



MADISON **ADVISORS**

MULTI-CHANNEL DELIVERY MARKET STUDY, 3RD EDITION

A Madison Advisors Report / April 2013



TABLE OF CONTENTS

Introduction	3
Study Sponsors and Participants	6
Research Methodology	9
Report Overview	11
Executive Summary	12
Section I - Research Findings and Trends	16
1. The Impact of Print Suppression on Decision-Making	17
2. Business Drivers Behind Print Suppression	18
3. Print Suppression Goals	20
4. Budget Allocation for E-Delivery Messaging	22
5. Top-Level Management	24
6. Customer Communications Strategy	26
7. Convincing Customers to Go Paperless	28
Consumer Survey - Views on E-Adoption Messaging and Channels	30
8. Corporate Programs for Print Suppression	32
Consumer Survey - Views on E-Adoption Factors	34
Consumer Survey - Preferred Devices	35
Consumer Survey - Preferred E-Delivery Channels	36
9. Document Retention and Online Availability	38
Consumer Survey - Preferred Document Retention	40
10. Customer Preference Management	41
11. Reversion Tracking	43
Consumer Survey - Fee Risks and Customer Dislikes	45
12. Print Suppression for E-Adopters	47
13. Transaction Print Outsourcing	48
14. Capital Budgeting	50
15. Cost Savings	52
16. E-Delivery Outsourcing	53
17. Consumer Factors in Print Suppression and Multi-Channel Adoption	55
18. Digital Postal Mail	58
Consumer Survey - Digital Postal Mail Usage	60
SECTION II - Study Conclusions and Market Projections	62
Appendix A - Study Authors	65
Appendix B - About Madison Advisors	66



LIST OF TABLES

Table 1 - End-User Study Participants.	2
--	---

LIST OF FIGURES

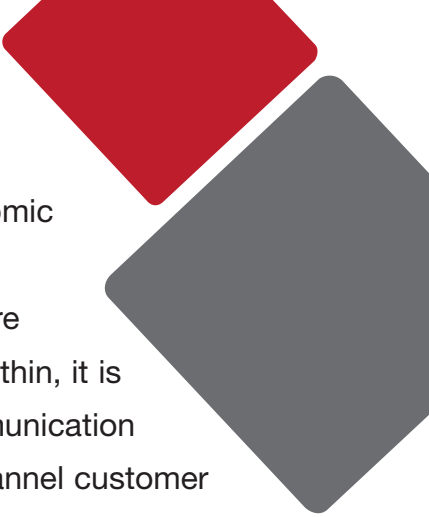
Figure 1 - Impact of Print Suppression on Decision-Making.	17
Figure 2 - Business Drivers Behind Print Suppression	18
Figure 3 - Print Suppression Goals	20
Figure 4 - Budget Allocation for E-Delivery	22
Figure 5 - Top-Level Management.	24
Figure 6 - Customer Communications Strategy	26
Figure 7 - Convincing Customers to Go Paperless.	28
Figure 8 - Corporate Programs for Print Suppression.	32
Figure 9 - Document Retention and Online Availability	38
Figure 10 - Customer Preference Management.	41
Figure 11 - Reversion Tracking	43
Figure 12 - Print Suppression for E-Adopters	47
Figure 13 - Transaction Print Outsourcing	48
Figure 14 - Capital Budgeting	50
Figure 15 - Identified Cost Savings	52
Figure 16 - E-Delivery Outsourcing	53
Figure 17 - Consumer Factors Affecting Multi-Channel Delivery	56
Figure 18 - Digital Postal Mail Services	58

INTRODUCTION

The Madison Advisors' Multi-Channel Delivery Market Study, 3rd Edition (2013) is a continuation of the series that began in 2009 as the 'Print Suppression Market Study'. In 2011, the study title was updated to 'Multi-Channel Delivery Market Study'. While we have changed the name to more accurately reflect the multi-channel nature of the study, our focus remains on gauging how the market is progressing in substituting electronic - or multi-channel - content as a replacement for printed, post-sale transaction and customer care documents. The study also focuses on the strategies and techniques that enterprises are using to manage their multi-channel offerings, and the results of these efforts.

One important addition to the 3rd Edition of this series is the inclusion of consumer survey data regarding e-delivery preferences. Where noted, Madison Advisors has compared the views of our enterprise respondents with the results of a consumer survey of 800 adults in the US, ages 23-65, with a household income of at least \$50,000/year. The survey population was designed to generally reflect the potential retail, utility, banking, insurance and financial service customer in the US, and can be considered a reasonable proxy for the customers of our study participants.

The year and a half since the previous study has been a period marked by some paradoxical extremes. While recovery from the global recession remained very slow in 2012, the growth of new electronic devices and channels and the adoption of mobile personal computing continued to grow at a record pace. 88% of Americans own a cell phone, 55% own a mobile smartphone, 25% own a tablet device, and almost 80% have broadband internet access in their homes.




While consumer adoption of electronic channels is continuing to grow, economic pressures continue to heavily influence the business of enterprise transaction print. The market continues to face severe pricing and cost reduction pressure and commercial margins remain slim. With budgets and workforce stretched thin, it is quite difficult for organizations to reach their e-adoption, multi-channel communication goals, especially in light of the growing customer demand for a rich multi-channel customer experience.

In the 2011 study, we characterized digital postal mail as an emerging technology that was poised to see broad consumer adoption through the appeal of its feature set and through strategic partnerships with enterprises and print/mail outsourcers. We believe digital postal mail is still positioned to be a key enabler in the next wave of multi-channel adoption, but as of this report, widespread consumer adoption has not occurred and the network of partnerships is still being built. Digital postal mail providers continue to search for their place in the fast-changing ecosystem of multi-channel solutions.

Innovation in driving print suppression is not readily apparent in the enterprise space - programs, incentives, strategies, and techniques remain largely unchanged since 2009. While the quantity and type of documents, messages, and information available online has increased significantly, the enterprise has not yet found the “magic bullet” to drive meaningful, permanent suppression of print.

Madison Advisors’ believes that the pivot point we predicted in 2011 has passed, and in 2012 we reached a plateau of print suppression rates driven by e-adoption. The “first wave” of e-adoption brought us to the average conversion rates we see today, and these rates have generally reached a point of diminishing returns in the last 18-24 months. The programs, strategies and incentives that drove growth in print suppression rates for the last five years are now generating less effective results, and print suppression rates have generally stalled. In addition, many e-adopters in the first wave opted in to e-delivery but simply did not choose to stop the printing and mailing of most transaction documents.



The “second wave” of multi-channel adoption, driving further print suppression, is likely to be fueled by a broad customer acceptance of digital postal mail capabilities, which is also likely to be influenced by other environmental factors, like the state of privacy and security on the Internet and the fate of USPS business mail services. It will also be driven by the ability of providers to meet ever-growing consumer expectations for ease of use, mobility, and integration with existing consumer cloud services. How this market space plays out will be an important factor in the future of multi-channel adoption.

This report presents the results of our Multi-Channel Delivery Market Study, 3rd Edition, with data gathered in Q1 2013. We take a new look at the state of e-delivery and print suppression, as well as the challenges that companies face along the way.

Where appropriate we have retained questions from the 2009 and 2011 studies and provided a comparison across the periods. We have also added questions to address some of the emerging technologies and shifts in market attitudes.

The result is a better understanding of where e-delivery and print suppression are today and broader insight into where the future may take us. We look forward to seeing where the market is in 2014.

STUDY SPONSORS AND PARTICIPANTS

This study would not have been possible without the support of the study sponsors, and the end-user organizations that participated in the market research portion of the study. Madison Advisors thanks all of these organizations for making this important update to the original study possible. In appreciation of their dedication to the success of this effort, an advance presentation of the study results was provided to the project sponsors.



SPONSORS

The sponsors of this study - Digital Postal Mail, from Zumbox, Volly, from Pitney Bowes and Broadridge - provided support for the research effort, including topic direction, and survey input for consideration by the Madison Advisors' research team.



DIGITAL POSTAL MAIL has revolutionized the way to deliver paper mail digitally. As the leader in migrating traditional postal mail to the digital cloud, Digital Postal Mail is the first secure digital mail delivery platform that allows businesses to deliver transactional mail electronically to their customers' digital mailboxes. As the only PCI compliant digital mail delivery company, Zumbox uses a unique postal address verification system to electronically deliver to 120,000,000 consumers' households in the United States. Mailboxes are available for free to all U.S. consumers. Sign-up for a free Digital Postal Mailbox at: www.digitalpostalmail.com.



VOLLY, from Pitney Bowes is a cloud-based, digital mail communications platform. With Volly, Pitney Bowes provides mailers with the first secure, multi-channel mail experience built around your needs - and consumers' lives. This physical and digital mail solution integrates digital delivery and electronic payments into existing production mail workflows - and builds upon the existing relationships between Pitney Bowes and 74 percent of the nation's high-volume transaction mailers. The Volly service is a landmark innovation that can help mailers connect more efficiently, economically and effectively with their customers. For more information go to www.volly.com.



BROADRIDGE is a leading full-service outsourcing provider to the global financial industry, capable of meeting the most demanding requirements for efficient, secure and scalable operational support. Our reach spans the world, and encompasses an extensive array of services - from account opening and securities transaction processing to investor communications as well as full operational staff outsourcing. A steadfast source of processing support, we help financial services institutions and public companies increase productivity, streamline operations, enter new markets with new products more quickly, drive down back-office costs and better manage risk. For more information go to www.broadridge.com.

STUDY PARTICIPANTS

Table 1 below, reviews the end-user organizations that participated in this market study. Without the commitment of these organizations, as well as the time and effort of key individuals within each organization, this study would not have been possible.

INDUSTRY	PARTICIPANTS	ANNUAL REVENUE	ANNUAL MAIL PACKAGES	NUMBER OF ACCOUNTS
Banking & Credit Cards (50% of respondents)	Bank of America BB&T Wells Fargo JPMorgan Chase Sun Trust A top-ten commercial bank	\$10B+	78MM To 1.7B	20MM To 75MM
Financial Services (17% of respondents) (investment houses, broker/dealers, & asset management firms)	Ameriprise Vanguard	\$50MM To \$10B+	24MM To 265MM	5MM To 80MM
Insurance (33% of respondents) (property & casualty, life, health, & annuities)	Allstate Mutual of Omaha Nationwide Prudential	\$5B To \$10B+	7MM To 265MM	3MM To 17MM

Table 1 - End-User Study Participants

RESEARCH METHODOLOGY

Madison Advisors' Multi-Channel Delivery Market Study, 3rd Edition was designed to examine Fortune 500 market interest and activity in the area of customer communications e-delivery and suppression of corresponding printed pages.

Over the course of this study, Madison Advisors researched the electronic displacement of the current hardcopy distribution of customer communications and the print suppression rates of those documents, initiated either by customers or by organizations. To do this, we engaged study participants (see “Study Participants” on page 8) in an online survey designed to capture detailed information and trends across five areas:

- **Business Drivers** - why businesses are pursuing print suppression
- **Customer Communications Strategy and Management** - how companies view, organize, and manage print suppression efforts
- **Adoption Strategy** - programs, issues, barriers, and tactics companies are utilizing to move consumers to electronic distribution
- **Operational Tactics** - how companies are dealing with cost, resource, and implementation issues
- **Market Drivers** - adoption rates and economic impact

To our knowledge, this remains one of the more detailed surveys on paperless communications to date, and we are grateful to the participants for taking the time necessary to complete the survey.

Not all questions from the 2009 and 2011 surveys were repeated. In some cases prior questions no longer offered the insight we were seeking, and in some cases the questions were rendered meaningless by technology, environmental, or market changes. Where appropriate we have provided comparisons to the relevant 2009 and/or 2011 data. We added some questions in 2012 to address new and emerging topics.

Once our research efforts were complete, the Madison Advisors' research team conducted a thorough analysis of the findings and developed this report. Through this report, we share the key study findings and relevant market trends, as well as our projections on where the multi-channel delivery market is headed in both the near and long term.

We note that the sample size in this survey is small and the results cannot be taken as representative of the entire market. However, the sample does offer insight into how many of the largest players in the Banking, Financial Services, and Insurance industries are progressing in their move to multi-channel delivery.



REPORT OVERVIEW

The market trends and key findings identified by Madison Advisors over the course of this study are presented across the following sections:

- **Executive Summary:** An overview of the key findings, market direction, and Madison Advisors' analysis on the trends identified over the course of this study.
- **Section I - Research Findings & Trends:** A review of the significant findings and print suppression market trends uncovered over the course of this market study.
- **Section II - Study Conclusions & Market Projections:** Madison Advisors' final thoughts on the current and future state of multi-channel delivery.
- **Appendix A - Study Authors:** Background information on the Madison Advisors' analysts who contributed to the study.
- **Appendix B - About Madison Advisors:** Background information on Madison Advisors.



EXECUTIVE SUMMARY

Madison Advisors' Multi-Channel Delivery Market Study, 3rd Edition findings indicate that, overall, survey respondents remain committed to the aggressive print suppression goals they reported in our 2009 survey, with half of all respondents expecting to reach overall suppression rates between 25% and 50% by 2014.

Certain specific, low-value applications - such as trade confirmations - have been shifted almost entirely to electronic channels, but many companies still have difficulty accurately tracking true suppression rates due to gaps in preference management and reversion tracking. Despite this, we estimate the average, overall print suppression rate for most companies remains below 20%.

Business drivers, or the primary motivations for e-adoption among participants, remain much as they have been since 2009. While reducing postal spend remains the leading driver, there has been a broadening of focus to encompass operating expenses and other ancillary costs. The importance of an improved customer experience has increased only slightly, and is still not a dominant business driver.

Adoption tactics and corporate programs also remain much as they have been since 2009. There has been an increase in tying customer experience programs to multi-channel initiatives, but little innovation or experimentation appears to have occurred.

Strategic focus on e-adoption among study participants has increased markedly vs. 2011, with almost double the rate of companies (70% in 2012 vs. 40% in 2011) reporting that a formal and effective strategy is in place to manage multi-channel customer communications. However, very few companies have top-level leadership focused on these objectives, with only 23% reporting a C-level officer with direct responsibility for them.

Participants are significantly limiting their pursuit of new print/mail outsourcing opportunities vs. previous years, with only 33% reporting any plans to change their outsourcing arrangements. Interestingly, all of the participants who are planning a change in outsourcing are planning a decrease in their level of outsourcing either through elimination of print volumes or by bringing the work in-house.

Participants are also limiting their e-delivery outsourcing plans for the next two years, with only 18% planning a change, but conversely, in this case all of these companies plan to increase their level of outsourcing.

The key findings from the study are listed on the following page.

KEY FINDINGS

- Over 90% of respondents are considering the impact of print suppression when making strategic decisions about multi-channel customer communications.
- Reducing postal spend remains the No. 1 business driver, but the importance of an improved customer experience is starting to be recognized.
- The majority of companies have three-year print suppression goals of 26%-50%, standing by their 2009 projections. A growing number of companies are targeting even higher suppression rates (51%-75%). Yet, actual print suppression appears to be stalled.
- 67% of respondents still do not have a top-level officer responsible for the customer messaging process, down from 76% in 2011.
- Strategic focus is improving, with almost 70% of respondents reporting that a formal, effective customer communications strategy is in place, up from 40% in 2011.
- Web promotions remain one of the most effective mechanisms for convincing customers to go paperless. The use of fees to discourage printed transaction documents continues in many cases. No single messaging strategy shows a particularly strong rate of effectiveness.
- 50% of respondents now make 100% of their customer communications available online, with almost 85% making at least half their communications available, representing strong growth in this measure since 2011.
- The percentage of respondents that do not manage customer preferences at all dropped from 10% to zero, but 50% of respondents still struggle with multiple, disparate preference systems.

