



DOCUMENT SCANNING

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SCANNING Streamlines Payment Processing

An **integrated document scanning** solution helps Systems & Methods process child support payments with 58% less labor in select locations.

Bart Stone, CIO, Systems & Methods, Inc.

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Integrated Scanning Solution Speeds Payment Processing

Systems & Methods Inc. (SMI) boosted its child support payment processing services using new scanners that can handle multiple types of documents.

by Brian Albright

State governments across the country handle millions of payment transactions each year—including everything from income taxes to parking tickets to license fees. Some of the most important types of transactions that state agencies handle, though, are child support payments. Making sure that several million checks from individual payers make it into the accounts of the right recipients is a complex task, and many states have hired outside firms to manage the process. One such company is SMI, a family-owned technology firm based in Carrollton, GA, which provides health and human services technology solutions to state agencies across the country. The company provides document management, payment processing, customer service, financial systems, and case management services for eight states and has 297 employees. SMI also provides financial management services to its clients and developed a financial accounting software system (called SMILE) for the Georgia Department of Family and Children's Services (DFCS).

One of SMI's key focus areas has been on processing child support payments. The company processes more than 17.8 million payment transactions per year, totaling more than \$2 billion, and has helped design, develop, implement, and operate child support centralized disbursement operations for Colorado, Connecticut, the District of Columbia, Georgia, Massachusetts, Missouri, North Carolina, and Tennessee.

CUMBERSOME SCANNING SOLUTION LEADS TO INEFFICIENCIES

SMI's child support processing business has expanded significantly over the past several years. To process the large volume of child support checks the company receives annually, SMI relies on advanced scanning solutions—checks are scanned electronically, and those images (more than 20

Installation Profile

Technology User: Systems & Methods Inc. (SMI) is a family-owned technology firm based in Carrollton, GA. The company provides health and human services technology solutions to state agencies across the United States. SMI also provides financial management services to its clients.

Problem: SMI relies on advanced scanning solutions to process the large volumes of child support checks. The company needed the ability to sort and scan payments with greater speed and accuracy in order to keep up with the increasing volume of checks and to remain competitive.

Solution: SMI selected the OPEX 3600 series scanners to provide a more efficient, standardized approach to its scanning operations. By deploying the integrated scanning solution and eliminating the manual separation of the payment materials, SMI was able to reduce mail-room labor by half.

million per year) are used to process the payments and maintain accurate records for SMI's clients. Previously, SMI required two separate scanners to process payments—one for the checks and one for the accompanying paperwork (i.e. remittance documents). "That required the separation of the contents within the envelope prior to scanning," says Lou Hall, SMI's chief operating officer. "It was really a cumbersome process for the operators who did the scanning, because they had to remove the contents of the envelope, then go to one side of their work area to scan the checks and another area to use the page scanner. That system was prone to errors, and we were dependent on staff to ensure the envelopes were emptied. It also was not ergonomically correct; we had people doing this 6 to 8 hours a day."

SMI also handled its own maintenance for the dual-scanner system. "We were taking care of the maintenance on

both the hardware and software sides,” says Bart Stone, SMI’s chief information officer (CIO). “We had to train our own people to service two different scanners.”

INTEGRATED SCANNING REDUCES LABOR

SMI needed the ability to sort and scan payments with greater speed and accuracy in order to keep up with the increasing volume of checks and to remain competitive. After surveying available equipment, SMI selected the OPEX 3600 series scanners from Moorestown, NJ-based OPEX Corp. to provide a more efficient, standardized approach to its scanning operations. OPEX also provides service, maintenance, and support for the scanning systems. Key to the selection was the scanner’s ability to scan and process a variety of documents using multiple technologies, including bar code scanning and optical character recognition. “Something unique about OPEX is that it’s the only technology I’ve seen where you can use it to scan multiple types of documents with one piece of equipment,” says Stone. “With any other equipment, you’d have to have two different jobs running. OPEX lets you do that with one job.”

Checks from individuals and businesses arrive in bulk via the United States Postal Service to SMI’s facilities across the country. The payments are fed through the OPEX 51

Rapid Extraction Desk (RED), which automatically opens the envelopes and extracts the checks and other documents. The documents are scanned, and the electronic images are stored so they can be imported into SMI’s SMART payment processing and document imaging system. The system can sort and scan the documents even if the items have been folded or damaged, and operators are able to see the documents on their monitors as they are scanned to verify accuracy.

