

Accounting for Success with Content Management

*Save Time and Money with Integrated Processes for
Accounts Payable and Accounts Receivable*

Abstract: Accounting has its own forms of “content” (including invoices, bills, payrolls, and budgets) and its own fully regulated management processes—for recording and summarizing business/financial transactions as well as analyzing, verifying, and reporting results. This white paper looks at how an integrated content management solution can improve these processes for more efficient financial accounting.

Date 2/10/2005

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Preface: Content management *IS* business management

Case in point: Financial accounting

The practical value of content management information technology is easiest to appreciate when applied to business functions such as accounting that are vital to everyone. Accounting has its own forms of “content” (including invoices, bills, payrolls, and budgets) and its own fully regulated management processes—for recording and summarizing business/financial transactions as well as analyzing, verifying, and reporting results.

Inefficiencies in the way accounting information content is managed can lead to:

- Lost user productivity when accounting professionals struggle to capture/organize a rising tide of financial data
- Lost information value, because the accounting department, and others throughout the organization, cannot intelligently access or share the exact “content” they need when it is needed
- Increased risk when business-critical content is lost or inaccessible, especially when it’s required for government regulations or for reporting to corporate shareholders

This white paper looks at how an integrated content management solution can improve financial accounting. It will show how accounting departments in various industries are achieving benefits like these:

Content management feature	Benefit to accounting department
Automated capture for any volume or variety of data; data is only entered once	<ul style="list-style-type: none">• Reduces time required for initial capture and redundancy in data entry for different purposes• Minimizes risk of errors or lost documents• Creates pool of accounting data, maintaining information in native file formats, for easy reference and use
Automated indexing based on user-defined criteria	<ul style="list-style-type: none">• Eliminates manual indexing and filing• Speeds organization process and enables cross-referencing• Easy tailoring without heavy programming or IT admin support
Intelligent search engine	<ul style="list-style-type: none">• Faster access with no time wasted searching, copying, or re-filing hardcopies• Smarter access with users/applications immediately finding the specific information they need
Universal Web interface allows access anytime, anywhere	<ul style="list-style-type: none">• Gives all authorized staff access to the same information, quickly and easily from the desktop• Notes can be attached to files electronically—no lost comments, no more illegible handwriting
Automated workflow streamlines request and approval processes	<ul style="list-style-type: none">• Improved vendor relations and potential discounts• Faster billing with fewer errors• Shorter cash-flow cycles and improved collections rate

Accounting for success with content management

Large or small, public or private, anywhere in the world—virtually all organizations are driven on some level by their financial accounting needs. Sound accounting practices and procedures are essential to both daily operations and the achievement of strategic goals. But the accounting function itself also represents a significant overhead cost, an area in which greater administrative efficiency and productivity can readily translate into a competitive advantage.

Organizations recognize that having vast quantities of information is not necessarily the same thing as getting the answers they need. Many are simply being overwhelmed with an ever-increasing volume and variety of information including documents, spreadsheets, images, print streams, text output, databases, and electronic messaging. Old, piecemeal approaches to data management are rendering much of this business-critical information “content” inaccessible—and therefore worthless.

Accounting professionals know that their ability to support their organization depends on their ability to collect, manage, and deliver the right financial information to the right person at the right time. That’s why many of them are urgently seeking an automated, integrated enterprise data management solution.

Automated content management for accounting

Daily financial management processes—especially accounts payable and accounts receivable—are traditionally paper intensive, time consuming, and expensive. Invoices, payments, purchase orders, and statements are often sent via e-mail, fax, or regular mail. Existing business technology applications can manage the data but many organizations struggle to capture information from hardcopy, keep it easily accessible, and route it to the appropriate individuals. Both the accounts payable (AP) and accounts receivable (AR) processes can benefit from automated content management.

Accounts payable personnel can scan and index invoices received by the business; route them to the appropriate personnel for approval; relate invoices to orders that were placed and packing slips that accompanied goods to ensure that the correct material was delivered; relate invoices to specific projects; and track reimbursements from customers as necessary.

When the information flows electronically, the organization can better track payables and speed up payment to vendors—ultimately improving the company’s credit rating and lowering the overall cost of credit. In some cases, swift payment can actually reduce bills. Integration of payables information with purchasing can also speed the review process by enabling purchasing agents to swiftly reconcile invoices received with purchase orders issued. Invoices can also be more easily reconciled with inventory reports, especially if those reports are also maintained within the system through use of integrated COLD/ERM technology.

Accounts receivable personnel can also streamline operations through use of document and content management solutions. Bills sent out can be swiftly reconciled with payments received. Further, AR personnel could be given access to contracts and other billing information to ensure that bills and statements are issued using the correct payment terms. Use of this technology, appropriately integrated with other financial systems, will streamline operations, meaning bills and statements get out faster, and will minimize mis-billing, reducing customer frustration.

In most cases, accounting information must be retained for many years for auditing and tax purposes. Therefore, accounting departments often have dozens of file cabinets for current records, and hundreds of file boxes of historical records, which may be stored off-site. These paper files are difficult to search through, and may be vulnerable to fire, floods, or other disasters. Converting these records to electronic format and integrating them with an organization’s accounting systems helps improve employee productivity since historical records can be searched with the same ease as current records. In addition, having more information at hand about a given vendor or customer can enable better decision making.

