Costco Utilizes **ECM**ECOSYSTEM® to Improve AP, Legal & HR Processes

Costco has been working with the ImageSource team for more than 15 years. At that time, we have been through many iterations of the software. We have always received tremendous benefits from the system, and our partnership with ImageSource has been consistent and successful.
— Rob Berg, Manager, Optical Imaging

Faster. Simpler. Smarter. — *ILINX® Capture*

COSTCO WHOLESALE

Organization
Costco Wholesale Corporation

Industry
Retail—Wholesale Warehouse, Essential Business

Solution
Accounts Payable, HR Records Management, 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

Key Benefits
› Access volumes of invoices by the expense and merchandise function
› Legal Department able to process and store agreements and claims
› Audit process improved—able to review a sampling of financial transactions
› Regional office can quickly access documents via the employee's web browser

ILINX®

ECMECOSYSTEM®
The ImageSource trademarked methodology collects user needs, technology goals, functional requirements across multiple departments, objectives, and technologies. The completed engagement results in consensus, clearly defined requirements, and a blueprint for delivering a return on investment as projects are completed.

ILINX Integrate
Image-enable any application with content residing in another system.

Case Study › Retail › **ECM**ECOSYSTEM® > ECM

With digital transformation, including scanning and barcode indexing, Costco automates accounts payable and 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 and payment term discounts.

Case Summary

Costco Wholesale Corporation implemented a high volume document capture solution to process data from 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 for small to medium-sized businesses.

For Costco to provide high-quality products at lower prices, it has 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. They had no direct access to these transactional documents. The image quality was unsatisfactory and virtual storage was becoming unmanageable, posing a data security risk. Costco also utilizes and retains many legal documents, including agreements and claims that need to be virtually available. They began searching for a solution that could handle the growing volumes of data in multiple formats.

The Solution

The complexity of Costco's documents and business processes lead to difficulties prioritizing projects, as well as creating and implementing security policies for access and storage of the data. These issues needed a resolution before a technology solution could be selected and implemented with confidence. With their original solution aging and becoming difficult to maintain, Costco engaged with ImageSource for expert advice on moving forward.

A comprehensive ECMECOSYSTEM® engagement was initiated to apply a process and solution-specific expertise in gathering Costco's requirements across multiple departments and processes.

ImageSource applied their trademarked methodology to build a comprehensive resource document of the needs of departmental users, workflows, and technical specifications. From this blueprint, Costco continued to rely on ImageSource expertise as members of their vendor selection committee.

From this process, Costco selected the technology components they continue to utilize, including Oracle Imaging and Process Management software for content storage and retrieval. 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 records per day and store more than 75 million images per year. Their response time for accessing those image documents have decreased from 2 to 10 days to 1 to 10 seconds.

The Bottom Line

The accounts payable department was able to access volumes of invoices by cost and product. 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's regional office can quickly access necessary documents via each employee's web browser. Most of these documents are centrally processed, except human resource documents, which are scanned by the individual department scanner to ensure secure access to payroll and benefits information. Since originally deploying the solution in the Finance Department, Costco has continued to deploy document archive applications throughout the enterprise.

Costco recouped the solution's cost in the first eleven months and saved more than $7 million in labor and prompt pay discounts. Costco believes the ImageSource **ECM**ECOSYSTEM® methodology is a strategic and competitive advantage in their market space. Costco sees digital transformation as an everyday reality.