

For large Midwestern insurer, PBMS delivers huge cost savings along with the mail

Client profile

A large mutual insurance company based in the Midwest focuses primarily on credit unions, providing them with a range of group and individual insurance products. Recently they have also expanded into new areas, including partnering with an agriculturally focused carrier to provide crop insurance. In business for over 75 years, the company has three key office locations in Wisconsin, Iowa, and Texas, plus hundreds of customer representatives located in credit union offices across the country.

CASE STUDY



Insurance Policy

Outsourcing to reduce costs

With mail center workloads increasing, the insurer determined in 2005 that they did not want to focus many resources on shared services. They were particularly concerned with the cost of these services when compared to other expenses at one particular facility. This location's mail center operated under a union contract with especially high salary levels. The insurer therefore, decided the answer was to outsource mail, courier, imaging, facilities, and print services.

PBMS solution

Pitney Bowes Management Services (PBMS) was hired to provide the labor force and project management capabilities needed to centralize mail and imaging services in the insurer's Iowa facility. PBMS took an approach that focused on Six Sigma processes to improve both specific metrics and the overall effectiveness of the operation. Flexibility was also extremely important because any changes in strategic direction or products would make it necessary for PBMS to adjust both business processes and the labor force.

Implementation of the solution was not without its challenges. PBMS staff needed to smoothly integrate with the corporate culture and quickly ramp up their insurance industry knowledge as it applied to this customer's specific businesses. The

operation PBMS took over also had minimal quality control. There were no documented workflows or work instructions, resulting in inconsistent training for the customer's staff. Finally, the customer wasn't all that familiar with the operational nuances of shared services—such as the metrics employed or how mail inputs positively and negatively affect imaging services.

Across-the-board improvements

In a time span of 18 to 24 months, the PBMS Mail Center solution delivered results across the board.

One set of improvements centered on the customer's operations. PBMS was able to adjust work schedules to add 20% more processing time during evenings and Saturdays. The solution established and implemented records warehousing standards for 25,000-plus archives using Zasio. PBMS also shared several white papers with the customer that showed them how to improve processes, from earlier delivery time for expedited mail to better management of their P.O. boxes. Key Performance Indicator (KPI) reporting was instituted, new administrative systems were thoroughly analyzed, and quality control procedures were implemented, along with documented work instructions and workflow—for 100% of the business processes.

Challenge

- Shifting Corporate culture from shared services to outsourcing
- Minimal quality control of operations
- Inconsistent training of customer staff

Solution

- Adjusted work schedules to address peak periods
- Established, implemented records warehousing standards for 25k+ archives
- Helped customer improve operational processes

Another set of impressive gains were seen in the actual performance metrics. Imaging Services SLAs went from same day to 5+ days processing before PBMS to same day to 24 hours. In one nine-month period early in the engagement, PBMS managed a mail, prep, and scanning throughput increase of 239.5%.

PBMS also worked to improve the hardware situation by recommending that some equipment be eliminated and optimized the maintenance contract for scanners provided by another vendor. This led to an estimated savings of over \$20,000 in the first six months. PBMS initiated the deployment of an offshore team for indexing services that delivered cost savings of 30%. In addition, PBMS initiated transactional pricing that included a volume “guardrail” of 90%–110% of forecast.

The PBMS engagement has subsequently been extended to other customer offices.

Every connection is a new opportunity™

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