



The Durst Organization

Major real estate developer reaps huge savings with automated workflows

Benefits

- Saves AP staff two work days each week: one day by reducing time spent retrieving and filing documents, and another day by accelerating payments processing
- In six-month test, saved approximately \$300,000 by catching duplicate accounts payable invoices
- Eliminates costly errors, such as unbilled rent and construction overtime fees by instantly notifying operations, accounting, and construction as soon as a lease is signed
- Improves relationships with partners by accelerating response time to requests and inquiries

Business overview

Founded in 1915, The Durst Organization is one of New York's oldest and largest privately owned real estate firms. Durst is widely recognized as a world leader in the development of technologically advanced and environmentally responsible commercial property. The company owns and manages nine large office buildings in Manhattan, as well as a number of smaller properties. Durst's biggest development project to date is the Bank of America Tower, a 945-foot-tall skyscraper scheduled to open in Midtown Manhattan in 2008. This high rise office tower will provide 2.1 million square feet of office space, roughly half of which will be occupied by Bank of America headquarters operations.

Challenges

Most real estate developers and management companies still rely on a lot of paper—as opposed to electronic—information. Durst believed it could become much more efficient and potentially save hundreds of thousands of dollars if it could somehow automate key manual, paper-based business processes and workflow.

Eliminate costly errors caused by lack of visibility in lease notification process

Often when leasing office space, the lease will be signed months before the tenant actually occupies the space. When a lease is signed, a number of people need to know, including accounting staff, so the tenant can be billed appropriately; construction managers, so they can “build out” the space to meet tenant requirements; and building operations managers, so they can be ready for the new tenant. Because paper notification of a new lease didn't always reach the correct people in a timely manner, was misplaced, or was simply overlooked due to the long lead time, costly errors resulted. For instance, the company found itself having to pay overtime charges to complete construction requirements in time or having neglected to bill rent for several months. Durst knew there had to be a more efficient way to ensure that all who need to be notified about a newly signed lease know and act accordingly.

Automate AP processing despite complication of multiple approval and processing routes

With paper-based accounts payable (AP) processes, tracking the status of an invoice for a vendor or employee was often a very time-consuming, laborious process of combing through various file cabinets and boxes in file rooms. Sending paper invoices back and forth for approval often resulted in misplaced paper and difficulty responding to questions about the status of a given invoice. Complying with simple audit requests often took days. “We also knew that we were receiving and paying duplicate bills, but we had no way of knowing just how big a problem this was,” adds Paul Piccininni, controller at The Durst Organization.



Durst was convinced that automating AP processing could minimize or eliminate these problems and result in much greater efficiency. However, not all invoices are processed the same way. For instance, invoices for existing building operations have different approval and processing routes than invoices related to properties under development; invoices for smaller properties follow different routes than invoices for larger ones; and invoices for building services follow yet another route. Having a dozen different invoice approval and processing routes definitely complicated the automation challenge.

EMC solution

Systems integrator Seery Systems Group, with assistance from Mackin Imaging Systems, helped Durst implement the EMC® Documentum® ApplicationXtender® solution to electronically store, organize, manage, and provide fast, security-controlled access to accounts payable invoices and leasing documentation. Using ApplicationXtender Workflow, workflow routing was also added to further automate AP processing and lease notification.

Today 75 Durst employees use the ApplicationXtender system to track all development and construction costs, lease contracts, and other business information. “EMC Documentum ApplicationXtender is the backbone for processing our critical business information. Activities that used to be arduous and time-consuming are now fast and easy,” says Piccininni.

Deploying quickly and easily once business rules established

“The hard part of implementation was analyzing the business,” explains Rich Seery of Seery Systems Group. “Once we understood Durst’s AP business processes and all the various approval and processing routes, the actual setup, coding, and testing took less than a month. For simple business processes—for instance, with only one approval path instead of a dozen—we can have an EMC Documentum ApplicationXtender application up and running in a day.”

And thanks to the system’s intuitive user interface, the construction and building managers and other end users can use the system with very little computer knowledge. According to Piccininni, “Most of our users aren’t very computer savvy, yet they caught on quickly and are using the system flawlessly to get answers they just couldn’t before.”

Automating lease notification saves thousands of dollars by eliminating costly errors

Today all lease contracts are managed in ApplicationXtender, from negotiation through billing and termination. In the negotiation phase, multiple versions of the lease are kept so that earlier versions can easily be revisited. Once the contract has been finalized and signed, workflow is automatically initiated to notify everyone who needs to know. “By eliminating the lead time forgetfulness and confusion that used to arise, the new system has made business operations run much more smoothly and saved us thousands of dollars in otherwise missed rent revenue, overtime fees, and other expenses,” says Piccininni. “Now no one has an excuse for not knowing when a lease is signed and what needs to be done. Construction knows how much time they have to build out the space, operations knows as soon as possible that someone is moving into their building, accounting knows exactly when to bill, and so on.”

In addition, the lease contracts are accessible as text-searchable digital images, so authorized users can search within a contract for terms embedded in them, such as “work allowance” or “escalation” to quickly find answers to questions related to the agreement. Once on the user’s computer screen, the authorized user can share it easily, simply by clicking on the text and e-mailing it from within the application.

Automating AP processing increases efficiency, accelerates response time, and reduces errors

Today, incoming invoices are all scanned into ApplicationXtender in batches using AnyDoc data capture software and bar coding to separate the invoices. Once scanned, an accounts payable operator then keys in data (such as invoice number and type) from the image in ApplicationXtender, viewed on one side of his or her computer screen, into the legacy accounting system, viewed on the other side of this screen. Then a script automatically populates index fields in ApplicationXtender, and depending on how each invoice was coded by the operator, initiates one of a dozen approval and processing workflows.

