

Toward Paperless Wholesale Supply

Elite Document Solutions automates Allied Refrigeration

By Gordon E.J. Hoke, eVisory www.evisory.com

Copyright 2006 all rights reserved

Allied Refrigeration (www.allied-refrig.com), based in Long Beach, Calif., is more than 70 years old, but its document practices are as modern as tomorrow. The wholesaler serves California and Nevada with 15 stores, and IT Manager Bob Lillis connects the stores and Allied's 116 employees with a frame-relay Wide Area Network run by an (IBM midrange) iSeries server. In fact, the iSeries, under the OS400 operating system, runs the entire business.

Owner and President Robert Nichols stresses customer service, but with just a handful of employees at each location, operational efficiency is vital. When Lillis arrived at Allied in 2001, electronic signature capture was already on the Information Technology project list. Allied's leadership realized that paper management was an obstacle to both efficiency and customer service.

"When mechanics came into our stores," Lillis explains, "they manually signed for the parts they bought. All too often, they would lose or destroy the paperwork, so we would get requests from their companies' Accounts Payable departments for copies of the proofs of purchase or delivery. We would have to manually retrieve the paper and, then, fax or mail copies to them.

"It was somewhere between a nuisance and a real pain," Lillis continues. Stores filed their own paper, a function sometimes duplicated at headquarters.

Lillis saw that electronic signatures -- verifying sales -- would resolve this issue, but his Web searches found only PC-based applications. He felt stymied.

In 2004, he received a cold call from Lori Johnston, Director of Sales and Business Development at Elite Document Solutions (www.elitedocuments.com), a virtual neighbor in Lake Forest, Calif. Johnston told Lillis about Elite's electronic Signature Capture for the iSeries. "That piqued my interest!" he declares. In late 2004, Lillis and his programmer/analyst, Jim Meszaros, went to Elite for a demonstration of both the signature capture module, which was still in development, and the document imaging and retrieval products that were already shipping. He envisioned the possibilities.

Lillis computed the economics of a paper-reduced system and presented his findings to Allied's management. Barely into the presentation, Nichols offered two questions: "What's the bottom line?" and "Are the counter guys going to have to do more work?"

The first answer is discussed below. For the second, Lillis retorted, "A couple of additional keystrokes." Approval came swiftly.

By March, 2005, Allied became an alpha/beta site for Signature Capture, a module in Elite's iSeries document management suite. "We were able to provide a lot of input during development," Lillis relates. "We like things that are easy for our users, and we worked with Elite to develop the interface."

Allied's iSeries needed no upgrades or expansions to run the application, but converting to electronic signatures required and hastened some hardware improvements. "We were impressed enough with Elite's solution to replace 36 dot-matrix printers with laser printers," Lillis states. "Then we upgraded our 88 NT-based, limited-memory thin clients for new ones with at least 256K flash memory."

Beginning with a smooth installation in April, 2005, they system worked flawlessly. "At the stores, they no longer needed to file delivery tickets," Lillis notes. "With only five-to-eight people per store, that's a big thing. It saves a lot of time."

How it works: store counter personnel pull requested products from inventory. They open a new-order green screen for the customer and, using a barcode scanner, enter the products' Allied part numbers. They also enter order quantities and pricing overrides along with customer Purchase Order numbers. When the order is complete, a single keystroke activates a separate, point-of-sale signature pad. The customer signs on the pad, and Elite captures an image of the signed delivery ticket while displaying the signature on the green screen. The system sends an image of the signed delivery ticket to the iSeries for filing while it prints a paper copy for the customer. By customer request, the system can also send copies of the delivery-ticket images via FAX and/or email at the time of the purchase.

Allied's own trucks often deliver orders to customers or customer job sites. For these deliveries, drivers carry two copies of the delivery ticket, one for customers to sign. Drivers give one copy to the customer and send the signed copy to Long Beach, where a scanner captures an image of the signed delivery ticket. Upon first installation, Lillis found that, about three percent of the time, notations or other writing on the delivery ticket obscured printed values needed as retrieval indices. Lillis' staff worked with Elite to address this. The solution: when Allied prints a delivery ticket, the system also renders index information on the bottom of each form as a barcode. The scanning process now uses the barcode to create the retrieval indices for each scanned delivery ticket. Recognition is 100 percent.

The new solution preserves the old, paper filing system's taxonomy, so the staff intuitively understands how to retrieve documents and reports now stored on the iSeries. They utilize the same green screen inquiry programs that they have always used. Lillis added a function key on the screen displays; when an employee selects the new key, the green screen program passes the appropriate indices to the Elite system to retrieve and display the document in a PDF format.

Lillis adds, "When Elite's Signature Capture and document capture went live, we knew it worked so we stopped storing and filing paper." Instead, Allied stores all images on the

iSeries. “It really doesn’t consume much DASD. A save-and-purge scenario is off in the future,” Lillis notes.

Functionally, the image-and-signature solution is an unqualified success:

- Both store personnel and the accounts receivable staff at the Long Beach headquarters are more productive
- A complete electronic image audit trail, for every order processed, means no lost orders or documents
- Customer service is improved, and satisfaction is up

Allied enjoys a corollary function of Elite’s system: “Early on, we identified several reports that we wanted to image,” Lillis recalls. “We were printing our reports on bluebar paper, using about a case a day. Then we were sending printer spool files to a service bureau to be digitized. That cost thousands of dollars per year.” Now, rendering digital reports in house contributes to the project’s economic justification.

Even though Allied’s hardware would have needed eventual upgrades, Lillis charges the new printers, scanner, and thin clients to the imaging project. He compares that to savings from the absence of 3-part sales/delivery tickets, the service bureau, and bluebar paper. The comparison shows a four-year return on investment in hard dollars. Pro-rating the old hardware’s life, the ROI is half that.

There are important, unmeasured savings as well:

- Customer satisfaction
- Increased staff efficiency
- Improvements in filing accuracy
- Diminished day sales outstanding
- Competitive advantage

Additional imaging and capture projects include purchase orders, accounts payable checks, invoices, and both monthly and on-demand statements. The on-demand statements are already a reality, but all of these projects will be completed during 2006.

“Our relationship with Elite has been very good,” Lillis avers. “They are responsive and trustworthy. They are easy to work with, and requesting adjustments or modifications has been the only support we have needed. They are “iSeries” through and through, and that works fine for us.” -- 30

Since 1989, Gordon E.J. Hoke has analyzed, consulted on, and written about midrange document and records management. He founded AIIM’s AS/400 Document Technology Special Interest Group. Contact him at (507) 534-2293 and Gordon.hoke@evisory.com.