

The Death of Post



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Introduction

Changing the way we do things is never easy.

We're all happy to sit in our comfort zone and carry on as we always have. It's the easy route, the line of least resistance. Take our electricity bill for example, we all know we should review our supplier every few years and shop around for the best rates. But it's a boring time consuming task and how often do we do it in practice.

Our business lives are no different, we're so busy fire fighting and solving day to day problems we don't stand back and look forward.

This whitepaper is dedicated to looking at new ways to deliver business documents and challenging the widespread usage of post.

Why is Post Obsolete

Working Smart

The timely delivery of documents is vital to any business, be it an invoice so you are paid on time or an urgent purchase order to buy crucial stock. How many times have you asked the question: "Am I really delivering this document in the most efficient and cost effective way?"

Post is a classic example. It's expensive, slow and sometimes very unreliable. For the receiver, it's no better. Post needs opening, distributing and filing, all of which cost money. We are amazed so many companies still persist in delivering business documents like statements and invoices by post.

Why do we continue to post business documents? Because we always have.

Post is Inefficient and Slow

The pace of business today is fast. If we make an enquiry or an order we expect a fast response. The days when you could respond to a customer query two or three days later are long gone. Email and the mobile phone are the drivers behind the instant communication culture of today.

So it's even more surprising we persist in sending invoices or statements by post. Not only is it expensive, it's slow and unreliable. Even if letters are posted first class, there is still a one in ten chance they'll be late.

Post is Costly

Let's get your attention with some costs:

If a company posts, just 1000 invoices and 500 statements per month, that's a cost of:

$$1500 \times 0.42 \times 12 = \mathbf{£7,560 \text{ per annum}}$$

This calculation assumes a letter costs 42 pence – this covers the stamp, envelope, printing and paper cost, but doesn't include the cost of lost post, the environmental impact and the labour charge. Many companies have staff dedicated to running a mailroom, so if you include their salary it's not unreasonable to double the cost, giving us a grand total of £15,000 per annum.

Any sane Financial Director would surely want to save £15,000 per year off the bottom line.

Post is Environmentally Unsound

Ten years ago we wouldn't even think about the impact of our actions, business or personal, on the environment. However, the new environmental mindset is personal responsibility, if we all make small changes then it adds up to a large scale improvement.

Post is an environmentally unsound method of delivery. Every document we post consumes the following resources:

- paper, stamps and envelopes
- electricity to run the printer
- printer consumables – toner, pick-rollers, fuser units, charge units etc
- electricity to run folding/inserting and franking machines
- energy to run the postal sorting process
- fuel consumed when the postman delivers the mail

The crazy thing is we have other delivery methods which are cheaper, faster and more environmentally sound, so why aren't we using them? In the next section we'll consider what these are.

Delivery Methods

Let's look at the main ways of delivery a business document, such as an invoice:

EDI

Electronic Data Interchange or EDI for short has been with us for many years and most companies adhere to one of the widely used standards such as EDIFACT or TRADACOMS. This approach works well for large retail or distribution companies who have made the investment in EDI (both in terms of translation software and expertise) but falls short for many smaller businesses who can't justify the investment in time, software and the transaction cost (there is a charge for every message sent).

FAX

The fax has been with us for over 20 years and refuses to die, even with the rise of email. It's simple to use, requires virtually no maintenance (no Windows operating system or virus guard updates), provides an instant message and practically every organisation can accept fax messages. In some industries fax remains the kingpin of their day to day communication, whereas in others it's hardly used at all. Compared to email, fax is relatively expensive when you factor in the cost of the telephone call, labour and paper cost – network fax solutions do reduce the latter two but add to the infrastructure cost. Fax is also, relatively poor quality at 200 dpi.

Fax usage will gradually reduce over the next 5 to 10 years but will probably remain in use longer than any of us imagine.

Email

Email is now the number one form of business communication and is routinely used across all type of organization. It's fast, cost effective and environmentally friendly. It does have a cost (the cost of an MS Exchange Server or hosted service etc) but as this is spread across so many areas of the business it is negligible.

