

Kofax White Paper



What You Need to Know About Developing an Outcome Based Global Delivery Network for Document Processing Services

Executive Summary

In today's economy, outsourcing service providers are under more pressure than ever to demonstrate to customers the business value enabled by their solutions. They can no longer rely primarily on labor arbitrage; clients want deeper cost savings from end-to-end solutions and automating complex business processes. At the same time, providers need to enable globalization and must standardize processes across geographic and business unit boundaries.

Leading providers of document process outsourcing (DPO) services seek to envelop those requirements within the following five major objectives for their client offerings:

1. A standardized, unified global delivery model.
2. Best-in-class, scalable, secure technology.
3. Lowest total cost of ownership.
4. An outcome based solution and pricing.
5. Proven ability to consistently meet service level agreements (SLAs).

Although many providers encounter challenges and high costs in developing such a solution, Swiss Post Solutions, a leading provider of document outsourcing services, overcame the challenges and successfully developed an outcome based, unified, global delivery network for document processing. The solution, which is underpinned by the Kofax Enterprise Capture Platform, achieves all of the objectives and requirements described above for Swiss Post Solutions and its clients.

This paper provides a detailed look at the customer requirements, strategy and success factors in developing an outcome based, unified, global delivery network for document processing. The paper also presents a case study of Swiss Post Solutions and Kofax successfully deploying a solution to deliver document processing services for one of the world's leading financial institutions. The case study clearly outlines the aspects that DPO providers need to take into account up front in developing such a solution.

How a Unified Global Delivery Network Solves Companies' Business Challenges in Document Processing

Organizations need solutions for the following pain points, and DPO providers must address these requirements in their document processing solutions:

- **Improve productivity and reduce operational costs.** Instead of document capture occurring only at the end of a process, technology now enables early capture operations. This results in eliminating paper as soon as it enters the organization, reducing points of failure, accelerating business processes, improving customer service and shifting resources away from tedious labor intensive tasks to higher value activities.
- **Take an enterprise-wide approach to automating business processes.** Early capture immediately delivers

extracted and transformed data directly into business systems. Moving from scan-to-archive to scan-to-process profoundly changes the strategic importance of capture, as it allows companies to expand their capture solutions from departmental niche applications to a standardized enterprise-wide approach.

- **Accelerate transactions.** This enables faster, fact based business decisions and also increases customer satisfaction.

Add to the list: clients' desire for outcome based solutions. In this model, synergies between tasks enable higher performance and drive savings and thus lower the total cost of ownership (TCO) for DPO providers' clients.

Findings from Gartner research reported in Computer Weekly (May 5, 2010) pointed out that service providers that focused on business outcome solutions during the economic turmoil over the prior two years were more successful in growing their market share even with the economic uncertainties.

Outcome Based Unified Global Delivery Network Solution for Document Processing

Outcome based – Establishes certainty of business results, and pricing model removes uncertainty around costs

Unified, global – Ability to cost-effectively onboard and distribute content from anywhere in an organization, regardless of document type, manual or electronic medium, format, language or geographic location

End to end – From document creation to content management, production, distribution and business intelligence

However, historically, it was difficult for most providers to achieve success in an outsourced outcome based model. What has changed the picture? Providers have invested in developing vertical solutions, platforms and other enabling infrastructure, thus increasing their ability to impact outcomes. The Kofax technologies and platform are an excellent example of such investments and were key in developing Swiss Post Solutions’ Document Services Platform (DSP).

Figure 1 shows how the Kofax Enterprise Capture Platform enables cost effective, end-to-end, document processing and business process automation.

Kofax’s market leading enterprise capture platform enables Swiss Post Solutions to provide a unified global delivery network, providing several competitive advantages, including:

- Greater flexibility and ability to react to client changes.
- Ability to utilize technology for process improvement as opposed to labor arbitrage.
- Ability to make decisions on how to add value and deliver it to the chosen workflow according to SLA requirements.
- Ability to speed up a business process.

Providing actionable information is a stronger value proposition than doing the work at low cost.

