

# Case Study

# City of Prescott, Arizona

"We are delighted with CDS Global as a strategic partner because of their flexible processing approach and cost-effective solutions."

- Mark Woodfill, finance director for the city of Prescott

## The client

Prescott, Arizona, a steadily growing city with a population of more than 50,000 residents.

## The pain point

The city was in search of a faster, more efficient payment processing capability to improve customer service with their resident customers.

## The solution

CDS Global is providing payment processing services for Prescott's water and sewer bills, payment postings, depositing of funds and check-only processing. The city provides CDS Global with a monthly file of customer information to research missing account numbers, reducing document handling and potential deposit delays.

Furthermore, by placing images of customer correspondence in a queue for review by city personnel via the Web, CDS Global's Web-based image archive and delivery platform improves the support of customer telephone inquiries.

## The result

"We are delighted with CDS Global as a strategic partner because of their flexible processing approach and cost-effective solutions," says Mark Woodfill, finance director for the city of Prescott. "Working with CDS Global has provided the city with improved customer service and disaster recovery procedures in the event of emergencies."

## The bottom line

"CDS Global understands the needs of Prescott," says Lesa Brooks, general manager of the CDS Global facility in Prescott, Arizona. "We provide the city with a solution that helps them achieve their goals, and provides residents with a more efficient government."

## Case Study

# UniSource Energy Corporation

"By outsourcing our remittance processing to CDS Global, we were able to redirect employees toward our core business functions and eliminate the need for additional capital investment for upgraded processing equipment."

- Brian Bub, customer service supervisor for TEP, UNS Gas and UNS Electric

### The client

UniSource Energy Corporation – a publicly traded utility corporation serving more than 630,000 electric and gas customers in six Arizona counties. Its operating companies are Tucson Electric Power Company (TEP), UNS Gas, Inc., and UNS Electric, Inc.

### The pain point

In 2005, UniSource was faced with a payment processing decision. TEP operated its own in-house lockbox operation, while UNS Gas and UNS Electric (acquired in 2003) used an out-of-state lockbox provider. Consolidating the operation was essential – the decision was whether to in-source or partner with an outsource provider who could fully meet their business needs.

### The solution

CDS Global offered UniSource a solution designed to optimize the capture, management, archive and delivery of mission-critical receivables information by leveraging advanced imaging and data recognition. The solution provided a range of services, including transaction processing, electronic check processing (ECP), exceptions resolution, and image and data archive and retrieval.

### The result

CDS Global partnered with UniSource to drive operational savings and enhance customer service through an image-enabled lockbox processing solution. With a network of redundant lockbox operations centers, CDS Global provided UniSource with timely processing turnaround, an onsite account manager, disaster recovery security and the ability to provide ancillary services and lower transaction costs.

"By outsourcing our remittance processing to CDS Global, we were able to redirect employees toward our core business functions and eliminate the need for additional capital investment for upgraded processing equipment," says Brian Bub, customer service supervisor for TEP, UNS Gas and UNS Electric.

"Additionally," Bub says, "by using CDS Global's data capture technologies, we are able to provide our customer service representatives with more data faster, which enables us to serve our customers much more efficiently and effectively."

### The bottom line

By understanding the client's needs, CDS Global provides the UniSource companies with a solution that helps them achieve their goals of enhanced customer service and faster processing with fewer complications.

# Case Study

# AAA Arizona

"This partnership has helped us accelerate our receivables turnaround, support our internal staff and deliver enhanced services to our members."

- Gary LaPoint, director of Finance for AAA Arizona

## The client

AAA Arizona, a regional branch of the American Automobile Association (AAA), offers emergency relief services to its 650,000 members. The association also provides financing, insurance and credit card services for these members.

## The pain point

AAA Arizona experienced tremendous pressure to contain escalating operations costs, while continually expanding information access and striving to improve the quality of member service. The organization needed a solution to balance these often-conflicting objectives.

