

Making ERP Work for the Mid-Market:

How Distributed, Web-Based Document Capture, Automated Accounts Payable & Content Management Significantly Enhance ERP/Financial Systems



Before you issue an RFP to the major ERP vendors - before you compare based mainly on price - understand what these systems will and won't do, and your options.

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There is a reason that many mid-market companies overpay for their financial ERP software or end up disappointed in its promised business impact. It's simple: there are bottlenecks in the way people actually use these systems¹.

The bottlenecks revolve around two additional, related facts:

- Finance and accounting are paper-ridden environments.
- The 'workflow' aspect of ERP systems does not address the realities of paper - they only provide workflow within their own systems.

Left unaddressed, the bottlenecks will remain even after your company makes a large investment in a sophisticated new financial software package.

Having seen these systems in action - and handling the fall-out - at numerous mid-market and enterprise companies, IDT Consulting offers some stark truths about the realities of making these systems work *efficiently* for your organization.

It's a Paper, Paper and Still More Paper World

The question of how much automation your new ERP system is really giving you becomes important only when you appreciate that the system can only provide value *after* data or transactions are entered into it.

As discussed in Briefing One (see online at www.idtconsulting/briefing), a lot more happens in a company's accounting processes *long before* any transaction can ever be entered into an ERP system. This is where the vast majority of the problems or inefficiencies exist, and where the opportunity for substantial cost-savings can be realized.

To understand where these bottlenecks occur, let's walk through a typical process for one of the most common accounting functions, Accounts Payable (AP). (Similar inefficiencies can be seen in other functional areas or business processes of an organization, such as Customer Service, Returned Merchandise, or Human Resources. See example in Figure A.)

Typical purchasing process used to procure office supplies:

- An employee has a need for various office supplies such as paper, pens, staples, etc. The employee fills out an internal, paper-based PO requisition request, writes in a description of the supplies needed and routes the completed paper document to their manager for approval.
- After the manager reviews, approves and signs the paper document, the PO requisition request is again routed via interoffice mail to the purchasing department for fulfillment.
- Assuming purchasing has a preferred supplier for office supplies and has obtained pricing on the goods, purchasing then:
 - Reviews the request and generates a PO request in the ERP system;
 - Issues a paper-based PO indicating part numbers, prices, PO number, ship date, etc.;
 - Faxes or emails the PO to their preferred supplier.

Figure A ERP System Gaps in Customer Service Departments

As the first point of contact for responding to requests about order status, product returns, short shipments, wrong products received, etc., Customer Service Representatives (CSRs) need tools to keep such information at their fingertips.

Management assumes that its CSRs will be enabled to respond accurately to customers on the first call with an ERP system in place, because the system should contain every information nugget about the company's customers. Unfortunately, ERP systems alone are not the complete answer.

Here is a typical scenario:

Process with an ERP System: CSR takes an irate call from a customer whose shipment was sent to the wrong address. "Look at my PO, it says right there, ship to 123 Broadway. You shipped it to my billing address, which is 900 miles away. What can you do about it?" says the customer.

The company's ERP system does not allow the CSR to view the physical PO to determine if in fact the customer is right, or not. The physical PO that the customer sent the sales rep, which clearly states what the "ship to" was, is not accessible. It is locked up at the sales rep's home office.

What is accessible through the ERP system is the Sales Order entry screen that was *transcribed* by the sales rep or order entry person - not the physical document being debated.

Instead of the CSR accessing the PO instantly from the ERP sales order inquiry screen, the CSR must now request that the customer fax the PO to their attention.

Process with combined ERP/Enterprise Content Management (ECM) Technology: Using a combined ERP/ECM system such as IDT Complete*, the company would have a web portal allowing customers to *self-serve*: they could view the original PO as submitted and determine themselves if the error was on their end (i.e., their own buyer misread the internal requisition when typing up the PO) or the company's.

The combined system also greatly speeds the CSR's overall ability to serve customers, because all transaction-related documents are available with a click of the mouse.

The lesson of this example: Even with an ERP system in place, inefficient processes can continue, costing the company time, money and customer dissatisfaction.

* IDT Complete is a comprehensive ERP/ECM system that includes financial/ERP software from Microsoft® Dynamics GP; Enterprise Content Management, Records Management and Compliance software and hardware from CapSys, Kodak and other proven vendors; plus implementation services. For more information, visit: www.idtconsulting.com.

