MADISON | ADVISORS

Enterprise Output and Customer Communications Expertise

Service Provider Market Pricing Study, 3rd Edition

A Madison Advisors Report

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EXECUTIVE SUMMARY

The outsourced transactional print market is under intense price pressure. Service providers, focused primarily on print, compete with both other service providers as well as a growing transition to electronic delivery. While many core applications, such as statements and policies, resist transition to electronic media, many of the ancillary applications that provided higher profit margins for print service providers have seen greater electronic delivery adoption rates. Yet, despite this transition, many large service providers cannot articulate standard pricing models for electronic services.

Several significant factors are affecting the current direction of the market, including:

- **Multi-Channel Delivery:** Although print remains the most common communications channel, service providers continue to see print volumes eroded by electronic delivery methods, such as e-mail and text messaging.

- **Customer Portals:** Service providers continue to struggle with pricing for the numerous services offered through portals. Madison Advisors expects pricing for these services to migrate to a per-item or per-access fee as portals become widely adopted by clients.

- **Improved Job Workflow:** Costly job preparation poses the biggest impediment to service bureaus seeking to expand their customer base to include small- and medium-sized clients.

- **Certification:** Clients operating in regulated industries insist on partner certification to protect themselves from liability. Madison Advisors expects those clients to become more involved in the certification process and challenge service bureaus to undergo more rigorous certifications.

REPORT OVERVIEW

This report presents the results of the Service Provider Market Pricing Study, and Madison Advisors' key findings based on this study. It includes the following sections:

- **Section I – Industry Overview:** Provides Madison Advisors' definition of a print service bureau and our segmentation of the market based on monthly page production volume.

- **Section II – Market Trends:** Provides Madison Advisors' analysis of the latest developments in the print and mail outsourcing market including discussions about multi-channel delivery, portals, production workflow, and certification.

- **Section III – Market Pricing:** Provides descriptions of the applications and pricing in this study, with detail on vertical/application market focus and core competency for each service provider in the study. Specifically, we present marketing pricing in five key areas:
  - Design Services
  - Digital Print
  - Insertion
  - Postal Services
  - Electronic Presentment Services

- **Section IV – Provider Overviews:** Provides brief reviews of each service provider in the study including service offerings and capabilities. The following organizations are presented in the study:
  - Broadridge
  - CSG International
  - DIT
  - First Data
  - Pitney Bowes Management Services
  - Regulus
  - Standard Register
  - Symcor
  - Xerox

- **Appendix A – About Madison Advisors:** Provides background information on Madison Advisors.

SECTION I – INDUSTRY OVERVIEW

In this section, Madison Advisors presents our definition of the service provider market as well as our segmentation of the market.

MADISON ADVISORS' SERVICE PROVIDER DEFINITION

For this study, Madison Advisors surveyed major service providers in the high-volume, transactional print and mail market. At the most fundamental level, these service providers produce and distribute documents for corporate clients. Typically, service providers receive electronic files from clients, which they print and insert into envelopes. Most service providers also submit documents to the post office or a presort operation for co-mingling with other clients' mail to reduce postage costs.

The transactional market consists of large-volume batch documents, including statements and invoices, which are typically produced on a daily, weekly, or monthly production cycle. Transactional documents contain personal financial or medical data that requires secure handling and accurate delivery.

In addition to traditional print and mail services, many of the major service providers offer additional data and document processing services. Service providers may also offer document archiving and electronic presentment of the printed documents to complete the document lifecycle.

The following table provides production statistics for the participating service bureaus.

PRODUCTION STATISTICS	LOW (MILLIONS)	AVERAGE (MILLIONS)	HIGH (MILLIONS)
Images Printed Annually	250	2122	5100
Envelopes Mailed Annually	50	605	1300
Images Electronically Presented Annually	1	1110	5200
E-mails Sent Annually	0	21	82

Table 1 – Service Provider Annual Production Statistics

MADISON ADVISORS' MARKET SEGMENTATION

For this study, Madison Advisors bases its market segmentation on print production capacity and distribution of production facilities. Print capacity determines a service provider's ability to support high volumes of transactional print production within a narrow timeframe. Federal and state regulations require many of the financial services applications, which are the largest source of transactional print volume, to be produced and mailed within five business days of month-end. Service providers schedule production equipment to meet the cyclical production peaks imposed by these regulations.

Distributed production operations enable service providers to route production across multiple sites. Service providers may reduce mail delivery times by producing jobs at the facility that is nearest to the mail-piece recipient. Service providers also use distributed sites for redundancy and disaster-recovery purposes.

Madison Advisors organizes the service provider market into three segments: national, regional, and local. There are only a few large national service providers with both a depth of production capacity and breadth of facility distribution. These organizations target large financial services companies and billers within the telecommunications, utilities, and healthcare markets. Regional service providers have a large equipment base for production, but usually focus on one or two vertical markets and offer specialized applications, such as plastic card production or lockbox operations. Local service providers generally have the capacity and expertise to support local, smaller billers across a range of vertical markets.

The table below identifies Madison Advisors' print production and distribution metrics for determining the service provider tiers. As indicated below, the top tier contains very few service providers and the lowest tier contains many providers.

SERVICE PROVIDER TIER	PRODUCTION SITE DISTRIBUTION	MONTHLY PAGE PRODUCTION VOLUME	NUMBER OF PROVIDERS
National	Production sites in two or more geographic regions	More than 100 million	15
Regional	Production sites in one geographic region	25-100 million	40
Local	Production sites in one geographic region	Fewer than 25 million	2300

Table 2 – Service Provider Tiers

SECTION II – MARKET TRENDS

While conducting this study, Madison Advisors uncovered several critical trends evolving in the print and mail industry. They include:

- Multi-channel Delivery
- Customer Portals
- Improved Job Workflow
- Certification

MULTI-CHANNEL DELIVERY

E-delivery mechanisms, such as e-mail, web presentment, and text messaging, enable organizations to communicate more efficiently. Notifications and alerts sent electronically reach the customer faster than mailed documents and enable customers to address issues in a timely manner. The transition to electronic communications has driven a dramatic decrease in the volume of postal mail. The United State Post Office (USPS) has seen total mail volume drop from 212 billion mail pieces in 2005 to 171 billion pieces in 2010, and it projects a decline of about 10 billion pieces of mail per year in the coming years. The steady decline places pressure on print service providers to re-invent print-centric operations and transition to multi-channel delivery models.

Nearly all of the participating service providers offer a number of alternatives to printed communications. In the past few years, print service providers have built robust electronic delivery systems that support high volumes of electronic presentment, as well as e-mail and text message delivery. Aside from print, electronic presentment holds the position at the highest percentage of electronic communications.

Madison Advisors research found increasing volumes of e-mail and text messaging, although they are still considerably smaller than existing postal mail volumes. On average, e-mails represent twelve percent of the communications sent by service providers and text messages represent three percent.

Printed communications remain an important channel. Several print providers indicated that the content of the printed communications continues to become more dynamic and more personalized as organizations target customers by utilizing trans-promo communications.

Finally, digital mailbox services, such as doxo and Pitney Bowes Volly, offer a secure electronic destination for mail. Consumers sign up for a service and

enterprise mailers (or their service provider partners) submit statements, bills, catalogs, and other mail electronically. Since digital mailbox services are new, their impact has yet to be seen, but Madison Advisors expects digital mailboxes to contribute to the decline in print volumes.

CUSTOMER PORTALS

For the high-volume transactional market, web-based portals allow clients to monitor the current status of jobs, generate production reports for evaluation of service level agreements (SLAs), and control marketing content. Clients also use portals to notify the service provider of changes to jobs and provide an easy communications channel between clients and service providers.

Customer portals provide service providers both an option for enhanced customer service as well as an opportunity for additional service offerings. The portal software routes customer communications to the appropriate individual and re-routes inquiries if the initial recipient is unavailable. In addition, portals reduce customer service calls, and thereby reduce service costs because clients are able to check job statuses online. However, service providers also utilize portals to support data-driven services, such as interactive document composition, online message management and segmentation, and response management.

Interactive document composition systems hosted by service providers allow clients to manage content and marketing messages through the portal interface. Document composition vendors, such as FIS Output Solutions, GMC, and HP-Exstream provide web-based user interfaces that allow content owners, such as marketing departments, to create and embed messages into documents without disrupting the document's layout. In addition, marketing uses the interface to define business rules that determine the conditions under which the software adds the message to a document, thereby segmenting the customer base. By extending these interfaces through a customer portal, service providers offer their clients the ability to directly control marketing content without incurring programming charges.

