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ROI CASE STUDY

ORACLE IMAGING AND PROCESS MANAGEMENT EMBRY-RIDDLE AERONAUTICAL UNIVERSITY

THE BOTTOM LINE

Embry-Riddle Aeronautical University expanded its Oracle Imaging and Process Management (I/PM) and Oracle Distributed Document Capture (ODDC) deployment from student records and admissions to support management of invoices and expense reports, reducing costs while accelerating processes and increasing productivity.

ROI: 180%

Payback: 7 months

Average annual benefit: \$521,375

THE COMPANY

Embry-Riddle Aeronautical University is the world's largest, fully accredited university specializing in aviation and aerospace, offering more than 30 undergraduate and graduate degree programs in its colleges of Arts and Sciences, Aviation, Business, and Engineering. Embry-Riddle educates more than 34,000 students annually at residential campuses in Daytona Beach, Florida, and Prescott, Arizona, through the Worldwide Campus at more than 170 campuses in the United States, Europe, Asia, Canada, and the Middle East, and through online learning. Embry-Riddle students represent all 50 states and 98 nations.

THE CHALLENGE

Embry-Riddle had been using 170 Systems MarkView (now Kofax MarkView) to support its invoicing and expense report processes for some time, and although it met the university's initial needs it presented some challenges because of its integration with Oracle E-Business Suite, which was used for managing the university's financial operations and general ledger. Embry-Riddle found that any upgrade to either system required additional IT resources to test and validate that the MarkView integration still worked properly, even after small patches.

Importing expense reports into MarkView was also often problematic, because users had to fax them directly into the system — and those without easy access to fax machines needed a better way to submit expense reports.

THE STRATEGY

Embry-Riddle had already made an investment in Oracle I/PM technology (a product acquired from Stellent by Oracle in 2007) on the student records side. Since the acquisition, the university found that Oracle had made investments in

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further integration of I/PM into the overall Oracle technology footprint and that Oracle I/PM was adding new functionality that the university needed, like the ability to support multiple capture types for expense reports.

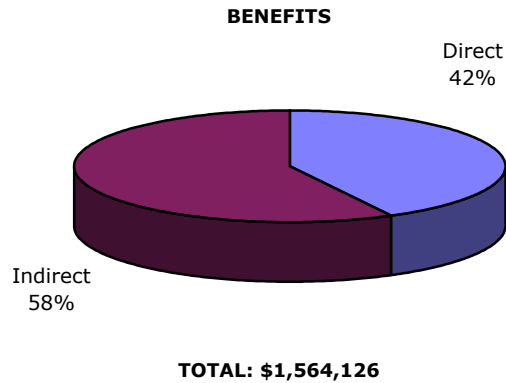
The university was also preparing to upgrade to E-Business Suite Release 12 and had two options: bring in 170 Systems consultants to manage the upgrades from the MarkView side; or use their own internal resources to convert the invoicing and expense report processes to Oracle I/PM. The university determined that it would be less costly to convert, so in February 2009 it began the conversion in tandem with its E-Business Suite upgrade. Embry-Riddle used Oracle consulting time for six weeks of the project and then took what its internal staff had learned to complete the conversion by June 2009.

Today, employees and managers enter and review invoices and expense reports in an integrated system: Oracle Distributed Document Capture (ODDC) and Oracle I/PM allows Embry-Riddle to process invoices and seamlessly attach them to Oracle E-Business Suite R12 transactions. There are approximately 3,000 casual users of the system and 550 power users.

KEY BENEFIT AREAS

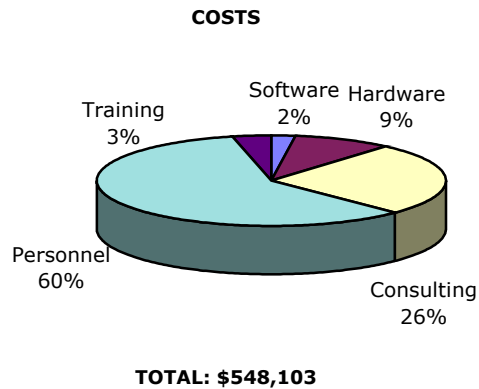
Moving its invoice and expense report management processes to Oracle I/PM has enabled Embry-Riddle to reduce IT overhead while improving access and usability for end users. Although Embry-Riddle had already reaped benefits from automating its invoice processing, additional incremental benefits from this project include:

- Increased visibility into underlying financial details of accounts and expense reports. Before the deployment, users including the CFO had to run queries in Oracle to identify and view an invoice's details. With two check runs a week, any due diligence on large check amounts could be time consuming. Today, users can review details directly within Oracle I/PM by simply drilling down into the detail within the report.
- Reduced time to match and process invoices. Because invoices and accounts are integrated in one view, invoice managers can match invoices to accounts and process them more quickly — cutting the time needed to match and process invoices in half.
- Greater flexibility for employees submitting invoices and expense reports. Because employees can choose to submit financial documents via fax, e-mail, or ODDC, they can take advantage of the method that's most accessible at the time while the university ensures consistency of record keeping.
- Accelerated expense report, review, and approval processes. A streamlined user interface and fewer click-throughs make expense report management easier both for employees submitting reports and managers processing and approving them. Nucleus estimated managers reduced the amount of time spent reviewing and approving invoices by 50 percent.
- Reduced IT and materials costs. Converting to Oracle I/PM and ODDC has enabled the university to eliminate the support and license maintenance costs associated with MarkView as well as reduce the fax communication costs associated with the former expense reporting system.



KEY COST AREAS

Key cost areas for the deployment included personnel, software, consulting, hardware, and training. Limited additional investment in software (other than annual license maintenance) was needed because the university already had a site license for Oracle I/PM. Personnel time consisted of both initial and ongoing IT staff time utilized to support the solution.



BEST PRACTICES

Leveraging an existing system to consolidate processes on Oracle enabled Embry-Riddle to make its processes more streamlined and intuitive for users while enabling them to take advantage of existing IT resources and knowledge to support the application over time.

Including knowledge transfer (a phase within the project when the internal team works closely with external consultants to learn about the applications and best practices for customizations, upgrades, and change management) in the project plan can help make internal teams self-sufficient to support future changes and upgrades. Now that Embry-Riddle has the skills to manage its imaging system internally, it can better control the cost and disruption of upgrades without relying on outside consultants.

CALCULATING THE ROI

Nucleus calculated the costs of software, hardware, consulting, personnel, and training over a 3-year period to quantify Embry-Riddle's investment in Oracle ODDC and I/PM. Obviously the university's ability to leverage its existing license investment (it only needed to buy a few additional ODDC licenses) helped to keep initial software costs down; ongoing software costs included the share of software license maintenance fees attributed to the project.

Direct benefits calculated included eliminated IT license maintenance costs associated with the retired application and reduced fax communication costs, as well as account processing efficiencies that enabled the university to reassign one employee to other activities in the central office. Indirect benefits calculated included time savings of IT staff who no longer have to support the old system as well as the increased productivity of invoice and expense managers who can now process more work faster. These savings were based on the time saved and the fully loaded annual cost of those employees, using a productivity correction factor to account for the inefficient transfer of time between time saved and additional time worked.

DETAILED FINANCIAL ANALYSIS

EMBRY-RIDDLE AERONAUTICAL UNIVERSITY

SUMMARY

Project:	Oracle Imaging and Process Management
Annual return on investment (ROI)	180%
Payback period (years)	0.56
Average annual benefit	521,375
Average annual total cost of ownership	182,701

ANNUAL BENEFITS	Pre-start	Year 1	Year 2	Year 3
Direct	0	220,600	220,600	220,600
Indirect	0	300,775	300,775	300,775
Total Benefits Per Period	0	521,375	521,375	521,375

DEPRECIATED ASSETS	Pre-start	Year 1	Year 2	Year 3
Software	0	0	0	0
Hardware	50,000	0	0	0
Total Per Period	50,000	0	0	0

DEPRECIATION SCHEDULE	Pre-start	Year 1	Year 2	Year 3
Software	0	0	0	0
Hardware	0	10,000	10,000	10,000
Total Per Period	0	10,000	10,000	10,000

EXPENSED COSTS	Pre-start	Year 1	Year 2	Year 3
Software	5,000	2,400	2,400	2,400
Hardware	0	0	0	0
Consulting	80,590	20,938	20,938	20,938
Personnel	21,904	100,500	100,500	100,500
Training	19,096	0	0	0
Other	0	0	0	0
Total Per Period	126,590	123,838	123,838	123,838

FINANCIAL ANALYSIS	Pre-start	Year 1	Year 2	Year 3
Net cash flow before taxes	(176,590)	397,538	397,538	397,538
Net cash flow after taxes	(113,295)	203,769	203,769	203,769
Annual ROI - direct and indirect benefits				180%
Annual ROI - direct benefits only				47%
Net present value (NPV)				351,955
Payback (years)				0.56
Average annual cost of ownership				182,701
3-year IRR				171%

FINANCIAL ASSUMPTIONS

All government taxes	50%
Discount rate	15%