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An integrated ERP/ECM system permits accounting department staff to access all content relevant to a payable inquiry (an expense, PO, fax, change order, email, etc.) with only a mouse-click. The *context* of every transaction is clearly documented, authenticated, and substantiated. Data entry, coding, and approval follow the company's specific workflow design. All content is then "memorialized" per the company's data retention policies. In other words, the organization team members have been empowered to get the "Complete" picture.

The far simpler, automated process shown here results in the organization achieving both *operational efficiencies* and *corporate compliance* with its records management initiatives.

(end of Figure B)

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It is clear from this example that the automation offered by an integrated ECM and financial /ERP system allows companies to solve the paper bottlenecks and achieve real efficiencies, *as well as a greater ROI than is possible with an ERP system alone.*

Overall, ECM is comprised of document capture and content management hardware and software. ECM-related technologies of value to financial departments include Digital Mailroom and AP Automation software. Lastly and also related are Records Management (RM) and Compliance software. Both address the recent regulatory (or internal) pressure on companies to better protect and manage corporate records. With the addition of RM and Compliance software, companies achieve efficiency as well as *compliance* -- two of the most powerful and compelling reasons to buy anything IT related!

Each of these components is very briefly described below.

### Distributed, Web-based Document Capture

The Technology: Document scanners and web-based document capture software. Both are available to handle various volume requirements; some capture software products can also be customized for specific needs. All capture packages allow scanned images to be manually indexed. Very few offer a web-browser based interface. Visit [www.capsyscapture.com](http://www.capsyscapture.com) for a vendor who focuses exclusively on delivering low cost, distributed, web-based document capture solutions.

Other features include:

- Bar codes for automated indexing
- External database look-up
- Optical character recognition (OCR)
- Image cleanup (auto-rotate, character repair, li



Uses: Paper documents are scanned or 'captured' (hopefully via a web browser), placed into a well-defined workflow process, indexed or 'labeled, integrated with the line of business or ERP application (Microsoft Dynamics GP, SAP, etc.), and archived to the repository (such as SharePoint) for final storage. All electronic documents are viewed as if the user was viewing it on paper, and all are accessible on demand throughout the process. Documents can be annotated in a similar manner they are annotated in a manual process (coding info, chart of accounts, approval initials, etc.).

### Forms Processing

The Technology: Software that takes Document Capture a step further through another level of automation.

Forms processing consists of three primary steps:

1. **Automatic classification:** Allows system operators to scan mixed supplier invoices together without the need for prior manual sorting.
2. **Full processing of invoice content:** Reading of item rows is an important function for companies that want to feed their ERP or accounting software with precise and

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accurate data. Table reader and data entry masks allow for both automatic data extraction and manual handling for exceptions.

3. **Full-text recognition:** Used to extract data from new vendor invoices, or when a small number of invoices from a supplier make creating an automatic template unnecessary.

Forms Processing software parses image content for specific field level values using template information in which business rules can then be applied, such as: "determine the dollar value of the invoice." This in turn allows the system to identify the appropriate manager approval level needed per invoice.

The data extracted can also be uploaded to various ERP systems and/or placed into ECM repositories for archival purposes, or, it can be uploaded to a web site for daily pro forma cash flow analysis.

Uses: Allows organizations to apply business rules to clean and verify incoming information (i.e., it can determine the "type" of document presented to the system and perform a specific set of tasks on that form, such as, 'perform OCR on a certain portion of the form.' The final task might compare the results of the OCR and Optical Mark Reading (OMR) process against an existing database). Forms Processing software reduces manual data entry costs and speeds turn-around time for all aspects of data handling (approval times; data tracking through the various steps, etc.), among other benefits.

### Digital Mailroom

The Technology: Often referred to as a "virtual front door" into enterprise-wide information systems, Digital Mailroom software captures information from any paper or electronic source (incoming paper mail, faxes, email and online communications streams). It then classifies that information according to its format or content - per the organization's unique business rules - and delivers that information to a database, email server, workflow, or back-end system, such as an ERP, Enterprise Content Management or Customer Relationship Management system.

