

A CONVERSATION WITH ... TRACY SHELBY



Tracy Shelby

Connecting the Dots Between Workflow and Customer Service

By Andy Moore, Editorial Director,
KMWorld Specialty Publishing Group

"I have a 401(k) retirement plan. I checked it today, and I'm not sure exactly how this happened, but I owe \$1,700."

—Jon Stewart on The Daily Show

At the risk of understating the bleeding obvious, it's a tough time for investors. Retirement plans have lost momentum, mutual funds are slack, the stock market has plunged, consumer confidence is low...

Anyway, you already know this. If you're like most of the adult population, you've checked the balance on your funds more often in the past few months than you have in the previous several years combined. It's human nature to pick at a wound.

Tracy Shelby is "cautiously optimistic" when it comes to the economic downturn of the past 12 months. "Everyone is cost-conscious, and ROI is a requirement for any initiative. But you can't let that interfere with R&D, which is a two- to three-year vision."

If you've made a call to a mutual fund company recently, chances are very good that your call and your account information is administered through a DST recordkeeping and workflow system. DST provides transfer agency systems and technology for 80 million mutual fund accounts in the United States, United Kingdom and Canada. That comprises nearly 70% of all accounts utilizing outsourced transfer agency solutions.

Tracy's been with DST for 12 years. He started on the product development side, slinging code with the team that created their workflow/process automation product called AWD (Automated Work Distributor). Tracy is now systems officer for AWD sales and marketing, which means he is in charge of AWD's teams of sales executives and sales support associates and in charge of AWD's marketing organization.

We sat down to talk with Tracy about the present state of the workflow industry, as well as the role that process automation has played in the evolution of customer service.

"In the late '80s, and particularly after the crash of '87, we wanted to help our transfer agency customers differentiate themselves, not so much on the performance of their fund products, but based on the quality of their customer service," Tracy remembers. "We tried to find a workflow product out there that could deliver the production levels that were necessary for mutual fund companies. We didn't find any, so we made a decision to build one.

"In 1991, we determined there was a need for a customer service component associated with our workflow product," continues Tracy. "We began to allow the call center rep to see a consolidated view of not only the customer's holdings, but also that customer's past contacts—mail, faxes, etc. that had come into the workflow. We also began using

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Focus On



Bull or Bear, Business Process Management Drives Productivity and Reduces Costs

Business process management ensures a continuous focus on customer retention, cost control/reduction, performance and asset retention—in spite of economic fluctuation

By Rick Welch, AWD Product Manager, DST Systems, Inc.

You've heard it before ... The only constant is change. This may be an overused adage, but is especially true when talking about the financial services industry. Economies will fluctuate, markets will change, and investors will react. How you respond to these changes will help define your competitive success.

Companies that continuously invest in improving customer loyalty programs will reap operational and financial benefits. When markets are struggling and investor confidence is low, an increased focus on customer service programs will enhance asset retention efforts. In more confident conditions, continued focus on customer service programs helps create competitive differentiation.

One way to increase customer loyalty while at the same time increasing productivity and reducing operational costs is to implement business process management technology. Empowered with the appropriate technology, you can foster customer loyalty through consistent service, increased response time, and accurate historic customer information.

The right technology infrastructure will help ensure customer loyalty and asset retention, regardless of economic conditions.

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The Savvy Consumer

One key to securing customer loyalty is to provide consistent service that meets or exceeds consumers' expectations. With the increasingly dynamic and accessible Internet, financial-savvy consumers can easily research products and services, weigh competitors, and make smarter decisions.

And with the information consumers have accumulated, they have learned not only what to expect from customer service but also what to demand: comprehensive service that takes into account their customer status and corresponding level of expectation.

As a result, the pressure is on to elicit even more than mere satisfaction in services and products. Customer loyalty is about honing progressive, committed connections between you and your consumers. After all, how important is a "satisfied" customer who does not return?

Laying the Technology Foundation

More and more financial services companies are discovering that business process management is an effective way to ensure increased customer-centric operations and reduced operational costs.

In the continuum of opportunities for cost reduction and service improvement, business process management builds on a foundation of imaging and document management, workflow, task management, and process automation.

