

### THE BACKGROUND

Headquartered in Cohoes, New York, a few miles up-river from Albany, privately-owned Mohawk is one of the leading manufacturers of premium printing papers, with origins dating back more than 100 years. The company operates plants in Cohoes and in nearby Waterford, marketing its products through distributors in the U.S., Canada and worldwide, that in turn are served by company distribution centers in Albany, Georgia and Nevada.

Mohawk Paper employs two popular software packages (both running on an IBM AS/400 Model 820): SSA Global Technologies' BPCS, and Software Plus. BPCS is a manufacturing-oriented set of integrated applications that address the core system needs of industrial companies, including multi-mode then 600 client sites.

Ruhm encountered the ACOM payment solution at a Software Plus user group tradeshow in late 2000, and he immediately saw the potential for a new system to print his payroll checks – one that would be faster, less complicated and more economical in terms manufacturing, supply chain management and enterprise financials. Software Plus dedicates its full resources to the development and support of the human resource and payroll solutions, which are in place at more of personnel and production resources. Conversations with an ACOM's representative and a detailed ROI calculation confirmed his ideas, and when he presented his proposal to Mohawk's management, they quickly authorized the project.

### THE PROBLEM

Mohawk Paper Company's Accounting Services department used to need two dot matrix production printers to issue its accounts payable and payroll checks. It wasn't that there were so many checks to produce, says Accounting Services Manager Mike Ruhm. Rather, one printer had to be at the ready in case the other broke down, which sometimes happened.

And assuming that the runs went well, there were still more steps to perform:

- The payables checks used multipart forms and had to be carried to a bursting machine for separation.
- All of the checks were printed on tractor-feed stock and if the perforated edges with sprocket holes were accidentally torn loose they wouldn't feed, so the checks had to be individually pressed against the signature machine stamp.
- "We used different signature plates for accounts payable and payroll," Ruhm says. "And in either case you always hoped you didn't have to have a problem because if you did, you might have to reprint the whole check run."

### THE SOLUTION

The dot matrix printers, bursters and signature machines have since been retired from Mohawk's payment process, Ruhm says. Now, data for the 1,000-plus accounts payable checks and the 1,000-plus payroll checks that the company generates each month are processed using a payment system from ACOM Solutions, Inc, called EZPayManager/400. (EZPayManager/400 enables companies to use electronic templates and MICR laser printers, instead of using expensive preprinted check forms). Accounts Payable disbursements are made in weekly check runs, while Payroll is divided into weekly check runs for union members and bi-weekly runs for non-union employees.

When a check run is scheduled, the EZPayManager/400 software merges the payment data from Mohawk's accounting system with the electronic check templates, and spools the merged files out to a secure MICR-enhanced laser printer, which then prints complete, signed checks, using blank security check stock paper.

### THE IMPLEMENTATION

Initially, Mohawk purchased a comprehensive MICR-laser check solution comprised of the MICR checks module, a forms design tool and two Xerox DocuPrint 2125 MICR Laser Printers from ACOM. Options included ACOM's module for Positive Pay, CheckFraud Alert, and the Manual Checks module (which give Ruhm the ability to generate single checks automatically for the first time). He also arranged to acquire compatible MICR laser toner and security check stock from ACOM, which are backed by the company's unique MICR guarantee.

Mohawk acquired the check solution in late 2001, and used ACOM's professional services group to implement the payroll checks first, followed quickly by the accounts payable checks. To create the electronic forms, Ruhm provided ACOM with sample data as well as copies of the company's existing check forms. The electronic forms essentially replicated the appearance of the preprinted forms, incorporating all relevant company logos, address information, account numbers, MICR lines and signatures. Payee information and amount fields are automatically populated from the BPCS and Software Plus systems, and check numbers are assigned during the check run so that in case a check is spoiled or a printer jams, only the spoiled checks need to be reprinted.

