

Document Conversion Services

SAFEGUARD CUSTOMER RELATIONSHIPS BY PROTECTING TRANSACTION INTEGRITY

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EXECUTIVE SUMMARY

Whether through a signed credit card receipt, proof of transaction, proof of delivery or purchase document, ensuring transaction integrity is crucial for businesses hoping to maintain good customer relationships. According to a recent survey of 8,880 consumers across 16 countries, poor customer service costs an aggregate of \$338.5 billion per year, with the average cost across all surveyed countries amounting to \$243 per relationship.¹

If transaction integrity is the lynchpin for maintaining good customer relations, the key to improving profitability, retention and the overall business relationship is successfully managing customer inquiries – which means being able to rapidly produce accurate transaction documentation. Proof of transaction at point and time of customer service eliminates confusion and misunderstanding and decreases the length and number of customer service calls and other costly correspondence.

Driven in part by compliance regulations, the expanding volume of these signed documents² presents a growing challenge to achieving cost-effective storage, secure access and risk management within the transaction process. And with documents often stored in distributed locations, centralized customer service functions struggle to attain timely access to accurate data. On the other hand, businesses that are able to respond quickly with a signed withdrawal slip or credit card receipt can avoid revenue and profit leakage and reduce customer service operational expenses – while also retaining and growing business with hard-won customers.

¹ "Poor Customer Service Costs Billions, A new multinational survey attributes \$338.5 billion in lost business to flawed customer service efforts", Christopher Musico, Dec. 4, 2009.

² "The Nilson Report shows that in 2008, Americans made 28.4 billion debit card purchases, compared with 21 billion credit card purchases, according to USA Today.", Lewis Green, "Credit card transactions declining: Visa", Credit.com, Sept. 14, 2009.

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In addition to enhancing customer satisfaction, the improved storage of – and access to – accurate transaction documents can lead to impressive business efficiencies, including increased security and fraud prevention procedures; faster and more comprehensive visibility of financial data; limited revenue leakage; enhanced risk mitigation; and reduced legal exposure.

What's more, a virtual repository and retrieval system optimized for secure, on-demand access can decrease labor and contain real-estate costs. With the ability to scan proof of transaction records as needed and quickly make them available for customer service, businesses can capture cost savings in searching for documents, create comprehensive audit data and, perhaps most importantly, reduce response time to customer inquiries.

Despite such benefits, many companies find it challenging to create these systems and business processes on their own. More and more companies are turning to service providers who have invested in the latest digital technology, have experience safeguarding customer information, and can efficiently leverage existing physical operations. Leveraging experience gained from multiple implementations, these providers can optimize transaction document storage and retrieval solutions. Such solutions can reduce costs and provide a more responsive and secure business process going forward.

INTRODUCTION

Depending on the industry and business model, customer transactions can be documented in a variety of ways. For example, in retail a tremendous volume of credit and debit card receipts are signed at the Point of Sale (POS). In fact, despite the incentives to verify transactions using PIN codes, "signature debit cards dominate debit use in this country, accounting for 61 percent of all such transactions".³ Other examples include signed withdrawal and deposit slips in banking and proof of delivery forms in manufacturing and distribution.

From "Leading on the Edge of Chaos: The 10 Critical Elements for Success in Volatile Times":

- Acquiring new customers can cost five times more than satisfying and retaining current customers.
- The average company loses 10 percent of its customers each year.
- A five percent reduction in customer defection rate can increase profits by 25 percent to 85 percent, depending on the industry.

The volume and urgency of transaction document retrieval requirements also vary according to business model. In many cases, a retrieval request is initiated by customer-facing resources (e.g., teller, bank branch manager, call center agent, etc.), but requests can also originate internally for security or financial audits.

