

## **McKesson HBOC Benefits from Implementing OTG's Document Management Solutions**

With the largest customer base in the healthcare industry, McKesson HBOC (NYSE: MCK) leads the market in pharmaceutical and medical-surgical supply management, healthcare information systems for providers, information services for payors, and healthcare information outsourcing. McKessonHBOC reaches upwards of 5,000 hospitals, 25,000 retail pharmacies, 200,000 physicians, 10,000 long-term care agencies, 450 pharmaceutical manufacturers, 2,000 medical surgical manufacturers, and 600 healthcare payors. This great reach spans the information technology and supply structure across the full continuum of healthcare. And McKesson's growth over the last several years has increased the need for process improvement through technology.

McKesson encompasses a network of about 36 distribution centers, with its central distribution center located near Dallas, TX. As wholesale or retail orders were received and processed, daily delivery manifests were printed at the individual distribution centers. When a product is delivered, the client signs this document as proof of delivery of goods. The signed copy was retained at the local distribution center as proof of delivery. After returning documents to the local distribution centers, or sometimes a third party delivery service, the documents were copied upon request of the receivables department, sent to the customers and used for collection of unpaid invoices.

Approximately 16,000 manifest documents are generated per day, and approximately 4,000 retrievals occur per day. Before adopting a document management solution, the daily delivery manifests printed at the distribution centers created a manual, labor-intensive process involving costly research and time delays. Some documents were lost and created unrecoverable revenues in the millions of dollars per year. A more centralized operation seemed necessary for better retention and control of these documents.

ACS Integrated Document Solutions of Texas was selected by McKesson HBOC as the primary vendor for the new system. After an extensive evaluation, ACS-IDS proposed a combination of ACS-IDS services and OTG Software as a solution. ACS-IDS reengineered the process, standardized manifest forms, and centralized document processing. Previously, the distribution centers maintained the documents at the local level. The documents are now sent to the ACS-IDS facility in Dallas, TX where they are prepped, then scanned using Kodak 923 scanners, and then indexed. The scanned images and index records are then transferred to the database at McKesson's central distribution center in Carrollton, Texas. There the records are loaded into a 50-user system using OTG's ApplicationXtender, which runs on an NT server, to manage the scanned documents. Using OTG's WebXtender software, any system from the distribution center level to headquarters can view documents via web browsers, when given security access. The images of the signed manifest documents can now be accessed instantaneously and faxed or emailed to customers for invoice dispute resolution directly from the distribution centers.

The centralization and customization of document management has provided major benefits for McKesson. While boosting the company's infrastructure, its vast clientele was also benefiting from the change. Customer satisfaction has grown with global access to documents in seconds that were previously not easily accessible. Previously, the sought information could take as much as five to ten working days to retrieve, now it is immediate while the customer waits on the phone.

ACS-IDS's outsourcing of document capture and indexing operations have allowed McKesson to conserve capital and observe a 10% increase in working capital, as well as a rapid ROI (2 months) and maximized competitive advantage. Productivity has increased with the rapid implementation of the new hardware, software, and operations while labor costs have been reduced by \$150,000 a year. And millions of dollars have been saved from previously unrecoverable revenues from lost documents.

OTG has helped this operation by providing an effective solution to manage McKesson's daily operations. The use of ApplicationXtender and WebXtender has streamlined McKesson HBOC's document management resulting in better customer satisfaction and saved time and money to successfully lead the company into the next millennium.