

## Neopost

Neopost helps cashiers process customer payments 60% faster when it introduces an automated, fully digital payments processing platform, built on solutions from Kofax and DCS FileStore software. Eliminating manual work frees up staff to focus on higher-value tasks and deliver more personalised, responsive service to customers.

### Challenge

Neopost's quality of technology and efficiency of its processes are two reasons customers choose to do business with Neopost. They count on Neopost's franking service to keep the mail moving.

However, even the most efficient process has dependencies that can slow it down or even bring it to a halt. For Neopost's franking service, a largely automated process that ensures mail is stamped with sufficient postage, a critical dependency is the receipt and processing of customer payments. When a hiccup occurs in the process—for example, if a cashier is unable to match a payment to an invoice—a customer's mail service may cease temporarily.

Automating the payment process therefore has implications not just for efficiency and cost, but even more so for customer service.

### Error-prone manual customer payment processing

Several years ago, the company began looking for ways to make some of its own processes more efficient and identified customer payment processing as an area it could bring a lot of efficiency to. For decades, payments for Neopost's franking service have been handled manually by a team of dedicated cashiers whose job has been to receive payments and match them to invoices and customer accounts.

It's a process that has traditionally been time-consuming and labour-intensive, involving highly repetitive tasks on a high volume of cheques and bank statements. Any exceptions in



*Neopost is a leading supplier of mailroom solutions. The company offers equipment and software that facilitates incoming and outgoing communications. Neopost solutions include franking; data accuracy software; folding and inserting; envelope addressing; letter opening and electronic document management; and tracking and tracing of letters and parcels. Neopost also offers a large range of services including consulting, maintenance, financial services and online services. In a changing communications environment, Neopost is supporting businesses and organisations of all sizes in the transition to digital communications. Neopost employs 7,000 employees worldwide, operates in more than 90 countries, and has more than 800,000 customers.*

### Products in Use:

- ◆ Kofax Capture™
- ◆ Kofax Transformation™

**Focus:** Accounts payable automation

**Partner:** DCS

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Nicola Murray, Collections Manager at Neopost

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the process created extra work and led to delays. For example, payments received without remittance slips or with missing information (such as invoice numbers or account numbers) required cashiers to manually look up files and match the payment.

After preparing the cheques, cashiers sorted them into batches, cross-referenced them against their data processing and accounting system (SAP) and cross-checked daily totals against a cash log. The whole process for allocating cheque payments could take over four hours from arrival in the mail to data entry in SAP. The process involved a good deal of duplicate effort, including checking payments against invoices, recording the payments, sorting them, tallying remittances and entering data into the accounting system.

Moreover, the payment processing was inherently error-prone. “It’s a really manual, labour-intensive job,” said Nicola Murray, Collections Manager at Neopost, “which meant that errors would happen on occasion. If you’re looking at numbers all day, writing them down three or four times and then typing them in the system, you get errors, which then impacted our customer service.”

### **Disruption to mail service**

In spite of the best efforts of cashiers to work accurately and efficiently, sometimes problems occur that are outside of their control. “Human error happens on both sides, from the customers and from us,” said Murray. Sometimes customers send in payments without remittances, invoice numbers or account numbers. These instances would require the cashier to do additional research to determine which account should be credited.

This research could take a while—sometimes days, sometimes longer—partly because cashiers did not have sufficient time during a normal day to follow up on payments

that could not be immediately identified. In the meantime, these payments would be deposited into what Murray calls a “suspense” account, meaning that the funds were in suspense until the correct account could be identified and credited. This could also result in insufficient funds in an account. When that happened, the franking service could be halted. In fact, the problem might not be resolved until the customer called to inquire about the account or an outstanding invoice.

### **Delays in responding to audits and customer inquiries**

Customer service was also affected by the length of time it took cashiers to respond to requests for information. “If you were to ring a company and query something, you would expect at least a same-day if not instant result,” Murray says. “Nobody likes to be kept waiting. Before we implemented the Kofax solution, we couldn’t provide that level of service.”

