Overcoming legacy IT system constraints to improve customer documents
Background

Financial services companies send a wide variety of documents to customers in printed and electronic formats: welcome packs, quotations, monthly statements, annual statements, renewal letters, information packs, claims forms and documentation, and a variety of letters. For many products, such as pensions plans, the quality of these documents – in the sense of clarity, helpfulness, relevance, the call to action – is a fundamental part of the overall customer experience.

In many financial services companies, the design of these documents is hard-coded into legacy composition systems and data platforms. This means that any changes require IT developer time, and need to compete for that time against other IT projects and change requests. This in turn means that change requests for customer documents are often restricted to the most important and urgent, for example those required by regulatory changes. As a result, many customer documents are trapped in a time warp: designed years ago, and offering a poor customer experience and unable to adopt e-communication channels that today’s customers expect by default.
Take, for example, the annual statements they sent out to customers with one of its mutual fund products. The statements looked old-fashioned and functional, they had been designed years ago by IT developers, according to the constraints of the technology years ago.

Customers would react in two very specific ways:

- They got confused by the statements. They couldn’t understand all the information or find what they were looking for. Research showed that only 55% of customers thought the communications were clear and easy to understand. As a result they rang the call centre with questions, and the company then incurred the expense of handling those calls.

- Second, they saw how much money they had, thought about the ways they could spend it and withdrew their money. Fund withdrawals went up every time the company sent out these statements.

A broader problem was that each division would communicate with customers independently from the rest of the group. Each division did not have access to information held by other divisions, such as other products held or information about the customer’s lifestyle, preferences or financial situation. The company would send out the same kind of statements to each customer, regardless of their other interactions with the group.

One of our clients provides life insurance, retirement products and investment funds and is a subsidiary of a larger financial services group. The company’s level of customer service, measured through customer satisfaction surveys, was being negatively impacted by the design and content of their customer documents. Furthermore, 10% of customer service calls were as a result of unclear document output and only 10% of document images were accessible from the customer service centre, which lead to further customer frustration.
The solution

The client selected Xerox to manage a programme to improve customer documents by implementing a new process and technology platform. The programme started with a pilot on the mutual fund statement mentioned above. The client chose to begin with this document as the additional inbound phone calls it generated cost them money, and the additional withdrawals it prompted lost them business. The longer term plan was to broaden to other customer documents in subsequent phases.

There were five main phases to the project:

1. **Communications audit** to understand all the communication to customers taking place in different parts of the organisation.
2. **Customer data audit** to understand the customer data present in different parts of the organisation, data such as age, value of business, gender, range of products, time with the company.
3. **Data process project**: change processes to make that data available, with all its richness, in an integrated data feed, or virtual data repository.
4. **Communications re-engineering**: develop clear goals for the mutual fund statement, aligned with business strategy, to drive both the content and form of the design. (See Communications re-engineering sidebar)
5. **Building the document composition process**: implement a communication process from design to distribution that uses the rich customer data to create dynamic content for transactional statements utilising segmentation techniques from the direct marketing world.

The implementation was as a joint programme between Xerox and the client, governed by a joint steering group. Xerox was responsible for programme management of all project streams, delivering the programme on time and on budget, and ensuring the programme achieved the client’s business goals. The client was responsible for mainframe system coding for the data extraction routines, and end-to-end system testing and validation. Xerox implemented the new process and systems, and now manages the end-to-end process for the client as a managed service.
Communications re-engineering

Communications re-engineering brings science to help companies manage and influence customer reactions when they open a document.

There are three main aspects to this:

- It starts with defining a purpose, a successful business outcome for each piece of communication. It sounds simple but few companies have done it.
- Second is about exploiting the richness of the customer data in an organisation and being able to farm data from across the enterprise to enrich the final feed.
- Third it is about blending psychology and creative design to use that data.

The steps for this include:

Consultation workshops. We run knowledge exchange workshops with all parts of the business: management on the business priorities; marketing on the marketing objectives; and also parts of the business that don’t normally get a say, such as call-centre workers and the technicians involved in the inbound aspects of the document lifecycle.

