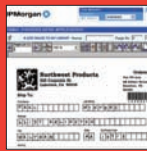




INVOICE PROCESSING

Tighter integration capabilities and a tangible ROI keep invoice processing on the ECM hotlist.



DOCUMENT MANAGEMENT

A 115-branch bank improves document security and customer service with a hosted imaging solution.



CHECK IMAGING

Recent advances in check conversion technologies are making it easier for businesses of all sizes to benefit from Check 21.

ISMinfo.com

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Integrated Solutions

FOR ENTERPRISE CONTENT MANAGEMENT

Improve Cash Flow With

Check 21



This international charity is clearing donated funds three to four days faster thanks to a **document imaging** system with Check 21 capabilities.

Vickie Torregrossa, director of information systems at Food For The Poor, believes an incremental deployment of a remittance processing solution allows you to identify and fix problems easier.

Improve Cash Flow With Check 21

By implementing a document imaging system with Check 21 capabilities, this international charity improved the availability of donated funds by three to four days.

by Ken Congdon

While electronic forms of payment (e.g. EDI [electronic data interchange], ACH [automated clearing house], debit and credit card transactions) are gaining popularity in the United States, good old-fashioned paper checks are far from extinct. In fact, according to a report by the Federal Reserve, more than 30 billion paper checks were written in the United States in 2007. Food For The Poor is all too familiar with the continued prevalence of check payments. This charity that provides food, water, shelter, and medicine to poor countries throughout Latin America and the Caribbean still receives more than 90% of its donations in paper check form. Now, one might argue that a dollar is a dollar whether it's received via check or electronic transmission. However, consider the following:

■ Paper checks require more labor to process and therefore are more costly than electronic forms of payment. In fact, according to the Federal Reserve, processing a paper check costs an average of 4.5 cents per item, while processing an electronic payment costs only 1.3 cents per item.

■ Due to the multiple touch points (i.e. lockbox, bank) a paper check must pass through to be cleared, it can often take several days for funds to actually be available for spending. With electronic transfers, funds are available within the same business day and often instantaneously.

Now, back to that dollar example. Wouldn't you rather have 98.7 cents today than 95.5 cents three days from now? Food For The Poor definitely would. That's why the charity recently implemented a document imaging system that allows it to create digital images of checks (i.e. substitute checks) and digitally transmit them to its bank under The Check Clearing For The 21st Century Act (Check 21).

Installation Profile

Technology User: Food For The Poor, the second-largest international relief and development organization in the nation, serves the poor in 16 countries throughout the Caribbean and Latin America. The organization provides emergency relief assistance, clean water, medicines, educational materials, homes, support for orphans and the aged, skills training, and micro-enterprise development assistance, with more than 96% of all donations going directly to programs that help the poor.

Problem: The vast majority of Food For The Poor's charitable donations are received in the form of paper checks. The charity's old check transport required the organization to physically transport the paper checks to the bank for clearing. This process was time-consuming, and it took an average of three to four days for the checks to clear and funds to become available.

Solution: Food For The Poor implemented a document and check imaging solution consisting of three OPEX AS3690i document scanners. The solution allowed Food For The Poor to create check images (i.e. substitute checks) that could be electronically transmitted to a bank for clearing under Check 21 (The Check Clearing For The 21st Century Act). This capability allowed Food For The Poor to clear checks on the same day they were received, thus improving cash flow.



“With our new Check 21 capabilities, checks are now being cleared the same day we receive them.”

Vickie Torregrossa, Food For The Poor

PHYSICAL CHECK TRANSPORT DELAYS FUND AVAILABILITY

Food For The Poor receives an average of 125,000 to 150,000 check donations in the mail each month. Prior to 2006, the charity used a traditional check transport system to process these items. This system would capture the MICR (magnetic ink character recognition) data from each check and the charity’s remittance document (i.e. payment stub) before uploading the data to Food For The Poor’s IBM mainframe system. However, once check data was captured for internal accounting purposes, the checks still had to be physically sent to the bank for clearing. On average, it took the bank three to four days from the date of receipt to clear the checks and make funds available to Food For The Poor.

Another weakness of Food For the Poor’s former check transport system was that it could only capture MICR data from checks and stubs. The system was useless in processing the other documents the charity received on a daily basis. For example, monetary gifts would often include correspondence or prayer requests from the donors. Furthermore, Food For The Poor holds a biannual drive during which

donors can select different donation options (e.g. build a house, buy livestock, feed a family for a month, etc.) from catalog order forms. Because these order forms were 8.5-by-11-inch documents, they could not be processed by the check transport system. Instead, data from these documents had to be keyed by hand into the charity’s back office system.

“Approximately 40% of our incoming donations contain an exception document other than the check and the stub,” says Vickie Torregrossa, director of information systems for Food For The Poor. “The time it took for us to process these documents manually often prevented us from getting all of our incoming check payments to the bank the same day they were received. Furthermore, all paper correspondence and catalog order forms had to be physically stored in a warehouse for future reference in case of audit or donor inquiry. Locating a document in these paper files could often take several minutes and impeded our daily productivity.”

