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Document Process Outsourcing

Business Strategies for Successful Market Engagement

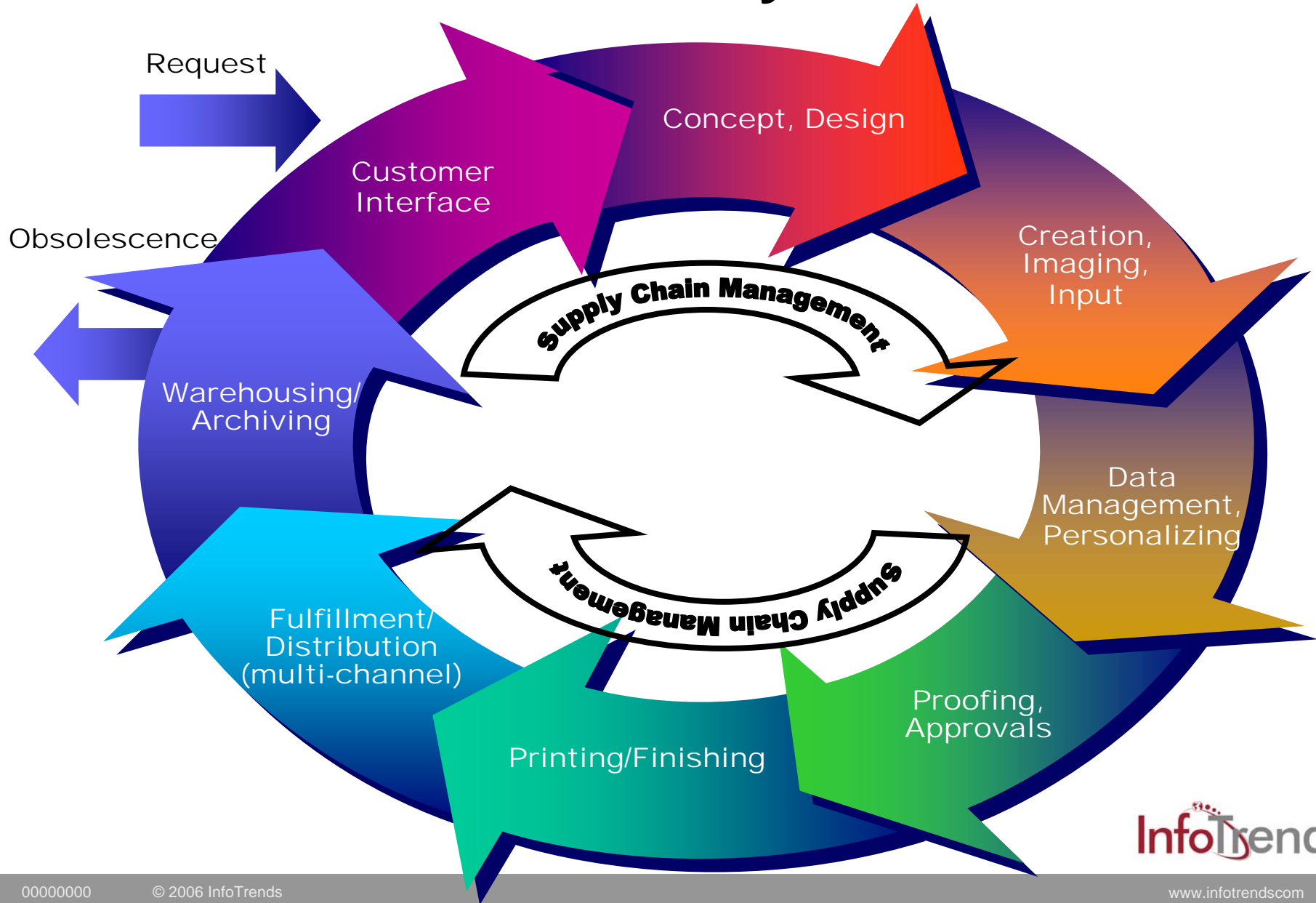
Holly Muscolino
Director, InfoTrends
January 2006