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- Purchasing also requests an order acknowledgment be sent (paper, fax or email) to confirm receipt of the order.
 - Approximately a week later, the goods arrive in the shipping department and the shipping department physically receives the goods and the ERP system is updated by the receiving department personnel triggering the first step in the matching process. The physical paper receiver (with annotations such as date stamp/initials of receiver) is sent to the purchasing department requisitioner.
 - Purchasing matches the order acknowledgement with the PO.
 - A few days later, the invoice arrives in the mailroom.
 - The mail is manually opened, sorted and then routed to the originator (purchasing or the buyer) or the Accounts Payable Department. If invoices are received electronically (as an EDI transaction, "image" or in PDF format), often similar, manual work steps are taken to process the invoice. It may be printed for routing, coding and approval, and eventual filing. Even in an EDI world, many companies continue to match the printed copy of an invoice to a check stub and file the paper documents away for archival and retrieval purposes.
 - If the purchase was PO-based, the originator matches the invoice back to the PO. Even with an "open PO" in the ERP system, the payables process won't move any further until the goods are received and an invoice is matched to the PO - all typically paper-based processes. So, if the invoice shows up before the goods are received (not untypical) then again, the payables process will probably remain in a hibernated state until the goods are received.
 - After the matching process has been completed, the invoice/PO/receiver are then further routed to a cost accountant. This individual then applies appropriate coding information to each line item to properly allocate expenses to the appropriate chart of accounts and cost centers within the organization. Typically, this step is manual in nature, too. Coding and cost center information is usually written on the document using colored pens to allow other team members in the process to quickly decipher coding and cost center charges.

As you can see, days or weeks can go by before the invoice is every truly "accounted for," even with an ERP system in place. This is especially true for organizations with distributed operations - such as a commercial or residential construction firm, property management firm or manufacturer. When those involved in the payables process (requisitioner, purchasing, receiving, coding, approval teams, managers, etc.) are geographically dispersed, organizations often must pay for overnight shipping of payable documents with hand-written notes affixed to invoices, purchase requisitions, receipts,

etc. As a result, the payables process can extend beyond the normal 30- or 45-day cycles. In addition, the organization is faced with increased costs of doing business with these daily or weekly overnight shipping costs and even are assuming a risk of losing vital documents and information all together, further extending the payables process.

The stark truth about AP is that it is a paper-ridden environment. All the ERP automation in the world - including built-in *workflow* capabilities - won't solve the paper problem. Paper is a foreign object to ERP because ERP deals with transactional, electronic data, not "documents." Yet paper invoices are documents that we all must deal with in the *real* world. In as much as we would like to be a paperless society, the fact of the matter is that paper consumption is expected to grow by 50 percent by 2010².

Some further costs posed by all this paper: Think about where your departmental budget gets chewed up: Labor. Supplies. Filing cabinets. Off-site storage. Retention services. Companies that don't understand the paper-based, 'before' processes when evaluating ERP system options won't be informed by product vendors; therefore, the paper problem won't be adequately addressed.

The bottom line: ERP workflow buys you very little value until the transaction is entered into the ERP system. ERP system vendors may tell you that all this is taken care of by their product's inherent 'workflow' capability, but as explained in *Understanding Workflow* (see Appendix), that assumption is erroneous.

What Are Your Options?

Faced with this paper predicament, companies that are either upgrading from a basic accounting software package or making a first-time purchase of a more sophisticated financial system essentially have three choices:

1. Ignore the bottlenecks and the continued need for the same labor and processing times as before the system was installed;
2. Automate the 'before' steps separately from the design and purchase of the ERP system; or,
3. Automate all or a portion of the 'before' steps concurrently with the ERP system roll-out.

If the problem is ignored, companies are forced to work around the issue using age-old, traditional methods. An ERP system vendor may suggest that paper simply be accommodated: "When the paper arrives, that is, arrives in the accounting department, we will then account for the invoice and begin the internal workflow to pay it." Or, a company must invest in more ERP system seats, more consulting and custom programming services to implement workflow. From data entry point on, the workflow inside the ERP system follows the stringent business rules put in place by the system implementation team.

With some financial software systems, a complete, combined ERP/ECM system can be created for the same investment a company would make in one of the big-three ERP system brands alone.

