ORDER MANAGEMENT AUTOMATION IN THE MEDICAL DEVICE INDUSTRY
OPTIMIZING CUSTOMER RETENTION & YOUR COMPETITIVE EDGE
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INTRODUCTION: ON THE PATH TO IMPROVED BUSINESS SUCCESS & CUSTOMER SATISFACTION

Facing increasing industry demands, complex regulations and new sources of competition, medical device manufacturers recognize they must deliver the highest levels of service in order to retain existing customers and acquire new ones. Highly effective order management is absolutely crucial to this objective.

In their efforts to improve customer service and maintain competitive advantages, medical device companies face order management challenges in the areas of visibility, productivity, accuracy, cost control and implementation. Companies need to know every order detail at any time. They need to be able to retrieve orders and answer customer questions immediately. They need to eliminate non-value-added tasks and human errors that drive up costs and customer dissatisfaction. And, as companies implement order management strategies, they need to make sure their customers aren’t left behind or forced to change.

The largest obstacle to overcoming all these challenges is paper. While medical device companies manufacture some of the most innovative products in the world, many still process orders for those products the old-fashioned way. Even orders that are received electronically often end up as paper on someone’s desk. Although paper is familiar and companies have become highly proficient at processing paper orders, it creates zero customer service value. Effective order management enables companies to quit paper, improve responsiveness, access order information instantly and monitor order management performance to enhance customer service.

ADDING VALUE TO ERP SOLUTIONS

Implementing (ERP) solutions such as SAP, Oracle, JD Edwards, PeopleSoft and Microsoft Dynamics helps businesses standardise operations and support process management strategies. ERP solutions empower companies to automate many business processes formerly done by hand. But to achieve full ROI in ERP solutions, businesses need to automate the documents that drive business processes. Some companies have also implemented technologies such as EDI to automate document exchange, but often these solutions are only feasible for a certain percentage of a business’s customer base.

The degree to which its customer service continues to rely on paper documents (and therefore suffers from a lack of visibility and control) will determine a company’s success in overcoming order management challenges. The situation is particularly acute for businesses entering orders into ERP applications.

Along with freeing staff to spend more time on customer service activities, automated order management gives companies more control and insight into what is happening on a daily basis. These outcomes not only help companies strengthen customer relationships, but also control finances, comply with regulatory requirements and improve overall profitability.

ABOUT THIS WHITE PAPER

This white paper examines key order management challenges faced today by customer service teams within medical device companies. In highlighting a unique platform that integrates end-to-end automation of document processes with ERP solutions, this paper is designed to assist CEOs, CFOs, CIOs, customer service managers and ERP system administrators in overcoming the challenges that companies face in improving customer service.
TAKING ON THE CHALLENGES

Manually processing customer orders is inherently labor-intensive, time-consuming and error-prone, requiring large amounts of valuable resources to manage it all. Whether it’s entering and storing a sales order or handling exceptions and tracking documents, issues can arise at nearly every phase of processing. The ideal solution features end-to-end automation capabilities so that as many manual touch points as possible are eliminated.

A MAZE OF MANUAL TOUCH POINTS

In many companies, sales order processing travels through a labyrinth of departments and manual touch points for order preparation, data entry and archiving. Customer service managers can only hope that none of these manual touch points result in misplaced orders, delays in fulfillment and payment, or errors and returns of incorrect shipments that end up in the customer’s hands, resulting in customer dissatisfaction and loss of business.

HOW AUTOMATION ADDRESSES SIX COMMON ISSUES

1 Visibility

The increased transparency delivered by electronic workflow can bring immediate improvements to customer service by giving instant order access to everyone who needs it. Order status becomes available upon receipt, even before the order hits the ERP system. You can see when a particular order came in, where it went, who has it and what is happening in real time.

In addition to helping with customer call resolution, this visibility can tell you how long orders take to process and identify fluctuations in order volume. Order volume per hour, day or week, and order volume by customer, product or line of business can all be known and acted upon.
Prioritization
Many companies process orders on a first-in/first-out basis, which fails to account for priority of sales orders according to customer or product line. Certain customers and products may take priority over others, but all orders go through the same process. Orders might sit on a fax machine until they are collected by a receptionist once an hour and then hand-delivered. In addition to helping companies share resources to process orders faster, automation can help them recognize when orders from key customers or for key products come in. This capability can result in competitive advantages if companies can respond to top customers faster, ship orders sooner and be more proactive.

