Throwing Out the Paper and Keeping the Data

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Abstract

The University of Wisconsin – Milwaukee Accounts Payable department saw a need for an imaging system for all of their invoice documents. Using ImageNow, a product of Perceptive Software, Inc., UW-Milwaukee has converted their paper invoices to electronic images. The images are scanned and linked directly to our PeopleSoft Accounts Payable module. We have eliminated the need to send copies of invoices back to departments as they are now available on the web. We are in the midst of planning a positive approval process for all invoices so that the entire payables process can be paperless and completed online.

This Best Practices Proposal outlines our initial need for imaging and the problems we were facing, the tasks involved in initially setting up the software, the steps we took to implement ImageNow, some challenges we faced, the many benefits we've seen since using the software, and the challenges we will encounter ahead. These challenges are not with the software, but within our expanding University and we are now finding ways that imaging can help with those challenges.

We are continuing to work to improve our processes in Accounts Payable and ImageNow has taken us one giant step closer to improving our customer service. Now that we are up and running with the imaging software, we are seeing other departments on campus who are excited to be using the online version, WebNow, and want to use the software within their own departments to meet their individual needs. We continue working with ImageNow and other departments on campus to expand the product and meet the needs of all areas that have a potential use for imaging.

Introduction to the University of Wisconsin – Milwaukee

The University of Wisconsin - Milwaukee is one of two public doctoral research universities in the state, offering more than 28,000 students a comprehensive liberal arts and professional education through 155 degree programs including 22 Doctoral programs.

We are an urban, land-locked university located on 93 acres, of which almost 20 acres are designated in our State Statues as a protected environment which can not be developed. We have facilities located in three areas outside of our normal campus footprint and are looking to expand our presence in more areas to provide the best learning opportunity for all of our students.

The University of Wisconsin – Milwaukee has decentralized business offices located throughout all of the academic and administrative divisions on our campus. The Accounts Payable department, located within the Business and Financial Services division, provides the accounts payable service functions for the entire campus. In fiscal year 2005-06, our Accounts Payable department processed over 77,000 vouchers for $783,283,569. For record retention purposes, we need to store all vouchers and backup documentation for the current year plus the previous five years.

Statement of the Problem

As the campus has expanded, both in the number of students being admitted and also in the number and types of programs that are offered, space has become a valuable commodity on campus. As a land-locked university surrounded by a residential neighborhood, we have little room to expand. The expansion of students and services also means that the number and amount of invoices has increased. A prominent focus of our university has been to expand its research initiatives. In addition, student services have increased, and expanding the university's influence into Southeastern Wisconsin has forced us to try to solve our paper retention process in Accounts Payable.

Prior to the implementation of ImageNow, invoices came into the Accounts Payable office where they were reviewed and separated for payment. Those that had all of the information would be entered into the PeopleSoft/Oracle Financial System while student employees tried to figure out which department the incomplete invoices needed to be sent back to. Once the invoices were entered for payment, student employees copied all of the invoices. One copy was then filed by voucher number and was stored in the Accounts Payable office, while the other was separated by department and then mailed back to the department for their files.

For those invoices that we could not pay due to lack of funding strings or purchase order references, our students and staff tried to identify the department that originated the invoice. Once that was accomplished the invoice was sent back to the department for approval and proper coding. Due to mailing times, this process would take a minimum

of four days if it was reviewed by the originating department the moment it was received. Normal processing time was usually two to three weeks until the invoice was received back in Accounts Payable. Once the invoice was received back in Accounts Payable, it usually created a rush to make the payment since we have a statutory limitation of making payments within 30 days of the date of the invoice or we need to make interest payments to the vendor.

For more information on how the payment process works, please see Appendix 1.

At the beginning of 2005, Accounting Services (which Accounts Payable is part of) also lost 5 offices, student work areas, and storage space to another department who had to move out of their space due to an expansion of an academic area. These 5 offices were incorporated into the existing work spaces by converting some small storage areas, reconfiguring some cubicle setups, and removing existing files.

During a January 2007 Plenary speech, the UW-Milwaukee Chancellor announced a plan to begin looking at expanding the campus. The planned expansion would include two new campuses located away from the basic footprint of the main campus. This will create unique situations for processing invoices between the areas and will involve the use of the ImageNow software to make processing the invoices a simpler, more streamlined task.

Design

UWM's Graduate School office was the first area on campus to start evaluating their

imaging needs. The Accounting department heard about their efforts and were soon on

board to find a solution to these needs. A representative from each office attended the

presentations of three different imaging companies. In addition, they visited UW-

Madison and UW-Green Bay to get a better idea of how they were using ImageNow.