Email has a major advantage in that it can deliver many different types of data, e.g. CSV, ASCII text, PDF, HTML or XML. For example, a PDF invoice provides an image representation of the document, whereas XML provides a structured data format which can be imported automatically into another business system

Email is an ideal method to deliver business documents such as invoices and statements but is deemed not secure or robust enough in certain industry sectors. Certainly in the SME market it provides an ideal solution.

Web

We all routinely use the internet and its second nature to search for product or company information over the web. Business to business portals/websites can be an ideal method to make documents available to customers, suppliers or business partners.

This can be a cheap and secure method to deliver documents but can be costly to implement and not all organisations are happy to "pull" a document from a portal rather than having it proactively delivered.

Text Message

SMS text messages are an ideal way to deliver notifications, e.g. we've just dispatched your order to you, but are not suitable for delivering complex documents such as invoices, statements or purchase orders.

A 21st Century Process

A NEW flexible Approach

All the above delivery methods have their place and their associated pros and cons. Ideally we need an intelligent method to collect business documents and selectively deliver in the most suitable format depending on the type of document and the recipient's requirements. Although an electronic delivery method is preferable we mustn't preclude partners or customers which want to stick with post or fax.

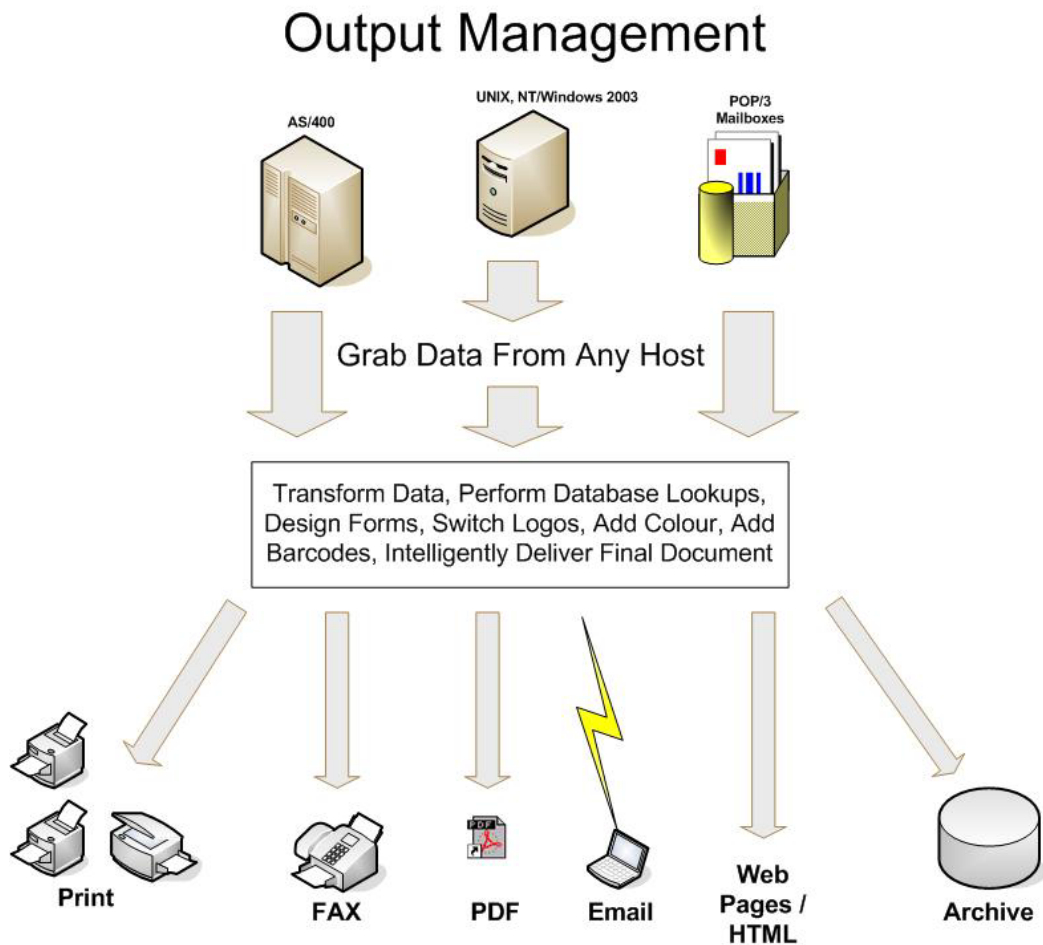


Figure 1.0 Flexible Delivery of Business Documents

E-Billing – What type of document format do I use?