If process automation is the pinnacle of productivity, imaging and document management is the bedrock. This includes, but is not limited to, the capture, storage, and retrieval of customer information that has been scanned, faxed, or electronically received into the system.

Workflow moves those images and documents to the appropriate processing areas, while at the same time monitoring the progress of that work. Also, rules-based workflow ensures that the right people are processing the right items at the right time, typically resulting in 20% to 35% productivity gains.

Task management monitors individual processing steps and automates/eliminates them at the desktop level. If a task does require associate intervention, task management will guide the associate through

pre-defined steps to ensure each task is completed with accuracy.

Process automation can then be applied to the work steps when human intervention is not required, resulting in additional process improvement. From a foundation of imaging and document management, workflow, and task management, process automation eliminates whole groups of manual steps, leading to significant productivity gains and customer retention.

According to a recent study, the healthcare insurance industry alone spends an estimated \$250 billion or more annually on labor-intensive, paper-based processing. With business process management, healthcare insurance and other financial services companies can

"The right technology ensures customer loyalty and asset retention, regardless of economic conditions."

eliminate paper-based processing, dramatically expedite customer service response and reduce operational costs.

Be Prepared

Capitalizing on opportunities to enhance customer loyalty while reducing costs through business process management does require preparation. You must be able to clearly define the business processes executed during service delivery. This includes defining processes for simple transactions while identifying the exceptions that may occur.

By examining every processing step, you can implement targeted technology solutions to ensure that your customers are receiving unprecedented levels of service. Automating processes associated with servicing the customer ensures a continuous focus on customer retention, cost control/reduction, overall performance, and increased asset retention—in spite of current or future economic fluctuation.

Markets will change and investor behavior will shift, but companies equipped with the right technology infrastructure will react to those changes seamlessly. ■

Rick is Product Manager at DST Systems, Inc., for the AWD product suite. He has worked for 22 years with content and digital rights management, document imaging, and workflow. To help define new market concepts, Rick is a speaker and panelist for industry events and publishes articles and white papers.

AWD Client Spotlight

A Case Study on Beech Street Corporation

Beech Street Corporation is a for-profit organization that offers nationwide network access for health benefits, workers' compensation, auto medical and NCQA-certified and URAC-accredited healthcare management services. The corporation contracts with more than 3,300 hospitals, 50,000 specialty care facilities, and 345,000 providers to serve more than 16 million members.

Beech Street's mission, to reduce healthcare costs for their clients by delivering services that offer broad choices and substantial savings, has earned them the reputation as one of the easiest healthcare organizations to work with in the industry.

It was that same mission that led Beech Street in their "solutions-oriented" approach to finding innovative enhancements for their repricing services.

According to Beech Street, the implementation of the Automated Work Distributor (AWD) to streamline its HCFA (Health Care Financing Administration) and UB92 forms processing has provided a winning formula in the paper-intensive world of claims repricing.

Benefits Create Savings for Clients

Beech Street has significantly improved claims turnaround. Quality has improved to 98% accuracy, and the corporation has streamlined its repricing staff from 107 employees to 47, a 56% increase in productivity.

"We have simplified procedures, reduced paper usage, increased utilization efficiencies and cost effectiveness, and increased quality," said Bill Hale, President and CEO of Beech Street Corporation. Beech Street is able to customize services to meet their clients' unique needs.

Before the implementation, claims were received, manually entered into the system, repriced, and the EORs (Explanations of Review) were returned to the payor.

With the new system, the accuracy has improved due to less manual review and intervention. This has aided Beech Street in

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An Overview of AWD Technology

With a suite of pre-integrated solutions to support business process management, imaging, workflow and customer service, the Automated Work Distributor (AWD) from DST Systems, Inc. offers a holistic view of each customer across multiple business systems.

AWD works to enhance customer service and drive efficiency goals by eliminating paper-based processing, expanding communication channels, and ensuring that companies have the right information at the right time to satisfy customer requests.

According to a February 2002 Delphi Group report, in an age where the “customer is king,” DST Systems with AWD recognizes customer service challenges and develops solutions to make that job easier.