- Almost 45% of respondents are now reporting slight to no appreciable print volume reductions from paperless initiatives. 33% of respondents have been able to make some equipment reductions associated with paperless initiatives, up from 11% in 2011.
- Only one-third of respondents are planning any change to their print/mail outsourcing arrangements in the next 2 years, and all of these companies plan to decrease their level of print/mail outsourcing. Of the two-thirds who will not make any changes, half do not outsource any print/mail work, and half outsource at least some work.
- Only 18% of respondents are planning any change to their e-delivery outsourcing arrangements, and all of these companies plan to increase their level of e-delivery outsourcing. Of the 80+% that will not make any changes, half do not outsource e-delivery services, and half outsource at least some services.
- No respondent is working with any of the current digital postal mail providers, but 20% said they plan to do so in the next two years.



SECTION I -

Research Findings and Trends

In this section, Madison Advisors reviews the significant findings and trends that we uncovered over the course of the study. They span the following topics:

1. The Impact of Print Suppression on Decision-Making
2. Business Drivers Behind Print Suppression
3. Print Suppression Goals
4. Budget Allocation for E-Delivery
5. Top-Level Management
6. Customer Communications Strategy
7. Convincing Customers to Go Paperless
8. Corporate Programs for Print Suppression
9. Document Retention and Online Availability
10. Customer Preference Management
11. Reversion Tracking
12. Print Suppression for E-Adopters
13. Transaction Print Outsourcing
14. Capital Budgeting
15. Cost Savings
16. E-Delivery Outsourcing
17. Consumer Factors in Multi-Channel Adoption
18. Digital Postal Mail

1 - The Impact of Print Suppression on Decision-Making

Is print suppression playing a role in the future direction of your multi-channel customer communications strategy?

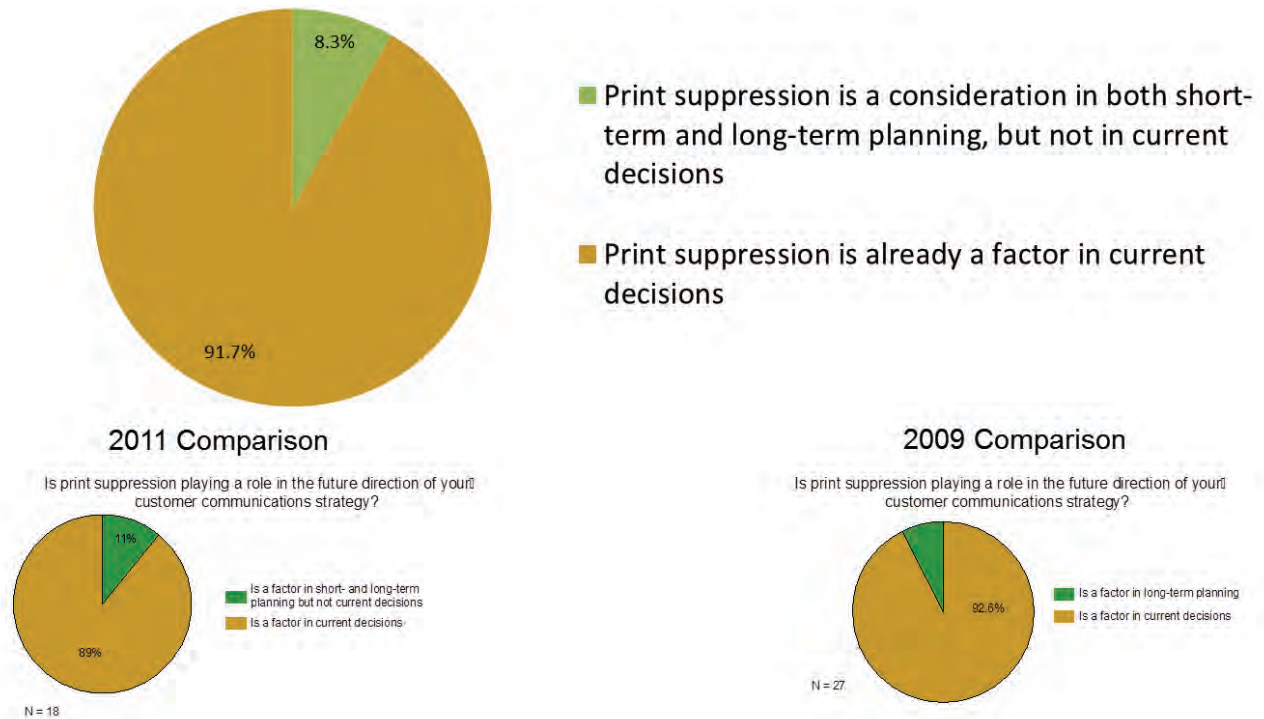


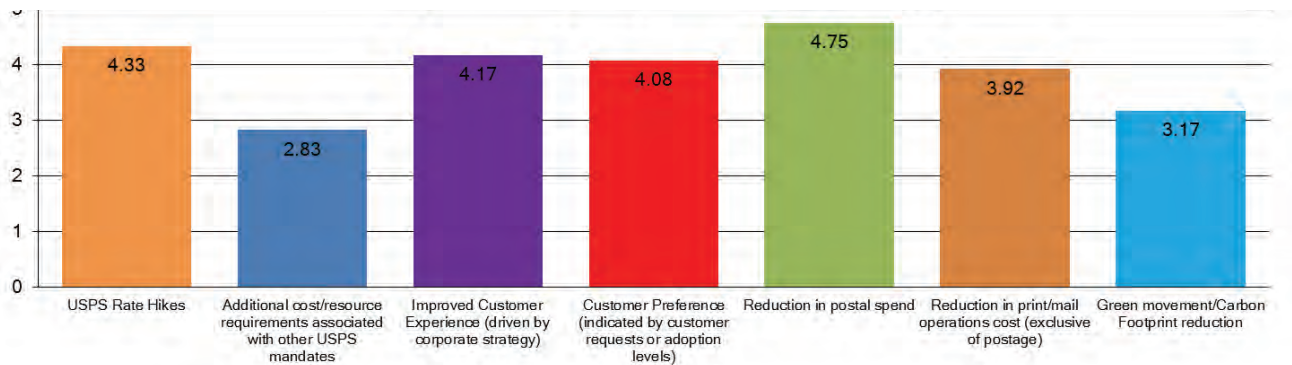
Figure 1 - Impact of Print Suppression on Decision-Making

This question probes the importance of print suppression in driving the multi-channel strategies of our participants. The results reinforce the fact that enterprises, while perhaps still focused on improving customer experience through their multi-channel offerings, are highly motivated to suppress print volumes when making strategic decisions about their multi-channel investments. Over 90% of respondents indicate that print suppression goals play an important role in their future multi-channel roadmap.

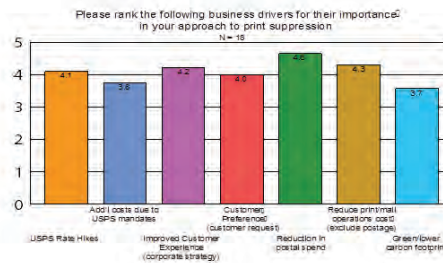
There is no significant change from previous studies - with 92% reporting in 2009 and 89% in 2011. The overall message is clear - approximately 90% of companies use print suppression objectives in their current, short-term decision-making, whether it be for software/hardware purchases or deciding which consumer programs to develop, implement and promote.

2 - Business Drivers Behind Print Suppression

Please rank the following drivers for their importance in your approach to increasing e-delivery adoption and suppression print:



2011 Comparison



2009 Comparison

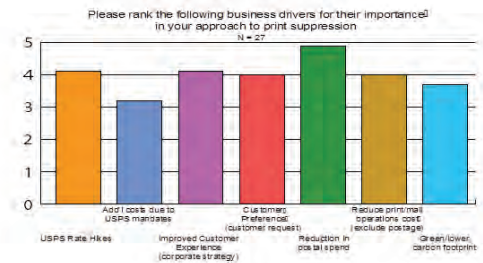



Figure 2 - Business Drivers behind Print Suppression

Digging deeper into the impact of print suppression on enterprise multi-channel strategies, this question ranks various business drivers by their relative impact on print suppression strategies. No participants suggested additional business drivers in their responses, indicating that these are a relatively complete set of business drivers to consider.

“Reducing Postal Spend” continues to dominate the category maintaining its very high top score of 4.75. The related issue, “USPS Rate Hikes” continues to hold a strong second place. The results indicate the very strong impact of postal cost reduction goals on the strategies of our participants.



Paired with the results presented in Section 1, we see a clear message that print volume reduction and the associated postage savings it accrues are a dominant influence on the investments made in people, technology and equipment associated with multi-channel strategy. This focus is amplified in the 2012 results, where “Reduction in print/mail operations costs (ex. postage)” and “Green/Carbon footprint reduction” continue to fall in importance vs. previous years. “Improved Customer Experience” and “Customer Preference” maintain their mid-field positions vs. previous years, but there is no indication that these business drivers are moving to the top of the objectives list.

3 - Print Suppression Goals

What is the maximum level of print suppression (as percentage of total print impressions) your organization expects to attain over the next three (3) years (across all applications and business units)?

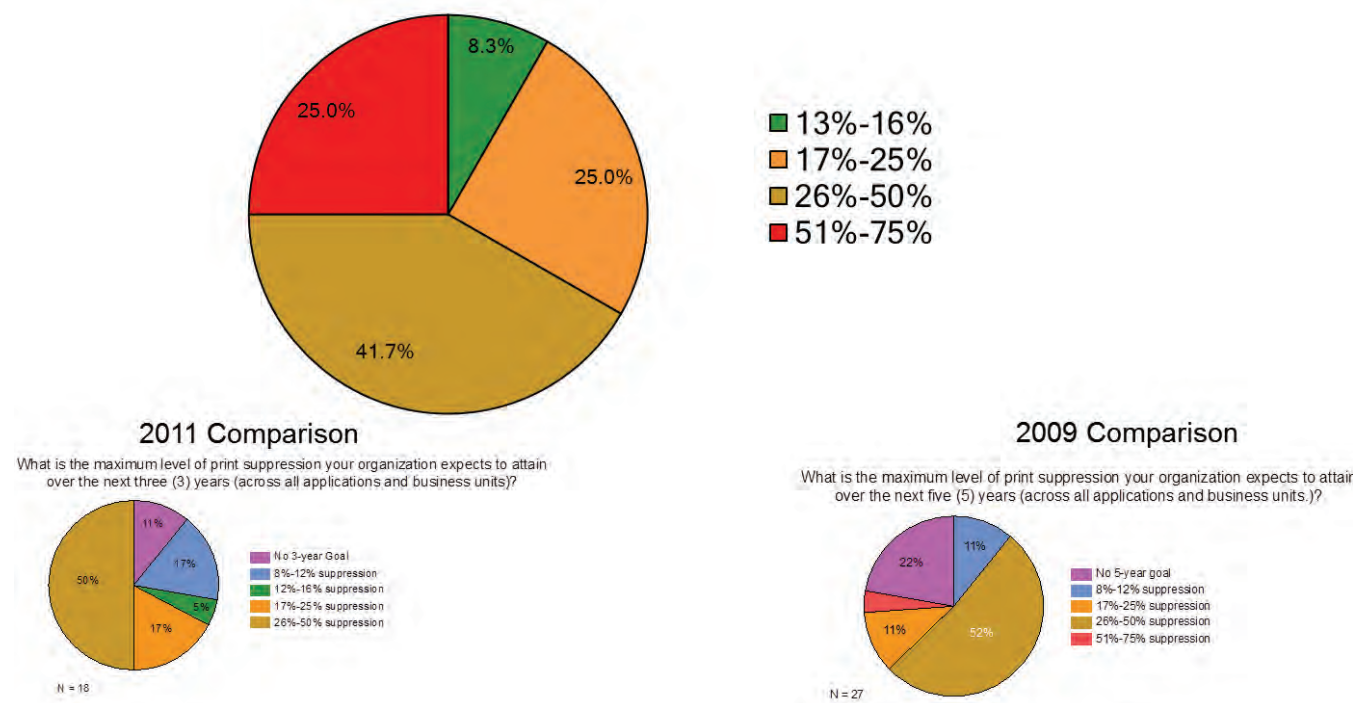
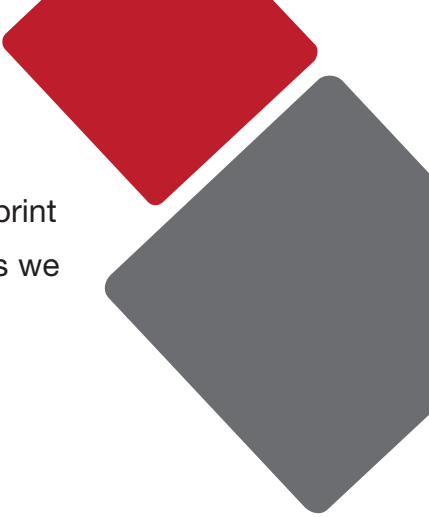


Figure 3 - Print Suppression Goals

This question explores the print suppression targets that enterprises have set for themselves over the next three years. In 2009, the question was asked on a five-year horizon. Feedback from prior participants indicated that a three-year horizon was the most appropriate for print suppression goals.

The evolution of the responses from 2009 through 2012 shows a clear trend. Enterprises are formally adopting specific print suppression goals for their organizations, with most in the 26%-50% range. It is notable that one quarter of our respondents indicated a target as high as 51%-75% suppression. The categories “No 3-year goal” and “8%-13%” categories, where 33% (2009) and 28% (2011) of participants previously fell, are now completely evacuated.



Overall, respondents appear to be increasing their expectations for targeted print suppression levels. Companies still face challenges in reaching their goals, as we will see in the following data, but the intentions of most survey respondents seem firmly set on reducing transaction print by 25%-75% by 2015.

4 - Budget Allocation for E-Delivery Messaging

**How much of your current messaging budget is allocated to e-delivery channels
(across all business areas)?**

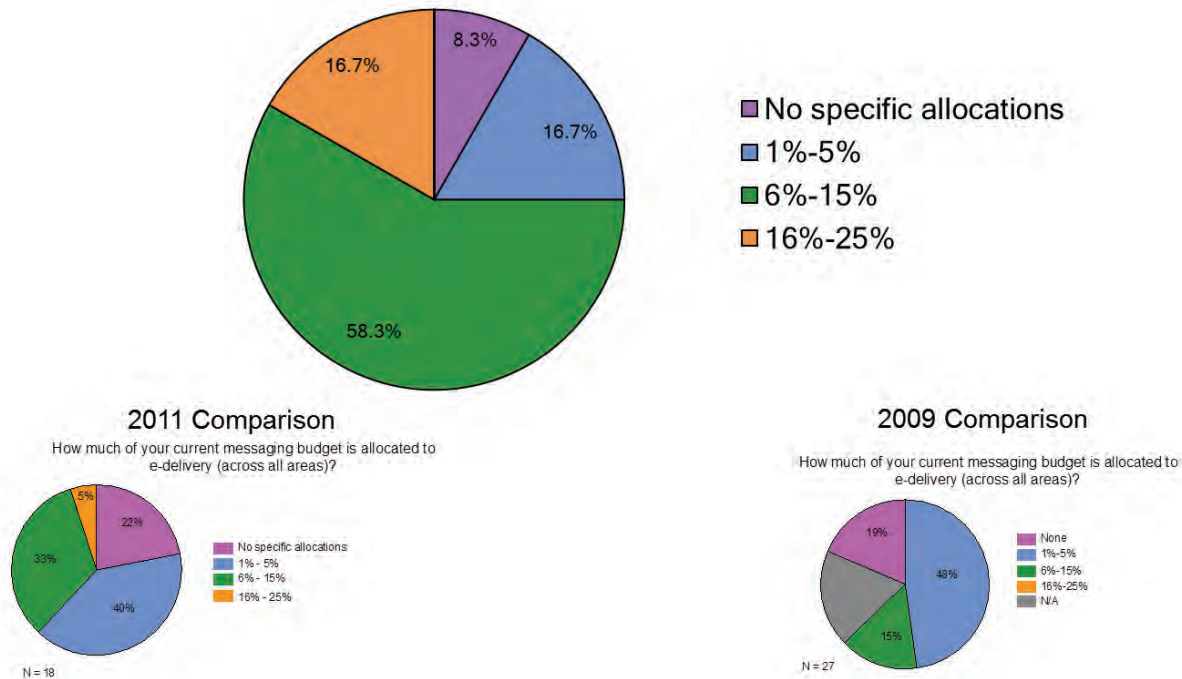


Figure 4 - Budget Allocation for E-Delivery Messaging

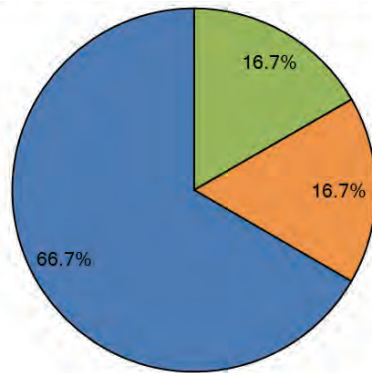
This question asks our participants to identify the portion of their messaging budget that is being aimed at promoting e-delivery. Consistent with other indicators, the 2012 results for this question imply an accelerating focus on driving customers to paperless e-delivery through upsell and cross-sell messaging.

