

Business Transformation 2.0: The Document Outsourcing Revolution

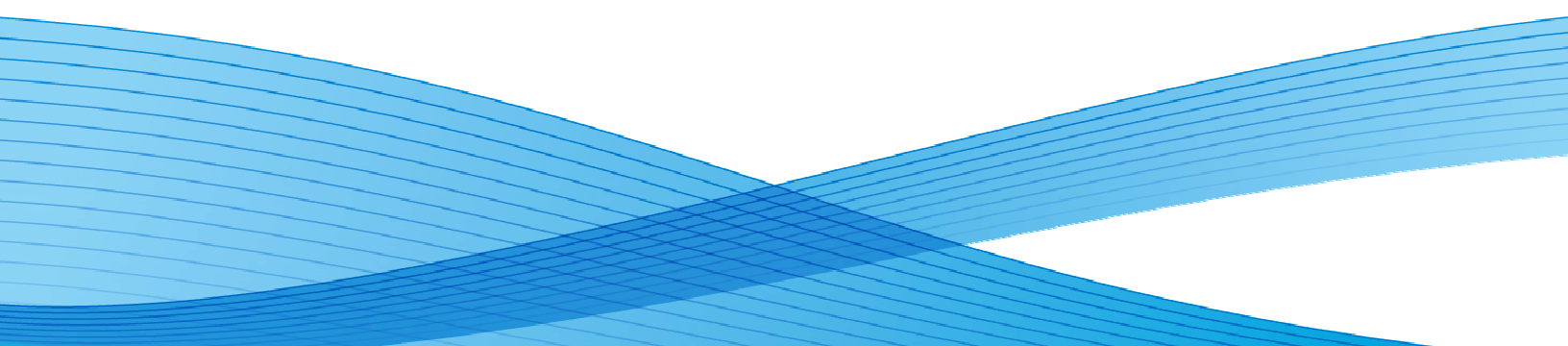
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The Document Outsourcing Revolution

Wanted: A new catalyst for business transformation.

If you've been keeping up with the pace of business transformation, you've probably turned your IT operations over to experts and optimized some of your key business processes.

Now how are you going to make the next big leap forward in terms of organizational effectiveness?

The answer could be lying on your desk. Or waiting in your email. Or stored in thousands and thousands of electronic files and file cabinets spread throughout your offices and facilities.

I'm talking about your digital and paper documents.

You see, these ever-present documents are the most visible sign of a vast infrastructure running through your entire enterprise, linking every employee and activity. And it's ripe for automation and optimization. In fact, it can help you take your organization to the next level once it's transformed.

Fast forward to the future.

You'll speed up the flow of information. You'll make your documents more powerful, and effective. You'll produce documents more efficiently. You'll take full control of hard-to-manage assets. You'll turn towering stacks of unstructured content into easily searchable digital data. And you'll build a strong foundation for all the exciting possibilities that come from Enterprise Content Management. All of which will help you get work done faster and better.

Plus you'll sharpen your focus on what you do best, making your organization leaner, nimbler, more agile...and definitely more dangerous to the competition.

No question about it. All of the powerful rewards of business transformation come with the territory when you join the Document Outsourcing Revolution.

Let me explain.

Reflections on the original outsourcing boom.

Companies around the world first transformed their businesses by outsourcing IT operations and key business processes like human resources, finance and accounting, and litigation e-discovery.

In fact, outsourcing has been so successful and so widely accepted that many companies have already maxed out the benefits, which traditionally have been focused on cost reduction.

Now organizations with an eye to the future are searching for new ways to drive the corporate agenda and speed up their evolution. And this time cost reduction is only one of the strategic goals.

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Revenue generation...brand-building...competitive differentiation...risk mitigation...information security...enterprise efficiency and effectiveness... improved communication effectiveness...taking full advantage of the power of automation and innovation...energy conservation...sustainability...

The next generation of outsourcing solutions needs to help you make progress in all of these areas *in addition to* reducing costs and providing productivity improvements.

That's why it's time for savvy change agents to shift their attention to a dynamic force in the enterprise that has a direct impact on everyone and everything.

That's right. We're talking about your *documents* again.

New respect for the dynamic role of documents.

Take a look around your organization. Right now there are countless digital and paper documents flying around.

Records and reports...strategic directives...policies and procedures... intellectual property and research...marketing materials...customer communications...digital documents stored in archives...legacy paper documents jammed into file cabinets and warehouses...

When you take the time to really think about it, it's easy to see that these documents affect just about everything your company does every single day.