Agenda

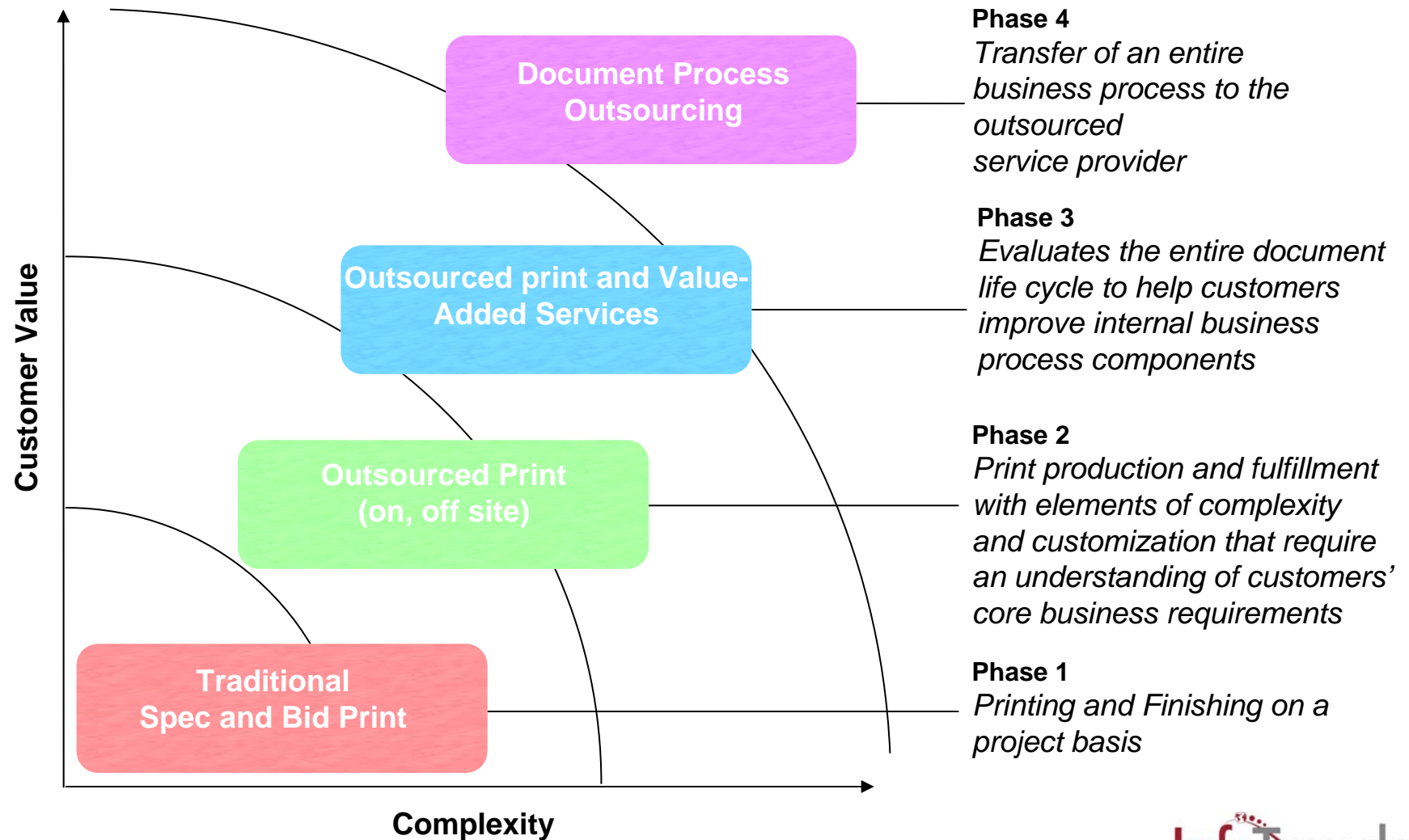
- Introduction to Document Process Outsourcing
- Study Objectives, Methodology and results



