

# Multi-Channel Delivery Market Study

**A Madison Advisors Report**

**November 2009**

## TABLE OF CONTENTS

Introduction.....	4
Study Sponsors & Participants.....	5
Research Methodology .....	7
Report Overview.....	8
Executive Summary .....	9
Section I – Research Findings & Trends .....	11
1. The Impact of Print Suppression on Decision-making.....	12
2. Business Drivers behind Print Suppression .....	13
3. Print Suppression Goals.....	14
4. Budget Allocation for e-Delivery .....	15
5. Top-level Management.....	16
6. Customer Communications Strategy.....	17
7. Mission-critical Communications.....	18
8. Document Generation as a Core Competency .....	19
9. Convincing Customers to Go Paperless.....	20
10. Print Suppression Mechanisms.....	21
11. Corporate Programs for Print Suppression .....	22
12. Print/Mail Outsourcing .....	23
13. Electronic Outsourcing.....	24
14. Online Document Availability.....	25
15. Customer Preference Management .....	26
Section II – Vertical Market Analysis .....	27
1. Business Drivers by Vertical .....	28
2. Print Suppression Goals.....	29
3. Online Document Availability .....	31
4. Outsourcing.....	32
Section III – Leading Service Providers .....	36
Findings & Trends across the Service Provider Landscape .....	36
Broadridge .....	38
CSG Systems .....	41
DST Output.....	44
KUBRA .....	47
Symcor.....	50
TSYS.....	53
Section IV – Study Conclusions.....	56
Study Appendices .....	57
1. About Madison Advisors.....	57
2. Study Contributors .....	57

## LIST OF TABLES

Table 1 – End-User Study Participants.....	6
Table 2 – Print Suppression Business Drivers by Vertical.....	28
Table 3 – Print Suppression Goals.....	29
Table 4 – Online Document Availability.....	31
Table 5 – Current Print Outsourcing.....	32
Table 6 – Anticipated Print Outsourcing.....	33
Table 7 – Current Electronic Outsourcing.....	34
Table 8 – Anticipated Electronic Outsourcing.....	35

## LIST OF FIGURES

Figure 1 – Impact of Print Suppression on Decision-making.....	12
Figure 2 – Business Drivers behind Print Suppression.....	13
Figure 3 – Print Suppression Goals.....	14
Figure 4 – Budget Allocation for e-Delivery.....	15
Figure 5 – Top-Level Management.....	16
Figure 6 – Customer Communications Strategy.....	17
Figure 7 – Mission-critical Communications.....	18
Figure 8 – Document Generation as a Core Competency.....	19
Figure 9– Convincing Customers to Go Paperless.....	20
Figure 10 – Print Suppression Mechanisms.....	21
Figure 11 – Corporate Programs for Print Suppression.....	22
Figure 12 – Print/Mail Outsourcing.....	23
Figure 13 – Electronic Outsourcing.....	24
Figure 14 – Online Document Availability.....	25
Figure 15 – Customer Preference Management.....	26

## INTRODUCTION

Print suppression, also known as the “paperless” movement, has made tremendous advances in niche consumer markets such as ticket sales, magazine distribution, book sales, and tax filings. Business-to-business paperless transactions have also become widely accepted thanks to the decades-old EDI (Electronic Data Interchange) standard and the ever-increasing use of computerized databases and transaction records.

Yet in the business-to-consumer service markets – e.g., banking, credit cards, financial services, utilities, and insurance – the consumer often doggedly clings to his or her paper, thwarting the best efforts of businesses to convert them to paperless communications.

The growth of online banking and bill-pay in the late 1990s gave rise to the hope that consumers would soon forego their paper records for the convenience, easy access, and instant gratification promised by the online service vendors. Further, as today’s businesses seek out every opportunity to cut operating costs, the transition from print to electronic delivery of customer communications seems a straightforward proposition – from a business perspective.

Despite millions spent in developing electronic delivery and print suppression systems, however, consumer acceptance of print suppression remains below projections for many industries and types of documents. Clearly, presenting documents online is not enough, and companies must now focus on finding effective methods for convincing consumers to turn off paper.

As a continuation of our ongoing print suppression market research, Madison Advisors sought to further explore the trends within this market to gain insight into current print suppression rates by industry, as well as the business drivers and market trends affecting print suppression. To conduct this ground-breaking Print Suppression Market Study, we surveyed 27 organizations (see page 6) across four vertical market segments – banking and credit cards, financial services, insurance, and utilities and telcos – to determine the current state of print suppression technology, management support, and market acceptance.

This report presents the results of our Print Suppression Market Study research, which was conducted in Q3 of 2009. We review what is driving companies to invest in their paperless systems, what techniques they’re using to entice consumers, and what issues they’re facing along the way. We also review what leading service providers are doing to help the industry transition to multi-channel delivery of customer communications.

## STUDY SPONSORS & PARTICIPANTS

This study would not have been possible without the support and dedication of the platinum and media sponsors, service provider participants, and, most importantly, the end-user organizations that participated in the market research portion of the study. Madison Advisors thanks all of these entities for making this ground-breaking study possible. In appreciation of their dedication to the success of this effort, all of these organizations received a 60-day advance review of this report before its release to the general market.

### PLATINUM SPONSORS

The Platinum Sponsors of this study – Broadridge and EMC Document Sciences – provided funding for the research effort, and provided survey topics and questions for consideration by Madison Advisors’ research team.



**Broadridge**<sup>®</sup>

**EMC<sup>2</sup>**

document  
sciences

### MEDIA SPONSOR

The Media Sponsor of this study – Digital Publishing Solutions – will help Madison Advisors bring the published *Print Suppression Market Study* to market once it is generally available, by publishing excerpts of from the study within *Digital Publishing Solutions*.



## STUDY PARTICIPANTS

Table 1, 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.

	Participants	Annual Revenue	Envelopes Mailed	Number of Accounts
<b>Banking &amp; Credit Cards</b> (22% of respondents)	Bank of America BB&T   CapitalOne	\$15M	83MM	20MM
	Citizens Bank   HSBC A top-ten commercial bank	To \$10B+	To 420MM	To 40MM
<b>Financial Services</b> (22% of respondents) (investment houses, broker/dealers, & asset management firms)	Charles Schwab Fidelity   ING	\$500MM	30MM	3MM
	Pershing The Principal   UBS	To \$10B+	To 500MM	To 80MM
<b>Insurance</b> (22% of respondents) (property & casualty, life, health, & annuities)	Aetna   Allstate American Family	\$5B	75MM	3MM
	Nationwide Progressive   USAA	To \$10B+	To 300MM	To 17MM
<b>Utilities &amp; Telcos</b> (44% of respondents)	American Electric Ameren   Entergy	\$20M	1.5MM	1MM
	MidAmerican   NSTAR Pepco   SCANA Verizon   WE Energies	To \$10B+	To 278MM	To 16MM

Table 1 – End-User Study Participants

## SERVICE PROVIDER PARTICIPANTS

Finally, this study would not be complete without an investigation of how the industry's leading service providers are helping end-user organizations make the transition from print to multi-channel delivery. The following service providers participated in this study by allowing Madison Advisors to review and critique their strategies and solutions for multi-channel delivery.

- Broadridge
- DST Output
- Symcor
- CSG Systems
- Kubra
- TSYS

For reviews of how these service providers are shaping the multi-channel delivery market, as well as their service offerings in support of this movement, see Section III – Leading Service Providers.

## RESEARCH METHODOLOGY

Madison Advisors' 2009 Print Suppression Market Study was designed to examine Fortune 500 market interest and activity around print suppression and electronic adoption of customer communications.

Over the course of this study, which was conducted in Q3 of 2009, Madison Advisors researched the electronic displacement of the current hardcopy distribution of customer communications and the print suppression rates of those documents, either by customers or organizations. To do this, we engaged study participants (see "Study Participants" on page 6) 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 is the most extensive survey on paperless communications to date, and we are grateful to the participants for taking the time necessary to complete the survey. In addition, we conducted an in-depth interview with key stakeholders and decision makers within each participant organization to gain further insight into their strategies, tactics, and goals around print suppression. These discussions allowed us to further explore each topical area and test hypotheses and theories around future trends and business drivers that are not easily obtainable via survey methods.

We also surveyed and interviewed leaders in the service provider market (see "Service Provider Participants" on page 6) to understand the strategies, services, and offerings in development and/or currently available to support the end-user and end-consumer market transition to multi-channel delivery.

Once our research efforts were complete, Madison Advisors' research team conducted a thorough analysis of the findings and developed this report. Through this report, we share the key study findings, relevant market trends, and insight into the offerings provided by leading service providers, as well as our projections on where the print suppression market is headed in the near and long term.

## REPORT OVERVIEW

The market trends and key findings uncovered 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 that we uncovered 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. The findings and trends within this section represent the market as a whole, i.e. they are not segmented by vertical.
- **Section II – Vertical Market Analysis:** An examination of specific areas where Madison Advisors' research revealed unique findings across the verticals represented within this study (Note: while the analysis in this section identifies nuances within verticals, it does not discuss the strategies and/or practices of individual organizations for purposes of confidentiality.)
- **Section III – Leading Service Providers:** An assessment of how the service provider market is leading the industry through this transitional time, including overviews of the strategies and service offerings of each service provider participant.
- **Section IV – Study Conclusions:** Madison Advisors' final thoughts on the current and future state of print suppression.
- **Appendices:** Background information on Madison Advisors and the research team that conducted to this study.



## EXECUTIVE SUMMARY

Madison Advisors' Print Suppression Market Study findings indicate that, overall, print suppression rates for most common applications – bills, statements of account, critical notices, etc. – remain stuck in the high-single-digit to mid-double-digit range of 8%-15%. Some of this can be placed at the feet of businesses that have been slow to address the user experience and recreate the reliable, accessible, convenient, and long-term environment consumers have come to expect from their paper documents. Regulators have also played a role, moving slowly on issues ranging from security and privacy to digital signatures and validation.

But the greatest barrier appears to be consumers themselves, who are adamantly clinging to their paper when it comes to paying bills, tracking their money, and otherwise keeping their affairs in order. This holds true despite the purported affinity of Gens X/Y, Millennials, and other young ethnographic groups for the online lifestyle.

What's clear is that businesses that spend a great deal of money (in some cases in the 100s of millions of dollars) mailing paper to their customers want desperately to stop, and are willing to do almost anything to convince consumers to make the switch. This is good news for consumers. Financial services firms are leading the way, but banks and other large-scale consumer-oriented services companies are also working aggressively to find out what consumers want, and to give it to them.

Companies are investing heavily in their online environments – keeping documents online for as long as 10 years, allowing customers to add their own documents via e-vaults, and greatly expanding the usability of their systems. Some companies are experimenting with incentives. Others are testing the waters of forced suppression – making documents available only online. Still others are trying a little of both, and many things in between.