Because payment processing itself had not yet been digitised, cashiers relied to a large degree on paper documents. Due to the volume of payments, the company could retain at most three months’ worth of paperwork, according to Murray. Older files were stored offsite, which meant additional delays in tracking down information if a customer had a question about a remittance from, say, six months or a year prior.

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***“With the Kofax solution in place, customer payments are processed in 2 hours rather than previously when it took up to 5 hours. By reducing the number of manual steps, our cashiers can now do their work 60% faster.”***

Sudheer Edupuganti, Document & Information Services Manager, Neopost

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### **Solution**

With its high volume of repetitive, manual tasks, customer payment processing was a perfect process to automate using a fully digital solution. To develop that solution, Neopost contracted with Data Capture Solutions Ltd. (DCS), a technology service provider in the UK with proven expertise in deploying products from Kofax.

Working closely with its vendor, Neopost designed a workflow process that included the company’s own

equipment in combination with an integrated software solution from DCS and Kofax. The project was overseen by Sudheer Edupuganti, a certified Kofax developer who serves as the Document & Information Services Manager for Neopost. The digital workflow process was also designed in close collaboration with the eventual users of the system to ensure it met their needs as well as the needs of Neopost’s customers. “As a company, we are moving toward more digitisation,” Edupuganti said. “I was brought into this project to look at various technologies to improve our existing workflows and bring efficiencies to the payment process.”

Neopost tasked its own IM-75 device, with an opening capacity of 4,500 mail items per hour, for the opening and sorting of incoming mail. This forms the front end of the solution required to scan the inbound mail as it enters the organisation. Neopost engaged DCS to deliver a mailroom automation solution which would reduce manual effort in processing selected inbound mail, including cheques and bank statements, into various back-end systems and applications.

The new digital mailroom automation solution deployed by DCS includes: Neopost IM-75, Kofax Transformation™, Kofax Capture™ and DCS FileStore. The new solution processes cheques, statements, faxes and remittance notices in a more automated fashion. Specifically, cheques are processed in the following stages: A scanner operator in the mailroom sends the cheques through the scanner, using separator sheets to ensure that each cheque remains a single item for validation. Cheques arriving without a remittance slip or other customer identification are scanned through with their annotated envelopes to aid validation. A member of the cashier team then examines the scanned images and validates them in the Transformation Modules. The validated images are sent through to FileStore, which in turn releases the line information to SAP and other Neopost’s financial systems

A key improvement occurs after the scanning and before the validation. Previously, unidentified payments would go into a suspense account until the cashier was able to determine which account should be credited or until a customer called to

ask about an outstanding invoice. Today, the Kofax/DCS solution uses business rules to handle exceptions, such as incorrect invoice numbers or post-dated cheques, and cross-check other data sources. For example, said Edupuganti, “we’re using information from our bank to find the appropriate bank account and link it to our customer account.”

## Results

This automation enabled by Capture and Transformation Modules has reduced the number of exceptions that need to be handled by cashiers, allowing them to complete their work much faster. “Previously, we rarely had time to investigate a payment if we were not sure where it came from, or ring the customer to gain clarification. The new solution from Kofax and DCS uses business rules to automatically process payments and tag exceptions. It reduces the time it takes to process customer payments and the amount of money we have to put in suspense accounts,” said Nicola Murray. “From a customer service point of view, the new system allows us to identify potential problems before they become major customer satisfaction issues.”

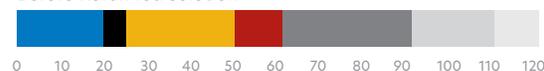
By speeding up the whole process and relieving cashiers of “mind-numbing” manual steps, the new digital workflow system has been a huge benefit for employees, customers and Neopost itself. Time spent on the payment validation process alone has been reduced by 60%, from 25 hours per week to just fifteen. In the past, four members of the cashiers team would spend all morning every day processing customer payments.

The cashiers are now able to focus on higher value work that had been difficult to get to previously. And the company was able to reduce headcount by not replacing two cashiers who moved to London for other jobs; the time gains made replacing them unnecessary.