Business Document Lifecycle



Evolution of Document Services

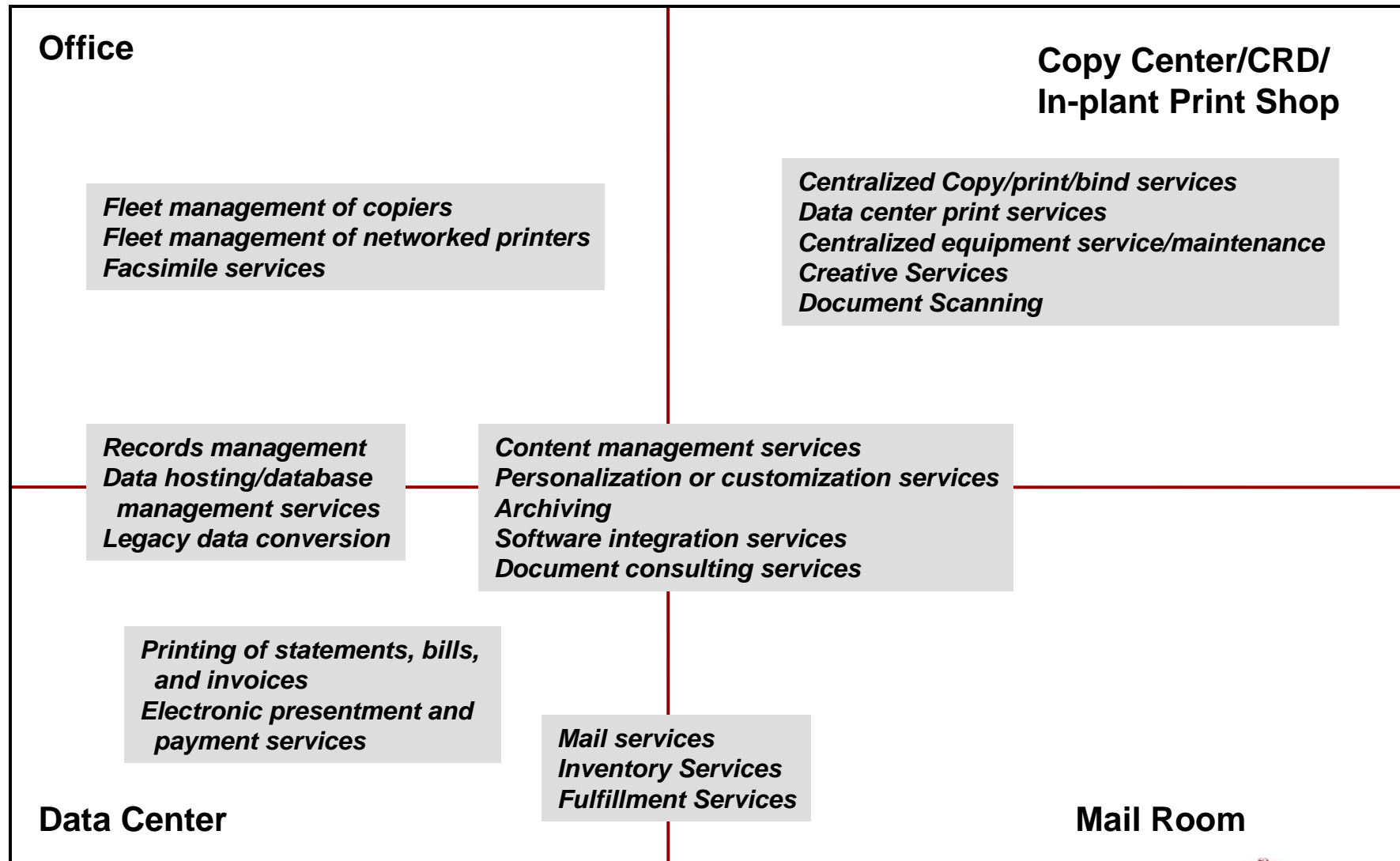


Document Outsourcing Defined

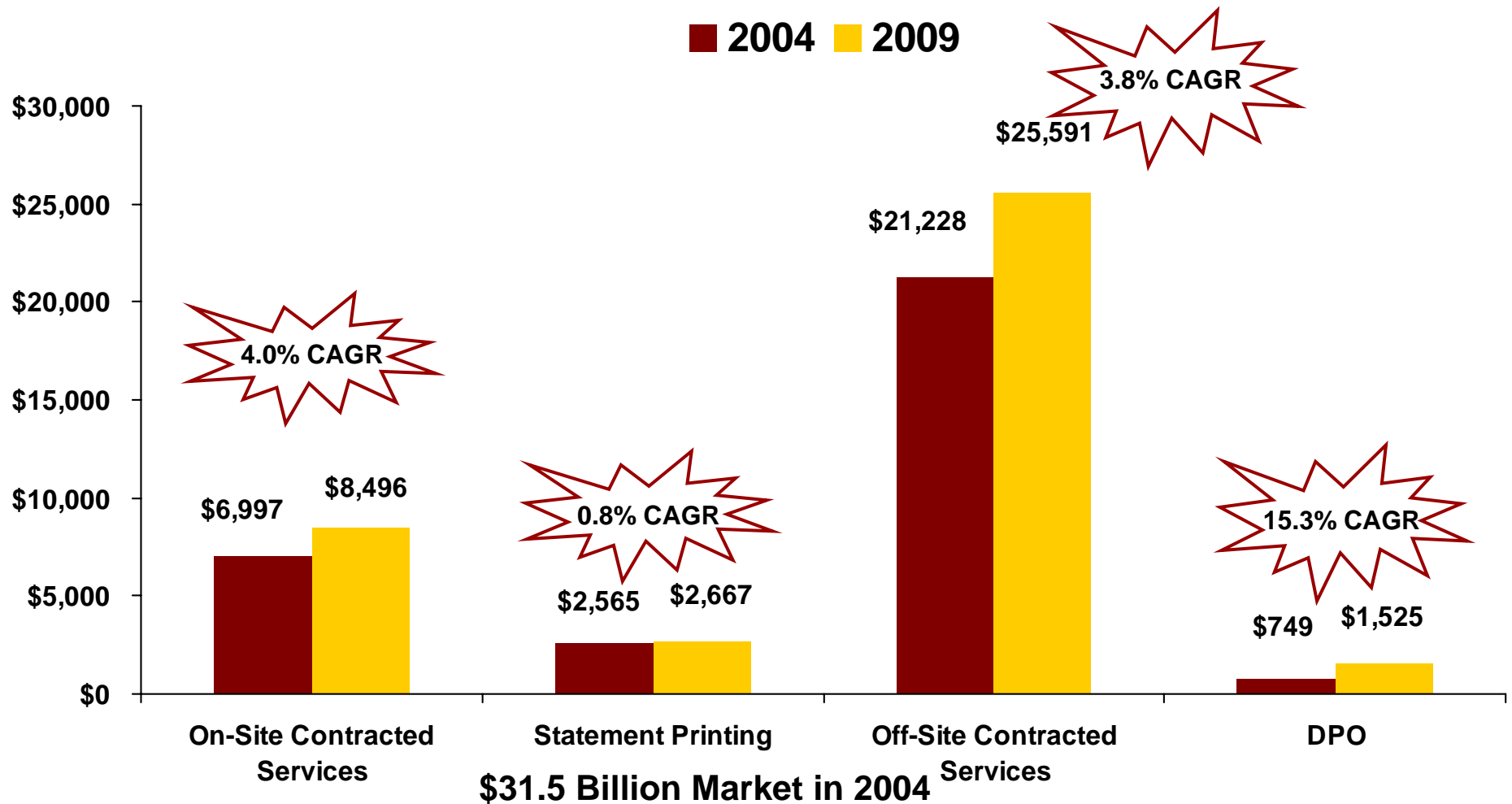
The delegation to a supplier of the capture, imaging, conversion or the creation, production, processing, printing, mailing, electronic transmission, and/or fulfilment of any type of printed or electronic document