There is also optimism that the market is turning. The combination of improved user experience, a more environmentally-conscious consumer, and a friendlier regulatory environment is giving companies hope that print suppression rates will climb substantially over the next five years.

Key findings from Madison Advisors' Print Suppression Market Study include:

- Current overall suppression rates for the majority of businesses remain in the 8%-16% range. Rates spike to 70% or higher, however, for those documents that lack long-term value, such as trade confirms and transfer notices
- The majority of companies now have five-year print suppression goals of 26%-50%, with banking and financial services sectors pushing toward the 50%-75% range
- Direct, one-to-one voice communication with a properly trained CSR/MSR, financial advisor, call center representative, or branch employee is one of the most effective and reliable ways of convincing customers to go paperless
- The point of new account sign-up is the most likely time to gain consumer acceptance of paperless programs
- Reduction of postal spend is the Number-One print suppression driver for all participating businesses
- Print suppression objectives and strategies now factor into the current decision-making of more than 90% of the companies surveyed
- Only 22% of companies have a customer communications strategy that is effective and enforced across the enterprise
- Metrics and analytics mechanisms for budgeting and tracking savings remain relatively immature
- Broad-based corporate programs such as Customer Experience and Green initiatives are beginning to be leveraged by paperless advocates to bring new resources to print suppression initiatives

Given the enormous potential for savings, and the multi-million dollar expenditures that have already been made to create electronic delivery systems, Madison Advisors predicts that businesses will be forced to transform print suppression initiatives from business unit efforts to enterprise-wide strategic initiatives if they are to meet their aggressive five-year goals.

We also predict that the focus of these efforts will continue to shift from simple presentment – which has proven insufficient to motivate and convert consumers – to replicating the advantages of paper while adding enhancements that only electronic systems can provide. Specifically, we expect online retention periods to continue to expand to replicate the usable life of paper documents. We also expect that the percentage of documents online will continue to expand, in order to give consumers access to everything to which they have become accustomed with paper.

## SECTION I – RESEARCH FINDINGS & 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. Mission-critical Communications
8. Document Generation as a Core Competency
9. Convincing Customers to Go Paperless
10. Print Suppression Mechanisms
11. Corporate Programs for Print Suppression
12. Print/Mail Outsourcing
13. Electronic Outsourcing
14. Online Document Availability
15. Customer Preference Management

## 1. THE IMPACT OF PRINT SUPPRESSION ON DECISION-MAKING

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

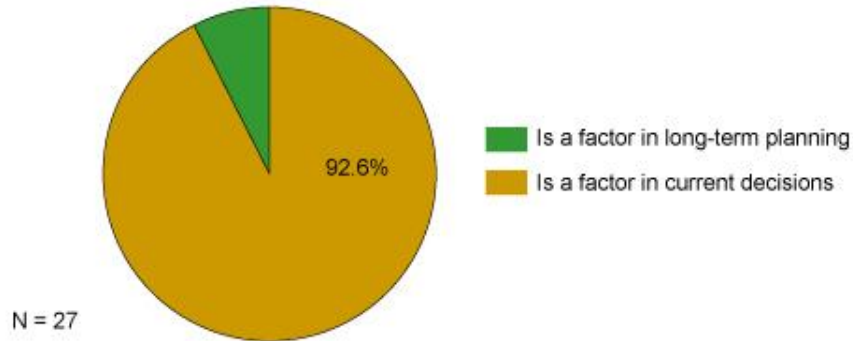


Figure 1 – Impact of Print Suppression on Decision-making

Every company surveyed takes print suppression goals into account during their decision-making process. This affects everything from project management and manpower allocations to budgeting and long-term capital expenditures.

More than 90% of companies use print suppression objectives in their current, short-term decisions – whether it be for software/hardware purchases or deciding which consumer programs to promote.

Print suppression has an impact on virtually every decision a company makes today regarding how it will communicate with customers.

## 2. BUSINESS DRIVERS BEHIND PRINT SUPPRESSION

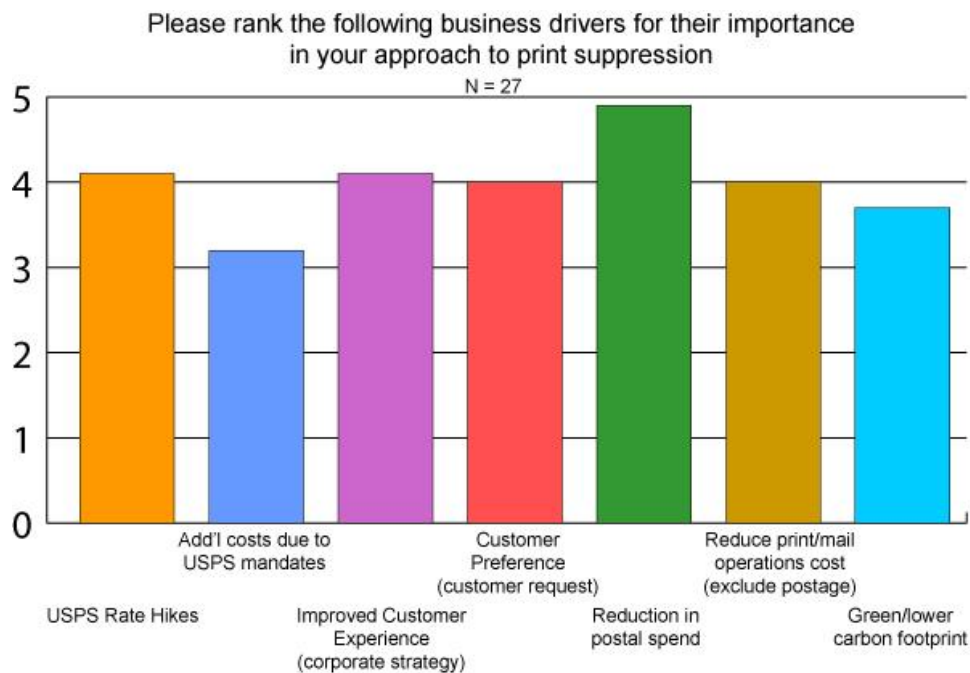


Figure 2 – Business Drivers behind Print Suppression

In figure 2, above, business drivers were ranked in order of importance where 1=Not Important and 5=Very Important.

Far and away, the leading driver for print suppression is cost. There is little opportunity to off-shore print/mail production to areas with lower labor rates, and continuing rate hikes by the U.S. Postal Service leave companies desperate to find lower-cost alternatives to using the mail stream.

In more advanced segments – such as financial services and banking – customer experience and preference are also significant drivers.

### 3. PRINT SUPPRESSION GOALS

What is the maximum level of print suppression your organization expects to attain over the next five (5) years (across all applications and business units.)?

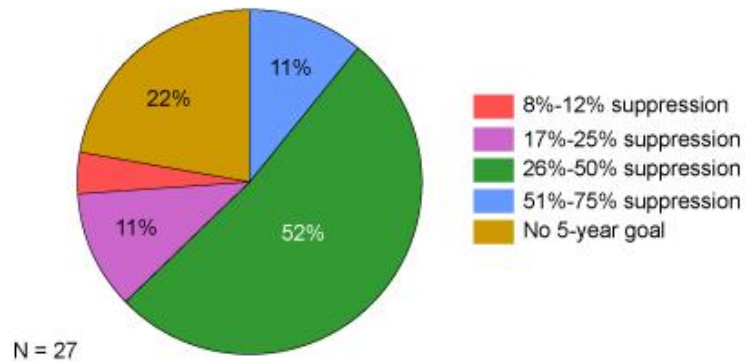


Figure 3 – Print Suppression Goals

Virtually every company surveyed expects to raise suppression rates over the next five years. The majority expect substantial increases – approaching rates of 50% or higher. While a significant portion of companies (22%) do not have a formal five-year goal, many intend to double or triple current rates.

Just how they will achieve this remains to be seen. As we will see in the research findings and analysis that follows, there are still significant barriers to overcome in both management and approach.

#### 4. BUDGET ALLOCATION FOR E-DELIVERY

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

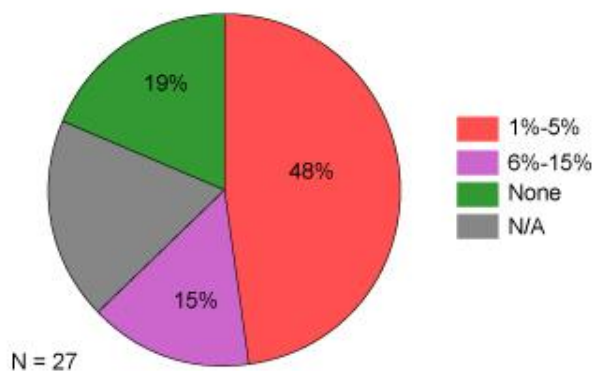


Figure 4 – Budget Allocation for e-Delivery

While electronic delivery is a priority for most companies surveyed, budget processes vary. 63% of companies have some level of budget allocated specifically to e-delivery or paperless initiatives.

The remaining 37% do not budget specifically for e-delivery. Instead, e-delivery or paperless projects or programs are monitored and funded as part of other, existing initiatives.

This variance in budgeting was also reflected in the ability of survey organizations to track savings associated with paperless initiatives. A number of companies are tracking response and user rates, but do not yet have the robust mechanisms needed to give visibility to savings associated with e-delivery efforts.

## 5. TOP-LEVEL MANAGEMENT

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

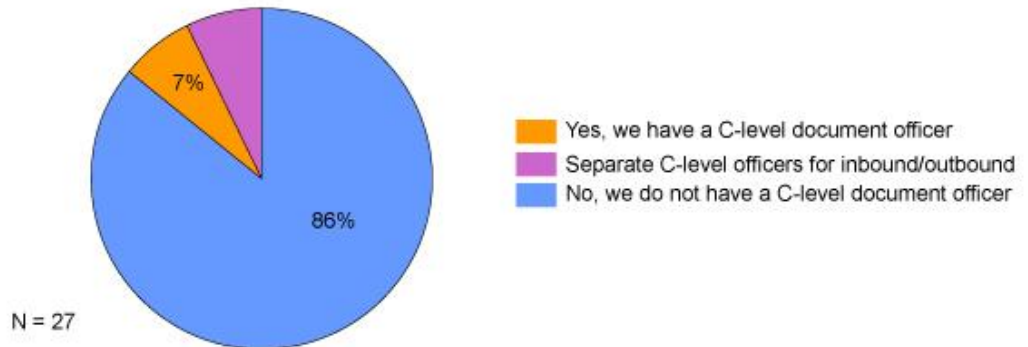


Figure 5 – Top-Level Management

A potential barrier to reaching print suppression goals is the low-level of involvement by senior management. In asking about the existence of a Chief Document Officer our goal was to determine whether e-delivery and print suppression, as overall initiatives, have visibility at the top levels of organizations.

