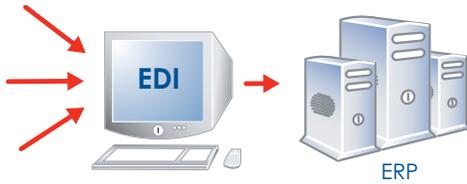




Sales Order Processing

**Automating Fax and
Email Orders into ERP**
to Complete Your E-Vision

Introduction



In a perfect world, every sales order your company receives would be electronic. They would all arrive in exactly the same format with every piece of information laid out precisely as it should be, and they would feed into your ERP system through electronic data interchange (EDI) without any issues. At one time this was the vision for the future of business document communications — we have all heard about the paperless office. We also know it simply has not happened.

The problem is, orders come in a variety of formats through a variety of channels. Still among the most predominant are fax and email. In fact, many small businesses are only able to send orders to their suppliers via fax or email. These orders create the challenges of time-consuming, labor-intensive processing that can cause high error rates and low fulfillment speed in comparison with electronic orders. They also tie up customer service staff with non-value tasks rather than serving customers, especially when faxes and emails are printed out and manually worked into the ERP system. Ultimately, competitiveness suffers and the order-to-cash cycle is lengthened by fax and email orders that get pushed around the office with no transparency. Fax and email orders can also put sensitive customer information at risk and make regulatory compliance more difficult than with electronic orders.

To address the challenges of fax and email orders, some companies have tried to push customers toward EDI. Not long ago, conventional wisdom pronounced fax dead because everyone would use EDI. But there are still many customers who are unwilling or simply unable, financially, to do so — and your company itself might not want or be able to. If you do use EDI, are you then going to force all customers to use EDI? Some large corporations do, but most companies accept fax and email orders rather than refuse business.

Another key factor is the cost associated with EDI systems, which many small to medium-size businesses cannot afford. And despite the standardized nature of EDI, the reality is everyone still seems to want their own formats. For example, companies routinely modify the EDI 850 purchase order format to fit their particular needs. As a result, it has become far more difficult to achieve paperless operations and realize the promise of electronic data for order processing. Certainly some companies have had great success with EDI; but even in the best situations, large organizations often have 20 to 30 percent of their orders coming in via fax or email.

Regardless of a business's size, fax and email orders typically mean:

- High order processing cost
- IT complexity
- No visibility to prioritize orders
- Difficulty in prioritizing orders
- Poor responsiveness to customers
- Lack of visibility and process control
- Protracted order-to-cash cycle

For companies looking to overcome these challenges and gain the efficiencies of automated, electronic processing of fax and email customer orders into their ERP systems, this white paper outlines essential factors to consider.

Reality of Fax and Email Order Processing

Primarily, sales orders come to companies in three different ways.

