable tasks like analysis, reporting and auditing. "The first big bang for the buck was in customer service and AR," Derrick affirms. "Trends were spotted earlier, write-offs decreased and DSO dropped by two days or 10 percent. This efficiency saved \$200,000. Stated simply, efficient AR revealed the secret recipe to improving both service and quality."

Selecting a Solution

While the benefits of RDM are readily apparent, getting maximum benefit from your automation initiative requires selecting a vendor that is a good fit for your organization. A thorough, critical analysis of the various technology solutions and the functionality they offer in light of your organization's business needs is essential. To help you conduct due diligence, this section outlines the issues you need to understand and the questions you should ask.

Where's the Software Going to Reside?

If your order-to-cash applications are on-premises, your company manages everything from the application to the hardware, software and upgrades. As you know, this can be a substantial investment of capital and IT time. On the opposite end of the spectrum, with cloud-based solutions the vendor manages everything, allowing your company to focus on making the software deliver business value. Somewhere in between traditional in-house and cloud-based solutions lie hosted services, where your company and your vendor share responsibilities.

The benefits of cloud computing are widely promoted and include access to the most current services and applications, constantly improving configurability and reduced costs. Cloud providers are willing to offer a much lower upfront cost with confidence that they will continue to win your business by continually improving their applications.

In order to see the true cost and payoff of on-premises versus cloud-based solutions, buyers must carefully evaluate the immediate and long-term costs of acquiring and maintaining the technology. This includes identifying the cost drivers for procurement automation – both the on-premises costs and the cloud costs. These costs include:

- » Software
- » Hardware and Infrastructure
- » Management of the supplier network
- » Configuration and Implementation
- » Data Migration
- » User Training
- » Annual Maintenance

The attractiveness of Cloud-based solutions is undeniable; however, without a detailed comparison of the costs, projects can't get started. Once you have the figures, the next step is to develop a plan of attack to obtaining executive sponsorship. PayStream has worked with innovative companies from around the

world to develop successful project launches. In our 12 years of advising clients we've identified five key success factors worth sharing:

1. Develop a compelling vision
2. Calculate the total cost of ownership
3. Build a bullet-proof business case
4. Build a realistic roadmap
5. Have a risk mitigation plan

Questions to Ask a Solution Provider

In addition to the features of the solutions offered, it is critical to gauge each vendor's level of expertise and product scope. Along those lines you will want to find out if receivables automation is a core application or a peripheral product. You also need to understand the growth plans and vision for the future of the vendors you evaluate. Asking the following questions will help you make an informed decision:

Company Overview

- » How long has the vendor been in business? When did they begin offering receivables automation solutions?
- » Do they have experience integrating with your ERP software? Do they have an interface for your ERP? How tightly does their solution integrate with your ERP system? Are they certified by your ERP provider?
- » How many customers does the company have and who are they? What is their experience in your industry?
- » How is the vendor funded? If it is a public company, read their prospectus.
- » How does the company intend to grow, and are there any mergers or acquisitions on the horizon?

Solution Scope

- » What features of your ERP will the solution use, and what features does it replace?
- » How does the vendor handle integration with multiple instances of your ERP? What if they are not all the same version? Can the vendor also integrate with other unrelated ERP solutions?
- » Does the solution provider partner with any other vendors to provide elements of their overall solution?
- » How does the solution integrate with your ERP and other financial systems to post approved transactions?
- » What information is going to be captured and entered into your RDM system? How extensive are the indexing capabilities? Will you be using OCR or Intelligent Document Recognition (IDR) to extract data from documents?

- » What security measures are incorporated in the solution?
- » Is the solution provider including any additional features and functionality in forthcoming versions of the solution?
- » How long is the average implementation? What are the main factors that define the length of implementations?
- » What level of customer support is provided after implementation?

Solution Overview

- » How does the solution capture customer order documents and other transaction documents and ingest into the system? Does it provide for distributed capture?
- » How does the solution capture remittance documents? How does it extract the remittance advice and post it to the receivables? What auto-cash capabilities are included?
- » What new customer credit application functions are available? Is there integration with credit information sources and approval workflows? How are customer signatures captured on any credit agreements and other required documents such as guarantees and tax exemption certificates?
- » How are paper documents converted to digital formats? How is scanning performed?
- » What invoice formats or data standards (EDIFACT, ANSI, XML) is the solution able to process electronically?
- » What OCR, ICR or IDR functionality is available? Is it template-based or free form? What accuracy rates are attained?
- » How is validation and indexing handled? Can the user configure the business rules for validation?
- » How does the solution handle storage and archival functions for captured images and data? What search and retrieval capabilities are offered?
- » What receivables workflow features are available as part of the solution? Are automated escalation, reminder, alerts and back-up chain features included?
- » How does it route tasks to internal approvers and reviewers? What options do administrators have to control individual user access rights?
- » Does the solution have the flexibility to support the customer's existing organizational structure, role hierarchies and business rules?
- » Does the solution deliver a network or portal where customers can retrieve invoices? If so, how many customers are currently enrolled and active on the network and is there any concentration of customers to your industry?
- » How does the system notify customers of exceptions? Does it force them to correct any exceptions? How?

- » Does the solution include a reporting module? How many standard reports are available? What reports are bundled with the solution? Can users generate custom reports and save the queries for later use?
- » Can data from the solution be downloaded into third-party reporting tools for further analysis?
- » What out-of-the-box payables-related metrics/KPI's does the solution provide?
- » Does the system provide comprehensive audit trails? What tools/features are available to facilitate Sarbanes-Oxley compliance?