In fact, research inside our own walls here at Xerox found that 90% of the inputs and outputs throughout our entire value chain consist of documents.

Which means one thing. Documents aren't static packages of information moving around on conveyer belts. They are dynamic catalysts that ignite the engine of your organization.

They advance the cause of marketing. They help you build customer loyalty. They preserve priceless business intelligence, intellectual property, records and data. They convey strategy and direction. They help you maintain compliance and reduce your legal risks. They carry your invoices for products and services. And many times they literally represent the face of your organization to your customers.

These documents also solve problems...inspire your people...create competitive advantages...and lead your organization forward. And because of all that, they help you achieve every goal on your agenda.

In case I haven't convinced you that your documents are as vital to your enterprise as electricity, here's a simple test.

Get rid of all of your documents for a month and see what gets accomplished. My guess is, it won't be much.

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Discovering the true value and cost of your documents.

The way you create, manage, produce and deliver these documents also has enormous implications for your budget.

IDC, one of the world's leading market intelligence firms, estimates that U.S. organizations spend "a mean of 11 % of their revenue on hardcopy," including hardware, software, ink and toner, and related services.

Source: IDC Multiclient Study, Hardcopy Market Industry analysis, 2008.

Research at Xerox also shows that document output costs in the office average more than \$3,400 per year for every employee. If you do the math, that's a seven-figure budget item if you have 300 officer workers or more. And even if you don't, we're still talking big bucks.

Recognizing a vital infrastructure that's often overlooked.

A major-league impact on your daily business operations...

A huge impact on the bottom line...

When you consider those two factors alone, it's clear that all of your documents and document-related systems, work processes and output devices form a vital enterprise *infrastructure* just like your telecommunications and IT networks.

But here's the problem.

Most companies haven't taken action to recognize and optimize this infrastructure.

Our work with leading organizations around the world points out another problem: Few companies have developed an effective, enterprise-wide strategy for managing their documents.

Of course, there's good news here, too.

These problems can quickly turn into major-league opportunities for improvement—improvements that will make your people more productive, your documents more effective, and all of your document-driven systems and processes more efficient and cost-effective.

The result? You can literally transform your business. You can also get a jump on the competition—as long as you discover the benefits of the Document Outsourcing Revolution first.

U.S. companies with outsourced printing and imaging service contracts are saving 30 % to 50 % over what they were spending before the contract.

Source: IDC Multiclient Study, Optimizing U.S. Hardcopy Peripherals Distribution Channels: A Customer And Channel Analysis, 2007



The University of Calgary, which produces 72 million pages of documents a year, projects savings of almost \$14 million (CDN) over a seven-year period by optimizing its document infrastructure.

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Facing up to two real-world challenges.

Once you open your eyes to the fact that your document-driven processes and technologies do represent a vital enterprise infrastructure, it's easy to see the potential for breakthrough improvements that can be achieved with transformative outsourcing, automation and optimization.

Before you can reach this promised land, however, two significant real-world challenges must be overcome.

Challenge #1: The document management decision-making process is extremely fragmented in most companies today. After all, some decisions are made by purchasing and facilities management departments. Others are made by IT, lines of business, "shared services" organizations, individual departments and even local offices.

Challenge #2: Decisions made at the local level are often made without taking the company's long-term document management goals into careful consideration.

At first, this complicated decision-making scenario may seem daunting. But companies have overcome these challenges before. And they made their businesses more agile, productive and cost-effective in the process.

Lessons learned from the outsourcing history book.

If you turn back the clock, the challenges described above affected the early development of corporate IT networks.

But forward-thinking companies quickly recognized that IT was an infrastructure of vital importance to the future of the enterprise.

Over time, they also learned that expert IT management required specialized technology, experience and expertise that were not core competencies. So they took a series of bold steps that paid off dramatically.

- They developed an enterprise-wide strategy to guide all of their IT decisions.
- They established a C-level position to direct the development of their networks.
- And they outsourced IT management and maintenance to experts who combined state-of-the-art technology and in-depth expertise with innovative ideas and industry best practices.

The result?

They made giant leaps in efficiency and cost-effectiveness. And their successes helped launch the outsourcing revolution.

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Business transformation in the Document Outsourcing age.

If you apply the same outsourcing approach developed for IT applications to the document management world, amazing things begin to happen.

You improve the way people communicate and collaborate. You speed up access to records and critical information. You boost employee productivity, customer satisfaction and your brand image.