Productivity
Customer service suffers from all the time spent printing, gathering, collating, routing, verifying, entering and tracking paper orders every day. Companies using manual processes often have a backlog of several days in order entry.

Capabilities that drive efficiency include OCR and AI-driven data recognition to replace data entry, queue management to distribute and balance workload, and quantifiable metrics for resource allocation. Reducing the time spent manually keying-in, distributing, filing and retrieving paper orders helps companies improve workforce planning and do more with less.

Error reduction
In addition to delaying fulfillment and raising the cost-per-order due to reprocessing efforts, order errors often result in extra shipping costs, wasted materials, credit notes, restocking fees and even write-offs.

Companies achieve transaction excellence with a solution that provides intelligent capture technology to recognize content and execute processing rules, the ability to adapt to a variety of customer order formats and a unified exception handling process for all orders. Achieving 100% electronic throughput of orders can virtually eliminate the need for manual data entry and prevent errors like mismatches of customer and payment terms.

Implementation
In many companies, the IT environment that supports order management is a complex collection of point-to-point processes creating massive amounts of paper. The idea is to consolidate systems for fax, imaging, OCR, formatting, validation, workflow, exception handling, EDI, data conversion and archiving.

An optimal solution enables a company to take realistic steps toward automated order management, and is e-commerce ready with the capability to automate fax and email orders for customers who are unwilling or unable to use EDI. The solution should be able to automate processes throughout the order-to-cash (O2C) cycle, including confirmations, advanced shipment notices and customer invoicing, as well as order processing. And, because one size does not fit all, the solution should offer a phased approach to implementation with several options ranging from basic scan and file to deep integration with ERP applications and intelligent data capture.
Cost control

The table below summarizes the typical costs of manual order processing in Esker’s experience. The $30 estimated total cost is a minimum and can range as high as $60 or more.

Capabilities that protect the bottom line while improving customer service include electronic archiving and audit for automatic storage and easy retrieval, support for receiving orders by fax, email, web, SMS and other channels, and software as a service (SaaS) options to reduce capital expenditures. Effective order management also reduces the cost of consumables such as fax machines, copiers, multifunction devices, fax drums, toner and ink, paper, and pre-printed forms.

In addition to reducing document storage and data retrieval costs, electronic archiving also helps companies satisfy the requirements of regulatory frameworks such as the Sarbanes-Oxley Act. Automated archiving offers major benefits in helping companies support regulatory compliance and avoid the hassles of filing and retrieving order documents.

**MANUAL PROCESS FLOW**

<table>
<thead>
<tr>
<th>Invoicing Errors, Disputes, Collecting Late Invoices</th>
<th>Expensive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sorting</td>
<td>$3</td>
</tr>
<tr>
<td>Collecting, verifying, validating and approvals</td>
<td>$15</td>
</tr>
<tr>
<td>Sending Invoice</td>
<td>$3</td>
</tr>
<tr>
<td>Archiving</td>
<td>$6</td>
</tr>
<tr>
<td>Retrieval and Reprint Costs</td>
<td>$3</td>
</tr>
</tbody>
</table>

**Estimated Total Cost**

~$30
AUTOMATING ORDER MANAGEMENT

Incoming sales order documents launch the O2C cycle. Fast response to orders helps businesses increase customer satisfaction and ensure on-time delivery as well as timely customer payment. Incoming customer orders need to be entered and confirmed quickly to allow for efficient delivery. Up-to-date information on the status of customer orders is crucial for effective customer service as well as sales management and forecasting.

To optimize inbound sales order processing, these four essential areas must be automated:
- Inbound document capture to eliminate handling of paper
- OCR and AI-driven data capture to remove manual data entry
- Workflow to coordinate all processes that must occur along the path
- Access to documents and information about the process

Key financial management benefits of automating all of these areas include real-time budget control, sales monitoring and forecasting. This level of automation also enables businesses to:
- Increase speed and responsiveness — make the entire process quicker and more efficient
- Reduce operational costs — remove manual administration by adding business rules to corporate forms
- Reduce per-transaction costs — streamline throughput and save money while improving service
- Gain a clear view into the process — use and share the information for more effective management
- Realize rapid ROI — reduce costs and improving controls to boost the bottom line
- Ensure high-quality presentation — apply consistent rules to all your online and offline processes

Automation minimizes the amount of manual labor and the number of keystrokes required to complete order processing. These capabilities can yield millions of pounds in savings by reducing the number of touch points at each step of the process, and by providing the ability to identify and resolve bottlenecks within the process. And businesses can improve the customer experience by increasing speed and responsiveness. Orders received by a certain time can be entered the same day for more on-time shipments.
TIME & COST SAVINGS

Based on Esker’s experience, the bottom line is substantial savings of time and money. Estimated total cost of processing a sales order with Esker ranges from $1 to $3, as opposed to the typical $30 to $60 to process a manual sales order.

