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Document **H53**

ROI CASE STUDY INTELLIGENT CAPTURE & EXCHANGE CORPORATE EXPRESS

THE BOTTOM LINE

Corporate Express deployed an invoice processing solution with Kofax Intelligent Capture & Exchange to automate paper-based processes in its accounts payable division in order to reduce invoice management costs, streamline invoice approval processes, and integrate financial documents with a centralized content management system to reduce document search and retrieval time.

ROI: 99%

Payback: 1.27 years

THE COMPANY

Corporate Express US Inc., part of the Dutch-based Corporate Express NV, is headquartered in Broomfield, Colorado and is a business-to-business supplier of office, facility, and computer products and services. Corporate Express's product offering includes office and computer supplies, imaging and graphic supplies, office furniture, document and print management, desktop software, promotional products, facilities supplies, and other similar products. With operations throughout North America, Europe, and Australia, Corporate Express NV has close to 19,000 employees and does more than \$8 billion in sales each year.

THE CHALLENGE

Corporate Express had hired an outside consulting firm to review all aspects of its financial management practices and to identify the greatest areas for process improvement. During this time, the consulting firm found that many of Corporate Express's accounts payable practices were extremely manual, heavily paper-based, and created a number of challenges:

- Slow access to information. Because Corporate Express processed more than 1 million invoices each year, some of them more than three pages in length, it was often difficult to locate and retrieve invoices quickly and easily when they needed to be referenced, approved, or distributed.
- Labor-intensive invoice management. Employees in accounts payable were spending up to 12 hours a week just processing documents and routing them to the right people and location for approval and payment.
- High accounts payable coordinator expenses. Corporate Express employed accounts payable coordinators who spent a significant amount of time in the field collecting and documenting new and outstanding invoices from various distribution centers. Upon completion of in the field activities, accounts payable

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coordinators would then perform extensive data entry and documentation of each invoice, detailing any specific changes, directions, or needed approvals.

Given these challenges, Corporate Express wanted to find a solution that would automate invoice processing, integrate workflows, and eliminate its paper-based invoice management system.

THE STRATEGY

In 2005, before researching potential vendors and accepting proposals, Corporate Express spent three months identifying current costs, assessing project risks, and determining desired system functionality. Once this process was complete, Corporate Express interviewed various vendors, conducted several product demonstrations, and selected Kofax Intelligent Capture & Exchange for a number of reasons:

- Kofax Intelligent Capture & Exchange met the key functionality requirements Corporate Express desired for integrating workflows and automating specific accounts payable processes including invoice management of its trade and non-trade products.
- Given Kofax Intelligent Capture & Exchange’s unlimited customization and pricing structure, Corporate Express felt that the solution could easily be scaled to support deployments in other areas of the business such as contract management, travel and expense reporting, and credit and collections activities.
- Corporate Express felt that a partnership with Kofax was more than a simple vendor-client relationship, but rather a long-term strategic move that would allow the company to support future document capture initiatives with a vendor whose strategy and focus aligned with its current goals.

In September 2005, Corporate Express began its implementation and deployment process using both Kofax professional services and internal personnel to help install and configure the software. By February 2006, Kofax Intelligent Capture & Exchange was fully deployed and used by employees in accounts payable to manage invoices for the sale of trade and non-trade goods. Training varied by user and included both off and on-site sessions where Corporate Express leveraged the training the technical users received to teach other standard users.

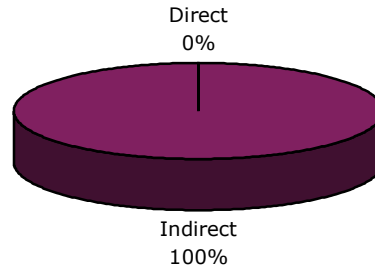
KEY BENEFIT AREAS

Kofax Intelligent Capture & Exchange has enabled Corporate Express to support further growth, automate key accounts payable processes, and refine workflows to support greater profitability. Key benefits from the solution include:

- Improved invoice search and retrieval. Employees no longer spend 53 hours a month manually collecting, retrieving, and distributing invoices to other employees in the organization. By integrating Kofax Intelligent Capture & Exchange with its document management system, invoices are now centrally stored, easily retrievable, and properly versioned, saving the company more than \$26,000 a year.
- Improved accounts payable processor and coordinator productivity. By automating specific workflows associated with invoice management, Corporate Express has reduced the time it takes for accounts payable coordinators and

processors to track invoices, seek approvals, and settle accounts. As a result, employees are able to focus on other tasks and Corporate Express has been able to maintain the same size workforce despite additional growth.