From a start in 2009, where 37% of respondents provided either “No Answer” or reported “No Specific Allocations” (19%), the 2012 results show only 8% of participants with no specific e-delivery messaging budget allocation. In addition, the results indicate continued growth in the overall budget for e-delivery messaging from 2011 to 2012 with a large increase in the 6%-15% category and a three-fold increase in the 16%-25% category.

This increase in budgeting reflects an increasing maturity in approach to multi-channel delivery. Companies are now recognizing cost savings and are formalizing their budgeting in order to drive more effective multi-channel usage and in order to track the results.

5 - Top Level Management

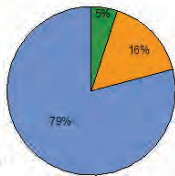
Does your organization have a Chief Communications Officer, Customer Experience Officer, or other executive with direct responsibility for all customer communications?



- Yes, we have a C-level officer
- Separate C-level officers
- No, we do not have a C-level officer

2011 Comparison

Does your organization have a Chief Document Officer, i.e. a senior executive with direct responsibility for all customer communications - inbound and outbound?

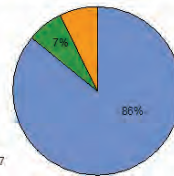


N = 19

- Yes, we have a C-level document officer
- Separate C-level officers for inbound/outbound
- No, we do not have a C-level document officer

2009 Comparison

Does your organization have a Chief Document Officer, i.e. a senior executive with direct responsibility for all customer communications - inbound and outbound?



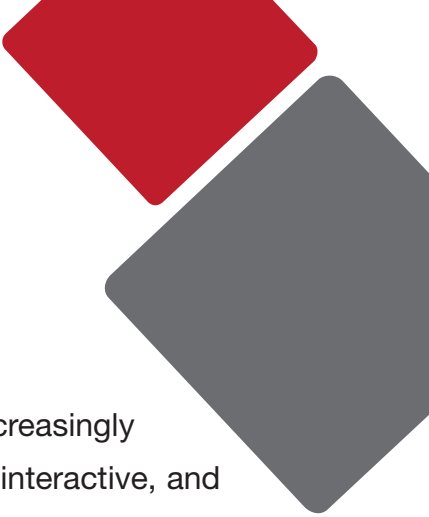
N = 27

- Yes, we have a C-level document officer
- Separate C-level officers for inbound/outbound
- No, we do not have a C-level document officer

Figure 5 - Top Level Management

A potential barrier to reaching print suppression goals is the low-level of involvement by senior management. This question helps determine whether multi-channel strategies and print suppression, as overall initiatives, have visibility at the top levels of organizations.

Overwhelmingly, the answer is still no. There has been a measurable shift since the 2011 results, with a net change of approximately 10% of participants moving from the “No” category to the “Yes, we have a C-level officer” category. This is a positive trend, of course, but still leaves a full two-thirds of enterprises without C-level leadership driving multi-channel strategies, customer messaging, and e-delivery.



As in 2011, companies with such an officer are among the top performers in suppression rates, as would be expected when senior management shows a direct interest in results.

The need for a top-level, strategic view of all customer communications is increasingly important. Customer communications are becoming more fragmented, more interactive, and taking place over an increasing number of channels. Managing this in separate departments, across multiple business units will be a major challenge for enterprise operations over the next decade.

6 - Customer Communications Strategy

Does your firm have a formal strategy for customer communications?
Formal is defined as being standardized across business units, with documented goals and objectives, and active enforcement measures.

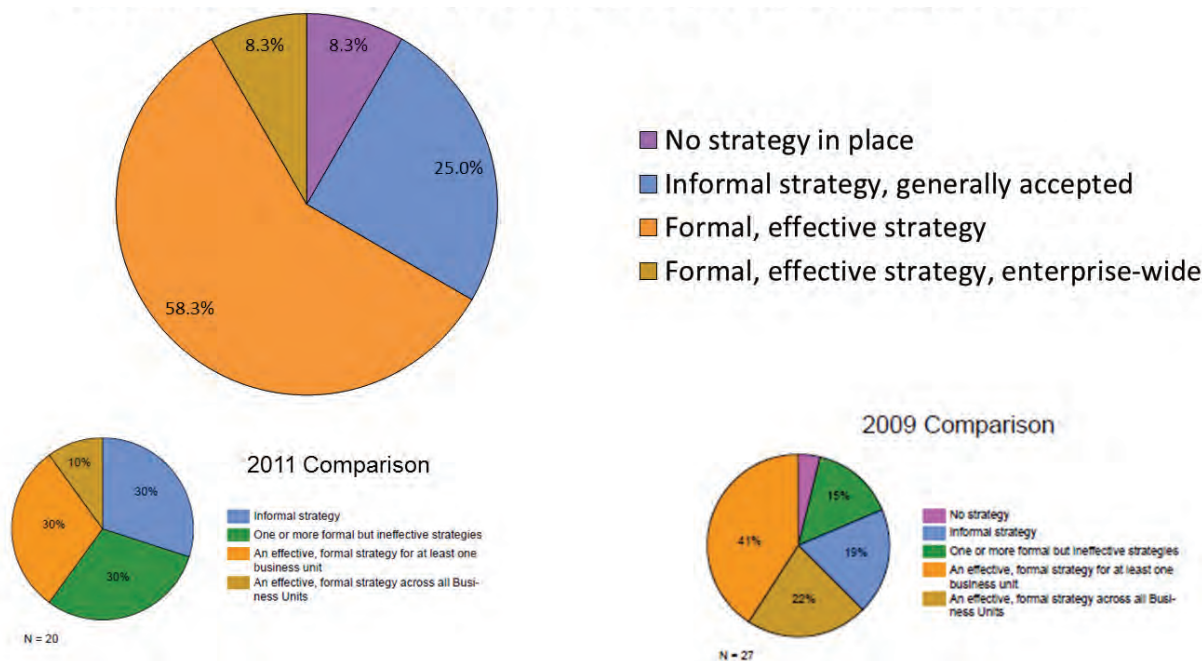
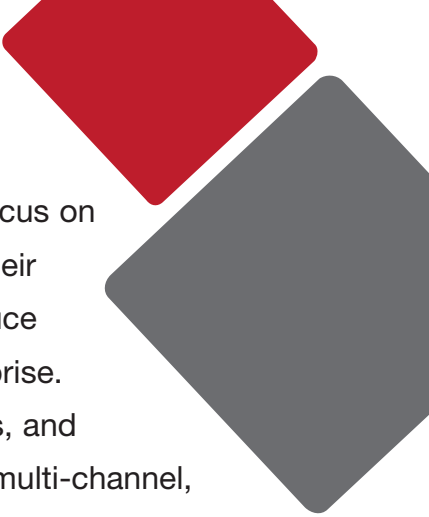


Figure 6 - Customer Communications Strategy

This question asks participants to classify their customer communications strategy, ranging across the spectrum from informal to formal and enterprise-wide. While 2011 results showed a momentary straying from the path, 2012 results indicate that enterprises are back on track with the development and deployment of more formal customer communication strategies.

In the change from 2011 to 2012, we essentially see one-third of participants moving from the category of “One or more formal strategies, ineffective” to the “formal, effective strategy” category. This indicates the maturation of formal but ineffective customer communication strategies. This is perhaps offset by the reemergence of participants with no strategy in place in 2012, but this is to be expected as organizations change leadership and focus, resulting in the occasional lapse into a lack of strategic clarity.



Overall, we see enterprises with slightly improving budgets and a renewed focus on driving valuable customer communications, who also remain committed to their aggressive print suppression goals and are under increasing pressure to reduce the cost of print. There is clearly an increase in focus and effort by the enterprise. However, as this study will show, results continue to miss target expectations, and companies may be reaching a point of diminishing returns with their current multi-channel, e-adoption and print suppression strategies.

7 - Convincing Customers To Go Paperless

A variety of methods have been used to entice customers to switch to paperless, but the most popular methods have not necessarily proven to be the most effective. The three-bar graph, below, shows the percentage of companies using each of the methods, the frequency of use, and the method's overall effectiveness. In 2012, we added Fee/Cost (disincentives to customers) and Consolidate (offer consolidated communications) based on the feedback of previous participants.

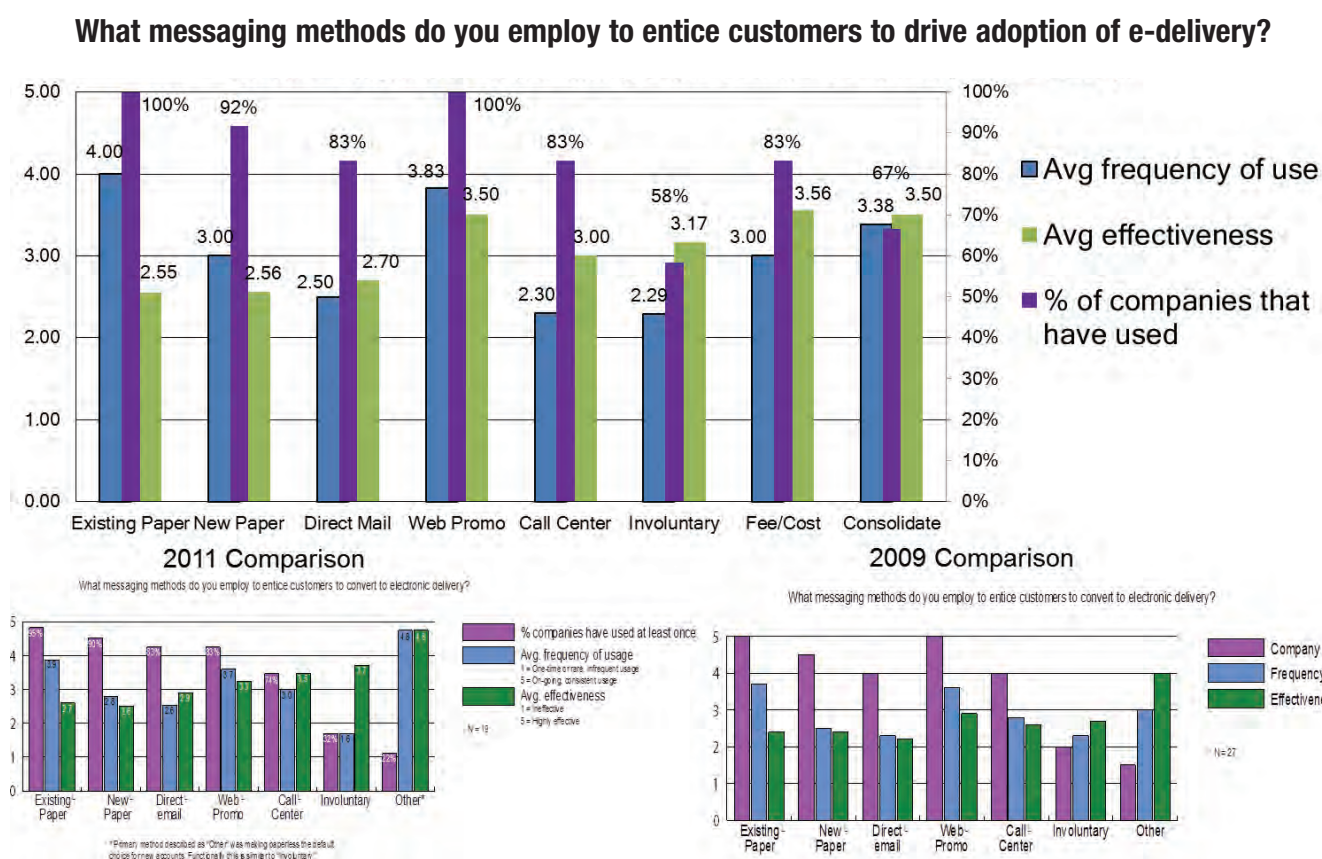



Figure 7 - Convincing Customers to Go Paperless

Madison Advisors' analysis of this measure since 2009 has consistently indicated that the methods enterprises are pursuing to drive customers to paperless delivery are generally not very effective. The 2012 results indicate a very similar pattern of use and effectiveness, with most organizations trying similar things, and only 2 or 3 methods with above average performance. There is not one method listed that reached the "very effective" ranking.



Printing “Go Paperless” messages on existing paper - e.g. the back of envelopes - is one of the most common methods used to date. It is ineffective, but since the marginal cost is zero, any gain is a bonus. Surprisingly, printing a message on net new paper - e.g. inserting a buck slip into a bill or statement - remains very popular. It is even less effective but costs more money. Companies should not do this unless they have a compelling, well thought-out offer. Currently it seems few of them do.

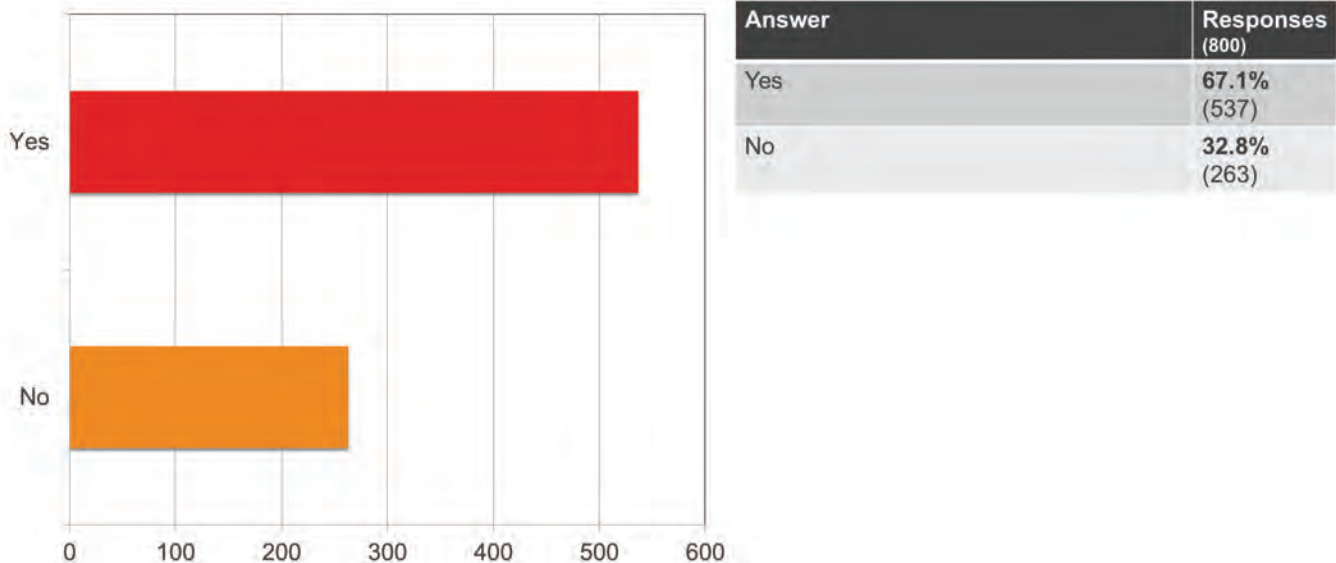
Web-based promotions are even more popular and modestly more effective than in 2011, with 100% of respondents saying they've used this approach. The web-based category is broad, and Madison Advisors will continue to expand on this area through sub-categories in future studies. Anecdotally, we observe that these are typically messages included in online account screens, or messaging shared through email that bring the customer back to an online account. This method, while only slightly above average ineffectiveness, remains a good way to reach those consumers who are already online and likely to switch.

