

THE BACKGROUND

From its New York design headquarters, Donna Karan International sends out drawings and specifications to production facilities in many countries; and from there on, it's logistics, logistics, logistics, as raw materials pour in and products pour out heading for retail, with almost every operation requiring documentation. The breadth and depth of the company's operations necessarily led to an extensive paper trail, an avalanche of documents produced continuously using three-part pre-printed forms. Documents for operations activities are generated from the RLM Apparel System, a widely used specialized software suite; and for the business and financial side, they are generated from J.D. Edwards World (now Oracle). Both systems reside on an IBM iSeries Model 825 with LPARS.

THE PROBLEM

The profusion of paper and the complex process of storing, housekeeping and handling the paper eventually became a serious burden, according to Kim Lorenzo, Senior Director of Application Development and Support in the company's Carlstadt, New Jersey operations and logistics center. Her tasks involve development and management of systems for distribution, EDI, customer logistics and more.

THE SOLUTION

Documents were normally produced within the 40-member IT department, where continuous, tractor-feed forms had to be aligned carefully prior to printing, and afterward, run through a series of post-production processes, prior to their distribution to the respective user departments. After analyzing the process' increasingly negative impact on operations, the company decided in 2002 to explore electronic alternatives. Technical and business staffs evaluated several electronic forms solutions, ultimately settling on EZeDocs/400 from the iSeries Division of ACOM Solutions, Inc.

EZeDocs/400 is an iSeries-resident electronic document output management solution that enables users to create and store electronic templates of business document forms. The forms are stored on the iSeries computer and are merged with data to create completed documents that can be produced in batches or singly, on demand, printed to networked laser printers situated at the point of use.

Its companion design system, EZDesigner/400 is a PC-resident graphical software module, with which users can:

- Drag-and-drop form elements on-screen until they are positioned correctly
- Upload and store the completed templates to the iSeries computer
- Exchange them interactively for modification and update

The system also offers a variety of automated electronic distribution options -- email, fax and PDF; and an enhanced security feature called Secured Access, which provides multiple layers of access and supervision of operations and system administration.

"We went through a lot of paper, but the conversion was never simply about volume," Lorenzo says. "It was also about the cost of all of those pre-printed forms, operating expense, efficiency and about internal logistics -- getting the document production process out of IT and over to the people who used the forms. Then there was the cost of equipment, since we used four or five different impact printers for the various types of paper and documents."

THE IMPLEMENTATION

Installing EZeDocs/400 on the Carlstadt facility's iSeries computer, ACOM's professional service division designed their first form, the invoice. From there, Lorenzo took over the task, implementing the templates by electronically replicating the paper forms being replaced. She and her associates designed a dozen or more, among them accounts receivable statements, labels, barcode labels, PDFs, purchase orders, raw material orders, cut lists, sampleware cut tickets, and return authorization forms.

"Fortunately, I had previous experience with electronic forms and getting started was easy since ACOM conducted a comprehensive training webinar for us," Lorenzo says. "The design tool is very intuitive and I was able to create the accounts receivable statement form in only one and one-half hours."

One of her innovations involved the development of four-up carton labels for customer use. Lorenzo set up the labels as a PDF document and posted it on the company's website. All customers have to do is access the site and download the PDF to a printer with four-up label stationery in the tray. Then they print as many as they need.

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ANOTHER PROBLEM SOLVED

As operations became smoother and more efficient through the elimination of many paper processes, the finance department took note and decided to find out if it could achieve similar results in accounts payable. Again, says Director of Accounting Systems Chris Gaffney, the company exercised due diligence, examining five competing systems and subjecting them to rigorous comparisons. ACOM's EZPayManager/400 was among the five and it again proved to be the best fit, Gaffney says.

"Our criteria were similar to those used to select a forms solution, but with a special orientation toward the financial side," he says. "We were particularly interested in security, efficiency, and ease of use, both with regard to running the system and mapping and modification of the check form. ACOM also provided the best price-performance trade-off."

From one checking account alone, he says, Donna Karan International Accounts Payable issues about **2400 payments per month**. Payees are primarily manufacturers and vendors, both domestic and international, along with some reimbursements to employees.

The **EZPayManager/400** solution the company purchased included the following software modules:

- the **Manual Checks** module
- the **CheckFraud Alert** (Positive Pay) module
- the **ACH electronic payment/direct deposit** module
- and a three-year maintenance agreement

They also purchased a Xerox Phaser 4400 MICR-enhanced Printer Solution from ACOM with a removable PCMCIA security card. The security card holds and protects critical company information, such as signatures, logos, etc. The total system came with a 30-day Total Satisfaction Guarantee, and Donna Karan International maintains an ongoing relationship with ACOM for its supply of MICR toner and security check stock.

EZPayManager/400 went into service at Donna Karan International in July 2004 using the Checks module only, and the company immediately began working with Citibank to implement the CheckFraud Alert module (in order to send positive pay files – one of the best-known deterrents for check fraud). The check form accommodates substantial overflow (which is very helpful, since disbursements to many payees can represent a considerable number of invoices). Another early challenge met was the design of a check template for use in the United Kingdom, which requires the use of pre-printed check forms, Gaffney says.

"We had to design the data template to match a pre-printed form, and that required holding the two up to the light quite a few times," he chuckles, "but it worked out fine."

The ACH module was not implemented immediately, but they do plan to implement electronic direct deposit payments for many of the company's vendors and employees in the near future.

SUCCESS!

The goals set forth have been met, the two directors say. On the forms side, Lorenzo says, most of the top ROI items have been covered. User feedback has been minor, but that, she says, is favorable: "If users notice no difference, we've succeeded," she says. "We know that they are pleased to have the forms available on their desktops and that they no longer have to go through the bother of picking up stacks of forms, scheduling runs, separating the printed documents and so on. In IT, workload has been reduced significantly. Once you install the templates, you walk away and you don't hear anything until a change is needed."

On the payment side, Gaffney concurs. "Our hard dollar savings are mainly on the cost of supplies," he says, "since the use of blank security check stock enabled us to eliminate the use of pre-printed forms with an original and two copies. But the initiative has been driven more by the ease of use, security and productivity factors. Like any fashion house we issue one-off checks and ACOM makes these quick and easy, cutting the process from 4 steps to 1, without the hassle of lining up pre-printed dot matrix stock. And in the past, if a printer jammed, accounts payable would have to adjust the check stock inventory, account for the used and spoiled checks, and then start the whole run over. That is no longer the case. **We gain time, efficiency and security, and we no longer worry about the theft of forms.**"

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