

Butler Machinery

Automated invoice processing leads to company-wide benefits

Business overview

Butler Machinery Company (BMC) is a regional Caterpillar dealer for North and South Dakota. Founded by Francis J. Butler in 1955, the company has expanded its operations to eight stores, which provide sales, rental, parts, and service for Caterpillar products in North Dakota, South Dakota, and Minnesota.

Benefits

- Automatic document indexing streamlines invoice approval process, dramatically reducing data entry time
- Timely bill paying allows BMC to take advantage of prompt payment discounts, providing significant cost savings
- Electronic document storage reduces the need for paper storage systems and offsite storage

BMC serves several industries, including building construction, material handling, mining, road maintenance, electrical power generation, farming, trucking, landfill, and paving. The company has full service facilities in Fargo, Grand Forks, Jamestown, Bismarck, Minot, Aberdeen, Sioux Falls, and Rapid City. These facilities are dedicated to furthering BMC's mission—to build long-term relationships with its customers, founded on trust and generating mutual growth and success.

Challenges

As a leading Caterpillar dealership, BMC receives an average of 200 invoices per day. In order to keep on top of the paperwork, BMC had previously used a legacy imaging system for its accounts payable. Invoices that were received in the corporate mailroom were routed to an accounts payable clerk, alphabetized, manually keyed into the mainframe, and temporarily filed. Then, printed checks were matched with the invoices and mailed. Finally, the invoices were scanned and indexed into the imaging system for company files. This long and complex process resulted in late payments and/or bills being paid after the discount period expired. In addition, information within the mainframe was not always in sync with the imaging system. Therefore, time that could otherwise have been spent on revenue growth and sales was spent entering accounts payable information and resolving conflicts between the systems. In addition, Butler needed two full-time employees working overtime to process accounts payable, and the company needed to add a third full-time clerk.

Ability to access critical information vital for optimum productivity

BMC also kept many of its company forms—such as customer statements, financial records, and technical reference records—in offsite storage and at its headquarters. When BMC employees needed to access the information from headquarters, they would have to search through filing cabinets, which could take hours. Accessing information from offsite storage was even more difficult. BMC employees had to pay the storage company to locate the records, or an employee would have to travel up to 30 minutes to the offsite storage facility to find the records. Due to the quantity of paper records, it could take an employee up to an entire day to search for the correct file and return to the office. In addition, offsite storage costs were quickly adding up. BMC had approximately 600 boxes in storage, at the cost of 30 cents for small boxes and 60 cents for large boxes. With the combination of having to retain records for 20 years, and the ever-growing amount of documents each day, there was no end in sight for offsite storage costs.



EMC solution

Dissatisfied with its legacy system, BMC began to look for a solution that would quickly and efficiently store, manage, and retrieve company statements and invoices, while integrating with its mainframe AP/AR application. After seeing the successful implementation of EMC® Documentum® solutions to manage accounts payable and service invoices at J.A. Riggs, another Caterpillar dealership, BMC turned to Documentum software to provide them with a solution that would streamline its business processes.

Business profile

Butler Machinery

Provides sales, rental, parts, and service for Caterpillar products in North Dakota, South Dakota, and Minnesota

Industry

Discrete manufacturing

Geographies

Headquartered in Fargo, North Dakota

Business solution

AP/AR processing/invoicing, transactional content management

EMC products

EMC DiskXtender, EMC Documentum ApplicationXtender, EMC Documentum ApplicationXtender Workflow

Butler Machinery Company first implemented Documentum ApplicationXtender® and EMC DiskXtender® software to manage, store, and access the company's accounts payable information. BMC integrated ApplicationXtender with "screen scrapes"—which captured information from mainframe terminals—and an application written by an EMC system engineer to compare the checks to the company's invoices. Now, the company simply scans batches of invoices to ApplicationXtender, where the documents are keyed into the mainframe and automatically indexed into ApplicationXtender. As a result, the information held within ApplicationXtender is always an exact match to the information on the mainframe, streamlining the invoice approval process and dramatically reducing data entry time. Checks can then be printed and mailed quickly.

As a result, Butler Machinery pays its bills on time, and often takes advantage of prompt payment discounts, providing significant savings for the company. The improvement in its payment status also helped improve relationships with the company's various vendors. In addition, the solution has increased the company's efficiency. Previously Butler had two full-time employees working overtime to process accounts payable, and the company was expecting to hire a third. Now, only one employee processes accounts payable full time. The second employee now focuses on more critical business processes such as statement reconciliation.

In addition, since documents are now stored electronically, BMC no longer needs to file paperwork, reducing the need for large filing cabinets, both onsite and offsite. Retention requirements on older documents are also expiring, so records in storage are being destroyed, diminishing storage space and saving storage costs.

"Today we maintain most of our records with ApplicationXtender and destroy the documents after a few months. This has helped us reduce the need for paper storage systems and offsite storage," explains David Scott, system administrator at BMC. "In fact, two years ago we moved to a new building. It wasn't just because of our records volume, but it was definitely a factor. Now, it's impossible for us to run into that problem."

Due to the success of the EMC solution within accounts payable, BMC has expanded its use of the system across the enterprise. Today, the company uses ApplicationXtender to store and manage records in human resources, customer invoices and statements, financial records, machinery sales, and service records, as well as technical reference records. Every department of BMC has information stored on ApplicationXtender, and more than 340 users access the various records to provide assistance to employees, customers, and vendors.

BMC's expansion of ApplicationXtender into additional departments has provided substantial benefits to the company. Users can now access information from their desktops within seconds, enabling them to better serve customers, respond to information requests, and prepare financial statements. For example, prior to implementing the Documentum solution, many of BMC's checks and vendor statements would cross in the mail, creating confusion during statement reconciliation. Approximately 25 percent of BMC's invoices would have finance charge disputes. Today, there is almost a zero percent dispute rate with vendors over finance charges.

Within the last year, BMC has also deployed EMC Documentum ApplicationXtender Workflow to replace another legacy system. ApplicationXtender Workflow helps automate the flow of information through the company, and associates use the solution to help track orders and payments on new Caterpillar equipment for inventory and new sales.

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David Scott, System Administrator

Summary

Due to the success of expanding ApplicationXtender throughout the company, BMC plans to expand use of ApplicationXtender Workflow to streamline other business processes in the next year. As additional Caterpillar dealerships see the overwhelming benefits of EMC software, more have chosen to use EMC content and storage management software. To date, 23 of 63 Caterpillar dealerships in the country are taking advantage of EMC software solutions.

About EMC

EMC Corporation (NYSE: EMC) is the world's leading developer and provider of information infrastructure technology and solutions that enable organizations of all sizes to transform the way they compete and create value from their information. Information about EMC's products and services can be found at www.EMC.com.



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