BENEFITS



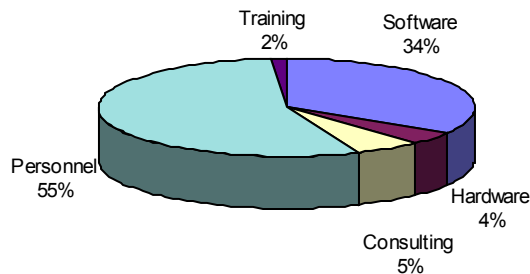
TOTAL: \$3,860,003

- Increased compliance and improved payment efficiency. Because invoices are now centrally stored, tracked, and audited, Corporate Express has improved its relationships with suppliers while simultaneously keeping accurate records of invoice activities to ease compliance of financial regulations.
- Self-service management. By compiling invoices into a central location and integrating various workflows, management has a greater ability to ensure proper tracking, approval, and payment of invoices without having to consult other colleagues or call suppliers.

KEY COST AREAS

Key cost areas for the deployment included software, consulting, personnel, hardware, and training. Personnel represents the greatest cost area because Corporate Express felt that investing in system configuration and preparing workflows for future deployments would make the solution more scaleable and easier to implement.

COSTS



TOTAL: \$1,510,751

LESSONS LEARNED

When selecting a technology vendor to support a particular project or solve a specific business problem, it is important to carefully evaluate options and identify

how the vendor can deliver value. By outlining future goals and expectations, companies will have a clearer picture of what they are looking for in a potential vendor and are more likely to form an ideal relationship. Corporate Express, for example, spent a significant amount of time understanding its business problem, outlining product requirements, and determining future plans and goals. This made it easier for Corporate Express to select a product, negotiate better deals, and architect the solution to meet future goals.

CALCULATING THE ROI

Nucleus calculated the costs of software, hardware, consulting, personnel, and training over a 3-year period to quantify Corporate Express's total investment in Kofax Intelligent Capture & Exchange.

Like business process automation projects, the Corporate Express project delivered significant indirect savings, including increased productivity of accounts payable processors and coordinators. These benefits are quantified and calculated using the average fully loaded cost of employees and multiplied by a productivity correction factor to account for the inefficient transfer of time. By automating several paper-based services, integrating workflows, and centralizing document storage, the increased productivity the employees in the accounts payable division have exhibited is a driving factor for the significant ROI the company achieved.

In addition, Corporate Express plans to increase the use of Kofax Intelligent Capture & Exchange by deploying the solution to support other departments and their business process needs in order to increase the value of its investment.

Nucleus Research is a global provider of investigative technology research and advisory services. Building on its unique ROI case study approach, for nearly a decade Nucleus Research has delivered insight and analysis on the true value of technology and strategies for maximizing current investments and exploiting new technology opportunities. For more information or a list of services, visit NucleusResearch.com, call +1-781-416-2900, or e-mail info@NucleusResearch.com.

DETAILED FINANCIAL ANALYSIS

CORPORATE EXPRESS

SUMMARY

Project:	Intelligent Capture & Exchange
Annual return on investment (ROI)	99%
Payback period (years)	1.27
Net present value (NPV)	678,576
Average yearly cost of ownership	503,584

ANNUAL BENEFITS	Pre-start	Year 1	Year 2	Year 3
Direct	0	0	0	0
Indirect	0	1,286,668	1,286,668	1,286,668
Total Benefits Per Period	0	1,286,668	1,286,668	1,286,668

DEPRECIATED ASSETS	Pre-start	Year 1	Year 2	Year 3
Software	332,747	0	0	0
Hardware	27,000	0	0	0
Total Per Period	359,747	0	0	0

DEPRECIATION SCHEDULE	Pre-start	Year 1	Year 2	Year 3
Software	0	66,549	66,549	66,549
Hardware	0	5,400	5,400	5,400
Total Per Period	0	71,949	71,949	71,949

EXPENSED COSTS	Pre-start	Year 1	Year 2	Year 3
Software	0	58,714	58,714	58,714
Hardware	0	13,000	13,000	13,000
Consulting	40,561	41,339	0	0
Personnel	346,394	457,068	13,750	13,750
Training	14,200	8,800	0	0
Other	0	0	0	0
Total Per Period	401,155	578,921	85,464	85,464

FINANCIAL ANALYSIS	Year 1	Year 2	Year 3
Net cash flow before taxes	707,747	1,201,204	1,201,204
Net cash flow after taxes	389,848	636,576	636,576
Annual ROI - direct and indirect benefits			99%
Annual ROI - direct benefits only			-16%
Net present value (NPV)			678,576
Payback (years)			1.27
Average annual cost of ownership			503,584
3-year IRR			73%

FINANCIAL ASSUMPTIONS

All government taxes	50%
Discount rate	15%