# Costco Utilizes Content Management to Improve AP, Legal & HR Processes

**ImageSource®**

> " WITH SCANNING & BARCODE INDEXING, COSTCO CAN NOW QUICKLY ACCESS ACCOUNTS PAYABLE & LEGAL DOCUMENTS. THEY RECOUPED THE COST OF THE SOLUTION IN THE FIRST ELEVEN MONTHS OF ITS OPERATION, AND SAVED MORE THAN $7 MILLION IN LABOR & PAYMENT TERM DISCOUNTS. "

**ORGANIZATION**

Costco Wholesale Corporation

www.costco.com

**INDUSTRY**

Retail—Wholesale Warehouse

**SOLUTION**

Accounts Payable, HR Benefits, Audit, Legal and Vendor Claims

**CHALLENGE**

› Processes more than 40,000 documents per day more efficiently

› Accessible storage for more than 75 million images per year

› Shorten response time for accessing documents

**KEYBENEFITS**

› Access volumes of invoices by expense and merchandise function

› Legal Department able to process and store agreements and claims

› Audit process improved—able to review sampling of financial transactions

› Regional office can quickly access documents via employees Web browser

### Case Summary

Costco Wholesale Corporation implemented a high volume Captovation Capture scanning and barcode indexing process for accounts payable, legal and employee documents.

### The Challenge

Costco operates an international chain of more than 386 membership warehouses that carry brand name merchandise at substantially lower prices targeted for small to medium size businesses.

In order for Costco to provide high quality products at lower prices it had to be able to communicate quickly and effectively with thousands of vendors. The company could no longer afford slow response times when accessing accounts payable documents such as purchase orders, debit memos or invoices. There was no direct access to these transaction documents. The image quality from microfilming was unsatisfactory and storage space was becoming limited. Costco also processes and stores a large volume of legal documents including agreements and claims which need to be stored and accessed easily. They began searching for a technology that could handle the growing volume of paper, microfilm and microfiche.

### The ImageSource® Solution

The original solution was designed and integrated by ImageSource executive staff members in 1992. They utilized a largely unknown product from a start-up software company located in Simi-Valley, California named Optika. That software company would later become a recognized leader in the En-

terprise Content Management software industry. Costco continues to utilize Oracle Imaging and Process Management software for content storage and retrieval. Captovation® Capture is used for image scanning and automated barcode indexing process. Initially, 50 Costco users scanned approximately 25,000 documents per day, which equaled to 550,000 images per month and 6,600,000 per year.

To date they process more than 40,000 documents per day and store more than 75 million images per year. Their

response time for accessing those image documents has decreased from 2 to 10 days, to anywhere from 1 to 10 seconds.

**The Bottom Line**

The accounts payable department was able to access volumes of invoices by expense and merchandise functions. Capital expenditure and fixed asset documents were scanned and stored by the accounting department and easily accessed by the facilities department.

The legal department was able to process and store their vendor maintenance and setup agreements, binding agreements and general liability claims. The tax department improved its audit process because they can randomly review a sampling of financial transaction documents.

> "COSTCO HAS BEEN WORKING WITH THE IMAGESOURCE TEAM FOR MORE THAN 15 YEARS, IN THAT TIME WE HAVE BEEN THROUGH MANY ITERATIONS OF THE SOFTWARE. WE'VE ALWAYS RECEIVED TREMENDOUS BENEFIT FROM THE SYSTEM, AND OUR PARTNERSHIP WITH IMAGESOURCE HAS BEEN CONSISTENT AND SUCCESSFUL."
>
> – Rob Berg Manager Optical Imaging

Costco's regional office can quickly access necessary documents via each employee's Web browser. Most of these documents are directed to a central scanner, except human resource documents which are scanned by the individual department scanner to ensure secure access to payroll and benefit information. Since the original application was deployed in the Finance Department, Costco has continued to deploy document archive applications throughout the enterprise.

Costco was able to recoup the cost of the solution in the first eleven months of 1992 and has saved more than $7 million in labor and payment term discounts. Costco believes the ImageSource solution is a strategic and competitive advantage in their market space. While these technologies are new to some organizations Costco simply sees the solution as an everyday necessity. Internally, it would be hard to find anyone who isn't familiar with the operation, and advantages the system provides.

**Technology**

**ILINX**

**ILINX INTEGRATE**

*Image-enable any application with content residing in another system.* Retrieve and display images from within virtually any application regardless of source—host based, Windows, Web or Citrix—saving time and increasing efficiencies. Requiring no development, ILINX can integrate whatever is running on your client desktop into a cohesive system that allows data to pass easily between two or more applications. www.imagesourceinc.com

**ORACLE**

**ORACLE® WEBCENTER CONTENT**

Formerly Oracle Enterprise Content Management Suite, the Oracle Webcenter Content proactively and automatically delivers critical business content where and when it is needed. Integrates transaction documents and information into common business processes and third party applications. www.oracle.com

**Captovation**

**CAPTOVATIATI ON CAPTURE**

Captovation Capture offers a document capture solution with valuable out-of-the-box features: production-level scanning, production-level indexing, Internet-distributed capture, function as a bar code recognition server, import document images from a variety of sources, schedule document archiving into a document management system, and now image enable monetary checks. www.captovation.com

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