Uses:

- Automates traditional mailroom procedures
- Automates the entire information process
- Automatically recognizes and routes documents to the appropriate department or person
- Reporting and auditing

Of Special Note: Digital Mailroom is particularly powerful for businesses with multiple locations, multiple mailrooms and multiple email servers that handle countless, unclassified information streams.



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*Organizations in every industry must protect their most critical business asset: information.*

### Accounts Payable Automation

The Technology: Software that automates workflow management of documents and processes them via Document Classification and Forms Processing functions. The software automatically captures, extracts and indexes invoice data. Data is then transferred seamlessly to the host system for validation.

#### Uses:

- Invoices can be scanned and indexed at point of receipt and routed through the approval/resolution process, allowing companies to better track payables and optimize cash flow.

Integrating payables information with purchasing, for example, can speed up the review process by enabling purchasing agents to quickly reconcile invoices received with POs issued. Management can also act on invoices that offer a two percent discount for payment within 10 days, because they know the minute that invoice arrived and can make an *informed* decision to process it in 10 days or elect not to.

### Content Management

The Technologies: Content Management hardware and software allows companies to securely capture, store, retrieve and display a wide variety of business transaction content. FileBound from MarexGroup, Hyland OnBase, and Microsoft SharePoint are some examples of Content Management repositories. Client and Server are its two major components.

*The Client* provides access to documents and data usually segregated across multiple applications and servers. The Client is a flexible way to manage tremendous volumes of transaction data, regardless of author or type, from a single user interface. All users, from any location, have a single point of access to data from any desktop (both browser- and Windows-based). The Client can also incorporate existing line-of-business applications.

*The Server* migrates, stores and protects transaction data, creating a powerful repository for all content. The server maintains the index information about the document and the document itself.

### Records Management

The Technology: A specialized class of Content Management, Records Management software helps companies manage and control all forms of business information from inception through destruction or archival.

#### Uses:

- Establishes retention periods for business documents (regardless of medium)
- Organizes and electronically retains documents for legally required amounts of time

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- Provides on-demand access
  - Helps companies decide what records to dispose of and when

Of Special Note: Organizations in every industry must protect their most critical business asset: information. The need for electronic records management systems is driven by factors such as litigation, risk management, mergers and acquisitions, globalization, security, privacy, and public and private sector access policies.

### Compliance Tools

The Technology: Compliance software protects and manages diverse paper-based, email and electronic corporate records, helping companies proactively manage their organizational risk.

Whether public or private, all companies are accountable. Many mid-market companies are establishing compliance management programs to meet either internal or regulatory and legislative requirements. With the substantially heightened costs of compliance failure - including fines, litigation, and criminal penalties - companies are seeking solutions that provide them with a way to manage this mission-critical undertaking.

Software selection should focus on solving the right problem and generating the most rapid return-on-investment. Technically, any solution must be implementable, scalable, and secure.

### Uses:

- Proactive management of corporate risk
- Protecting critical business information
- Complying with stringent regulatory, legislative, and/or corporate requirements such as the Sarbanes-Oxley Act, HIPAA, and the Patriot Act.
- Complying with customer requirements
- Repeatable, predictable business processes
- Maintaining written and electronic files in a consistent manner
- Protects the organization from the *Criminal Penalties For Altering Documents*
- Automating manual processes to eliminate errors and improve cycle times
- Balancing departmental flexibility with the needs for standardization
- Providing access to employees and stakeholders in distributed locations

### Integration of ECM Components with Your ERP System

As you may have guessed, ECM components (document imaging; business process management; document management; records management; and compliance) are offered by a myriad of vendors. Each can be purchased and implemented individually or together for a truly comprehensive system. And, because the point of your investment is to ensure that all of your automation works in concert, whatever components you do purchase need to be fully integrated.

Organizations have numerous IT systems that contain vital data regarding customers, suppliers and internal assets. Much of the data on an ERP system needs to be shared on other internal systems, line of business systems, portals, web sites, extranets, intranets, CRM, and even ECM solutions for that matter. As we have learned, there are multiple, vital steps that occur long before a transaction is entered into an ERP system. While these steps are equally important

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to the overall payables process, they are ignored by ERP systems. So, if we connect an ECM solution, which includes Business Process Management (BPM) as well, to our ERP system, we must be able to *integrate* critical data elements (vendor number, vendor name, invoice number, etc.). Full integration between the two eliminates dual data entry, minimizes data entry errors, and maximizes information sharing amongst data mining tools, CRM, reporting tools, portals etc. A well-designed and well-architected ECM solution achieves exactly that goal.