Fax

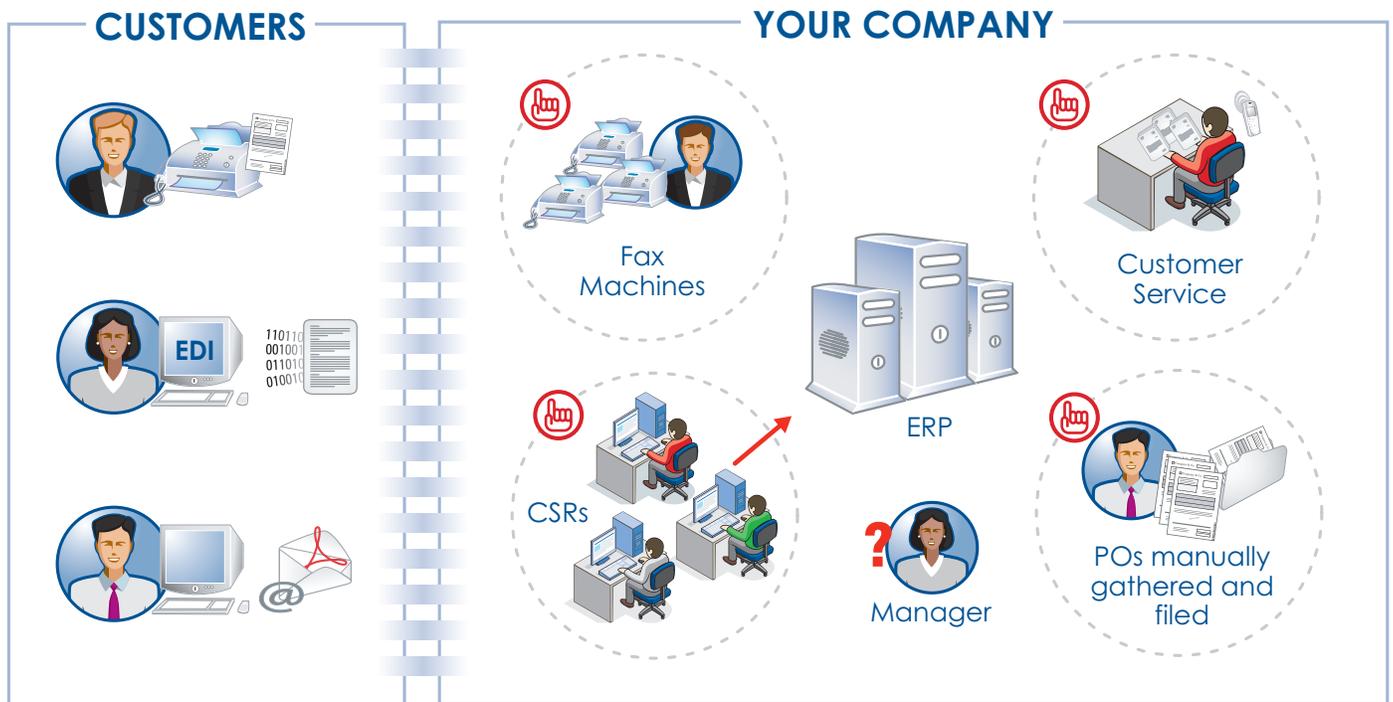
Whether the number is a minority or a majority of total sales order volume, fax often represents the bulk of a company's order management expenses. Fax orders typically require a separate processing environment made up of fax machines or, preferably, fax server software to capture orders and distribute them among CSRs who enter the information into ERP applications.

EDI

Many companies have an EDI system in addition to their faxing systems. But the question is, how many of the EDI orders are actually processed without being touched? In Esker's experience working with a range of companies, it is not uncommon for the number to be as little as 65 percent or even less. Although orders are coming in the proper format, perhaps the product number or the pricing was incorrect. There could be several item details that are wrong in the EDI file. Generally this means the order must go through a complex workflow before it is entered into the ERP system. This might be done by the same CSRs who handle fax orders, or it may be an entirely separate group dedicated to managing EDI workflow.

Email

In the interest of going paperless, some businesses have started sending their purchase orders to suppliers via email. This gets rid of paper for the customer, but it may be doing the opposite on the supplier side. The process often amounts to CSRs printing the email, then walking back to their desks and keying it in just as they might do with a fax order.



Visibility and responsiveness

A fundamental problem with manual processing of fax and email orders is that those people in the company who are responsible for order management generally have no visibility into the process until orders are actually entered into the ERP system. Whether they come in by fax or email, it is very difficult to identify what orders have come in, which ones have been processed and the value of those orders that have not been processed.

Another issue is that all of this paper needs to be stored — usually in file cabinets. Many companies have rooms, either in the building or at an off-site location, filled with paper orders in row after row of file cabinets. And when customers call in with inquiries about their orders, CSRs have to find those order documents and call the customer back. Tracking down the order can take hours or even days in some cases because the CSR does not know if the order is in a file cabinet yet or if it is sitting on someone's desk, or if it is still at the fax machine or in an email box waiting to be processed.

All of this can cost from \$30 to \$60 to process a single order — and if there are any mistakes, reprocessing it can cost up to \$200 or more.

Order management clash

No matter how proficiently CSRs manage fax and email orders, companies can still fall short in meeting customer expectations. There is a fundamental clash between what the buyer expects and the seller's cost of meeting those expectations. Customers who fax or email their orders demand the same immediate service as any other customer, but their orders typically take more time and cost more money to process than those received electronically.

When fax and email orders are processed manually, human errors inevitably drive up costs. Along with the hard costs of productivity that we can quantify, there are also the soft costs of low customer satisfaction and lost customers. For a solution to be effective it must include as many customers as possible to overcome these challenges.