Overwhelmingly, the answer is no. Only 14% of companies surveyed have a C-level officer who has direct responsibility for documents, customer messaging, and e-delivery.

The 14% of 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.



## 6. CUSTOMER COMMUNICATIONS STRATEGY

Does your firm have a formal strategy for customer communications?

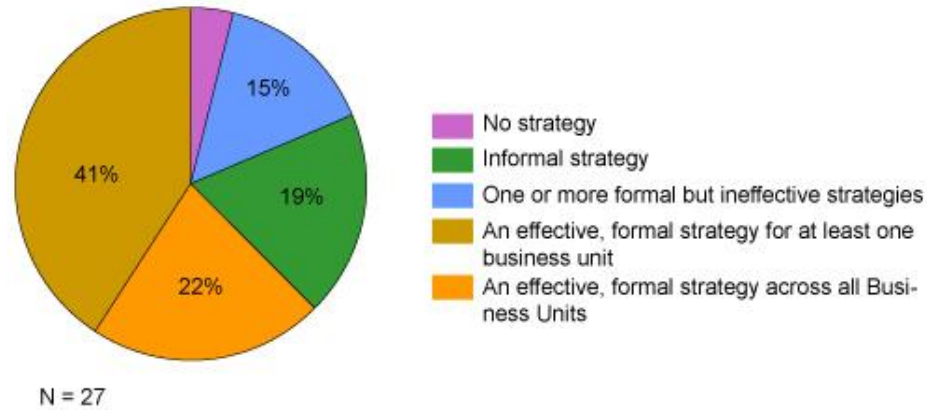


Figure 6 – Customer Communications Strategy

Only 22% of companies have a formal communications strategy that is effective and enforced across the enterprise. This correlates closely with the 14% of companies with a C-level document officer.

The majority of companies – 41% – have a strategy that is effective for at least (and usually only) one business unit. Typically, the senior manager for the business unit has made print suppression and e-delivery goals a priority. Whether these companies can expand that strategy to the larger enterprise will likely have a significant impact on how quickly and effectively they can reach their overall suppression goals.

When we consider the relatively immature state of budgeting and savings capture, the low level of senior management involvement, and the absence of formal, effective strategies that hinder most companies in the survey, it raises significant questions about just how well they will meet their aggressive five-year goals for increasing print suppression rates.

## 7. MISSION-CRITICAL COMMUNICATIONS

Does your organization view customer communications as "mission critical"?

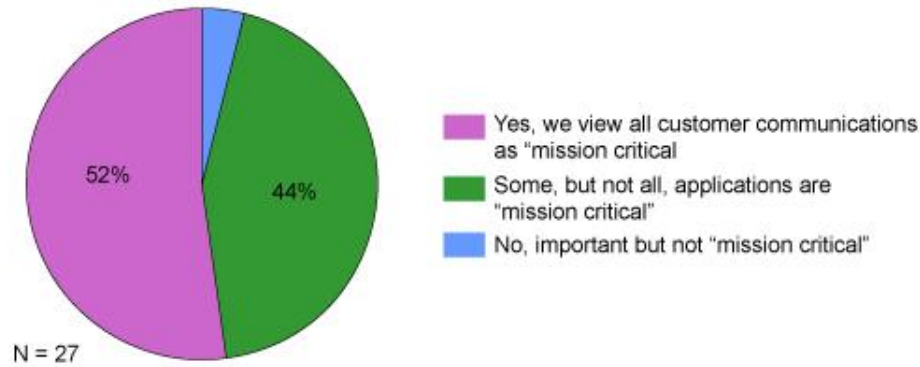


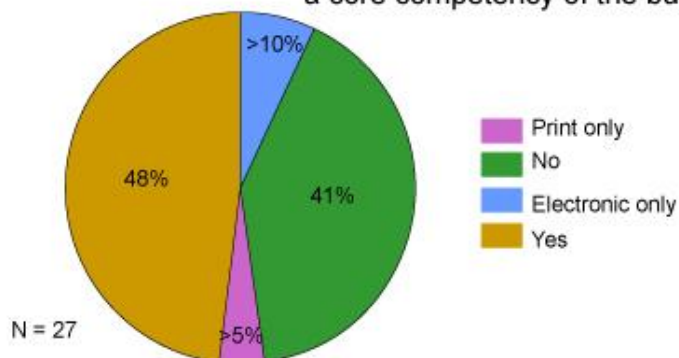
Figure 7 – Mission-critical Communications

This question was asked as a validation point for the strategy and C-level officer questions. The response surprised us. Whether the results are accurate or perhaps skewed due to respondent bias, it seems unlikely that a company would consider a process "mission critical," yet have no visibility at the senior level and no formal strategy.

It is far more likely that customer communications are considered mission critical at the level to which the communications affect work effort – e.g. the print/mail center, the call center, etc. But the data indicate to us that communications have a way to go before being considered mission critical at the enterprise level.

## 8. DOCUMENT GENERATION AS A CORE COMPETENCY

Does your organization consider document generation (both print and electronic) a core competency of the business?



Document Generation: the process of composing and distributing a final document to customers. This is separate from initial design and content authoring stages.

Core competency: a group of extraordinary abilities, processes, and efficiencies which cannot be easily imitated and give a firm one or more competitive advantages in delivering value to customers.

Figure 8 – Document Generation as a Core Competency

This is another instance where this result is not supported by the hard data around management and strategy. Almost half the surveyed companies responded that document generation is a core competency. Given that all of these companies are in a business of something other than document generation, a level this high seems unwarranted. It also seems unlikely, given that well under 25% of companies have both senior management oversight and a communications strategy.

One area we expect to see change in the future is the number of companies that consider electronic message generation a core competency. As we will see when we discuss outsourcing, companies trend toward handling electronic messaging in-house, and leveraging both infrastructure and manpower that is already in place for other electronic initiatives.

## 9. CONVINCING CUSTOMERS TO GO PAPERLESS

A variety of methods have been used to entice customers to switch to paperless, but the most popular have not necessarily proven most effective. The three-bar graph, below, shows the percentage of companies using each method, the frequency of use, and the method's overall effectiveness. For Company Usage, the numbers 0-5 correspond to 20% increments, where 1=20% of companies and 5=100% of companies. Related to Frequency, 1=Rarely Used and 5=Very High-Frequency Usage. Finally, for Effectiveness, 1=Very Poor and 5=Highly Effective.

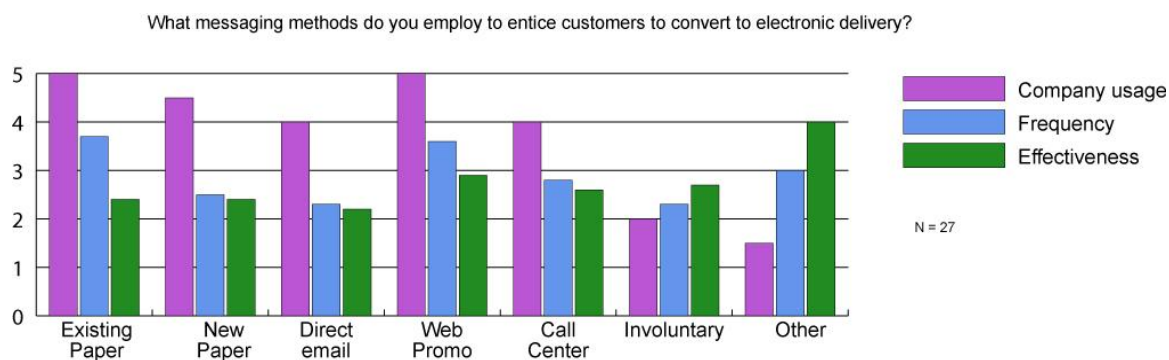


Figure 9– Convincing Customers to Go Paperless

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 also among the least effective. While it costs little to implement, it’s still largely a waste of time and effort. Printing a message on new paper – e.g. inserting a buckslip or other promotional item into a bill or statement – is equally ineffective, but costs more money.

Web-based promotions shown to the user who is already visiting the company website – particularly interstitial ads (better known as annoying pop-ups) – have proven to be very popular and effective. As long as care is maintained not to irritate customers too much, this is a good way to reach those consumers who are already online and likely to switch.

The Call Center/telephone conversation is underrepresented here due to the nature of technology. It may actually be the most effective method of all. Through our phone interviews, we learned that in every case where a company trains MSRs/CSRs, financial advisors, or agents to talk with customers about going paperless, the method is reported to be extremely effective. But most systems still require the consumer to go online to make the switch, so the call center approach does not get credit for generating the conversion.

A small percentage of companies have used other methods – ranging from radio/TV advertising to passing out brochures at local expos – and some of them were very effective as one-time efforts. But none stood out as being useful on a broad basis or in common circumstances.

## 10. PRINT SUPPRESSION MECHANISMS

The mechanisms utilized for print suppression represent another case where our telephone interviews with respondents gave us insight that is somewhat different than what is reflected in the hard survey data.

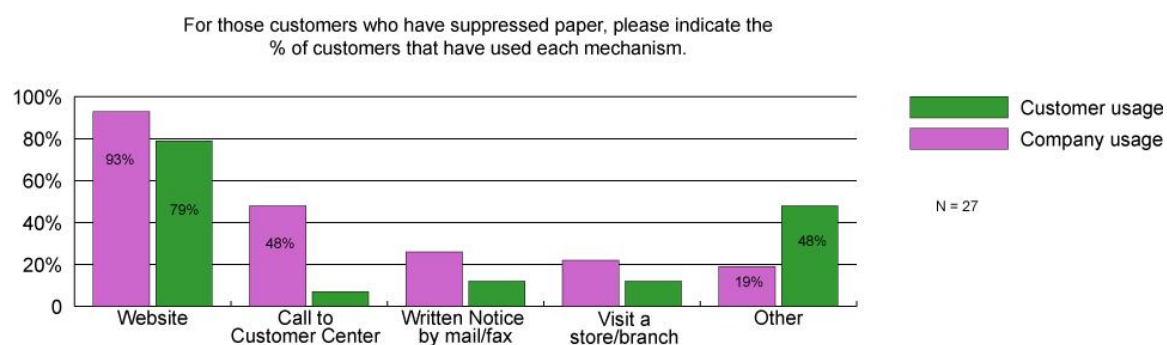


Figure 10 – Print Suppression Mechanisms

Website interaction is a clear leader in suppression conversions, but this is largely due to technology and regulatory limitations – consumers must go online to make the paperless choice.

Call center usage is where the data do not accurately reflect effectiveness. As noted earlier, when a consumer has a telephone conversation with someone – MSR/CSR, financial advisor, or account rep – the success rate is reported to be very high. But the process cannot be completed until the customer goes online, so the web interaction is where the statistical data falls.

One additional point to consider is that new account signup is the most likely time to get a customer to go paperless. While we did not ask this question in the survey, it came up in almost every interview. Whether this is due to the new customer being free from worries about legacy data issues or simply being more open to new ideas when starting a new account, there is a clear trend suggesting that new accounts are the most fertile ground for paperless conversions.