IMAGING PLATFORM OFFERS VERSATILE REMITTANCE PROCESSING

Torregrossa had been investigating possible replacements for Food For The

Imaging Combined With Mail Extraction Offers Distinct Advantages

Food For The Poor evaluated several imaging options in its search for a new remittance processing solution, but ultimately selected the AS3690i document scanning platform from OPEX Corporation. Several attributes of the scanner impacted this decision. First, the AS3690i offers scanning speeds of 90 ppm (pages per minute) in bitonal and grayscale and 80 ppm in color. These speeds meant the OPEX devices were robust enough to handle the 125,000 to 150,000 pieces of incoming mail the charity processes each month. Second, the scanners were versatile enough to handle a variety of document types — from checks to 8.5-by-14-inch documents. However, it was the scanner’s integration with mail extraction equipment that was most appealing to Food For The Poor.

The OPEX AS3690i integrates an automated envelope drop feeder, a mail extraction desk, and a high-speed document

scanner together in one device. By combining mail extraction with image capture, an organization can leverage several advantages, the most significant of which is the reduction of document preparation tasks.



The OPEX AS3690i scanning platform integrates an envelope feeder, a mail extraction desk, and a scanner together in one device.

“Other scanners I evaluated offered comparable speeds and feeds to the OPEX AS3690i, but they all required the documents to be prepped and sorted into clean batches prior to scanning,” says Vickie Torregrossa, director of information systems for Food For The Poor. “This process can be a time-consuming part of the imaging process. I really liked the idea of opening the mail, extracting the contents, and immediately scanning the

items in one fluid motion, and that is what the AS3690i offered.”

For More Info. On OPEX Corporation

Go To www.opex.com

Poor's check transport system for several months, but the initiative was placed at the top of the charity's priority list when the organization's CEO issued a directive to eliminate paper file storage from the warehouse. Torregrossa knew that eliminating paper storage from its donation processes would require more than a simple upgrade to its check transport system. It would require a solution that would allow Food For The Poor to image and electronically capture data from not only checks, but documents of all shapes and sizes. That's when Torregrossa began to explore high-speed document imaging and data capture technologies.

Torregrossa began her search for a solution at the TAWPI (The Association For Work Process Improvement) 2006 Forums and Expo. At the event, she was introduced to the OPEX AS3690i document scanner (see sidebar). Torregrossa was intrigued by the scanner because it was designed to connect to and work with the Model 51 extraction desks (i.e. mail opening devices) the charity already used in its mailroom. The scanner also provided the high-speed document and check imaging capabilities Food For The Poor desired. However, the scanner only fulfilled the charity's imaging requirements — it did not provide a platform for electronic data capture for remittance and forms processing. To fulfill this business need, Food For The Poor selected a system that offered a workflow-based remittance and forms processing application that could be configured to work with the OPEX AS3690i scanners.

Food For The Poor began implementation of the new solution in August 2006. Configuration of the new system began by identifying all the different documents

the system would need to process and creating templates for each document type so that images and data could accurately be captured for each item. Food For The Poor focused on creating and testing these document templates one at a time, ensuring the system could accurately process one document type before moving on to the next one.

"Our incremental deployment of this solution made it easier for us to identify problems with the system because we were focusing on one document type at a time, rather than looking at all our documents collectively," says Torregrossa. "This step-by-step approach also aided in training and user adoption because it allowed our employees to learn the system in bite-size chunks."

CHECK 21 GETS YOU YOUR MONEY FASTER, CHEAPER

Food For The Poor's new document imaging and remittance processing system was fully functional by October 2006. With the new solution, employees open the incoming mail using the OPEX Model 51 extraction desk. The contents of each envelope are then placed on the conveyor belt of the OPEX AS3690i for imaging. All items are scanned, and images of each item pop up on a computer monitor so that Food For The Poor employees can verify that document and check data has been captured correctly. Once verified, document and check images are stored in the image repository. At the same time, check images are converted into legally acceptable substitute check files that can be electronically transmitted to the bank at the close of each business day.

The benefits of Food For The Poor's new document imaging and remittance processing system have been substantial.

First, because the system can now process exception documents in addition to checks and stubs, manual labor has been greatly reduced. "Since we no longer need to process exception documents manually, we no longer have trouble getting all our checks processed by the end of the day," says Torregrossa.

The ability to scan exception documents has also eliminated the need to store hard copies of these documents in the warehouse. Images of these documents are now stored electronically in the image repository and can be quickly retrieved by employees via a PC to address audit and donor inquiries.

However, the biggest benefit of the new system is the check truncation capabilities it provides. "With substitute check files, we can electronically transmit our checks to the bank at the end of each business day, rather than physically transporting them there," says Torregrossa. "This significantly accelerates the check clearing process. In fact, with our new Check 21 capabilities, checks are now being cleared the same day we receive them rather than the three or four days it used to take under our old system. As a result, our cash flow has improved dramatically. Faster money is better money."

While it may not be practical or possible for you to force your clients to pay using electronic means, Food For The Poor's remittance processing solution proves that getting paper payments into a digital form earlier in the cycle via Check 21 can provide comparable benefits. If you still receive your fair share of checks and have yet to take advantage of Check 21, take a cue from Food For The Poor, and make the change today. □



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