Kofax Technology:

Accelerates business transactions by simplifying and/or eliminating as much human interaction/intervention as possible

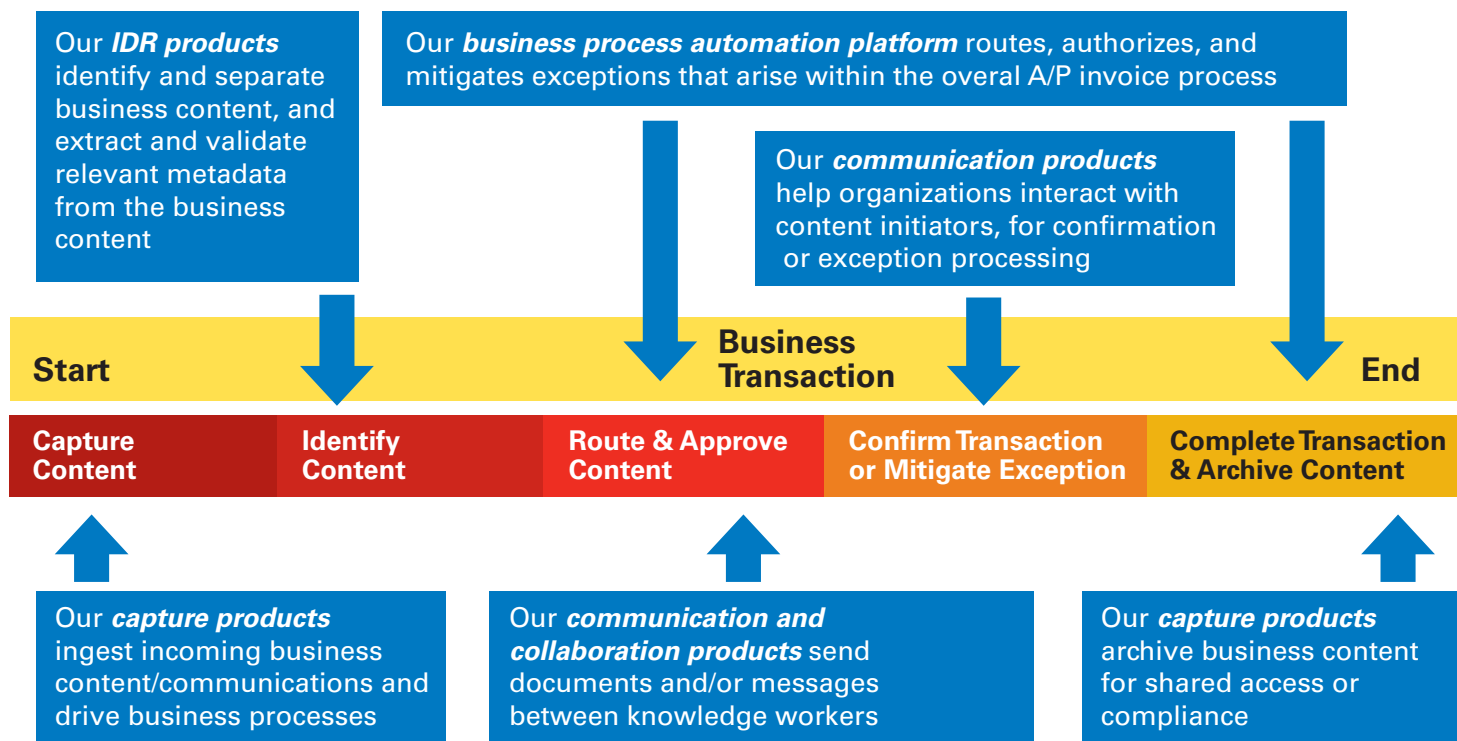


Figure 1: Kofax Enterprise Capture Platform

The following case study describes how Swiss Post Solutions, working in collaboration with Kofax, deployed its document processing solution in one of the world’s leading financial institutions.

The Swiss Post Solutions Vision

Swiss Post Solutions took note of the trends in what its customers wanted an outsourcing solution to address:

- Providing geographical coverage of services.
- Supporting the increase in multinationals and markets coming together (especially Europe and U.S.) in relatively mature industries that were operating at different speeds in different countries and looking for lower costs.
- Packaging a platform and services, thus eliminating the need for customers to worry about technologies.
- Providing a roadmap for transformation – How quickly could Swiss Post Solutions achieve transformation and drive the customer’s outcome?

SPS Document Processing Solution

A modular platform consisting of preferred technology, based extensively but not exclusively around the Kofax Enterprise Capture Platform. The “black box”- packaged services resolve security and compliance issues, making it easier to get to outcome based services.

Swiss Post Solutions recognized it needed to develop a common platform with a universal way of delivering services and enabling information transformation across geographic boundaries – a unified global delivery network. The result was the Document Services Platform (DSP).

The DPO Provider Approach and Solution Technology

Acting to fulfill its vision for an outcome based, unified, global delivery network, Swiss Post Solutions’ DSP couples the document services it has traditionally offered to its clients with the necessary technology to deliver a comprehensive approach for automating document processes on an enterprise scale.

