Achieve
Lowest Total
Cost of
Ownership
with a Unified
Global Delivery
Model

Kofax-Enabled
Business
Process
Outsourcing

White Paper

KOFAX

Introduction

The Business Process Outsourcing (BPO) industry is evolving from a low-cost labor option to a flexible model for transforming industry-specific processes with targeted and increasingly automated solutions.

The document-centric BPO industry is growing rapidly as the needs for risk management and compliance, accuracy, speed, and reduced costs become more imperative across more industries. Another growth factor is the focus on discreet business processes such as Finance and Administration Outsourcing (FAO), Human Resources Outsourcing (HRO) and back-office processes such as new business application and account management outsourcing. BPO providers that specialize in a process are able to offer the lowest total cost of ownership by leveraging their focused industry knowledge and repeatedly deliver a best-practice service.

"The concept of "RightSourcing™", or managing multiple processes across multiple geographies and providing clients the flexibility to quickly scale as their business grows is a growing trend in the evolution of the BPO industry."

Sutherland Global Services November 2007

As the BPO industry matures, it can no longer rely solely on low-cost labor arbitrage as a competitive strategy. To meet future demands, the BPO industry must automate complex business processes.

Today's leading BPO providers seek to achieve three major goals in an automation solution:

1. A standardized, unified global delivery model

2. Best-in-class technology

3. Lowest total cost of ownership

Market Drivers

In the past, many BPO providers experienced problems and lost clients due to inflexible or non-scalable solutions. The old-world BPO model was to take over or access a client's closed legacy technology platform, copy the client's existing processes and use cheaper labor to deliver the same service. This "your mess for less" strategy did not allow process innovation to become the driver of efficiency and to improve client service. Often the service was not repeatable and the BPO provider could not leverage it with other clients.

In the current market, clients demand a quicker return on investment (ROI) on their BPO initiatives, seeking the deep cost savings associated with complete end-to-end solutions. These solutions are most successful when they are flexible and reliable enough to work with any client's existing technology infrastructure, and scalable to any client's outsourcing needs.

Although clients often outsource a single process initially, their ultimate goal is to sign one provider for all of their outsourcing needs if their financial requirements and service-level agreements (SLAs) are met or exceeded. The most successful BPO providers are finalizing more mega-deals, encompassing large portions of the customers' processes. This represents large revenue potential to BPO providers who can consistently meet the SLAs of their clients.

Globalization is another key market driver. Organizations are increasingly widely dispersed with worldwide locations, multiple field offices, and remote work forces. Banks and financial services institutions, for example, may have dozens, hundreds, or in many cases, thousands of offices, servicing millions of customers.

In their November 2007 study, Business Process Outsourcing: The Year Ahead, Sutherland Global Services found that:

- Providing a variable-cost model was in the top 5 most important criteria for 90% of respondents.

- Tech support and customer care continue to be the most popular services outsourced.

- Security is the top decision criteria in 83% of outsourcing decisions.

- A vendor's ability to provide a global footprint is important to over 50% of survey respondents.

Today's market is a unique opportunity for the BPO provider. The rate of growth and the increasing demand for security and compliance, combined with the increase in competition, mean that a BPO organization must find and maintain a competitive advantage above and beyond price to best leverage this opportunity. To excel in the new world, BPO providers need a technology platform that allows process innovation, is reusable as well as adaptable so that time-to-revenue can be reduced and the service can be leveraged across multiple clients, regardless of scale.

Kofax-Enabled BPO: The Solution of Choice for Automating Document-Intensive Processes

The Kofax Solution for BPO enables BPO providers to cost-effectively reduce their clients' pain points. This scalable, secure, and transparent solution facilitates meeting and exceeding clients' SLAs. Implementing this solution results in higher confidence and less risk in expanding their BPO relationship as providers demonstrate the ability to meet SLAs consistently.

BPO providers benefit from a world-class solution that delivers:

- A unified global delivery model

- Best-in-class technology

- Lowest total cost of ownership

Providers' clients benefit correspondingly:

- BPO services at a price point that is competitive and offers maximized ROI

- Improvement in data accuracy compared to internal, manual processes

- Easy enterprise system integration

- Maximized data security

- Higher confidence and less risk in expanding their BPO relationship as providers demonstrate the ability to meet SLAs

- Overall cost savings as more BPO services can be trusted to the provider's service organization

- Further reduction in costs as the need to ship paper-based information is reduced

- Faster access to data, regardless of where it is in the process, reducing delays in reaching important business decisions

One Solution for All Documents

The Kofax Solution for BPO can process fixed forms, invoices, sales orders, correspondence and virtually any other structured or unstructured document type using the most complete set of classification and extraction technologies available today. Integration with over 140 third-party systems, including ECM and ERP, are supported and continually upgraded so the provider's investment is future-proofed.

