

NUCLEUS
RESEARCH

ROI: 193%

Payback: 9.6 Months

EPICOR ECM (DOCSTAR) AP AUTOMATION COAST COUNTIES

ANALYST

Evelyn McMullen

THE BOTTOM LINE

Coast Counties Peterbilt achieved a 193 percent ROI upon implementing Epicor ECM (DocStar) AP automation and recovered its initial investment in the technology less than one year after deployment. The organization previously processed 2,500 invoices per month manually, and general inefficiencies and an impending turnover in staff created the need to search for a solution to automate the workload and move towards paperless operations. Nucleus found that upon deploying DocStar and integrating it with its existing ERP solution, Coast Counties was able to increase its invoice processing volume by approximately 75 percent while increasing productivity across its AP departments.

THE COMPANY

Founded in 1949, Coast Counties Peterbilt is the world's oldest family owned and operated Peterbilt dealership. The organization is a full-service heavy-duty truck and trailer dealership, providing comprehensive offerings for truck and trailer sales, truck leasing and rentals, parts and services, as well as a complete financing portfolio. Coast Counties currently has approximately 200 employees serving customers at seven locations across Northern and Central California.

THE CHALLENGE

In 2017, several long-term accounts payable (AP) employees were preparing to retire, prompting Coast Counties Peterbilt to evaluate its personnel replacement strategy. Additionally, the organization faced inefficiencies with its existing paper-based AP processes. Prior to its deployment of DocStar, Coast Counties had to manually process approximately 2,500 invoices per month. This led to a lack of centralized visibility and took employees away from higher-value tasks. These compounded issues led ownership to push the organization towards going paperless, which required a solution to absorb and automate workloads.

**Cost : Benefit
Ratio** | **1 : 4.8**

THE STRATEGY

Coast Counties evaluated several vendors, but selected DocStar due to its ability to integrate with the organization's Karmak Fusion ERP solution, which is built for the unique needs of the commercial transportation industry. In 2018, the organization started the first phase of the implementation of DocStar, which included a one-way integration with Karmak. This phase took approximately six months and consisted of meetings, data migration, and building the ERP integration. Training on the new system was conducted by Coast Counties' dealership operations manager, who held meetings with the DocStar team before traveling to each location and training staff. Coast Counties paused its implementation for about two years due to a lack of bandwidth, and upon resuming the project in 2020, was able to finish building out the two-way integration between DocStar and Karmak.

DocStar acts as the storage platform for every AP vendor invoice, supporting documents, e-mails, and notes for each transaction. The real-time integration with Karmak provides

structured and ad-hoc workflows with multi-level approval processes. Upon completion of approval, invoice information is then posted to the Karmak ERP system for payment processing. DocStar can also pull payment information out of Karmak to give greater visibility into each transaction. Overall, the advanced integration between the two systems has created a more streamlined experience for users.

TYPES OF BENEFITS



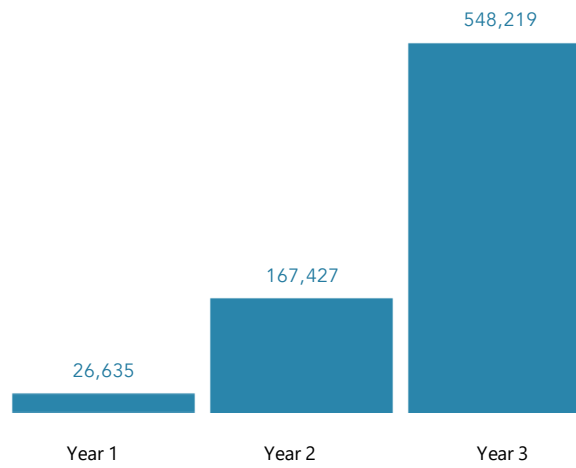
KEY BENEFIT AREAS

Nucleus examined the deployment of DocStar within Coast Counties Peterbilt and found benefits centered around reduced headcount, avoided paper costs, and improved clerical employee productivity.

- **Process Productivity Increases.** Upon implementing DocStar, Coast Counties experienced a 90 percent reduction in file retrieval and data entry time. Additionally, the organization was able to cut the time spent copying, faxing, and e-mailing invoices by 80 percent. Through attrition, the organization experienced a headcount reduction of 2.5 FTEs. Productivity increases among the remaining team led these positions to not require refilling, translating to an annual benefit of \$150,000. In phase two of the implementation, savings expanded to clerical employees, who saved about 50 percent of their time previously spent processing invoices to send to the AP department. The greater efficiencies driven by DocStar's automated capabilities have also enabled Coast Counties to increase its invoice volume by more than 75 percent without the need for additional hires.
- **Avoided Administrative Headcount.** In phase two of the implementation, Coast Counties opened two new locations, which would have previously required hiring administrative positions for each. Having DocStar in place ensured that AP staff could manage the full breadth of day-to-day AP tasks, enabling the organization to avoid hiring two additional administrative positions. Additionally, another administrative role in a large location was eliminated around the same time.
- **Reduced Paper Usage.** Digitization of its invoicing process enabled Coast Counties to vastly reduce its reliance on paper. With its current processing volume of 4,400 invoices a month, assuming an average length of 1.5 pages, the organization currently saves more than 80,000 pieces of paper annually.

