



Five Steps to take the Processing Centre Beyond Payments

The topic of decreasing check volumes has recently been well publicized. For payment processing centres world-wide, this has created a strong trend for organizations to move towards an outsourcing model for check processing activities. However, what has been less well reported, is how some organizations have managed to increase their justification to retain these activities in-house.

This white paper provides a five step process that looks at how payment processing centres can diminish the threat of declining check volumes by taking on new document processes that exist within other areas of the organization.

Step 1 – Improve your Existing Operations

Two areas where IT investment is currently being made to improve payment processing operations are in check imaging and automating payment exceptions.



Many banks and major institutions have been truncating checks and using check archiving systems to improve their distribution costs and bank charges for many years now. This provides benefits such as identifying fraudulent transactions far quicker within the clearance process and by providing quicker access to check images it has made it easier to resolve payment issues and disputes much more quickly.

Exceptions processing is one of the most expensive and time consuming tasks processing centres are currently involved with. Investing in Business Process Management (BPM) solutions provides the ability to automate common payment exceptions such as cash letters and business-to-business check invoice lists. These solutions also provide the organization with reporting capabilities which help monitor operations and further improve efficiency levels.

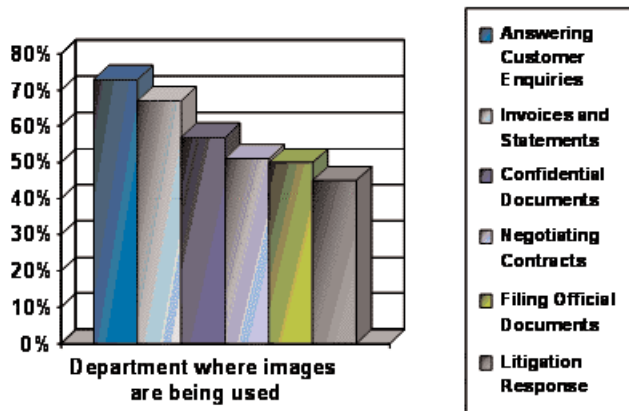
Most of these investments have to be justified on the basis of a declining business. In order to improve the ROI on these applications organizations have started to look at ways in which they can use their newly acquired document capture, business process management and archiving solutions to process new document streams that exist within other areas of the organization.

Step 2 – Identify the Relevant Document Streams

The second step is to identify which document processes within your organization are most likely to benefit from being automated. Many customer service departments automatically process documents such as application forms. Also, to better resolve customer inquiries coming into the call centre, organizations are digitally archiving their customer correspondence. Accounts payable departments are automatically exchanging, balancing and approving invoices, financial statements and other types of payment information. All contract departments have a requirement to store confidential documents for a number of years. In addition, responding to regulators and complying with litigation inquiries requires a structured approach to managing these documents.



Departments where capture technologies are being used:



Source: AIIM - Capture and Imaging Technologies: User Perspectives and Buying Intentions

Identify where the paper-intensive and manually-intensive processes are. Find out which departments are taking up large areas of floor space to physically store their documents and which departments are spending valuable executive time to physically search for documents. Look at which departments spend valuable time sorting and preparing their documents, or require a short processing window for handling their documents, as well as those departments that have to meet compliance requirements. As the most common restraint is usually budgetary, find out what departments already outsourcing their document processes, as the budget to transfer this process in-house already exists.

Identify the different document types that departments have to handle. Three categories exist:

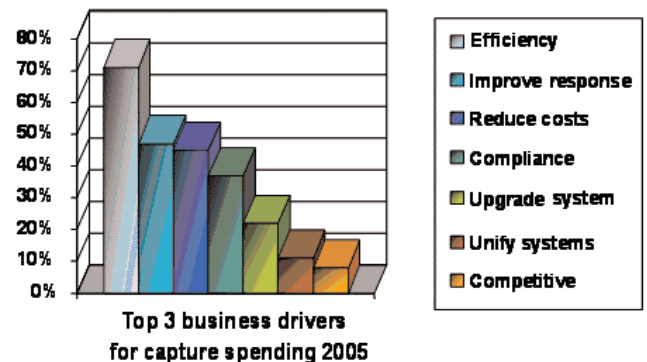
- Structured documents** - application forms, account opening and customer request forms
- Semi-structured** – invoices, order forms, sales sheets and expenses.
- Unstructured documents** – letters, customer inquiries, contracts and general business documents.

The more structured the document, the greater the benefit can be gained from using scanning and recognition applications. To provide the biggest cost savings, prioritize your search by first looking for where structured and semi-structured documents exist within the company.

Step 3 – Understand the Business Drivers

The third step in our process is to understand the business drivers for automating document processes. The relevant benefits will differ depending on who you are presenting the proposal to. It is critical that you focus on the most important drivers for your chosen target audience.

Dominant Business Drivers for Capture Applications:



Source: AIIM - Capture and Imaging Technologies: User Perspectives and Buying Intentions

You will need to satisfy the concerns for each of the following three groups.

