

Growth Strategies For The IT Channel

Remittance Processing: Upgraded Technology, Upgraded Revenue

This imaging VAR generates \$150,000 in revenue by keeping this customer on the cutting edge of unstructured forms processing technology.

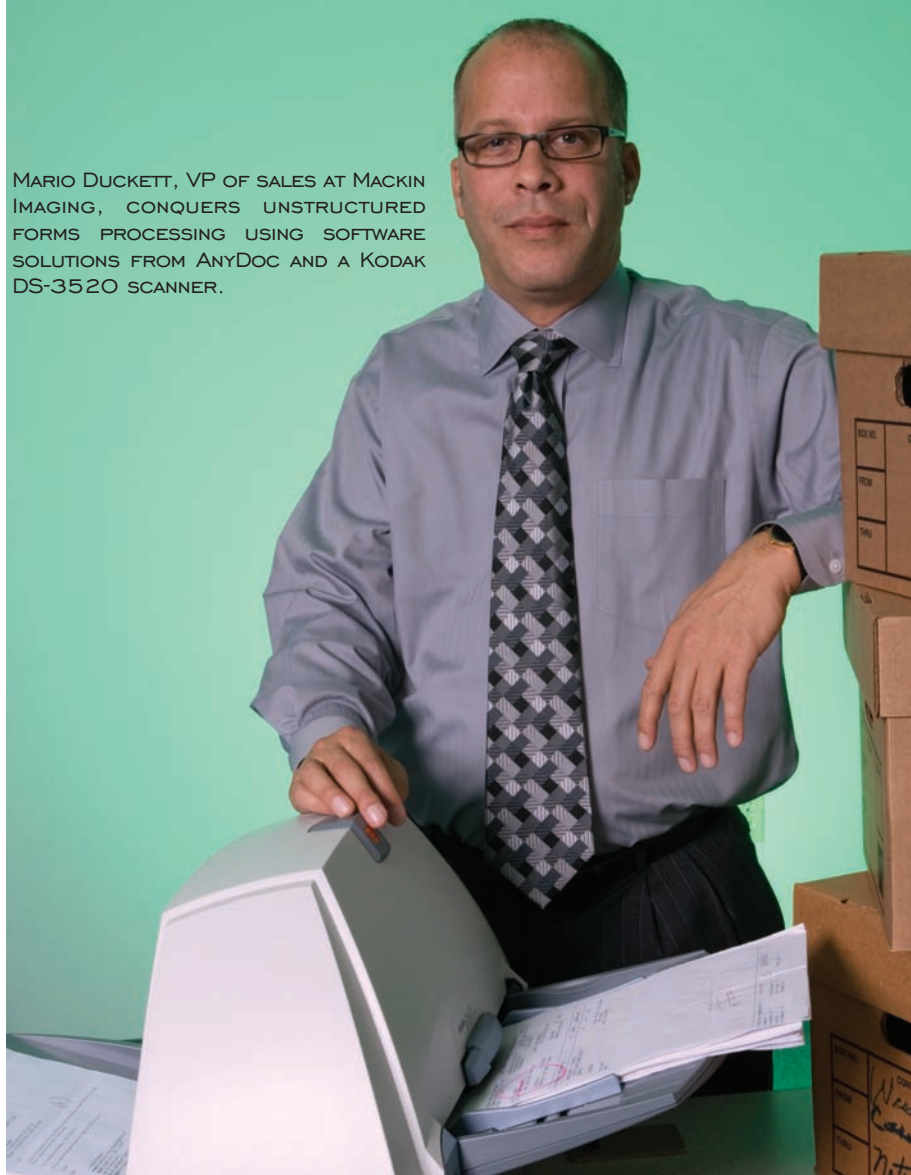
BY VICKI AMENDOLA

So you've heard the old cliché about winning the battle and losing the war, right? I recently spoke to one VAR that holds the contrasting opinion — losing the occasional battle may actually win the war. Mackin Imaging, a Metasource company, offers solutions and services focused on data entry, data capture, and image retrieval. In 2002, Pepperidge Farm sent out an RFP to out-source scanning of all of its driver delivery tickets. Mackin Imaging lost this particular battle to a competitor offering on-site scanning services, but its demonstration of AnyDoc software ultimately won the war. Impressed with the functionality of the AnyDoc application, Pepperidge Farm led the VAR into a cash application department struggling with outdated OCR (optical character recognition) technology instead. The relationship would prove to be a lucrative and lasting one, with the VAR performing not one upgrade, but two in the span of three short years.

Pepperidge Farm delivers baked goods across the country to both large retailers and small, local stores. The drivers of its extensive distribution network obtain signed delivery tickets, which are used to invoice the retailer for each individual shipment. "The challenge for Pepperidge Farm was that larger customers, such as Wal-Mart, do not pay invoices singularly. They typically lump hundreds of them together and make one big payment," says Mario Duckett, VP of sales at Mackin Imaging. "The staff in the cash application department averaged a 60-day backlog of unapplied payments." Unapplied payments are those payments that still need to be credited to the corresponding invoice, even though the remittance check has been deposited.

Prior to Mackin's involvement, Pepperidge Farm was using a 7-year-old OCR system to scan incoming remittance documents. "The accuracy of the legacy OCR system was very low, and it required a lot of human intervention," says Duckett. Compounding the problem was the fact that it was a single-station, single-feed solution, meaning that all functions were performed on a single scanner that could only feed one page at a time.

