

CITIZENS BANK

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How Citizens Bank Re-engineered its Document Production Process to Deliver Superior Results

In a banking industry that has become very competitive and that requires contenders to offer more products and services as well as adopt innovative strategies to capture new market opportunities, Citizens Bank realized that there was a lot to gain in redesigning its entire document production process. In addition to significantly reducing operational costs, it was possible to increase revenue streams by using transactional documents as a marketing

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tool to cross-sell products and services. As part of this strategy, Citizens implemented the Sefas Open Print suite to redesign its transactional documents and better communicate with customers.

Customer Background

Citizens Financial Group has \$159 billion in assets, making it one of the 10 largest commercial bank holding companies in the United States in terms of assets and deposits. Citizens has branches in 13 states, including Connecticut, Delaware, Illinois, Indiana, Massachusetts, Michigan, New Hampshire, New Jersey, New York, Ohio, Pennsylvania, Vermont, and Rhode Island. Citizens also has non-branch retail and commercial offices in about 40 states. Like many banks, Citizens has grown through acquisition, the largest of which was Cleveland-based Charter One in late 2004.

Citizens Bank has consolidated all of its printing and mailing activities in a facility located in Riverside, RI. This center, which is equipped with the latest IBM continuous printers and Kern inserters, is producing more than 95 million statements and over 300 million images per year.

The Problem

After focusing on the most urgent issues at hand, such as consolidating the print and mail production to a single production center and updating the printer and inserter hardware in the mailroom, Citizens realized that the entire document production process had to be re-engineered.

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According to Philip Cusick, Manager of the Enterprise Payment Print Center, “We realized that, as part of our efforts to improve the business, we needed to improve our print and mail process to move into the new age of customer communications.”

Citizens realized that it needed to address the following problems:

- The legacy document composition tool and check imaging tool did not enable the bank to easily convert the statements from simplex to duplex, which prevented Citizens from achieving significant postage savings.
- The existing statements were still using OMR marks for insertion control, a method that does not provide document integrity.
- The company was facing address quality issues that resulted in a high numbers of returned mail pieces that needed to be manually reprocessed.
- A number of departments were outsourcing print and mail when they could have been producing these applications in-house at a lower cost.
- The existing composition tool could not perform functions that were critical to marketing effectiveness, such as white space management or easily adding promotional messaging and color.
- The Internet was now essential in the company’s statement distribution strategy and the document production suite needed to support all distribution channels.

The Vision

Having endorsed the Six Sigma business improvement methodologies and having a Six Sigma black belt working on the document production process, Citizens was able to rapidly identify the short and long term benefits and prioritize the projects. Cusick said, “We were seeking a solution that fit our longer term strategic vision while delivering tactical results. Whatever we implemented needed to support automation, integration of marketing messages, color, and e-banking. In parallel, we needed to focus on short-term tactical execution and savings.”

For the short-term, Citizens defined a series of tactical projects

- **Duplex conversion:** This project was designed to convert all statements from simplex to duplex to reduce paper and postage.
- **Statement integrity:** This project focused on the replacement of the OMR marks with enhanced OMR marks, then with 2D barcodes to ensure the integrity of the mail pieces.
- **Address quality:** This project improved the quality of the addresses by running them through a postal cleansing (CASS) and move correction (NCOA) software application to reduce the amount of returned mail.

For the long-term, Citizens wanted to implement a first-class document production architecture that enabled it to:

- **Design** the most complex statements with check images and marketing messages to produce batch documents in any output format for print, archive, and electronic channels.
- **Automate** the production of all decentralized documents and funnel them to the print and mail center to eliminate manual processes and reduce costs.
- **Leverage an Automated Document Factory (ADF)**, production management software that would automate the entire process from the moment the data is available through all composition, post-composition, and production steps.

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The Approach

Citizens issued an RFP and evaluated about twelve software vendors to support its efforts to streamline operations. Cusick stated, “One of our biggest challenges was the conversion of legacy simplex documents into duplex documents. We gave competing vendors test files. Sefas turned the files around in a matter of a couple of days, while other vendors took weeks. The transition from simplex to duplex was critical, based on the magnitude of savings for the bank, so Sefas’ performance on these test files was key in the decision process. We also considered it attractive to work with a company that was capable of offering an end-to-end solution from composition to production management because all the modules were already integrated and designed to work together.”

The Solution

To address duplex conversion and statement integrity, Citizens used Open Print post composition tools. Post composition enhances and transforms print streams without changing the original application. These tools were used to de-impose the pages that were originally imposed two-up side by side, insert a backer with the terms and conditions in the proper position, and re-sequence the pages in duplex. At the same time, post composition tools decode the OMR marks and replace them with a barcode that also included additional information used to improve the integrity of the document.

The core of Citizens' requirements was the integration with Kern Mail Factory software, which enables Sefas' Producer product to know the status of the inserters and keep track of jobs and mail pieces. In particular, Producer manages the delivery of the intelligent insertion files to the inserters and receives an updated file with a list of all the reprints.

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For the address quality project, Citizens used Delivery, the print stream optimization module.

Delivery was designed to concatenate, merge, sort, and split data streams. Delivery uses the indexes and the address block information extracted during post composition and interfaces with postal preparation software to correct, validate, enhance, and presort mail. Delivery was the key for the address correction needed to improve return mail. According to Cusick, "The word spread relative to the success we had with the deposit applications and the Consumer Finance group contacted us. It was outsourcing statement work, but realized that insourcing the work with Citizens Enterprise Payment Print Center would yield significant savings."