Class-Leading Return on Investment

The Kofax Solution for BPO includes the most complete and versatile document transformation offering on the market, featuring an extensive suite of classification and extraction technologies that can automate the processing of any document type. Ergonomic data validation that ensures productivity is maintained even on problem documents. The result is the highest possible level of automation for any document type, providing ROI usually within 12 months.

A Scalable Solution – From Department to Enterprise

Whether processing 100 or 100,000 documents per day, the Kofax Solution for BPO is the answer to the BPO provider's needs. Multi-CPU support and parallel processing means high document volumes can be processed while keeping the hardware footprint under control. Flexible licensing and pricing allows the purchase of only the features and volumes needed today, with a simple upgrade path to meet future requirements.

Customizable to the Specific Needs of Both Providers and Clients

The Kofax Solution for BPO offers a unique blend of ease-of-use and customization. An extensive suite of predefined UI components for classification and extraction are provided for the most common tasks, while powerful scripting capabilities allow complete flexibility to address the most specialized tasks. Validation interfaces can be designed to suit the client's needs or to mimic legacy systems, and user interfaces are fully localizable.

The Most Powerful Technology – With the Lowest TCO

The Kofax Solution for BPO uses learn-by-example technologies for automating document classification and extraction that are easier to configure and cheaper to maintain than other companies' template- and rules-based approaches. Systems can be pre-trained to provide a high level of performance on day one, and can be retrained on-the-fly using on-line learning to increase performance as documents are processed in production. The result: greater ongoing cost savings, accelerated business processes and easier maintenance. Learn more at www.kofax.com.

- Kofax Capture, the world's leading information capture platform, automates data capture from scanned paper or imported documents. http://www.kofax.com/capture/

- Kofax Transformation Modules streamline the transformation of business documents into structured electronic information by automating the processes of document classification and data extraction. http://www.kofax.com/transformation/

- Kofax Document Exchange Server enables the capture of documents and data from an organization's remote offices directly into the central Kofax Capture system. http://www.kofax.com/document-exchange/

- Kofax Communication Server coordinates and performs the automated exchange of information by integrating inbound and outbound communication channels. It links virtually any device, such as MFPs and phone systems; media types like email, fax, SMS, MMS, voicemail and telex; and applications such as SAP, IBM WebSphere MQ and Kofax Capture products. http://www.kofax.com/communication/

- Kofax VirtualReScan (VRS) is the de facto standard for capture productivity and quality throughout a document's lifecycle. http://www.kofax.com/vrs/

- Kofax Monitor manages, monitors and assesses Kofax Capture operations, including service-level metrics, historical performance data and real-time capture processing status.

Best-In-Class Transformation Capability

Kofax Transformation Modules integrate seamlessly with Kofax Capture, adding powerful classification and extraction capabilities to the world's leading data and document capture platform. The integration affords Kofax Transformation Modules access to the widest range of document scanners and back-end storage solutions, and leverages Kofax Capture's distributed capture, high availability and enterprise capabilities.

Typical Applications

Forms Processing - extracting data from application forms, claim forms, loan documents and so on, reducing delays and improving the client experience.

Purchase-to-Pay and Accounts Payable Automation - extracting all invoice information, including line items, and enabling automatic booking of invoices in the world's leading ERP systems, including SAP, Oracle Financials and JD Edwards.

Sales Order Processing - extracting order data from scanned and faxed purchase orders and validating against catalog databases using fault-tolerant fuzzy matching, reducing the order-to-cash cycle and providing automatic confirmation of order receipt.

Workflow/Mailroom Automation - classifying all incoming documents, including forms and customer correspondence, at the enterprise or departmental level and routing them automatically to the correct queues, improving customer service and retention.

Forms Processing - extracting customer data from application forms, claim forms, loan documents and so on, reducing delays and improving the customer experience.

To read case studies and success stories for these and other business processes, visit http://www.kofax.com/solutions.asp.

Choice of Supplier is Critical to a BPO Provider's Success

Kofax is the world's foremost vendor of Intelligent Capture & Exchange solutions, having deployed thousands of successful implementations across multiple verticals throughout the world. A truly global organization, Kofax delivers solutions through its own multilingual sales and service organizations in more than 60 countries throughout the Americas, EMEA and Asia Pacific.