The VAR tackled the initial remittance-processing hurdle with a \$95,000 sale including an updated OCR platform from AnyDoc, new scan-

A photograph of Mario Duckett, a man with glasses wearing a light blue shirt and a patterned tie, standing in an office. He is positioned next to a white scanner with papers inside. To his right are several stacked cardboard boxes. The background is a plain, light-colored wall.

MARIO DUCKETT, VP OF SALES AT MACKIN IMAGING, CONQUERS UNSTRUCTURED FORMS PROCESSING USING SOFTWARE SOLUTIONS FROM ANYDOC AND A KODAK DS-3520 SCANNER.

ning hardware, and related professional services. The installation of a Kodak DS-3520, 85 ppm (pages per minute) duplex document scanner improved Pepperidge Farm's physical scanning efficiency immediately. Additionally, OCR for AnyDoc® brought automation to the manual aspects of the cash application process. Pepperidge Farm also elected to add a verification station in addition to the new scan station to better distribute workload and speed up the overall cash application process.

INVOICE #	DESCRIPTION	AMOUNT	PAID	INVOICE #	DESCRIPTION	AMOUNT	PAID
276411227		846.07	846.07	100122400		827.40	
276411228		809.50	809.50	100122400		827.88	
276411229		811.00	811.00	100122400		874.13	
276411230		828.84	828.84	** Balance Of P268		884.29	
415207528		827.84	827.84	111104000		884.29	
415207529		828.14	828.14	100421000		832.51	
** Balance Of P268		801.30	801.30	100421000		815.74	
276411231		810.34	810.34	100421000		822.89	
276411232		812.62	812.62	100421000		814.61	
276411233		804.12	804.12	100421000		828.89	
276411234		812.10	812.10	100421000		822.18	
100421000		828.51	828.51	100421000		844.18	
100421000		824.10	824.10	100421000		827.51	
100421000		810.20	810.20	100421000		809.10	
** Balance Of P268		81,028.13	81,028.13	** Balance Of P268		824.14	
100421000		822.19	822.19	100421000		824.14	

ANYDOCREMIT AUTOMATICALLY CAPTURES DATA FROM REMITTANCE STATEMENTS AND CHECKS AND THEN INTEGRATES IT DIRECTLY WITH SAP, PEPPERIDGE FARM'S ERP (ENTERPRISE RESOURCE PLANNING) SYSTEM.

Mackin Imaging designed more than 50 custom templates to match the remittance forms of Pepperidge Farm's largest customers. These structured templates establish

the anchor locations for key data, such as invoice number and amount, specific to each customer's form. The templates enable the software to identify and extract those key data fields, or anchors, automatically. "Within 30 days after the installation, the cash application backlog dropped to near zero," says Duckett. "Because of this, Pepperidge Farm was able to reallocate employees to higher value work, reducing departmental head count from five or six people to just two."

According to Duckett, "The biggest challenge in implementing the solution was handling all of the different remittance formats that would come in." Over a three-year period, tweaks to the templates were a common occurrence, because customers would change their remittance forms at any time without warning. "You could have a customer change the font size on its remittance form from 12-point to 8-point," says Duckett. "That would mean the entire template we created suddenly referenced anchors that no longer existed."

Although Mackin benefited from the ongoing services revenue generated by template revisions, the process remained an ongoing pain point for its customer. "If there was one thing we could improve, it would be not having to change the template every time a customer changed its form," says Duckett. "We wanted to find a technology that would prevent both parties from being held hostage in the services world." Fortunately, Mackin's ongoing relationship with Pepperidge Farm and the evolution of forms processing technology provided that opportunity.

Build Loyalty And Revenue Through Upgrade Opportunities

The introduction of AnyDoc®REMIT™ offered unstructured forms technology in a remittance processing application, a capability that was not available at the time Mackin sold and installed the original AnyDoc solution. The VAR knew that unstructured forms processing would take the original solution to the next level and eliminate its customer's remaining pain point, an action that could strengthen customer loyalty and guarantee future sales opportunities. One demonstration of the new software was all Pepperidge Farm needed to opt for the upgrade. Pepperidge Farm purchased the AnyDocREMIT along with an additional verification station for ongoing use and training purposes. The \$55,000 upgrade more than made up for the loss of revenue generated by template revisions.

Unlike the template-based process, AnyDocREMIT OCRs the entire form, rather than just the anchor areas specified by the template. The software employs algorithms to automatically identify column locations and pull out the associated data based on keywords (such as invoice number). If the software cannot automatically identify or classify the data during the OCR process, the system prompts the operator to check the data at the verification station. Once the operator identifies the proper information, the system 'memorizes' it, preventing the same form from causing a question again in the future.

"In addition to detailed line-item data extraction, we also wanted to scan the actual check to extract the check amount," says Duckett. "The check total could then be used to automatically balance against the total of the detail line amounts of the remit form." Once the checks and accompanying remit forms are scanned in, AnyDocREMIT performs this verification and notifies the operator if any of the corresponding totals do not match. To automate the process even further, remittance data scanned into the AnyDoc solution is extracted into simple CSV (comma separated value) files and integrated into Pepperidge Farm's SAP system where it is matched and automatically applied to the original invoice.

Mackin views the AnyDoc solution as a path to future sales opportunities. "We are looking at greater opportunities to go into organizations like Pepperidge Farm where maintaining templates is an ongoing problem," says Duckett. "By having an installation like this as a reference, we have proven both the technology and our ability to install and support it." ●

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