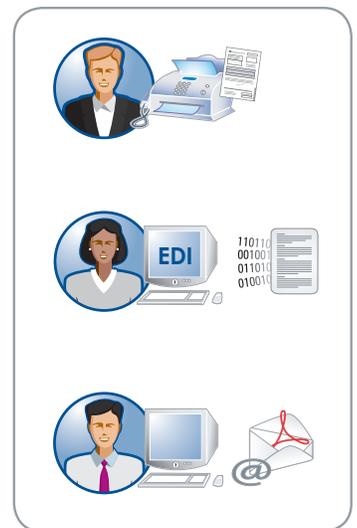
Why do fax and email orders cost so much?

Fax and email orders are costly because they are paper — labor-intensive and error-prone. Your proficiency in processing it may be high, but so is the cost. It is not where you want people dedicating their time. And with paper there is no simple way to prioritize orders. This is one of the fundamental issues with order processing for many companies today — they have rush orders and products with service level agreements guaranteeing shipment within a specified time period. It is extremely difficult to prioritize orders like these when they come in a paper format. Paper can become a customer service killer because, when customers ask about their orders and CSRs have a hard time tracking them down, customers quickly begin to lose confidence in your company and they start calling in about every order that they send. Paper consumes valuable resources to do non-value work.

In addition, paper does not allow for the control to actually improve processing of fax and email orders; not just improve how you move the paper. This leads to a lengthened order-to-cash cycle — long periods to collect the cash that runs your business.

Why isn't everything electronic?

Since many small and midsize businesses are unable to comply with every supplier's EDI requirements when sending out so many orders for different products and services to run their business, they simply cannot afford EDI translation software. Each supplier may customize their EDI format just enough to create all kinds of havoc for small and medium businesses, and even larger companies, to truly make everything EDI. For most companies it is not practical to try to force customers to change how they send their orders; they must accept information in the formats that customers are able to send.



While technologies like Optical Character Recognition (OCR) give companies tools to automate fax orders, automation attempts often fail. Many companies have tried standard OCR and found that it did not work very well, often due to the many variations in customer order format. The information is generally all the same on each order, but the layout is often quite different. Keeping track of the different formats and writing templates for each format can be an enormous challenge. Many companies are dealing with 1,000 or 2,000 different templates because that is how many customers send orders by fax.

Other companies look to business process outsourcing or use a fax translator add-on from their EDI vendor. These approaches often fall short of making order processing completely electronic, especially when they rely on continuous development of templates to perform OCR.

IT complexity issues

To address these challenges, some companies maintain a complex mix of standalone applications for imaging, formatting, workflow, archiving and other fax and email order processing functions. For fax orders, the IT department can set up fax server software to automate the flow of faxes into your company so that the orders are in electronic format. This requires OCR to capture the order information, which can create issues unless there is intelligence behind the OCR to actually tell that what is captured is accurate.

Orders coming in via EDI requires a translation package and perhaps a Value Added Network connection. You can receive email orders with Exchange, but how do you automatically distribute them to the right CSRs? You need customized rules to govern email routing in order to avoid orders getting held up when a customer's primary CSR is out sick or on vacation. And to store all of this information you need an archive solution and possibly a scanning solution as well. The various complexities of managing fax and email order processing also put extra pressure on IT resources to make sure that all orders are managed properly.

Pitfalls of outsourcing the problem

Some business functions are good candidates for outsourcing. Fax and email order processing does not seem to be among them. Esker has heard from many companies that outsourcing resulted in some of their order processing being automated, but other orders still need to come back into their workflow because they have exceptions that are too complex for the outsourcing firm to handle. This also can happen with add-ons offered by EDI vendors to translate faxes into EDI. While these approaches may pass off the problem (or part of it) to someone else, in practice they often do not fully automate the process.

Other functional considerations

Along with the fact that every customer may require a different OCR template, there is also this issue of a single fax or email containing multiple orders that must be separated to make sure they are handled independently rather than as one large order. Another essential function is the ability to process orders in the desired order rather than first in/first out. In cases of rush or overnight orders, or when there is a particular product on that order that is subject to a certain SLA, having the ability to prioritize those is critical — and very difficult without the right automation approach.