$30-$60 Manual

VS.

$1-$3 Automated
STREAMLINING SALES ORDER WORKFLOW

TIGHT INTEGRATION WITH ERP APPLICATIONS

Esker leverages existing systems to automate order workflow and facilitate the capture of process information from customer sales orders, and to make that information available along with the sales order document.

Integration does not require custom programming or business processes modifications. Sales orders arriving in various formats (paper, fax, email, electronic file) are automatically captured, approved and transferred to an archiving system or to the Esker repository. Order data such as customer name, part number, quantity and prices can be automatically made available in the ERP system, replacing manual data entry.

The order object is linked to the stored document, allowing the user to retrieve the original document easily when necessary — within the ERP application interface.

The process flows through the following steps:

**Step 1: Receiving and routing**

When a sales order arrives, it is automatically handled by Esker. The document is recognized and converted, and sales order data is extracted. Immediate confirmation can be sent to let customers know that their orders have been received.

Based on your specific criteria, Esker captures and routes sales order documents to the corresponding customer service representatives for processing, regardless of whether the orders are received by fax, email, mail or electronic document.

New orders are distributed according to criteria such as caller ID, fax number dialled, and the customer number on the received purchase order. Orders can be routed and prioritized so that top-priority customer orders get immediate attention while others hold in the queue.

**Step 2: Document capture**

Esker is designed for flexibility in capturing relevant sales order data such as the name of the company that placed the order, the shipping address and instructions, the order number and requested date as well as line-item information — no matter how the data is displayed or where it is located on the incoming sales order.

Users have a split-screen view of the original order and the values extracted by the solution. To determine values not located on the document, such as the customer number, Esker can enable automatic database lookup inside the ERP system. CSRs can view corresponding data straight form master tables as well as item numbers and description information.
Step 3: Process workflow and exception handling

The web-based user interface in the Esker platform enables validation and approval of sales orders, allowing users to double-check correct recognition of the data. Whenever it is necessary to draw the user’s attention to identified or potential issues, the interface displays warning and error messages next to the captured fields.

For automated exception handling, Esker allows users to validate against master data, add any missing information and simulate order entry in the ERP system to manage exceptions and order blocks. When a CSR is ready to approve a sales order, the captured information from the purchase order is validated against master data to check for duplicate orders, price variations or invalid part numbers.

After all exceptions and/or blocks are cleared, the order is created in the ERP system. Users can view the newly created sales order, containing the fields captured and validated in the previous steps, from the ERP application interface.

Within the ERP application, the order is linked to the original, stored image document for easy retrieval. This makes it possible for everyone involved in order processing and fulfillment to see the order, along with any associated documents, from their ERP applications — rather than having to request copies of orders from CSRs or data entry staff.

Step 4: Process audit trail and reporting

Esker continuously tracks and reports on order processing from end-to-end, creating a detailed audit trail from the time it receives the document until an order is created in the ERP system. You gain visibility into the entire process — with the ability to identify and remove bottlenecks for improved O2C performance.

Reports can easily be created to give a view of performance indicators such as the number of orders that have been entered each day, the number that have been received but not processed, how long orders wait to be processed, the amount of time it takes each rep to enter an order, which customers are using correct product details (such as pricing and part numbers) and which are not. And, Esker can provide reports on all orders, including those not entered into the ERP system.
AUTOMATION BENEFITS

Esker research has found that order management automation can help organizations of any size:

- Reduce O2C processing costs up to 70%
- Increase the percentage of orders and order line items captured electronically
- Prevent lost or misplaced orders by keeping them electronic
- Lower stored data costs as a result of electronic archiving
- Free-up staff time by as much as 65% so they can focus more on customer service
- Increase data entry accuracy up to 99%
- Reduce returns, which directly affects the bottom line

For business management and system administration, automation typically results in:

- Quick order processing and efficient delivery scheduling
- Comprehensive customer order tracking and prioritization
- Structured data for customer profitability and employee performance analysis
- Dispute resolution in seconds rather than minutes, hours or even days
- Reduced Days Sales Outstanding (DSO)
- Less redundant processing of duplicate orders
- Electronic capture of approvals
- Auditing of delivery or billing block processing