For bringing the commercial loan applications in-house, the documents needed to be re-designed. Citizens used Open Print MiddleOffice to achieve this goal. MiddleOffice is a collaborative, object-oriented, document design and composition tool that was designed for the creation of the most complex transactional documents.

In addition to being able to rapidly design the new documents and produce them in-house, Citizens was able to easily combine the composition process with the post composition process of address quality. Adding a planet code further enabled Citizens to track the

mail pieces through the U.S. postal service and be assured that "the check is in the mail."

The Result

By implementing Sefas Open Print, Citizens demonstrated the ability to plan strategically and implement tactically. It identified and deployed "quick win" projects that provide maximum benefits with minimum investments, and is planning for migration to a full ADF over time. Since September of 2006, Citizens has seen over **\$3 million per year** in readily identifiable savings and there are additional benefits that cut across the enterprise.

They include:

- **Duplex conversion:** Between September and January, imaged and non-imaged deposit savings were converted to duplex, resulting in \$2.1 million per year in savings to the bank in postage alone. In parallel, there was a substantial reduction in paper usage. The simplex to duplex conversion resulted in a 25% - 30% decrease in paper utilization.
- **Address quality:** While specific dollars have not yet been attributed to the improvements in address quality, the Sefas software capability for preparation of the address block, extraction for data cleansing, and re-insertion off the block into the statement has generated substantial savings.
- **Outsourcing to insourcing:** A major financial department was outsourcing statement work, but realized that insourcing the work with Citizens Enterprise Payment Print Center could save \$500,000 per year in terms of significant functionality improvements. There are more than a million statements involved and the ability to produce these statements in-house saves \$.05 - \$.06 per statement mailed.
- **Ad-hoc departmental support:** Citizens Bank is also initiating the implementation of Sefas FrontOffice. This will automate the process for all types of business communications from simple customer correspondence to complex personalization. FrontOffice integrates with portals and delivers documents through any channel, such as centralized mail processing centers.

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Users can also access digital signatures that can be dragged and dropped into document letter templates. The utilization of this toolset for correspondence for internal claims and fraud will add an additional 57,000 pieces into the common mail stream with significant postal savings for Citizens.

The ADF Implementation

Citizens selected Producer, the Sefas production management system, to become the heart and brain of its Automated Document Factory. Producer manages the entire document production process from the moment data becomes available through all the processing steps. Those steps include document composition, post-composition such as address quality and postal presort, production steps such as printing and mailing, and the delivery to an archive system. According to Cusick, "Reprints are always a challenge for the print and mail operations. We wanted to automate the reprint process as much as possible and not ask the operators to make a decision on a mail piece. We liked the fact that with Producer, we had many options such as grouping the compatible reprints together, or even merging today's reprints with the next day's run."

For quality checks and reprints, Citizens selected Projector, the Open Print document search and viewing tool. Projector includes a very powerful search engine that enables users to immediately find and view any document that has been processed by the Open Print suite. Projector is used to view documents before they are printed and to handle manual reprints.

Boundless Opportunities Ahead

With an end-to-end document production suite in place, Citizens is now exploring a number of other opportunities that will help the company continue to lower its costs and offer better customer service.

In the print and mail operation, Citizens is now considering manifesting. Manifesting eliminates the postage meters, increases efficiency, and simplifies the processing of mixed-weight items. All of the required USPS documentation, including an itemized manifest, a postage statement, and a qualification report, will be generated automatically. Another opportunity is the elimination of the physical inserts that can be replaced with "onserts," or on-statement inserts that consist of images that are added to the document during the composition or post

composition steps. Cusick stated, "At this time, the bank does a tremendous number of inserts. We have the capacity to put four into each mail piece. We will use Sefas technology to convert inserts to onserts and effectively utilize document white space."

On the document composition side, FrontOffice will enable Citizens to automate even more decentralized document production by allowing branches to use web-based templates to create highly personalized documents and produce them automatically in the centralized print and mail center.

As the company redesigns its transactional documents, Citizens plans to consolidate information from multiple sources and add more personalized marketing messages to the documents. According to Cusick, "The ultimate objective is to give our customers a more satisfying experience." It's clear that Citizens is well on the road to delivering satisfying experiences to its customers in combination with tactical cost savings and business results.

A Strategic Partnership

Success in ADF endeavors comes from strong partnerships. Cusick concluded, "Sefas has been a great partner. When you are re-engineering major business applications, it takes a provider that is flexible, brings tremendous expertise to the table, and is reactive as needs change. Sefas clearly met our expectations."

About Sefas

Sefas Innovation is a world leader in document production technology. The company is headquartered in Paris, France, with operations in the U.S. and the U.K. Sefas solutions offer unparalleled levels of flexibility and performance. Many of the largest financial institutions and Fortune 500 leaders rely on Sefas Enterprise ADF technology to produce complex, high-volume and mission critical transactional documents.

For more information about our products and services, please visit www.sefas.com.

Contact:

20 Mall Rd, Suite 210
Burlington, MA 01803
(781) 425-5060

Office Locations:

Paris, FR +1 33 (0) 1 49 69 52 00
Bristol, UK +1 44 (0) 117 906 9920