Finally, conversion of paper documents to electronic formats significantly reduces the amount of storage space required for documents, therefore reducing or eliminating the costs associated with off-site archival storage. The amount of on-site storage is also significantly reduced, allowing the floor space devoted to filing cabinets to be repurposed.

By integrating content management into accounting processes, most organizations can improve their productivity and reduce costs while earning quick-pay discounts, tightening cost accounting and budget processes, accelerating cash-flow cycles, and eliminating duplicate payments.

The following are examples of how content management applications from EMC Documentum have been used to automate accounts payable and accounts receivable activities in a variety of industries.

Accounts payable in manufacturing

A major oil company processes over 3 million invoices a year. Approximately half of the invoices were handled via EDI (Electronic Data Interchange) and the remaining 1.5 million invoices were manually processed. The invoice process was extremely time-consuming and consisted of manually routing invoices between reviewers, approvers, tax analysts, accounts payable, accounting, and purchasing. In many cases, vendor discounts were lost due to delays in routing. In addition, multiple copies of the invoices were made and retained in case an invoice was lost during routing or needed for manual reporting.

Once invoices were paid, they were stored manually in file cabinets and then off-site in warehouses for seven years, a statutory stipulation. Old invoices frequently needed to be accessed from off-site storage, which typically required about four hours per instance. In addition, invoices could be lost, misfiled, or misplaced.

The company wanted to automate its AP business process to increase the efficiency of invoice processing, better utilize its personnel and speed retrieval time for old invoices. To do this, the company chose integrated document management, data storage management and workflow software, from Legato (now EMC Documentum).

Now, paper invoices are scanned, indexed and stored on optical disks using EMC Documentum ApplicationXtender® and DiskXtender®. The invoices are then electronically routed to a payable team for data entry via workflow software. The invoices are then routed to reviewers for analysis, and they subsequently pass it on electronically to other individuals for approval. As necessary the invoice is automatically routed to the tax group for a review of sales taxes. Finally, the invoice is applied to the mainframe payable, general ledger, and project tracking systems. The paper invoices are handled only one time in AP at the beginning of the process. Payable data is manually input once by a payable team member, and most reviewer data additions are handled in a point-and-click environment using personal profiles. This technology enables users to gather information related to the source document, store that information in work objects, and pass it along electronically to all who need to work with the document or make decisions upon it.

With a workflow solution for AP/AR, employees' responsibilities are shifting from simply processing data to managing the business process.

Automation increases the efficiency and speed of the flow of invoices through the AP procurement-to-pay cycle. The process is smooth and seamless, and activities are easily tracked via the workflow software. Additionally, when older invoices need to be retrieved, ApplicationXtender allows users to immediately retrieve and view them directly from their desktops instead of searching through file cabinets or off-site storage.

The company's document management, data storage management and workflow software is saving them time and money by freeing up personnel, including accountants and payable team members, to do more

value-added activities rather than re-entering redundant data or searching for paper documents. The company has also been able to eliminate repeated handling of paper invoices. The employees' responsibilities are shifting from simply processing data to managing the business process.

Accounts payable in education

A leading university wanted to streamline its accounts payable system. Not only was the university faced with the same accounts payable concerns as other organizations, but as federal grant recipients, they must also provide federal auditors with documentation regarding grant expenditures upon request. With hundreds of research grants spanning multiple departments and hundreds of audit requests, staying on top of the workload was a monumental task, especially since much of the data was stored in file boxes off-site.

When the university received documentation requests from federal grant auditors, it could be a tremendous drain on resources. University accounting personnel had to research when an invoice was paid, send someone to physically obtain the hard copy from the files, then photocopy it and send a copy to the auditor.

Implementation of an EMC solution for document and storage management will help the university efficiently comply with auditing requirements for all internal, external, and federal auditors. Using EMC Documentum ApplicationXtender, invoices, shipping papers, check stubs, and other documents can be quickly accessed at user desktops and placed on a compact disc or e-mailed to the requestor, minimizing the need for physical copies and storage of invoices and improving responsiveness. This is a significant improvement over the existing paper-based filing system, and will provide enormous time and cost savings. In addition, the costs associated with physical document storage, as well as the time required to search through paper files, will be greatly reduced. Eventually, the university hopes to eliminate all off-site document storage warehouses.

Accounts receivable in healthcare

A major hospital needed to find a more cost-effective way to file and capture patient registration and patient accounting documents and reports. Recording patient records and appropriately filing and accessing that data when needed was a paper-driven and labor-intensive chore. All cash correction, adjustment, and refund requests had to be submitted via hardcopy to hospital accounting managers for review. Further, dealing with multiple hard copies of documents increased the potential for miscommunication between employees and patients. As a result, hospital/patient communication regarding resolution of billing and collections took longer than expected.