Examples of Document Outsourcing Services



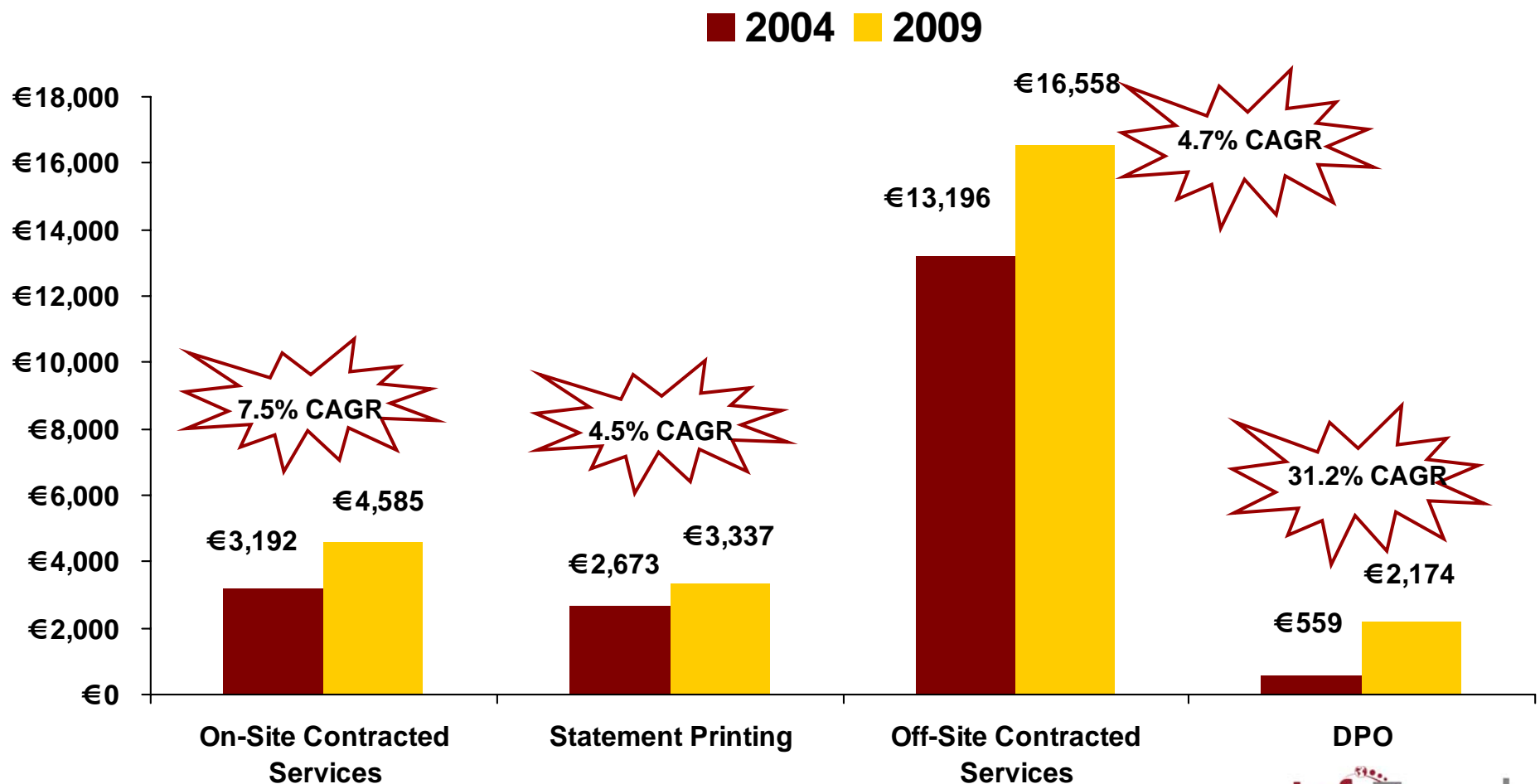
U.S. Document Outsourcing Forecast by Environment (\$Millions)



Source: InfoTrends/CAPV, U.S. Document Outsourcing Market Forecast 2004-2009



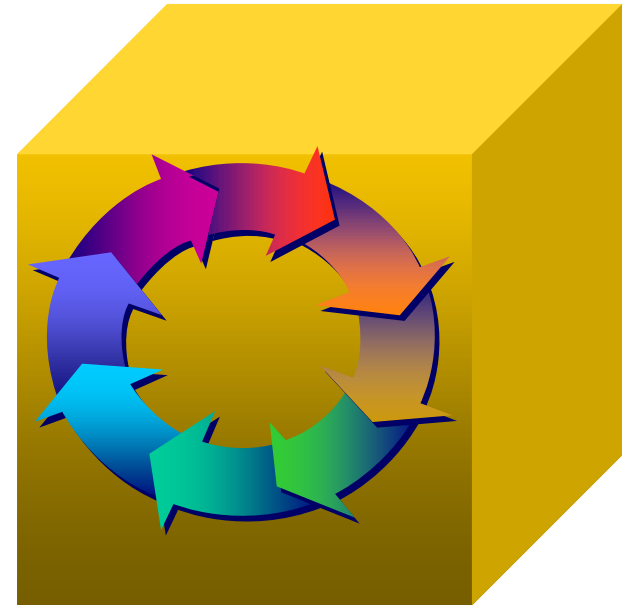
W.E. Document Outsourcing Forecast by Environment (€Millions)