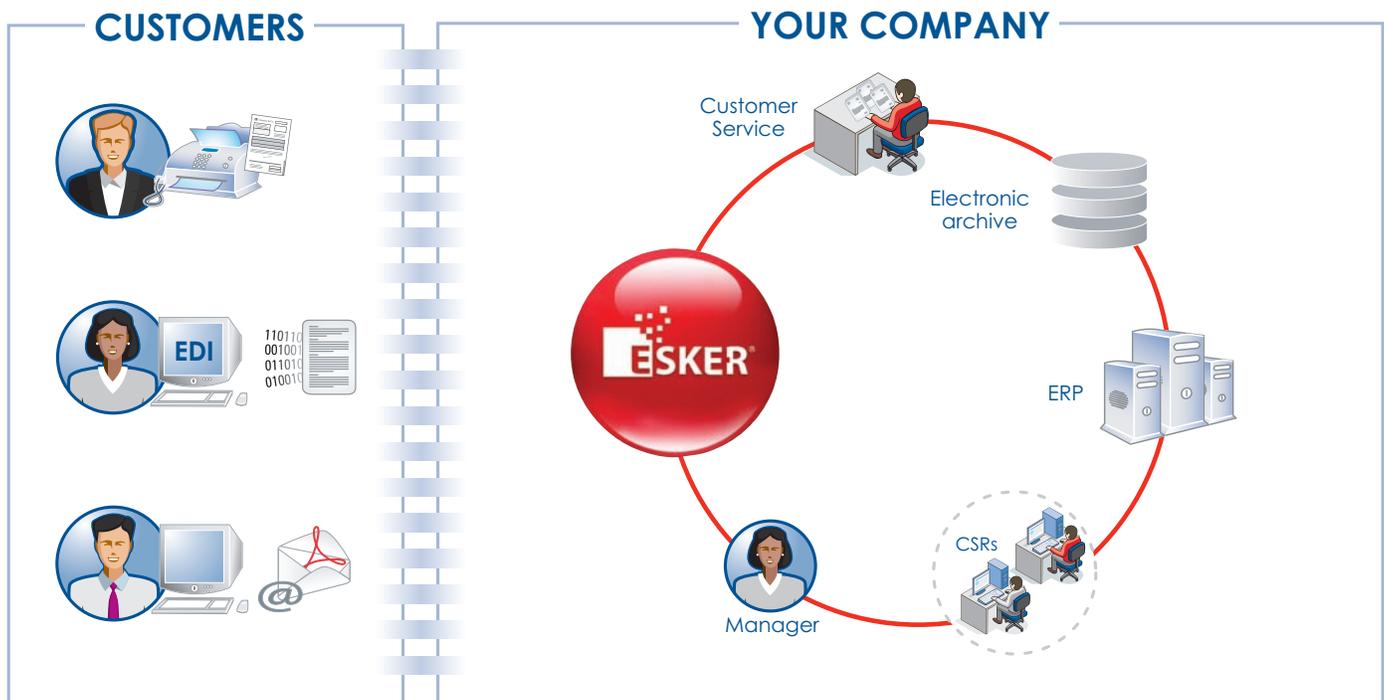
Complex Landscape for Fax and Email Orders

- ✓ Fax server
- ✓ OCR
- ✓ EDI software
- ✓ Value Added Network (VAN)
- ✓ Email distribution
- ✓ Archive solution
- ✓ Scanning solution



Automated Fax and Email Order Processing

Addressing the complexity of fax and email order processing requires a solution that can take the orders in whatever format a customer chooses to send, and turn it into an electronic order. The core principle here is to let customers send orders in any format, whether fax, email, EDI or XML or some other format. Esker has the ability to capture the information, automatically route it to the appropriate CSR and give full visibility into the process even before orders are entered into the ERP system. Management can see the total value of orders that are sitting out there waiting to be processed, what products those orders are for, what customers they are for, etc. All of this information is now at the fingertips of managers so they can clearly see what is going on in the order processing department. And of course, customer service gains insight as well because now, when customers call in and ask about their orders, CSRs have the instant ability to look up the order inside of the ERP system, see the order image, and report back to the customer what is happening.



Companies also gain the ability to automatically send a confirmation out once an order is received to let the customer know you have the order and are ready to process it. You can also wait or send out a second confirmation after the order is created inside of the ERP system. This helps to improve communication with customers along with allowing them to send orders in the format that they are comfortable with.