Through their portals, service providers also receive and manage customer preferences for delivery dates and delivery channels. Channel preferences may be embedded in the print file that a service provider receives from its client, or the preferences can be changed online by the client or the consumer. Flexibility is the key to successfully meeting customer requirements for multi-channel delivery.

Service providers find themselves well positioned to offer targeted marketing services to enterprise organizations that lack the equipment and experience. With erosion of transactional volumes, service providers need to offer additional services,

such as targeted marketing, which leverages the service providers' investment in hardware and software.

Service providers also have experience managing data. Data is the key to targeted marketing. Enterprise organizations typically have customer data distributed across multiple legacy systems or integrated with transactional output, which the service providers can extract and utilize to support a marketing message campaign. Utilizing its experience from working with other clients, a service provider can collect and manage both the transactional and marketing data. In addition, service providers can collect response data from online marketing campaigns or quick-response (QR) code applications. Service providers provide this data to enterprise marketing for building campaigns or offer the campaign design and management as an additional service.

More than half of the participants in this study indicated a comfortable level of expertise in performing data cleansing on the large quantities of customer data that their clients process, and the providers acquire and track document data during the workflow process. Due to the sensitive nature of many transactional documents, such as financial and health-related documents, service providers must accurately track data related to document production or face stiff penalties

In the past, some service providers considered the portal-based services a low-cost alternative to in-house programming and offered the functionality for a small fee to encourage clients to adopt the technology. Most service providers continue to offer basic production monitoring and reporting though a web portal at little or no charge to their clients. However, service providers have expanded the range of offerings available through portals and assigned higher fees for additional services. The new features support the enterprise requirements for marketing messages and multi-channel delivery, in addition to reporting and tracking capabilities.

IMPROVED JOB WORKFLOW

Several service providers identified changes to their workflow processes driven by an opportunity to expand their customer base down-market to customers with lower print volumes Over the past few years as print capacity has remained strong and demand has decreased, service providers in general have been challenged to maintain growth. Service providers prefer customers with cyclical high-volume print jobs that require tight service level agreements. Supplemental work from clients with smaller, off-cycle production would be ideal, but usually setup costs make it difficult for the large service provider to take on smaller customers.

Madison Advisors found that service providers need to simplify workflow processes to lower overhead and offer production services to new customers with smaller

print volumes. Oftentimes, service providers required large print volumes to offset the expense of implementing new customer applications. Simplifying the workflow and reducing the overhead enables the service provider to remain profitable with smaller print jobs.

Several participants in this study created flexible workflow capable of accepting and delivering across multiple channels. As clients increasingly support multi-channel customer communications and develop trans-promo applications, service providers expand their workflow processes to support digital color and electronic communications with embedded marketing and promotional messages.

Madison Advisors expects more service providers to adopt new onboarding processes that will allow client files to flow into production without upfront programming. Madison Advisors' survey found that on average, clients provide pre-composed files for almost forty percent of the jobs received by the participating service providers. As more clients implement their own document composition tools and deliver pre-composed files, the service providers need to bring these customer jobs into a production factory without pre-existing factory controls.

CERTIFICATION

Many high-volume transactional documents created by financial services and healthcare organizations are subject to government regulation. Regulations, such as HIPAA, require data confidentiality and impose penalties for distribution of a customer's personal data to another recipient. Service bureaus utilize physical security, data security, and production tracking software to restrict access and reduce errors.

Government regulations associated with data security and delivery deadlines apply to the client organization even if it outsources the entire production print operation. This means that organizations that outsource production print maintain the risks associated with double-stuffed envelopes, missed mailing deadlines, etc. Therefore, organizations evaluate prospective service bureau partners on their ability to deliver the correct documents in a timely fashion. These organizations require service providers to share risk related to poor document production or incident violations, to the extent that service providers now sign up for penalties if their processes cause or fail to detect violation situations.

The table below identifies various certifications and quality processes that service bureaus work to achieve.

CERTIFICATION	GOVERNING BODY	SCOPE
CISP/PCI (Cardholder Information Security Program / Payment Card Industry Data Security Standard)	**VISA USA** and **MasterCard**	Requirements for the protection of credit card information, including encryption, access control, physical security and operational audits
ISO 9001	**ISO** (International Organization for Standardization)	Requirements for the Quality Management System Standard that include a set of procedures that cover the execution and monitoring of all key processes in the business
MPTQM (Mail Preparation Total Quality Management)	**USPS** (United States Postal Service)	Requirements for mail preparation process; from the generation and bar-coding of a letter to the final sorting and containerizing that takes place just prior to presenting the mailing to the Postal Service
SAS70 (Statement on Auditing Standard 70)	**AICPA** (American Institute of Certified Public Accountants)	Requirements for internal controls and safeguards over hosted data and processing information

Table 3 – Quality Certifications

Madison Advisors found that the participating service bureaus undergo numerous certification processes and expend significant resources to maintain compliance with certification regulations in order to show clients a commitment to quality.

Client organizations place certification requirements in requests for proposals. During Madison Advisors' research, several high-volume document producers – clients of the participating service bureaus – indicated that data security and package integrity were high priorities and that they reviewed production reports with their service bureau partner on a monthly basis. Refer to the service provider profiles, beginning on page 30, for detail on certifications by provider.

SECTION III – MARKET PRICING

In this section, Madison Advisors reviews the market and our findings on competitive pricing across five major categories of service offered by service providers, presented in order of the document lifecycle:

- Design Services
- Digital Print
- Insertion
- Postal Services
- Electronic Presentment Services

To do this, Madison Advisors defines the services within each of the five major categories shown above; presents competitive pricing in the form of low, average, and high pricing; and provides our analysis of the competitive pricing.

DATA-COLLECTION PROCESS

For this study, Madison Advisors discussed each sample application and the scope of data collection with each participant to ensure that the applications were sized appropriately. Madison Advisors' survey included a corporate backgrounder questionnaire, production details on seven sample applications, and a data-collection workbook. After receiving the pricing information, Madison Advisors reviewed the data with each provider to identify and clarify any unclear responses.

DESIGN SERVICES

Design services encompass the various services required to prepare client applications for production. Most service providers assign a project management team to work with the client to migrate applications into the provider's operational environment. Most providers offer project management free of charge. Creative design and programming are included in the migration effort but are billed hourly. Finally, most providers conduct application testing as part of the migration project.

Service bureaus support document composition primarily through programming and rely on clients or third-party design firms to design or redesign complex documents, such as statements. While most service bureaus accept both client data and pre-composed, print-ready files, Madison Advisors found that service bureaus tended to lean heavily one way or another. Nearly every participant accepted 75 percent or more of its work as either raw client data or pre-composed files, with only a few handling an even split.

The table below provides descriptions for the services discussed in this section.

SERVICE	DESCRIPTION
Project Management	Managing document development and implementation projects
Document Design	Designing graphic arts related documents and digital images
Programming	Developing data-driven documents using business rules, scripting, and data processing
Testing Services	Generating test files and producing test output as part of the startup or application development process