Regardless of the industry, when it comes to customer problem resolution, speed always has a direct impact on revenue. For call centers, increased responsiveness can mean shorter calls, reduced revenue leakage (i.e., inaccurate billing, missed up-sell opportunities, etc.) and higher quality customer interaction. Similarly, being able to resolve billing disputes faster leads to lower Days Sales Outstanding (DSO) rates and accelerated revenue recognition. And these metrics do not account for the cost of lost customers. Considering that acquiring customers can be five times costlier than retaining them, even a small increase in customer retention can have a dramatic impact on profitability.⁴

³ "The Card Game: How Visa, Using Card Fees, Dominates a Market", Andrew Martin, NY Times, Jan 4, 2010.

⁴ "Leading on the Edge of Chaos: The 10 Critical Elements For Success In Volatile Times", Emmett C. Murphy and Mark A. Murphy, Prentice Hall, 2002.

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There are also compelling operational efficiencies and risk avoidance initiatives businesses can achieve with rapid, secure access to transactional documents. Stronger security mitigates fraud and increases compliance with regulations. Conversely, ad hoc transaction record keeping and unresponsive retrieval processes simply do not meet contemporary business requirements. In fact, they create substantial risk in terms of fraud (primarily skimming), non-compliance and damaged customer relationships.

THE CHALLENGES OF MANAGING TRANSACTION DOCUMENTS

The reality is that most businesses store transaction documents in distributed locations, usually because that is where they are generated. Protecting these documents and optimizing retrieval are increasingly costly challenges. In an IDC poll about document control and improved customer service, participating financial institutions cited “saving costs” (42%), and “improved workflows” (28%) as the two most important drivers for improving document management.⁵

High Volume, Widely Distributed Credit and Debit Card Receipts

In the retail and restaurant industries, many companies have locations nationwide, with each one generating hundreds of signed receipts on a daily basis. These documents must be labeled in some manner (e.g., catalogued by store and date range) and stored locally or sent to central storage facilities – a process that requires both secure physical space and personnel resources to manage.

A retrieval request can come from different sources and for different reasons. A customer disputing a credit card bill may approach the store directly or work through the card issuer. And whether the customer interaction is handled by

a call center, local manager or corporate headquarters, the discovery process can involve a significant number of receipts (for example, a date range for an employee or entire store). The same goes for internal requests generated for a fraud investigation or audit. To manage these requests, the enterprise must often divert resources from potential revenue-generating activities. Additionally, there is the risk of lost receipts, fraud and identity theft, the latter of which is estimated to be responsible for billions in annual losses and has become a major concern for merchants and the payment card industry.⁶

The challenges and costs of securely storing and managing receipts, multiplied by the number of distributed locations, can be significant. And, since the costs to search for and produce individual receipts in a timely manner are often prohibitive, many organizations simply opt to absorb a disputed charge if it falls under a certain threshold cost. While the amount per transaction may be small, this still is a significant expense for many organizations that conduct thousands of transactions annually.

Sensitive Bank Branch Transaction Documents

The retrieval of signed withdrawal and deposit slips and other banking paperwork presents unique challenges regarding the security of retrieval requests and transmission. Like retail, there can be a sense of urgency when a bank teller or manager is dealing with a customer in real time.

Similar to distributed retail establishments, bank branches store their daily transaction documents locally and, at regular intervals, transport them to one or more centralized locations – exposing them to the same physical storage and resource management costs.

⁵ “Financial Institutions Manage Costs, Improve Customer Service With Stronger Document Control”, Abhishek Kumar and Suchitra Narayan, Financial Insights, February 2009

⁶ A major form of identity theft is skimming: “Skimming is the unauthorized capture and transfer of payment data to another source, for fraudulent purposes. This unauthorized capture and transfer of payment data is different than mass data compromise breaches, and can result from one of two event types... acquisition of payment data directly from the consumer’s payment device (payment card)... capture of payment data within the payment infrastructure at the merchant location, with a focus on compromised POS terminals and their respective infrastructures...”, PCI Security Standards Council, Information Supplement: Skimming Prevention - Best Practices for Merchants, August, 2009. https://www.pcisecuritystandards.org/pdfs/skimming_prevention_form.pdf

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Bank transaction documents are oriented around the tellers' "cuts," which constitute documents collected when they leave their window and reconcile their transactions. These cuts are typically classified by transit number (branch), teller number and date and time stamp. Unlike most retail organizations, however, when retrieval requests originate with tellers or branch managers, they are routed through a centralized call center and communications are conducted by phone, email or fax.⁷

This is because call centers provide the level of security and audit trail required by banks, with all requests tracked and reviewed at different levels of management. Responding to requests often requires searching through many cuts to find specific slips, and if the request covers a date range, it can involve sifting through a large number of documents.