Because the units can scan the bar codes printed on many of the documents (bar coding varies by state), the system provides additional automation when coupons are included in the envelope. “OPEX 3600 series scanners can read those bar codes, which include identifying information about who sent the payment or who it should be credited to, and we import that information into the database along with the images,” says Hall. “We can then identify those payments based on business rules we have built into our system and automatically process those payments without human intervention.”

Checks can also be processed using the magnetic ink character recognition (MICR) information printed in magnetic ink on the checks. The scanner can also optically read those numbers (see sidebar on this page). Many of the payments are submitted by SMI to banks electron-

ically thanks to Check 21 (The Check Clearing Act For The 21st Century), which requires banks to accept digital versions of the checks in order to reduce handling costs. “There are certain standards that have to be met in terms of image quality in order for banks to accept the images in lieu of physical deposits,” says Hall. “OPEX devices allow us to scan higher quality, but smaller, images that meet those requirements.”

SMI implemented the first of its OPEX scanners in its

North Carolina facilities in 2004 and has since rolled them out to its remaining facilities. The company initially deployed the OPEX AS3600i, which has the extraction desk integrated with the unit, and the AS3600t and has since implemented OPEX AS3690i and AS3690t scanning systems. According to Hall, training was very straightforward and the implementation went smoothly. “The biggest challenge we had was just getting accustomed to not having to do our own maintenance,” she says.

i See how to leverage processes such as Check 21 to clear check payments faster at ISMInfo.com/jp/5806.

In-Line Data Capture Improves Scanner Accuracy

In order to properly serve its state agency clients, Systems & Methods Inc. (SMI) must be able to guarantee the accuracy of its child support payment processing services. One key feature of the OPEX scanners that has helped the company accurately sort and route payments is the ability to utilize multiple automatic data capture technologies.

The OPEX AS3690i can perform advanced in-line recognition of bar codes, optical character recognition (OCR), optical mark-sense recognition (OMR), magnetic ink character recognition (MICR), and document type classification.

The combination of OCR and MICR technologies has been extremely helpful to SMI. Almost all checks in the United States include MICR characters on the bottom of the check, which are printed with magnetic ink and include account and routing information.

The OPEX scanners can read and verify the MICR data, even in cases where magnetic ink is not used.

“We can scan multiple document types,” says Lou Hall, chief operating officer at SMI. “More and more checks are being printed without MICR ink, but OPEX has the ability to read the MICR information using optical character recognition.”

The scanner reads the magnetic information and optically scans the actual characters in the MICR line, providing a quality check. “Because so much of automated processing is driven off the MICR line, having that ability to compare the MICR read and optical read is another important feature,” she adds.



The OPEX AS3690i scanner reads and verifies magnetic ink character recognition data to sort and route payments.

For More Info. On OPEX Corp.

Go To www.opex.com

INCREASED SCANNING EFFICIENCY CUTS COSTS

By deploying an integrated scanning solution and eliminating the manual separation of the payment materials, SMI was able to reduce mailroom labor by half. In the first installation, the company cut mailroom staff at one location from 12 to 5. Accuracy has been improved through MICR and bar code scanning capabilities, and image quality has also improved. Because the images are sharper, SMI was able to reduce the resolution of the images, which in turn cut the amount of server space needed to store the images. "The biggest change we've seen has just been the efficiencies created by having one scanner versus two," says Hall. "We've increased our speed and our throughput, and the quality of the images is better." The new system also allows SMI to utilize MICR history and automatically read payment amounts and source codes. "Another important feature of the OPEX equipment is that we can store the results of our scanning and import them later," Stone says. "That way we can continue to scan when



" With the OPEX system we can depend on the technician arriving within 4 hours or less after a call for service."

Bart Stone, Systems & Methods Inc.

other systems are down or being utilized. This also allows for staff in other locations to work with the images. That is especially important for disaster recovery."

SMI has also benefited from the OPEX support program. "Previously, we didn't

have dependable support even though we paid for maintenance," says Stone. "With the OPEX system we can depend on the technician arriving within 4 hours or less after a call for service." In addition, SMI was able to eliminate a third-party software system that was used to import images into its processing systems, which has reduced support costs. "We have our own in-house support and maintenance of that system now, and it simplified a lot of what happens on the back end for us," says Stone.

Moving forward, SMI is working with OPEX on a way to encrypt financial documents as they are being scanned to provide additional security for the financial documents the company handles. SMI also hopes to deploy a remote scanning solution so that employees can scan documents regardless of their location. In the meantime, the company is enjoying the edge that the increased speed and accuracy provides in an increasingly competitive market. □

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