Perceptive Software, the makers of ImageNow, was the company selected. There were a

few key factors that made them stand above the others. They have a relationship with

PeopleSoft, which is the prominent software used on campus. Also, a number of other

University of Wisconsin schools were already using ImageNow to fulfill their needs in

many different departments.   ImageNow also came recommended to us from the other

universities, as others had seen great success with the product and were pleased with the

customer service. Perceptive Software also owns their software, they are not a reseller of

the product and they provide all of their own customer support services.

After choosing ImageNow as our imaging software, a pilot group of 4 departments on

campus received funding to go ahead with the project. Accounts Payable, the Graduate

School, Enrollment Services, and Financial Aid were a part of this group. Each

department selected one functional lead person and one technical lead person to attend

ImageNow training at their headquarters in Kansas City, Kansas. There was a lot of

preparation leading up to the on-site training. In the Accounts Payable department, the

selected functional lead person, an accountant within the department, the selected

technical lead person, an Information Services professional from within the Finance

division, the manager of Accounting Services, the lead worker in Accounts Payable, and

a University representative were all involved in the planning processes and many

conference calls with ImageNow representatives were scheduled to determine the setup

of the product in the department.

Accounts Payable had to purchase the software for the department and a scanner was

purchased. We also had to purchase licenses to use the software. In addition, the

department paid for the functional and the technical lead persons to attend the week-long

training in Kansas City. Once the training in Kansas was completed, an ImageNow

implementation consultant spent a full week on UWM's campus, setting up the software

for the department, along with the two individuals who had attended training.

Implementation

ImageNow was implemented on a server that is located centrally within the university's Information, Media and Technology (I&MT) department. I&MT handles most of the networking of campus computers for departments that do not have their own IT support. Accounts Payable is located within Business and Financial Services (BFS), and does have its own IT support staff and a network that is administered by that staff.

The implementation was carried out this way because not only was Accounts Payable using the product, but the three other units on campus were also implementing the software. The initial implementation was done in two phases, with Accounts Payable and the Graduate School being the first ones to go live. All of the decisions that were made concerning the software that could not be customized to the department were done with the best interest of the campus in mind, and not how a single department would benefit from the decision. It was decided that the BFS staff would take over the maintenance of the software from I&MT (while keeping the software on the campus servers) and would also take the lead for the campus in forming an oversight group for the software.

The Implementation Consultant from ImageNow set up the software for the department in the Fall of 2005. Once that was completed, a student worker was trained on and began using the software to back scan invoices This gave us time to get a better feel for how the software functioned and time to work out any issues that needed to be taken care of before the entire department started using the software. As with any new system, there

were concerns on whether or not the software would work the way Accounts Payable expected it to and there were some who were quite nervous for the change.

In January of 2006 Accounts Payable began the daily scanning and linking of invoices to our financial system, PeopleSoft. The student workers would scan the invoices, while the Accounts Payable staff would link the invoices on a daily basis for the remainder of our fiscal year, which ended July 1, 2006. The student workers also did the back scanning and linking of all the invoices for fiscal year 2005 and the first half of fiscal year 2006. During this time, we continued to copy and mail the invoices back to the departments as we adjusted to the software. The implementation within the Accounts Payable department went well. The 8 members of Accounts Payable were individually trained on the software. The functional lead and a student worker conducted the training. Also, written instructions were documented for any employee who would be linking or scanning the documents. In Winter of 2006, Accounts Payable found yet another need for the software. They began using the software to scan and link Academic Services and Support Agreements (ASSA's) and W2 information from our vendors.

In Summer of 2006, we felt ready to train the campus on how look up invoices, via WebNow. However, after talking to a few department heads from around campus, we discovered that they had additional security concerns within the ImageNow system. We put our WebNow plans on hold in order to solve these issues. The biggest concern was security. In the beginning, we had given view access to all invoices and travel documents that are processed in accounting. However, it was determined that the travel documents

contain more sensitive information and we should not give access to everyone. We were able to restrict the access and the issue was resolved.

In Winter 2006, Accounts Payable was ready to roll this out to the campus and set up training sessions for campus users to come and learn how to access the invoice images through the web. These training sessions were only 30 minutes long and were well received, and the participants seemed excited for the change. Once the training was complete, Accounts Payable stopped the process of copying and mailing the paid invoices back to the departments.

