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Engineering the flow of communication™

CUSTOMER COMMUNICATION MANAGEMENT

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An enterprise-wide methodology for integrated, multi-channel customer communications

A white paper by Pitney Bowes

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EXECUTIVE SUMMARY

Advances in communication technologies are ushering in a new era in customer interactions. But with new technologies come new challenges. Today's corporations must communicate across a variety of channels, coordinating customer information drawn from multiple databases. The task is further complicated when mergers or acquisitions lead to mixed technology environments. Without an effective communication methodology, inefficiencies are bound to arise.

The cost implications can be significant: Recent estimates put the cost of customer documents to corporate America at about 15% of total annual revenues,[1] accounting for around 60% of office workers' time.[2] Yet 85% of customer documents are never retrieved, 50% are duplicates and 60% are obsolete.[3]

Customer communication problems also impact revenues, leading to inadequately targeted marketing messages, extended remittance cycles and a lack of coordination between marketing channels. Revenues are further denuded through missed cross-selling opportunities, such as the ability to embed individualized offers into the content of monthly billing statements — a particularly compelling value proposition, since monthly bills and statements are the only customer communications to enjoy a 100% hit rate.

Equally severe is the effect of communication shortcomings on customer relationships. Poor usability and cross-channel inconsistencies erode customer perceptions and jeopardize brand equity. By way of example, one of America's leading banks recently quantified the annual brand damage incurred due to activity reporting problems at $50mm, or over 12% of total activity reporting costs.

Customer Communication Management (CCM) addresses structural communication deficiencies by optimizing and integrating the totality of data, documents and messages flowing from, into and within the enterprise. Wherever possible, CCM harnesses existing enterprise assets, improving customer communication without costly system replacements. Properly implemented, CCM delivers on several distinct value propositions:

> **Reduced communication costs:** Eliminate waste from the outgoing message stream. Reduce costs of message production, customer service, data management and regulatory/legal compliance.

> **Enhanced revenue:** Boost share of customer through enhanced personalization, cross-selling, up-selling and cross-channel campaign coordination. Improve cash flow by shortening remittance cycles.

> **Improved customer relationships:** Improve quality and accessibility of data at customer touchpoints. Provide customers with a choice of channels for payment and other interactions. Enhance usability and cross-channel consistency. Personalize messages to improve response rates. Eliminate detrimental customer communications.

These benefits combine to create a significant and quantifiable ROI.

INTRODUCTION

In the euphoric business environment of the late 1990s, many organizations looked forward to a revolution in data management and customer interaction. Improved communication technologies, coupled with the commercial adoption of the Internet, promised to usher in an era of intelligent, efficient and paperless communications; new database marketing applications would herald unprecedented advances in 1:1 customer interaction.

Unfortunately, many organizations have neglected the deeper structural issues underlying common communication chain deficiencies. The vast majority still struggle with such difficulties as multiple customer information silos, inconsistencies across touch-points and inefficient message handling systems.

Merely throwing new technologies into the mix cannot solve these problems. What is required is a holistic approach that aligns and integrates the disparate elements of the communication chain, thus cutting costs, eliminating inefficiencies and unlocking value.
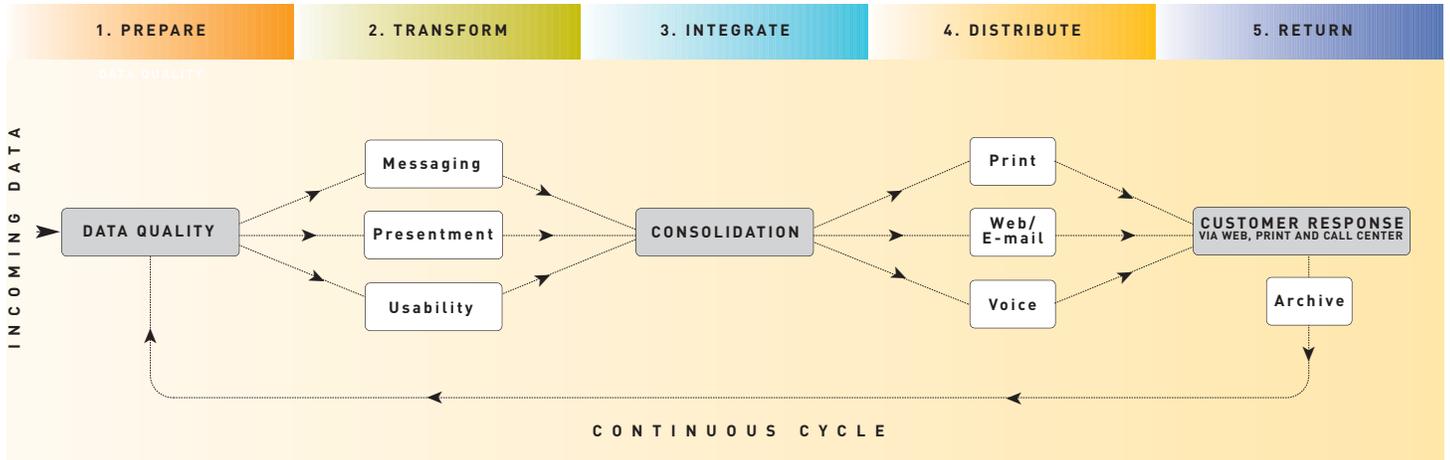
CUSTOMER COMMUNICATION MANAGEMENT DEFINED