## 11. CORPORATE PROGRAMS FOR PRINT SUPPRESSION

Tying print suppression initiatives into larger corporate programs is still a relatively new approach, with many companies attempting this for the first time within the past 12-to-24 months. This relative immaturity is reflected in the low percentage of participating companies. Some companies have programs in place now, but were unable to report results because of the short time since their introduction. For Company Usage, the numbers 0-5 correspond to 20% increments, where 1=20% of companies and 5=100% of companies. For effectiveness, 1=Very Poor and 5=Highly Effective.

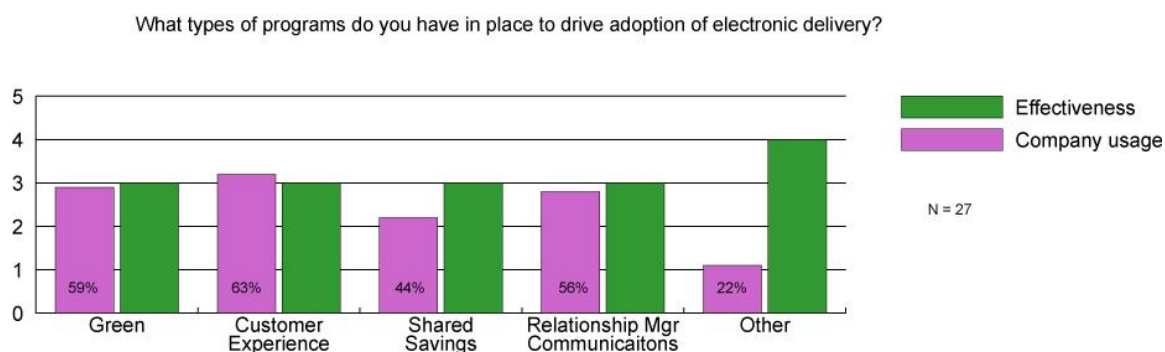


Figure 11 – Corporate Programs for Print Suppression

Despite their relative immaturity, the effectiveness of such programs appears quite good. This is likely the result of leverage gained by using a broader spectrum of company resources – e.g. call center personnel, branch employees, and marketing messages – all delivering a well-orchestrated message and value proposition.

Such programs require time and resources to train personnel, and to develop the right message and approach. But the investment appears to be paying off for the companies that invest in doing so. We expect to see more of such programs in the coming years.

## 12. PRINT/MAIL OUTSOURCING

What percentage of your total PRINT communications work is outsourced?

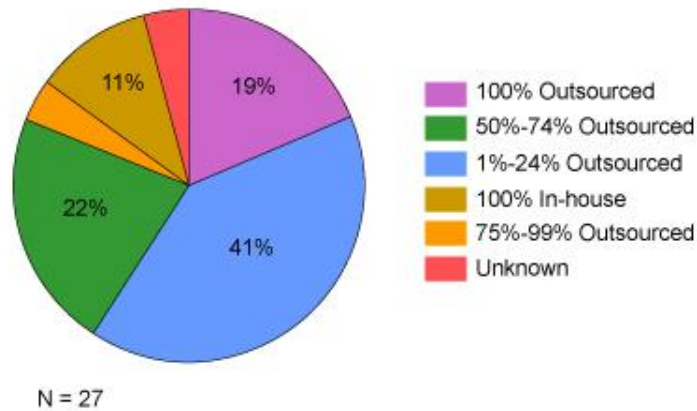


Figure 12 – Print/Mail Outsourcing

Only 11% of companies surveyed produce all of their print/mail in house. 89% outsource at least some portion of production, with 41% outsourcing the majority of work.

The future of print/mail outsourcing appears to be fairly stable, with 56% of companies planning to remain “status quo” for the next 12-to-24 months. 19% of companies plan to increase their print/mail outsourcing over the same period, with 26% of companies planning to bring more work in-house.

If companies meet their print suppression goals over the next three-to-five years there will be significant cost pressure on in-house print/mail operations, especially when equipment and system renewal cycles hit within this period. The potential impact of decreased print/mail volumes is something for in-plant management to watch carefully over between now and 2013.

### 13. ELECTRONIC OUTSOURCING

Do you outsource your ELECTRONIC (multi-channel) delivery?

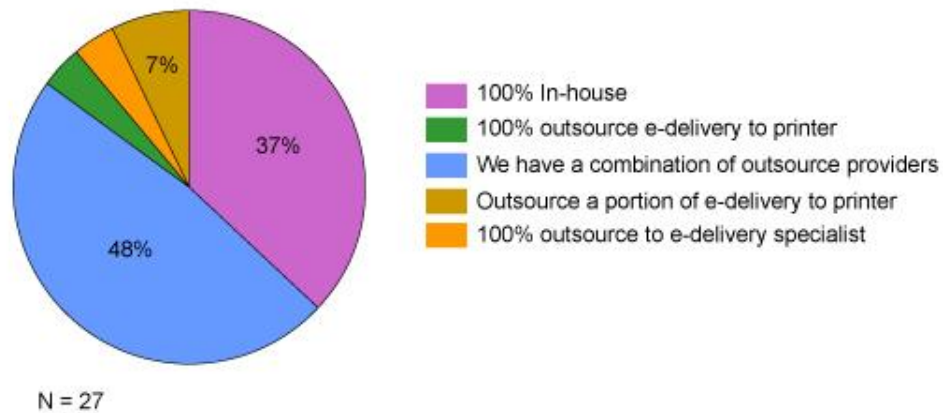


Figure 13 – Electronic Outsourcing

In contrast to print/mail outsourcing, the electronic delivery space is more volatile. A far greater percentage (37% vs. 11%) of companies handle all of their electronic delivery in house. What's more, the larger the company, the more likely they are to want to keep it in house.

Electronic delivery initiatives can leverage a great deal of existing infrastructure, including hardware/software, manpower, security, backup, and other functions without the specialized, expensive, dedicated niche equipment and personnel required for print/mail production.

When asked about their future plans for outsourcing e-delivery, only 37% (vs. 56% for print/mail) expect to maintain the status quo. 22% plan to increase outsourcing, 22% plan to decrease, and 19% do not know how they will proceed.



## 14. ONLINE DOCUMENT AVAILABILITY

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

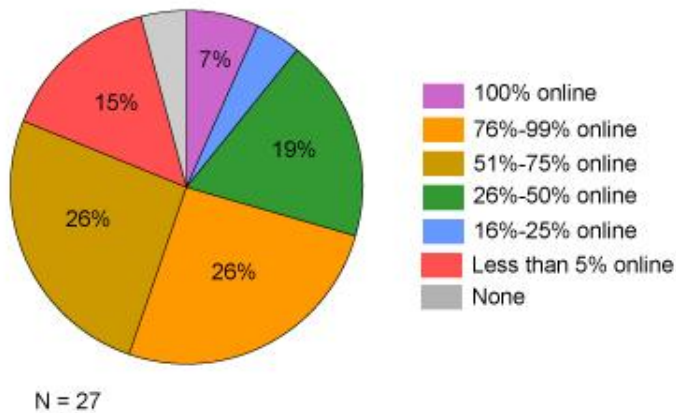


Figure 14 – Online Document Availability

The vast majority of companies (78%) now report more than 26% of documents are online and available for consumers. 59% report that more than half of their documents are online. Fewer than 20% of companies report 15% or less.

While we have not tracked this statistic previously, we fully expect the numbers at both the high end and the low end of the range to change significantly in coming years, as companies continue to invest in online storage and continue the push toward electronic availability of all documents.

## 15. CUSTOMER PREFERENCE MANAGEMENT

How do you manage customer preferences for print suppression?

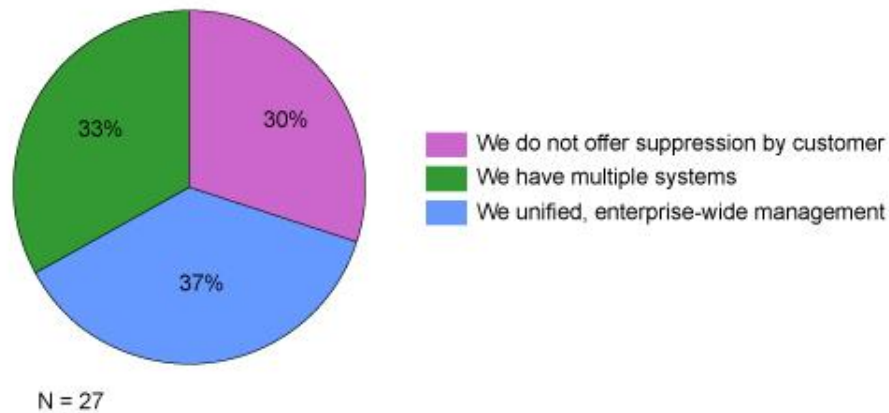


Figure 15 – Customer Preference Management

The last statistic we will examine is the management of customer preferences. This is a key indicator for both the quality and the maturity of the user experience, and it shows there is still plenty of work to be done in making the paperless transition as appealing as possible.

Nearly two-thirds of companies either do not allow customers to selectively choose which documents to receive electronically – it's all-or-nothing or managed by the company on an application basis – or they require customers to visit multiple sites and deal with multiple systems. In both cases it is both inconvenient and confusing for consumers.

More than one-third of companies, however, do have well-designed, unified preference management systems. As expected, these companies are typically in the leading financial services and banking sectors, where the overall approach to electronic delivery is more mature and where customer experience has a higher priority.

## SECTION II – VERTICAL MARKET ANALYSIS

Madison Advisors found the majority of trends, drivers, and statistics that resulted from our Print Suppression Market Study research to be fairly evenly distributed across the verticals represented in the study – banking and credit cards, financial services, insurance, and utilities and telcos. There are, however, a handful of key areas where the differences across verticals are significant enough to warrant special study. We cover these areas in this section, and they span:

1. Business Drivers by Vertical
2. Print Suppression Goals
3. Online Document Availability
4. Outsourcing

Note that the information presented on each vertical represents the aggregate of all of the study participants within each vertical. (Refer to “Study Participants” on page 6 of the introduction for a list of the participants by vertical.)

We must also note that the statistics provided in this section are only indicative. The small sample size in each vertical can be skewed by a single player whose performance is significantly different from the norm. Where possible we have adjusted for these discrepancies.

The data presented in this section have significant value for those with special interest in any of the markets, but we caution against making major strategic decisions without further study and guidance.

## 1. BUSINESS DRIVERS BY VERTICAL

The table below shows the average ranking of key business drivers broken out by vertical market. Respondents were asked to rank each driver from one to five, with five being the most important. The scores from all respondents within the vertical segment were averaged to create the scores below.

