



Company Profile

Company Name

Covenant Care

Type of Business

Healthcare

Revenues

\$300 million

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 Mid-west, 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 life time.

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 1099's. 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 A/P 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, Inc. 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, a principal 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 A/P 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 A/P invoices and 4,200 checks each month. The five- person A/P department was swimming in paper – or should I say drowning? We needed help as soon as we could get it.

Altec
23422 Mill Creek Drive, Suite 225
Laguna Hills, CA 92653
800.997.9921 949.727.1248
fax: 949.597.1200
www.altec-inc.com
doclinksales@altec-inc.com



Covenant Care

The software 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 three 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. Next was the cost of our on-site file storage. We had a file room measuring approximately 720 sq/ft. AT \$2.42 per square foot 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 three numbers, the project fell well below the one-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 A/P 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 two criteria 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 two weeks of getting the final design, Altec delivered the configured system to us, installed and tested it, and trained the A/P Manager and me. 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 A/P 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 three days were very traumatic; moments of euphoria mixed with moments of despair. Then, on day four, we broke through the fog. It Works!! Digital imaging, with electronic copies of the invoices and checks, became the way of processing A/P transactions for Covenant Care.

What did A/P 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 A/P 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 three days between the preliminary and final G/L close, G/L Analysts forward their requests to the A/P department to pull the source documents for accounts they are reconciling. During those three days, the A/P 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 A/P staff was freed up to concentrate on accounts payable activities. We gained three extra days each month for four A/P Clerks plus the time saved by the G/L Analysts.

Meanwhile, our A/P Manager is not idle. Using the *doc-link* Collator and Workflow management, she monitors the entire A/P 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 A/P 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 one year in the A/P department alone, the rewards of extending the *doc-link* functionality will enhance the payback many times over. We've just begun!

By Bill Cobb
Sr. Database Administrator
Covenant Care, Inc.