The perceived effectiveness of the call center conversation dropped measurably, from 3.5 in 2011 (ranked 3rd in effectiveness) to 3.0 in 2012 (ranked 5th). As channels and devices become more ubiquitous, and even the traditionally slow adopters begin to conduct some business online, the call center conversation becomes less common and less effective. A poor call center experience has become a common cultural touchstone, and even when customers do connect in this way they are often not receptive to making a change in service.

A small percentage of companies listed other methods - predominantly setting “paperless” as the default choice for new customers upon sign-up - essentially creating an opt-out system. Since the majority of respondents do not track reversions to paper, the effectiveness of this method in the long-term is not clear, but informally this method appears to have better-than-average participation upon initial sign-up.

Consumer Survey - Views on E-Adoption Messaging and Channels

Are you interested in hearing about benefits of going paperless from your bank or insurance company?

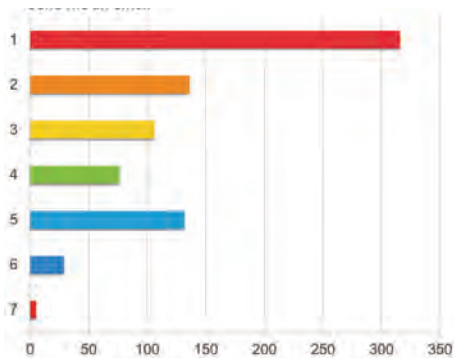


We asked consumers if they were interested in what their bank or insurance company had to say about the benefits of going paperless. The fundamental question of whether customers are receptive to messaging about e-adoption is estimated here, with the results indicating that two-thirds of an enterprise's customer base may be interested in hearing about the benefits of going paperless, a relatively strong reception.

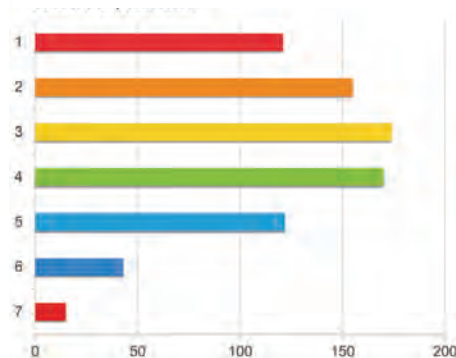
On the next page we see how consumers ranked their preferences for the channel that they prefer to receive this kind of messaging. While there is a reasonably strong preference for on-bill messaging, there is a much stronger preference for receiving this content as an email. Consumers ranked “have someone call me” and “tell me the next time I call” as a very low preference.

Please rank your preference for how your bank or insurance company should inform you of the benefits of going paperless.

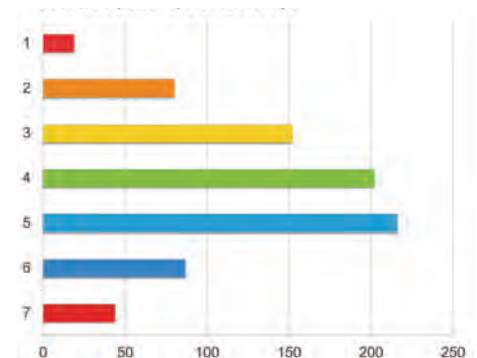
Send me an email



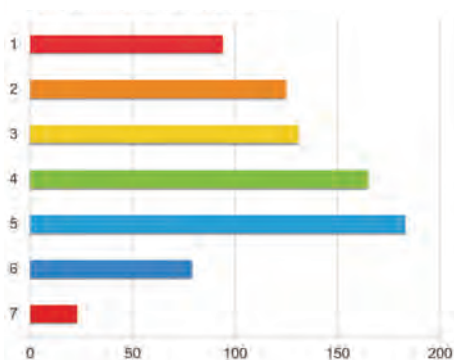
Send me a special letter



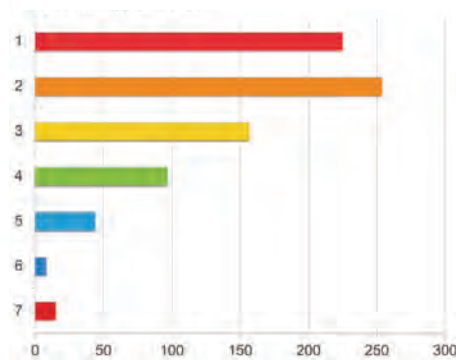
Send me a postcard, brochure or flyer



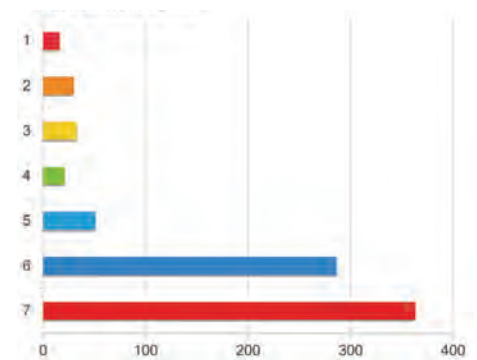
Put information on their website



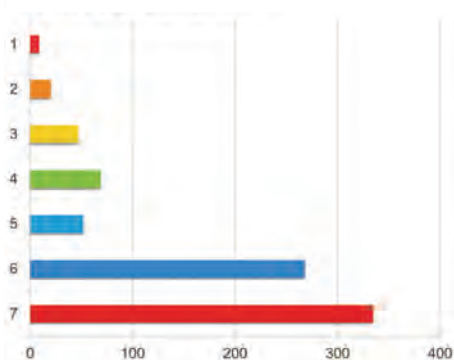
Put a message on my bill



Have someone call me



Tell me the next time I call them



Charts indicate the number of consumers (out of 800) who ranked in each position

8 - Corporate Programs for Print Suppression

Section 7 explores the mechanics and channels of promotional programs to drive adoption of e-delivery. This section explores the type of content, incentive, and call to action that is communicated.

What types of promotional programs do you have in place to drive adoption of e-delivery?

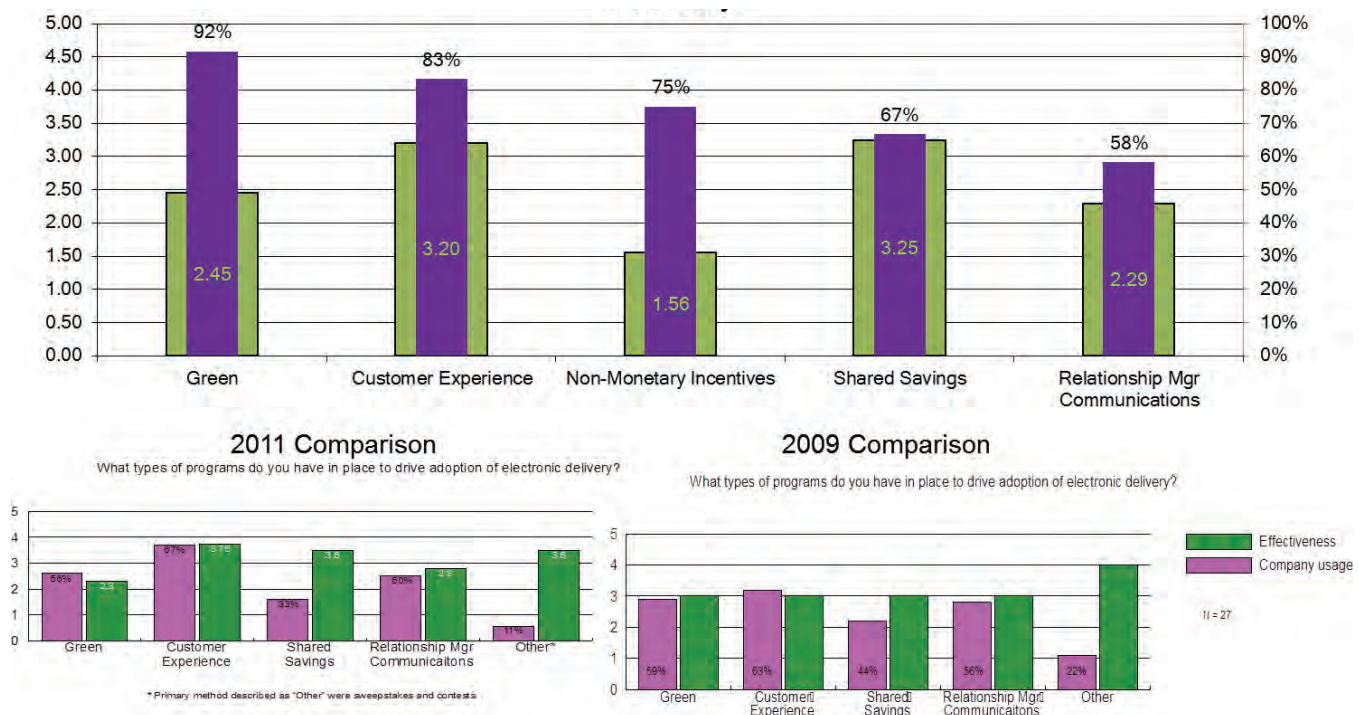
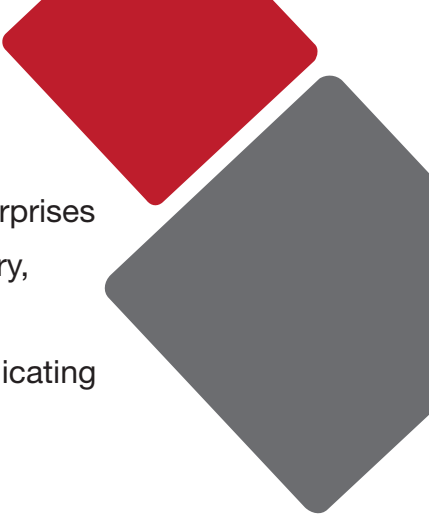


Figure 8 - Corporate Programs for Print Suppression

“Green”, or environment-centric content showed a surge in usage among participants in 2012 (from 56% in 2011 to 92% in 2012), while only showing a modest increase in effectiveness (from 2.3 to 2.45). This content theme can be complex and even controversial, with public debate on the energy footprint associated with each alternative often making national news. It is likely that encouraging customers to switch for “green” reasons is a positive experience for those who are receptive and a neutral experience for those who aren't, so it may offer a low-risk messaging theme with modest upside potential.



The “Customer Experience” promotion continues to increase, with more enterprises encouraging customers to take advantage of the benefits of paperless delivery, archiving, organization and workflow. The effectiveness of this messaging is among the highest at 3.2, but this is a drop from the 2011 results of 3.75, indicating that this theme is not delivering the kind of results that are expected.

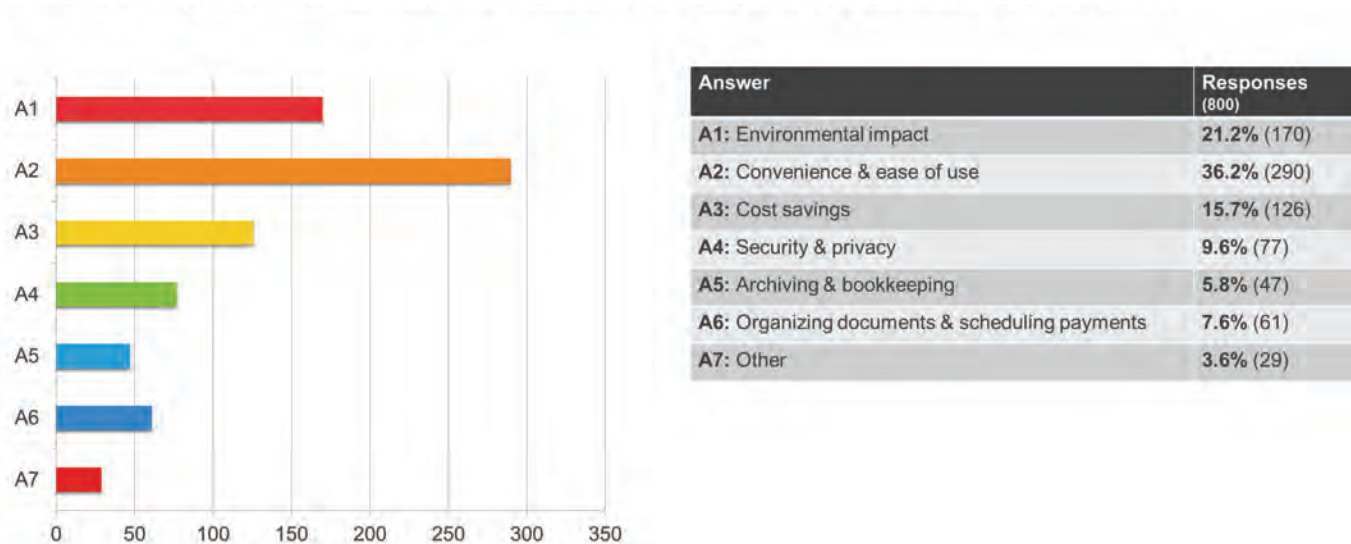
“Non-Monetary Incentives” was added as a specific category in 2012 based on feedback from previous participants, who suggested that the category might have high effectiveness. This theme includes offers for vacations, laptops/tablets, cars, and other content or sweepstakes type promotions. The 2012 results indicate that while most enterprises use these programs, their effectiveness is the lowest in class. This is another place where Madison Advisors advises caution. These programs are expensive to execute and yield marginal results unless they are carefully planned within the context of an overall customer experience strategy.

“Shared Savings” programs, where the enterprise offers to reduce some customer fee or expense in exchange for paperless delivery, has dramatically increased in usage and maintained its leadership position in effectiveness. Given the continued economic conditions and consumer sensitivity to fees and expenses, this is a logical result. Madison Advisors expects to see this type of program continue to grow in usage in the near future, and for it to remain relatively effective at least through the period of full economic recovery. Customers will always want real, tangible savings and as the now emerging late adopters are presented with new multi-channel options, these kinds of incentives are likely to work.

“Relationship Manager” programs remain average in use and effectiveness. Such programs require time and resources to train personnel, and to develop the right message and approach.

Consumer Survey - Views on E-Adoption Factors

Which is the single most important factor that influences your adoption of paperless statements and letters?