	USPS Rate Hikes	Additional Resource Requirements	Improved Customer Experience	Customer Preferences	Reduced Postal Spend	Reduced Other Spend	Green Movement
<b>Banking &amp; Credit Cards</b>	4.25	3.25	4.25	3.75	<b>5.0</b>	4.5	4.25
<b>Financial Services</b>	3.6	2.6	3.6	4.25	<b>4.8</b>	3.6	3.2
<b>Insurance</b>	4.5	3.5	4.0	4.5	<b>5.0</b>	4.5	3.5
<b>Utilities &amp; Telcos</b>	4.0	4.25	4.5	4.25	<b>4.75</b>	3.5	4.0

Table 2 – Print Suppression Business Drivers by Vertical

While there is a great deal of consistency with the overall findings – USPS Rate Hikes and Reduce Postal Spend are clear leaders – there are enough differences to warrant a closer look at the print suppression business drivers by vertical.

Banks and credit card companies ranked the Customer Preference category lower than average. This category is based on the number of users proactively requesting paperless delivery and we suspect that this low score correlates to the number of banking customers who still prefer to receive paper documents for many of their banking records.

A surprising finding was that banks tend to favor the Green Movement as a key driver, ranking it higher than any other vertical. We would expect the energy utilities to be the most aggressive with Green initiatives, given the global push to green energy alternatives. It may be that Banks are simply finding it easier to find funding by tying into Green corporate initiatives.

Financial services companies tend to weight non-financial factors – the Additional Resources, Customer Experience, and Green Movement – somewhat lower than other companies. This may be due to their innate focus on financial returns as a matter of course, or simply reflect the fact that several of the financial services firms in this survey are already well along the maturity curve in electronic delivery. In addition, the timing of the study correlated with the peak of the current recession, which hit the financial service sector especially hard, creating a refocus on expense management.

Utilities and telcos (a survey segment dominated by energy utilities) gave the second-lowest score to USPS Rate Hikes and Reduce Postal Spend. This is reflective of the fact that these companies have the lowest mail volume (and print/mail expense) of any segment, generally sending out only 12 utility bills per year per account. Furthermore, their neighborhood billing approach, which is driven by the utility’s meter reading routes – everyone on the same street receives his or her bill on the same day – provides for maximum zip code saturation, which drives the deepest USPS postage discounts. In essence, they currently enjoy the lowest postage bills of the verticals included.

## 2. PRINT SUPPRESSION GOALS

The table below shows average five-year print suppression goals broken out by vertical market. Respondents were asked to choose from a range of predetermined values that covered the range from 1%-100%. The scores from all respondents within the vertical segment were averaged to create the scores below. Where there are blanks, no respondent in that vertical selected the range.

	8 - 12%	17 - 25%	26 - 50%	51 - 75%	No Five-Year Goal
<b>Banking &amp; Credit Cards</b>		17%	65%	17%	
<b>Financial Services</b>			50%	33%	17%
<b>Insurance</b>	17%		50%		33%
<b>Utilities &amp; Telcos</b>		22%	44%		34%

Table 3 – Print Suppression Goals

Print suppression goals in the various segments are a good indicator of where along the maturity curve each vertical falls. While the majority of companies, in all segments, have five-year goals in the 26%-50% range, both banking and financial services have significant players pushing toward the 75% mark. In part, this is due to experience, as both segments were among the first industries to embrace paperless programs and electronic delivery, and are currently among the most aggressive at pushing paperless initiatives.

A small set of financial services companies have not yet established five-year goals, but they are primarily firms that serve the clearing broker/dealer market rather than consumer-direct – a niche that has been slow to adopt paperless systems.

In contrast, the insurance and utilities and telcos verticals are much more recent entrants to the drive for print suppression. While some insurers (predominantly in the life and health categories) are well-known for their online offerings, the majority still provide a great deal of paper. This market is evolving and, within the next two-to-three years, could see significant growth in both suppression rates and long-term goals.

The utilities and telcos segment in our survey is dominated by energy utilities, many of which are only now beginning to seriously look at paperless initiatives. One barrier for these firms is that it is difficult to recover the cost of electronic delivery infrastructure or to justify the cost of outsourcing. Where a financial services firm or bank will spend, on average, \$10-\$15 per account holder per year on print/mail, a utility firm may spend \$5 or less. Further, a majority of these firms have a much, much smaller customer base across which to amortize their expenses.

### 3. ONLINE DOCUMENT AVAILABILITY

The table below shows average online document availability broken out by vertical market. Respondents were asked to choose from a range of predetermined values that covered the range from 1%-100%. The scores from all respondents within the vertical segment were averaged to create the scores below. Where there are blanks, no respondent in that vertical selected the range. Additionally, we calculated the average retention period for all documents.

	None	< 5%	16 - 25%	26 - 50%	51 - 75%	76 - 99%	100%	Average Retention Period
<b>Banking &amp; Credit Cards</b>				33%	34%	33%		18 months
<b>Financial Services</b>				33%	50%	17%		5+ years
<b>Insurance</b>		33%	17%	17%	33%			2 years
<b>Utilities &amp; Telcos</b>	8%	22%				45%	22%	1 year

Table 4 – Online Document Availability

At first glance utilities and telcos appear to lead the market with online document availability, with almost two-thirds of companies reporting 76% or more of documents online. However, the online figure is tempered by three factors:

- The lowest average retention period – one (1) year
- The fewest number of documents per account
- The lowest page count per document

Given these caveats, it is not surprising to see some utilities pushing the 100% availability level. It is also noteworthy that the utilities and telcos segment is the only vertical with survey respondents who have yet to retain any documents for online presentment.

In reality, the financial services sector is the most aggressive and is making the most significant investment, with all companies reporting at least 26% of documents online. With retention periods as high as 10 years, multiple documents per account holder, and page counts that rival insurance policies, the financial services segment is quickly evolving its electronic delivery to meet the needs of consumers for long-term, reliable, and readily-available storage.

The banking and credit card segment matches financial services in percentage of documents available, but falls well short in the retention period. While it is not yet clear exactly what the most attractive retention period is for consumers, financial services companies are clearly finding that consumers are more comfortable with the longer period, a fact that aligns well with the seven-year, SEC archiving regulations.

Banks are well-advised to take the retention issue seriously if they expect to match the suppression rates of the financial services firms, whose higher suppression rates would indicate that retention period is a factor in how confident and comfortable consumers are with the idea of turning off paper. Consumer trust of banks has suffered considerably in the wake of the recent financial crisis, and having the shortest retention period of any segment with important documents is not likely to inspire anyone to switch off their paper.

#### 4. OUTSOURCING

The following series of tables review Madison Advisors' findings related to both current state and future plans for outsourcing both print and electronic delivery.

##### CURRENT PRINT OUTSOURCING

The table below shows the average percentage of print/mail outsourcing broken out by vertical market. Respondents were asked to choose from a range of predetermined values that covered the range from 1%-100%. The scores from all respondents within the vertical segment were averaged to create the scores below. Where there are blanks, no respondent in that vertical selected the range.

	All In-house	1 - 24%	25 - 49%	50 - 74%	75 - 99%	100%
<b>Banking &amp; Credit Cards</b>		33%		50%		17%
<b>Financial Services</b>		17%	33%	17%		33%
<b>Insurance</b>	17%	66%				17%
<b>Utilities &amp; Telcos</b>	23%	55%			11%	11%

Table 5 – Current Print Outsourcing



## PRINT OUTSOURCING CHANGE

The table below shows the response of companies within each vertical when we asked how they plan to pursue outsourcing over the next 12-to-24 months. Respondents were asked whether they would increase significantly, decrease significantly, remain unchanged, or were undecided. The percentages represent 100% of the companies within the vertical segment. Where there are blanks, no respondent in that vertical selected the response.

	Increase	Decrease	No Change
<b>Banking &amp; Credit Cards</b>		50%	50%
<b>Financial Services</b>	17%	33%	50%
<b>Insurance</b>	33%	17%	50%
<b>Utilities &amp; Telcos</b>	23%	11%	66%

**Table 6 – Anticipated Print Outsourcing**

The current state of print outsourcing is fairly consistent across all verticals. All banking and financial services firms surveyed outsource at least some portion of their print/mail work, while insurance and utilities trend toward outsourcing less, keeping print/mail in-house.

The future of print outsourcing also looks stable across segments, with half or more of all segments expecting no change. This is consistent with the results of a rash of outsourcing RFPs that were tendered in early 2009 and culminated in no action. Of the remaining firms, those taking more work in-house outnumber those looking to increase outsourcing, but not by a significant amount.

## CURRENT ELECTRONIC OUTSOURCING

The table below shows average percentage of electronic outsourcing broken out by vertical market. Respondents were asked to choose from a range of predetermined values that covered the range from 1%-100%. The scores from all respondents within the vertical segment were averaged to create the scores below. Where there are blanks, no respondent in that vertical selected the range.

	All in house	Outsource a portion to print service provider	Outsource all to print service provider	Outsource to a separate (non-print) service provider	Combination	No electronic delivery
<b>Banking &amp; Credit Cards</b>	50%	17%			33%	
<b>Financial Services</b>	33%	17%			50%	
<b>Insurance</b>	34%				66%	
<b>Utilities &amp; Telcos</b>	33%		11%	11%	45%	

Table 7 – Current Electronic Outsourcing

## ELECTRONIC OUTSOURCING CHANGE

The table below shows the response of companies within each vertical when we asked how they plan to pursue electronic outsourcing over the next 12-to-24 months. Respondents were asked whether they would increase significantly, decrease significantly, remain unchanged, or were undecided. The percentages represent 100% of the companies within the vertical segment. Where there are blanks, no respondent in that vertical selected the response.

	Increase	Decrease	No Change	Undecided
<b>Banking &amp; Credit Cards</b>	17%	33%	33%	17%
<b>Financial Services</b>	50%	33%		17%
<b>Insurance</b>	50%	17%		33%
<b>Utilities &amp; Telcos</b>	23%	11%	55%	11%

**Table 8 – Anticipated Electronic Outsourcing**

As noted in the review of general trends in Section I, firms are more likely to retain electronic delivery initiatives in house. This doesn't vary much by vertical, with at least one-third of companies in all segments retaining 100% of e-delivery in house – a significant departure from the current state of print outsourcing.

The future of electronic outsourcing is even more volatile – a significant portion of companies in each vertical plan to increase electronic outsourcing in the next 12-to-24 months, while a sizable minority don't yet know what they are going to do. Much of this appears to be driven by competition, as smaller Tier II/III firms in the financial services and banking segments struggle to keep up with their much larger competitors, and newer entrants in the insurance and utility verticals look for the easiest, least expensive way to mature their print suppression efforts.

## SECTION III – LEADING SERVICE PROVIDERS

In this section, Madison Advisors discusses what leading service providers are doing to help organizations transition from hardcopy distribution of key communications to multi-channel delivery. We review findings and trends across the service provider landscape and then provide brief overviews of each of the service providers currently spearheading the transition to multi-channel delivery, including their innovations related to print suppression and multi-channel delivery, their areas of specialization, and their service offerings.