Months or quarters can literally go by before what was conveyed as “needs” are finally translated into a functional, working product. By then, the business model may have changed and the “workflow” needs to be redesigned ... leading to more potential delays and costs. This example allows us to see why ERP budgets can get out of control and how a project budget can quickly balloon to nearly double the original estimate. Companies expect a new ERP system to provide a big bang in terms of ROI. But the harsh reality of the situation - largely because of the paper bottlenecks - is all too often “business as usual” except the staff works with a new GUI (graphical user interface).

The second and third options - automating the ‘before’ steps either as an add-on to the ERP system or concurrently - are possible. All of the manual steps can in fact be automated with hardware and software components that are generally categorized as ECM (Enterprise Content Management). ECM components can be integrated with *nearly any ERP or financial software system* to create a complete, end-to-end automated solution that achieves both efficiency and compliance.

While a concurrent roll-out of a combined ERP/ECM system is preferable, ECM can be integrated after the fact. With some financial software systems, a complete, combined ERP/ECM system can be created for nearly the same investment a company would make in one of the big-three ERP system brands alone.

Just how ECM enhances financial systems is detailed in Section Two.

Section Two

A combined ERP/ECM 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.

Creating True End-to-End Automation

Before we get into basic descriptions of ECM components, refer to Figure B, *Comparison of Accounts Payable Processes*, which shows the AP and check run process steps of a real manufacturing company using a large financial/ERP system, and contrasts them with the new process steps if the same company were to deploy an integrated ERP/ECM system.

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Figure B

Comparison of Accounts Payable Processes: Major Brand ERP Only vs. ERP Combined With Enterprise Content Management (ECM)

Companies expect manual accounting processes to have inherent inefficiencies. They *don't expect* inefficiencies to persist even with an ERP system in place.

The flow charts on the next pages contrast (first), AP and Check Run work processes with a large ERP system in use at a real manufacturing firm, and (second), how new AP processes would work with an ERP system combined with Enterprise Content Management.

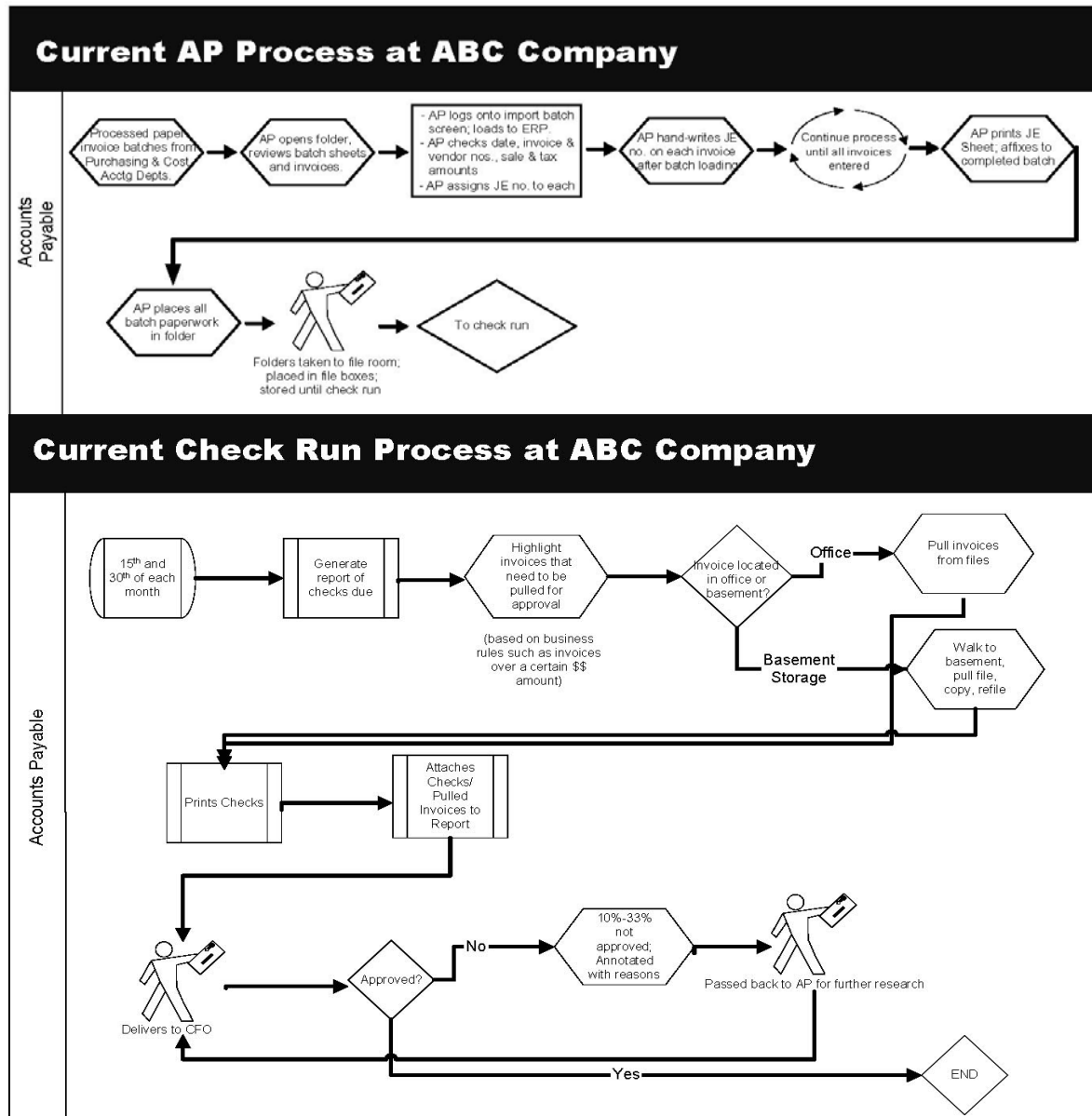
Case Synopsis:

IDT Consulting was called in to advise a manufacturing firm about its problems with AP vendor invoices. The company's controller realized that volumes of paper within the company caused excess paper handling and storage requirements, as well as a high potential for lost documents. Approximately 60 percent of this firm's invoices are PO-based.

A few of the obvious problems highlighted by the staff:

- All POs are printed and faxed manually. Staff generates a cover sheet with the PO, then staples a Fax confirmation sheet to each.
- Purchasers are not notified proactively that purchase requests await their approval and processing. Each buyer must frequently visit the 'requisitioning' screen of the ERP system to be informed of pending requests.
- Select invoices must be reviewed by the CFO prior to check signing. The AP staff must decide which invoices will be needed, then, they pull paper invoices and organize them to coincide with the check run.
- Staff does not know the status of any invoices in the approval process or if an invoice was ever received, even after receipt.
- Multiple copies of the same invoice may be in-house at anytime.
- Constant filing and re-filing of the same documents results in 70+ hour work-weeks for AP staff.

Figure B cont'- Comparison of AP Processes: ERP Only vs. ERP With Enterprise Content Management (ECM)

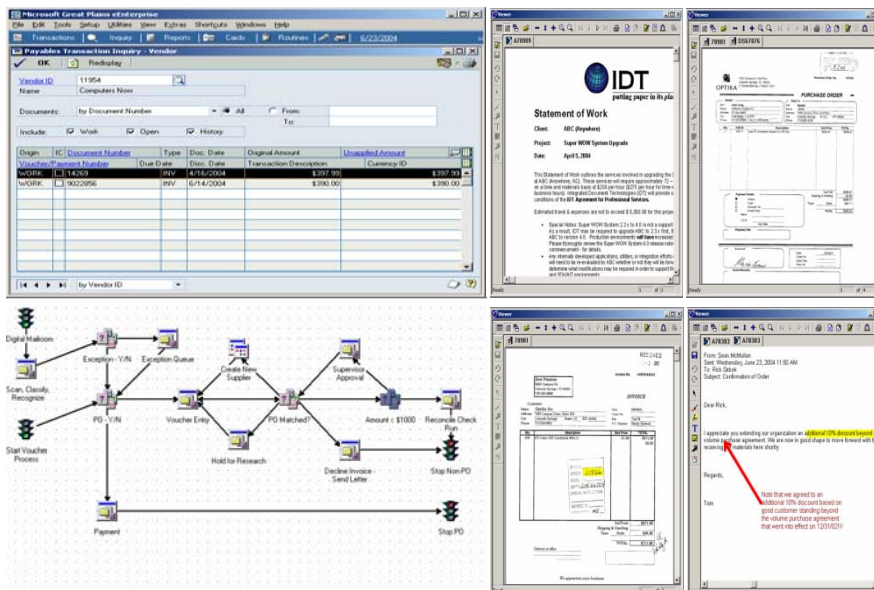
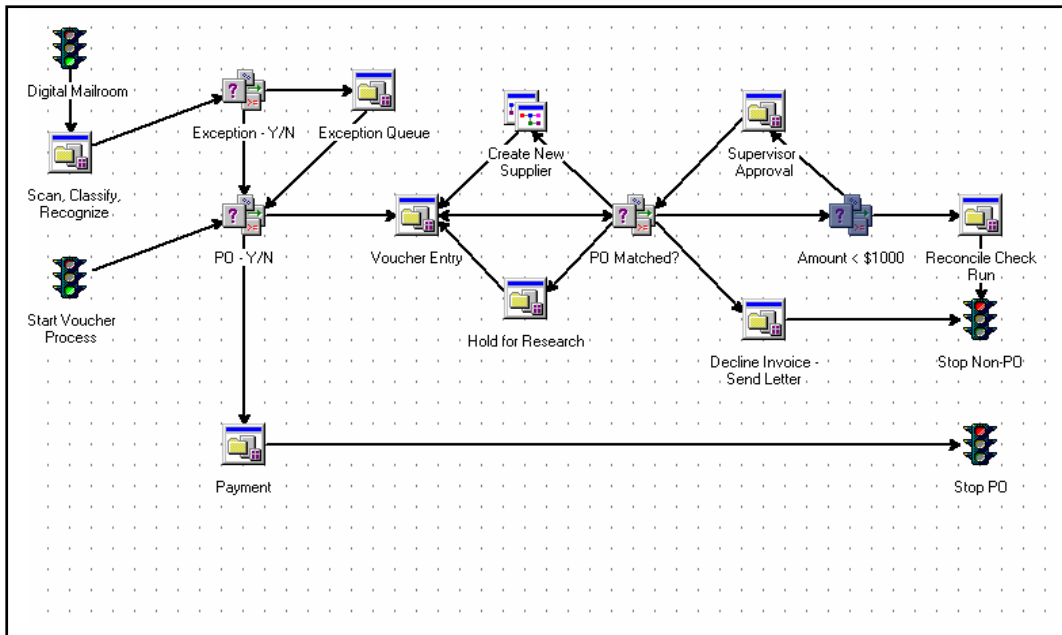


Traditional financial software (or ERP systems) permits companies to enter and manage *only* data, which severely lacks all of the supporting evidence behind the actual transaction.

