



HEAFNER — ITCO TIRES AND PRODUCTS

Heafner-ITCO Tires and Products is part of the billion dollar international holding company Heafner Tire Group. Based in Lincolnton, North Carolina, Heafner-ITCO distributes tires, wheels, equipment, and tire supplies to 40,000 tire stores around the country.

THE SITUATION

Heafner faced a serious problem resulting from recent mergers and a growing customer base. The amount of paper work accumulated by the accounts receivable department was increasing rapidly with no end in sight. After the recent merger of Heafner with ITCO, the number of daily deliveries had grown to 15,000 and was expected to reach 30,000 within two years. As the number of customers and daily deliveries rose, so too did the number of aged accounts. As a result, the credit department was finding it difficult to process the documentation involved in accounting for collections from late payers.

To monitor late paying accounts, Heafner's accounting system would output onto greenbar paper a weekly aging report of the accounts with overdue balances. However, because the invoices and signed delivery receipts were being returned by the truck drivers to the company's 52 distribution centers, it was difficult for the credit department personnel to verify that the merchandise has actually been delivered. To further complicate matters, information about each customer's credit limit was not consistently maintained, nor was it immediately accessible to the credit agents.

Responsibility for resolving these issues rested on the Director of MIS, Steve Peppard. Having implemented scanning solutions at his previous position at NBC, Peppard was familiar with tools used for automated data entry and document imaging. His intention was to install a turnkey system where scanning and automated data entry would be used to capture data from the invoices while storing and indexing the images into a central repository, thus making them accessible to the credit department.

Peppard enlisted the help of KeyMark, an image-processing specialist in Greenville, South Carolina, to evaluate several vendors and to design an appropriate solution that could be deployed expeditiously and economically. KeyMark's onsite analysis included "walk-throughs" of the Heafner facilities, review of the credit department's processes and forms, and evaluation of Heafner's operating environment and accounting system. KeyMark proposed a straightforward solution that would easily integrate with Heafner's existing infrastructure and would provide the credit agents immediate, online access to all of the information necessary to perform their jobs.

THE SOLUTION

The chosen solution consisted of OCR for Forms — automated data entry software from Microsystems Technology — and OnBase — integrated document management software from Hyland Software. Using a Kodak document scanner, documents are scanned into OCR for Forms. Using "zonal" optical character recognition, OCR for Forms automatically identifies and extracts from the forms six key values that are posted into Heafner's accounting system and used to index the images into OnBase. Read rates on these invoices are more than 97 percent accurate, greatly reducing the need for human verification. The images and index information are then captured by the OnBase Document Import process and imported into the OnBase system.

As a result of the above process, Heafner credit agents can now retrieve any invoice from their desktop PC using the flexible searching capabilities of the OnBase Client. However, the primary accounting tool used by the credit agents is the aging report. The OnBase COLD processing module imports the aging report from Heafner's UNIX-based accounting system directly into the OnBase repository, allowing credit agents to quickly conduct an online search of the aging reports for information pertaining to their assigned accounts. The unique cross-referencing capability of OnBase then enables the agents to simply double-click on a specific line item in the aging report and immediately retrieve the corresponding statement or invoice. Through the OnBase Host Application Enabler module, which combines this same cross-referencing capability with screen-scraping technology, agents also have the ability to directly access documents by double-clicking on fields in the accounting system.

The solution also provides quality checks to ensure that all signed invoices are present and accounted for in the OnBase system. The accounting system generates an output report that lists all of the invoices delivered in a given day, which is in turn processed into OnBase as COLD data. At day's end, the OnBase Exception Reports module identifies any invoices that are not yet present in the OnBase system.

THE RESULT

Because OnBase offers more out-of-the-box functionality than any other integrated document management system, the Heafner solution was implemented without any custom

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coding. The complete solution was put into production 35 days from the start of implementation. Fifty professionals within Heafner-ITCO now have access to the OnBase system, providing them a complete picture of customer transactions.

Prior to the merger with Heafner, ITCO staffed 4 people to file and manage less than 7,000 signed invoices per day. Today, the combined company relies on a staff of 3 to process 15,000 invoices per day. The redeployment of personnel and the increased turnover in receivables provided Heafner-ITCO with a 100 percent return on investment in less than one year.

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