White Paper

The Business Case for Outsourcing: The cost and marketing benefits of outsourcing document production and fulfillment for biller organizations
It is often a challenge for biller organizations to cost effectively produce and deliver leading customer communications using in-house equipment and processes. However, the need to control the production process and monitor quality has caused billers to resist outsourcing. Unprecedented challenges are now forcing many billers to reevaluate their in-house model. These challenges include:

- Quickly advancing technology that makes equipment outdated even before it is fully depreciated
- Building the capabilities to incorporate color and feature targeted educational, service and cross-selling content relevant to each customer
- Month-end workflow peaks that add cost to the production process
- Electronic adoption and the need to make bill print and fulfillment a variable cost as print volumes decline
- Legislation that requires greater information disclosure on customer bills

This white paper examines the strategic benefits of outsourcing document production and fulfillment as a way to reduce costs, increase the quality of customer interactions, and facilitate migration to electronic document delivery.

Keeping Up: The Equipment Challenge

By outsourcing, billers benefit from the most up-to-date technology. High-quality document production and fulfillment requires significant, ongoing investment in hardware. New advances in printing technology, such as high-speed, full-color printing, enable even more flexibility in design, content and messaging. Advances in insertion technology offer enhanced quality control and speed. These advances improve an organization’s ability to speak to each customer with relevant content that educates, drives service behaviors, increases revenues and drives down costs. However, most billers can’t justify the capital expenditures needed to keep up with the latest technology. This is especially true when the billers only need a portion of the asset because they are using the new technology for a specific segment of their business.

Interquest (North American Transaction Print Survey Jan 2012) shift to color with 14% increase in color images CAGR thru 2014 while Madison Advisors (Targeted Marketing Assessment April 2011) estimates 13% increase in color images.

In contrast, an outsourcing partner is able to spread the capital expenditures across all of its clients. The outsourcer needs the latest advances to ensure its offering is competitive to attract and keep clients.
Outsourcing eliminates the need for production software and equipment, including:

- Composition software
- Postal software
- Monochrome (black) printers
- Color printers
- High-speed inserters
- Bar code technology
- Camera technology
- Presort equipment
- Resources to capture document-level and job-level reports

**Integrated Messaging: The Marketing Challenge**

An effective outsourcing partner can deliver measurable value by enabling more effective communication strategies. Using advanced document composition tools, customer-specific messages and images can be delivered based on past products or services purchased, geography or industry requirements, to name a few examples. The industry is evolving to provide more educational and informative content on customer communications. This requires a system that relates one database to another using sophisticated analytics. These capabilities can significantly drive down costs and improve response rates.
Few billers have the information technology resources or bandwidth to integrate disparate data streams into a cohesive business-rules engine. However, the right outsourcing partner can combine data to provide the complete view of the customer relationship and create dynamic content that is relevant and timely for each individual customer.

Today, billers can use their customer communications to not only inform customers but also change behavior. This can include the reduction of calls into a Service Center or the adoption of electronic document delivery.

**Feast or Famine: The Production Workflow Challenge**

Outsourcing can also help billers by eliminating the need to manage short production windows and more rationalized use of capital. Industry studies indicate that more customers are embracing electronic documents and as this continues, billers will see volumes decrease.

In many organizations, a significant percentage of print production activity occurs for just a few days at month end. This leaves the in-house operation searching for ways to utilize the equipment and human resources the rest of the month.

Billers that outsource production are no longer concerned about the challenges of managing production workflow issues. It’s up to the outsourcing partner to figure out how to handle the peaks. Outsourcing also frees resources – capital and personnel – for functions that drive greater value to an organization’s core business objectives.

**Get There Faster: Shortening the Road to Electronic Document Delivery**

For most organizations, Electronic Document Delivery (EDD) is part of their plan to reduce costs while delivering documents according to their customers’ preferences.