The Corporate Level

One of the key business drivers will be compliance. You will need to provide a solid business case that meets the organizations' compliance requirements. Even at the board level, the subject of compliance holds different meanings to different board members. For the CIO, for example, the issue of compliance revolves around the IT requirements for providing document traceability and to ensure that information is retained for a set period. In addition, you need to make sure that only authorized personnel can gain access to certain records. For the

CEO however, the compliance issue revolves around managing the legal risk that documents represent for the organization. The key drivers here are to enable better access to corporate information and to ensure document authenticity.

The Department Level

At this level we begin to see the more obvious business drivers of reducing costs, FTE counts, and improving SLA's. Heads of departments will also be concerned about how automating their documents will enable them to add value through streamlining their processes. In addition, improving the speed and quality of capturing data will be an important concern for facilitating better and faster decision making.

The Personal Level

It will also be important to understand what business drivers may exist at a personal level. Some heads of departments may be interested in how you can help them meet their own personal targets, or meet any incentive plan which is in place for improving service levels or cost reductions. They may be concerned about how you can raise their visibility, or the visibility of their department, to the board. Or it may be just a simple case of creating a happier workforce within the department concerned.

Step 4 – Gain Buy-in

Step four is concerned about getting the all important buy-in. Any department will only move their document processes to your operations if they can be sure that you will be able to make the transition from the manual process to an automated one as painlessly as possible and with minimum disruption to their operations.

Providing a structured plan will be critical to gaining acceptance. Provide an initial analysis of the new document process. Many organizations don't audit their document processes so you may need to analyze the existing process first. Certain BPM applications will enable you to provide a benchmark by constructing a process diagram to quantify and demonstrate the process improvements. This will also help you to develop accurate ROI figures that can then be used to justify the business case, something that many organizations struggle to provide.

Implement a pilot system within your own operations centre and run this in parallel to the existing manual system. This should enable you to iron out any

teething problems without adversely affecting the departments' performance. You will also need to demonstrate how you will be able to expand the system to full production and commit to a timeframe for achieving this.

Keep the pricing structure as simple as possible. One method is to charge your service on a capture only basis. Once the processing requirements and the document volumes have been confirmed it is a relatively simple task to set a pricing structure based on the cost per item being processed. It's important not to make it complicated for departments to purchase your service. If you are also providing an archive facility, document retrieval should be free of charge, as long as the department continues to feed the process with an agreed minimal level of documents. The contract can then default to a retrieval only pricing structure if the department discontinues, or falls below, the minimum level.



Step 5 – Go to Market

The final step is to promote your document processing services. As in any business, a successful user reference will provide you with a lot of the ammunition you'll need to effectively communicate your services to other business areas.

Word of mouth has always been a powerful way to win business. Any department using your service should be involved in communicating their success for you. So look at any opportunities where the department can discuss their experiences internally. Staff meetings and board meetings are all good opportunities to spread the word.

Form a relationship with your marketing departments. The corporate and marketing communications departments produce many internal newsletters and company updates. Most of them are eager to promote this kind of success story. Also, make sure your services and the benefits you are achieving are documented on the corporate intranet.

For those departments or business areas who are using your services, communicate with them to understand if there are opportunities to extend the service. For example, if you are scanning and processing invoices, investigate the possibilities of providing an additional service to match and authorize them against order forms and goods receipts. This will also help to expand the requirement for further document types to be added to your scanning operations. If you are scanning customer correspondence, there may be an opportunity to provide the ability to classify them and automate the next process, such as automating a printed response, or initiating a customer service call.

Once you have built up your expertise within your own organization, you then have the opportunity to promote your services to other 3rd party companies. A number of payment processing centres are already doing just that so they can add to their revenue stream and improve their profit centre.

A Short Window of Opportunity

By following these five steps, payment processing centres can look to secure their future by extending their services to other business areas within their own organization and the industry as a whole. The return on IT investment can be dramatically increased and additional benefits such as reduced operational costs, improved service levels and achieving corporate compliance can be gained by other areas of the business.

In addition, those payment processing managers who do take up the challenge will inevitably raise their own personal profile, and the profile of their department, within the organization and amongst their industry colleagues.

But the opportunity won't last for ever. Many departments are already looking to external vendors to implement their own capture applications, not realizing that large areas of the infrastructure they need already exists within their own organization. If the processing centre fails to act within the very near future, they will lose the only real opportunity they have in protecting their business for well into the next decade.

About BancTec

BancTec helps clients around the world simplify the process of managing their information. Founded in 1972, the company provides a wide range of solutions for automating complex, high-volume and data-intensive business processes for clients in the financial services, manufacturing, government, services and utilities industries. BancTec's offerings include business solutions, business process outsourcing and infrastructure services. With headquarters in Dallas and London, BancTec is privately owned with annual revenues of \$345 million and serves more than 50 countries. For more information on how BancTec can help you optimize information management, visit www.banctec.com or call 1-800-BANCTEC.

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