

Unexploited opportunities in tough times

Keeping all communication channels open with customers doesn't have to mean a drain on resources – let a digital communications centre take the strain



Richard Thompson

This is the age of personal choice: not just what we buy and when, but how we choose to communicate with the vendor. Some customers trust nothing but paper, others insist on instant messaging. Many choose multiple media, preferring, for example, to receive a statement on paper but query it by e-mail. Organisations that force customers onto one particular medium – even one that's "better" for all parties – risk seeing them leave in droves.

However, such multi-channel communication

does not always fit well with the modern approach to processing business transactions. Back-office systems are optimised to process a single stream of data, yet they must interface with a bewildering range of incoming and outgoing communications – letter, phone, fax, email, text message, web chat, web form, paper form, you name it. Shoe-horning these into the appropriate transaction processing systems is labour-intensive, error-prone and can create bottlenecks that completely negate any efficiency gains.

It's a growing problem for many private and public sector organisations, says, Richard Thompson, managing director of Pitney Bowes Management Services Division. And the most enlightened are starting to invest in the solution: digital communication centres (DCCs), run by specialist outsourcers.

DCCs can be situated on-site or offsite – depending on the requirements of the customer. Within a DCC, incoming communications on a variety of media are translated into a common electronic format before they enter the company's core processing systems. But a DCC is much more than a scanning and formatting facility.

"It's a workflow system that automatically locates and extracts key pieces of data from each input and channel, enhances them with customer details, reference numbers and other information, then inserts them into core business systems," says Thompson.

"These 'decision-ready' inputs then allow core systems to operate at their optimum speed and efficiency. The result is faster customer decisions, transparent management reporting and greater levels of automation."

With a DCC, it is no longer necessary to shift quantities of paper documents around the organisation

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for processing, since they can be scanned and formatted as soon as they arrive. "We've seen offices where documents sat around for two days before being dealt with. We can reduce this to two hours," says Thompson. Often the paper originals can then be safely discarded, saving on space and archiving costs.

"One financial institution now processes 40% more documents with the same staff and systems," Thompson adds. "That's fairly typical."

Outsourcers can use their expertise to redesign form layouts to make them easier to scan and reference; in one case this cut rejection rates from 4% to 1%, according to Thompson. Pre-barcoding forms with data such as customer reference numbers can significantly speed up processing times, he adds.

Once incoming communications (however they arrive) are tagged, they can be tracked as they move through the organisation.

Customers can see the progress of, for example, their mortgage, and managers can get a clear picture of how efficiently their department is functioning. Internal auditors can check exactly who has seen a document, and compliance issues can be regulated.

A DCC can also improve the quality and efficiency of outbound communications. No matter where in the organisation the communication originated, the DCC can ensure it reaches the customer via the medium they prefer, in a uniform, corporate style (so all communications actually look as though they come from the same company), and suitably personalised.

A car dealer can send letters that match the colour and trim of the vehicle the customer bought, says Thompson, while a local authority can save money (and look more efficient) by sending letters to several members of the same family in one envelope, (data protection laws are adhered to). Centralising the printing and postage of hard-copy communications can cut costs by as much as 20% thanks to volume discounts.

It is also possible to establish links between inbound and outbound communications, whether it's the to-ing and fro-ing of a mortgage application or letters "returned to sender" because the recipients have moved. Many companies don't have the in-house resources to process the latter, says Thompson, even though they can account for 20% of all direct marketing communications.

"A DCC helps give customers channel choice and better service without undermining business process response times," he adds. "It helps extract maximum return from an organisation's core systems investments without the need to build its own expensive, multi-channel front end."

Moving paper documents around for processing is a headache for many organisations

Closing the invoice efficiency gap

A new Pitney Bowes study, The Invoice Efficiency Gap, quantifies the savings that could be achieved by improving the document flow in just one common function, processing invoices.

Taking account of time, labour, space, payment and other overheads, the cost of processing each business-to-business invoice is around €13 (£11) in a medium or large company, according to customer studies.

Although electronic invoicing could cut this by 70%, most businesses still either can't or won't do it. However, says Pitney Bowes, the road to full e-invoicing can be taken in stages, beginning by digitising (scanning) paper invoices as they enter the organisation, automatically extracting the key data and making it available to invoice processing staff and systems.

User studies have shown that processing costs can be halved to about €6.50 (£5.40) per invoice through digitisation and data extraction at point of receipt, for example in a digital communication centre (DCC). That's not far short of the saving from fully electronic invoicing, and it could enable European medium and larger businesses to cut the cost of invoice processing by almost €30 billion (£25 billion) a year (€5.5 billion, or £4.6 billion, in the UK alone).

"This saving requires no additional infrastructure investment and deliver immediate savings whilst reluctant suppliers do not have to move to invoicing electronically," says Richard Thompson, managing director of Pitney Bowes Management Services Division.

Moreover, digitising invoices can enable organisations to more than double the early payment discounts they receive (with a manual system, more than half of discounts go unclaimed because the invoice can't be processed fast enough, according to Paystream Advisors).

And research from PricewaterhouseCoopers shows that almost a third of organisations find that digital invoice processing reduces the number of disputes.

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