Campus departments are able to access all scanned invoices within 1-2 days after they have been entered into the financial system. They use WebNow, which is the online version of the ImageNow client. With WebNow, they are able to access the invoices any time or any place they have an internet connection. Since the invoices will be stored on a central server, there will no longer be a need for these departments to keep a physical copy of the invoices in their own files.

In Fall of 2006, ImageNow was expanded to UWM's Payroll department. The Payroll department is located within the Financial Services division. The functional lead person from Accounting met with Payroll to assess their needs. With the help of the technical lead person and some support phone calls to ImageNow, Payroll was set up in just a few days. Accounting trained Payroll on the use of the software and they have been using it ever since. Payroll is scanning in W4's, direct deposit forms, and address change forms

from the campus' full-time and student staff members. They are not currently linking the scanned images to any host application, but have the option of doing that in the future once their legacy payroll system is replaced. They are currently using the ImageNow software as an electronic filing cabinet where they can access the documents at any time. At this time, an additional scanner was purchased. Payroll then received the old scanner and Accounts Payable began using a new, larger scanner, which better accommodated their workflow.

Now that we have given the campus departments the ability to use WebNow, we have other areas interested in implementing ImageNow for their own departments. This is great news! Our Human Resources was one of the first areas to ask Accounts Payable for some input on the product. We are currently working through what the best steps are to take to get other departments and divisions across campus set up if they are interested. Questions that we as a campus need to answer are: Will the individual departments pay for their own implementation? Will they send their own employees to training and manage each implementation within their own department? Or should there be a campus team or a few leads to help assess the needs of other areas and set them up with ImageNow? We are also working with contacts at ImageNow to come up with a solution for this. Because of the size of our campus, it is challenging to come up with a solution that will work for everyone.

Now that this is expanding across our university and across other University of Wisconsin schools and colleges, we are looking into the best way to pay for all of this.

We are reviewing the possibility of getting a System wide license versus individual school licenses. We are reviewing whether or not a system wide contract should be drawn up with Perceptive Software. Since the University System is so large and every university functions differently, it will take some time before anything is decided, but this is something that is currently being discussed.

Benefits

Accounts Payable has seen many benefits since our implementation of the ImageNow software. Some of them can be quantified with a dollar amount while others can not. Among the benefits that we have seen are an improvement in customer service, a reduction in paper cost, a more efficient and timely way to access old documents, dollar savings in staff and student salaries, and the fact that the Accounts Payable department no longer loses physical control of invoices.

ImageNow has improved our customer service by giving the Accounts Payable staff the ability to answer questions on any invoice right from their desk while still on the phone with the customer, rather than taking a message, going to the files, searching for the proper invoice and then returning to their desk and calling the customer back, and then later re-filing the document. We've estimated that this process took between 10-15 minutes per invoice, but that has been reduced to a matter of seconds as the staff can click on a single icon on their computer and have the scanned invoice appear on their monitor. Based on the average wage of our Accounts Payable staff and the average number of times that the staff would need to look something up, we estimate that we are saving $7,800 per year in staff salary. This is not a true savings as it is staff time and money that can now be focused towards other work in the office and will be spent nevertheless.

The Accounts Payable department will reduce our copy costs by $4,200 annually, as we used to make approximately 400 copies of invoices daily. In addition, the other campus departments would often make their own copies which they will no longer need to do.

This amounts to a savings of four reams of paper a week or 200 reams a year. This may not seem to be a large amount, but according to a statistic from conserveatree.com, Accounts Payable alone is saving 12 trees per year!

As it has already been mentioned, we are saving $7,800 in staff salary by creating a more efficient way to retrieve old documents. We are also saving $4,000 in student salaries since they no longer need to copy, sort and mail copies of paid invoices back the departments. This is a real savings as Business and Financial Services did not need to replace two of our students who graduated during Summer 2006 and Fall 2006, and will also not replace a student who will graduate in May 2007.

One of the major issues we had with our Accounts Payable process before ImageNow is that if there was a problem with the payment of an invoice (lack of proper authorization, coding, etc.), we sent the actual invoice back to the department for the necessary information. Accounts Payable was no longer in control of that invoice and it could take between four days to a few weeks to get that invoice back to Accounts Payable with the correct information. Accounts Payable could not tell outside customers or campus departments where the invoice was if they were calling to inquire about it. With ImageNow, this will no longer be a problem, as the department will receive a scanned image of the invoice in which they can provide the proper information and authorizations. ImageNow will also allow Accounts Payable to keep track of the invoice, as they will be able to set alerts when invoices have not been returned within a set amount of time or have been in a pending status for more than a set number of days.