Presented alphabetically, these service providers include:

- Broadridge
- CSG Systems
- DST Output
- Kubra
- Symcor
- TSYS

### FINDINGS & TRENDS ACROSS THE SERVICE PROVIDER LANDSCAPE

Industry-leading service providers offer multi-channel delivery applications to serve clients that require different methods of communicating with end consumers. For many types of documents, including statements and bills, electronic delivery methods offer a faster and less expensive route than paper-based communications. With this in mind, today's leading service providers offer both traditional print-and-mail services and electronic communications so that clients can reach all of their customers through preferred channels.

The service providers surveyed for this study support a range of electronic applications, including electronic archives, electronic bill presentment and payment (EBPP), and e-mail delivery. By offering these services to clients, the clients, in turn, can enable their end consumers to choose which documents to receive in the mail and which documents to receive electronically. End consumers also choose whether or not to pay bills online, through the mail, or in person at a retail location. Regardless of the electronic channel used to communicate with end consumers, the clients of the service providers receive cost savings from a reduction in their print volumes.

Further, service providers host the hardware and software required for an electronic application, which saves their clients from having to maintain their own infrastructure. Service providers do not require clients to use all of the applications they offer, but instead allow clients to start with one or more applications and expand the communications channels as desired. This approach allows both clients and end consumers to ease into electronic communications.

Madison Advisors finds that a service provider's vertical expertise in print and mail operations extends to multi-channel delivery as well. Typically, service providers specialize in one or two vertical markets, and they offer electronic applications for both horizontal document types, such as EBPP for bills, as well as vertical-specific applications, such as electronic prospectus solutions for the financial services market.

For most electronic applications, service providers utilize a common pricing model. They typically charge an upfront development fee to implement an application and then charge transaction fees based on the volume of documents processed. Most service providers bundle any transformation processing, such as conversion to PDF for viewing, into the processing fees. For electronic archives, service providers add storage fees for documents that clients choose to save beyond a pre-determined time period. Some service providers charge presentment/retrieval fees in addition to item loading fees. Finally, volume-based fees also apply for outbound e-mail communications.

All of the service providers in this study indicated that electronic customer communications have grown in recent years and they expect the use of electronic channels to continue to grow in the future. Adoption rates vary by vertical market, but from the service provider perspective, Madison Advisors expects financial services and telcos to lead the other verticals in print suppression.

Madison Advisors found electronic archives and EBPP to be the most common offerings, with many service providers having only recently implemented e-mail communications. Many service providers cite mobile messaging as the next opportunity for customer communications. In addition to multi-channel offerings, many service providers deliver personalized messages within documents and extend the messages to leverage electronic channels through hyperlinks and personalized URLs.

## **BROADRIDGE**

Broadridge Financial Solutions, Inc. (NYSE:BR), based in Lake Success, NY, provides technology-based solutions globally to financial institutions and public companies. Broadridge provides complete brokerage processing services, including investor communications, proxy processing, securities processing, and clearing and custody services. With more than 5,000 employees and revenues of \$2.1 billion (FY 2009), Broadridge has more than 45 years of experience serving the financial services industry.

Broadridge provides its bank and brokerage clients with financial information distribution and transaction reporting services to help them meet their regulatory compliance requirements and business needs. These solutions are powered by Broadridge's print, mail, and fulfillment services, and electronic document delivery technologies. Broadridge manages everything from the collection of e-delivery consents from its clients' account holders to maintaining a database that contains the delivery method preferences for those customers, which allows Broadridge to reduce print and postage expenses for its clients.

## **MARKET OUTREACH & EDUCATION**

To increase awareness of print suppression technologies within the financial services industry, Broadridge supports client focus groups and educational forums that examine industry trends and best-of-breed solutions for customer communications. Broadridge also participates with industry organizations and panels, such as USPS Postal Customer Council, in support of industry trends spanning both the technology and market sectors that Broadridge serves. Broadridge works on behalf of its clients to capture consumer consent and client preferences for e-delivery, and builds custom consent campaigns that integrate with client infrastructures to introduce multi-channel communications.

## **LEADERSHIP & INNOVATION**

Broadridge has a comprehensive multi-channel solution that supports both small- and large-volume implementations with sophisticated distribution, monitoring, and resolution management to ensure delivery through SPAM filters. Broadridge also utilizes built-in processing tools that ensure delivery in the event of an electronic delivery failure by generating and mailing a paper document.

Since many financial services firms have some type of e-delivery technology, Broadridge strives to develop new, vertically-focused tools, like Investor Mailbox, to drive end-consumer adoption rates and enhance the overall customer experience.

## SERVICE OFFERINGS

Broadridge's multi-channel suite includes a set of hosted services for electronic customer communications to supplement its print production operations. Based on its experience with financial services documents, Broadridge developed targeted solutions for critical financial services customer communications, including trade confirmations, tax documents, account statements, and marketing communications.

### PostEdge

PostEdge is an ASP service model suite of electronic archival and e-delivery solutions. The offering includes a Broadridge-hosted document management system and archive for documents regardless of original delivery channel. Users access documents, which appear in their original format, through a web-based interface. End consumers and clients use the system for reference, research, and notification. PostEdge also supports client-only documents such as back-office reports, thereby saving repetitive searches.

Clients customize the PostEdge web interface to match their corporate branding and control access through multiple security levels. PostEdge manages the end-consumer solicitation, delivery options, consent, and e-mail rejects. The system even routes undeliverable electronic communications to print production, which helps clients meet SEC requirements for both security and document retention.

### Electronic Prospectus

The Electronic Prospectus service delivers prospectuses to end consumers electronically and presents the documents in an approved, standard format. The system accesses a repository of prospectuses, which match documents filed with the SEC. The service only shows the prospectuses for funds supported by the client. The system supports pre-sale and post-sale materials in accordance with regulatory requirements. The solution's web-based interface does not require additional software or plug-ins for clients or end consumers.

### Investor Mailbox

Investor Mailbox provides end consumers with a single, secure portal through which to receive statements, prospectuses, confirmations, and other documents and investment data, as well as submit responses for consent. Clients customize the branding of the web-based portal and their staff monitors all activity from a single point. End consumers access the portal seamlessly through the client website.

## CUSTOMER SERVICE & SUPPORT

Broadridge provides an experienced team of client service representatives and product specialists to support various client initiatives. A dedicated Broadridge relationship manager is responsible for the overall client account and works with clients and Broadridge CSRs. A CSR project manager maintains day-to-day controls, delivers daily production status reporting, addresses client satisfaction issues, and any product development or software changes.

Broadridge's multi-channel delivery solutions include web-based interfaces that clients utilize to administer and manage their own accounts. Broadridge's solutions provide dashboards and web portals that allow clients to generate customizable and ad-hoc reports. For more detailed analysis, Broadridge schedules monthly and quarterly reviews with each of its clients.



## CSG SYSTEMS

CSG Systems (Nasdaq: CSGS), based in Englewood, CO, provides software- and services-based solutions to support business communications. With more than 2,000 employees in North America and revenues of \$472 million (2008), the company serves the cable, direct broadcast satellite, telecommunications, utilities, and non-profit industries, among others.

CSG is a market leader in print and electronic output with solutions that provide clients with multiple customer communications channels – print, online, e-mail, and kiosks – which support both invoicing and marketing. CSG offers an expanding array of solutions that enable the end consumer to interact and pay their bills through their chosen channel.

## MARKET OUTREACH & EDUCATION

CSG provides white papers, web logs, and strategic thinking seminars to educate existing customers and new prospects on print suppression and multi-channel delivery. For example, CSG publishes white papers and joint-use case studies on best practices for multi-channel delivery in order to provide customers with an understanding of adoption trends and how CSG's offerings can help customers achieve their goals. CSG also educates clients through its participation at tradeshow, in industry publications, and through direct sales.

## LEADERSHIP & INNOVATION

CSG has a long-standing reputation for providing services and for delivering multi-channel communication solutions. At present, over 90% of CSG billing customers employ multi-channel capability. The company's experience with multi-channel delivery and the high adoption rates of print suppression demonstrate its extensive experience and effective capabilities, which leads clients to migrate all delivery channels to CSG rather than maintain in-house or third-party solutions. Further, CSG is expanding its multi-channel offerings to new verticals as it diversifies its client base.

One method in which CSG exhibits its innovation is by supporting its clients' strategic initiatives; for example, environmental stewardship. By providing electronic invoicing and payments in addition to print suppression, clients can reduce costs, improve overall effectiveness, and minimize environmental impact. CSG can also assist with the adoption of electronic billing and payments by disseminating personalized marketing messages to its clients' consumers/subscribers.

## SERVICE OFFERINGS

CSG's Precision eCARE suite provides a set of pre-integrated modules that CSG delivers through managed services. CSG's managed service offering lowers overall IT spend by providing all multi-channel needs through one provider. In addition, CSG offers its Payment Gateway, which includes competitive rates for transaction processing fees. As an alternative electronic delivery method, CSG supports retail kiosks which allow end consumers to place orders, process upgrades, or pay bills from retail locations.

### **Precision EBPP**

Precision Electronic Bill Presentment and Payment (EBPP) allows end consumers to review their bills online, and submit payment via electronic funds transfer, PIN-less debit cards, or credit card. Precision EBPP also supports online payment services, such as PayPal and PayMeLater. The system supports presentment of current bills and archived documents. End consumers opt-in to receive e-mail notification when bills become available and may choose to suppress printed bills all together. The system also supports delivery of bill content through a consolidator, such as a bank or CheckFree.

### **Precision Email**

Precision Email allows clients to create targeted email marketing communications using rich HTML messages with embedded personalization. An e-mail campaign management engine enables segmentation and one-to-one offers. CSG partners with certified white-mail delivery services to ensure delivery and manage bounced e-mails. A real-time reporting interface with graphics enables clients to track message success rates and analyze campaign effectiveness.

### **Precision eMarketing**

Precision eMarketing delivers one-to-one targeted messages to end consumers across multiple channels. The solution supports printed and e-mail communications, as well as kiosk-based presentations. Clients upload content and define target segments using a rules engine. CSG manages relationships between clients and brokers to present third-party marketing messages, which allows partners to cross-sell products and services.

### **Precision Secure eStatement**

CSG's Precision Secure eStatement application delivers transactional documents through encrypted channels as PDF attachments with the appropriate form overlay. End consumers access the PDF and may pay directly from the PDF through the same Precision EBPP interface or with a one-client payment option.

## CUSTOMER SERVICE & SUPPORT

CSG provides several types of customer service in support of the eCARE managed services application suite. On the print side, CSG provides value-added services through its ad sales groups, which helps clients develop inserts and ad pages. On the electronic delivery side, CSG provides assistance through the development of email programs. CSG clients utilize a standard reporting suite across all delivery channels that minimizes the training required by clients to manage the CSG services. CSG also offers a marketing database that clients leverage to help manage the various support processes.