You also improve the accuracy, quality and consistency of the information flowing through the enterprise. Plus, you tighten information security... improve compliance...and mitigate your legal risks.

You can make your documents more effective, too. Which boosts response rates, reduces service center calls, and makes sure that accounts get opened faster than ever. It even helps you turn routine customer communications into dynamic up-selling and cross-selling tools.

Document Outsourcing can also help you save on energy and reduce landfill wastes, which will make a concrete contribution to your sustainability efforts.

Last but not least, you dramatically cut costs.

And what happens when you achieve all those benefits? You accelerate growth, create a competitive advantage, and transform your business in a powerful way.

It all comes with the territory when you join the Document Outsourcing Revolution.



Aliant, one of North America's largest regional telecommunications providers, wanted to improve the design and production support of its monthly customer bill. By outsourcing these services, the company reduced calls to its customer support centers by 30%, measurably improved customer satisfaction, and reduced annual print production costs on a year-over-year basis.

How to get started on the road to transformation.

Of course, it's easy to get excited about the game-changing potential of business transformation. But how do you get there from where you are today?

The first step is to develop an enterprise-wide document management strategy.

Even if you don't intend to implement company-wide improvements right away, this single step will help leaders at every level make document management decisions that are truly in the best interests of the entire company.

Of course, every organization requires a unique strategy designed for its specific situation, challenges and opportunities. In general, however, there are three high-powered goals that every company should try to achieve in the Document Outsourcing age:

- Optimize The Infrastructure
- Create Benchmark Business Processes

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- Improve the Effectiveness of Your Documents

Let's talk about each of these goals in greater detail. So you can clearly understand how the Document Outsourcing Revolution will benefit your business.

Turning your document infrastructure into a high-performance machine.

Think about all of the printers, copiers, multifunction devices, fax machines and scanners operating today in your offices...your in-house copy and print shops...and your off-site printing and imaging facilities.

Without a doubt, you can make great strides in productivity, efficiency and cost-effectiveness by turning this conglomeration of equipment into a strategically managed asset designed to support your corporate goals.

Take your offices, for example.

Many companies have document devices from a variety of manufacturers scattered across desktops and hallways throughout the enterprise. In some cases, there's a device for every employee. And each device may have different requirements for service and supplies.

Obviously, this isn't a coherent infrastructure designed for maximum efficiency. And it's impossible to manage this unwieldy assortment of equipment effectively.

But if you assess the needs of your office in a disciplined manner, you can develop a practical optimization plan that will turn this chaotic infrastructure into a fine-tuned machine. And that will help you improve office productivity...reduce costs...maximize your investment...and support your long-term, enterprise-wide document management strategy.

For example. You may decide to upgrade your offices by replacing all of those isolated copiers, printers, fax machines and scanners with state-of-the-art multifunction systems.

The result? Equipment, energy and output costs are reduced. The quality of document features and services available to employees is improved. It's much easier to manage service and supplies. And new capabilities are added to the network that will help you set the stage for an Enterprise Content Management system in the future.

Similar breakthroughs can be made in your in-house print and copy shops and your high-volume print production and imaging operations by bringing in innovative, right-sized technology that will streamline your work processes.

Best of all, you don't have to make a major capital investment to upgrade these facilities. Because you can outsource everything—from the initial, data-driven analysis and implementation of new technology to the daily management of your optimized infrastructure.

It's a great way to turn management headaches into role model operations.

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Creating benchmark business processes.

In the Document Outsourcing age, companies also have the ability to turn key, document-driven business processes into centers of excellence.

Finance and accounting...human resources...customer account management...accounts payable and receivable...mortgage applications... e-discovery...technical publications...R&D and product documentation... global translation...content and records management...

By combining the right technology and expertise with proven best practices, you can streamline the workflow, eliminate time-consuming manual tasks, speed up access to critical information, and reduce operational costs—all of which will help you improve efficiency and productivity.

In addition, benchmark business processes can have a big impact on the bottom line by helping you grow revenue, improve cash flow, boost long-term customer loyalty and increase your company's ability to respond to fast-changing business conditions.

All of these benefits can have a powerful impact on the enterprise. And they can all be achieved by outsourcing document-driven business processes to experts who can turn them into benchmark operations.

Improving the effectiveness of your documents.

We've talked about the importance of improving your document management infrastructure. And we've explored the potential for dramatic gains in productivity and cost-effectiveness that come from turning document-driven business processes into benchmark operations.

Now it's time to focus on the documents themselves.

