«HYBRID WORLD»

Intelligent technologies are providing added stimulus for the automation of business processes in document management but the connection between the physical and the digital world still holds great challenges. This was the subject of the following interview with Jörg Vollmer, CEO of Swiss Post Solutions.

Connecting physical and digital documents world: Jörg Vollmer, CEO of Swiss Post Solutions.

BIM: The digital transformation is in full swing. How does the traditional processing of physical documents fit into this world?
Vollmer: Companies in virtually every industry have recognized the necessity of changing over to digital business processes but there is still a lot to do when it comes to putting the relevant systems into practice. It starts with the back office processes. Let's take online banking as an example. Experience in this sector has shown that only half of all bank customers use online banking. Half of these again still engage in physical transactions so they use paper checks or pay-in slips and would like to receive bank statements by post. The bottom line is that physical documents still account for 75 to 80 percent of the communications between banks and their clients.

BIM: But in terms of front-end integration, isn't it true to say that most financial services providers have already gone digital and are offering an innovative service for their clients?
Vollmer: Absolutely. But the problem here is the media discontinuity. Only 10 percent of the incoming documents can be processed fully automatically. The remaining 90 percent are received in digital format but are then printed out for further processing, and the information is entered manually into the existing IT systems. Customers who, at present, use an electronic form

to notify their insurance company of a change of address will benefit from the digital front-end system but what they do not know is that the digital transformation ends here.

» Jörg Vollmer has been CEO of Swiss Post Solutions since 2015. A banker by training, he previously headed up the Europe-wide BPO business at Hewlett-Packard for many years.

There is evidently a discrepancy here at most financial services providers between the vision of providing innovative customer service and operating efficiently with a focus on cost reductions and day-to-day value performance.

BIM: What is the situation like in other sectors?
Vollmer: The situation is similar at the health insurance companies, large legal advice firms and other service providers. At least two-thirds of the processes here are likewise affected by these media interruptions – even in the USA where we have large clients in the service sector, such as law firms. Things are a bit different in industry, however, because not so much end customer data is processed. Digital processes are more widespread in production where the work has always involved a lot of outsourcing and subcontracting.

BIM: The more contact a company has with the consumer, the less digital it is?

Vollmer: Yes, and this is easily overlooked in the general rush which comes with the euphoria in connection with digitization. Ultimately there is a tendency to underestimate two basic given factors in the companies, one of them being the hybrid consumption patterns of the end customers who still do not use digital channels to send the bulk of their inquiries, and the other one, as just mentioned, being the media discontinuity between digital and physical document management in the systems. Added to this is the multitude of old mainframe systems (legacy IT systems) which are harder to integrate into digital processes and which are frequently found in large companies.

BIM: And how can the digital world and the physical world be connected?

Vollmer: The baseline is not "either digital or physical" but "both digital and physical". In any event, we provide document processing services for companies on all channels, so it might be hard copies which are being scanned in the first step or it might equally be emails, mobile messages or social media messages – and still faxes.

BIM: But surely fax machines have virtually disappeared from offices now, haven't they?

Vollmer: I do see fewer and fewer of them. But let's not be deceived: there are still hundreds of thousands of fax machines out there. We process 1.5 billion documents per year for our customers which come in on paper. They are, however, being digitized, i.e. scanned, in the business processes of the customers at an increasingly early stage.

BIM: Do you have an example of this?

Vollmer: Well, we are currently engaged in a project at a large Swiss bank, for example, which receives 40 million pieces of correspondence per year through the various channels in digital form and on paper, all of which need to be processed, from emails and social media messages right through to faxes and letters. More than 14,000 different types of documents have been processed in a variety of ways until now. So a form submitted on paper is processed differently from an email, for example, but the common denominator is that everything is done manually. And this is exactly where we are seeing potential for automation. We are now completely reorganizing the processes together with the bank so that all the documents are processed in the same way and run through one single standardized process.

BIM: So a form submitted on paper and scanned is now processed in exactly the same digital format as an electronic one?

Vollmer: Yes. Various railway companies accept the refund requests and receipts sent in by passengers after train cancellations or delays in all forms, for example, and can then process them into a single digital database. As a result, the administrative and refund process is consistent and effective.