While some requests are generated by a teller or manager dealing with a customer face to face (usually involving a specific document), many requests are for internal security purposes and compliance audits. One such request could involve a significant number of documents that span multiple years, creating complexities far beyond the process of retrieving a single withdrawal slip.⁸

High Value Proof of Delivery Slips

In such industries as distribution and manufacturing, the wide variety of proof of delivery (POD) slips is another example of transaction documents that require management and retrieval. Economic characteristics unique to each industry drive the intrinsic value of delivery slips. In some cases, POD simply verifies delivery and quality acceptance; while in others, the document records the quantity of a deliverable. What's more, this data might reflect the distribution from a fixed load, in the case of cement, or for a daily route.⁹

Signed delivery slips usually do not have regulated private information, like bank account numbers. And depending upon the product or service, the volume of PODs may not approach that of credit card or banking transactions. Yet the average value of delivered goods may be far greater, and the impact of disputes on the bottom line just as significant. Therefore, rapid access to POD data is crucial in protecting the integrity of the customer relationship.

BENEFITS FROM OPTIMIZED TRANSACTION PROTECTION

To address the rising storage and retrieval costs of distributed transaction documents, businesses require a solution that encompasses physical documents and leverages digital access when requested. The solution must also meet the challenge of incorporating paper documents from distributed locations into a comprehensive and secure retrieval process.

A hybrid transaction document management solution that supports paper transaction records in an electronic retrieval system can combine the cost-effectiveness of paper storage with the speed and effectiveness of electronic access, helping organizations overcome the many efficiency and customer service challenges associated with discovery.

Greater Responsiveness to Customer Problems

Perhaps the most obvious driver of efficient transaction document retrieval, responsiveness to customer disputes also represents the best opportunity for organizations to capture cost savings and achieve additional revenue benefits.

⁷ Bank tellers do not have access to phones or email while at the window. A request typically involves a manager, both for these physical reasons as well as for security procedures.

⁸ At some banks Standard Operating Procedure requires the review of 7 years' transactions involving tellers or managers upon their termination.

⁹ Economics or working environment limit the use of electronic signatures; not all industries have the volume and technology of a FedEx or UPS.

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As noted above, the expense to acquire customers greatly exceeds the cost of retaining them, and profitability rates tend to increase over the life of a customer relationship.¹⁰ On top of that, there are more immediate cash management and cost benefits. Rapid access to requested transaction documents can help improve cash flow and reduce revenue leakage, thanks to more accurate billing, greater up-sell opportunities and even additional sales.

When revenue leakage occurs, it is often due to slow, unclear or inaccurate transaction-related communication, which can result in lost revenue and additional costs. However, when organizations have the ability to quickly access signed PODs and reconcile order-specific quantities,

size and weight with actual picked up or delivered items, they can avoid the risks and costs traditionally associated with order discrepancies.”¹¹

Additionally, more efficient access to signed transaction images can shorten call-service times and reduce, if not eliminate, subsequent calls due to insufficient documentation. Figures by the National Association of Credit Management (NACM) indicate that faster, more comprehensive access to transaction documents allows for a dramatic increase in first-time-call resolutions on customer disputes, from 25% to 76%.¹² Additional benefits fall out of this, including a reduced need for follow-up mail and correspondence.¹³