Kofax Credentials

- 20 years in business

- £169.9 million annual revenue FY09 (approx. US$339 million)

- 276% revenue growth over 10 years

- 132,000 Kofax Capture licenses sold

- 23,000+ end users

- 25 billion+ images under maintenance

- 1,100 multilingual employees worldwide

- Global footprint with sales and service offices and personnel in 60 countries

- Thousands of integrations with ERP, ECM, workflow, line of business, etc.

Kofax-Enabled BPO Successes

Many BPO providers are already benefiting from Kofax solutions today. The following case studies reveal each provider's cost savings and business benefits from implementing a Kofax-enabled BPO solution. These Kofax success stories span multiple industries and sectors, on a global scale.

Information Logistics BPO: Document and Mail Management Services

A Kofax solution helps a leading BPO firm to process millions of pages each month for its clients. This BPO firm provides mailroom services and electronic solutions for a wide array of financial, insurance, retail, manufacturing, service and government organizations from its six separate networked centers. Services include mailroom management, forms processing, automated data capture, image indexing, mail scanning, accounts payable and receivable data processing, among other options.

Two factors are especially vital to the success of this BPO provider. First is the ability to streamline and define business processes for clients, which helps their customers increase efficiency, reduce costs, manage risks and ensure compliance with regulatory and compliance frameworks such as Basel II (financial services), HIPAA (insurance) and Sarbanes-Oxley (publicly-held entities). Second is the ability to customize solutions for clients through identifying and recommending the best possible combination of technology and labor (for the manual processing functions; i.e., scanning, data entry and validation).

This BPO firm engaged Kofax to assist with the implementation of an enterprise-wide distributed capture system. Each of the separate processing sites now operates with a complete Kofax solution.

With Kofax capabilities in place, this company delivers faster and higher-quality document processing results to customers. Their mail processing center previously handled all daily mail manually, but can now quickly scan and categorize documents, facilitating the delivery of data and images directly into client servers in electronic format via a range of secure transmission options. Data is ready for processing according to client SLAs, which can be as early as prior to business hours the same morning of receipt, resulting in improved efficiency and reduced operational costs.

With the Kofax solution, this BPO provider has not only significantly increased its processing capacity for many of its clients without sacrificing quality control, but is also helping these clients stay competitive in their industries.

Beverage Manufacturer

A client in the beverage manufacturing industry that manages all of their accounts payable processing has experienced great success with a solution from Kofax. This client's shared services center processes over 500,000 invoices anually, which translates into thousands per day. For the client to take advantage of early payment discounts and to avoid late payment penalties, invoices need to be processed quickly and accurately.

Previously, this client had hired an increasing number of employees to manually read and sort paper invoices and to ensure that the invoices were mailed to their proper recipients. The recipients then needed to read, classify and ultimately match each invoice to the original purchase orders.

A large pain point for this client was managing the error and exception process that came along with manually processing the invoices, partial invoices, and defective invoices. Not only was the processing of these invoices labor intensive and costly from an employee standpoint, but the lengthy processing time often turned into late payment penalties. The associated staff was so wrapped up in exception and error processing that they were unable to concentrate on other tasks.

To solve these issues, this client purchased an integrated solution from Kofax to provide automated invoice processing. With its carefully designed user interface, invoice processing can now be performed by far fewer employees without requiring specialized training. The automated system can process invoices regardless of format, form (paper or electronic), layout or language, and doesn't need to be adapted to each supplier's invoice format. This means the system is prepared to work with new invoice types immediately.

Invoice data is automatically extracted, indexed, and integrated with the client's automated invoice-matching system. All exception and error processing is handled by the system automatically, without the need for costly human intervention. Due to the improvements in efficiency, the client avoids late payment penalties and is able to take advantage of early payment discounts. Furthermore, the existing staff is now able to focus on other revenue-generating activities, further enhancing the ROI.

Multi-Function Printer Manufacturer

A popular multi-function printer manufacturer, which also builds other associated technology, was struggling to coordinate business processes between three different business units. To add to the difficulty, these business units are distributed globally, remote from the company's headquarters. Documents, such as purchase orders, goods receipts and delivery notifications, were constantly sent between these business unit and headquarters each day.

In addition to these sales-related business processes, this manufacturer had to deal with the daily paperwork related to customer repairs. To maintain its status as a premier customer service organization, repairs need to be processed on an hourly basis.