So, even though all of your customers may not be electronically enabled, you can treat every order as an electronic transaction. Esker is able to take information captured from a fax or an email order — or from an EDI file — and present it to your team and to your ERP application in the electronic format you want. With Esker you can automate all sales orders into your ERP system through one solution, eliminate the cost and errors of manual processing and consolidate resources to simplify your ERP landscape. All of the functionality is built into one platform, whether you choose to leverage it in as on-premise solution or through an on-demand service model. As a result, the cost of processing fax and email orders is reduced from the \$30 to \$60 range down to between \$1 and \$3.

Now one fax or email order can cost as little as:

- \$1–3 to process...and reprocessing is eliminated

How it Works

All-in-one solution

Esker is able to deliver these time and cost savings by providing all the necessary functions for automated order processing. From fax to email to EDI and XML, Esker solutions can capture order data, validate that the information is correct, archive the orders — either inside of the Esker system or inside an existing archive — and link the order back into the ERP system.

Intelligent content recognition and data extraction capabilities of Esker solutions get better results than with standard OCR and templates alone. And with the ability to be taught, on the fly, to recognize different formats that will come in, Esker solutions can handle the variety of customer PO layouts a company may receive. Companies avoid the time and cost of defining and managing countless templates, and they are able to bring new customers into the automated process quickly.



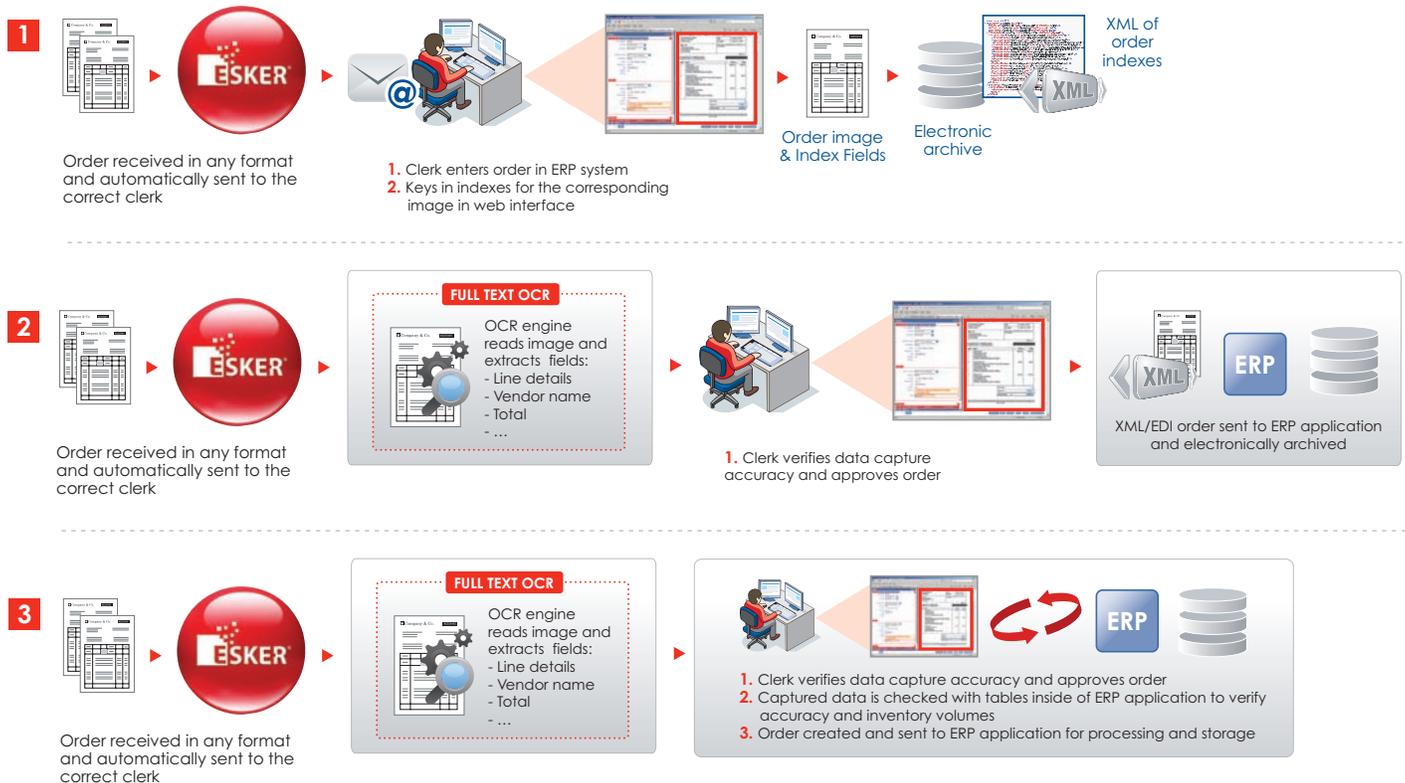
Esker solves the fax and email-to-order problem with a universal, source-independent platform for sales orders received by fax and email as well as EDI, web and other channels. With Esker fax/email-to-order automation you can:

- Process fax orders with the same efficiency and accuracy as EDI
- Reduce fax order processing time by up to 90% and devote more resources to core business
- Bring visibility, control and instant accessibility to every order processed
- Handle multiple orders within a single fax, prioritize orders and get them to the right people automatically
- Replace multiple point-to-point systems with a single platform

In addition to enabling 100 percent electronic throughput, Esker solutions offer a full view of individual order processing as soon as the fax or email arrives. Orders are presented in a convenient online interface for validation, made available to your ERP system and automatically archived. When customers call about orders they have faxed or emailed, your customer service team can answer questions immediately.

Levels of Automation

Esker offers three standard levels of automated fax and email order processing, ranging from a simple “quit paper” solution to full-blown data extraction and verification that the information is correct inside the ERP system, as illustrated below.



At the first level information is captured in the Esker solution and then presented it to the CSR in a dual-screen mode. On one screen, for example, they see an actual image of the order. If orders come in an EDI format, they are presented in a readable image that they can work with. At this point the CSR can verify that everything is correct on the order, and key it into the ERP system. With this option companies are primarily looking to take paper out of the process, create the order inside of the ERP system and link it to an order image so they are able to quickly find orders down the road for audits and customer service.

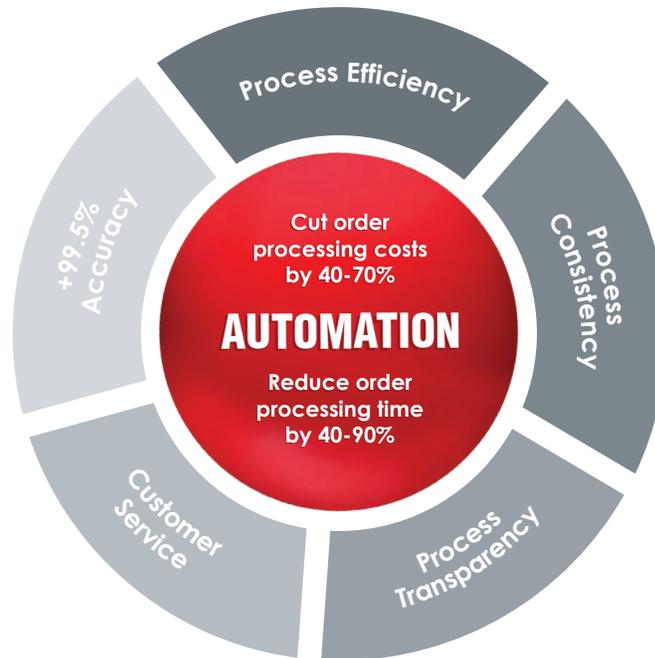
Level 2 adds intelligent OCR to not only capture the information that is on the order, but also to see that what has been captured is correct through a validation step and be able to feed it into other systems. These systems might include an existing EDI solution, as it is common that companies have an EDI solution but they haven't been able to gain everything from the technology that they had hoped for.

The third level is for customers who may not have an existing EDI solution or simply do not want to bog down workflow in their existing EDI solution. In this step the intelligent OCR can go inside of the ERP system to determine if the captured part number is correct, the customer exists in the system, customer number and so on. Getting all this information from the ERP application and bringing it back into the process before the order is created makes sure that orders in the ERP system are 100 percent correct. This is perhaps the most common way that Esker solutions are implemented, and it provides all the functionality available.

Fax/Email-to-Order Benefits

When companies start eliminating the heavy paper burden that comes with fax and email order processing, they gain significant process efficiencies and consistency. They benefit from transparency in the process for effective order management and responsive customer service, and order processing errors are virtually eliminated.

These are the results of using a solution that can automate all aspects of the order processing environment. Working with companies in a variety of industries, Esker automation typically cuts order processing costs by a minimum of 40 percent up to 70 percent and reduces order processing time by as much as 90 percent.