REAL RESULTS ACHieved BY ESKER CUSTOMERS

- 76% faster processing of orders compared with the manual process
- Increased orders processed from 5 to 50 per hour
- Saved more than $30 per order on reprocessing costs
- Added 1,800+ customers to e-commerce initiative without requiring customers to change their ordering process
- Improved first-call resolution by 25%
- Cut order delivery times from 4 days to 1 day by recognizing and processing priority orders immediately
- Saved 9,100 hours and $170,000 in the first year of automating orders from just 2 customers
- Supported 20% growth with no increase in customer service staff
- Reduced the number of CSRs processing orders by 50%, allowing more reps to focus on customer service
- Saved $5 million in labor costs over 3 years

IT USED TO TAKE US HOURS TO ENTER ORDERS WITH MULTIPLE LINE ITEMS INTO THE ERP — NOW, IT TAKES US 5-10 MINUTES AT THE MOST.

EVEN WITH A 50% INCREASE IN ORDERS, WE HAD NO INCREASE IN STAFF.

ESKER ALLOWS US TO DETERMINE WHICH ORDERS NEED ATTENTION FIRST, RESULTING IN BETTER SERVICE TO OUR CUSTOMERS.
CUSTOMER SUCCESS STORY: HEALTHCARE COMPANY

THE CHALLENGE

- Existing template-based OCR technology was a major source of errors, customer dissatisfaction, and was costing $500 for each new template.
- Even with the OCR electronic processing, 40% of sales orders still had to be printed and processed manually.
- Sought a SaaS solution to gain visibility of fax volume, as well as the ability to pull faxes to make adjustments and route to specific reps for exception handling.

THE SOLUTION

The healthcare company selected the Esker’s AI-driven, cloud-based solution thanks to features such as:
- 100% throughput with no templates needed
- 100% visibility of received and processed orders
- Quick response and control for new order formats
- Single process for handling fax orders
- Ability to recognize and prioritize special orders
- No human intervention to process orders

THE RESULTS

- Improvements over previous service:
  - 50% higher touchless processing rate
  - 40% increase in electronic order throughput
  - Nearly 60% reduction of labor overhead in order entry
  - Over 40% reduction of monthly order processing cost
- “Green” savings after the first six months:
  - 9.38 trees
  - 3,975 gallons of water
  - 2,306 kilowatts of electricity
  - 3,201 lbs. of CO2

This $10 billion global healthcare products company creates innovative medical solutions for better patient outcomes and delivers value through clinical leadership and excellence. With more than 40,000 employees worldwide, the company’s products are sold in over 100 countries.
THE CHALLENGE

- MEDRAD’s customer support team was processing 12,000+ sales orders per month via a heavily paper-oriented process.
- Customer service representatives would manually input data from paper faxes and printed emails into the SAP® application.
- MEDRAD wanted a solution to eliminate paper faxes and be able to archive documents electronically to reduce costs as well as the time associated with people having to walk to fax machines, manually enter orders and then file them.

THE SOLUTION

- Using Esker’s Order Management solution, MEDRAD automated the process and added validation steps for customer support representatives to verify the order via the web interface user form for accuracy.
- Approved orders are now sent to MEDRAD’s SAP application to easily create the orders.
- Data from fax orders is captured and automatically populated for order confirmation, rather than relying on manual data entry.

THE RESULTS

- Reduced order processing time from 8 minutes per order to 1.35 minutes per order
- Achieved order entry accuracy rate of 99.6+
- Automated 72% of all incoming orders
- Improved customer satisfaction with quicker and more accurate order processing
- Gained visibility with access to archived documents and the ability to view orders within SAP
- Integration with GHX to format data and feed orders into SAP

MEDRAD, Inc. develops, markets and services medical devices used to diagnose and treat disease. The company’s world headquarters is near Pittsburgh, Pennsylvania. MEDRAD is a business of Bayer Medical Care.

CUSTOMER SUCCESS STORY:

MEDRAD®
Performance. For life.™
LEVERAGING THE ESKER PLATFORM

Companies use Esker to automate manual touch points in their O2C and procure-to-pay (P2P) cycles and document delivery processes. From fulfilling customer orders faster to getting paid sooner to paying suppliers on time, Esker helps companies drive greater efficiency, accuracy, visibility and cost savings where it’s needed most.

AUTOMATE ANY MANUAL PROCESS

O2C Automation

Reducing the time it takes to turn an order into money in the bank offers strategic benefits for an organization. Beyond the cost savings and strengthened customer relationships, converting to an automated system can bring a host of efficiencies throughout the entire O2C cycle. Esker’s Order Management and Accounts Receivable automation solutions remove the paper and manual tasks that limit speed and accuracy within the O2C cycle, helping businesses fulfill customer orders faster and get paid sooner.