Delphi Group also reports that AWD allows organizations to become customer-centric by automating workflows that affect customer touchpoints.

AWD in Financial Services

To date, more than 300 clients in a variety of industries—including mutual funds, brokerage healthcare, insurance, and video/broadband—have implemented AWD. AWD has its longest relationship with the financial services industry, eliminating paper-based processing, improving productivity, and enhancing customer service through business process management technology.

Brokerage

A major U.S. financial services firm already relying on AWD for workflow was faced with additional challenges associated

with end-of-day fund pricing. Fund accountants were rushing to manually calculate daily NAVs in order to submit prices for publication in the next day’s newspapers.

Utilizing AWD’s straight-through processing capability to verify fund prices, fund accountants now focus only on securities exceptions when calculating end-of-day pricing, rather than sifting through pages of securities data.

This client has achieved 94% automated processing and has reduced headcount dedicated to the manual processing by more than 85% since its implementation.

Mutual Funds

Shortly after the successful launch of a new 529 Educational Savings Plan product, a large mutual fund customer realized the need to simplify their Web-based application processes and expedite behind-the-scenes processing without increasing staff levels. As an existing AWD imaging and workflow user, they turned to DST’s automation capability for a solution.

AWD’s automation has steadily increased productivity. According to their project manager, the company has dropped 529 Plan processing time from 30 minutes to 5 minutes. The application processing is “down to two clicks.”

Every other process is automated, including the updating of their record keeping system and routing the new Web- and paper-based work to the appropriate associates.

Retirement Plan Servicing

To automate its 401(k) operations and streamline customer service, a DST retirement plan servicing customer uses AWD in

its loan processing group. AWD/ST, AWD’s straight-through processing engine, uses pre-defined business rules to automatically work through steps that do not require associate interaction. Along the way, AWD/ST simultaneously updates the retirement service’s multiple application systems as the automated processing creates new data.

If a work item requires exception handling or manual approval, AWD/ST helps to automatically route it to the designated associate for manual intervention.

For exception handling, AWD/Knowledge Enabler extends the workflow to the desktop. With its graphical user interface (GUI), AWD/Knowledge Enabler guides associates through certain processing steps, eliminating the need to train specialists.

With AWD workflow and automation, this company has reduced associate training time, reducing manual errors, and increasing processing efficiency. It has also reduced the number of full-time employees required to process a 401(k) loan.

Insurance

A life insurance company needed to match dramatic business growth without dramatically increasing operational costs.

The company anticipated having to add staff and feared it would not be able to maintain pre-existing levels of efficiency. By implementing AWD technology they were able to accommodate 100% more business without doubling staff. In addition, the cost of issuing a paid annuity policy was reduced by nearly 55%.

For companies across the financial services industry, AWD has helped reduce the cost of operations while increasing the speed and accuracy of transaction processing and customer service. Advances in business process management—based on a foundation of imaging, task management, and process automation—offer exciting possibilities for expanding the enterprise, ensuring customer loyalty, and reducing costs. ■

More details about AWD client implementations can be obtained by calling (888) DST-INFO or e-mailing awdinfo@dstsystems.com.

Visit www.delphigroup.com for more information on the Delphi Group and its thought leadership and advisory services. For more information about DST and its AWD solutions, visit the Web at www.dstsystems.com.



AWD business process management applies your pre-defined business rules and associates’ skills inventory to execute your active work inventory. All customer contact history is available to the right people at the right time.

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AWD to do call tracking, putting details of the call into workflow.”

While integrating customer service capabilities into workflow, DST also kept pursuing the efficiencies that workflow and task management can bring. And learned a few lessons along the way.

“Great story: One of our early international customers was a large bank in the UK,” Tracy recalls. “When they first started automating processes, it actually slowed down the process. We had put the 15 or 20 steps necessary to complete a particular transaction into the task management technology. Turns out that the users had not been doing all those steps until they had a system that told them they had to!”

DST quickly learned some of the golden rules of task automation. “We figured out how to take a 20-step process and carve it up into maybe three sets of tasks,” explains Tracy. “We could automate the first five or so steps, but then pass the work to a human, who added value to the process where it was really necessary. After that, an unattended agent could handle the remaining steps, such as system updates, verification, etc.”