As with any mission-critical process, customer communications should be managed according to an overarching set of strategic operating principles. However, because the customer communication spans several business functions — including marketing, finance, sales, operations, IT and customer support — no single department has traditionally been tasked with coordinating an overall communication strategy.

Customer Communication Management (CCM) addresses this problem by optimizing the flow of documents and messages across the entire organization, while injecting best-practice efficiencies into each element of the communication chain. CCM is a tried-and-tested methodology that integrates each step in the communication chain, harnessing the existing assets of the enterprise, including legacy databases, print/mail production equipment, ERP systems and CRM technologies.

The CCM methodology is "system agnostic" — minimizing the upheaval and costs associated with system replacements by accommodating a wide variety of databases and production platforms. In addition, CCM enables "output agnostic" communications, optimized for deployment across multiple channels.

At the heart of CCM is a "closed-loop" customer-messaging model incorporating the five critical stages in the communication chain, each flowing seamlessly into the next in a continuous cycle.

THE COMMUNICATION LIFECYCLE / PITNEY BOWES END-TO-END SOLUTION

1. PREPARE	2. TRANSFORM	3. INTEGRATE	4. DISTRIBUTE	5. RETURN

INCOMING DATA

DATA QUALITY

Messaging
Presentment
Usability

CONSOLIDATION

Print
Web/E-mail
Voice

CUSTOMER RESPONSE
VIA WEB, PRINT AND CALL CENTER

Archive

CONTINUOUS CYCLE

1. PREPARATION: data extraction and cleansing

An integrated, structured and accurate set of customer data is the first step on the road to more effective communications. It is also the first place where many corporations stumble.

Most often, the problem is not a shortage of data. On the contrary, setbacks arise precisely because of the abundance and diversity of information emanating from several collection and storage points. Data sets may include customer profiles, transaction data, direct marketing data and other customer information — each located in different databases, even different business units, and often trapped in mutually incompatible, legacy formats.

CCM tackles this issue by creating a set of "meta-data" — an overarching data layer into which records from a variety of databases and formats can be extracted. The unified data set references customer information throughout the organization, configuring it in a consistent, customer-centric hierarchy, thereby enabling:

> Cross-referencing of data to flush out inconsistencies and duplication;

> Analysis for correct addressing, eliminating costly returned mail; and

> Centralized updating for more cost-effective data maintenance;

Once integrated and cleansed, the data assets come to represent a far more powerful resource for strengthening customer relationships and improving share-of-customer metrics.

2. TRANSFORMATION: from data to communication

It is at the transformation stage that data is formatted for presentation. Information drawn from the aggregated data set is organized into a hierarchy that serves both individual customers and customer service representatives. Key considerations in establishing the optimal presentation architecture include:

> The context and purpose of the message

> Ease of use, and

> The profile of the recipient.

Information is arranged into a customer-centric hierarchy, leveraging the totality of customer information to ensure that messages are presented in the correct context and tailored to elicit the appropriate response. Individualized content can be embedded directly into the message itself — a process called **billboarding.** Individualized product offers, for example, can be incorporated into the content of monthly billing statements. Additional levels of personalization are achieved by embedding billboards based on specific events, from recent purchases to customer birthdays.

The transformation stage should take into account multiple views on the aggregated customer information, including those of customer support staff as well as customers, thus improving customer relationships and maximizing opportunities for revenue generation.[4]

Finally, communications are tested and reformatted for customer usability, optimizing ease of use, regardless of channel or touch-point, to improve the speed, quality and rate of response.