DSP Supporting Technology

- Common operations across markets.
- Fully digitalized post-in.
- Common scan-on-demand.
- Common records management systems (indexing, retention, destruction policies, etc.).

New technology platform to bundle client applications and service delivery into a single secure platform.

Enterprises face three major hurdles when a DPO provider deploys a solution: a large acquisition of IT, implementation, and integration with existing processes.

Kofax offers a robust, scalable, modular platform, with integration capabilities, monitoring and traceability. It underpins the business architecture that addresses these three challenges. Specifically, it has these characteristics:

- Enables delivery quickly and efficiently.
- All services are already configured and customized (Swiss Post Solutions customers don’t need their own IT infrastructure in their various locations).
- Low cost (because of low risk).
- Repeatable.
- Enables scan-to-process (beyond scan-to-archive).
- Multi-channel input: paper, e-mail, fax, e-docs, PDFs and SMS.

- Breadth of platform: capture, classify, validate, and deliver across geographical boundaries.
- Routing of documents in the capture workflow to appropriate operators.
- All deployments on virtual servers (local and data center) using VMware running on HP blades.
- Each local system can run any language.
- Enterprise deployment allows all of the local scanning operations to link to multiple data centers.
- Remote management.
- Self-learning technology, automating the process of learning new document sets.

With the DPS in place, Swiss Post Solutions could take a service driven (rather than technology driven) approach with its clients and advise them, "This is where we believe you need to go to meet your business needs."

Key Success Factor for DPO Providers

The provider's ownership of the platform avoids constraints in rolling out a solution because there is no need for the DPO provider's customer to influence the technology to be used in the solution.