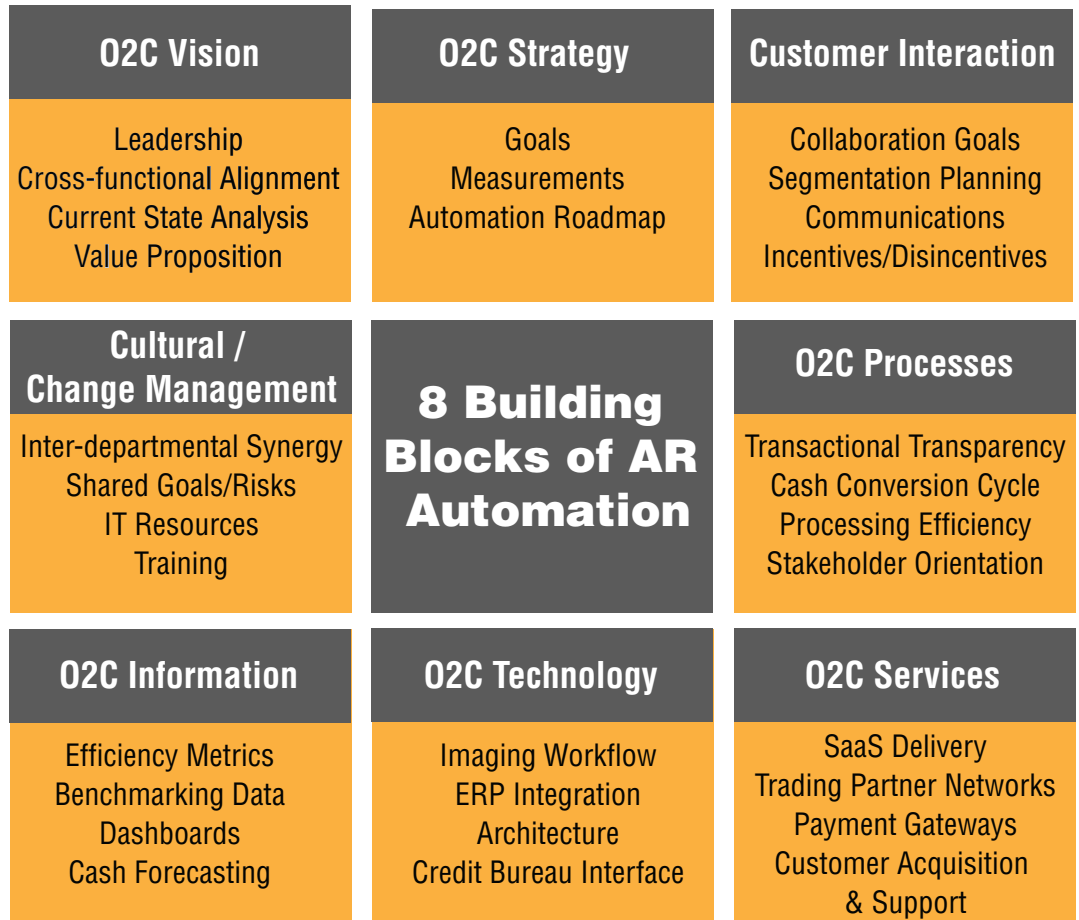
Conclusion

The Accounts Receivable landscape is continually changing. While RDM technology continues to approach maturity, PayStream has identified eight factors that continue to shape the AR marketplace. Below are the Eight Building Blocks of Receivables Automation that organizations currently contemplating RDM solutions will need to take into account when selecting an appropriate solution partner.

Figure 6

Eight Building Blocks of Receivables Automation

Receivables automation starts with a vision of automated processing and requires extensive insight and planning.



Demand for STP or touch-less processing continues to grow. There is also increasing focus and demand centered on automated routines to manage exceptions and dispute resolution in a collaborative manner. In addition, PayStream has witnessed an increased focus on data extraction to drive automated, touch-less processes.

Advancements in data capture technology are certainly a catalyst for adoption in AR. Both ICR and IDR technology that work to extract data accurately without having to rely on templates is a key driver that is currently working to unlock adoption of front-end imaging and data extraction solutions.

In addition to operational benefits and efficiency, AR automation has a direct impact on working capital management. Savvy finance managers are now taking a closer look at the strategic impact of AR automation on the financial supply chain and the working capital improvements it can deliver. Innovative AR automation solutions are emerging to meet their needs by providing solutions that unlock significant value from the financial supply chain through advanced features like trading partner networks and invoice financing.

Given the complexity of the order-to-cash process, multiple RDM solutions will continue to co-exist. There is not a single model for RDM, and there will always be considerable variability in terms of solution focus. While some vendors focus on invoice distribution or remittance capture processes, others strive to provide RDM automation functionality as part of a larger order-to-cash offering. PayStream anticipates this diversity to continue.

About PayStream Advisors, Inc.

PayStream Advisors is a technology research and consulting firm that improves the way companies plan, evaluate, and select emerging technologies to achieve their business objectives. PayStream Advisors assists clients in sorting through the growing complexities of IT applications related to business process automation with the goal of making objective, analytical, and actionable recommendations. Wherever business process automation technology is an issue, PayStream Advisors is there to help. For more information, call (704) 523-7357 or visit us on the web at www.paystreamadvisors.com.