3. INTEGRATION: message aggregation and consolidation

Recent advances in print/mail finishing enable unprecedented levels of productivity within the customer communication center. But as message volume increases, so too does the impact of even the slightest inefficiencies. The full benefit of new technologies can therefore only be attained once efficiencies are maximized across all aspects of the production process.

Applying CCM methodologies to message production:
> Improves output speeds without compromising message integrity,
> Ensures consistency across multiple channels, and
> Reduces costs by eliminating errors and waste in the production cycle.

Advanced file-based processing systems maintain message integrity at high-volume processing speeds, thus decreasing costly errors. And by aggregating multiple messages bound for the same customer address — a process known as **householding** — postage and other communication costs are dramatically reduced. Printed mail jobs can also be sorted and split by facilities, printers and inserters, balancing workloads across equipment or sites for faster, more efficient processing and optimized staff allocations.

By employing an output-agnostic approach, CCM eliminates unnecessary process duplication while ensuring consistency of messages and branding across multiple channels, and enabling real-time customer access to bills, order status and profile information.

The result is a more streamlined message production cycle, significant cost reductions, and a messaging process that takes account of multiple output channels.

Applying CCM principles to sort, route and track outbound messages can:

> Improve the predictability of delivery

> Shorten delivery cycles, and

> Reduce postage costs.

Pre-sorting mail messages according to USPS zip-code regulations translates into significant postage discounts. Further benefits accrue from selecting the most appropriate printing and mailing locations based on the proximity of recipients, thus reducing delivery time.

New, **Intelligent Mail** tracking systems have made it possible to identify messages by sender, recipient and even content, and track the progress of each item through the mail stream. By integrating tracking data with other enterprise systems, marketers are able to achieve new levels of coordination in their cross-channel marketing campaigns, monitor performance and optimize carrier selection.

Finally, outbound tracking data can satisfy important regulatory and legal requirements, such as ensured delivery, proof of message issuance and recipient/handler traceability.

5. RETURN: customer response and data update

In most organizations, receipt is viewed as a separate function from message creation. On CCM's closed-loop model, however, message receipt provides intelligence essential to effective outbound communication.

New technologies can monitor the progress of messages all the way from initial dispatch by the customer to final receipt by the organization, thus improving the predictability of inbound communications. Predictable orders and returns mean more efficient inventory management. Predictable remittance cycles translate into tighter cash flow. Knowing that payment is on its way eliminates unnecessary delinquency reminders.

Tracking data and message archives can be integrated into CRM systems and other enterprise applications, allowing personnel to access messages in real-time, as rendered, including personalized content. This reduces the duration and frequency of calls and bolsters the call-center's effectiveness as a sales channel.

Sorting messages according to dollar value ensures that items such as rush orders or delinquent bills receive higher priority. Detailed analysis of return mail helps to identify erroneous returns and trigger remedial processes, pinpointing further postal savings and optimization.

On the CCM model, each incoming message becomes an integral part of the organizational knowledge base. Every effort is therefore made to safeguard the security of archived messages as well as the underlying data set, establishing safe storage and backup procedures to ensure business continuity in circumstances that may threaten the flow of communication.

DEPLOYING CCM

The specifics of a CCM deployment path will differ from one business or industry to the next. Some businesses may wish to implement an enterprise-wide solution in a single, uninterrupted deployment. Others may find that short-term ROI is maximized by applying CCM principles to one or more key applications, such as bill and statement, call center or customer records, either as isolated projects or, preferably, as the initial phases in a multi-phase CCM adoption strategy.

In planning a CCM deployment, it may be important to consider outsourcing selected components, depending on the desired speed of implementation and an assessment of which elements are core to the business. Many companies have derived significant cost-savings and strategic benefits by outsourcing such functions as Automated Document Factory (ADF), document archiving or backup.

A QUANTIFIABLE ROI

Specific returns that can be expected from a successful CCM deployment include:

1. A reduction in overall communication costs

> Reduced data management costs through data integration and closed-loop update processes
> Waste reduction through return mail elimination, pre-sort postal discounts and fewer tracking and reporting errors
> Mail volume reductions via householding, billboarding and print-to-digital migration. Inbound tracking efficiencies eliminate unnecessary communications
> Elimination of process duplication through output-agnostic document processes
> Reduced service costs resulting from fewer customer service calls and greater first-call resolution
> Reduced costs of regulatory and legal compliance through advanced track-and-trace systems