BIM: Which technologies are used in this case?

Vollmer: The conventional OCR text recognition programs are still used with standardized forms. Artificial intelligence (AI) is increasingly being used with communications written in free form – digitally or physically – in the guise of self-learning software which uses pattern recognition to read the texts, extract the information, and integrate it into the IT system. AI software can already recognize 80 to 85 percent of the content in letters, faxes or emails written in this way concerning changes of address or orders to purchase securities, for example.

BIM: In what other areas is AI being used?

Vollmer: It can be worthwhile, for example, to use AI with programs like Celaton, Watson, or Google Vision to read lease agreements which need to be changed in line with the amended IFRS accounting rules for lease contracts. One of the jobs in this case is to select the relevant information from the existing lease contracts. We also use AI software in the motor vehicle division of an English insurance company. It sorts thousands of customer emails every day and prioritizes them in terms of the urgency of sending a reply. So, for example, a change of address is not as urgent as a claim notification.

BIM: And the decision is made by the AI software?

Vollmer: Our AI solution, for example, works in two stages. It starts by detecting the category and priority level of all manner of emails from customers, such as claims, complaints or change of address notifications. Secondly, it decides where and how the matters need to be processed. Claim notifications will be forwarded to a member of administrative staff, for example. Change of address emails will be singled out for further automatic readout using AI software and further processing into a digital file for the central database. In future it will also be possible to incorporate handwritten documents automatically using AI.

BIM: And how is it even possible for such different channels to be integrated into the data warehouse?

Vollmer: The various data from all the sources are merged into single files in XML standard, as it is called, in which all the relevant information is structured and digitally listed. These are then transferred using robotic process automation software without manual intervention into the core systems, such as exist at a bank or insurance company.

BIM: Does a system of this kind also allow flexible output formats – such as printouts on paper if requested by the customer?
Vollmer: Yes, the situation at one of our customers, Deutsche Bahn AG, is such that the employees can choose to have their pay slips or travel expense statements delivered in classic paper form or in secure emails.

BIM: How much still needs to be entered manually?
Vollmer: A lot. Of our 7,000 employees, around 1,500 work in our offshore center in Vietnam entering the data which cannot be read automatically. We record documents for many DAX companies in Germany, such as purchase orders or cancellations, and control business processes extending to the repayment of prepaid credit for a well-known telecommunications provider. In Vietnam we can process documents in 36 different languages.

BIM: Do call centers also count towards these business processes?
Vollmer: No, we do not record the spoken word, but we handle all the administration involved in the end-to-end processing of documents. What is important is to standardize the way in which business processes are managed anywhere in the world – whether in Switzerland, Germany, London, Singapore or New York. We operate in a 24-hour time frame, 365 days a year.

BIM: Where does automation have its limits?
Vollmer: We are not assuming that everything will be completely automated in companies. A line will always be drawn in future at the point at which a human is seen to be more efficient or faster than a machine. There will still be some end-to-end processes requiring manual onshore or offshore input and others which can be fully automated.

BIM: What role do chatbots play?
Vollmer: Clearly structured data and processes are required for this technology as well. For example, it works well at PostFinance, one of the leading banks in Switzerland, where chatbots help with frequently recurring tasks, such as telephone queries from customers asking about their account balance or checking whether their salary has gone in. Despite online banking, these calls come in thousands of times every month.

BIM: When will digital processes completely replace the physical information carriers?
Vollmer: This may take a very long time yet. Clearly, it is beyond dispute that the transport of information on paper is in decline. We estimate that it will fall from its current level of about 80 percent by an average of three to five percent per year. At this rate, we will still be living for many more years in a hybrid world in which companies have to take account of both the digital and the physical behavior of their customers.

» Company profile: Swiss Post Solutions (SPS)
Swiss Post Solutions (SPS) is a leading international provider of innovative digital and physical document management services – including robotic process automation and artificial intelligence – and of business process outsourcing solutions. The Zurich-based subsidiary of Swiss Post supports companies in more than 20 countries (Europe, Asia, USA) in the digital transformation and employs around 7,000 people worldwide.

Digitization at a major international financial institution: Early scanning before any further processing.
Documents are first scanned at the bank before they are routed to other business processes
Source: Swiss Post Solutions