- **Increased Visibility.** The integration of DocStar AP Automation and Karmak Fusion ERP provided the organization with a higher degree of visibility, with improved search capabilities and a central repository for AP processes. Managers that did not have access to expenses prior to the implementation of DocStar now have all the approval rights for incoming invoices. This includes indirect expenses such as utilities that would have previously been sent to AP and can now be managed by location managers.

CUMULATIVE NET BENEFIT



KEY COST AREAS

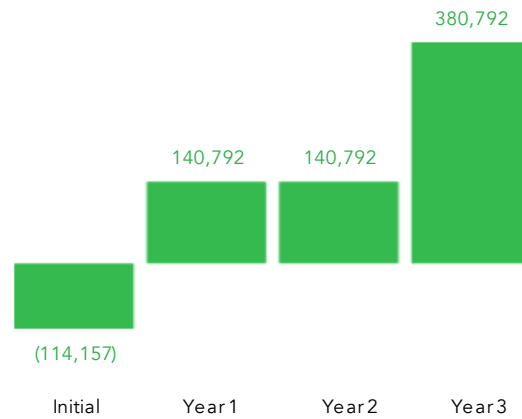
Cost areas of the deployment include subscription costs for the platform, implementation fees, costs to build out the full Karmak Fusion ERP integration over the two phases of deployment, and time spent training employees on the DocStar AP Automation system at each location.

LESSONS LEARNED

Coast Counties had technical expertise in-house, which not all organizations necessarily have. For those looking to deploy a similar solution, business leaders expressed the importance to have an internal team member in place to champion the project and make sure that it stays on track. With every platform that Coast Counties launches, they make sure to have champions in place, not only to make sure that the new technology is being adopted, but that it is also used properly. Looking back, the organization would have benefited from having a dedicated trainer at each location to manage user inquiries after

the rollout and initial training sessions. By giving formal responsibility to the leads at each location to be more active in supporting ongoing user training and responding to inquiries, less back-and-forth would have been required.

NET CASH FLOWS



CALCULATING THE ROI

Nucleus Research analyzed the costs of software, hardware, personnel, professional services, and user training over a three-year period to quantify Coast Counties Peterbilt's total investment in Epicor DocStar AP Automation technology.

Direct benefits quantified include avoided hires and reduced paper and printing costs. Indirect benefits quantified include clerical employee time savings. The indirect benefit is multiplied by a correction factor to account for the inefficient transfer of time between time saved and additional time spent working.

FINANCIAL ANALYSIS

Annual ROI: 193%

Payback period: 0.8 years

BENEFITS	Pre-start	Year 1	Year 2	Year 3
Direct	0	150,792	150,792	300,792
Indirect	0	0	0	90,000
Total per period	0	150,792	150,792	390,792

COSTS - CAPITALIZED ASSETS	Pre-start	Year 1	Year 2	Year 3
Software	0	0	0	0
Hardware	0	0	0	0
Project consulting and personnel	0	0	0	0
Total per period	0	0	0	0

COSTS - DEPRECIATION	Pre-start	Year 1	Year 2	Year 3
Software	0	0	0	0
Hardware	0	0	0	0
Project consulting and personnel	0	0	0	0
Total per period	0	0	0	0

COSTS - EXPENSED	Pre-start	Year 1	Year 2	Year 3
Software	112,234	10,000	10,000	10,000
Hardware	0	0	0	0
Consulting	0	0	0	0
Personnel	0	0	0	0
Training	1,923	0	0	0
Other	0	0	0	0
Total per period	114,157	10,000	10,000	10,000

FINANCIAL ANALYSIS	Results	Year 1	Year 2	Year 3
All government taxes	45%			
Cost of capital	7.0%			
Net cash flow before taxes	(114,157)	140,792	140,792	380,792
Net cash flow after taxes	(62,786)	77,436	77,436	209,436
Annual ROI - direct and indirect benefits				193%
Annual ROI - direct benefits only				167%
Net Present Value (NPV)				248,180
Payback period				0.8 years
Average Annual Cost of Ownership				48,052
3-Year IRR				136%

All calculations are based on Nucleus Research's independent analysis of the expected costs and benefits associated with the solution.