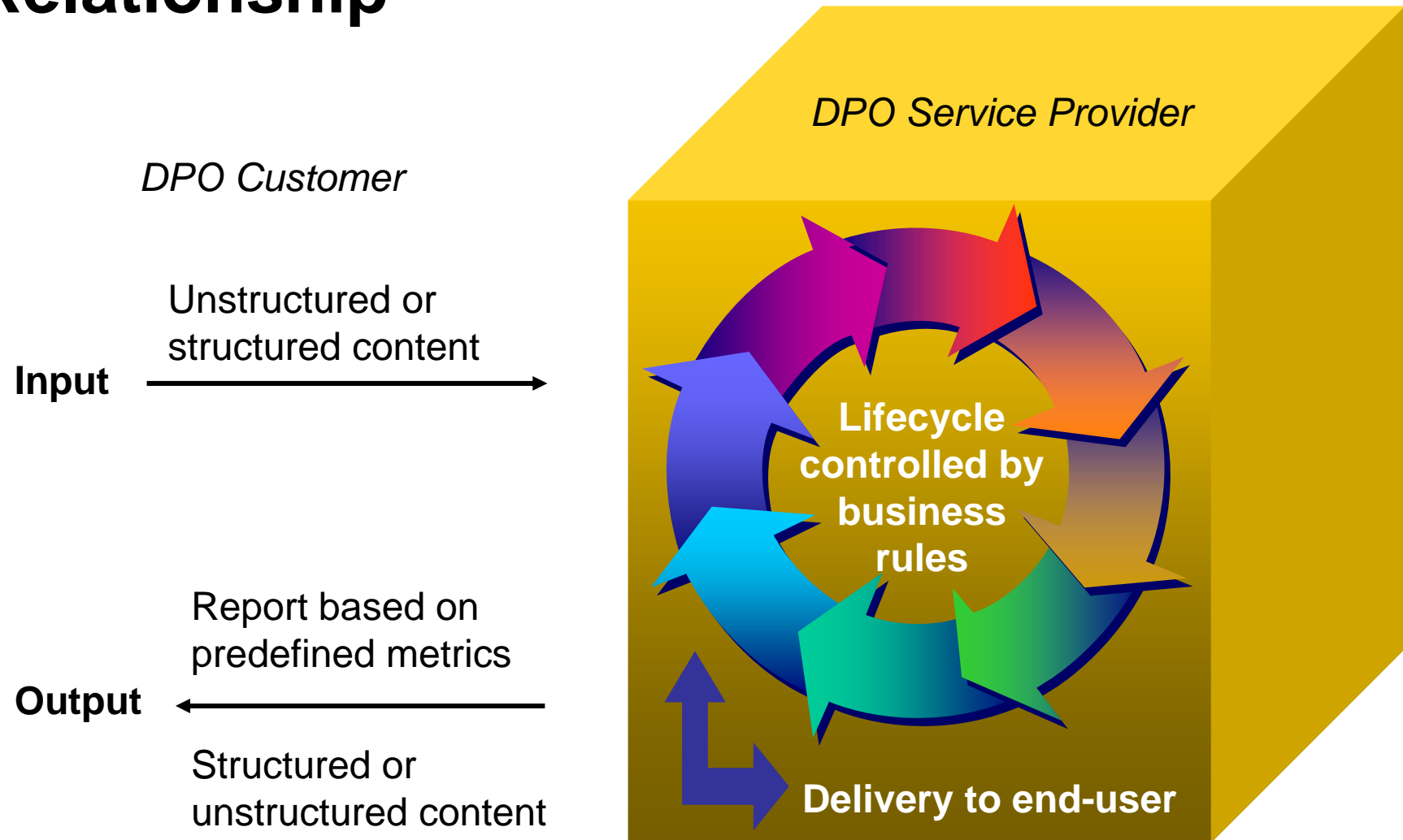
Source: InfoTrends/CAPV, *Western European Document Outsourcing Market Forecast 2004-2009*

What is DPO?