Executing the project

Companies starting to carry out a fax or email order automation a project need to take a close look at the process today. Esker works with its customers to identify as many manual touch points as possible, because sometimes there is a manual step in a company's order process that is important — there is a reason why it is done, and it should not be eliminated altogether but simply automated as much as possible.

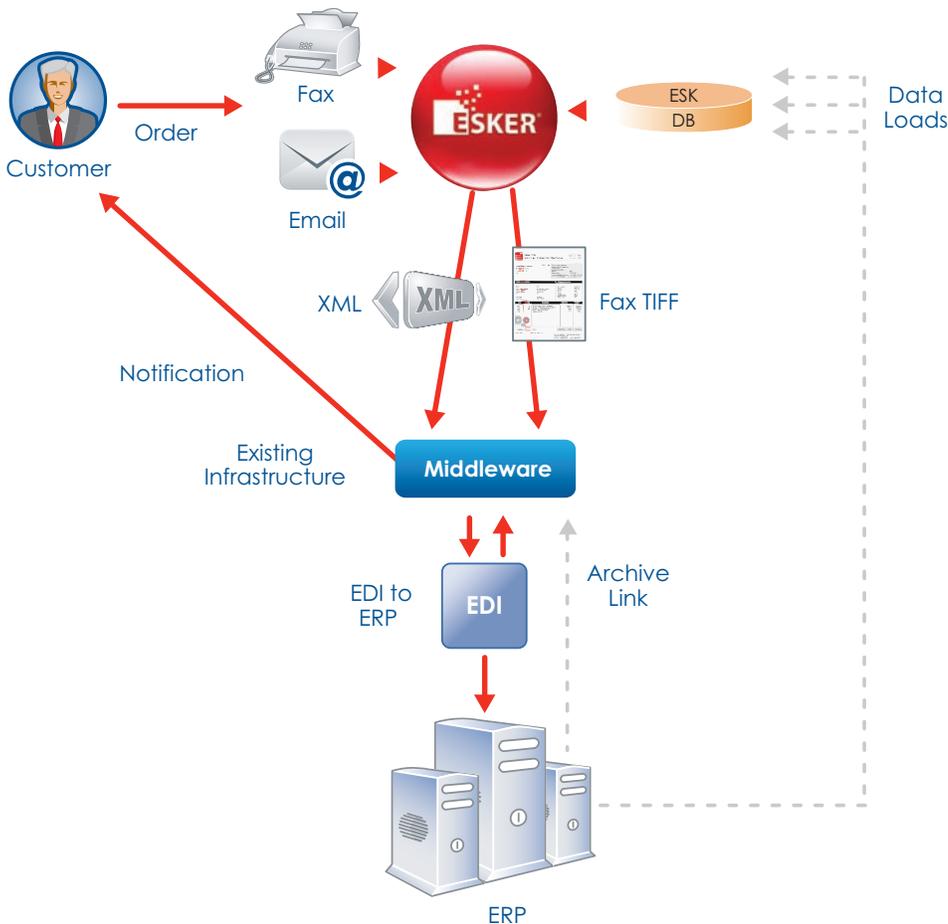
Esker seeks to understand its customers' business processes and why they are doing things a certain way, and then looks for areas where paper can be removed and gains can be achieved. An important consideration in this approach is to keep it simple and not try to do too much at one time.

Case Study: BASF

BASF had implemented an e-business portal to automate the ordering process, allowing customers to place orders directly online. But even with the web portal to help eliminate manual order entry, BASF was receiving 20 percent of its orders worldwide by fax and email, which added a significant amount of cost to the bottom line. To eliminate these costs, BASF decided to implement an automated document processing solution, notably in countries where Asian languages are prevalent, to completely automate the customer ordering process.

Among the functional topics BASF was looking to address with regard to incoming fax and email orders were: Automated recognition, integration into existing middleware infrastructure, validation based on master data, interface based on XML-to-EDI data structures, and integrated creation of customer orders in the ERP system.

What Esker does



Outcomes for BASF

- Integrated automation of customer orders into 3 core regions of global enterprise:
 - Europe
 - North America
 - Asia
- Leveraged existing infrastructure to reach all
 - Using IDoc EDI already in place
 - Hooking fax and email with backbone
- Enhanced e-commerce system
 - “Every customer is an e-customer”

The Esker solution automatically captures incoming order information including customer name, shipping address and line-item details. Captured data is automatically verified: item numbers, quantities and price are reconciled with information stored in the ERP database. Approval workflow is performed before orders enter the ERP system, including validation, exception handling and posting to the ERP system or routing to a second-level approver. Orders meeting specific conditions can pass through touchlessly, without manual intervention.