## The solution

CDS Global provides AAA Arizona with a complete outsourced data capture solution, including receivables capture, management, archival and delivery services to improve the quality, efficiency and speed of payments processing and enhance access to data on member remittances.

## The result

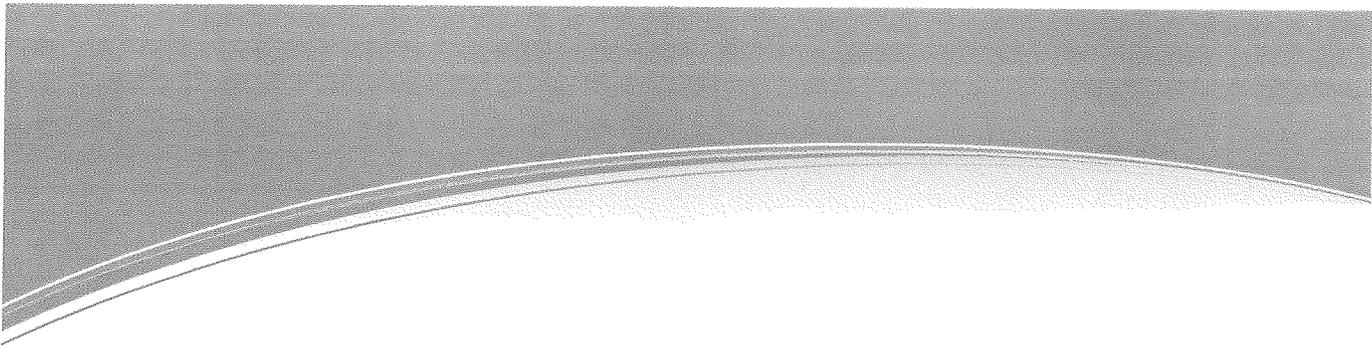
"We selected CDS Global because they uniquely understand image-based receivables processing and the significant contribution business process outsourcing can make to improve and modernize our operations and services," said Gary LaPoint, director of Finance for AAA Arizona. "This partnership has helped us accelerate our receivables turnaround, support our internal staff and deliver enhanced services to our members."

The CDS Global solution allows AAA Arizona to:

- Automate the detection and processing of handwritten messages and selections on member remittances
- Speed turnaround on member remittances by three to five days
- Streamline the processing of check-only transactions
- Leverage image technology for enhanced operations

## The bottom line

The CDS Global strategy helps organizations align IT and operations with enterprise business intelligence needs. Through the use of imaging, character recognition and page scanning technologies, CDS Global enables AAA Arizona to streamline receivables management to create competitive advantages, maximize productivity and minimize costs.



# Data Processing: The Outsourcing Balancing Act

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More organizations review whether outsourcing payments processing and data capture makes sense for them.

**Lesia Brooks**  
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Data Capture Services  
CDS Global



Innovation. Service. Solutions.

Interest has never been higher in outsourcing payments processing to reduce cost, eliminate operations overhead and focus on core competencies.

Proponents call payments outsourcing a tool for reducing costs while enhancing functionality without the capital expense. Skeptics deem outsourcing a means of giving up control over receivables, the lifeblood of a business. Either way, interest has never been higher in outsourcing payments processing to reduce cost, eliminate operations overhead and focus on core competencies. The key for organizations is balancing the pros and cons of outsourcing.

To be sure, outsourcing will be adopted by more organizations to help them work through financial and competitive challenges. Many organizations that are not outsourcing will consider or move aggressively to outsource their IT or business processes to focus on their core business, predicts Stamford, Conn.-based Gartner, Inc. Allie Young, vice president and distinguished analyst at Gartner, notes, "The potential for outsourcing to address immediate cost pressures as well as long-term recovery goals will be unprecedented. However, only organizations that are diligent about understanding and avoiding the pitfalls of cost-focused outsourcing, and that apply business-outcome-focused outsourcing, will be successful."