Accounts Payable reduced the number of late invoice payments from 261 in fiscal year 2005 to 91 in fiscal year 2006. Although we cannot say for sure that this reduction was due solely to the use of ImageNow, we anticipate that this number will decrease even further with the use of ImageNow, since we no longer have to wait days, or sometimes even weeks for the campus departments to return an invoice to Accounts Payable via intercampus mail.

ImageNow has proven to be very user friendly. The functional lead person for Accounts Payable is an accountant with no technical background. With the training she's received, she is now able to set up ImageNow from start to finish within other areas in the division, along with the support of the technical lead person and customer service reps from ImageNow. In addition, the campus users agree that WebNow is very easy to use and happily welcomed the use of the online tool to view their documents. Now, they no longer have to print out copies for their files nor do they have to wait for their copies in the mail.

One of the biggest issues on campus is the lack of space and trying to maximize the space we have. In the Accounts Payable area we converted approximately 120 square feet of invoice storage into a scanning and linking station for ImageNow along with a work area for another three student employees. We converted another 65 square feet from a storage area for supplies into a student work station and a mail room for Accounting Services. We also converted another 500 square feet of storage space into cubicles for two staff

members and work stations for another three student employees. We also have a storage

room in the basement of our building which houses documents for Accounts Payable,

Purchasing, Payroll, Accounting, and Resource Analysis. We can foresee all of these

areas using ImageNow for the documentation needs in the future. This would free up

$9900 per year for our area since this is approximately what our department pays in rent

for the use of this space.

Retrospect

In retrospect, we wish we could have done this sooner and been able to implement it faster. We took our implementation slowly, not rolling it out to the campus for almost a year. There were a number of reasons for this. Accounts Payable was part of a pilot group. Since no one on campus had ever done this, we wanted to make sure that our department was comfortable with it before we expected campus wide departments to be comfortable with it. Converting to ImageNow was a big change for the Accounts Payable department, as it required some of their processes to be done differently, and in some cases, required some more up front work for them.

What we didn't expect was that the process of implementation was basically a 3-phase process. The first phase was implementing it within the Accounts Payable department, using it on a daily basis, and scanning information from the two prior years. The second phase was introducing it to the campus. The campus is now using WebNow to view the paid invoices. This required communication with users on how to use it, when to attend training sessions, drawing up written documentation for them, and finally implementing WebNow. We are currently in the third phase. This phase is something we didn't anticipate, as we had hoped this part would actually be the first thing we did. Accounts Payable's ultimate goal is to use the software to make the invoice paying process entirely paperless by using the online workflow abilities within ImageNow.