The larger context around each transaction that would *authenticate, justify or substantiate* its entry is not carried within the ERP system. Therefore, many paper-based, manual steps - as shown above - are still required for staff to process invoices, POs and related data.

The addition of ECM technologies closes the labor-intensive gaps in the AP process, creating true end-to-end automation.

Various components of ECM systems scan; *classify* incoming documents (such as invoices); *extract* accounting data; and *route* content (according to organization's business rules) through an automated workflow process. At appropriate points in the process, integration with the ERP system (such as PO matching, voucher entry, etc.) happens automatically.



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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 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

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.



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

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.

Appendix

Understanding Workflow

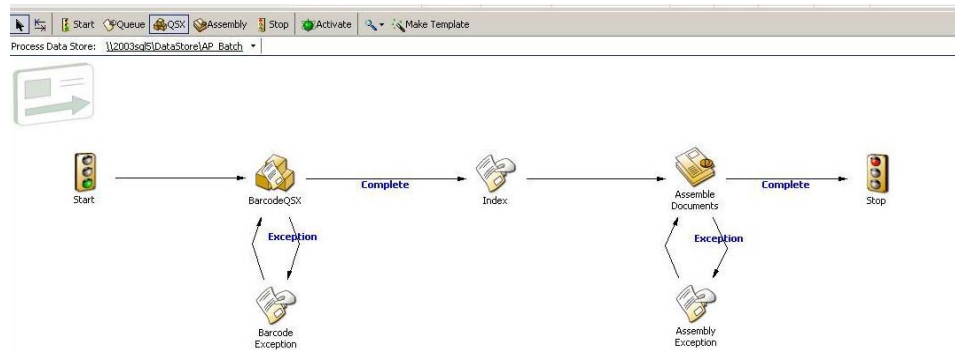
What is workflow? Workflow software, now referred to as 'Business Process Management' (BPM) software, provides four primary functions:

- ✓ 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

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!*

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

SYNOPSIS:

One of the biggest questions faced by those about to make a large technology investment is who they'll partner with to get the job done. IDT's 3rd briefing in the series gives you straight answers about product selection, services, costs and more.

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