

THE BACKGROUND

When you think of Boise-Cascade, you might envision toppling trees and sense the fragrance of newly cut lumber. But in fact, there's an un-woodsy, lesser-known side of the company which over the past 30 years has also become one of the leading contenders in its field. Boise-Cascade Office Products (BCOP) operates internationally, maintaining 56 distribution centers in the United States, others in Canada, Europe and Australia, and altogether, employing some 11,000 people.

Headquartered in Itasca, Illinois, BCOP can provide virtually everything its customers need to run their businesses – from paper clips to computers and furniture. The company sells directly through its own sales force and through catalogs and by direct mail domestically and internationally. Products and services are organized within three divisions: Boise Technology, which markets computers, computer peripherals and supplies and solution services; Boise Marketing Services, Inc., a single source supplier of promotional product solutions and products for large companies; and Boise-Wallace Single Source, an alliance with Wallace Printing, Chicago, which can furnish more than 70 percent of the products and printing used in office operations.

All of these products of course means many suppliers to pay, as well as internal associates' expense account reimbursements, customer rebates, taxes and more. A central accounts payable department pays all of the suppliers of all of its distribution centers, with the largest percentage of its bills paid on the 10th of each month in a 12,000+ check run. In addition, each Monday some 1,100 checks are produced for inventory suppliers, and non-inventory runs of about 1,500 checks are scheduled twice weekly.

Accounts Payable also receives and processes about 40 requests for "hot," need-it-now checks. A custom mainframe application had been developed for these "site-draft" checks but it was cumbersome and hard to work with. The site-draft system didn't talk to the accounting software, occasioning the risk of double payments. It fell into disuse and so, by default, the checks were typed manually.

Historically, BCOP ran its financial management activities on an IBM System 390 computer using software developed in-house. The company also employs a number of IBM iSeries 400 computers for various tasks. When BCOP tackled the Y2K issue in 1997, a decision was made to change the financial management system, according to Richard Mullings, manager of application development for financial management operations. These operations include general

ledger, accounts payable, accounts receivable and purchasing and allied activities. Payroll is handled by parent Boise-Cascade, which holds a majority of the stock of publicly traded BCOP (NYSE-BOP).

"Accounts receivable was Y2K-compliant on the mainframe, but we didn't have a fixed asset system," he says. "General ledger was an MSA package, and accounts payable was a home-grown package that required the department to submit batch job requests, with the computer room printing up the checks and remittances separately. Two piles of paper would then be transferred to the payables department, where 15 people would spend four- to six hours attaching the remittances to the checks and getting them into the mail."

Checks could not be broken out into more manageable daily runs, Mullings says, because IT had to slot check runs in amid the day-to-day processing of other work.

In solving the software problem, BCOP wanted not only to solve the Y2K situation across the board but also to introduce best practices and accommodate an organizational realignment. The software search led to J.D. Edwards World Software, the Edwards financial management suite for the iSeries 400 environment and subsequently, a new IBM iSeries 400 to host it.

"J.D. Edwards software brought us an extremely high degree of flexibility, enabling us to continuously improve our processes," Mullings says. "One of the most important of these was the opportunity to upgrade accounts payable check processing from the mainframe/line printer/pre-printed check stock environment to the far more efficient MICR laser check processing world."

THE SOLUTION

Mullings already had experience in that world. Before joining BCOP, he had held a similar position with a large Chicago-based sporting goods company that used a Bottomline Technologies check processing solution. His associate, Marie Nevin, now system administrator for the J.D. Edwards implementation and a leader on the JDE development team, proposed that they conduct a broader search, since BCOP preferred the iSeries 400 environment and Bottomline had indicated that it would soon cease selling and servicing check processing solutions for it. Attending a J.D. Edwards forum, Mullings and Nevin encountered ACOM, exploring the company further at its Web site, www.acom.com.

The company's decision to install J.D. Edwards software came in mid 1997 and the software was operational about

one year later. By this time, ACOM, also Y2K compliant, had been selected as the check processing solution vendor. BCOP supplied its check elements to ACOM implementers, who recreated the form in electronic check format complete with all company location information, logos, MICR line, signatures and numbering. Within a month, the ACOM solution was ready for check production. The single problem encountered in the implementation was one of hardware incompatibility.

Mullings and Nevin had preferred that the MICR laser printer be attached directly to the iSeries 400's Token Ring network, but like other laser printers, the Xerox printer was an ASCII code-oriented device and did not understand the EBCDIC coding scheme of the IBM iSeries 400 environment. A semi-direct attachment was achieved by simply placing a 5494 controller between the printer and the network. With some final tweaks to the check mapping, the system was placed in operation.

Accounts payable check files are generated in J.D. Edwards and transferred to the ACOM's iSeries 400 checks software, which is also resident on the iSeries computer. ACOM's iSeries 400 checks software formats the checks and spools them out to the printer, which has been switched to MICR mode and which has a MICR toner cartridge inserted. Both check and remittance portion is printed on a single page of blank safety check stock at a rate of 32 pages per minute.

In fact, there are positives that accrue to the semi-direct configuration. Many financial executives prefer for security reasons to keep the check processing environment separate from the main network activity. Through the controller, the secure separation is maintained, while the printer, which is located in the accounts payable department, can be on line in the iSeries 400 environment almost instantly with no custom configuration required.

Since late 1998, BCOP has printed its accounts payable checks using an ACOM Integrated Check Processing Solution and a Xerox DocuPrint N32 Dual Mode MICR-Enhanced Network Laser Printer Solution from ACOM. iSeries 400 checks software accepts spool files from BCOP's new J.D. Edwards financial management software, formats the checks and sends them to the MICR-Enhanced Xerox N32 laser printer, which produces the checks on blank safety check stock. Situated conveniently in the accounts payable department, the printer can also be used for conventional document printing when it is not producing checks.

SUCCESS!

The ACOM MICR laser solution system has made BCOP's disbursement process far more efficient, reducing expenses while placing the accounts payable department in full control of check processing with no sacrifice in security.

"We did not have security problems under the previous system, but check printing took place in a locked computer room and there was no access to the printer," Mullings says. "Now check printing is done right in the check issuing department, and we anticipate no security problems. ACOM's iSeries 400 checks software has built-in security features, including an excellent access authorization procedure with an audit trail that shows who has used the system, when and for what. The printer uses a PCMCIA card to hold all of the data that is required to produce the check form, and unless the card is inserted in the printer, no checks can be produced. There is no need to pre-print or securely inventory check forms since the checks are produced on blank check stock – both a security and a cost consideration."

Accounts Payable no longer has to rely on the IT department, and with the ability to perform the entire operation itself, A/P can schedule its work more evenly, eliminating the peaks. Where 15 people formerly were required to process massive peak check runs, only about five are now required to produce the same volume of checks.

Another benefit: The Reliable Corporation was already using J.D. Edwards software, so when BCOP made the transition to the ACOM solution, the company was also able to perform Reliable's accounts payable check processing, which previously had been done on an impact printer in the IT department. Manual check writes no longer present a problem, since ACOM's iSeries 400 checks software can produce checks individually with only a few clicks of a mouse.

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