P2P Automation

Esker’s Procurement solution optimizes spend requests and goods/services ordering by eliminating paper and manual processing steps in the P2P cycle. Businesses save time and money with online purchase requisition and order forms, as well as benefit from company compliant and standardized approval workflow.

Document Delivery Services

Esker Mail Services and Esker Cloud Fax Services send business documents directly from any ERP, desktop or business application, making document delivery 100% electronic for the sender. Seamlessly integrated into any business environment and available 24/7, Esker’s on-demand solutions provide real-time processing and tracking. Thanks to Esker’s worldwide production facility network, customers benefit from least-cost routing and significant reduction in mail delivery time.

THE SAAS ADVANTAGE

Benefits of Automation in the Cloud

SaaS solutions offer a series of unique advantages over their on-premises counterparts. Since there is no equipment to set up, an on-demand automation solution can be up and running quickly with little downtime. After initial sign-up and structuring the solution to fit your internal processes, Esker takes care of the rest, including setting up users and permissions, uploading data, and training your staff.

Taking the cloud approach makes automating order processing easy, eliminating the need for additional IT complexity or associated costs for software, hardware and maintenance. Esker’s Order Management automation solution via the Esker on Demand platform enables you to streamline every step of order management. The service is also scalable, allowing the benefits to stretch beyond order processing with other Esker on Demand services, such as Accounts Payable, Esker Cloud Fax Services and Esker Mail Services.
CREATING A SUCCESSFUL IMPLEMENTATION

Poor sales order management can cause companies to miss tremendous opportunities for improved profitability, and can keep them from emerging as market leaders. Achieving the best results from automation requires a careful assessment of the available solutions to find one that meets all the specific requirements of your process.

STEPS TO SUCCESS

To ensure the success of your move from conventional order processing to an automated solution:

1. **Search for a solution that can be integrated quickly.**

Measuring the cost of deployment, integration and scalability to meet your needs and your vendor needs is crucial in choosing the correct solution. Look for a solution that can be implemented quickly and integrate seamlessly within your existing ERP applications.

2. **Choose a vendor with proven expertise.**

A successful implementation of an order processing automation solution must include both technology and knowledge. How long has the company been implementing these solutions and how many successful installations have they completed? Make sure they have a thorough understanding of the essential tasks involved in enterprise technology implementation and integration.

3. **Find a solution that creates added value.**

The solution must offer the ability to automate every phase of the O2C process. It should leverage your existing infrastructure, thereby increasing the return on your company’s ERP solution investment.

AGILE METHODOLOGY

When implementing an automation solution, Esker always aims to make the process as quick and responsive as possible.

That is why Esker takes the “agile” approach to implementation — ensuring our customers, business partners and their key stakeholders are able to achieve maximum value throughout every phase of solution delivery.

Agile methodology offers a hands-on approach to managing your automation project. Beginning with presales planning, Esker works with customers to create a vision for their project and define goals. After creating an initial release plan in collaboration with the customer, Esker quickly turns the customer’s desired list of features into results. Users provide feedback and respond to change after go-live, allowing their solution to adapt to their specific business needs. This rapid delivery and customer focus lets the customer achieve the highest business value in the shortest amount of time.
CONCLUSION

As a comprehensive platform for integrating automated order processing with ERP applications, Esker satisfies all of the criteria that medical device companies should be looking for in a solution. What’s more, order management is only one area of the O2C cycle that Esker can automate. Esker also helps companies gain efficiencies in invoicing (including automation of postal mail delivery), proof of delivery and cash collection. Esker can help you determine your specific requirements and identify the best solution for your business processes.

ABOUT ESKER

Esker is proud to offer an Order Management solution specifically designed to help life sciences companies automate what needs to be automated in order to achieve their ultimate goal — improving profitability and the customer experience. But our expertise doesn’t stop there. Companies of all sizes and industries use other Esker solutions to drive added value and efficiency in business processes that span the O2C and P2P cycles, including: accounts receivable, collections management, accounts payable, purchasing and more.

GLOBAL EXPERTISE

Founded in 1985, Esker’s solutions are used by over 6,000 customers globally, from small to mid-sized businesses to large corporate entities. Esker operates in North America, Latin America, Europe and Asia Pacific with global headquarters in Lyon, France, and U.S. headquarters in Madison, Wisconsin.