Customer research. Focus groups to get the voice of the customer. For example, in the mutual funds statement, the research showed the fluctuations in fund values was a particular source of confusion for customers.

Re-engineering the document involves:

- Development of clear business goals for statements as the basis for re-engineering statement content and form.
- Using the output from the communications and data audits, stakeholder consultations, insights from customers, and bringing it all together through psychology and graphic design.
- Taking advantage of cross media output formats in conjunction with best practice print and distribution methods.
- Specifying a communications process and new document design to that uses enriched data to personalise communications to meet customer and business objectives.

In the mutual fund example, there are now over 1700 different design permutations that tailor the message according to a customer’s products, gender, age and so on.
Technology implementation

From the IT perspective, the root cause of the problem was that customer documents were designed and composed on the main insurance application. The insurance application had the minimum amount of customer data on it, just enough to manage the policy and meet compliance needs. A much broader set of customer data was stored in a separate marketing database.

The IT objective was to decouple the document composition from the data, by moving document design and production from a mainframe to a separate server platform. This allowed:

- Document composition to benefit from the richer data set in the marketing database.
- Document changes become easier to schedule, less expensive and faster to implement.
- Minimisation of ongoing IT support as data extraction routines are simpler to support than hard-coded document design. The technology solution (see diagram) was built around a document composition platform, connected using web interfaces to the mainframe and policy administration platforms, and various output devices.
IT infrastructure

Policy administration platform

Legacy mainframe

Marketing database

Webconnector
- XML interface
- Legacy IT interface
- Batch files

Document Composition platform
- Base Personalisation module
- Advanced Personalisation module
- Enterprise Workflow module
- Regulatory Support module
- Integrated Marketing Suite

Output gateway
- PCL print output to local printer
- Archive to PDF Content Mgr
- Xerox Freeflow Output Manager to colour printer
- Print server output to B&W printer
- Fax and e-mail server output

Mailsort interface

Mailsort software

Existing Infrastructure
- Blue – phase 1
- Grey – phase 2
- Software
The project was structured into four workstreams:

- **Infrastructure workstream**: building the document composition and output process and platform.
- **Integration workstream**: with policy administration platform and legacy mainframe.
- **Migration workstream**: to manage legacy documents.
- **New document workstream**: to manage the creation of new documents on the platform.

It was implemented in two phases. The first phase provided the ability to accept information from the policy administration platform and output to local printers (blue in the diagram). This allowed the client’s IT department to run full end-to-end testing. The second phase (grey in the diagram) brought in the remaining functionality.

**Burden on Client IT resources**

The main requirement on internal IT was to write data extraction routines to get the data out of the legacy mainframe, the policy administration platform and the marketing database. Because data extraction routines are much simpler to code and support than document design, this was a big advantage. Furthermore, the creation of simple, clean data feeds greatly reduced the need for ongoing support.

Managing the burden on IT became even more important when the project was extended to cover more customer documents, since IT did not have the specialist resources or expertise to support it. The solution needed to capture mainframe data at a point far enough away from the core systems to minimise the need for IT developer time, but close enough to the document build routines to capture all aggregate data. Xerox consultants proposed an approach to do this.
The initial results

The mutual fund statements are now clearer and easier to understand. They are more engaging, in the sense they have vibrant graphics and use of colour that align with the company’s brand guidelines and values. They offer a much stronger customer experience.

Indeed the American company DALBAR, whose services relate to the rating and evaluation of communications in financial services gave the statement an award for clear customer communications.

Customers liked the new statements, and many wrote in to say so. Surveys showed the percentage of customers rating statements as good/very good/excellent rose from 39% to 47%, with measurable increases in scores for clarity and relevance. They are now less likely to ring the call centre, because they understand all the information.

The document composition process is now more flexible, making it quicker and cheaper for the company to make changes, for example to the legal wording.