Table 4 – Definitions for Design Services

Whereas every service provider identifies specific hourly rates for creative design services and programming, only a few providers charge for project management. The figure on the following page presents the low, average, and high pricing for the key areas of design services, as defined above. For services for which only one data point was available, the pricing is provided as the average.
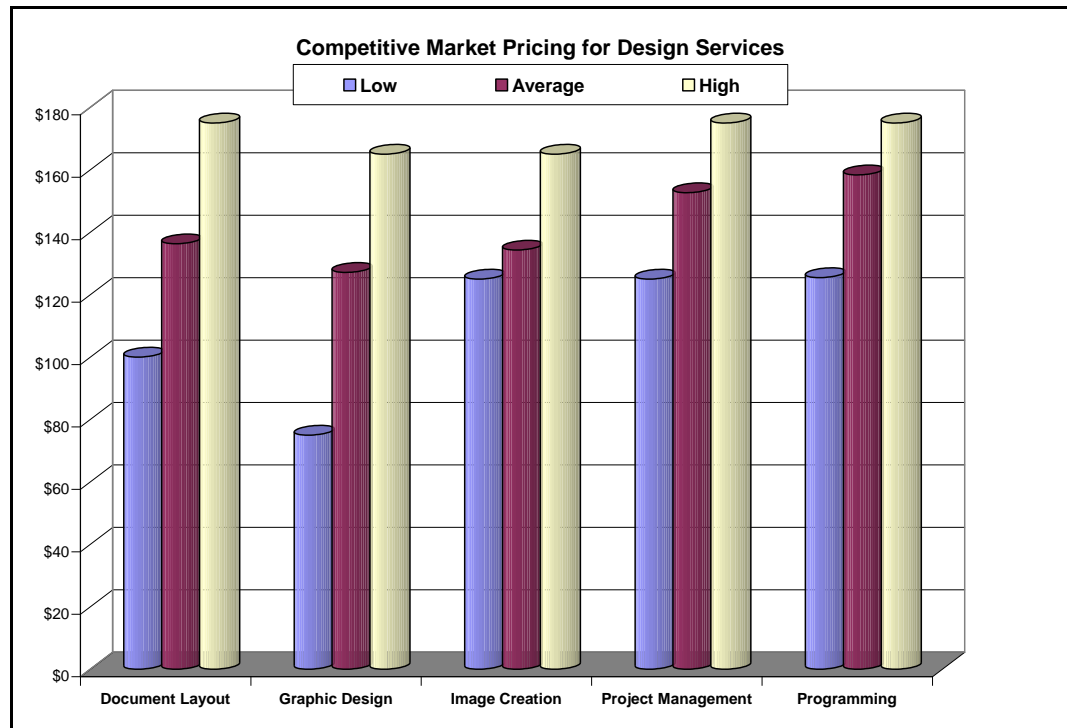

Figure 1 – Competitive Market Pricing for Design Services

When responding to RFPs, each service provider describes a full range of project management services, including support from a designated project manager, an evaluation of each application, and non-programming conversion services. Most include project management services free with the contract, but a few providers include a fixed number of hours in the contract and charge hourly after the fixed number is exceeded. Large corporate clients, especially those transferring the print production from an internal print shop, expect assistance with migrating and testing the applications in the new outsourced environment.

Some service providers include testing services and generate proofs for existing applications as part of the contract. Charges for testing new applications are applied to programming costs or bureaus include testing services as part of the contract. Only a few service providers support online test proofs, even though many corporate clients would like to use online processes to streamline the workflow and reduce the proofing cycle time. One provider delivers the online proof through the customer service application at a cost of $0.02 per image, while other providers indicate plans to offer online proofs in the future.

Compared to 2008 pricing, the range of prices for Design Services expanded with some services priced at $75 per hour, but the average prices rose. For example, the 2008 average for project management was $121 and the 2011 average is $152, while programming rose slightly, from $155 in 2008 to $158 in 2011.

DIGITAL PRINT

For the purposes of this study, digital print includes the production of different transactional documents from client-supplied data files. Madison Advisors gathered services pricing for five applications across four vertical markets: financial services, utilities, telecommunications, and insurance.

The table below provides details on each of the sample applications used during the data-collection process. Madison Advisors collected data from each service provider using the same sample application descriptions.

APPLICATION	DESCRIPTION
Financial Services Statements	▪ Image: Duplex, landscape, 8 1/2 x 11, monochrome ▪ Package: 4 images (2 sheets), tri-fold ▪ Volume: 600,000 statements per year (2.4 million images per year) ▪ SLA: 3 days
Residential Utility Bills	▪ Image: Duplex, portrait, 8 1/2 x 11, monochrome ▪ Package: 2 images (1 sheet), tri-fold ▪ Volume: 15,000 - 20,000 bills per day (5 million images per year) ▪ SLA: 1 day
Small Page Size	▪ Image: Duplex, portrait, 6 5/8 x 9 1/2, monochrome ▪ Package: 2 images (1 sheet), tri-fold ▪ Volume: 15,000 - 20,000 bills per day (5 million images per year) ▪ SLA: 1 day
Insurance Policies	▪ Image: Duplex, portrait, 8 1/2 x 11, monochrome ▪ Package: 20-40 images (10-20 sheets; average 16 sheets), half-fold and/or flat ▪ Volume: 5,000 - 10,000 policies per day (60 million images per year) ▪ SLA: 1 day
Letters	▪ Image: Simplex, portrait, 8 1/2 x 11, monochrome ▪ Package: 1 image (1 sheet), tri-fold ▪ Volume: 30,000 - 40,000 letters per day (12 million images per year) ▪ SLA: 1 day

Table 5 – Sample Transactional Applications: Digital Print

Digital print comprises the most dynamic pricing of any of the services detailed in this report. Madison Advisors' research indicates that while the pricing models for other services continue to mature, most service providers use one of two digital print pricing models. Some national service providers use separate pricing for the first page and additional pages, while smaller providers use a per-page pricing model. Several participants bundle print and automated insertion into a single per-piece price to clients. For this study, participants provided per-page pricing.

The figures below and on the following pages present the low, average, and high pricing for the key areas of digital print. The pricing reflects the attributes of the different applications defined on the previous page, so some services do not apply to all applications. For example, policies do not typically contain digital color, so none of the service providers we surveyed provided that data point.
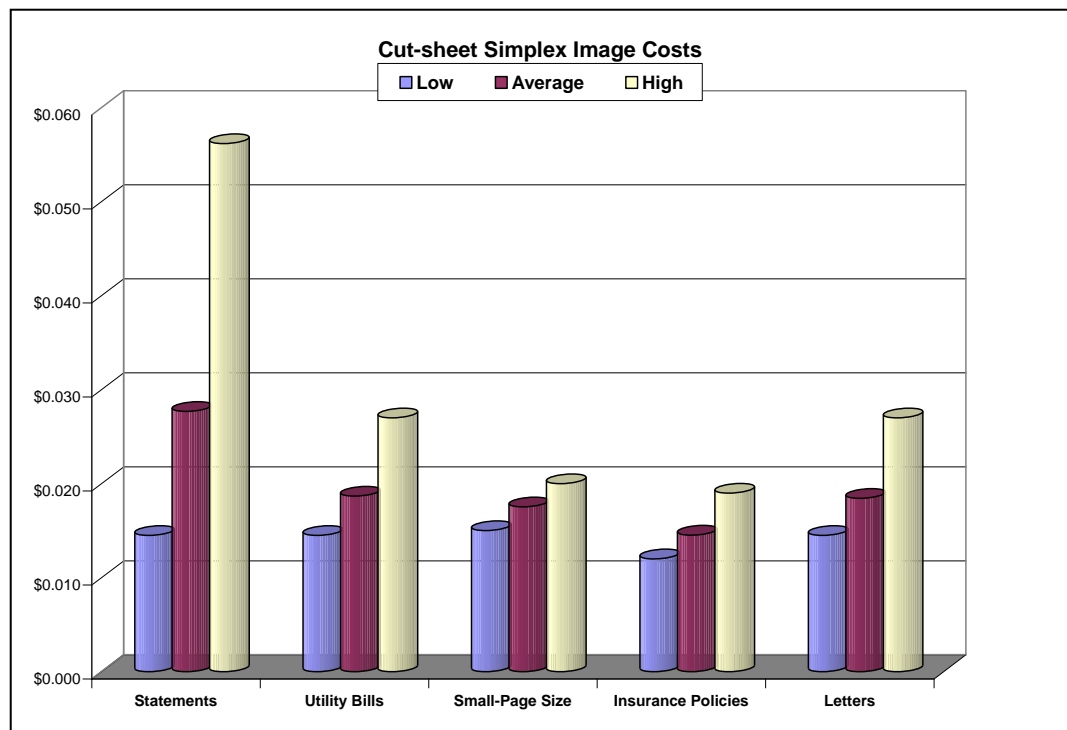

