

White Paper

***X*XPRESS DATA INC**

***Event-driven Member
Correspondence:
In-house or ASP?***



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Types of Correspondence

When it comes to communicating with their members, credit unions are on a never-ending treadmill of printing and mailing. Everyday credit unions of all sizes send various notices and letters to their members. These event-driven documents contain vital information that needs to be delivered to members in a timely manner.

Typical credit union event-driven notices and letters:

Checking Related: Insufficient Funds, Transfer, Uncollected Funds, Transfer Limitation, Negative Balance, Paid NSF/Courtesy Pay

Certificate Related: Maturity, Renewal, Rate Change

Loan Related: Payment Due, Past Due/Delinquent, Rate/Payment Change, Payoff, Adverse Action/Counter Offer

Account Maintenance Related: Address/Phone/Email Change Confirmation, Compromised Account/Card, Welcome

Types of Hardware

While very small credit unions may be able to handle this workload using completely manual processes, most credit unions will need to purchase, set up and maintain a whole array of complex hardware devices to handle these daily mailings. A typical credit union would need most, if

not all, of these machines to handle their daily workload:

- High-speed printers
- Folder
- Envelope stuffers/sealers
- Postage meters



Depending on their particular volume levels, these machines could range from hundreds to tens of thousands of dollars each, not to mention ongoing monthly maintenance agreement costs. Plus, the credit union must dedicate sufficient square footage for these machines to operate, as well as to store the necessary materials and supplies.

Labor Issues

In terms of labor, the credit union that chooses to handle printing and mailing in-house will need to allocate staff from both their Information Technology and Operations Departments to handle the workload. IT workers will be needed to support the software and hardware side of the printing, while Operations must provide staff to handle the production and distribution side. Operations will also be responsible for purchasing and maintaining appropriate stores of materials and supplies.



Once the daily output is completed, the Operations staff will need to

Examples of Some of the Assorted Machines Needed for In-house Operations

make a run to the Post Office, or alternatively the credit union can hire a courier at additional costs to handle this time-consuming task. The credit union should be prepared to pay the highest rate for their postage costs, because most do not utilize barcoding technology, like outsourcing firms do, that ensures they receive the absolute lowest automated postage rates from the United States Postal Service. Alternatively, the credit union could contract with a presort service, but this is another vendor to manage and is not inexpensive. There is also the issue of “multiple mailings” where one member may receive two or more separate notices at the same time. Experienced outsourcers avoid this expensive occurrence by combining multiple notices into a single envelope. In addition, a leader in the credit union notice industry has taken this a step further by merging multiple notices into a single document.

Consider the Intangibles

In addition to hardware, machine maintenance, software, postage, materials and labor costs, credit unions must not overlook the intangible costs of essentially running a printing business within their normal credit union operations. Rare is the credit union employee that enjoys managing the



myriad of setup, printing, bursting, applying postage and handling issues that inherently come with in-house operations. If relieved of these time-consuming tasks, the credit union's staff is free to work on new projects that directly reflect the credit union's strategic goals and affect their core competencies related to member service. In fact, many credit unions experience a morale boost among their affected employees when outsourcing is implemented – IT workers can spend more time helping their fellow employees and operations people can re-focus on assisting members.

Return on Investment

While every credit union is different, the Return on Investment (ROI) for outsourcing is almost universally the same: it is less expensive for credit unions with any significant volume of event-driven member communications to work with a reputable, well-established outsourcer that specializes in document printing and mailing. For example, before committing to an outsource notice vendor, Memphis Area Teachers' Credit Union performed an ROI analysis. Taking into account the wide range of costs outlined in this article, this progressive financial leader in the Memphis, TN, Mississippi and Arkansas marketplace realized that they could enjoy a 23% savings by outsourcing! Brian Owens, Director of IT at the credit union, helped put together the ROI analysis and

states that “not only were the cost savings there, but everyone at the credit union was happy to be relieved of having to work on notices. From a human resources perspective, we have gained a lot of efficiencies.”

Quality of Correspondence

One other key concern that credit unions must consider, when making their decision on whether to run their event-driven member correspondence workload in-house or in Application Service Provider (ASP) mode, is bottom-line quality. In-house produced notices have traditionally been limited in format and content options as well as been printed on fairly low quality dot matrix printers. In contrast, professional credit union notice providers invariably use high-end document composition software and laser printers that produce clean, crisp output every time, which is securely mailed in a standard envelope. Many document printing and mailing firms can also include personalized (one-to-one) marketing messages. The end result: easy-to-read and easy-to-understand notices for credit union members.

Conclusion

Professional document printing and mailing firms with their dedicated – and redundant – high-tech equipment, processes and staff offer so many advantages to credit

unions that it has sometimes been called a “no-brainer” to work with them. Their document composition tools far exceed those available to the average credit union and allow them the flexibility to deliver high quality, member friendly, customized notices and letters that have been designed by credit union document professionals.

One final area to consider: do you trust your critical member correspondence to a company that offers this service as a “side item” or to an experienced firm whose sole focus for many years has been designing, printing and mailing notices and letters for credit unions across the United States? When you study all of the variables and come to the realization that these specialized companies provide lower costs, less work and better quality correspondence for the credit union, it will be very difficult to justify handling event-driven member correspondence in-house.

For More Information

To learn more about Xpress data Inc. and why so many credit unions from coast to coast have chosen to partner with them and utilize their industry-leading XpressNotice solution, please go to www.xdi.com.



Less Work
Lower Costs
Better Quality

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