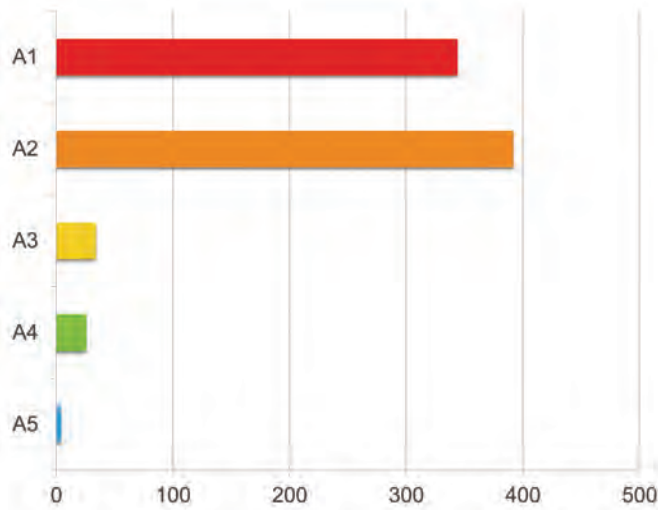


36% of consumers indicate that the single most important factor influencing their e-adoption rate is convenience and ease of use, further reinforcing the importance of the customer experience. We recommend that enterprises that are not focused on the convenience ease of use and customer experience aspects of their multi-channel strategy take another look at this critical area and the impact on their conversion and reversion rates.

Environmental impact ranked second, supporting the upward trend in usage of this theme noted among study participants. Continued investment in this messaging theme may pay dividends with almost one quarter of the customer base.

Consumer Survey - Preferred Devices

Which is your preferred device for reading paperless statements and letters?

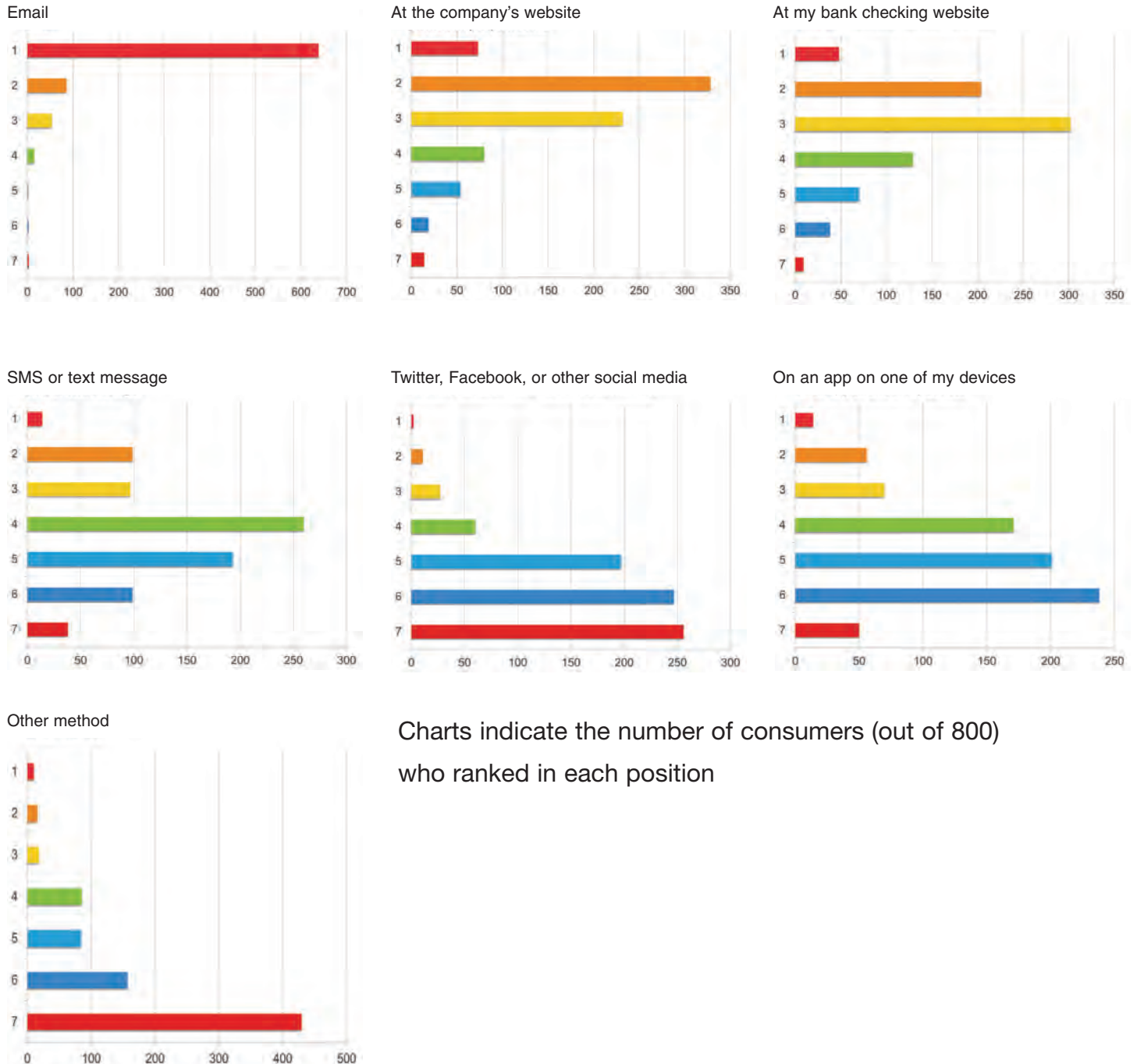


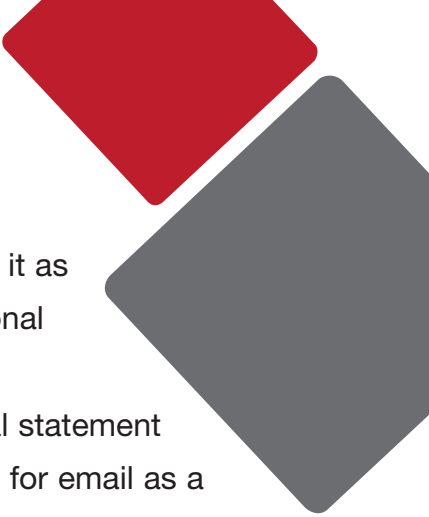
Answer	Responses (800)
A1: Desktop computer	43.0% (344)
A2: Laptop computer	49.0% (392)
A3: Smartphone (iPhone, Android phone, etc.)	4.2% (34)
A4: Tablet (iPad, Kindle, Android tablet, etc.)	3.2% (26)
A5: Other device	0.5% (4)

92% of consumers prefer to use a desktop or laptop computer to read paperless documents, leaving only 8% indicating preference for a mobile device. Among consumers 23-26 years old, the preference for mobile devices rises to 18%. Among consumers with a household income above \$100,000, the preference for mobile is also well above average, at 11%. Madison Advisors believes that the preference for mobile as a device for reading transaction mail will continue to grow, and will have an increasingly important role in e-delivery strategies.

Consumer Survey - Preferred E-Delivery Channels

Please rank your preferred method of delivery for paperless statements and letters.





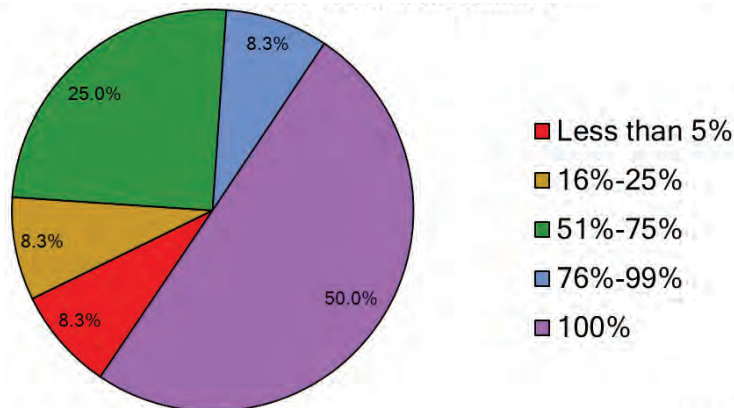
On the previous page we see how consumers ranked their preferred channel of e-delivery. “Email” dominates the ranking, with 80% of consumers ranking it as the most preferred method that is well known, well integrated into their personal workflow, and that feels “comfortable”. In addition, it is possible that some consumers may prefer statement and letter notifications, instead of the actual statement or letter content, to be delivered via email. In any case, the strong preference for email as a primary delivery channel is clear.

Consumers seem split on the question of consolidating paperless transaction content vs. managing multiple accounts, with “At the company's website” and “At my checking account website” effectively tied for second and third most preferred delivery methods. Electronic bill presentment and payment services offered today by many major banks allow the consumer to consolidate most of their transaction mail. With over 60% of consumers ranking “at my checking account website” in the top three positions, we believe that the consolidation and organization of transaction documents and content remains an important consideration in the adoption of e-delivery. When coupled with the strong preference for email, which can be considered a kind of personal consolidation method, the evidence is strong that consumers prefer an experience that consolidates content across many customer relationships.

SMS delivery and “On an app on one of my devices” make a stronger showing here than in the results above, indicating that while consumers prefer desktops & laptops, they also use mobile delivery as a secondary but important channel.

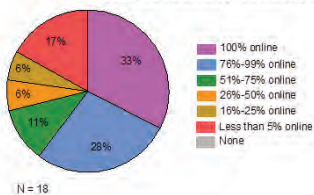
9 - Document Retention and Online Availability

What percentage of your customer communications are retained and made available to customers online?



2011 Comparison

What percentage of your customer communications are retained and made available to customers online?



2009 Comparison

What percentage of your customer communications are retained and made available to customers online?

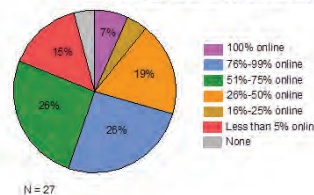


Figure 9 - Document Retention and Online Availability

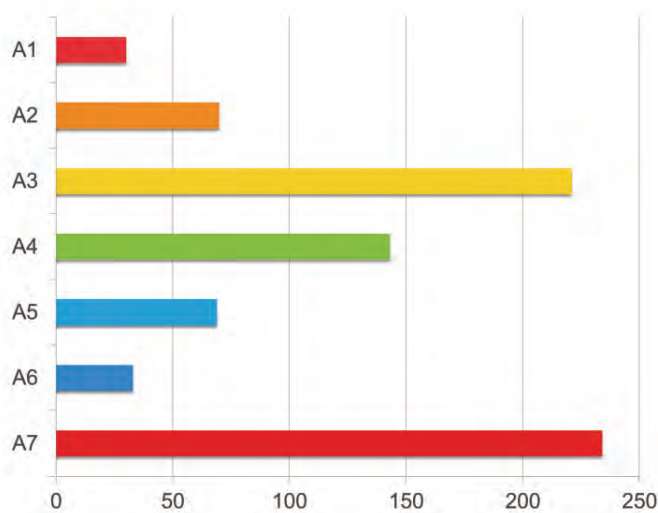
Companies in the Banking, Financial Services, and Insurance industries have, at a minimum, customer communication archives for core transactional documents. They have to, because their lawyers demand it. But only in the past three years has there been a decisive, shift to making all of these documents available to customers.

In 2012, we continued to see rapid growth in the percentage of companies making their customer communications available online. Almost 85% of companies are making at least half of their communications available online vs. the 2011 result of 73% for the same measure. Half of 2012 participants were making 100% of their communications available online, compared to only 33% in that same category in 2011. It is clear that this core capability is being seen as a fundamental enabler, and that enterprises are making appropriate investments to at least bring existing document archives online for customers.

This is a critical step in making multi-channel delivery pervasive - giving end-consumers access to all of their documents and records. But there are still problems. After the basic delivery of “online documents” the more challenging customer experience issues emerge, like managing customer preferences, channels and workflows and driving customers to suppress print and not reverse their choice.

Consumer Survey - Preferred Document Retention

If your statements and letters were made available to you online, how far back should they be available?



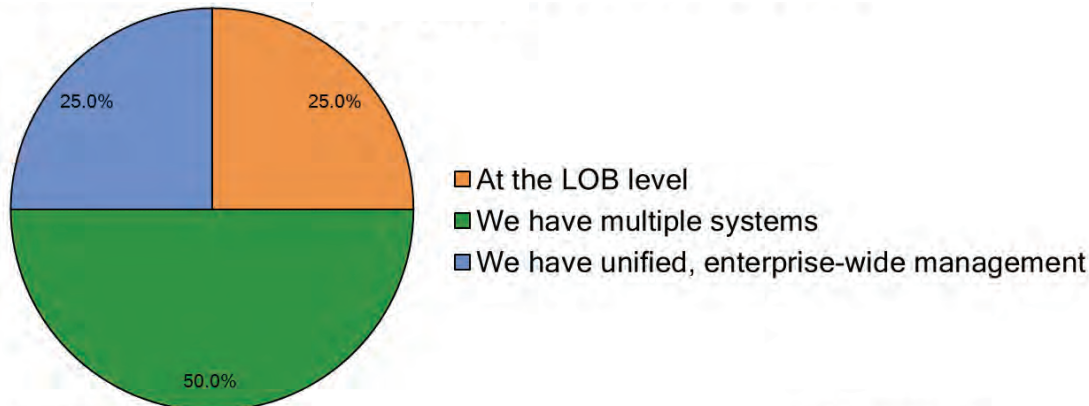
Answer	Responses (800)
A1: 3 months	3.7% (30)
A2: 6 months	8.7% (70)
A3: 1 year	27.6% (221)
A4: 3 years	17.8% (143)
A5: 5 years	8.6% (69)
A6: 10 years	4.1% (33)
A7: The longer, the better	29.2% (234)

These consumer survey results show that people are generally divided into two groups. Those who responded “The longer, the better” (29% of respondents) can be classified as consumers that want archives to hold their content for very long periods of time. Consumers in this group might even be willing to pay a fee for this perceived value.

Other consumers have a specific expectation about online availability, and in that group roughly 60% indicate that a retention period of 1 year or less is sufficient.

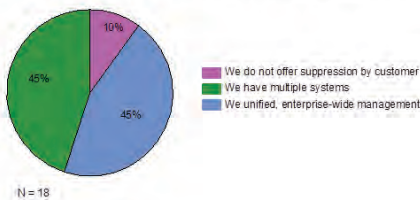
10 - Customer Preference Management

How do you manage customer channel preferences for print suppression?



2011 Comparison

How do you manage customer preferences for print suppression?



2009 Comparison

How do you manage customer preferences for print suppression?

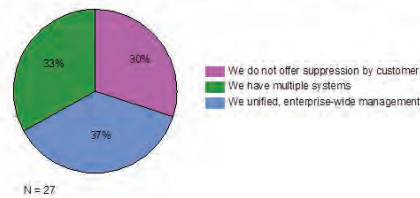
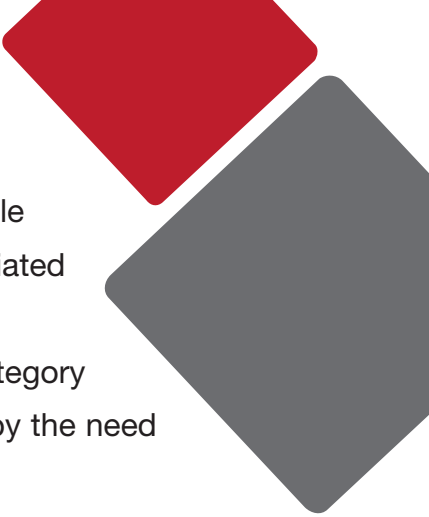


Figure 10 - Customer Preference Management

Preference management is another key element to making multi-channel delivery pervasive. End-consumer expectations in this area are increasing exponentially with the exploding popularity of cloud-based storage and management services and the retention, versioning and flexibility they offer.