Figure 2 – Cut-sheet Simplex Image Costs

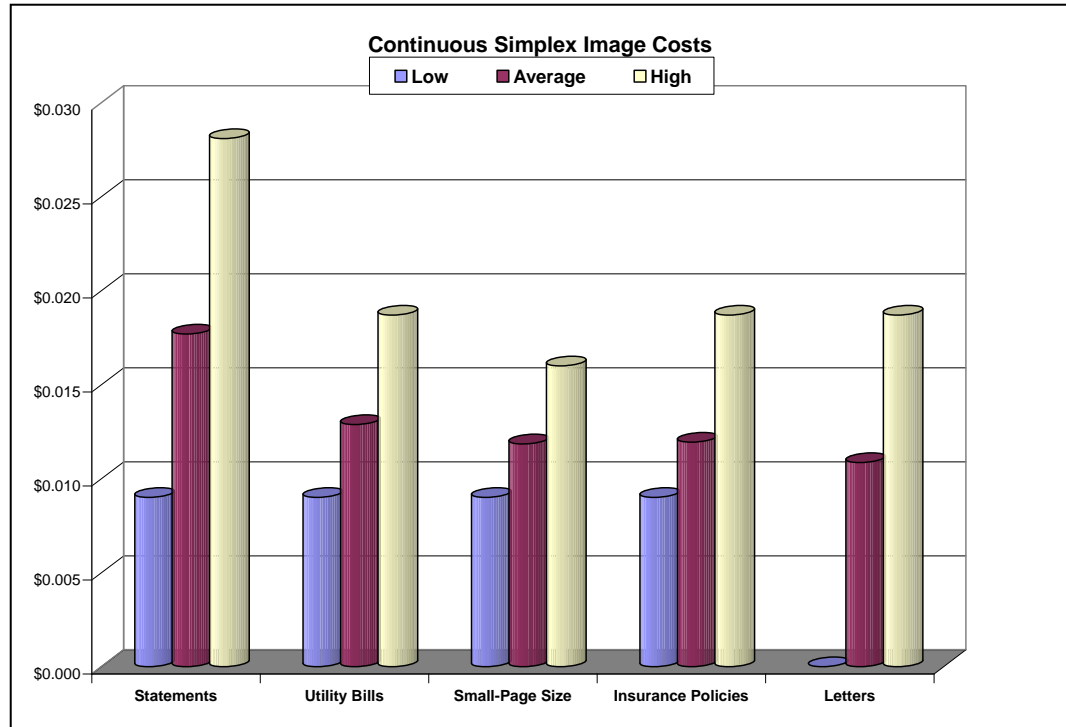Figure 3 – Continuous Simplex Image Costs
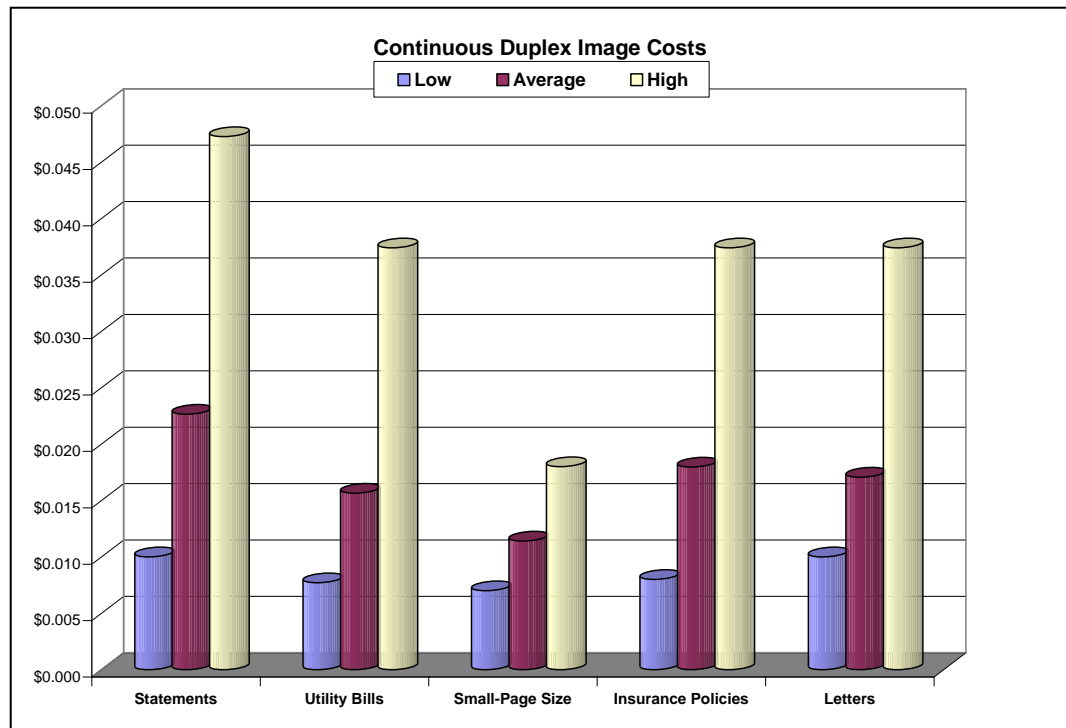
Figure 4 – Continuous Duplex Image Costs

Full-color Laser Image Costs
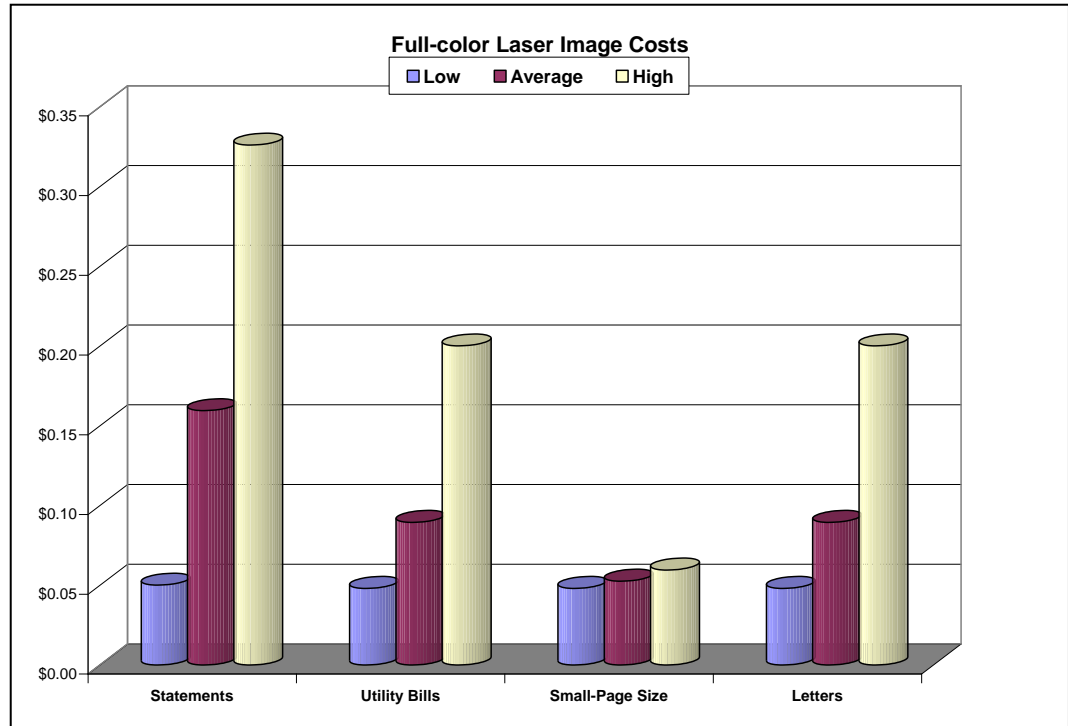
Figure 5 – Full-color Laser Image Costs

Full-color Inkjet Image Costs
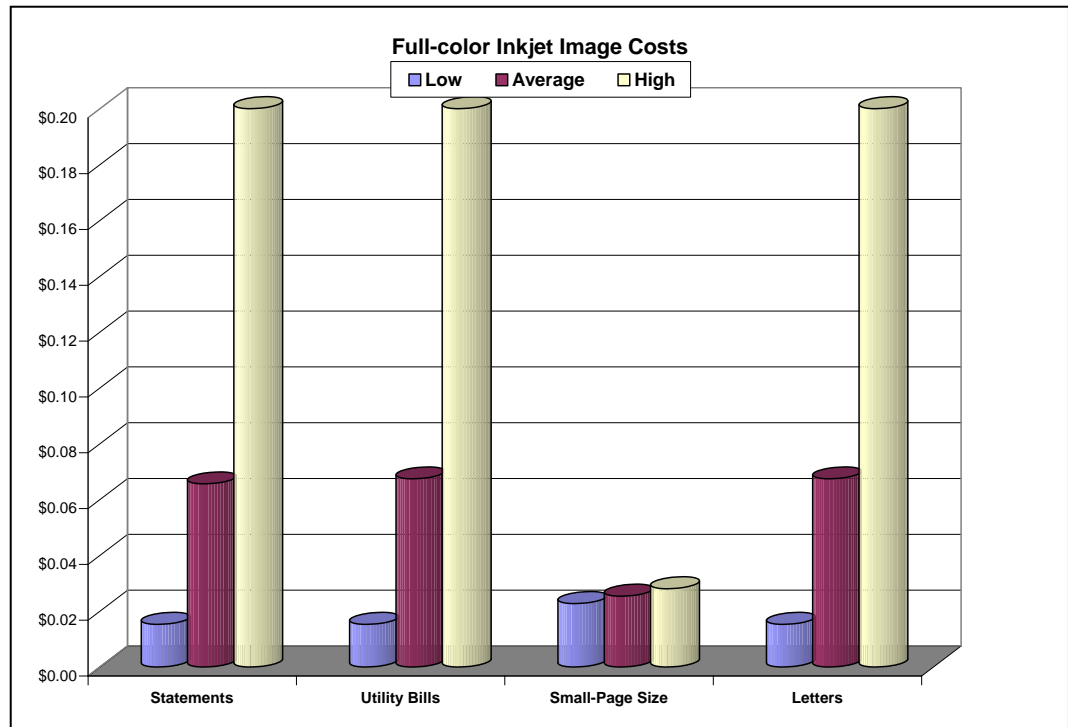
Figure 6 – Full-color Inkjet Image Costs

No one service provider offers the lowest prices for every category. Providers offer a significant range of prices depending on both volume and vertical markets with emphases on specific verticals. For example, several providers prefer to bundle the print and insertion pricing into a single price per sheet for a job.