Multi-national Bank Improves Service Levels while Lowering Costs

- Challenge:** Managing thousands of retrieval requests from multi-national bank branches created an inability to quickly and accurately service customers. Customer requests were faxed, emailed or phoned to a call center in their headquarters, and the originating branch manager had to sign off on all requests, resulting in further delays. Once the request was completed, closing the investigation was a manual process that required significant staff resources to complete.
- Solution:** Iron Mountain picks up and stores branch transaction documents, such as cut packages, in distributed locations near the originating branches. The call center submits requests to Iron Mountain, where distributed Records Center personnel locate and scan the specific document within the cut packages. The call center then faxes the image to the bank branch. Digital images are returned to the centralized call center for security and tracking purposes, triggering automatic investigation closure.
- Result:** Typical retrieval time for a customer-facing transaction document is down to 24 hours (from 72 hours) and can be as fast as 15 minutes, leading to improved service levels and reduced costs around resolution and closure.

¹⁰ "Leading on the Edge of Chaos: The 10 Critical Elements For Success In Volatile Times", Emmett C. Murphy and Mark A. Murphy, Prentice Hall, 2002.

¹¹ "Maximizing revenues in transportation & logistics companies", PWC paper on Transportation and Logistics, 2009.

¹² "Relationship Management Dispute Resolution", Joshua Burnett, Inside ARM, April 27, 2006.

¹³ "Also, sending bills costs \$0.44 online versus \$1.10 for a paper bill. Even in small call centers annual self-service savings quickly shoot past the six-figure mark and many enterprises can realize cost reductions in the multimillions.", "Self Service that Really Serves", CRM Media, Oracle sponsored whitepaper, April, 2009.

Solution Allows Distributed Branches to Increase Transaction Security and Consistency

Challenge: Storing and managing active transaction documents, collected in teller “cuts,” from over 1,000 distributed branches, while simultaneously maintaining service levels for account inquiries. Requested documents were handled on an ad hoc basis by local or regional managers to meet individual customer requests, legal investigations or audits. Processes were non-standardized, error-prone, risky and inefficient, which negatively impacted the customer experience.

Solution: Iron Mountain receives daily active transaction documents generated by multiple branches and securely transports them to local Iron Mountain Record Centers where employees sort and store the transaction documents according to customer classification. To respond to a customer inquiry about a deposit or withdrawal, central headquarters requests documents via Iron Mountain Connect™, and Iron Mountain provides the required images through a secure fax network using the Image on Demand™ service.

Result: The streamlined process ensures consistency, increases security, improves response times and allows the bank to reclaim valuable space and man-hours for traditional banking operations.

Finally, some of the costs associated with searching for transaction documents may be hidden at distributed locations or across departments, and many of the resources involved (e.g., managers, legal, etc.) often demand high hourly rates. A more efficient system reduces these costs, increases customer satisfaction and contributes to a better on-going customer relationship.

Better Protection of Transaction Integrity

Risk mitigation is at the forefront of protecting customer transaction integrity. And while faster access to receipts and other transaction documents may not prevent fraud, it does allow for accelerated detection, strengthened security

procedures and reduced risk stemming from employee malfeasance like credit skimming.¹⁴ “Credit card skimming is a modern crime perpetrated by technically savvy criminals, but stealing credit card numbers can be done by anyone, anywhere without fancy electronics. Any employee with access to customer credit cards can copy the information with nothing more than a pen and paper. Adequately protecting credit card transaction data is critical for PCI compliance. Otherwise your processes could be deemed to contain ‘points of weakness’ and face steep fines from the credit card companies.”¹⁵ In fact, fines from the credit card payment brands can be as much as \$500,000 per incident.¹⁶

¹⁴ The Fair and Accurate Credit Transactions Act of 2003 stipulates the truncation of credit card numbers only on electronically printed receipts provided customers. It does not apply to manually imprinted, handwritten, nor printed receipts retained for the merchant., “The word on truncation”, The Green Sheet, Vol 09:09:01, http://www.crsi.com/library.aspx?view=html&publication_id=64

¹⁵ “Because of credit card skimming, consumers aren’t the only ones concerned about credit card theft.”, <http://www.fraudguides.com/business-credit-card-skimming.asp>

¹⁶ “Enabling an Ecosystem of Security: An Interview with PCI SSC’s Bob Russo”, Standards Today, Vol VIII, #4, June - July 2009.