If you choose the combined ECM/ERP route, purchasing that type of solution directly from product vendors can pose some difficulties, including staff time and knowledge needed to evaluate and select from the options, and, the need for integration expertise between the products selected. The vendor(s) you choose may or may not be capable of doing the integration, so you may then need to retain an external integration firm.

A firm that understands both ERP and ECM, that can direct the choice of system components and complete the integration, is ideal. Familiarity with accounting best practices (especially in light of recent legislation), CRM and experience in your industry are also pluses.

### **You Need Not Ask for, or Get, Vanilla**

This second in our Mid-Market Briefing Series was intended to offer insights into how existing, paper-based processes affect the performance of financial/ERP systems. By identifying the bottlenecks that would be important to eliminate at your company, you are now better equipped to convey and resolve them through your selected business partner.

To re-cap how ECM technologies can enhance your financial system:

- Paper can be eliminated at the mailroom, permitting financial and many other processes to be driven electronically from end to end.
- Labor-intense AP processes can be automated beyond what is standard in financial software systems.
- The Internet can be leveraged to speed daily tasks like coding and entry, and to electronically capture documents from your field offices.
- The lifecycle of your business data can be managed and integrated back to the financial data in your ERP system.
- The inclusion of ECM with ERP affords your organization the opportunity to achieve efficiency, compliance, and the best ROI possible.

With this preparation, you clearly will not be requesting an off-the-shelf, vanilla set of technologies or services. You will be requesting a thoughtful approach to your system's design; one that will allow you to run your business in *the most efficient manner* achievable by today's business standards, and one that virtually guarantees a tangible ROI.

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## Appendix

### Understanding Workflow

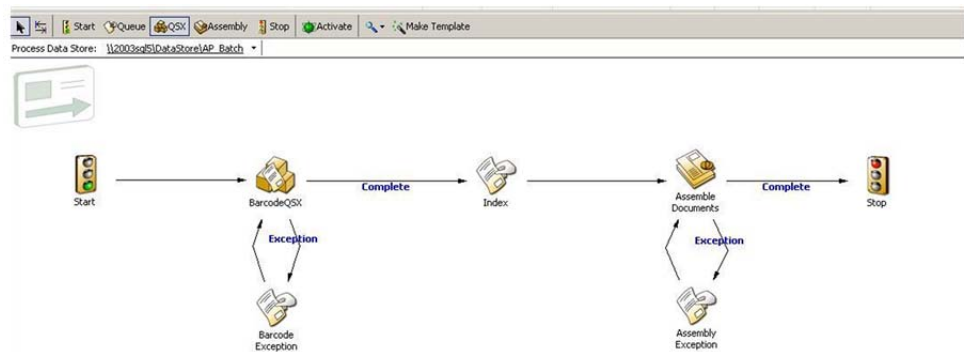
What is workflow? Workflow software, now referred to as 'Business Process Management' (BPM) software, provides four primary functions:

- ✓ Distribution of Work
- ✓ Automation
- ✓ Integration
- ✓ Feedback, Control & Monitoring

#### Distribution of Work

Distribution of work means delivering the *right* information, to the *right* person, at the *right* time. BPM software takes "work" (paper or electronic invoices, POs, receiver and shipper documents, etc.) and appropriately moves it throughout an organization according to pre-set business rules. ERP systems *lack* the ability to take an essential item such as supporting content (in this case paper or a representation of the paper such as an image) and move it throughout an organization. While ERP systems can process a "transaction" inside of the ERP system according to defined business rules, they fail in their ability to move "essential content" that brings "context" to the transaction. In addition, ERP systems fail to move that content in harmony with the transaction according to the organization's defined business rules.

Remember, as previously stated, there are many steps that lead up to data being entered into the ERP solution. These steps are vital to the overall AP business process. Unless these steps are completed accurately and within an organization's stated timelines, ERP or BPM by itself will offer no value to the AP process until a transaction is entered into it.