The variance in prices across verticals for continuous duplex images reflects excess print capacity and competitive pressures. All of the providers offer continuous duplex printing across one or more vertical markets, yet the financial services application (statements) presents the highest average cost for continuous duplex image prices. The average price increased from $0.0169 per image in 2008 to $0.0226 per image in 2011. Madison Advisors believes that the increased price comes from increased regulations and security processes associated with financial printing.

A number of service providers have implemented color inkjet printing systems. The average price per image for inkjet hovers around $0.06 whereas the same images produced on color laser systems range from twenty percent to ninety percent higher. The price difference reflects the difference in consumables costs. Since inkjet systems have evolved to support non-specialty stocks, the materials costs for inkjet have dropped.

INSERTION

For the purposes of this study, insertion includes the insertion of different transactional documents, enclosures, and business reply envelopes into mailing envelopes. Madison Advisors gathered services pricing for five applications across four vertical markets: financial services, utilities, telecommunications, and insurance. However, we only received representative data for four of the five applications, because not all service providers participate in all five vertical markets.

The table below (revised from Table 5 to reflect only the applications for insertion) provides details on each of the sample applications used during the data-collection process. Madison Advisors collected data from each service provider using the same sample application descriptions.

APPLICATION	DESCRIPTION
Financial Services Statements	▪ Image: Duplex, landscape, 8 1/2 x 11, monochrome ▪ Package: 4 images (2 sheets), tri-fold ▪ Volume: 600,000 statements per year (2.4 million images per year) ▪ SLA: 3 days
Residential Utility Bills	▪ Image: Duplex, portrait, 8 1/2 x 11, monochrome ▪ Package: 2 images (1 sheet), tri-fold ▪ Volume: 15,000 - 20,000 bills per day (5 million images per year) ▪ SLA: 1 day
Small-Page Size	▪ Image: Duplex, portrait, 6 5/8 x 9 1/2, monochrome ▪ Package: 2 images (1 sheet), tri-fold ▪ Volume: 15,000 - 20,000 bills per day (5 million images per year) ▪ SLA: 1 day
Letters	▪ Image: Simplex, portrait, 8 1/2 x 11, monochrome ▪ Package: 1 image (1 sheet), tri-fold ▪ Volume: 30,000 - 40,000 letters per day (12 million images per year) ▪ SLA: 1 day

Table 6 – Sample Transactional Applications: Insertion

The figures on the following pages present the low, average, and high pricing for the key areas of automated insertion. The pricing reflects the attributes of the different applications defined above, so some services do not apply to all applications. For example, service providers insert each application in portrait or landscape but not both orientations.
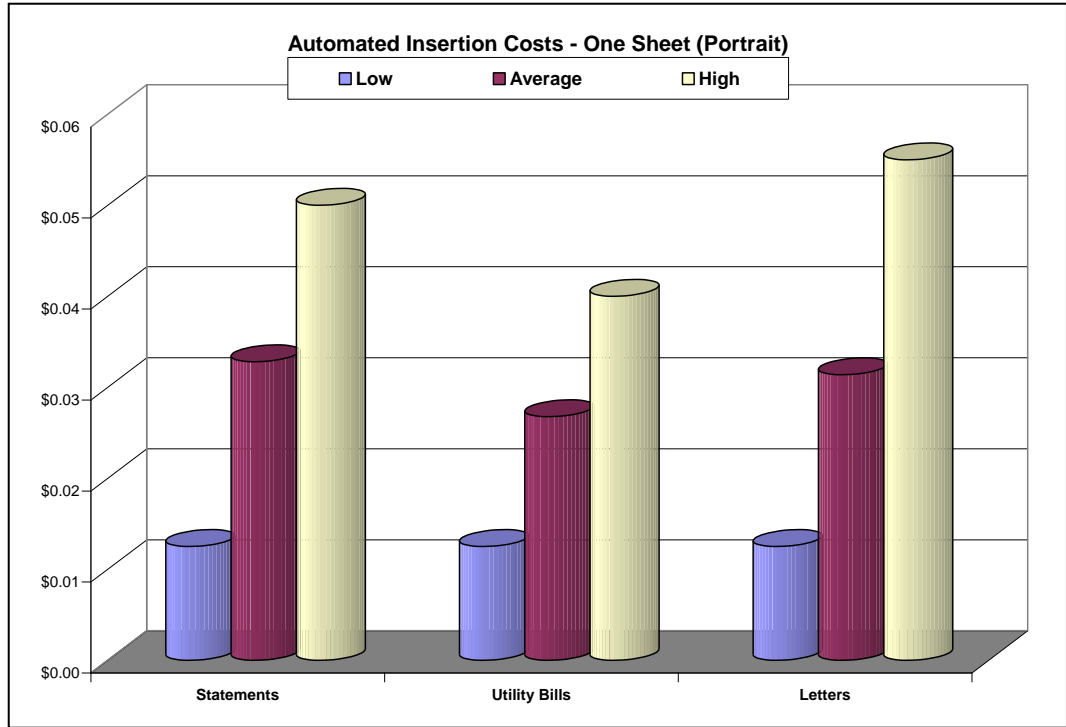
Figure 7 – Automated Insertion Costs – One Sheet (Portrait)
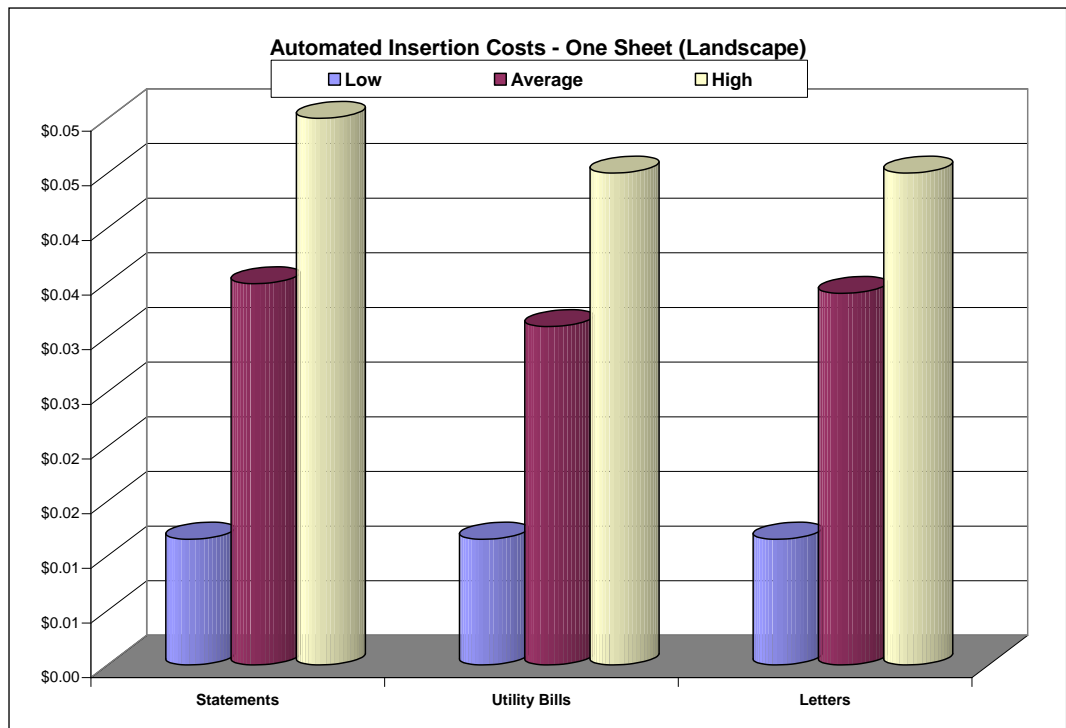
Figure 8 – Automated Insertion Costs – One Sheet (Landscape)
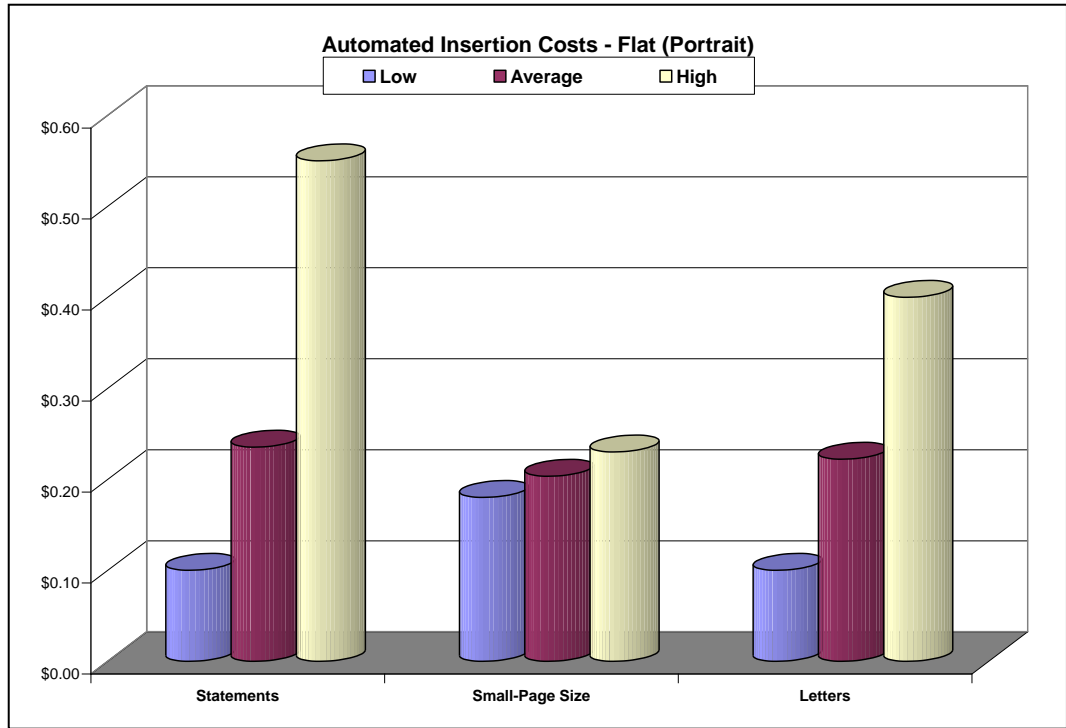
Figure 9 – Automated Insertion Costs – Flat (Portrait)