Business profile

The Durst Organization

One of New York’s leading real estate developers

Industry

Real Estate

Geographies

Headquarters and eight offices in New York City

Business solution

AP/AR processing/invoicing, contracts management, plant and facilities management, transactional content management

EMC products

EMC Documentum ApplicationXtender, EMC DiskXtender®, EMC Documentum ApplicationXtender Web Access, EMC Documentum ApplicationXtender Workflow, EMC Documentum ApplicationXtender Media Distribution

Deployment summary

Currently 75 employees use the system, which is integrated with legacy accounting systems and automated workflow to track expenses, process AP invoices, and manage leases, from negotiation through billing and termination. The company is also piloting an application to manage and automatically bill for services, such as air-conditioning.

EMC partners

Seery Systems Group, Mackin Imaging Systems

For instance, for a plumbing bill, the appropriate building manager would receive an e-mail notification to view the invoice and confirm that the work took place. Then, once the manager has approved it, construction would automatically be notified to review it before accounts payable gets the notification to go ahead and pay it. "All this routing is seamless," explains Barry Fagan, assistant vice president of IT at Durst. "All the users see is an invoice in their inbox that they need to approve or reject." Certain users can also attach additional documentation that automatically becomes linked in the system to the original invoice.

"EMC Documentum ApplicationXtender is the backbone for processing our critical business information. Activities that used to be arduous and time-consuming are now fast and easy...This very flexible, powerful system not only helps us run our company, it is saving us a lot of time, grief, and money."

Paul Piccininni, Controller

Freeing up one work day each week for accounts payable

By reducing the time needed to retrieve and file documents and answer queries, the new system has freed up an accounts payable employee approximately one work day each week. "Before we had vendors calling and asking about the status of an invoice and I could tell them whether we had received it and whether it had been paid, but that was it," says Piccininni. "Now I can call it up on my desktop and see where it is in the process, who has it, how long it has been with that person, and whether or not it has been approved."

With ApplicationXtender Web Access, approved Durst users can view this information remotely as well, even approving invoices from home or on the road using any PC with Internet access and a standard web browser. Instant access accelerates response time to invoice queries, as well as time to approval and payment. Not having to send paper invoices has also eliminated the chance of lost or misplaced invoices.

Saving another work day each week in processing checks

Before ApplicationXtender and ApplicationXtender Workflow, reviewing and paying a major batch of checks took one person in accounts payable an entire day each week. Today that process has been reduced to approximately 10 minutes. Thus, with the new system, Durst accounts payable has 400 more hours each year to perform other functions. "The hours saved from retrieving and filing documents plus the hours saved in processing checks has freed up a whopping 20 percent of our two-person AP staff's time," says Piccininni.

Additional time is saved each year during major audits. "When an auditor asks to see every phone bill for the year, now we simply burn a CD using ApplicationXtender Media Distribution," said Piccininni. "No more going to the file rooms, pulling out files, copying, collating, sorting, refilling, and so on."

Saving hundreds of thousands of dollars by catching duplicate AP invoices

With the new system, Durst can easily identify duplicate invoices. To get a feel for the amount of duplicate payments that might have been inadvertently paid, the company conducted a six-month test with the ApplicationXtender system. "During our test, we caught approximately \$300,000 that we might easily have paid without the new system," said Piccininni.

Satisfying partners with faster response times and more complete information

Because Durst can respond to inquiries and requests faster and more thoroughly with ApplicationXtender, the partners the company works with—other developers, attorneys, accountants, and so on—all benefit. For instance, if a vendor calls and asks if an invoice has been paid, a Durst employee can e-mail the vendor a copy of the invoice image with annotations showing check number and date paid.

Piccininni recalls how recently another developer asked him for information. “When I asked him, ‘When do you need it by?’ he said ‘How about two or three weeks?’ When I said, ‘How about 10 minutes?’ and proceeded to give him the information he wanted within 10 minutes, he was flabbergasted.”

Improving decision making and planning by image-enabling applications

The ability to easily add digital images to applications using ApplicationXtender is helping Durst to better manage its business. In the past, for instance, the operations department often struggled with recalling the details behind budgets and other financial figures. Now they use a template that provides the financial information, as well as links line items to the images that support them. “If there is a repairs expense line item for \$10,000, instead of trying to rely on memory, Durst users can click on the item to see an image of the invoice in ApplicationXtender,” explained Piccininni. “Being able to call up this information quickly and easily, rather than guess or take the time to go dig up the details, greatly expedites and improves our ability to make decisions, plan, and forecast.”

Using workflow to improve other processes

Having reaped the benefits from using automated workflow in accounts payable and leasing, Durst is now leveraging workflows in other areas. For instance, whenever certain types of construction document are scanned, a simple workflow automatically e-mails a link of the document’s image to those who need to know about it. If the construction department issues a work order for an electrician to come into a building, as soon as the work order document is scanned, coding on the document will indicate in which building the work is taking place and workflow will send an e-mail alert to the manager of that building so that when the electrician shows up the manager is prepared and ready for him.

Durst is also currently working on workflow similar to lease notifications to manage chilled water for air-conditioning appliances. Because there is a very long lead time between when the construction department determines the chilled water requirements to provide air-conditioning for a given space and the time that chilled water can be billed, having workflow to automatically notify construction, operations, and accounting at the right time, will dramatically reduce communication errors that have led to lost revenue and added expense in the past. HR applications, such as benefits tracking and applicant tracking, are also in the ApplicationXtender project pipeline.

Summary

“When we first installed EMC Documentum ApplicationXtender, we had no idea how much the solution would transform and improve our business,” says Piccininni. “This very flexible, powerful system not only helps us run our company, it is saving us a lot of time, grief, and money.”



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