“It’s just changed the whole way we work,” Murray said. “It’s been a great addition for us, our system and our department.”

The Kofax solution has reduced the amount of time cashiers spend processing cheques by automating numerous steps—such as cross-referencing, keying and transferring files—that were previously handled manually.

Before Kofax-led solution



- Opening and sorting
- Scanning
- Cross-reference Cheque
- Keying in / tapping on data
- Process batch
- Add details to cash log
- Pass to backend

After Kofax-led solution



- Opening and sorting
- Scanning
- Verification

### **Hesitation turns to enthusiasm**

Although the new system has made the work much easier and faster, Murray remembers that cashiers were initially skeptical. When she explained what the new system would do for them, their response was, “It’s not going to work. It’s going to take more time. It’s quicker for me to just type it all.”

“People don’t like change,” Murray notes. “They just like doing things the way that they’ve always done them, because they know how it works.” But after the system was deployed, she said “they took to it straightaway. After a really short time they were like, ‘We should have done this years ago.’ I was really pleased with that because it meant that we made the right decision.”

The new workflow removed the manual and labour-intensive processes, which Murray said were “mind-numbing. Cashiers would get bored. They would get distracted easily, and they would make mistakes. There’s just no enjoyment when you just see mountains of paperwork all over your desk. But having it on the screen and being able to validate it at that point, and it’s already downloaded and scanned, it makes the work much clearer.” Murray recalls one of the cashiers saying to her not long after the deployment, “I love this system. It just makes things so much easier having it all there in front of me on the screen.”

Edupuganti had a similar observation: “They said that it wouldn’t work. And now the users are acting as change agents in the sense of talking to other departments about it, giving positive feedback on the whole system.”

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***“The digital mailroom solution from Kofax and DCS brings a huge service win for us. By connecting our outward mail design expertise with DCS’s incoming mail processing expertise, we have the whole communication lifecycle covered, which helps us to deliver brilliantly to our customers.”***

Richard Allin-Jones, Project Sponsor and Director of Business Excellence at Neopost

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### **Faster, better customer service**

Customers have also benefited from the new system, in part because the work is more accurate and completed in a timely fashion. With many of the manual steps removed from the process, the risk of human error is also substantially reduced. Errors that do occur are easier to track down and correct.

The two main jobs—processing cheques and reconciling bank statements, which used to take four people all day—are now completed by two people in half a day. “It’s all done and dusted by lunchtime,” said Murray, which frees up the cashiers to investigate exceptions. It also gives them time to be proactive about following up with customers to answer questions. Adds Murray: “By the afternoon, our cashiers are available to go through the suspense accounts, spend a bit of time investigating where payments should go, ring the customers and allocate payments correctly.” Because cashiers have more time to contact customers and because the system itself is more accurate about allocating funds in the first place, there are far fewer customer calls coming into Neopost and less follow-up correspondence.

In addition, search capabilities in response to a customer query are vastly improved, notes Edupuganti: “Before, we were able to say only when a payment came in and how much the payment was.” Now, the digital archive gives Neopost cashiers the ability to provide customers with much more information about a remittance. They are able to instantly search further back into past transactions and are no longer limited to the last three months.

Bottom line: cashiers can now provide a level of customer service that was simply impossible in the past.

### **Great solution leads to acquisition**

As a company with a long history in mail services, Neopost had been looking for more than just a partner to help it transition from paper to full digitisation of mailrooms. DCS proved its value through its service and expertise in implementing Kofax-based solutions. “Whatever we asked of DCS regarding Kofax products, their answer was always, yes, it could be done,” says Edupuganti. The system that DCS deployed at Neopost is now a model that DCS demos to other prospects.

Indeed, the relationship between the two companies has been so successful that Neopost saw the value and acquired DCS in 2014. Some opportunities are too good to pass.

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incoming mail processing expertise, we have the whole communication lifecycle covered, which helps us to deliver brilliantly to our customers.”

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