



## Lockbox Outsourcing; The Wave of...Now!

Ever-increasing numbers of organizations are giving serious consideration to outsourcing the processing of their customer payments. Banks

represented the first major exodus from in-house to outsource processing over the past five years. It was inevitable that the trend would follow suit in virtually every other industry.



### The Right Timing

The rise in multiple payment options available to consumers over the last

decade has caused a steady decline in the use of paper checks for payment. This translates into rising costs for companies to upgrade and maintain in-house operations - in technology, equipment and personnel. Companies are unable to justify such non-strategic investments.

### The Right Solution

Bright House Networks in Florida began discussions on outsourcing this critical function of their treasury management with the understanding that the challenge would be in choosing the right BPO partner who could provide measurable improvements in costs, processing efficiencies, customer service, and funds availability, all with the same dedication it has for serving its more than 800,000 subscribers.

They found in Intuition Systems (ISI) a Florida-based company that offered just that; providing the latest, viable solutions from the starting point of owning their needs and concerns that surround the processing of their customers' payments.

Since Bright House had already chosen Intuition for its disaster recovery services, the majority of the implementation schedule had been completed, with coupons already programmed and tested. *"The move to live processing was quick and trouble-free", says Controller David Elliot. "We experienced significant savings in overhead costs immediately with Intuition. There is no longer the need to maintain equipment and licenses, etc. Also, their years of experience with this type of processing was felt from day-one when not only higher volumes of our regular work was posted, but the exception work was as well."*

By outsourcing to ISI this critical and complex part of their treasury operations, Bright House's key advantages over in-house processing are:

- Lower costs per item
- Reduced overhead costs
- More efficient exception processing
- Lower check-clearing fees



#### THE COMPANY

Intuition Systems, Inc.

#### LOCATIONS

4700 140<sup>th</sup> Ave. N.  
Clearwater, Florida 33762

9428 Baymeadows Rd  
Jacksonville, Florida 32256

#### INDUSTRIES SERVED

Utilities

Cable

Telecommunications

Insurance

Medical

Rental

Event Tickets

Mortgage

Property Management

DOT Citations

Tax

#### BUSINESS BENEFITS

Lower cost per item processed

Reduction in overhead costs

Increased funds for strategic investing

Same-day exception handling

Reduction in check-clearing costs

Reduction in repetitive billing

Full range of customer payment options

- Increased funds for strategic investing

In fact, most of ISI's customers have experienced savings of 15 to 25 percent from their current internal costs. But along with direct savings, companies can now focus on core competencies.

## **Reducing Errors**

The effect of customer or company generated errors in the billing and payment cycle can have a significant negative impact on a company's bottom line. The sooner these errors are identified and corrected in the cycle the better. With the edits and validations applied to each payment transaction by ISI's advanced processing platform, errors are isolated and corrected early. This efficient exception handling greatly increases not only the amount of daily collected funds, but also eliminates the need for repetitive billing, which translates into savings on operational costs. ISI has studied the cost of errors in processing payments and has determined that most companies underestimate this cost. In a recent evaluation of a utility payment function, ISI was able to calculate that each payment error that the utility experienced was costing the company over \$50.00 per occurrence. And considering that payment processing functions typically average 4 errors per every 10,000 items processed, a company that has 100,000 payments per month, is experiencing over \$50,000.00 per year in error related cost. This does not capture the cost of customer good will and public confidence in the company. In-house processors are correctly concerned about quality, but the good news is that Intuition's quality meets or exceeds their demands.

## **The Right Benefits**

The payments industry, more than ever, is generating greater demands on the processor to manage multiple payment streams with their associated data and security requirements. So, companies are challenged more than ever to justify the investments needed to sustain their in-house process when their core focus is not processing payments.

According to a survey of over 800 business executives, beyond the cost-cutting benefits of outsourcing, the "most frequently cited improvements included better ability to plan, higher levels of operational reliability, and more rapid implementation of new strategies and initiatives. The trend toward deriving broader business benefits from outsourcing stems from both increased maturity and experience with the process..." (InformationWeek 9/25/2003)

Our success comes by providing the highest quality processing and delivering on technology that is changing the remittance processing environment

ISI has the knowledge, experience, and makes the needed investments to offer our clients the most advanced and efficient image-based processing platform available. All our processes are run by a highly successful team that understands the unique processing requirements of a vast array of remittance and payment types from utilities and government municipalities, to insurance companies, from telephone and cable companies, to medical providers. Our excellence in processing payments means that our clients can focus on what they provide best, whether insurance, medical services, utilities, or other services of expertise.

In addition, our clients experience administrative ease with:

- Daily payment and content data
- Daily reports
- Balanced and timely AR posting
- Live customer care
- Above standard accuracy rates
- Industry best security and recovery
- Same-day deposit of funds
- Online and IVR payment options

### **The Future of Payments**

Within five years, ISI believes that only those processors that are meeting the total remittance processing needs for their clients will still be in existence. While conventional check processing will still be needed, only those processors that have positioned themselves to manage the full range of check to electronic payment transaction types will remain viable as a key component to their clients' treasury management strategies.

In-house processing will continue to decline as the cost for maintaining those systems continues to increase. This will put enormous pricing pressure on companies that develop software and hardware for remittance processing. Companies that do not have pricing advantages or market share will be left to either outsource, or pay a higher cost to handle their declining paper processing volumes.

Not only is ISI committed to providing the best content management solutions in the industry for paper-based payment processing, but also to providing integrated electronic payment solutions as well. For example, with their Webbox™ Online and IVR Payments, Bill Presentment and Hosting, and innovations such as ARC, Check21, and Electronic Check Deposit, they have been able to save clients thousands of dollars annually, as well as meet today's ever-increasing customer demand for multiple payment options.