**Figure 10 – Automated Insertion Costs – Flat (Landscape)**

Manual Processing Costs
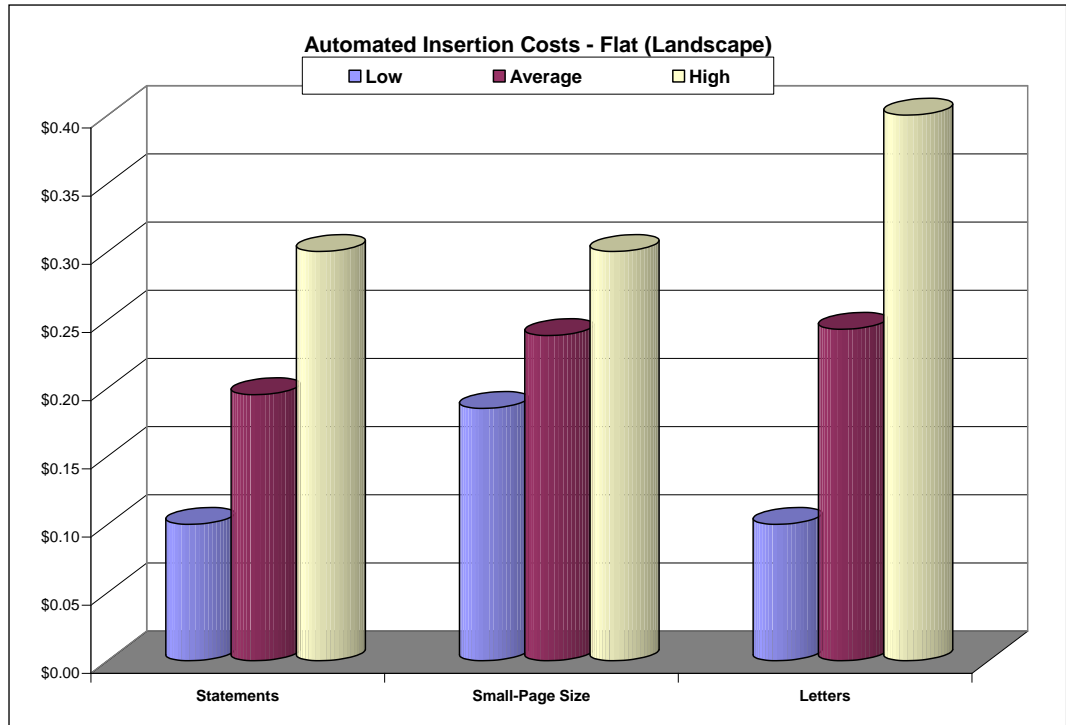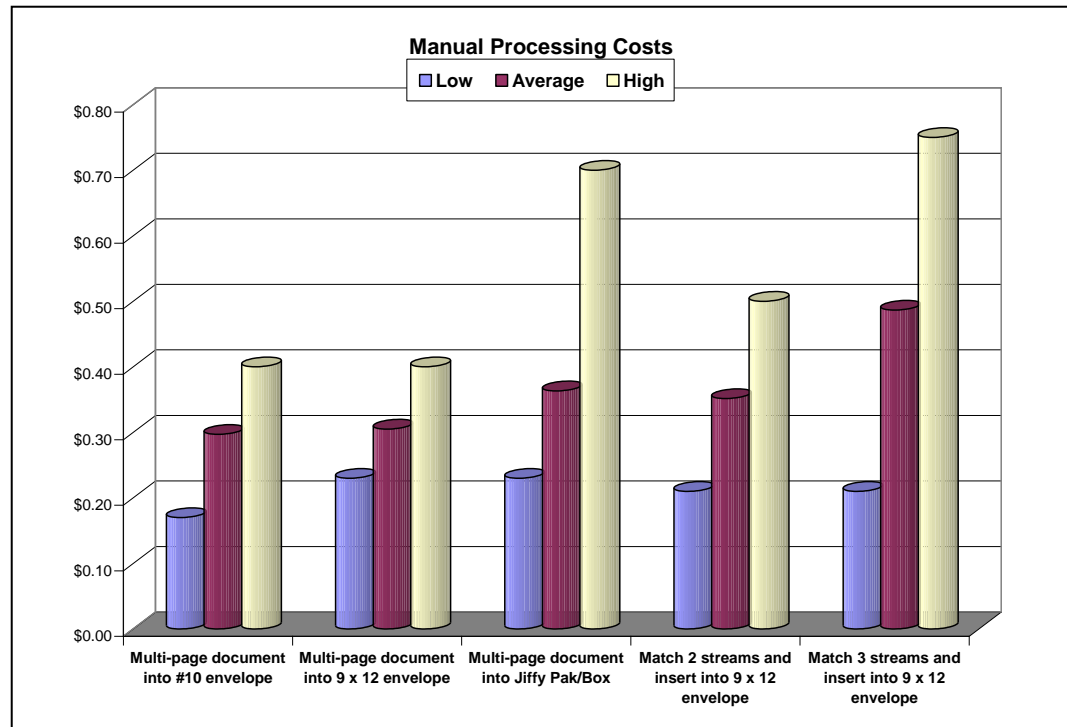
Figure 11 – Manual Processing Costs

No one service provider offers the lowest prices for every category. Providers offer a significant range of prices depending on both volume and vertical markets with emphases on specific verticals. For example, CSGI's pricing includes insertion of the document, a business reply envelope, address cleansing, and mail preparation.