There are three primary options available to organizations weighing their processing options:

- Manual in-house processing
- Automated in-house processing
- Outsourcing/co-sourcing

### **Manual in-house processing**

Manual in-house processing offers organizations hands-on control (literally!) over their receivables, as well as the ability maintain a local mailing address (key for municipalities).

But manually processing payments in-house is also labor-intensive, not easily scalable and requires day-to-day operations management. For these reasons, fluctuations in mail volumes or unplanned absences by clerical staff can cause delays in posting payments or responding to customer payment inquiries. And making paper deposits, versus image cash letters, slows down the clearing process, in turn decreasing the organization's funds availability (a huge issue in our current economy) and potentially resulting in more checks being returned for non-sufficient funds. Typically, paper deposits also carry higher bank fees. And manual processing environments generally don't offer options for disaster recovery or redundancy. Moreover, in-house payments processing is not a core competency of most businesses.

Outsourcing all or part of your payments volume to a service provider requires no day-to-day operations management and no capital outlay.

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### **Automated in-house processing**

A second option for many organizations is to make ongoing investments in their in-house payments processing infrastructure, including imaging software and hardware. In this scenario, organizations maintain complete control over their receivables handling, keep their local mailing address and gain some efficiencies compared to manual in-house processing. What's more, automated in-house processing offers improvements in functionality, such as electronic archival of payments and related documents, and provides greater scalability.

### **So what's the downside?**

Like manual processing, automated in-house processing requires day-to-day operations management. It doesn't always provide options for disaster recovery or redundancy in the event of hardware downtime or failures. And, it isn't a core competency of most businesses.

But most importantly, automated in-house processing requires a significant upfront capital investment, as well as hefty ongoing expenses for software enhancements and customization, hardware and software replacement, and ongoing software and equipment maintenance. To keep up with evolving payments processing and clearing mechanisms (think: migration from paper check processing to electronic payments), organizations have to be willing to spend a lot of money on their processing infrastructure. Given the current focus on cash preservation and the move toward variable operating expenses, that is hard for most businesses to do.

### **Outsourcing/Co-sourcing**

In contrast to processing payments in-house, either manually or using automated solutions, outsourcing all or part of your payments volume to a service provider requires no day-to-day operations management and no capital outlay or ongoing hardware and software expense. Outsourcing puts the onus on a service provider to build out an infrastructure with the necessary scalability and disaster recovery contingencies, as well as keep up with industry trends and to make the enhancements and software customizations necessary to meet your business requirements. Service providers must also meet your contractual terms for turnaround times, helping ensure optimum funds availability. In addition, most lockbox service providers use electronic check presentment (ECP) for deposits, which potentially increases funds availability, reduces bank fees and decreases the number of checks returned for non-sufficient funds. And some service providers offer advanced functionality, such as secure document image retrieval, data capture and integrated remote deposit capture. Best of all, by outsourcing payments processing, your business can focus on its core competencies.

## Data Processing: The Outsourcing Balancing Act

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Good customer service is no easy feat. It is capital intensive and requires many touch points – including a trend toward real-time, 24/7 service.

Of course, by outsourcing, your organization will give up some control over its receivables processing. And, depending on the geographic footprint of your service provider, you may not be able to maintain your local mailing address for payments. But those tradeoffs might be a small price to pay to eliminate the overhead, cost and hassle of payments processing.

Outsourcing data and payments processing is not a fad where every organization will make the decision to outsource. But it is a viable alternative for organizations stymied by inefficient manual operations or overwhelmed by the open-ended commitment that automated in-house operations require. If organizations are looking to facilitate their growth strategies while reducing operations expense, improving functionality and enhancing service, they'll take a hard look at it.



*Lesla Brooks is general manager, Western Region, for the Data Capture Services at CDS Global, a leading provider of outsourced business solutions to financial institutions, insurance companies, nonprofits, publishers, municipalities, utilities and direct marketers.*

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