

Document management of state ERP estimates annual savings of \$7 million

"We have centralized AP processes in 74 state agencies with SAP® and OnBase. With this infrastructure in place, agencies have the freedom and flexibility to expand into other areas of imaging at a very low cost."

- Glenn Vose
Information Technology Manager, South Carolina Budget and Control Board

OnBase
a Hyland Software solution



The Challenges

- De-centralized purchasing and HR inefficient and costly with more than 100 disparate AP and HR systems
- Decision-makers have poor visibility into processes across the enterprise, and IT resources are scarce
- Risk of institutional knowledge loss—70% of workers near retirement, aging legacy systems

The Results

- ROI study conservatively estimates \$7 million annual savings
- Transparency continues to increase, state-wide, with each successive agency/department rollout
- Centralized ERP and document management automation places compliance on business rules, not employees

The Customer

The state of South Carolina has 183 state agencies to service its population of just over four million residents. In 2003, when taking a look at fundamental operations processes, the state identified some interesting technology resource crossovers: 100 financial management systems and 60 human resources systems.

The Challenges

Aging infrastructure and custom line-of-business applications, most of which had been in place for 20 years, encouraged decentralized operations in finance, purchasing, inventory, and human resources. More than 14.6 million documents accompany state-wide transactions in these areas annually. Autonomy and limited standardization provided poor visibility from a state enterprise perspective. There was also risk of loss of vendor support. Decision-makers had difficulty seeing inefficiencies or duplicated efforts cross-agency.

Also concerning from a process perspective, the state of South Carolina's aging "baby boomer" workforce (more than 70 percent of state employees) was likely to retire at an increasing rate. This meant a large-scale shift of knowledge would be required to continue to provide the best service. Transparency into process workflows would be critical. Institutional knowledge and effective service delivery for the state enterprise was at risk.

The Journey

The state formed the South Carolina Enterprise Information System (SCEIS) to standardize its business processes with a mission to do so "...using best business practices to achieve cost-effective and efficient delivery of services..."

A third-party consultant was brought in to identify current business processes in 74 of S.C.'s state agencies, boards and commissions along with best practices from other states. The resulting 2003 operations cost and process analysis report to the state, the *State of South Carolina SCEIS Business Case Study*, found that the cost of processing a single invoice was more than \$23. This was more than two times the best practices cost of five to 10 dollars. By reducing the time required for each invoice, the report found the state could save more than \$20 million per year in invoice processing (confirmed in the 2009 *South Carolina Enterprise Information System (SCEIS) Business Case Study Review & Update*).

The Solution

The decision was made to improve processes state-wide with an ERP to optimize processes in Finance, Accounting, Procurement and HR. An accompanying document management solution was also required and needed to work in a Citrix® environment, accommodate the mixed domains of state agencies and had to be Web-accessible. Both needed to support centrally managed shared services and incremental expansion.

SCEIS selected SAP for its ERP, and state-term approved OnBase for enterprise document management. Manual paper processes were eliminated in Finance, Accounting and Procurement and replaced with paperless workflows and centralized ERP. As a result of the success of the SCEIS projects, additional agencies continue to adopt OnBase, including the State Treasurer's Office, Worker's Compensation Commission and the State Housing Authority.

SAP manages the data and OnBase manages the documents. State employees focus on service. Transparency is vastly improved.

State-wide optimized AP removes redundancies, saves hundreds of thousands of dollars in paper-based costs

Before OnBase, each agency processed invoices internally and routed them manually. When invoices were received at an agency, employees would copy them, batch them into vouchers and courier them to the Comptroller General's office—at the state capital in Columbia—for approval. The State Treasurer would cut the check and send everything back to the agencies for filing. Discrepancies could take days to resolve waiting for the paperwork.

"Paper was travelling all over the state," remembers Glenn Vose, Information Technology Manager, S.C. Budget and Control Board. Duplicated data entry, redundant audits, manually obtaining multiple approvals for payment authorization, and searching or waiting for paperwork all contributed to high costs per transaction.

"Now, that whole paper flow has been completely eliminated with electronic workflows. The paper is imaged at the beginning of the process and is available right from SAP," says Vose. Redundant data entry is largely eliminated as SAP data is used to automatically index supporting documents upon scan or import into the system. Imported documents are then automatically attached to the SAP transactions they support. Transaction times are shortened because employees can access supporting documents right from their SAP screens or the Web during every step of the approval process.

"The cost reduction associated with paper includes eliminated courier fees, floor space and paperwork, and it is already estimated in the hundreds of thousands of dollars per year," states Vose.

Process transparency without custom coding or reporting enables true enterprise perspective, better decisions

With documents imaged at the front end of transactional processes, visibility is greatly improved for every step along the way.

Stored once, documents are securely available to authorized users at any time and from anywhere, even the Web. Documents are never missing due to being on someone's desk or in transit. Procurement agents can see all documents in the procurement lifecycle in one place—from requirements to solicitation, evaluation and contracts.

Reports are configurable and do not require IT resources. Document management is also configurable, not dependant upon custom coding, enabling business units to configure "test systems" which are tested for quality assurance before being rolled out by SCEIS.

Making documents available through SAP, but not stored in SAP keeps it running optimally and extends the ERP investment without requiring extensive IT resources or excessive time connecting documents to SAP transactions. OnBase manages the burden of growing document libraries and automates time-consuming tasks, such as backups. SAP stays lean and efficient while providing documents instantly to employees who need them.

New OnBase solutions do not require long implementation cycles. "OnBase Workflows are rolled out in six weeks, start to finish," states Vose.



First, AP processes were centralized in 74 S.C. state agencies with SAP and OnBase document management. HR processes are scheduled next. Additional S.C. agencies that benefit from OnBase include the State Treasurer's Office, Worker's Compensation Commission and the State Housing Authority. SCEIS shared services means agencies don't worry about infrastructure, backups. Rollouts are quick, benefits immediate.

SAP centralizes state data, OnBase Workflows automate policy/process compliance, removing employee burdens

In agency processes state-wide, from Worker's Compensation documentation to Housing Authority contracts and mortgage administration, OnBase eliminates mundane, paper-based tasks, freeing up time for improved service. OnBase Workflows balance workloads for transactional processes and send notifications for exceptions outside of established thresholds. Self-service, FTP access to shared services data processing extends the benefits of repeatable solutions without requiring up front infrastructure costs.

The Results

The state of S.C. recognized immediate benefits of the SCEIS project:

- ROI study anticipates annual document management savings of \$7 million for Finance, Accounting, Procurement processes
- Transparency continues to increase, state-wide, with each successive rollout
- Centralized ERP and document management automation places compliance on business rules, not employees

Why OnBase?

Proven, SAP-certified and designed to scale as needed, OnBase document management solutions are flexible to accommodate any environment, including hosted, SaaS, Citrix or premises-based.

time to make a difference.

Get more information out of existing business applications. Reduce, even eliminate, wasteful, redundant tasks. Now you can spend your time on the things that really matter. That's effective document and process management.

That's the OnBase difference.

Learn more at OnBase.com/Government

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