As indicated in Figure 7, on page 22, the insertion pricing varies slightly between applications. The pricing varies more between portrait and landscape insertion because service providers offer different pricing models for these services. Most service providers offer an insertion pricing model based on one price for the first page and a lower price for each additional page, whereas other service providers base flats' pricing on an envelope.

Many service providers offer manual flats insertion for documents greater than 100 pages and box insertion for very large documents. Figure 11, above, displays the costs for various manual processing operations including low-volume or special-condition insertion. As compared to 2008 pricing, the range between the high and low prices for most categories have become tighter and the average prices dropped by twenty-five percent. Even the most highly automated service bureaus provide some manual processing for very high-page-count items or very small jobs, such as reprint runs.

POSTAL SERVICES

Postal services include various activities related to address quality and pre-sorting for postal discounts. Postal services also include the addition of postal tracking bar codes for piece-level tracking through the USPS mail stream. The table below provides descriptions for the services discussed in this section.

SERVICE	DESCRIPTION
Mail Preparation	Conducting electronic presort processing on customer data file
ZIP Code Assignment	Performing Coding Accuracy Support System (CASS) processing with and without delivery point validation (DPV) on customer data file
Move Update	Conducting National Change of Address (NCOAlink) processing on customer data file or any other services included as part of the Move Update charge
Delivery Tracking	Generating PLANET code bar codes
Presort Fee	Sorting envelopes by ZIP code prior to submitting the job to the USPS

Table 7 – Definitions for Postal Services

The table below presents the low, average, and high pricing for the key areas of postal services, per envelope, as defined above.

SERVICE	LOW	AVERAGE	HIGH
Mail Preparation / Zip Code Assignment	$0.0028	$0.0111	$0.0200
Move Update	$0.0020	$0.0643	$0.2500
Delivery Tracking	$0.0035	$0.5768	$1.1500
Presort Fee	$0.0100	$0.0207	$0.0350

Table 8 – Postal Services Pricing

There is no common model for postal services. The mail preparation fee varies quite a bit between providers, since providers define the included services differently. However, one provider indicated that the fee is volume-sensitive and ranges from $0.003 to $0.007 per envelope. The provider also indicated that the fee covers manifest mailing, but if the mail pieces are sent to a consolidator, the mail preparation fee does not apply.

Two providers indicated that presort fees vary by application type and vertical market, while other providers listed only a single fee per envelope. Figure 12, below, presents the low, medium, and high pricing for presorting by item.

Presort Fees

Low ■ Average □ High

$0.0200

$0.0161

$0.010

Presort Fee

Figure 12 – Competitive Market Pricing for Presort Fees

ELECTRONIC PRESENTMENT SERVICES

Electronic presentment includes activities related to generating, archiving, and enabling client or customer access to electronic images of printed documents. Service bureaus typically bundle electronic presentment services with print services and may incorporate reporting or client portal tools.

The table below provides descriptions for the services discussed in this section.

SERVICE	DESCRIPTION
Implementation	Implementing base electronic presentment solution with five document types
Hosting	Hosting an electronic document archive solution
Storage Duration	Default number of months that documents are kept online
Programming	Developing data-driven documents using business rules, scripting, and data processing
Loading – High Volume	Generating and enabling access to electronic images at average volumes above 50,000 per month
Loading – Low Volume	Generating and enabling access to electronic images at average volumes below 50,000 per month
Retrieval	Accessing a document from the archive on demand

Table 9 – Definitions for Electronic Presentment Services

The table on the following page presents the low, average, and high pricing for the key areas of electronic presentment services, as defined above.

SERVICE	VALUE	2008 PRICING	2011 PRICING
Implementation	Low	$5,000.00	$5,000.00
	Average	$21,000.00	$20,625.00
	High	$50,000.00	$50,000.00
Hosting	Low	$3,500.00	$500.00
	Average	$5,583.33	$2,682.00
	High	$7,500.00	$5,000.00
Storage Duration	Low	6 months	3 months
	Average	25 months	36 months
	High	84 months	84 months
Programming	Low	$105.00	$85.00
	Average	$186.00	$164.00
	High	$225.00	$250.00
Loading – High Volume	Low	$0.0020	$0.0044
	Average	$0.0049	$0.0069
	High	$0.0076	$0.0010
Loading – Low Volume	Low	$0.0055	$0.0070
	Average	$0.0084	$0.0133
	High	$0.0120	$0.0250
Retrieval	Low	$0.0030	$0.0228
	Average	$0.0583	$0.0514
	High	$0.0900	$0.0800

Table 10 – Competitive Market Pricing for Electronic Presentment Services

Most service providers use an implementation and monthly fee model. The implementation covers the initial system setup and the development of one or more documents. In some cases, this fee is calculated using a set number of programming/development hours.

Madison Advisors found that pricing for the initial setup fee varied widely depending on the size of the client and the volume of print associated with the proposal. Although most providers do price electronic presentment services as a separate offering, these services come bundled with a print/mail proposal. These solutions may also include discounted programming services and set up of additional documents at a lower rate.

Loading fees include both the creation of the electronic format, usually AFP or PDF, and placement of the electronic file on the system. Most providers do not break out the charges into separate components, but rather quote one charge for both. Loading fees typically go down as monthly volume increases. The standard storage time ranges from 1 to 7 years. Service providers targeting the financial services market offer a 7-year retention policy.

Clients and customers access online documents stored by service providers. Service providers host the storage of electronic documents and provide clients with web-based interfaces or code-based application interfaces (APIs) that clients use to integrate the document archive into existing applications. The application controls access to documents and provides search tools for finding specific documents based on index values.

Fewer than half of the participants charge for item retrieval. Most service providers charge for loading documents into an electronic system and allow free access once a document has been loaded. A few service bureaus offer e-mail notification to alert customers when new documents, such as monthly statements, have been loaded into the archive.

The table below presents the low, average, and high pricing for various forms of electronic delivery.

SERVICE	LOW	AVERAGE	HIGH
E-mail - Push / PDF	$0.0300	$0.0450	$0.0800
Interactive PDF - Push	$0.0085	$0.0343	$0.0600
E-mail - Push / PDF	$0.0058	$0.0342	$0.0800
Secure e-mail	$0.0058	$0.1226	$0.2500
OVR Notification	$0.0150	$0.0150	$0.0150
SMS Notification	$0.0058	$0.0221	$0.0525
Multi-media Message - Push or Pull	$0.0058	$0.0058	$0.0058
Fax	$0.0150	$1.54	$6.00
Web - HTML	$0.0026	$0.0088	$0.0150
Web - XML	$0.0026	$0.0088	$0.0150
Web - XAML	$0.0150	$0.0150	$0.0150

Table 11 – Competitive Market Pricing for Electronic Delivery Services

SECTION IV – PROVIDER OVERVIEWS

In this section, Madison Advisors provides brief reviews of each service provider in the study, including service offerings and capabilities. Presented alphabetically, these vendors include:

- Broadridge

- CSG International

- DIT

- First Data

- Pitney Bowes Management Services

- Regulus

- Standard Register

- Symcor

- Xerox

BROADRIDGE

With headquarters in Lake Success, NY, Broadridge, with $2 billion in revenues, over five thousand employees, and approximately 550,000 clients, is one of the largest independent computing services firms in the world. Broadridge operates over half a dozen print production facilities distributed across the United States. Broadridge's sites are electronically linked and provide disaster recovery for each other through identical systems and procedures, enabling rapid production load balancing.

COMPANY INFORMATION	BROADRDIGE
Corporate Headquarters	Lake Success, NY
Company Staff	5000
Production Facility Locations	NY, OH, TX, MD, MA, NJ
Production Quality Certifications	ISO 9001 ISO 27001 Mail Preparation Total Quality Management (MPTQM) SAS 70
Target Market / Vertical Focus	Financial services
Print / Mail Services	Monochrome and full color transactional print Kitting and literature fulfillment Merlin and Postal One Manifest mail
Electronic Services	Electronic presentment E-mail delivery
Additional Services	Imaging and workflow Proxy processing

Table 12 – Broadridge Corporate Profile

CSG INTERNATIONAL

With worldwide headquarters in Englewood, CO, CSG International (CSGI) serves more than 700 customers in more than 40 countries. CSGI supports billing and customer-care solutions for the cable television, direct broadcast satellite, advanced IP services, mobile, and fixed wireline markets. CSGI provides outsourced customer service, data processing, billing, and print and mail services for the telecommunications industry.