This is requiring a lot more thought and planning than originally anticipated. Since our campus is so large and we have many different people who need to view this information
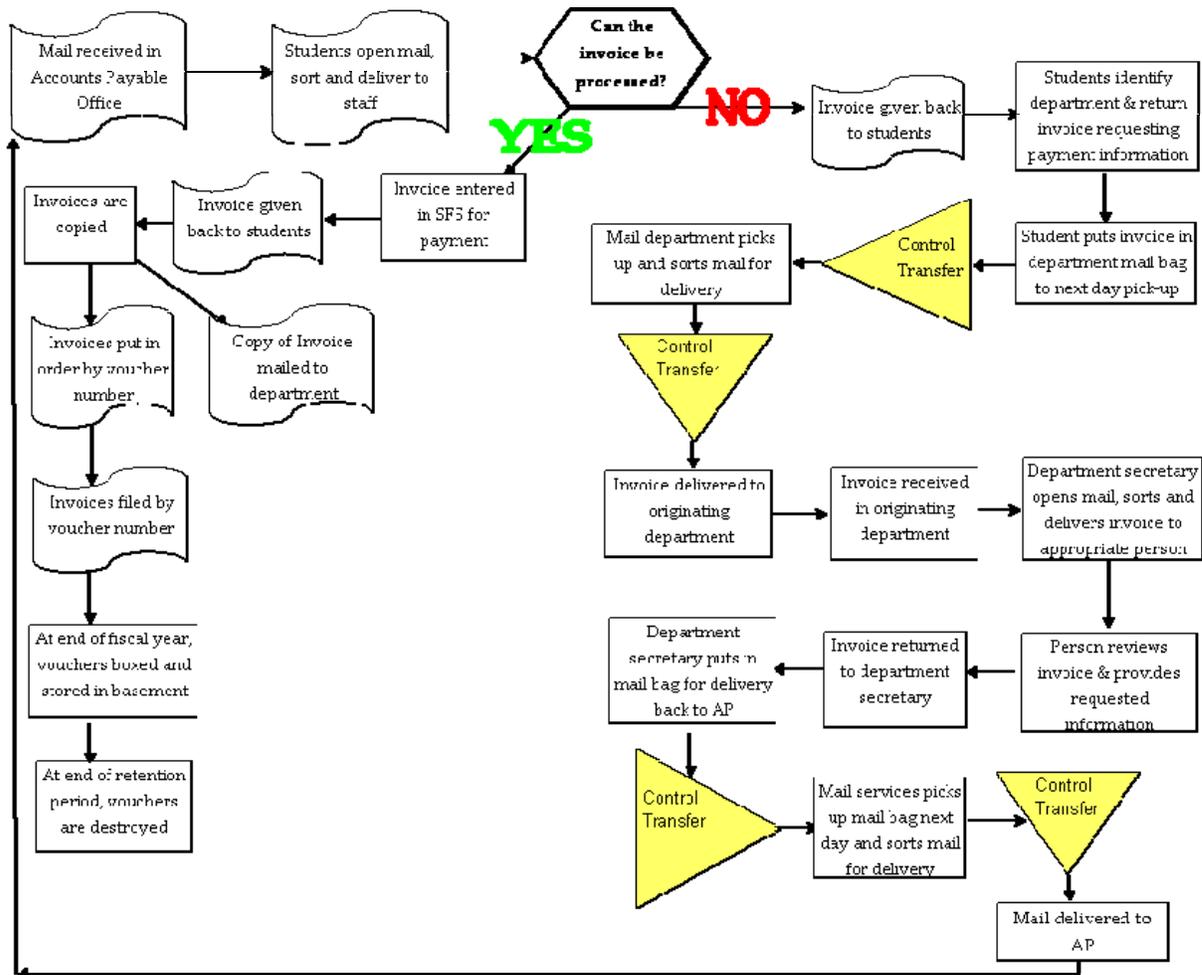
and many different people who approve invoices, it has been a challenge to come up with a workflow process that will work for everyone. We are currently working closely with ImageNow and with our campus departments to implement this.

For more information on how we expect the payment process to look in the near future, please see Appendix 2.

Looking back, we also would have had more contact with our internal customers, the departments on campus, more in the planning phases. We implemented ImageNow with their interests in mind, but never really got them together to ask what their needs were and how they would like to be able to use the invoice information. We have learned from that and will be working closely with them and our Accounts Payable department as we plan the online workflow process in the coming months.

As time goes on, we are more and more comfortable with the software and learning about its many capabilities and how it helps not only Accounts Payable, but also learning and analyzing how it can help other campus departments. We have worked closely with ImageNow throughout the entire process and will continue to work through questions and challenges with them. They have provided the training necessary for us to work to implement ImageNow campus wide. We foresee the use of ImageNow in any campus department who has a need for it as the campus environment continues to evolve to a paperless community and as the University of Wisconsin – Milwaukee expands its presence and influence into other areas in Southeastern Wisconsin.

Appendix 1

Mail received in Accounts Payable Office → Students open mail, sort and deliver to staff

Can the invoice be processed?

YES → Invoice entered in SF3 for payment → Invoice given back to students → Invoices are copied

NO → Invoice given back to students → Students identify department & return invoice requesting payment information → Student puts invoice in department mail bag to next day pick-up → Control Transfer → Mail department picks up and sorts mail for delivery → Control Transfer → Invoice delivered to originating department → Invoice received in originating department → Department secretary opens mail, sorts and delivers invoice to appropriate person → Person reviews invoice & provides requested information → Invoice returned to department secretary → Department secretary puts in mail bag for delivery back to AP → Control Transfer → Mail services picks up mail bag next day and sorts mail for delivery → Control Transfer → Mail delivered to AP

Invoices are copied → Invoices put in order by voucher number → Invoices filed by voucher number → At end of fiscal year, vouchers boxed and stored in basement → At end of retention period, vouchers are destroyed

Invoices are copied → Copy of Invoice mailed to department

Appendix 2

Mail received in Accounts Payable Office → Students open mail, sort and deliver to staff → Can the invoice be processed?

YES → Invoice entered in SFS for payment → Image scanned & linked to PeopleSoft Voucher → Documents accessed via ImageNow OR WebNow → Invoices put in order by voucher number → Invoices filed by voucher number → 30-60 days after entry paper copy is destroyed

NO → AP emails link to department requesting payment information → Department provides payment information → (back to Can the invoice be processed?)