2. Revenue enhancements

> Improved share-of-customer metrics flowing from more accurate and accessible customer data at service touch-points
> Elevated customer response to marketing messages through enhanced personalization
> Improved cash flow stemming from reduced payment cycle time and enhanced cash flow forecasting
> Coordinated multi-channel marketing enabled by enhanced predictability and measurability

3. Enhanced customer satisfaction

> More accurate and accessible data resulting from data integration and closed-loop updates
> Enhanced customer convenience stemming from a choice of channels for payment and other contacts
> Cross-channel consistency of brand and messages across multiple channels and customer touch-points
> Improved usability of customer communications across all touch-points
> Enhanced personalization in the form of inserts, billboards and personalized triggers
> Elimination of unnecessary customer communications that may harm the customer relationship

CASE STUDIES

The CCM methodology has been successfully applied to customer communication challenges in a variety of industries, including financial services, transport, chemicals, oil, retail and the academic sector. The following case studies illustrate how the benefits of CCM impact across the entire communication lifecycle.

A global leader in financial management, with a customer communications hub processing over 80 million multi-page customer accounts per year, recognized the need to improve mail processing speed and accuracy, and to reduce costs associated with rework, labor, and materials.

Solution: A CCM process was implemented to enhance software running on existing equipment. Productivity improvements surpassed project goals in all areas, avoiding the need for expensive upgrades.

Results:

> Production cycle times reduced by 40%

> Rework resulting from inaccuracies decreased by 50%

> Annual cost savings of over $1 million

> Eliminating need for new equipment and personnel resulted in a $2 million cost avoidance

One of the world's top business schools distributes upwards of 12,000 hard-copy "case study" files to customers throughout the world. The cost of manually pulling each order and printing copies via seven print providers was proving prohibitive, and turnaround times were suffering.

Solution: Applying CCM principles improved efficiencies, digitizing cases for automated retrieval. Productivity enhancements at the school's in-house print shop eliminated the need for outside providers.

Results:

> 12,000 case files digitized, de-duped and cataloged with revision dates

> $1.5 million in savings generated

> Staff required to pull cases reduced by 75%

> Turnaround times reduced to 24 hours from order to fulfillment

After a series of international acquisitions, British-based, **multinational oil and gas company** *found itself operating in-house document facilities in a technologically diverse environment. It was clear that managing the complexities of a dispersed document management infrastructure, while critical, was detracting the focus from the company's core business.*

Solution: The company outsourced the entirety of its document management and archive facilities to a partner with specialist CCM expertise, freeing up management to focus on the core business.

Results:

> A best-of-breed outsourced Automated Document Factory (ADF) now designs, prints and mails up to 600,000 invoices and statements per month; secure off-site storage facilities safeguard 96,000 boxes of paper files and 46 million digital images

> Delivery notes and invoices reach customers more quickly, saving up to 80 days in accounts receivable, a massive cash-flow benefit from improved billing processes

> Management time is freed up to focus on the core business of oil and gas

PITNEY BOWES: ENGINEERING THE FLOW OF COMMUNICATION

Since its beginnings in the mail and print stream industry, Pitney Bowes has been dedicated to improving the efficiency and effectiveness of mission-critical communication flows. A heritage spanning almost ninety years of technological leadership has produced major innovations in paper-based and digital messaging, generating more than 3,500 active patents with applications in a variety of markets, including printing, shipping, encryption and financial services.

In meeting the evolving demands of a customer base that now numbers over two million businesses worldwide, Pitney Bowes has pioneered solutions in such fields as data management, digital document flows and multi-channel communication. With its network of industry-leading partners, including the US Postal Service, IBM and Siebel Systems, Pitney Bowes has worked to integrate the messaging chain; seamlessly fusing communication flows with ERP applications, billing software and CRM systems.

In addition to its broad range of products and technologies, Pitney Bowes offers a comprehensive set of communication services, including bill and statement mail, document solutions management, distribution centers, small business solutions, electronic solutions, order fulfillment, direct and 1:1 marketing, equipment management, mail and document security and an extensive suite of outsourcing solutions.

From revenue flows to information flows, the flow of marketing programs to the flow of customer support functions, Pitney Bowes engineers processes and technologies to save customers time and money, enhance their security and productivity, and help them grow.

Endnotes:

[1] Cap Ventures, quoted in *Print on Demand Business,* September 1998.

[2] Gartner Group, "Building the Electronic Warehouse," *Imaging World,* January 1997.

[3] Tony McKinley, "Managing All Information Assets," *Document Management,* August 1997.

[4] For example, customer profiles may be weighted by value to the enterprise or automatically flagged for up-sale or cross-sale prospects.

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