In addition, an outsourcing partner is equipped to deliver documents through a variety of communication channels including print, email, mobile and the web, according to the preferences of each individual client. Higher adoption rates can be achieved by utilizing industry best practices and the outsourcing partner should keep the billing organization abreast of the latest techniques to increase adoption.

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**Are you prepared to meet your customers’ needs?**

**Primary Bill Pay Research Highlights**
(Base: Online U.S. Households)

- 3 out of 4 say it’s important for billers to offer multiple billing and payment options
- 30% have visited a biller site via their mobile device
- 20% change their bill payment method in any given month
- 40% of check writers don’t know they have electronic options for payment

Legislative Reform: A Growing Challenge

New legislation requires billers to clearly communicate fees impacting their customers. Working with an outsourcing partner, billers are able to use rules-based content management tools to customize individual documents to incorporate appropriate terms and conditions.

The Fear of Outsourcing: Loss of Control

Maintaining control has been a key reason many organizations set up an in-house operation. Many billers are reluctant to give up that control and the peace of mind that comes with it.

In the past, control meant managing every aspect of document creation and distribution, from composition to delivery. It still does. But today, control also speaks to the chain of custody an organization has set up to safeguard customer privacy. With a greater awareness by customers to privacy issues, control is even more important today. Whether an organization uses an in-house print operation or an outsourcing partner, it is essential that the organization’s data security process and production controls provide the highest level of security available.

The Billers Services Representative

- Enters targeted messaging for marketing, education, service and regulatory content that will appear on each document
- Enters any special handling request online for a group of documents or an individual document
- Can view all aspects of the production process online from bill samples to the production status of jobs…to on-time reports…to inventory details…to postage reporting…to information on a specific bill

The outsourcing partner

- Ensures quality control, from data composition through delivery and archiving

Consider the Core Competency of Your Organization: Is it Providing Printed Documents?

As more bills convert to electronic delivery, in-house print operations face more challenges in keeping their business model viable. More than ever, billers are asking whether document production should be a core competency:

- Is document production and fulfillment what differentiates the organization and strengthens its business model?
- Or is it a service to be outsourced so the organization always has the latest technology without making significant capital investments?
- Would the organization benefit from a variable cost structure model (pay for what is printed) vs a fixed cost structure with investments in technology and equipment, as volumes decline due to electronic adoption?
From a financial perspective, the need to stay current with the latest technology requires large capital expenditures. Outsourcing eliminates this ongoing need and frees capital and personnel for other activities to contribute to the organization’s core objectives. It can help the organization reduce its overall space requirements. In addition, outsourcing provides a predictable cost model for customer communication requirements.

From a customer services perspective, outdated equipment won’t allow the organization to control production costs and maximize its ability to inform, educate and market to its customers. Outsourcing enables the organization to leverage the power of its databases to feed into a business, rules-based engine to create dynamic communications.

**Conclusion: Outsourcing Partners Can Help Billers Meet Their Business Objectives**

Historically, in-house production offered the most direct control over output. However, in today’s complex business environment with changing technology, changing delivery methods and the option for highly personalized documents, an outsourcing partner merits careful consideration. **For assistance in measuring the value an outsource partner can provide, call 866-963-4877 or email getsolutions@fiserv.com.**

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**What to Look for in an Outsourcing Partner: Seven Key Questions**

Outsourcing partners vary in their capabilities. Here are seven ways to evaluate the value an outsourcing partner can provide to your organization.

**Can the outsourcing partner…**

- Offer flexible, targeted messaging, based on customer attributes, to provide relevant content and cross-sell additional products and services?
- Incorporate color to improve readability and draw attention to important information?
- Handle volume spikes cost effectively?
- Increase e-adoption while continuing to meet print production needs?
- Ensure complete control and visibility into every point in the document production and delivery process?
- Provide insight into the best way to communicate with customers (using industry best practices to make every interaction intelligent and meaningful)?
- Provide third-party certification, ensuring that security requirements are built into every step of the production process?
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