The paperwork associated with these business processes was generated, copied, filed, and sent via courier to its destination where it was sorted, filed once again, and sent to a warehouse for storage. The costs associated with paperwork generation, courier services and storage services escalated quickly, adding significantly to the cost of each sale. Additionally, difficulty related to the retrieval of these documents led to manual human intervention, adding to the overall business processing costs.

A set of integrated solutions from Kofax has enabled this manufacturer to capture all form data electronically, at its source, including handwritten entries. This data is then extracted, indexed and transmitted securely over the Internet between the business units and headquarters in real-time. All of this data is stored electronically and is easily retrieved without the need for costly human labor or intervention. Besides the obvious cost savings from the reduction of paper generation, couriers and physical storage, the process is now close to error-free. This results in greater customer satisfaction, which translates to repeat business. The bottom line is, Kofax helped to reduce costs and increase revenues.

Telecommunications Client

Another client to see significant gains from a Kofax solution is a leader in the telecommunications sector. With a large customer base, employee base and presence in over 130 countries, this Kofax client eliminated multiple pain points in their business processes. For instance, invoice and claims processing used to involve the costly and risky couriering of documents between offices around the globe. In fact, the risks, costs and time involved were so great, they made this method of working prohibitive.

With Kofax, this telecommunications client no longer faces the risks of document losses. Also, they save on delivery charges and enjoy a much faster business process. Furthermore, by outsourcing parts of their business processes (finance and HR), they reduced their need to continually hire more people and have improved efficiency. Not only have invoice and claims processing times improved, existing resources have been made available to focus on other revenue-generating activities.

Financial Sector

Companies in the financial sector have also experienced success with Kofax solutions. For instance, one large client in the consumer and investment banking industry recently chose Kofax to help with their business process automation needs. This client's processes were almost completely paper-based. Due to their widely dispersed branches, as well as frequent relocation of staff, it became necessary to put a digital workflow in place. However, building and maintaining an all-digital solution was deemed too expensive.

Therefore, this client sought a powerful capture platform to serve their multiple departments within Japan, as well as dozens of other, dispersed locations. The goal was to capture customer documents at a source branch and make them available for immediate processing.

This client chose Kofax as their information capture and integration platform to accommodate their five business units. The Kofax solution integrated seamlessly and effortlessly with this client's existing backend systems for workflow processing and fax data abstraction and importing. As a result, all aspects of their business processes have been automated and accelerated, for all business units, with significant cost savings across the board.

The initiative, which resulted in improved workflow processes and effective repository management, has enabled users to retrieve documents and access information immediately, all of which is validated and verified automatically. This ensures quicker loan processing turnaround time and more efficient responses to customer queries. As a result, these improvements have led to greater client satisfaction, ensuring customer retention and the capture of new customers in the very competitive banking industry.

High-Profile BPO Provider

A high-profile BPO provider, with over 200 locations in Asia as well as 12 overseas subsidiaries, needed to coordinate its document services on a global scale. To service its distributed client base, this Kofax client required an end-to-end solution – from document creation to content management, production, distribution and business intelligence.

Kofax provided a single, unified, standards-based, end-to-end solution that facilitated working across different countries and backend systems. Because of the Kofax BPO Solution, this client eliminated its costly maintenance of disparate systems and methods of working. It's now possible to share the document-processing load across processing centers based on available resources, further boosting efficiency and productivity levels.

This BPO provider and its clients now have complete visibility into the entire operation, from order confirmation, document receipt and document preparation, to exporting metadata and returning documents to customers. Thanks to Kofax, this BPO provider is better able to track time and materials and has quicker insight into system bottlenecks, allowing immediate correction. The Kofax solution helps this BPO provider meet clients' SLAs consistently. In turn, the clients have immediate access to their data to help them make critical business decisions when they need to. The end results are lower costs, SLAs that are consistently met and increased client satisfaction.

Kofax-Enabled BPO: The Next Step

Kofax-Enabled BPO offers a proven, completely optimized, enterprise-ready solution for automating document capture and transformation processes. Kofax has completed more successful implementations across more verticals throughout the globe than anyone else in the industry, a key reason why Kofax is the global leader of Intelligent Capture & Exchange solutions (Harvey Spencer market study). Kofax Enabled BPO is the solution of choice for the BPO provider's next initiative or upgrade of current systems.

Visit http://www.kofax.com for more information, or contact one of the Kofax BPO consultants today to leverage their experience with enterprise-ready integration in complex environments.

www.kofax.com

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