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Faster access to accurate receipt data can empower organizations to more quickly identify and eliminate “points of weakness” and potentially limit skimming losses. Additionally, when a retrieval system gains a reputation for being quick and accurate, it may actually work to deter fraud.

That said, it is not just credit card receipts that are subject to exploitation, as any document involving the transfer of money or goods is fair game for fraud. For example, bank security processes frequently include audits of teller transactions, sometimes over years, upon an employee termination. And with higher value items, verification of quantity and delivery can only be accomplished via the PODs.

Tighter, More Efficient Financial Audit Procedures

It’s been established that regular financial procedures require access to transaction documents, and the scope and frequency of financial audits vary depending upon the industry and individual organization. Regardless of such variables, however, a more efficient retrieval system can help minimize the time required of highly paid resources, such as managers in Finance and Legal, and improve the overall efficiency of the discovery process.

With Ontario’s Bill 198, Federal and Provincial Privacy Laws, Basel II and other regulations contributing to the increased expense of compliance, financial organizations are under constant pressure to streamline audit procedures. A rationalized transaction document management and retrieval system can contribute to stronger, more efficient GRC programs. Similarly, a system with controlled access to transaction documents, accurate audit trails and a single source for retrieval provides stronger risk mitigation and compliance.

LEVERAGING PARTNERS FOR TRANSACTION DOCUMENT STORAGE AND RETRIEVAL

Since it is not a core competency of customer service, billing or even many IT organizations, designing and implementing an efficient transaction retrieval system is often a challenge for many organizations. The distributed nature of transactions increases document storage and management costs. The incorporation of a document conversion process requires planning, and the odds of success benefits from experience.

In order to counteract these concerns, many businesses are turning to seasoned document storage and management service providers for help. These vendors may already be providing records management and retrieval services to other departments within many organizations, and some may even have the geographic footprint required to deal with widely distributed transactions.

Optimized Storage and Scanning Strategies

There are different strategies for the optimized conversion of paper transactions. Since the bulk of transaction documents may never be retrieved, long-term, hard copy storage remains the least expensive solution for these items.¹⁷ However, for documents that are more likely to be requested, alternative strategies include:

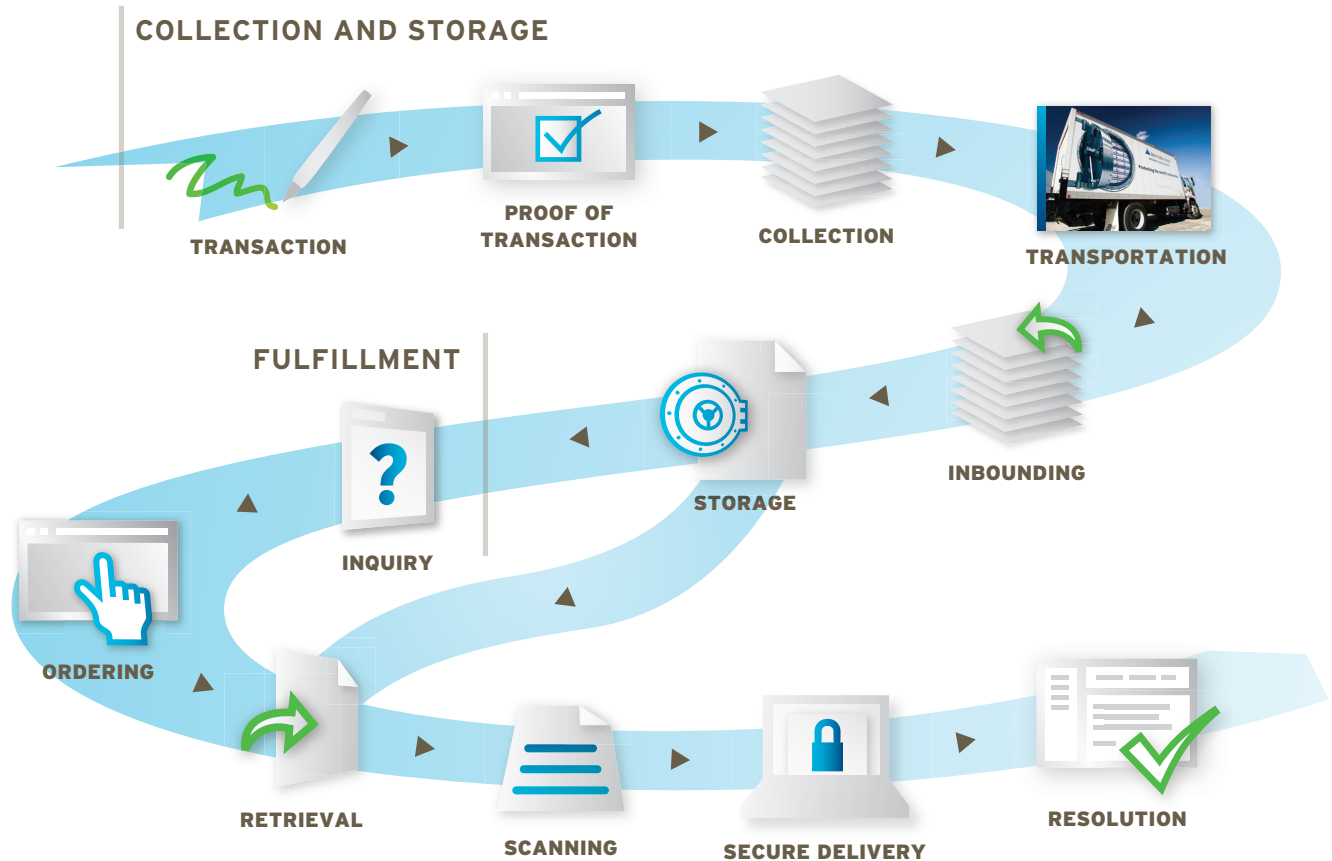
- **Image on Demand™:** scanning transactions and related documents from a library or active documents as they are requested.
- **Selective Scanning:** using predictive tools to convert documents with a greater likelihood of retrieval.
- **Abstract Scanning:** scanning a small, clearly defined subset of high-value documents.

As a part of evaluating these options, it’s also important to weigh such cost factors as storage real estate and labor should be considered. Generally, it is most cost-efficient to scan documents only when they are needed.

17 “Intelligent Imaging: Scanning Only What You Need, Only When You Need It”, Jim Stephenson, KMWorld, July/August 2007.

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Figure 1: Document Conversion Workflow



When considering storage and scanning strategies, there are workflow and security issues that must be taken into account as well, including where and when transaction documents are requested and captured, and how the resulting images are returned to the enterprise. Banks typically require a branch manager to authorize a request, and due to restricted access to e-mail and Internet by tellers, individual documents are faxed to the branch. Internal audits involving volumes of retrieved documents might be delivered through a Secure File Transfer Protocol (SFTP) site to the finance department.

When it comes time to implement a hybrid system that can account for all paper transaction documents and make them available on-demand, organizations can benefit from the experience of a trusted third party. Leveraging a partner to build this comprehensive system makes for more efficient use of internal resources, allowing fewer resources to manage a larger volume of requests – as well as be applied to core, revenue-generating business initiatives.

National Restaurant Chain Saves Time, Money and Resources with Iron Mountain

- Challenge:** Storing and managing retrieval of payment card receipts from 1,700 restaurants in North America. There was space allocated and resources applied at each location, as well as 1,000 square feet and four dedicated, full-time employees at the centralized headquarter location. The company received approximately 1,300 credit card disputes per week, with the cost of investigating a dispute estimated at \$50 per inquiry and a policy to pay amounts under this \$50 threshold.
- Solution:** The company now stores paper receipts offsite at secure Iron Mountain Record Centers. Retrieval requests are made directly to Iron Mountain via Iron Mountain Connect™, where receipts are pulled, imaged and sent via a secure FTP location.
- Result:** The organization saved 700 square feet of valuable space at its headquarters and reallocated three full-time employees to different tasks. The new threshold cost for retrieval is estimated at \$20 per receipt, resulting in additional savings.