2012 marked the first time that all participants offered print suppression preference management to their customers. This is a strong indicator for how critical preference management is to an effective multi-channel strategy.



As in 2011, about half of enterprises are managing preferences across multiple systems. This approach is common, but suffers from the risk and cost associated with cross-system integration and the resulting impact on the customer experience. Many enterprises are just now moving from the “do not offer” category and into this first common phase of preference management, characterized by the need for cross-system integration.

Another half of the participants are managing preferences either in a unified enterprise-wide system, or at least at a unified line of business (LOB) level. To the extent that customers want to extend their relationship across multiple lines of business, the LOB approach can present similar cross-system integration challenges as those mentioned above.

11 - Reversion Tracking

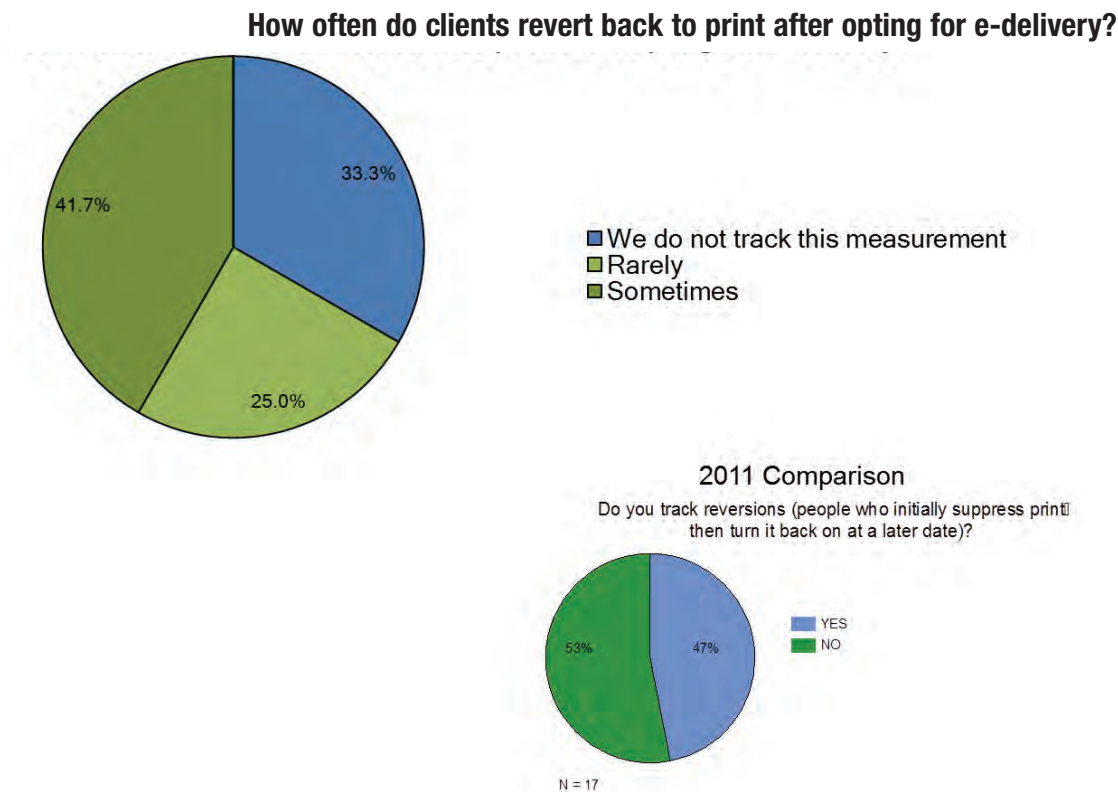
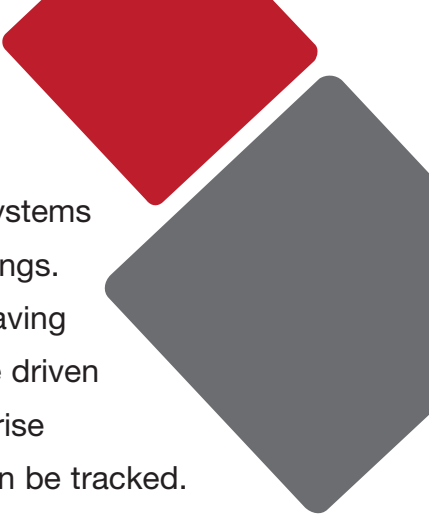


Figure 11 - Reversion Tracking

This measure was not included in the original 2009 study, and only has a comparison to the 2011 study.

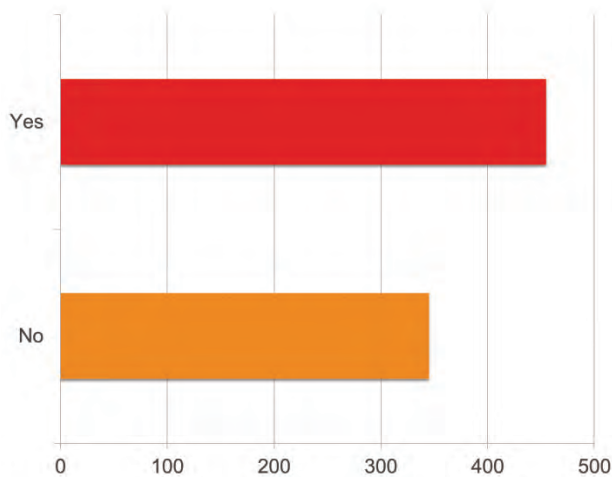
In 2011, half of the participants indicated they do not track how often customers revert back to print-only after choosing e-delivery. In 2012, only one-third of participants were in this category. We believe this is a clear indication of how important this measure is, and that enterprises may be recognizing some significant level of churn among e-adopters. This is further reinforced by the fact that, of those enterprises who can report this statistic, two-thirds indicate that customers “sometimes” revert back to print.



An issue that occurs in tracking customers' preference history is that most systems are “stateless” that is, they do not record the prior state of a customer's settings. This makes it difficult to identify which customers turn paper back on after having it turned off, how long they went paperless, and what other factors may have driven their decisions. Madison Advisors recommends addressing this in the enterprise preference management design so that this important measure of attrition can be tracked.

Consumer Survey - Fee Risks and Customer Dislikes

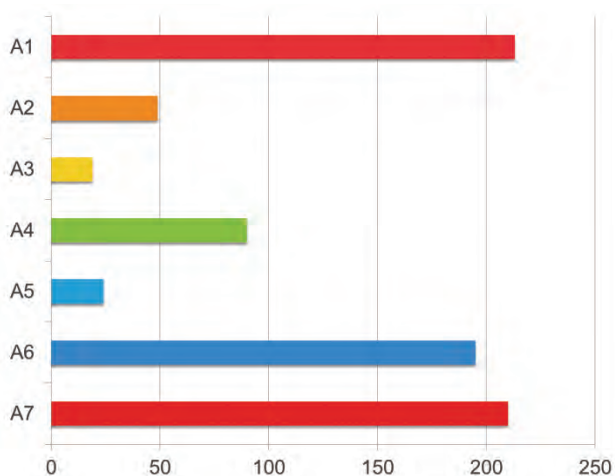
If your bank or insurance company charged a fee for printed and mailed statements, would you change companies?



Answer	Responses (800)
A1: Yes	56.8% (455)
A2: No	43.1% (345)

These consumer survey results speak for themselves, showing that almost 60% of consumers would change service providers if charged for printed and mailed statements. While it is certainly easier to answer yes to this question on a survey than it is to actually change providers, these results show a real risk with the fee-based approach to driving e-adoption.

What single item do you dislike most about paperless statements and letters?



Answer	Responses (800)
A1: Security privacy risks	26.6% (213)
A2: Cost	6.1% (49)
A3: Mobile device support	2.3% (19)
A4: Length of document retention	11.2% (90)
A5: Difficult to use	3.0% (24)
A6: Managing multiple accounts logins	24.3% (195)
A7: Availability when offline	26.2% (210)

This consumer survey question was designed to find the single factor that a customer would say they dislike about paperless delivery. It is not a surprise to see “Security & Privacy Risks” at the top for 27% of consumers. What is perhaps surprising is to see another quarter of consumers choosing “Managing multiple accounts & logins”, indicating these consumers might perceive value in consolidation through a bank website, digital mail provider, or other means.

“Availability when offline” also topped the list for over a quarter of respondents. This reinforces the idea that customers may be choosing e-delivery and continuing to also have transaction mail printed.

12 - Print Suppression For E-Adopters

What percentage of customers that adopt e-delivery actually suppress the printed copies?

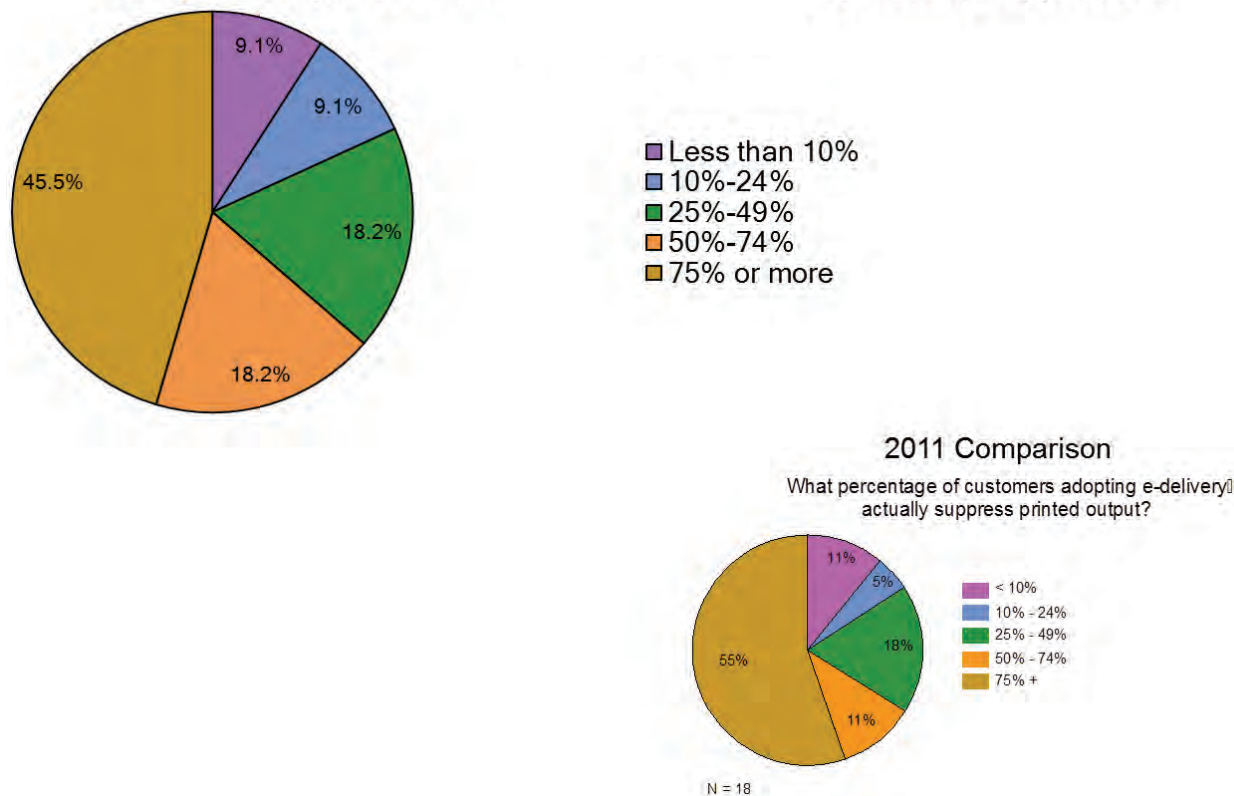


Figure 12 - Print Suppression for E-Adopters

This measure was not included in the original 2009 study, and only has a comparison to the 2011 study.

The change from 2011 to 2012 supports the premise that fewer customers are suppressing print, even when they select e-delivery. The percentage of participants indicating that “75% or more” of their customers were actually suppressing print has fallen ten basis points from 55% in 2011 to 45% in 2012. Almost 40% of study participants experienced at least half of their customers choosing e-delivery, but continuing to have print delivered to them.

13 - Transaction Print Outsourcing

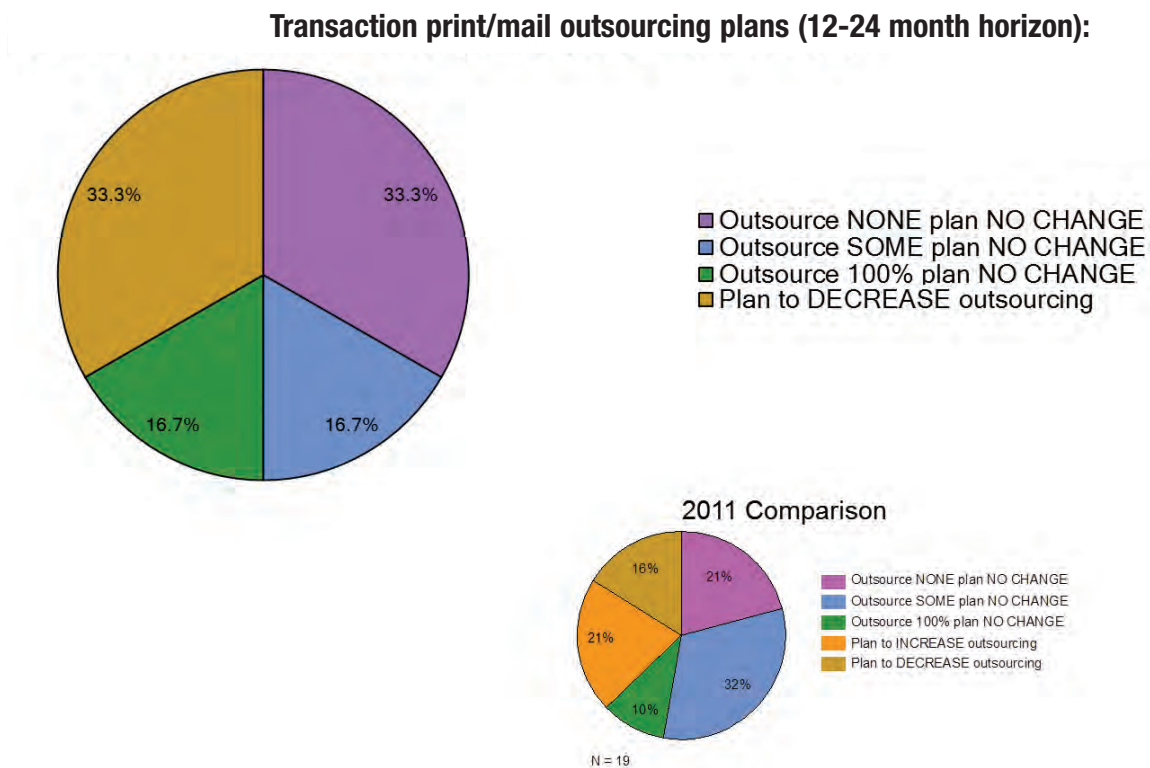
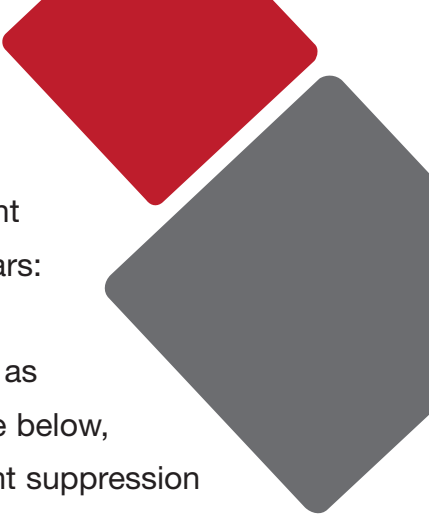


Figure 13 - Transaction Print Outsourcing

66% of respondents are planning to remain “status quo” with their approach to print/mail insourcing vs. outsourcing. Of these companies, half outsource either some or all of their print/mail, and half do not outsource at all. That represents a change from 2011, where two-thirds of the “status quo” participants were outsourcing some or all of their print/mail.