And it has directly helped the company’s P&L in several ways:

• Fund withdrawals have fallen as the new design eliminated the design flaws that were prompting customers to withdraw their money.
• Reduction in support costs as a result of fewer calls asking for clarification.
• Customer service desks have access to the images of more customer documents, allowing them to resolve customer queries more quickly.
• Reduction in ongoing management costs, for example for change requests.
• Reduction in need for IT support, as content is now sourced from one output feed causing no impact on the main administration system.
• Ability to cross sell other targeted products via the statement communication.
Deploying across the business

The success of the initial project meant that the burden of document composition had been taken away from the unsupported legacy IT system, and was now managed on more modern technology. The new process enabled marketing to design more customer-friendly and brand-compliant documents, and to make and apply changes quickly and at considerably reduced cost.

The challenge was:

To extend the scope of this system so it covered more customer documents, and to do so:

- With minimal impact on IT, who did not have the specialist resources or expertise to support this.
- Quickly, as marketing teams had a large number of important and urgent changes they wished to make that could only happen once the new system was in place.

The client IT systems had some 2,000 customer document templates, and given the objective was not just to change the technology platform but to re-engineer the documents to improve the brand presentation and customer experience, this was a huge task. One of the early lessons learned by the joint Xerox-client project team was that it is not feasible – or necessary – to migrate all the documents in a fixed timeframe. Rather it is about selecting critical business documents where re-engineering will have a big impact on the business or is essential for regulatory reasons.

Retirement packs

Two examples are described here. The first example is retirement packs, which are packs of information sent to customers approaching retirement. These had similar problems to the mutual fund statement:

- Customer feedback was poor: customers didn’t understand the documentation, would constantly field questions, and said they were not customer friendly.
- The production process was manual, a time consuming and laborious process also prone to human error.
- No consolidation process meant customers would receive separate packs for every fund or product they had invested in.
- The challenge was to create a clear, on brand, dynamic fully personalised document(s) that provided relevant information for the customer, improving the end point experience with a high quality, relevant, and timely document.

As before, Xerox set up design workshops with key stakeholders from marketing, compliance and customer services to understand the functional aspects of the document and to build a design brief for tone of voice and look and feel. The approach used the new process and platform to:

- Leverage Xerox’s creative expertise and technical know how to produce a personalised data driven document.
- Rationalise numerous inserts of different documents into a single, efficient booklet format.
- Provide dynamic variable data driven output with a governance and change control process.
- Fully automate the end-to-end process from data run through processing.
And the results were:

- Enhanced customer experience – information easier to understand and act upon.
- Consolidated, brand-compliant documents – no disparate transactional inserts tumbling out.
- Elimination of manual processing; errors drastically reduced.
- Reduced the reliance on pre-printed stock and warehousing.
- Faster turn-around times for mailings.
- Production capability to turn around work well within required SLAs (as opposed to manual processes struggling around particularly heavy weekly loads).

In the client Marketing Manager’s words: “The resulting solution, created in partnership with Xerox allows us to build each and every communication from a limitless range of components to create statements that reflect each customer’s individual investments and attributes as well as reduce the costs.”

Proposals for Independent Financial Advisers

The second example relates to new business proposals for independent financial advisers. The client has a webportal that allows financial advisers to create and tailor customer documents such as proposals. Xerox manages that back-office functionality behind the webportal, which performs a real-time query on mainframe data, creates a document in real time (the SLA is six seconds), offering the financial adviser an immediate PDF and optional hardcopy. This improves the speed, quality and personalisation of proposals to end customers to generate more revenue for the client.

Before this programme was deployed, it was IT who were in charge of documents: everything needed IT, even the smallest change. The deployment of this new system makes changes quicker, easier and cheaper. In the words of their Marketing Director, “a change to a policy statement used to cost me 150,000 euros and take three months, now it costs 2,000 euros and takes two days.”

So marketing is now in control of customer documents. Typically, Xerox can now change 80% of content on the client’s behalf without the need to involve IT.

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