- **Document Process Outsourcing (DPO)** is the assignment of an entire document-intensive business process to an external provider



Defining the DPO Supplier/Customer Relationship



DPO Engagement vs. Traditional Document Outsourcing Engagement

- Contract begins with, and focuses on, business process and metrics associated with that process, rather than specific document services
- Requires vendor understanding of business processes in specific vertical industries

DPO versus BPO

- The outsourced process includes management of one or more document lifecycles
 - The service provider assumes ownership of a set of business rules that control the document lifecycle(s)
- Document domain expertise is required to effectively manage the business process

Examples of Document-Intensive Business Processes

(1 of 2)

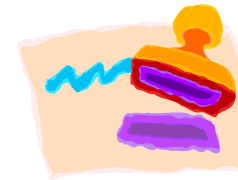
- **Customer-facing document processes**
 - Client account lifecycle management, including:
 - account activation services
 - new enrollment communication
 - multi-channel delivery of statements, and other account documents
 - Medical claims processing
- **Technical document processes**
 - Maintenance and distribution of:
 - technical service bulletins
 - manufacturing supplier technical documents
 - product design specifications
 - repair manuals
 - blueprints and/or technical drawings



Examples of Document-Intensive Business Processes

(2 of 2)

- **Financial accounting and invoicing document processes**
 - Accounts receivable dispute resolution management
 - Accounts payable invoice matching management
 - Invoice processing (or invoice exception processing)
 - Loan origination management
 - Credit card application management
- **Marketing and communications document processes**
 - On-demand customer collateral fulfillment
 - Literature management for distribution channels
- **Regulatory compliance document processes**
 - Sarbanes-Oxley or HIPPA compliance
 - HR records management



Study Objectives

Look beyond market size and growth potential to understand the “who, what, how, and why” of the document process outsourcing business

- Gain an in-depth understanding of the North American Document Process Outsourcing (DPO) market, including competitive landscape
- Obtain detailed knowledge required for effective business planning
- Learn how to address the rapidly-growing DPO opportunity and develop go-to-market strategies

Questions Posed

- What is the level of willingness to outsource document-intensive business processes?
- Who is currently outsourcing document intensive business processes? What industries? What lines-of-business?
- Does the concept of document process outsourcing resonate with high-level executives?
- Who are the ultimate DPO decision makers?
- Which processes will be outsourced? By what metrics will these processes be measured?
- How should DPO engagements be structured?
- What are primary selection criteria for DPO service providers? What domain expertise is valued?
- How important are global capabilities?
- Who are the leading DPO service providers today? Who will be the leading DPO service providers in the future?

Methodology

- Quantitative
 - Web-based survey conducted in September of 2005
 - 589 respondents across a range of company sizes, vertical industries, and departments
- Qualitative
 - Online focus groups and telephone interviews with managers in each of the following groups of functional areas:
 - Finance and Accounting, Procurement, Information Technology and Operations/Manufacturing
 - Sales and Marketing
 - Human Resources, Training and Customer Service
 - Legal

Bulletin Board Focus Groups

- Uniquely designed for market research on the Web
- Focus group occurs over 3 days allowing for highly involved discussions
- Participants free to login at their own convenience and spend time providing thoughtful input
- Can have private or group discussions
- Automatically generates detailed transcripts

Secondary Research

- Annual reports and SEC documents
- Periodicals and trade articles
- Web sites
- White papers
- Published industry reports
- Industry databases
- Research reports

Deliverables

- Detailed written report (40 pages) with text and charts addressing the objectives of the study and providing complete results
 - Includes executive summary that addresses key issues, findings, and overall recommendations
- Presentation-style slides for internal communication of the research results (115 charts)
- Detailed data tabs of quantitative research (36 pages)
- Appendices including quantitative and qualitative surveys (19 pages)
- Optional transcripts of online focus groups and telephone interviews (176 pages)
- Optional, on-site briefing

Key Takeaways from Study (1 of 2)

- Educate customers and prospects about opportunities presented by DPO
 - Understand the difference between DPO and BPO and between DPO and traditional document outsourcing
 - Be open to the possibility of “pilot” programs to demonstrate the value of DPO
- Start with your existing customers
 - Identify areas where you can add value and incrementally take on the responsibility to deliver it
 - Look for adjacencies to their your existing offering

Key Takeaways from Study (2 of 2)

- Develop proven methodologies for measuring your starting point and your progress
 - Establish the baseline and show how you can handle the process at the lower cost and with improved service
 - Expect to be proactive with new ideas to increase efficiencies and increase customer share
- Be prepared for a consultative sale and long sales cycle
 - Ensure that you have sales personnel with the correct skill set and appropriate compensation
 - Understand that in an early market, you must frequently identify a project champion, and partner with that individual to sell the engagement to the organization



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A faint, light grey silhouette of a world map is centered in the background of the slide.

Thank You!

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