Cost Efficiencies of Leveraging a Partner

Because it involves a selective conversion of digitization and retrieval processes, the hybrid system can be the least disruptive to existing routines. And whereas internal programs require fixed capital and operating expenditures, when working with a partner such a system can be deployed without major capital investment in new Enterprise Content Management (ECM) software or additional resources.¹⁸

In fact, a partner with broad, geographically distributed facilities can provide real-estate savings by eliminating or reducing paper records stored in high-value, often distributed, retail locations. This space can be repurposed to other revenue-producing business activities.

Additionally, a partner with greater capacity can scale to accommodate changing business conditions, such as additional outlets and acquisitions. There is also the opportunity to eliminate inconsistent business processes that may have emerged over time, which enables managers to implement greater standardization and best practices for transaction document storage and retrieval.

Finally, since ongoing maintenance and support costs are born by the partner, outsourcing can provide regular, predictable costs for an organization. An experienced vendor can greatly reduce time to implementation as well, which means fewer distractions during the transition and a greater ability to focus on the business itself.

¹⁸ "A vast majority of companies across industries already have scanning facilities in place. "Outsourcing Document Management Solutions Challenges and Opportunities", pg 5, Iron Mountain Whitepaper, Dan Colquhoun, Frost & Sullivan.

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Additional Business Benefits of Working with a Partner

A single source transaction system can provide controlled, role-based access to authorized users and enforce standard operating procedures and best practices. This creates consistency across the organization, strengthening any GRC program. And, clear audit trails and reporting tools not only make for greater efficiency, but they also give faster insight into changing business trends and conditions.

Look for a partner that not only offers advanced document management services can accommodate your specific rules for retention, retrieval, auditing and reporting, but is also able to provide guidance on evolving best practices around transaction integrity and compliance and has experience safeguarding customer information.

CONCLUSION

Since transaction documents are at the heart of the customer relationship, organizations must be prepared to address the many challenges that ad hoc storage and management of signed paper documents can present. They need a solution that offers secure, rapid access for quality customer service and cost-effective storage and security during the entire transaction records and reporting process.

The optimal solution accommodates paper documents and provides for digital conversion when required. Such a solution supports the consolidation of paper storage, which provides labor and real-estate cost containment; and since transaction documents can be scanned as needed as part

of a secure, auditable retrieval process, major investments in new systems or resources are often unnecessary. These digital transaction documents also enable faster access, resulting in cost savings across the enterprise and freeing resources that can be leveraged for a variety of strategic advantages.

More and more companies are turning to service providers that leverage existing, physical storage operations, have document conversion experience from numerous customer engagements and provide the latest digital technologies. Taking advantage of the best practices and expertise gained by multiple implementations, these providers can help design and implement a solution to reduce costs and provide a more responsive and secure transaction process going forward.

About Iron Mountain Document Management Solutions

Iron Mountain Document Management Solutions help organizations create a comprehensive, fully integrated document management program that provides complete visibility and access to all business records – where and when they are needed. You can become more effective and efficient managing employee information, supplier agreements, contracts, customer relationships and more. Our enhanced access and control can speed business processes and decision-making, improve customer service and support compliance requirements. For more information on Iron Mountain's Document Management Solutions, visit www.ironmountain.ca.



ABOUT IRON MOUNTAIN. Iron Mountain Incorporated (NYSE: IRM) provides information management services that help organizations lower the costs, risks and inefficiencies of managing their physical and digital data. Founded in 1951, Iron Mountain manages billions of information assets, including backup and archival data, electronic records, document imaging, business records, secure shredding, and more, for organizations around the world. Visit the company Web site at www.ironmountain.ca for more information.

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