For these reasons, the hospital implemented a solution using a Legato solution (now EMC Documentum) to automate various back-office activities, including billing and collections. Now, payments, documents, and EOBs (explanation of benefits) are scanned and indexed by patient account number. All paperwork associated with the patient account is indexed, organized, retrieved, and stored in the EMC Documentum system. Correspondence associated with billing is scanned and automatically routed to personnel responsible for action and follow-up, improving the quality of communications and increasing the response time. In addition, the electronic system ensures patients of accurate communication of all correspondence, and reduces guesswork by employees, resulting from a missing or misfiled document.

After implementing a content management solution for its accounting department, this hospital eliminated problems due to lost paperwork and delayed billing and collection.

Now that the billing and collections process has been automated, hospital employees save time on each bill and can move on without worrying if all the necessary steps were taken to ensure that accurate information was sent to the patient. In addition, employees now have online access to account information, eliminating the need to create multi-copy forms or internal copies of documents, resulting in a significant cost savings for paper used within the department. Since all documents are now electronic and are held in a patient

account folder, it is no longer possible to lose paperwork and prolong the billing and collection process. These improvements in productivity and efficiency have resulted in a significant reduction in the amount of time a bill is held in accounts receivable, improving cash flow.

Accounts receivable for a large equipment distributor

A large equipment distributor with multiple branch office locations used to store its billing and service records using microfilm and microfiche. Each branch office would send its billing and service documents to the main office, where they would be converted. Due to the volume of data the main office received—up to 1,600 documents daily—and the time-consuming nature of the conversion process, it could take weeks from the date of receipt for the documents to be converted.

The billing and collections department calls customers who have not paid their invoice within 90 days to check on payment status. Collections department staff had to search through boxes of film and fiche to find invoice information and then print a hard copy of the information from the media. They would then return to their desks and call the customer to attempt to determine why the customer was late in paying the invoice. Since employees continually had to walk back and forth

A content management solution has enabled this distributor to double the number of customer calls made on a daily basis, without requiring an increase in staff

between their desks and the film and fiche storage area, as well as spend time searching for overdue invoices, their time spent actually talking to customers was limited. In order to streamline document access, the company adopted a document and image management system from Legato Systems (now EMC Documentum). The efficiency of collections department employees has improved significantly since implementation, as they can now immediately access invoices and other documents directly from their desktops. As a result, employees no longer have to leave their desks every time they need to retrieve an invoice. This has enabled the department to double the number of customer calls made on a daily basis, without requiring an increase in staff.

EMC Documentum ApplicationXtender—better control of your AP/AR information

The EMC Documentum ApplicationXtender suite of content management products allows organizations to capture, manage, and store all kinds of business information. It also supports a wide range of storage devices, assuring direct access to content stored on various systems. Both desktop and Web interfaces are available for contribution and management of content.

ApplicationXtender takes a unified approach to data collection, generation, management, and delivery. It enables access through a universal interface by intelligently indexing, organizing and storing data from across the enterprise. Other key modules include WebXtender[®], ERMXtender[®], and WorkflowXtender[®]. These products are built on a solid foundation that includes comprehensive data storage management through the award-winning DiskXtender product, which provides virtually infinite storage capacity for content. In addition, DiskXtender allows organizations to choose the storage media that best meets their access, retention, and cost requirements, including optical, WORM, tape, DVD, and CD. WorkflowXtender for accounts payable provides a generic solution to automate and manage the accounts payable process requiring minimal customization and setup to implement accounts payable solutions within days rather than weeks.

EMC Documentum ApplicationXtender products provide comprehensive capture capabilities, including imaging, electronic file support, faxes, and computer output reports for both traditional COLD (text-based reports) as well as advanced print streams (AFP, Metacode, PCL and PDF). ApplicationXtender will also capture index information from the various formats and store the indexes in a centrally available repository,

which also creates a virtual repository for all content. The individual files themselves may be stored in multiple places depending on the organization's specific needs.

Implementation of a comprehensive content management product can help an enterprise streamline its operations, improve efficiency, and reduce cost. EMC Documentum solutions provide the key elements to support a comprehensive content management strategy and can help an organization achieve significant cost savings and productivity gains for an outstanding return on investment.

About EMC

EMC Corporation (NYSE: EMC) is the world leader in information storage systems, software, networks, and services, providing automated networked storage solutions to help organizations get the maximum value from their information, at the lowest total cost, across every point in the information lifecycle. Information about EMC's products and services can be found at www.EMC.com

About Documentum Software from EMC

Documentum software from EMC Corporation includes enterprise content management solutions that enable organizations to unite teams, content, and associated business processes. With a single platform, EMC Documentum software enables people to collaboratively create, manage, deliver, and archive the content that drives business operations, from documents and discussions to e-mail, Web pages, records, and rich media. The Documentum enterprise content management platform makes it possible for companies to distribute all of this content in multiple languages, across internal and external systems, applications, and user communities. As a result of deploying Documentum, thousands of the world's most successful organizations are harnessing corporate knowledge, accelerating time to market, increasing customer satisfaction, enhancing supply chain efficiencies, reducing operating costs, and improving their overall competitive advantage.

For more information about Documentum enterprise content management, visit our website at www.emc.com/documentum or call **800.607.9546** (outside the U.S.: +1.925.600.5802).