The 2010-2011 trends towards increased outsourcing have reversed, and there were no participants in 2012 who indicated they had plans to increase outsourcing. The percentage of those planning to decrease outsourcing doubled from 16% in 2011 to 33% in 2012. Enterprises may be finding places in the customer communication chain where there is a strong business case for more control of print/mail assets, and either making new investments or repurposing the print capacity that is freed up from print suppression and other initiatives.



Madison Advisors believes that the impact of multi-channel adoption and print suppression on print/mail outsourcing will be two-fold over the next three years:

1. In the short term, enterprises will continue to decrease print/mail assets as e-adoption and other initiatives drive down print volumes. As we will see below, more respondents are actually reducing print/mail equipment due to print suppression volume decreases. If companies meet their print suppression goals over the next three years, this impact will be even more significant.
2. The capacity that remains within enterprise print/mail shops will be focused on higher value communications that are strategically important to the customer experience, and lower value print/mail streams will be outsourced, reversing the outsourcing trend again, but at relatively lower margins.

14 - Capital Budgeting

Have you been able to eliminate any print/mail production equipment due to print suppression?



2011 Comparison

Have you eliminated Print/Mail equipment due to e-delivery?

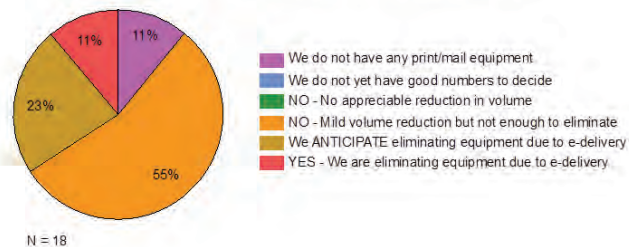
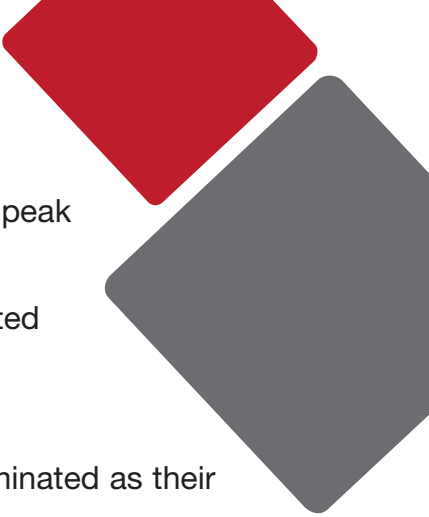


Figure 14 - Capital Budgeting

In 2012, one-third of companies answered that they were actively eliminating print/mail equipment due to volume reductions driven by e-delivery adoption. This was predicted by our 2011 results, where 11% were already eliminating equipment and a remaining 23% were anticipating equipment reduction.

As equipment elimination justified through volume reduction becomes a serious threat to the future of in-plant operations, those operations will continue to pull back any and all outsourced work they can manage. We have already seen this effect starting in 2012, reflected in the results presented in Section 13.

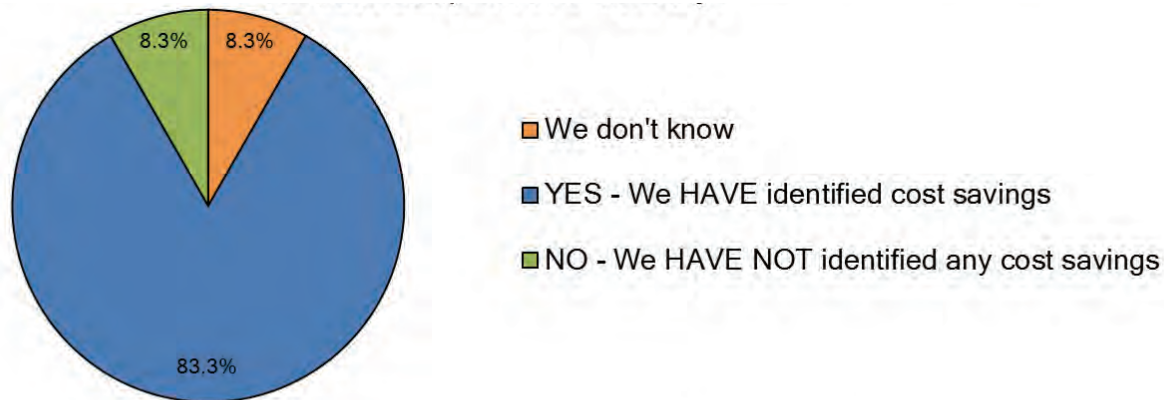


Many firms outsource certain low-risk and low-value applications or manage peak loads with outsourced support. Obviously many in-plant operations lack the equipment to bring specialized applications in-house, but they can be expected to keep their own equipment running as long as possible.

Conversely, smaller in-plant operations that see major reductions may be eliminated as their cost efficiencies decline and price competition among major outsourcers increases, making outsourcing the most economically viable option.

15 - Cost Savings

Have you been able to identify any cost savings associated with implementing increased adoption of e-delivery?



2011 Comparison
Have you identified cost savings due to e-delivery adoption?

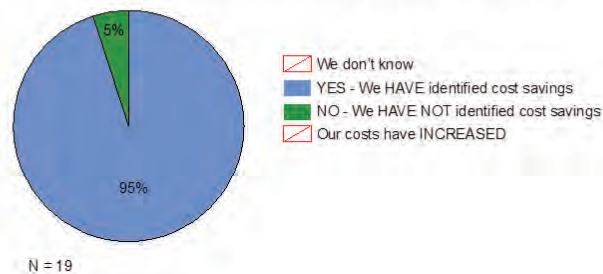


Figure 15 - Cost Savings

While a small percentage of companies are unable to identify any cost savings, the vast majority of 2012 participants have identified savings. This continues the trend first highlighted in the 2011 study, and further supports the results that show companies continuing to pursue multi-channel adoption and print suppression strategies despite their diminishing response rates.

As enterprises continue to see opportunities for multi-channel programs to drive cost savings, budgets for these initiatives should continue to be healthy for the foreseeable future. Incremental, ongoing cost savings will always be expected from enterprise print/mail shops, and planned volume reductions will continue to drive periodic equipment elimination decisions, outsourcing decisions, and prioritization of business-critical communications.

16 - E-Delivery Outsourcing

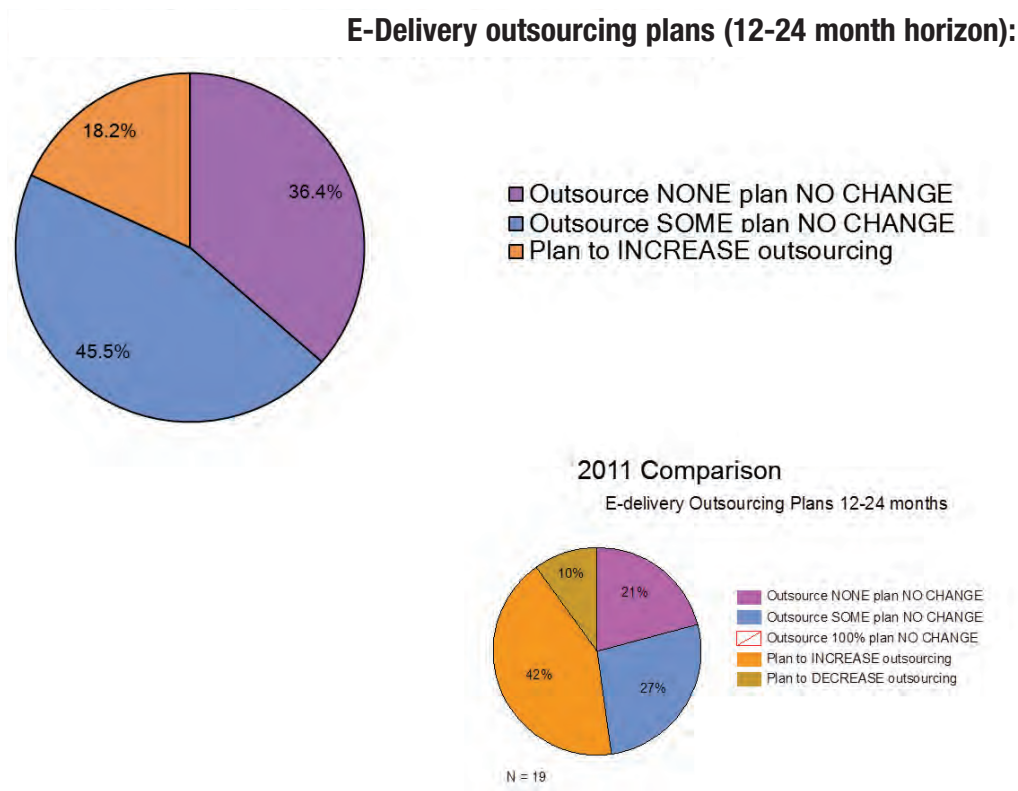
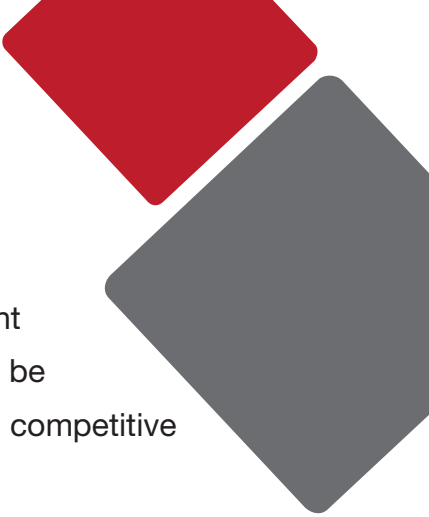


Figure 16 - E-Delivery Outsourcing

One of the most important observations to make about the 2012 responses to this question is that over 80% of companies have established their e-delivery outsourcing strategies, and have no plans to change the status quo in the next two years. This is almost double the rate observed in 2011, indicating that enterprise strategies for insourcing vs. outsourcing of electronic delivery services may be maturing and settling in on a preferred approach, and perhaps a preferred set of vendors. Of those companies planning to maintain the status quo, they are split almost evenly between those that don't outsource any of their e-delivery services, and those that outsource at least some.



Electronic delivery initiatives can leverage a great deal of existing enterprise infrastructure, including hardware/software, manpower, security, backup, and other functions without the specialized, expensive, dedicated niche equipment and personnel required for print/mail production. In addition, enterprises may be seeing the control of the electronic side of customer communications to be a competitive advantage, as contrasted with an investment in print/mail assets.

However, Madison Advisors believes that this market space will change over the next three to five years as cloud-based customer communications solutions providers mature their product offerings, and can extend the same control and flexibility to companies while offering a more affordable cost of ownership through the cloud delivery model.

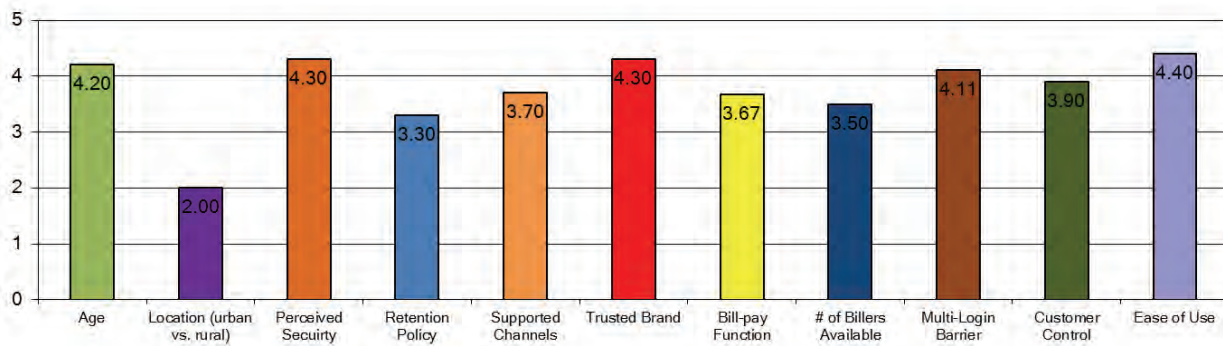
17 - Consumer Factors in Print Suppression and Multi-Channel Adoption

These questions assess how respondents rate the relative importance of factors affecting the end-consumer's decision to adopt multi-channel delivery and permanently suppress paper documents. We asked respondents to rank on a scale of 1 to 5 (with 1 being “No Importance” and 5 being “Very High Importance”) the following factors:

- Age
- Location (urban vs. rural, etc.)
- Security (or fears of data loss, identify theft, etc.)
- Retention policy (% of documents available and length of retention period)
- Supported channels (email, web, mobile, SMS, etc.)
- A trusted brand
- Ability to pay while viewing bills online
- The number of bills available
- Multi-site confusion and inconvenience (the requirement to have multiple logins, and/or visit multiple sites to deal with different bills and payments)
- Customer control (the ability to specify which bills and documents, from which sources, are stored and for how long)
- Ease of use (of the enrollment process, preference management and other workflows)

The graph on the following page shows the results:

How important are these factors in a customer's willingness to ADOPT e-delivery and SUPPRESS printed copies?



2011 Comparison

How important are these factors in a customer's willingness to ADOPT e-delivery and SUPPRESS printed copies?

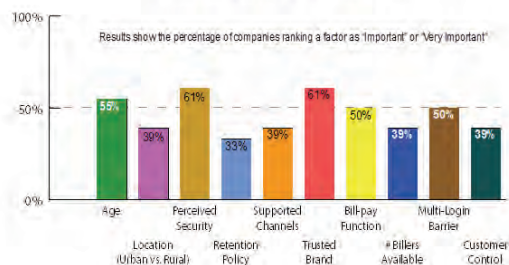



Figure 17- Consumer Factors Affecting Multi-Channel Delivery

Unlike the majority of questions in the survey, the answers here are not based on observable facts or data, but instead represent the opinions of those surveyed. We cannot say to what extent, if any, these answers correspond to the opinions of senior management at the responding companies, only that the survey participants rated the factors in this way.

Our objective is to get a sense of where companies might focus their energies in the future, and to assess overall attitudes toward barriers to end-consumer adoption.

All factors were scored 4 or 5 by at least one-third of respondents, so to some extent all of these factors are perceived as important. However, when looking at the majority of respondents certain factors stand out.



90% of respondents rated “Age” as a 4 or 5. Age is a unique factor because it is not controllable - customers simply are an age. While not stated, an assumption in this factor is that younger customers are more likely and older customers less likely to adopt multi-channel delivery and suppress print.

A new category, “Ease of Use”, was added in 2012 based on feedback from previous participants. Interestingly, this category was ranked as the most important factor affecting a customer's willingness to adopt e-delivery.

90% of respondents ranked both “Perceived Security” and “Trusted Brand” as a 4 or 5, both of which are keys to any successful online offering. 80% scored “Multi-login Barrier” and “Supported Channels” as the other important keys to success.

18 - Digital Postal Mail Services

The final questions in our survey dealt with respondents' approach to digital postal mail offerings from companies such as Zumbox, Volly, from Pitney-Bowes, Doxo and Manilla. Digital postal mail essentially creates a secure, e-delivery mailbox for a customer and aggregates the electronic documents from multiple sources. With such a mailbox, an end consumer could receive bills, statements, and notices from all of their various accounts, as well as pay their bills.