After all, many of these documents can be engineered to produce better results by combining skillful analysis and science-based content design with state-of-the-art print production and mailing expertise.

Finding the antidote to poor response rates.

Take documents designed for direct marketing campaigns. They eat up a big chunk of your budget. But many companies find that these expensive documents deliver a disappointing response rate of only about one or two percent.

In fact, the average response rate for all direct mail campaigns ranges from 1.65% to 3.86%, according to the Direct Marketing Association's *2009 Response Rate Report*. And remember. That's the response rate, not the sales conversion rate.

What's the problem with these under-achieving documents? In most cases, they are not scientifically *engineered* to achieve specific goals.



A global leader in relationship management transformed its highly successful HR outsourcing business by building innovative document management capabilities that included a digital repository, variable data forms templates, and sophisticated DataGlyph® technology for tracking. The solution accelerated process cycle times, which drove faster time to revenue, improved cash flow and global expansion opportunities.

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By employing a rigorous, fact-based development methodology, however, you can design the content and appearance of documents to reflect your creative genius *and* move the needle on top-priority goals like revenue generation, customer loyalty and cost reduction.

The effectiveness of many documents can be improved even more by using an integrated, multi-channel marketing strategy. Instead of placing all of your bets on a print piece that goes out in the mail, for example, you can link the mailer to an innovative marketing Web site tailored for each recipient.

This personalized url or “purl” not only provides additional information to your prospect, it collects data that will make your future marketing efforts more targeted and effective. In other words, it brings the continuous improvement process to the direct marketing world.

Turning routine customer communications into powerful, business-building tools.

Standard documents sent to customers can also be improved by combining the science of communication engineering with innovative technology. And those improvements can have a big impact on everything from revenue generation and customer loyalty to call center costs.

Consider all those invoices, policy declarations, notifications about changes in terms, and other documents that go out to customers every month.

The simple fact is, these documents sometimes contain information that’s confusing to customers. And that’s why costly calls to customer support centers spike as soon as they hit the mail. It also helps explain why so many businesses have high “customer churn” rates and Days Sales Outstanding numbers that exceed the industry average.

By carefully engineering the design and content of these documents, however, you can solve the customer confusion problems and reduce your customer support costs at the same time. You can even improve revenue collection and customer satisfaction by making amounts, due dates and key actions crystal-clear to customers.

When you add one-to-one marketing technology to the mix, you can also turn these routine customer communications into powerful cross-selling, up-selling and brand-building tools by adding personalized offers, relevant promotions and other targeted information.

Last but not least, all of the documents you use for marketing and customer communication can be *engineered* to save on both production and mailing costs.

Reduced costs...improved cash flow...more powerful marketing...higher levels of customer satisfaction and loyalty...a better brand image...

All of these goals can be achieved by outsourcing the design of your documents to communication engineering experts.

The Document Outsourcing Revolution

Real-world considerations: A practical guide to progress.

Optimize the infrastructure, create benchmark business processes, improve the effectiveness of your documents.

When you optimize your infrastructure, develop benchmark business processes, and improve the effectiveness of your documents, you will bring your document infrastructure into the 21st century. And that will literally transform your business.

It will also help you attract and retain “digital natives,” the increasingly important group of employees who grew up with digital technology and expect to use it to its full potential.

But let’s face it. Any enterprise-wide initiative is a major undertaking. And few organizations have the resources to revamp their approach to document management all at once.

So how do you make practical improvements that will pay off today while advancing your corporate goals?

It’s easier than you think once your enterprise document management strategy is in place. After all, your strategy will help you evaluate and prioritize all of your potential improvements.

Maybe you want to turn all those hard-to-manage document devices in your offices into a fine-tuned, state-of-the-art resource that breaks down the barriers between paper and digital documents, increases employee productivity, dramatically reduces your total costs for equipment, maintenance and supplies, reduces energy costs and builds a strong technological foundation for Enterprise Content Management functionality.

Maybe you want to turn an under-performing copy shop or print production facility into a Center of Excellence that will give you a powerful resource for internal and external communications and dramatically reduce your printing costs.

Maybe you want to find innovative ways to turn inefficient business processes into benchmark operations that will get the work done better and faster and even create a competitive advantage for your organization.

Or maybe you want to morph taken-for-granted documents and their unstructured content into revenue-producing machines and more powerful forms of information and communication.

Your strategy will help you identify the specific Document Outsourcing opportunities that will deliver the most value to your company.