#### Automation

Automation provides three basic functions in a BPM environment:

- Performs repetitive tasks correctly all the time.
- Automates complex tasks
- Brings consistency to decision making



*Performs repetitive tasks correctly all the time.*

Let's again examine the mailroom process as a simple example of how BPM can be applied. Suppose the current business process calls for mailroom personnel to manually time and date stamp all incoming mail (using a mechanical stamp). The organization institutes this process because this is how it determines the pay cycle, using the date of receipt rather than the actual invoice date.

This process requires that each day the mailroom personnel open each piece of mail and run it through the mechanical stamp machine before further routing onto appropriate parties. The manual process is subject to human error and cannot guarantee the repetitive task will be done correctly *each and every time*. (Try getting accurate metrics around how many pieces of mail arrive through your mailroom each and every day!)

Using Enterprise Content Management (ECM) technologies (see Section Two of this Briefing) that include BPM software, a date/time stamp can be applied *automatically* either on the physical document, or to the digitally imaged representation of the document, or even when the original document is initially scanned. Re-engineering the process this way virtually eliminates the human factor. Every piece of mail that is scanned will always get date/time stamped. The software doesn't forget that step. It isn't subject to a human making an error - with or without malice or intent.

*Automation is a means to lowering operating costs.*

To illustrate where automation fails in an ERP solution, suppose an invoice is received that is "out of tolerance;" in other words, a problem exists that causes the organization to defer payment or outright reject the invoice. The invoice recipient must then send a correspondence with the invoice back to the originator detailing the reason for rejection of payment (i.e. lacks a valid PO number).

How does an ERP system deal with this problem? Well, it really can't deal with the problem appropriately. Ideally, you want a record of the invoice and the outbound correspondence (bound together) that was generated by the knowledge worker who made the decision to reject the invoice. This simple example presents a strong case for content *linked back* to each transaction.

With an integrated ECM and ERP solution, these types of links are exactly what you get. The complete *context* of the transaction - whether accepted or rejected - is memorialized in the corporate record books (via the ECM solution). Now, anytime in the future when a question arises about invoice payment, the recipient of the inquiry will have the complete picture about why the invoice payment was rejected, as well as all of the supporting content and business reasons (justification) at their fingertips. This is simply not possible with an ERP system alone.

*Consistency in Decision Making*

In a manual, paper-driven payables environment - even with the use of ERP - how does an organization *consistently* manage the overall payables process?

As an example, suppose your organization wants to capitalize on discounts commonly offered on invoices when paid within 10 days. In a manual environment, accomplishing

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this would require that each and every invoice be manually inspected for those terms, and that all invoices would be processed expediently enough to meet the allotted 10 days. Further, it requires that every employee involved in the AP process - which begins with the mail room - is made aware of the special handling considerations. If any one of those employees *inadvertently* overlooks those payment terms, it could mean a loss of thousands of dollars in potential savings. The timeframe can be missed not just by an honest mistake or oversight, but also when an employee is out sick or on vacation, or by a temporary worker that is not aware of the exception process.

BPM offers a *consistent, automated* solution to this problem and virtually eliminates missed opportunity costs.

### *Feedback, Control & Monitoring*

Knowing what is in your pipeline - whether sales data or expense data - is critical. Because BPM software is overseeing and managing the entire business process (in this case Accounts Payable), obtaining metrics and reports about every touch point in the process is possible. As you would expect, BPM software usually includes the ability to monitor all aspects of the process from a birds-eye view down to a specific invoice being worked on by a given worker at that moment in time. If management sees a bottleneck building at a particular workstep within the overall process, management can reallocate work on the fly or otherwise optimize the BPM process without having to make extensive coding changes to the process. Getting data out of the process is easy, too. Point and click interfaces with graphical data representations are just a couple of the highlights contained in the reporting and metric tools.

So, while it is true that workflow does exist within ERP, it *only* exists within the framework of the ERP product. As clearly pointed out above, ECM (inclusive of Distributed, Web-based Document Capture) is very much needed *outside* of ERP in order to assure complete integrity of the entire business process. ERP solutions that include an internal workflow cannot handle the "content" that is critical to the process and something as important as the physical *paper!*

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Next in the IDT Mid-Market Briefing Series: [Your Technology Partner: Benefits of Working with a Value-Added Reseller?](#)

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