CSG introduced PURL (personalized URL) technology to help clients personalize their marketing campaigns/efforts and monitor the ROI around the adoption rates. CSG also provides eMarketing capabilities for both its web and email channels to dynamically insert marketing messages to customers using electronic strategies and dynamic marketing online. The system presents messages based on settings established by clients, as well as including specific messages on printed statements.

## **DST OUTPUT**

DST Output, a subsidiary of DST Systems (NYSE: DST), provides integrated print and electronic customer communications throughout the United States, Canada and the UK. With approximately 2,800 employees and operating revenues of \$528 million (2008), the company delivers more than two billion communications annually. The company specializes in transactional communications for the financial services, insurance, healthcare, utilities, and communications industries.

DST Output's strategic vision for print suppression and multi-channel delivery is to provide integrated print/mail and electronic solutions that enable end consumers to select communications preferences while providing businesses an efficient and integrated output production and delivery network. DST Output notes that its clients achieve higher electronic adoption rates by letting end consumers choose whether to accept paper and/or electronic communications.

## **MARKET OUTREACH & EDUCATION**

DST Output utilizes marketing and communications tactics, such as webinars, press releases, speaking engagements, and client case studies, to educate the market on its integrated print and electronic solutions. DST Output's toolkits include information on industry best practices, independent research, and DST Output's clients' experiences. For example, the organization issues frequent client case studies developed in partnership with its clients. The case studies outline integrated print and electronic solutions and provide insight into print suppression trends and multi-channel communication strategies.

In addition, DST Output works with industry groups on consumer-facing campaigns. DST Output also works with the NACHA organization, PayItGreen alliances, and other companies to drive consumer awareness of electronic delivery.

## **LEADERSHIP & INNOVATION**

DST Output has provided multi-channel delivery options to its clients for over ten years. The company's proven, integrated print and electronic solutions approach is predicated on receiving one data file to deliver customer communications across multiple channels. DST Output's solution includes integrated campaign management tools, a single review and release quality process, design services, a single customer service and implementation team, disaster recovery services, print suppression, and marketing adoption services.

DST Output provides bundled implementation of both print and electronic communications. The organization's proven abilities in the areas of document hosting, compliance support, mobile integration, and disaster recovery motivate clients to migrate from multiple delivery platforms to DST Output's integrated print and electronic solutions delivery network.

## SERVICE OFFERINGS

DST Output's service offerings form an integrated solutions platform that delivers quality customer communications via the end consumers' preferred delivery channel. DST Output's eSolutions suite includes presentment and payment, campaign management, secure e-mail, prospectus delivery, proxy management, and electronic distribution for numerous vertical industries. In addition to online services, DST Output also offers data storage for short-, mid-, or long-term archival and retrieval.

### **Presentment**

DST Output offers presentment solutions for both internal operations, such as customer service, research, and legal, as well as end-consumer presentment. Client representatives access the configurable document archive through a DST Output portal or API interface to view one or more documents and have the option to merge multiple documents from a single account into one PDF for distribution. The system also provides line data report viewing which is integrated with legacy financial systems and supports annotations. End consumers opt-in to view electronic documents from the archive, which they can then download and print.

### **Campaign Management**

DST Output's campaign management solution delivers personalized messages when end consumers view their print or electronic bills or statements. The campaign management solution integrates with DST Output's electronic presentment and payment solution to create interactive personalized messages as needed. Clients upload content and establish customer segmentation qualifications for various promotions within a campaign. The campaign management solution triggers messages based on the rules of the campaign.

### **Payment**

DST Output's payment system supports credit cards, debit cards, PIN-less debit, ACH payments, one-time billing and recurring payments. The system meets PCI requirements for encrypted transmission of data at every point in the system. The system also allows CSRs to capture and input electronic payment information over the phone. Clients choose the payment types and payment processor that support their applications.

**eMail**

DST Output's eMail services operates as an event-driven solution that delivers electronic bills and statements securely (Secure eMail), event notices, and e-mail marketing to end consumers. As a white-listed email provider, e-mail from DST Output avoids getting caught in spam filters. And with bounce-back management and automated triggers to print, DST Output's eMail services addresses SEC and HIPAA standards for compliant correspondence.

**Distribution**

DST Output's Distribution module delivers encrypted document summary information through third-party consolidators, such as CheckFree and EBIDS, to Web portals and banks for password-protected presentment and payment. In addition, the Campaign Management module enables clients to add personalized messages to the documents. For full transactional details, end consumers click through the link to view the document in HTML or PDF format.

**CUSTOMER SERVICE & SUPPORT**

DST Output provides its eCustomerCare client portal as a self-service application for clients to manage their electronic customers activity, view electronic documents, manage electronic payments, run reports, view monthly metrics, and monitor adoption. This portal enables clients to access and review results from the various eSolutions services.

DST Output's customer service and product marketing team works with clients on adoption programs tailored for their business and goals. DST Output provides adoption marketing services and consulting onsite and gears implementations toward electronic adoption and strategies for paper suppression. The adoption marketing program leverages DST Output's experience with multi-channel communications to develop customer-specific solutions that increase adoption rates for electronic delivery.

## **KUBRA**

KUBRA, a privately-held company with six facilities across North America, provides customer communications management (CCM) solutions to North American clients in the financial services, insurance, telecommunications, utility, and manufacturing/distribution industries. KUBRA's solutions include business process outsourcing, information software, and professional services that enable clients to maximize the customer relationship management potential of each end consumer.

As a market leader in electronic document creation, delivery, and settlement, KUBRA offers print and electronic delivery solutions that enable clients to better communicate with end consumers across multiple channels. KUBRA's integrated solution suite focuses on electronic delivery and settlement through a wide range of communications channels, and it supports print production and mail delivery across multiple print centers.

## **MARKET OUTREACH & EDUCATION**

KUBRA offers webinars, case studies, joint client presentations and conferences to educate clients on its solutions and the value of multi-channel delivery. KUBRA tailors its marketing events to specific industries to match its industry-specific offerings and address key requirements for the industries involved. Based on experience, KUBRA believes that solutions with multiple touch points have the greatest chance of success.

## **LEADERSHIP & INNOVATION**

KUBRA provides bill presentment and payment across all channels on one technology platform, including walk-in payments, pay-any-one, lockbox, print, e-billing, mobile, one-time payments, and legacy EFT payments. The single-platform approach enables KUBRA to add features such as delivery channels, payment methods, customer self-service, and document archives that automatically support related services. Since the platform already supports integration to front-office and back-office solutions, KUBRA migrates clients from existing in-house solutions and keeps clients on the most current version of the software without custom programming.

## SERVICE OFFERINGS

KUBRA's flagship e-billing platform, the i-doxs Suite provides a full range of modular services for electronic delivery and settlement. From composition and messaging to delivery and payment, KUBRA's i-doxs Suite operates on a single technology platform that provides clients with a single system from which to track customer interactions. KUBRA offers the solution as an outsourced or ASP-based offering.

### **i-doxs Suite**

KUBRA's i-doxs Suite is an integrated multi-channel e-billing and self-service platform that supports biller direct, consolidation, and secure e-mail bill delivery models, as well as one-time payments via IVR, call center, and internet channels. The solution consolidates electronic payments and manages document archive and retrieval. KUBRA also supports a series of individual product lines for specific e-commerce applications as noted below.

### **e-Delivery**

e-Delivery allows clients to push bills and other documents to end consumers through secure e-mail. End consumers securely receive and view the encrypted documents and make payments from within the e-mailed bill without having to click through to a website. e-Delivery works as a stand-alone module or in conjunction with KUBRA's i-doxs Suite.

### **e-Gateway**

KUBRA's e-Gateway supports the enrollment, processing, and delivery of e-billing content into the three core Consumer Service Provider (CSP) consolidator networks – Fiserv, Metavante, and Yodlee. This solution allows clients to present summary billing information to end consumers through consolidator networks with links back to the client's website for detailed information and further end-consumer interaction.

### **e-Collect**

KUBRA's e-Collect is a non-enrolled payment application that supports multiple channels (web, call center, IVR, retail location) and multiple payment types (ACH, credit card, signature debit card, and ATM/PINless Debit card). e-Collect uses real-time account and payment authorization tools that allow clients to accept payments from end consumers that have not enrolled in an e-billing program.



## CUSTOMER SERVICE & SUPPORT

KUBRA helps its clients identify the right mix of modules and connections from the i-doxs Suite for turn-key connection into their legacy financial and customer care applications. KUBRA provides project management and technical support during the implementation process, and offers training on the i-dox interfaces used by clients after implementation. Because i-doxs is an ASP offering, KUBRA maintains the hardware and software components.

In addition, KUBRA continues to expand the features and functions of the product suite to engage and migrate clients to paperless delivery and payment. KUBRA issues two minor releases and one major update per year to the i-doxs Suite product line. As the software provider, KUBRA manages the client's migration from one software version to the next.

## **SYMCOR**

Symcor, a privately-held company based in Mississauga, ON, is a North American provider of business process outsourcing services for the financial services industry. With more than 7,400 employees, Symcor also services the wealth management, brokerage, insurance, telecommunications, and retail industries.

As a market leader in print and electronic document production, Symcor provides multi-channel, transpromo-based communications, allowing its clients to deliver consistent communications to customers across many channels.

## **MARKET OUTREACH & EDUCATION**

Symcor uses multi-media marketing campaigns to showcase the multiple delivery methods available with its solution. Symcor supplies sell sheets and brochures to address each facet of the suite. Symcor engages clients and prospects on the topic of multi-channel delivery with an e-campaign featuring web-based demos.

In addition, Symcor conducts off-site educational events for both existing clients and prospects to educate them on the value of a multi-channel approach to customer communications. Symcor engages industry experts to speak on the emerging trends and demographics in communication. Finally, Symcor also hosts facilitated, client-hosted sessions to bring together multiple stakeholders to introduce its multi-channel delivery approach.

## **LEADERSHIP & INNOVATION**

Symcor provides its clients an enterprise-level archive designed to support multiple lines of business. The company has experience migrating customers from in-house systems to Symcor's electronic delivery solution, which it often bundles with print production. Symcor integrates digital color and dynamic messaging into its multi-channel solution and allows a single set of business rules drive delivery.

## SERVICE OFFERINGS

Symcor's xMC Suite provides clients with a multi-channel platform for customer communications. The suite incorporates document composition and messaging tools to generate highly personalized transpromo documents, available through multiple delivery channels.

### **xMC: Compose**

xMC: Compose uses leading edge design tools to create documents based on client-provided content and business rules. Clients define a single set of rules which generates documents for each delivery channel as required. Regardless of channel, the system produces color documents with high levels of personalized messaging.