And remember. Even if key decisions are made at the line of business, department or local office level, they will keep your company moving in the right direction as long as they are “synched up” with your enterprise strategy.

The Document Outsourcing Revolution

Finding the right outsourcing partner.

In the age of highly specialized professional services, expert partners are now available to help you with every improvement we've discussed in this whitepaper—from the development of a high-powered enterprise document strategy to the optimization of your infrastructure, your business processes and the documents themselves.

What does it take to help you make progress in all of these areas?

Experience and expertise in printing, imaging, document-driven business processes, and the science of communication engineering are essential for success. So is an in-depth understanding of how documents and unstructured content are used in the lines of business and functions of your industry.

Qualified partners should also be up to speed on all of the latest technological innovations and best practices in the document management field. In fact, they should be innovators themselves, constantly searching for new ways to create value for your organization and advance the cause of sustainability.

They should be able to use disciplined, data-driven methodologies like Lean Six Sigma to analyze your situation...solve problems...and help you take full advantage of your opportunities

They should be experts on document-driven businesses processes and high-efficiency workflows and IT environments. So they can help you engineer the improvements that will transform your organization.

They should be able to establish an efficient technological platform that will make it easy for you to add powerful new document management services in the future.

They should also have exceptional expertise in project management and change management, so you can implement new solutions efficiently and help your people quickly adapt to better ways of working.

Last but not least, your partner should make sure that your document services deliver concrete, measurable, high-impact results. Then you can easily assess their true value.

The time is right for the Document Outsourcing Revolution.

Once you find the right outsourcing partner, you'll be ready to make dramatic improvements in the way you work with documents. And those improvements can have a beneficial impact on everything you do every day.

After all, your digital and paper documents motivate your employees, sell to your prospects, build stronger bonds with your customers, direct and manage all of your activities, and lead your organization forward. And because of all that, they help you achieve every high-priority goal on your agenda.

The Document Outsourcing Revolution

Cost reduction.

Increased efficiency and productivity.

Improved customer satisfaction and loyalty.

Generating new sources of revenue.

Taking meaningful steps toward sustainability

Leveraging the power of automation and innovation.

No question about it. Documents play a key role in all issues that shape the present and future of your organization.

That's why it's so important to find the best ways to create, manage, distribute and produce your documents. And the most logical way to do that is to get help from leading outsourcing experts in the field.

It worked in the IT world. It worked with Business Process Optimization. And it work with document management, too.

That's why Document Outsourcing is the next great wave of the outsourcing revolution.

Think of it as *Business Transformation 2.0*.

The Document Outsourcing Revolution

About the Author

John M. Kelly has earned his stripes to be called an expert in the outsourcing space. From his current vantage point as a Xerox Corporate Officer to his previous roles as a CEO and as a global consultant, John knows firsthand the impact when firms choose the right outsourcing partner. His view is that when properly executed, the new outsourcing is transforming business today. John urges firms to consider how they create, manage and deliver documents and will demonstrate that it has a profound effect on your business results.



Expertise

Global delivery of document management and business process services offerings

- Expert in creating competitive advantage

Background

President, Xerox Global Services North America

- Oversees global services development and delivery while managing North American business
- Xerox Corporate Vice President
- Bachelors in mechanical engineering from Manhattan College
- Master's degree in engineering & operations research from The University of Texas at Austin
- Founder and chief executive officer of Niteo Partners Inc., a technology consulting and systems integration firm, a wholly owned subsidiary of NEC Solutions America
- Lead client successes in Cap Gemini's Americas and European consulting services operations

Serves on several advisory boards and the Executive Advisory Committee of the University of Rochester Simon School of Business

Visit [John's page on the Xerox Thought Leadership Site](#) for more information about John and to find the following:

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Xerox Global Services

Enterprise Document ServicesSM is our strategic approach to transform your documents to help reduce costs, achieve operational excellence and grow revenue. Through our unique combination of experience, resources and technology, we help integrate and optimize your office environment, high-volume print production and business processes. And it all begins by working with a proven partner.

We employ Smarter Document ManagementSM technologies to add intelligence and structure to both paper and digital documents and activate the content they contain. And we combine our extensive industry expertise with tools like Lean Six Sigma to create a powerful portfolio of services that adds real value to enterprises worldwide.

Xerox Global Services (XGS) delivers measurable results for companies in industries from aerospace and the financial services to healthcare, government and retail by looking at business challenges in a whole new way.

For more information, visit www.xerox.com/globalservices or www.xerox.com/thoughtleadership today.