



**Banking/Financial: Leahy helps Banesco grow from a Single Application
Into an Enterprise-Wide System**

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When Banesco Financial Organization purchased five banks in January of 1997, the rules for its electronic document management (EDM) system changed dramatically. An EDM system uses a document scanner and computer software to convert paper documents to electronic images. The images can then be stored on computer disks. "Banesco suddenly had 10 times more documents to convert than it did before," says Oscar Vazquez, v.p. of international operations at Leahy Document & Information Management, Inc. Leahy is a Ft. Lauderdale, FL-based VAR with 70 employees. About one-third of Leahy's customers are in Latin America, including Banesco, which is the fifth largest bank in Venezuela. Banesco is headquartered in Caracas. In addition to providing banking services – it is the largest provider of automobile loans in Venezuela – Banesco also sells insurance.

In January of 1997, Banesco purchased five banks from the Venezuelan government. The government had taken over the banks during a national financial crisis. "When Banesco acquired the banks, Leahy had just completed the design of an EDM system for Banesco's mortgage documents," says Vazquez. "We had invested almost a year in defining the hardware and software the system should include. But we immediately realized it would not work with the larger volume of documents."

Throwing Out the Book

Leahy had gone so far as to write a manual which outlined the procedures Banesco was to follow in order for its EDM system to work effectively. "Leahy has been in the document conversion business for over 20 years. Through experience, we've learned that a successful EDM installation requires controlling business' document paths," explains Steve Leichtman, president of Leahy. "To control document paths, a VAR needs to learn about them. This can be done by sitting down with business' managers and asking where documents enter a business, how they are used and who needs to access them. With this information, a VAR can define a system that account for everything from preparation of documents for scanning (which includes who is going to remove the staples) to making sure the right users end up with the right documents."

When Banesco added the mortgages from the five banks it purchased, additional document paths for Banesco's EDM system were created. "This was especially complicated because, in Venezuela, there is no standard format for putting together a mortgage. Each of the five banks Banesco purchased was using different formats for its mortgages," says Vazquez.

One Third Of Sale Generated By Consulting Fees

It took almost another year before Leahy completed its revision of the design for Banesco's EDM system and began the installation. Leahy received daily consulting fees for its design work. "I flew To Venezuela about eight times during the two years," says Vazquez. "Leahy specialists in areas like scanning and networks also went to Banesco to study the project. We also worked at our office experimenting with different software and hardware configurations and writing the manual."

The final cost of the system was approximately \$150,000. Over a third of which was for the design of the system. "It only took us about a week to do the installation, once we figured out which direction we were heading," says Vazquez.

Building On A Previous Installation

Banesco's confidence that the money invested in Leahy's design was going to pay off was likely influenced by the design of a previous installation Leahy had done for Banesco. In 1994, Leahy had installed a system to electronically distribute daily financial reports to Banesco's 50-plus branch offices. "Before that installation, Banesco was distributing the reports with its own courier service. In Venezuela, you don't have the luxury of



Federal Express or Airborne. In addition to the expense of the courier service, because of bad roads, often the daily reports were taking more than a day to be delivered," says Vazquez.

Leahy won the installation by designing a system to distribute Banesco's DCOLD reports through Banesco's existing IBM AS/400 mainframe computer network. "Our competitors wanted Banesco to install a wide area network of personal computers. That was the only way their COLD software could substitute the reports to the branch offices," says Vazquez. "Macrosoft's MacroFiche COLD software, which we resell has an AS/400 module which allows COLD documents to be viewed on mainframe terminals."

Macrosoft is a Rochester, MI-based software developer with 14 sales offices in the United States and over 50 reseller partners in foreign countries. The price of the COLD installation was between \$50,000 and \$70,000 and included 10 concurrent seats of MacroFiche. This meant that 10 users could be logged on to the COLD software at one time.

Since the installation, Banesco has added 20 more COLD licenses at about \$500 each. Banesco also has an installation price. "This include unlimited phone support and upgrades. When we originally installed the system, Banesco was using MacroFiche version 2.5 for DOS. Now version 6.0 for Windows is installed," says Vazquez. The upgrades are handled by emailing an executable file from Leahy's Ft. Lauderdale headquarters.

Establishing Foreign Partnerships

Leahy was introduced to Banesco through a partner in Caracas. "Some of our foreign partners work for companies like Kodak and Unisys. They contact us when one of their customers inquires about an EDM or COLD installation. Depending on their technical expertise and the size of the installation, our partners either buy software from us and install it themselves with our support, or, they bring us in to install it for them. For the Banesco installation, we paid our partner a percentage of the COLD sales as a finder's fee. Since then, we have been working directly with Banesco," says Vazquez.

Using One Installation As A Bridge To Another

About a year after the COLD installation, discussion began between Banesco and Leahy on an EDM system. "Banesco's Information systems manager were familiar with EDM and began to ask us if it could help them. Eventually, they told us if we could help them cost-justify the installation, they would purchase a system," says Vazquez.

Working for a consulting fee, Leahy helped Banesco determine that, by improving the processing of its mortgage documents, Banesco would be able to increase the volume of mortgages it issued. "At first we started out just discussing, in general what an EDM system could do. As we moved along, we became more specific and started determining which hardware and software product would fit where."

Installation Continues To Grow

The EDM installation, which was completed in late 1997, included two Bell & Howell 6338 scanners, Macrosoft's MacroImage EDM system with Pegasus-OFS storage management software and Doculex image capture software. Macrosoft's Synergy global information software is used to connect the COLD and the EDM system.

"Actually, that is only the first phase of the installation," Vazquez says. "The second phase will include a jukebox to store the document image files on. The first phase also is only for scanning mortgages at Banesco's Caracas headquarters. The second phase will include five additional scanning stations at branch offices." Vazquez adds that he recently discussed future projects with the management information systems director at Banesco. "He told me Banesco's next five MIS projects will all likely be EDM projects."



Application Success Story

Macrosoft's Synergy system will allow Banesco to integrate all of its report information, documents, check images, correspondence and third-party application information within a single system. "This unique capability from Macrosoft increases the desire to incorporate the EDM throughout the enterprise," says Vazquez.