

Branch Optimization Case Study

Financial Technology
Insights Summit

LEXMARKTM



Lexmark Overview

Branch Productivity Consulting Services:

- Workflow Assessments
- IT Infrastructure
- Solution Development

Managed Services Offerings:

- Fleet Management
- Consumables Mgmt
- Break-Fix Mgmt

Strengths & Differentiators:

- Branch standard in over 60% of the largest retail banks
- Completed over 3,000 Discovery Engagements Globally
- Over 40 years of Banking Experience



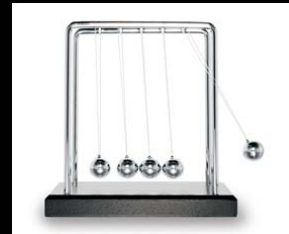
Global Assessment Findings



TOO MANY ASSETS



WASTE



REACTIVE



PAPER BASED
PROCESSES



NO VISIBILITY



INCONSISTENCIES



Challenges

- Branches were littered with single-function devices.
- Fleet of aging scanners weren't capable of making newly obtained customer documents available for retrieval in all branches, leading to unacceptable delays.

Services / Solutions Implemented

- Replaced in-branch scanners, copiers, faxes, printers with MFPs, using Lexmark Document Distributor for routing.
- Outsourced all operations and support to Lexmark with DFM agreement, allowing bank to re-allocate IT resources.

Results

Reduced costs by \$5.4M, realized 142% ROI over three years. Increased document processing speeds, improved customer service. Can view real-time reports to track page counts and consumables usage.

Why Lexmark?

- Cost savings and workflow improvements.
- DFM and consumables management services free staff from printer output-related tasks.

At a Glance: Top 25 U.S. bank
Locations: 335
Employees: 10,000
Devices Under Management: 1,375
Pages Under Management: 24 million

“The Distributed Fleet Management program allowed Union Bank to get out of the printer maintenance business and refocus our assets on projects directly related to our core banking business. We know with Lexmark that monitoring and maintenance is in good hands.”

— Deanna Zendejas

Vice President, Retail Automation
Union Bank, N.A.
San Francisco, California
www.uboc.com



The Operational and Financial Impact

- **Attained Operational Benefits**

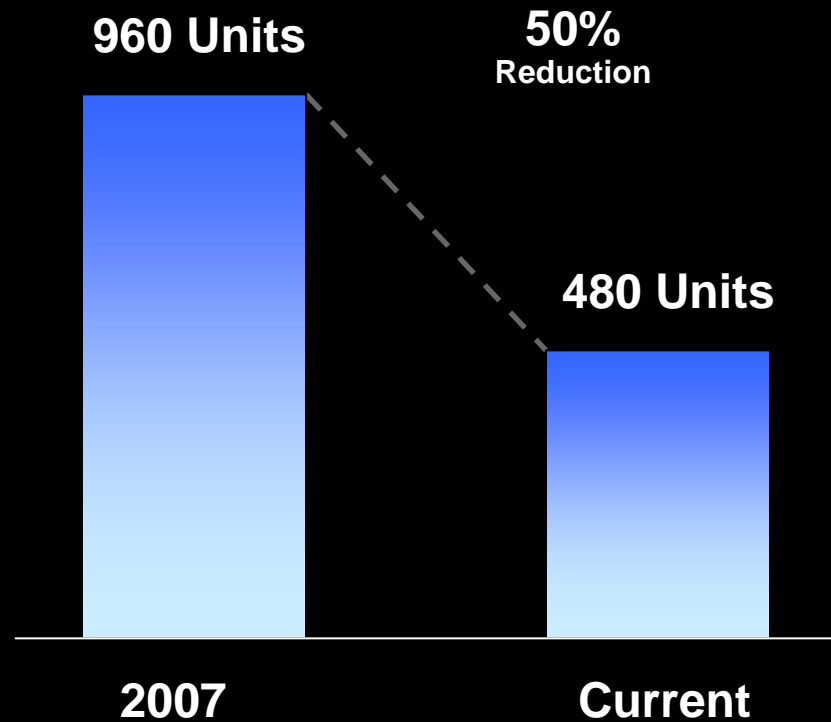
- Average Number of Output Devices
- Percentage of Performance
- New Account Productivity

- **Realized Financial Savings**

- CAPEX Reduction
- Consumables Savings
- Resource Optimization
- Break-Fix Management

