

## OUTSOURCING HELPS KOHLER CO. IMPROVE CUSTOMER CARE AND PROFITABILITY



### Challenge:

- Outdated storage technology
- Decentralized storage making access by multiple locations difficult
- Hard to retrieve files - search could be done by single control number only

### Solution:

- API's Accounts Payable Service - capture & retrieval
- Invoices sent every night for scanning
- Accounts payable data sent electronically
- Paper invoices matched with electronic data by pre-printed barcode
- Information available for online viewing within 24 hours

### Results:

- Retrieve, print, view, email or fax information within seconds
- Multiple index parameters available for searching of documents
- Documents can be viewed simultaneously from more than one location
- Improved audit process
- Enhanced vendor relationships

### *API Automates the Capture, Storage & Retrieval of Kohler's AP Information*

#### The Challenge

You probably know Kohler Co. as a leading manufacturer of plumbing products. What you might not know is that this Wisconsin-based company is much more than that. The Kohler family of businesses extends far beyond the kitchen and bath to collectively offer the finest in furniture and accessories, cabinetry and tile, engines and generators, as well as resort, recreation and real estate facilities.

For nearly 25 years, each of Kohler's domestic divisions had its own accounts payable (AP) department and handled its own AP functions. And, for nearly 25 years, this worked: invoices were processed, microfilmed, indexed by control number and stored independently at each location. But in the late 1990's, with Y2K looming, the company decided to not only update its computer systems, but also to centralize the AP departments of all of Kohler's domestic and Canadian businesses, then housed in various locations throughout the United States and Canada.

"It just made sense to have a centralized AP location," explains the Manager of Cash Management at Kohler's corporate offices in Kohler, Wisconsin. "We installed SAP's enterprise resource planning (ERP) system as part of the centralization process and quickly realized that our old microfilm system would no longer work. It was clear that we needed a way to electronically store and retrieve our AP files."

In addition to technology upgrades, a new building was constructed on the corporate campus in Wisconsin to house the new shared-service's division. "With this we needed desktop access to our records for both the local and remote offices," stated the manager. "In addition, we would begin to service remote offices all over the United States that would also need access to these records."

#### The Solution

As the process of installing the ERP or accounting system began, the team discussed using the SAP imaging system to create electronic files of their invoices. "We got so busy with the AP installation that we didn't really have time to deal with an in-house imaging system on top of everything else we needed to get done," the manager said. "We remembered getting a call from a company - as it turns out, a call from API - so, we knew there were other options out there."

Kohler decided to work with API as an outsourcing pilot program. The company commissioned API to complete a Requirements and Definitions study (R&D), an in-depth evaluation completed for every API customer prior to beginning service. "The final R&D report documented everything. It helped us take a concept and put it down on paper in a logical format. It spelled out all of the processes and procedures and described details such as what our indexing parameters would be," the manager stated. "We knew all associated costs up front. We knew how we would achieve our goals and what the resulting benefits would be. Initially, our most difficult task was to convince management that we should outsource the imaging function," the manager explained. "We're a privately held family company, and we just don't outsource much. This was new to us, so the R&D study was very valuable and helpful to our management's decision-making process."

The turn-around time from the start of the R&D process until Kohler's AP department began sending data and document to API was only 90 days. This included time for API to implement connectivity and data transfer capabilities.

With these steps out of the way, rolling out API services to other Kohler departments beyond AP has been even faster.

## Case Study - (cont'd)

One of the greatest benefits of outsourcing is the fact that API is responsible for purchasing and maintaining the equipment, which stores the AP images, and requires limited assistance from the customers Information systems (IS) staff. Although the IS staff is involved initially, their often over-burdened resources are not further taxed because API handles much of the technical set up and maintenance on its own.

### The Improved Process

With the technology and processes in place, Kohler now sends accounts payable data to API electronically and the actual paper invoices daily. The invoices are scanned and match-merged to the related electronic data by reading the pre-printed barcode on each SAP cover sheet. For documents with multiple barcodes, API uses zonal scanning to accurately pick up the right barcode by searching for barcode positioned in a particular spot on the cover sheet.

The match-merge function is API's unique and powerful alternative to manual data entry. The feature automatically populates the index fields directly from the system with good, clean, accurate data, virtually eliminating errors and saving countless hours normally spent hand-keying index information.

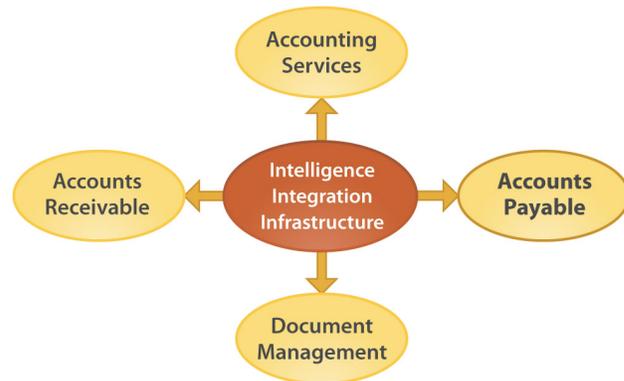
Within 24 hours after API receives the documents, authorized users can access the images from their desktops using an Internet browser. They are also provided the capability to notate items which is especially valuable to accounts receivable and credit departments.

Unlike an in-house imaging system, outsourcing relieved Kohler of the timely, and often costly, task of training employees and of dedicating valuable employee time to the imaging function. "The process is really simple for the user, so we did most of the training ourselves," states the manager. "It doesn't take long for someone to learn how to retrieve the images. He or she can be an expert in 15 minutes."

### About API Outsourcing

API Outsourcing, Inc. is a leading onshore Finance and Accounting Outsourcing (FAO) provider of innovative state-of-the-art document management, accounts payable, accounts receivable and accounting services headquartered in St. Paul, MN. By transforming manual paper-dependent payables and billing processes through our imaging, bill delivery and workflow systems, customers minimize the labor intensive work associated with back-office processing and can focus on their core business. Outsourcing benefits include improved cash flow through improved DSO and controlled DPO. This combined with reduced processing costs, increased business intelligence and improved customer/vendor relationships provides the ultimate value proposition. API currently processes over one hundred million transactions annually, delivers world-class quality, provides exceptional customer satisfaction, utilizes Six Sigma practices and performs a SAS 70 Type II Audit annually.

### API Solution Framework



### Bottom Line Results

Having access to electronic images has greatly improved the level of service Kohler's AP department provides to their internal and external customers without the challenges of managing an in-house imaging department. The central AP department and authorized remote locations can now retrieve, view, print, e-mail and fax AP information in a matter of seconds. And, rather than search for invoices using a single control number, the documents can be retrieved using any one of ten index parameters. "We're able to efficiently handle questions and requests on the fly," says the manager. "I can be on the phone with someone at another location, and together, we can look at images simultaneously. I can even fax or e-mail good clean copies of a document if necessary right from my desktop." Even their auditors were impressed that rather than wade through mountains of paper, they could instantly access electronic invoices and complete the audit more quickly.

API has successfully helped Kohler improve the process of tracking payables and shorten internal research time by providing immediate access to electronic images of AP documents. The increased efficiency has resulted in enhanced customer care and profitability prompting Kohler to deploy API services to its accounts receivable department and to other subsidiaries including Corporate Purchasing, and the Kohler Hospitality Division. What began as a simple test program has now become standard operating procedure for Kohler's AP department and beyond.