About Esker

Document process automation leadership

As a recognized leader in understanding and solving business problems that involve documents, Esker helps organizations eliminate manual processes, increase process visibility and control, and reduce the use of paper by automating the flow of documents into, within and outside the organization. Customers gain significant and immediate operational efficiencies, cost savings and measurable ROI in as little as three to six months. Esker solutions include an end-to-end platform that automates every phase and every type of document-based business information exchange, and on-demand services making document process automation benefits available without the need to host and maintain infrastructure. Founded in 1985, Esker operates globally with more than 80,000 customers and millions of licensed users worldwide. Esker has global headquarters in Lyon, France and U.S. headquarters in Madison, Wisconsin. For more information, visit www.esker.com.

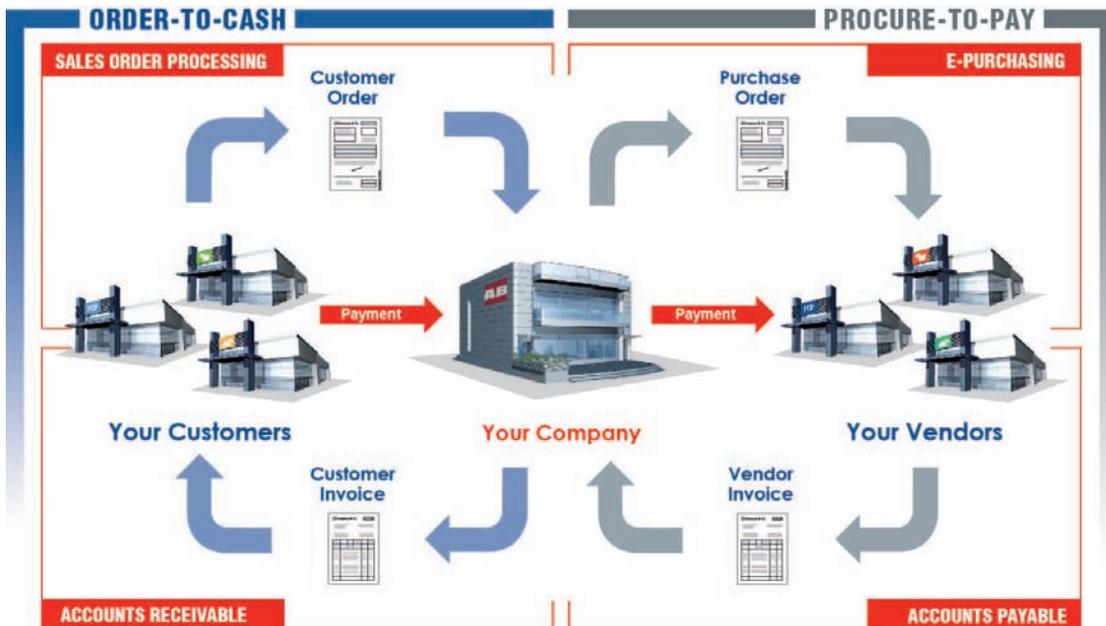


Solutions

Procure-to-Pay and Order-to-Cash and Automation

To help organizations quit paper and automate business processes to speed cash conversion, enhance customer satisfaction, improve supply chain performance, and increase profitability, Esker solutions span the procure-to-pay and order-to-cash cycles:

- **Sales Order Processing** to automate entry and routing of incoming customer orders
- **Accounts Receivable Invoicing** to automate processing and delivery of billing documents based on customer preferences
- **Accounts Payable Processing** to automate entry and routing of incoming vendor invoices and other payables
- **E-Purchasing** to automate processing and delivery of supply chain documents based on vendor preferences





Contact Us

Esker, Inc.
1212 Deming Way, Suite 350
Madison ▪ WI 53717

Tel: 800.368.5283
Email: info@esker.com
www.esker.com

Worldwide Esker Locations

Americas ▪ www.esker.com
Australia ▪ www.esker.com.au
France ▪ www.esker.fr
Germany ▪ www.esker.de
Italy ▪ www.esker.it

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