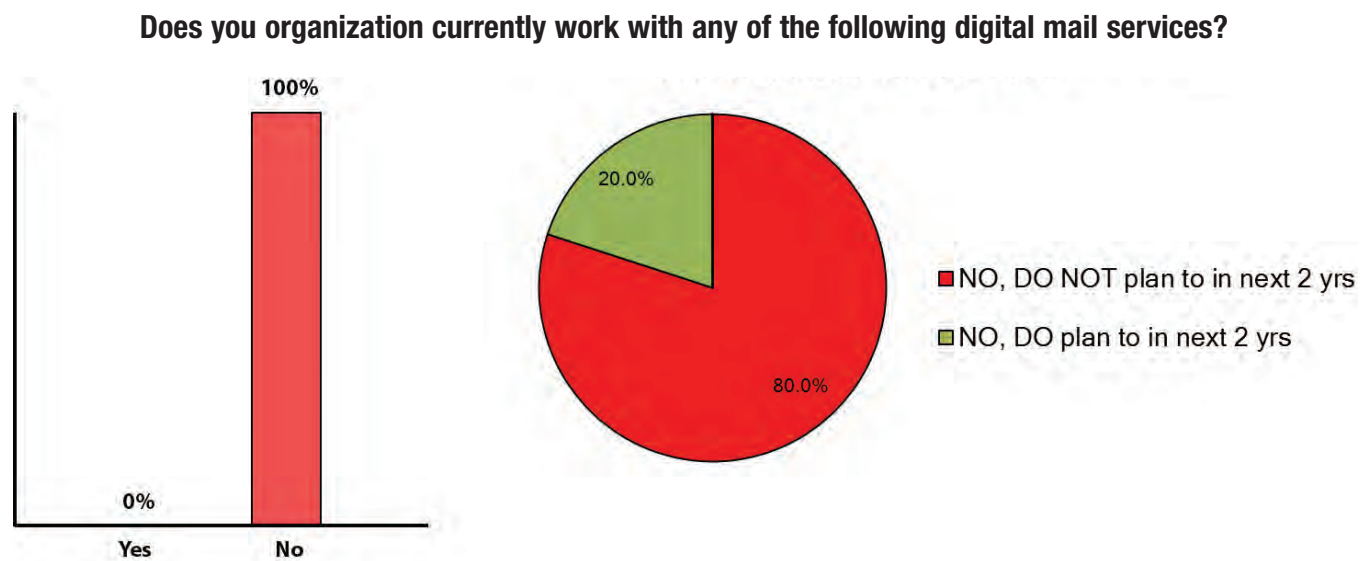
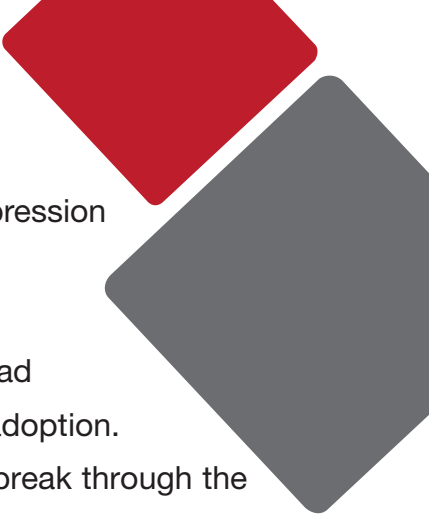


Figure 18 - Digital Postal Mail Services

In 2011, there were no participants actively working with any of the digital mail providers listed. In 2012 that was still the case, and only 20% of respondents indicated they are planning to work with a digital mail provider in the next two years.

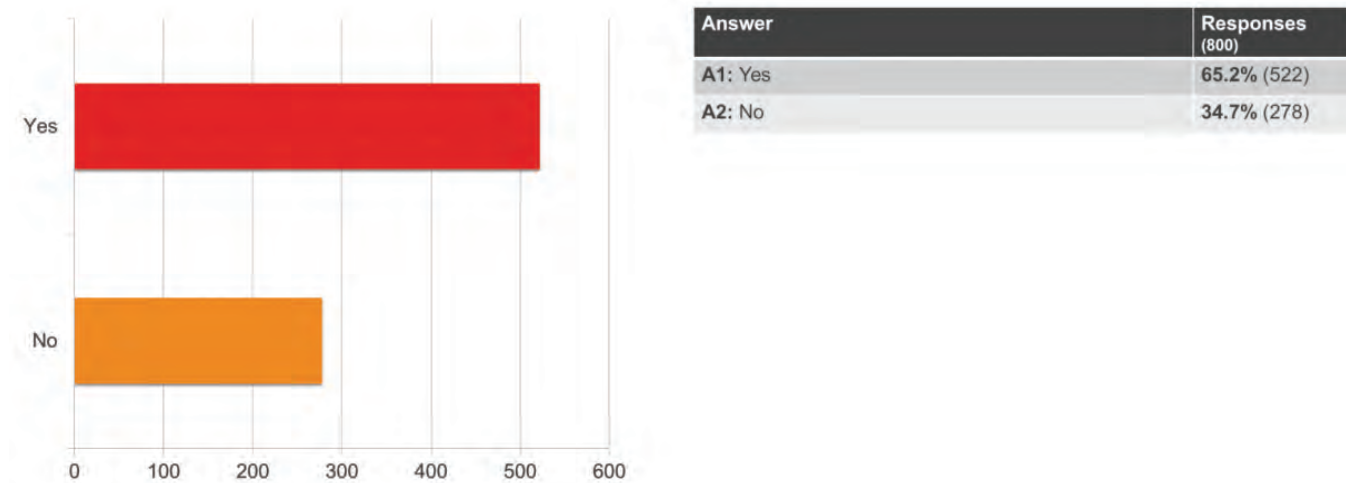
Madison Advisors believes that enterprises have been taking a “wait and see” attitude toward these services, holding off on investment and vendor selection until they see some measurable and perhaps significant adoption of the service by their customers and prospects. So far, this has not happened.



Companies continue to search for the “magic bullet” that will drive print suppression to the 40%-50% mark that many would like to achieve. Madison Advisors believes that the features offered by the digital mail providers - aggregation, organization, bill pay capability, personalized and flexible workflows, and broad device and mobile support - will be an important part of the next wave of e-adoption. It remains to be seen if one or more of the current digital mail providers can break through the current issues with time-to-market and consumer adoption and be a key enabler of the next wave of paperless adoption, or if that role will fall to another organization in the e-delivery ecosystem.

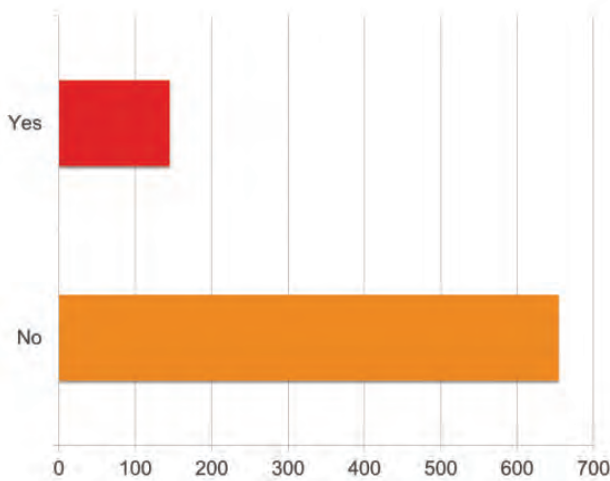
Consumer Survey - Digital Mailbox Service Usage

**Would you consider using an online digital mailbox service that collected and organized
ALL of your paperless content?**



These consumer survey results speak for themselves, showing that over 65% of consumers would consider using an online digital mailbox service to collect and organize all of their paperless content. This is another strong indication of the value of consolidation and customer experience perceived by consumers.

Do you use alternate digital mailbox services today?



Answer	Responses (800)
A1: Yes	18.1% (145)
A2: No	81.8% (655)

These results show the currently low adoption rate of online digital mail services today. The survey indicates that only 18% of consumers are using what they perceive to be a digital mailbox that consolidates and organizes all of their digital transaction mail in a single location. While some may be using the newly emerging service mentioned above, others may have answered “Yes” to this question based on their usage of an e-billing service provided by their bank.



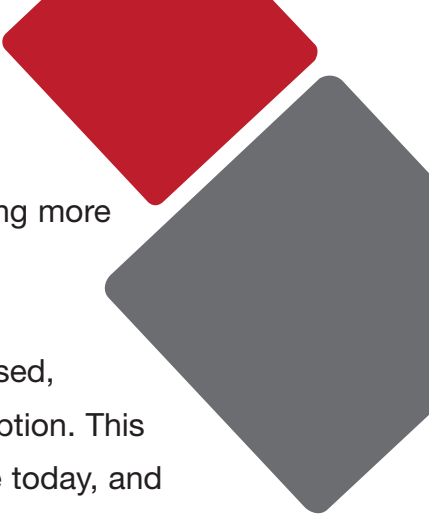
SECTION II - Study Conclusions and Market Projections

Enterprises continue to focus their budgets, time and resources on multi-channel capabilities and on programs to drive broader e-adoption by customers. One-third of companies surveyed now have C-level leadership positions focused in part on these objectives. The business drivers that motivate these enterprises are primarily related to print suppression and the cost savings that are derived from lower print volumes and postage. Consistent with the ongoing challenge of the economic environment and a focus on cost reduction, we also see companies increasing their target print suppression rates, despite the fact that actual print suppression rates continue to lag behind historic expectations.

As also noted in 2011, observable innovation in strategy, methods and approach has not occurred. Areas where we expected innovation - such as corporate programs to drive adoption, methods of conversion, delivery techniques, devices and channels, and messaging to persuade end-consumers - appear to have stalled.

The real measure of success in this space for most companies is the end result - higher e-adoption driving higher print suppression rates. Here too, results seem to have stalled in the last two years. As in previous studies, we estimate the print suppression rate driven by e-adoption at most companies to be at or below 20%, with no significant growth in this rate since 2011.

One-third of participants have indicated that they have been able to make real capital investment reductions or have removed equipment because of the impact of print suppression. 2012 marked the first significant indication of this result. While this kind of tangible savings begins to fulfill the financial promises of e-adoption, it has come after years of expensive investment, and only to a few enterprises.

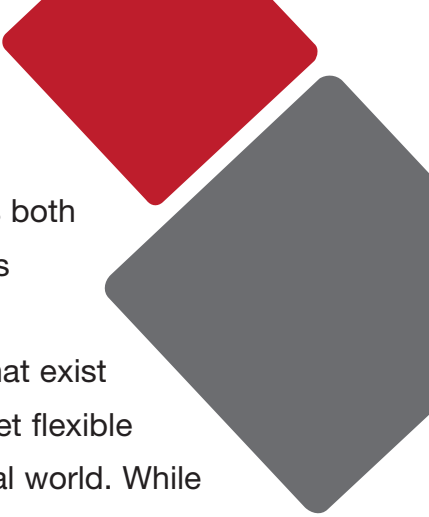


In summary, enterprises are spending more, expending more effort and placing more focus on this objective, but the needle isn't moving much.

Madison Advisors believes that the pivot point we predicted in 2011 has passed, and in 2012 we reached a plateau of print suppression rates driven by e-adoption. This “first wave” of e-adoption brought us to the average conversion rates we see today, and these rates have generally reached a point of diminishing returns in the last 18-24 months. In addition, many e-adopters in the first wave opted in to e-delivery but simply did not choose to stop the printing and mailing of most transaction documents.

The “second wave” of multi-channel adoption, driving further print suppression, is likely to be fueled by a focus on the user experience, offering consumers the kind of ease of use, flexibility, mobility and integration that they have come to expect. Beyond the idea of archiving copies of printed documents and making them available on the enterprise web site, the next wave of significant adoption and print suppression will be come from a transformation in how transaction content is delivered, displayed and stored and in how customers interact with this content. Two important capabilities will likely enable this transformation - spanning the silos of isolated transaction content that the consumer uses, and delivering a compelling user experience that offers the flexible, mobile and easy to use experience that a growing number of adults in the US demand from their “online” experience.

Madison Advisors believes that digital postal mail services, while not currently showing broad customer adoption, will be fundamental to this customer experience. The capability to aggregate transaction content for the consumer and to do this in a way that is “one click away” will be key to adoption.



The next wave of adoption will also come from a customer experience that is both personalized and ubiquitous. It's easy to draw a parallel with popular services that exist today - Facebook, YouTube and other Google services, Yahoo, Amazon, eBay. These services are more than “websites”, they are services that exist in many forms across many devices and interfaces, and that have a simple yet flexible user experience and have become commonplace in every corner of the digital world. While we don't expect to see a digital postal mail service with quite this level of popularity, we do believe that the fundamental experience represented in those examples will be the kind of breakthrough that is required for deeper e-adoption of transaction content.

What such a system will look like - one that satisfies the safety, security, and verification needs of the enterprise, the government, the consumer, and the liability lawyers - is far from settled.

Our advice is to move beyond the idea of the “walled garden” where every customer transaction is held captive in the corporate archives and begin actively thinking about how an acceptable third-party solution might look.

Finding partners that want to take up this challenge and that can create the sort of user experience that gets broad adoption will not be easy or without risk. For the foreseeable future, no single approach is likely to dominate.

APPENDIX A - STUDY AUTHORS

Kemal Carr, President

B.B.A., Management Information Systems, University of Wisconsin-Madison, Wisconsin
M.B.A. Candidate, Marketing/Management, Texas Christian University, Fort Worth, Texas

Since founding Madison Advisors in 2001, Carr has built the company into a highly respected, independent analyst firm that provides project-based, vendor-neutral research and advisory services designed to assist clients with technology selection and business process decisions. Carr also acts as a principal analyst for Madison Advisors and leads the research and analysis efforts for Madison's ongoing market studies.

Carr is regularly engaged by leading output technology publications to write about key industry issues such as the impact of TransPromo and Multi-Channel delivery, advancements in communication technologies, and electronic document presentment. His articles have been published in The Wall Street Journal, Document, Digital Publishing Solutions, and Mailing Systems Technology. He is also a frequent speaker at trade events, including Graph Expo, Xplor's Global conference, NPES/PRIMIR Industry Summit, and DOCUMENT's Strategy Forum.

Prior to forming Madison Advisors, Carr held senior technical research and management positions at Doculabs, Fidelity Investments and Price Waterhouse.

Doug Cox, Principal Analyst

B. B. A., Accounting & Finance, Stephen F. Austin State University
M. S., Finance & Business Technology, Texas A&M University

Doug is a recognized authority in the customer experience and customer communication industry, has published numerous thought leadership articles in business publications and has presented at various technology, customer communication and customer experience industry events.

Doug has held both technology and business leadership positions with a variety of organizations. He previously held President & General Manager, and Worldwide VP of Product Marketing roles at GMC Software Technology. Doug also held executive technology strategy business leadership roles at Fiserv where he led numerous successful and game-changing enterprise-wide initiatives in the customer communication space over a 10 year period.

APPENDIX B - ABOUT MADISON ADVISORS

Madison Advisors exists to advance the print and electronic communications objectives of Fortune 1000 companies. Madison Advisors specializes in offering context-specific guidance for a range of content delivery strategies, particularly those addressing enterprise output technologies and customer communications.

Madison Advisors offers services and expertise primarily through short-term, high-impact consulting services. With no-nonsense, quick engagements (measurable in days or weeks, not months), Madison Advisors directly helps our clients achieve very hard and specific return on investment (ROI) related to their print and electronic communications initiatives.

Madison Advisors' analysts are dedicated to technology and market research that is delivered through short-term project engagements as well as articles, publications, and presentations. We specialize in customer communication technologies including enterprise output management, content management, customer relationship management, e-billing, and infrastructure technology.

For more information about Madison Advisors, visit our web site: www.Madison-Advisors.com