Those years, the early and mid-’90s, were a golden age for workflow. Businesses were reengineering their processes left and right, in many cases gaining the efficiencies they were after ... in many cases, not. Tracy can tell you that those times have changed.

“My favorite quote came from one of our biggest customers, who said: ‘Unlike two years ago, we no longer buy anything just because it’s cool,’” Tracy says. “He said that a few years ago they were bringing in consultants, they were looking at every Web technology, trying to figure out how to squeeze it all into their operation.”

But times have changed. According to Tracy, his customers’ focus is now on two things: “First, you have to be able to prove a return on investment, and number two, you have to have a solution that works. People are buying technologies that are proven.”

Despite the market’s newfound reluctance to experiment on the company’s dime, DST is moving with AWD into new industries. They have recently entered the healthcare space and the hospital market. “Customers are still willing to look outside the box, but you have to be able to prove that the system can work and bring the results that they are paying for.”

“You’ve got to be crisp on the ROI. I’ve got people in my group that do nothing but focus on ROI analyses,” says Tracy. And he’s talking about enterprise-wide returns, not merely departmental deployments. It’s a tougher world out there today, but having many happy customers in the mutual fund and insurance markets (through Computer Sciences Corp., a close partner) helps. And not for nothing, DST’s own 8,800 users who provide transaction processing for many customers on an outsource basis also stands as a key reference account.

With a customer base that relies on the confidence of the general public—from investments through healthcare—DST is in the somewhat challenging position of having to provide infrastructure that also needs to serve as a customer service platform. How can workflow technology provide such support?

“You have to have the productivity improvement side, in order to sell it,” says Tracy. “But you also have to make it easily understood by the customer that even in this market there are significant soft benefits to this technology. When you can answer a customer’s request without having to call him back, or when a customer sends an e-mail and the work management system allows you to answer that e-mail within your reply timeframes; when you can open the system up to the Web and expose information ... these are the things that differentiate you in a down market.

“The markets are going to come back,” Tracy predicts. “The best effect we can have is to help our customers make it easy to do business with their customers. People have got to stay focused on their brand, and provide the level of service that their customers will remember when the markets *do* come back. The best thing a technology partner like us can do is help with that retention.” ■

Andy Moore is an editor by profession and temperament, having held senior editorial and publishing positions for more than two decades. As a publication editor, Moore most recently was editor-in-chief and co-publisher of KMWorld (formerly ImagingWorld) Magazine. Moore now acts as a contract editorial consultant and conference designer.

As KMWorld’s Specialty Publishing Editorial Director, Moore acts as chair for the current series of “Best Practices White Papers,” overseeing editorial content, conducting market research and writing the opening essays for each of the white papers in the series. He can be reached at andymore@adelphia.net and welcomes feedback and conversation.

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its pursuit of streamlining processes and gaining additional efficiencies:

- ◆ Improve claims turnaround time
- ◆ Ensure consistent repricing through the automated process
- ◆ Increase productivity with less staffing
- ◆ Reduce cost of repricing claims
- ◆ Decrease call volume in customer service
- ◆ Deliver superior quality service to Beech Street’s provider and payor communities

AWD at Beech Street

Once scanned into AWD workflow, the HCFA and UB92 forms and their corresponding images are sent to AWD/ICR. AWD/ICR’s character recognition and forms processing components read the data from the forms.

“We have simplified procedures ... increased cost effectiveness and increased quality.”

After character recognition, if the client ID or provider ID fails to match, the file is updated with a “flag,” designating that an AWD processor should review the item.

If the file’s data is clean (no exception items) but it fails to reprice, the file is sent to another work queue where a processor reviews and corrects it.

To further automate the mailing process, the EOR letters and claims are automatically printed together, in payor order. If a Beech Street claim is rejected (for any reason), Beech Street’s own integrated letter options work with AWD to provide an unlimited online selection of rejection letters. ■

If you would like more information on AWD or this implementation, please call (888) DST-INFO or e-mail awdinfo@dstsystems.com



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