Union Bank Case Study

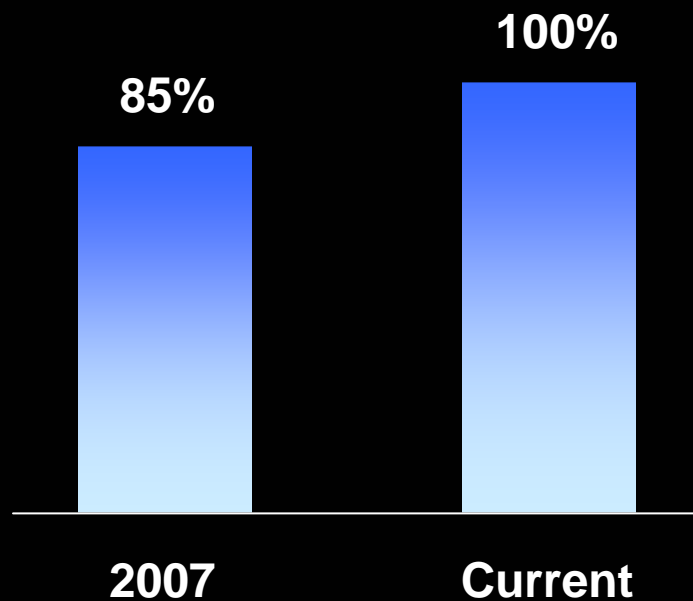
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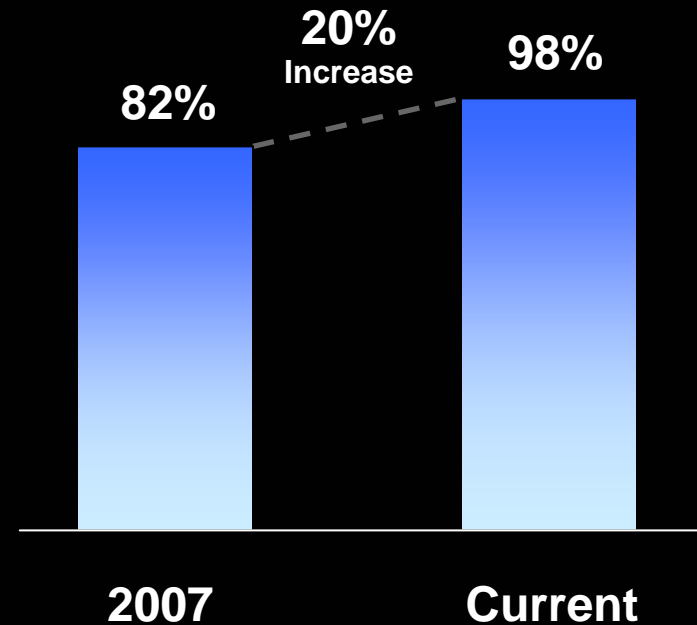
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Percentage of Performance

