

THE BACKGROUND

Exactech, Inc. got to be one of Forbes Magazines top 200 small companies by identifying a critical need in a growing market, and then creating quality products that it could sell at prices that would help its customers deal with relentlessly increasing cost pressures. The market: the orthopedic surgery community; the product: orthopedic implant devices (along with related surgical instruments and biological products). The ultimate users, of course, are people whose bones or joints have deteriorated as a result of an injury or diseases such as arthritis.

Headquartered in Gainesville, Florida, Exactech, Inc. was founded in 1985 by Orthopedic Surgeon William Petty, M.D. and Mrs. Petty, along with Gary Miller, Ph.D., a bioengineer. Both Dr. Petty and Dr. Miller had held positions on the University of Florida College of Medicine faculty, and both had also served as consultants to several orthopedic companies.

Concerned about the rising costs of medical treatment, Dr. Petty saw ways to make a difference in the orthopedic implant industry while still responding to the need for medical cost containment. Exactech is now a publicly traded company (EXAC-NASDAQ) with annual revenues exceeding \$40 million.

THE PROBLEM

Not long ago, Exactech needed to perform a surgery on one of its key business systems. When Accounting Manager Randy Kirkpatrick and Accounts Payable Representative Elizabeth Flynn finally decided to replace their existing check printing system, the driving motivations were speed, dependability and labor saving.

"It was a time-consuming process," says Kirkpatrick. "It involved loading the tractor-feed forms into the dot matrix printer, aligning the forms, running a few check forms and logging the numbers of the test forms, spoiled forms and the forms used in the check run. Then, came the post processing."

Post processing was purely a manual operation, with Flynn manually separating the originals from the carbonless copies, then sending them off to the executive suite for signing – a necessary step, but one which was a serious intrusion on management's time.

Primary to the search for a new system was that it be compatible with QAD Financials, the administrative and management portion of QAD MFG/PRO, the enterprise software solution for manufacturing. QAD, in turn operates in

concert with the company's Progress master database program.

THE SOLUTION

Attending QAD's EXPLORE user conference in mid-2000, Exactech representatives visited the ACOM exhibit booth, outlined their problem and discovered a solution: ACOM's EZCheck Total Check Processing Solution (formerly known as QuickCheck for Windows). EZCheck is the software element of the solution and is compatible with all financial management software packages. Residing on any Microsoft Windows 95/98/NT/Millennium PC or server, it enables the creation and electronic storage of check-form templates that incorporate all of the company information, graphics, payee information, sequential numbers, MICR-encoded lines, remittance advices, and it can even include the authorized signature. When a check run or manual check is needed, EZCheck accepts the financial data file from QAD Financials and merges the data with the electronically stored check-form template. Finally, it spools the check file out to the MICR-enhanced laser printer, and using blank safety-check stock, it generates the finished checks.

Use of blank safety-check stock eliminates the need for pre-printing, inventory and tracking check forms, as well as eliminating the need for special handling and supervision at the time of the check run. ACOM'S blank safety-check stock is engineered and manufactured to incorporate physical security features, such as watermarks and brownstains, that are imbedded into the paper, making it much more resistant to forgery and check fraud.

THE IMPLEMENTATION

Exactech has updated its cumbersome accounts-payable check-processing procedure with a new automated MICR-laser check-processing system from ACOM Solutions, Inc. Now, says Kirkpatrick, instead of producing each month's 300-plus accounts payable checks on a noisy dot matrix printer, using three-part pre-printed forms, the company runs its checks quickly and quietly on a 17-page-per-minute Xerox DocuPrint N17 MICR-enhanced laser printer solution from ACOM.

Besides the basic system (EZCheck software and a Xerox DocuPrint N17 MICR-enhanced Network Laser Printer), Kirkpatrick also purchased Secure-A-Font Card. The Secure-A-Font Card is a PCMCIA card that stores secure company information, including logos, the executive signature, and MICR font; it can be inserted at the time of the print run and removed for secure storage after it is completed.

"We had looked at a number of check processing solutions, but we made the decision to change after we met ACOM at the QAD MFG/PRO user conference," Kirkpatrick says. "It was important to us that ACOM was a QAD business partner...in fact it made the difference, since we felt that we would not encounter any compatibility problems."

As for Flynn, she's happy too. Just try separating and sorting 300-400 three-part forms manually, and see how many paper cuts you end up with...

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Once the purchase decision was made, Kirkpatrick sent ACOM a sample of the check the company had been using with the QAD MFG/PRO direct output. ACOM designed a new check based on the data from the QAD MFG/PRO file and sent a copy of the customized software to Gainesville. Since both are experienced professionals in computer-based accounting applications, Kirkpatrick and Flynn opted for installation guidance and training by telephone versus on-site installation support, which is also available to those who need it.

Prior to cutover, minor complications were quickly solved by QAD and ACOM technical support staff, and the Exactech went live with the new solution in early 2001 with no problems.

"Everyone was very helpful," Kirkpatrick says. "We simply had to make sure the output file was correct, that the text file conformed precisely to the layout, and the remarks section didn't overflow. We now have a much more attractive check that is far easier to work with. For copies, we simply load colored paper into the MICR laser printer at the conclusion of the check run and print it again. It is a dual-mode unit, so we can change out the MICR toner with regular toner, since the copies don't require the security measures."

SUCCESS!

Kirkpatrick believes that his check processing hard costs are about equal to those of the previous system, but that the real payoff is in conservation of staff and executive time.

"The savings are apparent, even quick back-of-the-envelope analysis tells us that the system costs are easily justified by time savings alone," he says.

Flynn concurs, noting that she used to spend 8-10 hours on each payables run, and now spends two-three hours.

"The president and CFO used to dread the sight of me when I would show up with a stack of checks to be signed," she says. "They are thrilled that they can use that check-signing time to do more important things."