"This is a really important issue," Ruhm says. "Before, a spoiled check meant a spoiled check *run*, because the sequence would be thrown off."

The check details (referred to as the remittance advice statement for accounts payable and referred to as the advice of

deposit for payroll stub data) are incorporated into the respective check forms and printed with the checks.

## **SUCCESS!**

“EZPayManager/400 has been terrific for us,” Ruhm says. “Our check runs are faster and require less work. We’re saving significant money on preprinted check forms as well as on the maintenance of the post-processing equipment that used to be required – no more bursting, no more decollating, no more signature machines. The MICR-laser printing is crisp and clear and gives the checks an impressive, professional look.

With a year’s experience of MICR laser check printing under his belt, Ruhm decided to take another step toward automating as much of his disbursement process as possible. In late 2001, the company purchased the EZPayManager/400 ACH payment solution, which enables electronic payments through the banking industry’s Automated Clearing House (ACH) network. Because the ACH file is capable of carrying only a very limited amount of data, while remittance advice information can be very extensive, Ruhm opted also to purchase ACOM’s eMail module for providing the payment detail to recipients via eMail. It, too, is operated directly from the AS/400 workstation.

Ruhm has implemented the ACH solution for accounts payable, and currently he is conducting a program to convert his Tier One and Tier Two vendors from checks to electronic payments for their invoices. A few vendors signed on very quickly and all are delighted with the result, Ruhm says. Funds are scheduled for electronic transfer on a specific date, and at the time of scheduling, the vendor is notified by eMail when the transfer will take place, usually two days later. Simultaneously, with issuance of the payment notification, a second eMail with the remittance advice information goes to the vendor, indicating the invoices being paid and the purchases that they represent.

“Electronic payments saves time, money and other resources on both ends,” Ruhm says. “There is no paper handling and no postage costs. Payments go straight to the vendor’s designated bank account and the eMailed remittance advice data can be forwarded directly to the appropriate back office system for reconciliation. We find that vendors really appreciate the precision of this approach, since they know in advance just when the cash will be available to them. Mail delays and losses are no longer a factor.

“On our side, we cut our payment costs to almost nothing and we experience easier, more effective cash management, since we know precisely when the funds will leave our account. We have an electronic record, so if there is a question, we can very quickly confirm when the payment was made and what it was

for. In terms of savings, when we moved to MICR laser checks, we reduced our per-payment costs by 80 percent or more, compared with the costs of the conventional process using preprinted check forms, which were normally costing us more than a dollar. And now, we calculate that by delivering our accounts payable using the ACH system (electronically), we will cut those costs still to a fraction of that amount.”

By coincidence, as Ruhm was embarking on his conversion campaign, ACOM was nearing completion on development of a vendor outreach program to extend the use of ACH to pay its own suppliers. ACOM and Mohawk are now working together on a system that will help convert Ruhm’s vendors to electronic payments, and both companies have found that once vendors experience the benefits of ACH payments, they don’t want it any other way.

## **ACOM SOLUTIONS, INC.**

ACOM develops solutions that integrate with enterprise applications to enhance back office and B2B processes for electronic, Internet and paper-based commerce. ACOM solutions run in all computing environments (host-resident on Windows NT, iSeries and AS/400), and are compatible with all financial management/ERP applications.

Solutions include:

- Software solutions that enable users to send and receive electronic payments (ACH & F-EDI)
- Software solutions that enable users to send and receive electronic payment notifications (via e-mail, fax or EDI)
- Software/Hardware solutions to print MICR laser checks, forms and remittance details
- Electronic data interchange (EDI/XML) software solutions for e-commerce between multiple trading partners
- Software to enable/enhance internet-based exchange of business documents

ACOM, the payment management expert, has worked with thousands of companies around the world to help them update and enhance their payment processes. ACOM provides Total Solution Packages, as well as integrated, scalable, modular solutions. Contact ACOM today for more information...

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