Devices



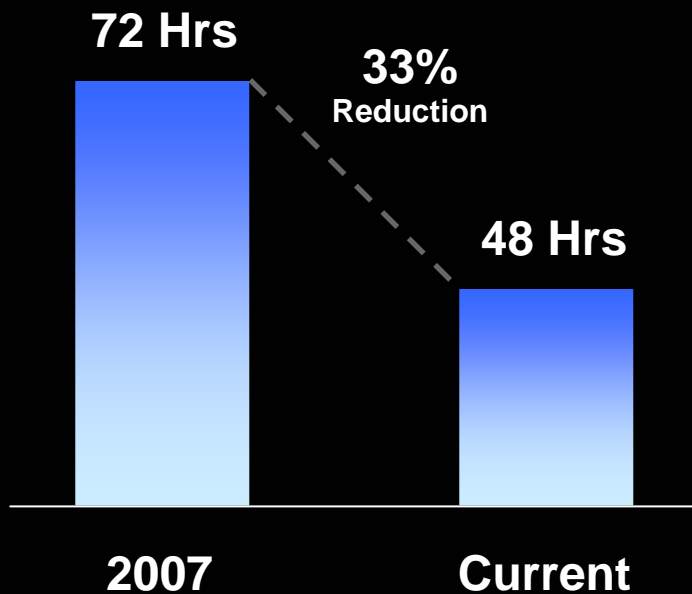
SLA's



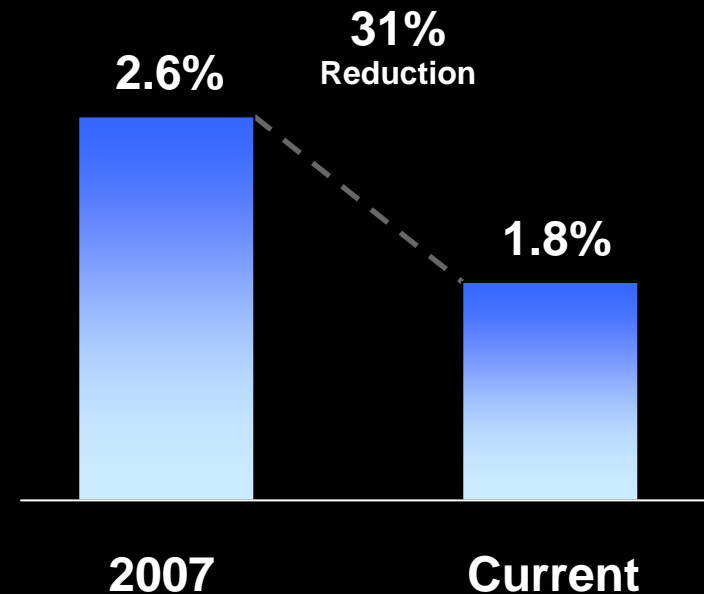
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New Account Productivity

Turn Around Time



Error Rate



SOLUTIONS

Issues with Current State: New Account Opening

- NA Opening record keeping often incomplete
- Missing. . .
 - signatures and/or dates on signature cards
 - corporate resolutions, partnership agreements, etc.
 - photo ID or other identifying documents
 - W-8s, W-9s
- Some banks responding by investing in people and/or software to help monitor recordkeeping compliance
 - Need an alternative to **courier** to move NAO docs from the branches to the centralized collection point
- Manual sorting, copying and filing



Current State - Key Observations

- Current Process is time consuming

- 2 Management spends 270,833 (130 working-years) hours a year auditing signature cards
- 3 Branch personnel spends 270,833 (130 working-years) hours per year prepping documents for couriers and sorting documents for specific color bags
- 4 Additional step of overnight courier service of signature cards to NAM (National Account Maintenance) further lengthens the cycle time
- 6 5 to 7 business days, before the signature card can be viewed on the system by the branch

- Inaccuracy

- 5 Approximately 2% (65,000) of signature cards per year are returned to the branch due to missing, incomplete or inaccurate data

- Lost Cards

- 8 Approximately 2% (65,000) of signature cards get lost, resulting in re-work and task duplication

- Customer Sensitive Data not Secure

- 7 The branch disposes of the signature cards in some manner, however this method is not managed and is a potential security risk
- 1 Signature cards are copied and stored at branch

Copy

Preview Scan

Personal Signature Card

ACCOUNT NUMBER: 123456789012
ACCOUNT TYPE: Checking
ADDRESS: 123 Main Street
CITY: Anytown, CA 90210
PHONE: (555) 123-4567

Signature: _____
Signature: _____

Barcode: [Barcode]

Accept and
continue

Discard

Fax



Exception Alert

**Account 123456789012 Is Missing
Signatures on Signature Card**

Press Next For Options



Next

Future State – New Account Opening

Bank Branch

Record Services



- **Reduce lost documents by electronic transmittal of image**
 - Image resides in one area throughout the process
 - Electronic confirmation that images were received
- **Eliminate copies made at the branch since documents are stored in one location electronically**
- **Reduce process cycle time by 40%, signature viewing by 60%**
- **Eliminate or reduce exceptions with use of barcodes**
- **Reduce amount of account maintenance rework by 95%**
- **Improve document security by implementing user authentication before scanning**

Impact on Account Opening Process

- Greater End-User Satisfaction via New Tools
 - Own the transaction
 - Higher Confidence Level of Success
- Cost Avoidance via Reduction in Re-Work
 - Strait Thru Processing
 - Exceptions Are Now the “Exception”

Financial Savings to Union Bank

Break-Fix
•Over \$500K

Over the term of the contract Union Bank will realize \$5.5 million dollars in savings

- Savings over \$3 million
- Consolidated functionality
- Standardized branch configuration

Lexmark's Methodology



- **Analyze** – Our approach begins with the Business Process
- **Implement** – We implement technology to support the business need
- **Manage** – We remove the burden from the end-user and IT
- **Optimize** - Continuous evaluation insures ongoing improvement

Thank you

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