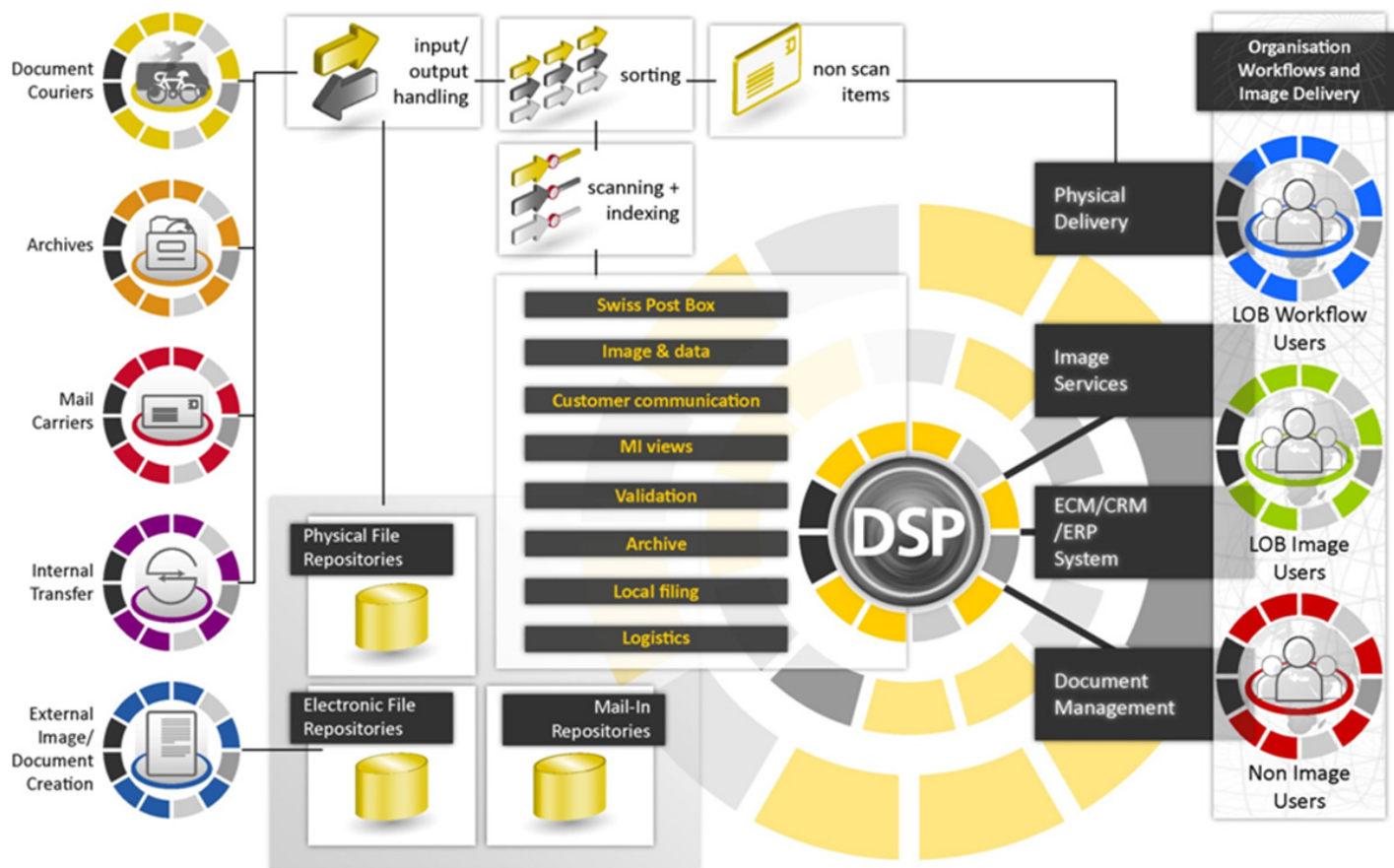


Figure 2: Swiss Post Solutions Document Processing Solution

Implementing the Solution

Having developed the basic solution, Swiss Post Solutions took it a step further and scaled up the solution for the specific needs of its client, a global insurance company that sought to transform its information processes across multiple geographies. The client had previously considered other vendors' infrastructure processes and architectures for a complete document life cycle but found them all lacking.

Swiss Post Solutions consulted with the client to get clarity on how work needed to be structured at the organization and what technology features would be needed to support that. Requirements were:

- Transformation of all elements of the document management life cycle to a centralized services architecture in each of 8 European countries, including managing third parties.
- Conversion of a large number of disparate systems and a large number of users to digital processes.
- Integration of document services while aligning the solution in different ways for distributed capture and distributed deployment.
- Support for both physical (mailroom), digital and complementary services.
- Scanning, indexing, filing, archiving and standardization of data conversion.
- Standardized document processing platform to feed back office systems.

Swiss Post Solutions created a framework of services, which could be configured and deployed to support specific country or business unit requirements, all accessible through the same platform that has been designed to be scalable and flexible in response to evolving changing business needs.

Swiss Post Solutions and its client took their developed blueprint structure to solution before signing the agreement for services; this enabled rapid implementation and quick rollout of services. The solution was rolled out in four countries initially. A phased implementation was required due to the challenges of different languages and getting connections in each country. Each element of the solution was tested extensively up front to ensure the technology would work with the client's service level requirements and be updatable for evolving needs.

Though implementation was phased, Swiss Post Solutions was able to roll out the solution within just a few weeks because there was no need to deploy separate technology. The solution is configured and installed remotely; the services in the technology stack are virtual and can be quickly connected to the Swiss Post Solutions network.

Solution Benefits

Benefits of Swiss Post Solution's unified, global delivery network for document processing include:

- More than a scanning system, it can take input from anywhere, process it through a server, make a decision about what the document is, then route it according to language or other criteria.
- It enables standardizing the process and routing work across the various centers
- It enables a standardized operating model that allows a lift-and-drop model to various geographies.
 - Don't need to maintain local knowledge.
 - Can route a document from one location to another, as contracts require.
 - Can maintain centralized knowledge processing centers.
 - Can rapidly deploy new centers based on standardized build.

- It enables a DPO standard operating model and eliminates end customers' need for multiple scanning applications running different processes at multiple sites in various geographic regions.
- It enables moving from scan-to-archive to scan-to-process.

Two other benefits of a unified, global delivery network are productivity and costs. By applying the standardized approach of the DSP to other contracts, Swiss Post Solutions is seeing productivity gains of 30 percent or more because of ownership of the platform, automation and globalization. As the DPO provider's total cost of ownership reduces, it can reduce its clients' costs.

One of the world's leading financial institutions had 22 different systems for scanning; now it has just one standardized input model – through Swiss Post Solutions.

Building the Business Case and Successfully Turning a Vision into Reality

DPO providers like Swiss Post Solutions want to drive the business outcome for their clients. So why hasn't such a unified global delivery network solution been developed before? The reason is that value in outsourced solutions is always impacted by a customer's capability and the speed at which it can change.

Change management is the biggest risk factor in implementing an outcome based, unified, global delivery network solution. There will be an impact on the client's internal processes (such as electronic information going in different directions at once), and although many organizations talk about document management, they have not fully embraced the change involved in

achieving it. It requires strong leadership to deliver and successfully drive change in the way users think of the delivery of document services. The degree of change is easier to manage within geographic boundaries. Pan-European or global deals are far more challenging.