COMPANY INFORMATION	CSG INTERNATIONAL
Corporate Headquarters	Englewood, CO
Company Staff	N/A
Production Facility Locations	Omaha, NE Tallahassee, FL Coppell, TX
Production Quality Certifications	None
Target Market / Vertical Focus	Cable Telco Utilities Financial Services General Billing
Print / Mail Services	Monochrome and full color transactional print OP mailing Postal One
Electronic Services	Electronic presentment E-mail Fax
Additional Services	Interactive messaging Analytics services

Table 13 – CSGI Corporate Profile

DIVERSIFIED INFORMATION TECHNOLOGIES

Founded in 1982, Diversified Information Technologies operates print production facilities across the U.S. In addition to print and mail operations, Diversified provides imaging and digital archive operations with full HIPAA compliance for medical records and claims.

COMPANY INFORMATION	DIT
Corporate Headquarters	Scranton, PA
Company Staff	550
Production Facility Locations	Benson, NC Fairfield, NJ Jacksonville, FL Scranton, PA Raleigh, NC Moosic, PA
Production Quality Certifications	ISO9001 HIPAA NARA (Records management) NAID (Document destruction) SAS70
Target Market / Vertical Focus	Financial services Healthcare Insurance Government & Associations
Print / Mail Services	Monochrome and full color transactional print POD and offset printing Electronic presorting Merlin and Postal One Manifest mail
Electronic Services	Electronic presentment E-mail delivery Fax
Additional Services	Virtual mailrooms Electronic document and records management

Table 14 – DIT Corporate Profile

FIRST DATA

First Data payment transactions secure, fast and easy for merchants, financial institutions and their customers. First Data delivers over 1.5 billion documents annually, and has a strong track record for consistently meeting and exceeding its service level agreements (SLAs) for accuracy, timeliness and online availability. First Data maintains two complete print and mail production facilities in Omaha, NE, with over 400,000 square feet of production space. Its state-of-the-art composition platform and full color printing capabilities for account statements, letters and other notices are available through electronic or mail delivery and help enhance brand visibility and build stronger customer relationships.

COMPANY INFORMATION	FIRST DATA
Corporate Headquarters	Atlanta, GA
Company Staff	24,500
Production Facility Locations	Omaha, NE
Production Quality Certifications	CISP/PCI certification Mail Preparation Total Quality Management (MPTQM) PCI Compliant SAS70
Target Market / Vertical Focus	Financial Services (Brokerage, Mutual Fund, Banks) Insurance Government Retail
Print / Mail Services	Monochrome and full color transactional print Braille and large print documentation Document formatting capabilities Electronic presorting Merlin Manifest mail and mail tracking Production cycle tracking
Electronic Services	Electronic presentment E-mail / Secure e-mail SMS messaging Consumer preference alerts
Additional Services* ***These can be standalone services**	Card or form factor production and management services Chip card technology Data preparation Document composition Marketing – electronic templates to incorporate messaging and graphics Voice services (IVR and call centers)

Table 15 – First Data Corporate Profile

PITNEY BOWES MANAGEMENT SERVICES

Pitney Bowes Management Services (PBMS) designs, implements, and operates compliant business processes and operations that provide enterprise clients with customer communications, mail, print, and document lifecycle services. The outbound communication services include; data management, print, insertion, postal optimization services. The inbound communication services include: scanning, imaging and workflow solutions. PBMS operates facilities nationwide including customer facilities under facilities management. PBMS is a division of Pitney Bowes, a $5.4 billion company with more than 30,000 employees worldwide, which provides software, hardware and services that integrate physical and digital communications channels.

COMPANY INFORMATION	PBMS
Corporate Headquarters	Stamford, CT
Company Staff	400
Production Facility Locations	Facilities are strategically located throughout the United States with a dedicated hot site in Shelton CT
Production Quality Certifications	CMS ISO 9001:2008 PCI SAS70 Type II
Target Market / Vertical Focus	Financial Services (Brokerage, Mutual Fund, Banks) Insurance Healthcare Federal, State, and Local Government Utility
Print / Mail Services	Monochrome and full color print POD Merlin and Postal One Manifest mailing Sorting operations
Electronic Services	Electronic presentment and vault Electronic bill presentment and payment Secure e-mail delivery
Additional Services	Business Recovery Services – disaster recovery for 37 clients Document scanning, imaging and workflow solutions Print and mail outsourcing (ADF) Translation services

Table 16 – PBMS Corporate Profile

REGULUS GROUP

Headquartered in Atlanta, GA, Regulus Group provides outsourced billing and payment services. Founded in 1995, it operates print production facilities in Charlotte NC, Des Moines IA, Dallas TX, and Napa CA. In addition to print and mail operations, Regulus provides lockbox, remittance processing, and bill presentment and payment services.

COMPANY INFORMATION	REGULUS
Corporate Headquarters	Atlanta, GA
Company Staff	200
Production Facility Locations	Charlotte, NC Des Moines, IA Dallas, TX Napa, CA
Production Quality Certifications	SSAE 16
Target Market / Vertical Focus	Financial Services Healthcare Insurance Telecommunications Utilities
Print / Mail Services	Monochrome and full color printing Merlin and Postal One Manifest mailing
Electronic Services	Electronic presentment E-mail (2012) Fax
Additional Services	Remittance processing Software development

Table 17 – Regulus Corporate Profile

STANDARD REGISTER

Headquartered in Dayton, OH, Standard Register provides document management services, ranging from print and mail to electronic document workflow. With revenues of $668 million, it operates four print and mail facilities supporting data-driven transactional print operations.

COMPANY INFORMATION	STANDARD REGISTER
Corporate Headquarters	Dayton, OH
Company Staff	2,700
Production Facility Locations	4 data-driven print and mail centers 20 POD centers, 4 rotary facilities, 5 label facilities, and 19 warehouses strategically located throughout the country
Production Quality Certifications	ISO9001:2008 SAS70 Type II
Target Market / Vertical Focus	Financial Services Healthcare Industrial
Print / Mail Services	Monochrome and full color print POD, kitting and fulfillment Rotary and label Manifest mailing
Electronic Services	Electronic presentment E-mail Fax
Additional Services	Print On Demand Office Supplies Custom mailing products, such as double postcards, Zipsets, and TotalScripts

Table 18 – Standard Register Corporate Profile

SYMCOR

Headquartered in Mississauga, Ontario, Symcor is Canada's largest transactional print and electronic service provider working with all major business verticals. In 1996, RBC Financial Group, BMO Financial Group, and TD Bank Financial Group founded Symcor to combine the check, remittance, and statement production operations of Canada's three largest banks into a single commercial organization.

COMPANY INFORMATION	SYMCOR
Corporate Headquarters	Mississauga, Ontario, Canada
Company Staff	5500
Production Facility Locations	Montreal Mississauga Calgary Vancouver
Production Quality Certifications	PCI SAS 70 Type II
Target Market / Vertical Focus	Banking Wealth Management Retail Credit Insurance Telecommunications Utilities
Print / Mail Services	Data Composition Services Full Color Continuous Print Services Full Color Messaging File Transformation Services
Electronic Services	Electronic Archive & Presentment E-mail Notification Secure Email Notification
Additional Services	Call Center Check Processing Lockbox Operations Image Capture, Archive and Delivery ATM Deposit Capture

Table 19 – Symcor Corporate Profile

XEROX

Headquartered in Stamford, CT, Xerox provides outsourced billing and payment services. As a division of Xerox Global Document Outsource, Customer Communications Delivery Operations operates managed print facilities in Dallas, TX, Philadelphia, PA, and Wilsonville, OR. Within Xerox, this group provides customers with transactional and personalized print outsourcing, mailroom management, and on-demand forms management.

COMPANY INFORMATION	XEROX
Corporate Headquarters	Norwalk, CT
Company Staff	300
Production Facility Locations	Dallas, TX Boston, MA Philadelphia, PA Wilsonville, OR
Production Quality Certifications	ISO 27001 SAS 70 Type II
Target Market / Vertical Focus	Financial services Healthcare Insurance High tech Government
Print / Mail Services	Monochrome and full color print POD, kitting and fulfillment Merlin Manifest mailing
Electronic Services	Electronic presentment E-mail
Additional Services	Translation services

Table 20 – Xerox Corporate Profile

APPENDIX A – ABOUT MADISON ADVISORS

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

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

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

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