### **xMC: Messaging**

xMC: Messaging allows clients to define and approve personalized messages and printed inserts. Clients use a web-based interface to define market segments and targeting rules based on end consumer profiles. xMC Messaging consolidates message and campaign management across all channels. The system generates PDF proofs for client approval prior to production.

### **xMC: Print**

Symcor's xMC: Print system delivers full color output for transpromo initiatives, as well as forms replacement. The system's inline MICR capabilities allow clients to incorporate remittance statements and balance transfer checks with other financial documents.

### **xMC: Online**

Symcor's xMC: Online includes a robust document archive that allows clients and end consumers to perform complex searches. Using a web-based interface, clients access the secure archive for electronic bill presentment, customer service, or research. The extensible architecture supports multi-channel delivery.

xMC: Online also includes e-mail notification. The system generates rich HTML documents that contain relevant account details and promotional messaging. The electronic documents contain links to full statement details in the archive, as well as PURLS for up selling products and services.

## CUSTOMER SERVICE & SUPPORT

Symcor offers support across all of its multi-channel products. Symcor provides a hosted call center service with security management capable of managing customer relations down to the account level. Symcor offers reporting tools that allow clients to view adoption and delivery of e-statements, which also enables the expansion of transpromo opportunities.

Symcor provides clients with experience from years of document design and production, as well as knowledge from a large study conducted to understand end-consumer preferences for transpromo communications. In addition, Symcor partners with industry leaders to support an increasing number of delivery channels for customer communications.

## TSYS

TSYS (NYSE: TSS), based in Columbus, GA, provides electronic payment services to financial institutions and companies around the globe. With revenues of \$1.9 billion (2008), TSYS offers flexibility, control, and service to clients through a broad range of issuing and acquiring payment technologies, including consumer-finance, credit, debit, healthcare, loyalty, prepaid, chip, and mobile payments.

TSYS is a market leader for outsourced payment services that enable clients to support a wide range of electronic payment options. Clients set preferences within the TSYS solutions for a level of print suppression that matches their business model.

### MARKET OUTREACH & EDUCATION

TSYS assists its clients in developing programs that move any payment form through any payment device or channel. TSYS develops pilot programs with clients using evolving technologies to support multiple channels for customer communications and payments. TSYS' infrastructure and service-delivery platforms enable the organization to support client demands for emerging payment platforms, such as such as NFC, SMS, downloadable apps and other mobile technologies.

### LEADERSHIP & INNOVATION

TSYS provides solutions for print, e-mail, and online viewing that enhance a client's ability to communicate effectively with their end consumers through a preferred channel. TSYS' initial focus for multi-channel delivery has been to improve client portfolio performance throughout the value chain. In the future, TSYS expects to improve on clients' business processes, including solicitation and retention strategies through electronic presentment, IVR, and print components. TSYS anticipates that mobile technologies will emerge as the delivery channel of choice for end consumers.

TSYS facilitates clients' print suppression needs through green initiatives supported by the TSYS product suite. TSYS services support stringent requirements around data security and federal regulations. Whether a client chooses to suppress print or not, TSYS multi-channel solutions deliver data through a wide variety of reports that are available in multiple formats, frequencies, and distribution channels.

## SERVICE OFFERINGS

TSYS offers a comprehensive suite of on-line viewing and reporting services that provide clients and end consumers access to statements and transaction data. TSYS hosts the services suite and document archive on its servers for ready access and disaster recovery. TSYS also provides a portal for centralized access to data from the various service components. TSYS delivers these services to banks, merchants, and acquirers.

### Digital Document System

TSYS DDS provides Web-based access to large volumes of data, documents, and reports. The TSYS-hosted solution automatically processes, indexes, and stores documents for secure retrieval through standard web browsers. Multiple lines of business within an organization use TSYS DDS for CSR activities and research.

DDS allows users to perform one or more simultaneous searches across multiple months of data. The system displays different documents or pages of the same document in separate windows, which allows the user to compare data sets. The system supports batch printing of multiple documents in a single PDF file and also allows users to export data for use in other applications.

### Credit Care

Credit Care is a Web-based self-service interface that allows end consumers to securely receive and view electronic statements from the DDS repository. Clients control the look and feel of the interface, which is typically accessed through the client's Web site, and manage the enrollment process and targeted messages offered to their consumers. End consumers have the option to receive e-mail notifications when a new statement becomes available.

### e-Connections

e-Connections is a comprehensive suite of online query and reporting services that provides acquirers and merchants with real-time Internet-based access to generate custom, on-demand reports or register for one of the more than 170 available reports through an electronic mailbox. e-Connections reports provide financial institutions and their merchants with secure access to detail and summary-level information concerning their authorized, captured, cleared, and settled transactions.

## CUSTOMER SERVICE & SUPPORT

TSYS provides customer service and consulting support for its multi-channel delivery services. This includes pre- and post-implementation consulting along with consulting on loyalty programs and workflow management to improve adoption with measurable results. TSYS implementation testing services include an assessment of risk criteria, suggested testing areas, and end-to-end testing of the solution during implementation.

TSYS also provides support services to help clients manage shifts and spikes in call center volume. Its vast experience with call center operations allows the organization to customize solutions that improve clients' call center processes, reduce volume spikes when possible, and shift requests to self-service environments.

## SECTION IV – STUDY CONCLUSIONS

While we uncovered several new trends and directions over the course of this study, it doesn't mask the simple fact that most stakeholders are dissatisfied with the current market dynamics – customers want timely, relevant, and personalized communications (arguably simpler and better delivered online), and organizations seek hard cost reductions through the reduction of print and mail expenses. To be sure, hardcopy mail will not be eliminated during our lifetimes. Providing a better customer experience with paper-based touch points, however, will benefit all parties.

Perhaps one of the most telling discoveries in this study is the rigor and structure that has been incorporated by participating enterprises as they strive to transfer customers to online delivery. Historically, support for electronic delivery has been fragmented and splintered within the organization. Today, however, we find dedicated, funded, and focused departments within Fortune 500 organizations with the goal to increase print suppression rates. As suppression rates grow and success stories are published, this trend will sweep down market quickly, also accelerating the suppression rates in SME markets.

The debate on whether electronic delivery is “greener” than a renewable resource – paper – will continue to rage, supported by those interested advocates on both sides of the argument. What we can safely expect is that just as the airlines moved to paperless tickets to much fanfare and consumer angst, there will be initial public anxiety as firms begin to take hardcopy delivery options away.

The study results confirm that the question we need to be addressing is not “if” we see significant hardcopy suppression, but “when.” And while we cannot know when we'll reach the tipping point, our participant discussions indicate that these organizations clearly understand the cost save opportunity and are willing to apply resources to suppress paper and move clients to electronic channels.

As with any paradigm shift, winners and losers will ultimately emerge. The loss of a significant portion of the 400 billion annual transactional images will shift the balance of power from those who currently enjoy control of the process. One obvious casualty will be the USPS, which is currently losing billions on the existing, limited volume declines. Suppliers to the print and mail industry must act now to reengineer their business to remain relevant in an electronic delivery world. Conversely, those first-mover enterprises providing the robust online experience that customers desire will find significant growth potential during this transition.

Don't be a laggard, join the future. Its coming!



## STUDY APPENDICES

### 1. 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 near-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 near-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 [www.Madison-Advisors.com](http://www.Madison-Advisors.com).

### 2. STUDY CONTRIBUTORS

Contributors to Madison Advisors' Print Suppression Market Study include:

Contributor	Study Focus
<b>Kemal Carr, EDP</b> President & Principal Analyst	Executive sponsor; focus on overall direction of the study and research activities.
<b>Kelley West</b> Vice President, Sales & Marketing	Executive sponsor; focus on overall direction of the study, solicitation of study participants, and editorial direction.
<b>Terry Frazier</b> Principal Analyst	Lead analyst; focus on research of the consumer markets, and analysis and reporting on all study findings.
<b>Richard Huff</b> Principal Analyst	Research analyst; focus on the service provider market, and analysis and reporting related to this market.

Full biographies on study contributors follow.

### **Kemal Carr**

**B.B.A., Management Information Systems, University of Wisconsin-Madison, Wisconsin**

**M.B.A. Candidate, Marketing/Management, Texas Christian University, Fort Worth, Texas**

As president of Madison Advisors, Kemal Carr acts in numerous capacities. He is regularly sought out by leading output technology publications, including *Data Processing Technology*, *Digital Publishing Solutions*, and *Mailing Systems Technology*, to write about or comment on key issues and topics. He speaks frequently at trade events, including sessions at Xplor's Global conferences. Carr also acts as a principal analyst for Madison Advisors. He provides project-based advisory services designed to assist clients with business strategy and technology selection decisions.

Prior to forming Madison Advisors in 2001, Carr held various system roles including three years with an industry analyst firm and seven years in the Systems Company of Fidelity Investments.

### **Kelley West**

**B.A., English, University of Illinois at Chicago**

Kelley West joined Madison Advisors in 2003 and is the vice president of sales and marketing. In this capacity, West is responsible for consulting and product sales, as well as client relations, marketing, and communications. West is instrumental in the development and execution of Madison Advisors' strategic direction, and research and advisory practices. An active member of the document industry, West provides thought leadership through speaking at industry conferences and publishing in industry publications, including *Digital Publishing Solutions*, *Document*, *e-doc*, and *InformationWeek*.

Prior to working with Madison Advisors, West spent five years with industry analyst firm Doculabs where she was an analyst, and then a program manager and marketing services manager. While with Doculabs, West managed a licensing practice with Forrester Research, and helped launch TechRankings, one of the fastest growing products in Forrester's history.

**Terry W, Frazier**

**B.S. in Journalism from the University of Texas at Tyler**

Terry Frazier is a strategic consultant with more than 20 years of experience in graphic arts, customer communications, and content systems. He has held both operational and executive management positions in a variety of communications businesses, managing technology, manufacturing, and distribution operations. He previously served as Senior Applications Specialist for IBM, where he developed the color print application for the world's first and largest one-off POD book manufacturer.

Frazier was a Founding Director of the CRM Association – a nationally chartered, non-profit organization following the trends and technologies of one-to-one marketing. He has authored numerous papers on one-to-one documents, variable data, and digital content systems.

**Richard Huff**

**B.S., Mechanical Engineering, University of Illinois at Champaign-Urbana**

Richard Huff joined Madison Advisors in 2002 as a principal analyst. Huff's expertise spans content management, publishing systems, digital printers, and electronic document delivery systems, including EOMS and EBPP. Huff assists clients with enterprise document strategies, product selection, and market development initiatives. Huff has authored articles for numerous industry publications, including *Document*, *Digital Publishing Solutions*, *High Volume Printing*, and *The Explorer*.

Prior to Madison Advisors, Huff was a senior analyst with an advisory firm, where he was lead analyst for end-user and vendor consulting engagements. Huff also had eight years of experience at Uarco, Inc., a manufacturer of customized business forms and label products.

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