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COVENANT CARE LOSES ITS PAPER WITH *doc-link*™

A Letter From: Bill Cobb, Sr. Database Administrator, Covenant Care, Inc.

Two things I heard about Covenant Care made me want to work there. The Data and Financial Analyst said management was very aggressive about deploying technology to improve productivity. She also said that the decision makers were always close at hand – they made themselves available and approachable. I had been a networking and software consultant for over 20 years. Like a lot of consultants I know, I secretly wanted to “get into the game” and put the advice I was giving my clients to work in a live environment. I knew that Covenant Care, which owns and manages over 40 Skilled Nursing Facilities in the West and Midwest, had sales of approximately \$300M and over 5,000 employees would be the perfect platform to test my abilities. After meeting with the Director of IT and hearing his vision of integrating technology into the workflow, I was sure it was the opportunity of a lifetime.

The first order of business at Covenant Care was to make sure the databases were secure and performing optimally. Because I was starting in January, the first pressing need was to prepare the Vendor 1099s. Covenant Care has 18,000 active vendors in its database. Preparing the 1099s was further complicated by the fact that there were 9 company databases with 12 separate taxing entities.

Working with the AP Manager, Nancy Waldo to meet the deadline was intense and sometimes stressful. But I quickly learned that Nancy was an outstanding professional who knew what she wanted and could communicate her needs effectively. When we completed that task, I was ready to turn my attention to the next big project – the accounting software upgrade. Covenant Care was running a prior release of the software and wanted to upgrade to the current version. We also wanted to upgrade the file server and migrate from SQL 6.5 to SQL 7.0. Combining this with the size of the database made it a daunting task. We had over 6 gigabytes of data.

Even as I prepared for the upgrades, Nancy was determined to push her agenda forward. She called me into her office and gave me a packet of literature for a document imaging software package that integrated with the Accounts Payable program. She told me that this was her new number one priority. I took the packet back to my office to review. I was surprised but encouraged to find that the vendor was Altec. As a VAR and consultant for Epicor and its predecessors dating back to 1983, I was very familiar with Altec as a forms supplier. In addition, I had known Mark Tague, CFO of Altec, since 1984. We already used Altec forms and their MICR check solution. The prospect of having them as the software vendor for document imaging was appealing.

I called Altec and asked for a demonstration of the product. After the demonstration of the *doc-link* software, I knew we had our application and our supplier. We didn't even bother to interview the Altec competitors.

I knew that the functionality was exactly what we needed and I knew that the pay-back made the price easily affordable. Most important, with the Altec organization, I knew we had the right partners. Implementing this application would have an incredible impact on the way Covenant Care processed transactions and distributed financial information. We needed the best team we could find. I discussed this with the AP Manager after the first meeting and she agreed. We told Altec there was no doubt we were going to implement a document imaging solution and that Altec was our vendor of choice.

On average, Covenant Care processes 8,400 AP invoices and 4,200 checks each month. The 5-person AP department was swimming in paper – or should I say drowning? We needed help as soon as we could get it.

The Epicor upgrade was the first priority. I finished the upgrade during May and called Altec to schedule a meeting. We began working on project specifications, time tables and pricing. The pricing was completely out of my domain – it was handled by the Director of IT and Altec. I did, however, have to cost justify the project. To do this, I needed to place a value on tangible and intangible cost savings. The tangible cost savings were easy to calculate. I placed them into 3 categories. First, we had a full time file clerk. With labor burden, that position cost approximately \$35,000 per year. By implementing *doc-link*, we could eliminate that function.





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Bil Cobb,
 Sr. Database Administrator,
 Covenant Care, Inc.

Next was the cost of our on-site file storage. We had a file room measuring approximately 720 sq/ft. at \$2.42 per sq. ft lease rate, our cost was around \$21,000 per year. Last, we had in-and-out and storage costs for off-site storage of approximately \$1,500 per month. Based on these 3 numbers, the project fell well below the 1-year pay back requirement based on tangible hard-dollar savings. The intangible cost savings added to the economic feasibility of the project but they wouldn’t be recognized until after the project had been implemented. Based on the project ROI, the decision was unanimous – from the CEO, CFO, Director of IT and the AP Manager, “We move forward with deliberate haste!”

During the design phase, new opportunities to increase functionality and enhance the product came from all participants. Each new enhancement was carefully weighed with 2 criterias in mind – did it mirror the existing paper trail and support the business process? If everyone at Altec and Covenant Care agreed, the new functionality was added to the program. With the support of the Altec implementation team, we designed our forms, decided what field values would be indexed and mapped out our workflows. Within 2 weeks of getting the final design, Altec delivered the configured system to us, installed and tested it and trained the AP Manager and myself. We set up a test environment, did our testing, made adjustments and locked on the system design. Now it was time to go live!

We decided to go live in January so we would have a full year of images. We brought our AP department into the classroom, introduced them to the system and trained them. Next, we went to their desks and did live exercises. On the appointed day, we went live. No more paper; everything was a digital image. I don’t mind telling you, the first 3 days were very traumatic; moments of euphoria mixed with moments of despair. Then, on day 4, we broke through the fog. It works!! Digital imaging, with electronic copies of the invoices and checks, became the way of processing AP transactions for Covenant Care.

What did AP gain from *doc-link* implementation? On voucher entry – nothing. They did voucher entry the same way, except they keyed data from an image on the screen instead of a piece of paper on the desktop. (Although one AP Clerk reported that her neck pain went away because she didn’t have to look down at the paper on the desk.) But what they did gain was no more paper on the desk. No more filing invoices after voucher entry, no more pulling the invoices to match with the checks and no more filing the paid invoices along with the check. The total time saved on the voucher entry process – none. Total time saved on the entire workload – about 20 percent.

The first month of the implementation brought additional cost savings benefits. During the 3 days between the preliminary and final G/L close, G/L Analysts forward their requests to the AP department to pull the source documents for accounts they are reconciling. During those 3 days, the AP Clerks are almost full time support for the G/L department. With *doc-link*, the G/L department can pull their source documents up on the screen themselves. They became much more effective and the AP staff was freed up to concentrate on accounts payable activities. We gained 3 extra days each month for four AP Clerks plus the time saved by the G/L Analysts.

Meanwhile, our AP Manager is not idle. Using the *doc-link* Collator and Workflow Administrator module, she monitors the entire AP process from her desktop. She can spot where the bottlenecks and overflow are and reassign tasks to balance the load more efficiently. Combining this with Pivot Tables and Pivot Charts, she can not only monitor the current workload status and productivity, she can anticipate future workloads and be proactive in dealing with them.

doc-link driven productivity has permeated throughout the organization. At Covenant Care, all checks over \$5,000 require a second signature. Previously, these checks were produced with full backup documentation. Now, the second signer can view the check and all the invoices it paid from one screen in *doc-link*. If the advances in AP weren’t enough, *doc-link* is the gift that keeps on giving. Covenant Care is extending the functionality of *doc-link* to create workflow, document imaging and electronic document publishing for the general ledger journal entry working papers, the legal department, human resources and payroll. While the entire project paid for itself in less than 1 year in the AP department alone, the rewards of extending the *doc-link* functionality will enhance the payback many times over. We’ve just begun!