The bottom line: the DPO provider's client needs to be able to drive change and know its own ability to drive from aspiration to conclusion. If they have a clear approach to achieving their end goal and have top-down influences on how the organization focuses on the issues and benefits, there will be fewer change management challenges.

The Kofax Enterprise Capture Platform was key to getting from the vision to the Swiss Post Solutions DSP solution, because the platform resolves problems in change management with a large number of users, especially when they are geographically dispersed.

Factors Influencing Solution Success

- Recognizing cultural readiness and current model and aligning outsourcing strategy appropriately.
- Identifying the readiness (and weaknesses) of existing policies that support/underpin the initiative.
- A governance model that has as its centerpiece a transparent, performance based contract.

(Source: AIIIM)

Conclusion

In addition to the Enterprise Capture Platform, Swiss Post Solutions selected Kofax because it possessed key attributes that Swiss Post Solutions sought in a technology provider. Kofax was focused on a specific area of technology and will continue to invest in components for its technology. The company is global in nature. It is a DPO service provider itself, so it understands and embraces the concept of services. The two companies also enjoy a cultural fit, and Swiss Post Solutions and Kofax share common views on the evolution of DPO market.

Results of developing an outcome based, unified, global delivery network for document processing. To address trends in its clients' needs, Swiss Post Solutions sought to standardize processes across geographic and business unit boundaries and reduce operating costs by consolidating and centralizing services. These are also two of the top five trends identified in findings of AIIM research on customers' requirements for outsourcing solutions.

When two service provider companies join efforts to create a solution, it is crucial for them to develop a commercial and relationship model to ensure they work together without competing.

The Kofax Enterprise Capture Platform enabled these objectives but also was central to enabling an outcome based solution. Because the technology avoids the traditional approach, it provides a shortcut to implementation, allowing the DPO provider to deliver value quicker and employ an outcome based model.

When a DPO provider applies the Kofax technology to develop and support a unified, global delivery network, it gives the provider the following capabilities:

- Provides a capture infrastructure and platform across multiple countries, locations and languages (thus also enabling the provider's client's business transformation).
- Enables delivery of services from any environment (managed services, client's document center, etc.).
- Enables routing of documents by workstream, language or various other factors.
- Creates a standardized operating model, with maximum automation so the provider does not need to maintain local knowledge of the process or local staffing.
- Gives greater agility to react to clients' changing business needs.
- Enables an outcome based solution that allows the provider to offer a more sophisticated outcome based pricing model as opposed to an input based model.
- Provides the ability to add more value for customers (delivering more than a scanned image).

An important factor is that the global delivery network not only meets the needs of a DPO provider's existing clients but also results in the ability to work in conjunction with organizations to jointly develop new document processes, to identify potential areas for consolidation and standardization and to simultaneously develop the supporting business case.

About Swiss Post

Swiss Post Solutions offers a comprehensive range of document outsourcing services. Whether letters, documents, print media, logistics, direct marketing or dialogue solutions, from cost-effective standardised individual services, through to specifically tailored all-in-one solutions, you will find we are a partner to rely on.

With some 7,500 people working for us across Europe, North America, the Middle East and Asia we can offer you access to a logistics network that spans the globe. As a group Swiss Post Solutions provides physical & digital solutions across 14 countries and in 2008 processed in excess of 300 million images, handled 3.2 million calls, delivered over 1 billion personalised mailings and managed over 250 million postal items.

Swiss Post Solutions has been assisting organisations in managing their paper based documents for over sixteen years. Private and Public sector organisations have chosen to outsource their physical and digital document processing needs to us, utilising our capability to deliver services on, near of off-shore. By applying our knowledge and experience we have delivered significant business value to our clients by transforming their business processes and how they capture, apply and manage their corporate information.

www.swisspost.com

About Kofax

Kofax plc (LSE: KFX) is the leading provider of document driven business process automation solutions. For more than 20 years, Kofax has provided award winning solutions that streamline the flow of information throughout an organization by managing the capture, transformation and exchange of business critical information arising in paper, fax and electronic formats in a more accurate, timely and cost effective manner. These solutions provide a rapid return on investment to thousands of customers in financial services, government, business process outsourcing, healthcare, supply chain and other markets.

Kofax offers scalability from departmental to enterprise systems, from local to global deployments, from front office to back office applications. Our market leading technology provides a strong enterprise-wide platform on which to standardize all of an organization's document and forms capture processes.

Kofax delivers these solutions through its own sales and service organizations, and a global network of more than 700 authorized partners in more than 60 countries throughout the Americas, EMEA and Asia Pacific.

[For more information, visit www.kofax.com.](http://www.kofax.com)