



Kofax Case Study

“The Kofax e-Transactions for Invoices software will help us process the invoices we receive from our five largest vendors, which comprise 40 percent of our monthly volume, in half the time, saving countless hours of scanning and validation,”

– Kyle Swafford, Director of Information Technology at Bergelectric



Founded in 1946, Bergelectric Corporation is one of the nation's largest privately held electrical contractors providing installations and maintenance services. Headquartered in Los Angeles, the company employs more than 2,000 people across the country and annually earns revenues in excess of \$400 million.

Bergelectric helps organizations plan multi-million dollar developments through preconstruction programs for a wide range of projects in public and private sectors, including entertainment complexes, bioscience laboratories and hotels. Additionally, the company offers training and specialized service solutions for areas such as telecommunications, fire and alarm, security and communications.

Bergelectric Leverages Kofax Solution to Automate More Than 165,000 Invoices Annually

Kofax Platform Enables National Electrical Contracting Company to Reduce Overall Department Costs by Approximately 40 Percent

Challenge

Each month Bergelectric receives and processes between 12,000 and 14,000 invoices that arrive from customers, sub-contractors, vendors and a dozen regional office locations across the country. The company needed a solution to automate and streamline its accounts payable system, which was based on paper centric, staff intensive manual processing that was costly and prone to error.

At any given time, the company manages approximately 700 individual projects originating from multiple locations. Large purchase orders for supplies – such as conduits, cable and wire – are sent in by field representatives and need to be fulfilled promptly and accurately to ensure timely delivery of critical raw materials as well as to maintain vendor relationships. As an added challenge, about half of all the incoming invoices required a duplicate copy to be sent for approval, creating an even larger paper volume.

Prior to implementing the solution, an accounts payable staff of 18 was needed to manage this overwhelming sea of paper. Overtime hours became necessary to keep up with workload. Moreover, staff found it difficult to quickly locate invoices among the dozens of filing cabinets, hindering their ability to respond promptly to customer inquiries. This challenge, coupled with missing invoices, manual data entry errors, late payment fees and more, made it difficult for the team to meet targeted service levels and turnaround times.

Solution

Following a collaborative internal needs analysis, Bergelectric turned to Kofax reseller DocuSource of Orange County, California to develop and implement an automated invoice processing solution based on Kofax Capture, the world's leading capture platform for automating document driven business processes. A key component of the solution included Kofax e-Transactions for Invoices, which enables

organizations to process all incoming invoices whether they arrive in electronic or paper form.

“The customized Kofax solution we developed for Bergelectric streamlines the invoice cycle from start to finish, so now invoices that used to take five days to approve now take two,” said Steve MacWilliams, Senior Vice President at Docusource. “In addition to controlling overtime and increasing productivity, the company is realizing cost savings from scaled back office supply overhead, the elimination of late payment fees and a reduction in manual errors.”

Additionally, the Kofax solution included a dual release function that simultaneously sent images to a Microsoft SQL based repository and data to an in-house developed ERP system, allowing staff to save countless hours of scanning and reduced keying and indexing on 60 percent of processed invoices. Additionally, invoices for purchases – such as safety equipment or raw materials – could be segmented and loaded separately so items could be charged to individual jobs, thereby ensuring on-time payments and reducing late fees.

“The Kofax e-Transactions for Invoices software will help us process the invoices we receive from our five largest vendors, which comprise 40 percent of our monthly volume, in half the time, saving countless hours of scanning and validation,” said Kyle Swafford, Director of Information Technology at Bergelectric. “The ERP system we first developed internally was highly customized to our business needs, but we knew it would eventually need to be expanded as we grew. The addition of the entire Kofax product suite augmented our internal development and saved us from investing in an overly complicated, hugely expensive system when our needs could be met quickly and simply.”

Results

Since implementing its Kofax solution, Bergelectric has cut excessive staff overtime and supply costs through improved efficiency and balanced workloads. The company estimates that departmental costs were reduced by 40 percent overall and the investment made with Kofax components was returned in actual payroll based savings in less than one year.

Customer satisfaction levels were also raised once staff could locate invoices quickly and handle questions over the phone immediately that previously took up to 24 hours. Additionally auto-fill lookups during validation have decreased input errors with missing invoices down by 90 percent.

Previously the company had to maintain off-site storage to house the paper necessary to fulfill required documentation demands and hire an eight-person crew to move files off site each year. Now more than 7,000 invoices are no longer copied during the approval process and multiple daily debit memos

are e-mailed instead of mailed. As a result, 40 four-drawer file cabinets – which previously required two full-time clerks to maintain daily – have been eliminated along with mounds of paper, folders and ink.

“Kofax understood how Berg’s capture philosophy matured in just a few years to include the entire suite of Kofax products. We started with Kofax Capture, matured to decentralized scanning techniques using Kofax software, then realized another gain when we added Kofax Transformation Modules and ultimately Kofax e-Transactions for Invoices,” said MacWilliams. “If we had started with typical key-from-image or simple barcode techniques offered by so many vendors in the beginning and avoided the Kofax platform, we would not have matured to advanced capture techniques in the later years. The Kofax platform ultimately streamlined the operation of collection to the current high-levels of automation.”

“As a direct result of this implementation, we were able to reduce unnecessary overtime and undue stress on our accounts payable work force,” said Steve Buhr, Chief Financial Officer at Bergelectric. “Eventually we plan to incorporate the rest of our vendors into the system for continued savings and efficiency.”

About Kofax

Kofax plc (LSE: KFX) is the leading provider of document driven business process automation solutions. For more than 20 years, Kofax has provided award winning solutions that streamline the flow of information throughout an organization by managing the capture, transformation and exchange of business critical information arising in paper, fax and electronic formats in a more accurate, timely and cost effective manner. These solutions provide a rapid return on investment to thousands of customers in financial services, government, business process outsourcing, healthcare, supply chain and other markets.

Kofax delivers these solutions through its own sales and service organizations, and a global network of more than 1000 authorized partners in more than 60 countries throughout the Americas, EMEA and Asia Pacific.

For more information, visit www.kofax.com.