Assuming you have a percentage of customers who will accept an electronic document, e.g. an invoice, what is the best format to deliver the invoice data in?

This depends if you are moving to a true e-commerce type scenario or simply looking to bill your customers more cost effectively. Invoices can be delivered in many formats but most popular would be either Adobe PDF or XML format. PDF is an image representation of the invoice and is best suited to e-Billing, whereas XML is more suited to a true electronic interchange of invoice data. A good starting point is PDF, moving to XML if requested at a later date.

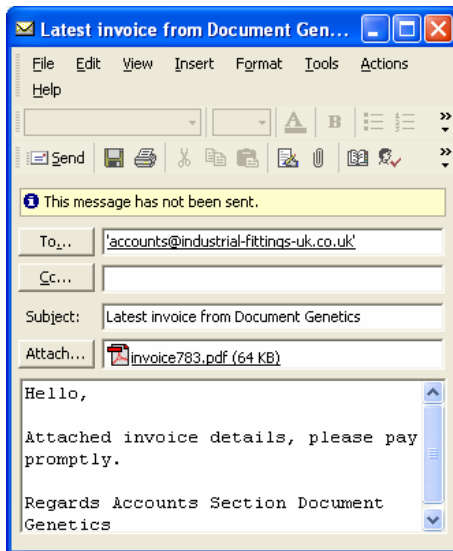


Figure 2.0 Sample Email Invoice

How does it Work?

Very few business systems natively have the ability to deliver a document intelligently via fax, email, print or EDI.

Software solutions exist which take the standard business system data (from Sage to SAP), create and format the document, then deliver as required. Alternatively, hosted solutions are available which provide the same service – in this scenario, you simply deliver the raw data and the service provider delivers the document to the recipient via post, fax email, web, EDI, etc. This solution is particularly attractive where resource is limited and a substantial volume of documents are still delivered via post.

The Next Step

The technology side of e-Billing isn't complex, (as previously discussed) and can be implemented quickly. However, the first thing to do is to talk to your customers in order to find out who is willing to accept an electronic invoice and collect their email addresses/fax numbers. There are two schools of thought here, these being:

- Implement electronic billing by default; don't give your customers any choice. Only send paper invoices if they scream.
- Ask if they would be happy to accept an electronic invoice.

We suggest starting with your largest customers (following the Pareto 80/20 rule), as they are the ones you send the largest proportion of your invoices to.

Once the email addresses or fax numbers have been collected they can be added to your business system, if it has the facility to hold these; or they can be held in a separate look-up table or database (e.g. MS Excel, Access or SQL). Output Management software can then use this information to automatically deliver the document, using perhaps an account number to indicate the delivery mechanism.

Will My Customer Accept an Electronic Invoice?

Given the above example most companies recognise it's worth looking at but often dismiss the idea with the old nutshell, "Our customer simply won't accept an electronic invoice".

It's strange that your customers won't agree to this when we all routinely use the internet and it's very rare we receive only a paper invoice. Have you actually spoken to them recently?

In our experience, when companies ask the question they are surprised by the numbers agreeing to electronic invoicing; we would expect a typical uptake from 50 to 75%. Going back to our example calculation above, that equates to a cost saving of £9,000 per annum based on a 60% uptake rate. Just because you have a few die-hard customers, don't hold your business back based on their reaction. Convert the proactive ones now and move the traditionalists later.

About Document Genetics

Document Genetics is a UK based company providing a comprehensive range of document management solutions. We enable our customers to realize and address the need for a document strategy and help them identify and implement the correct solution.

Whether you need an entire document management system or you have customised needs which encompass elements of Document Genetics' portfolio, we can provide comprehensive solutions for all of your technology needs.

Document Genetics can reduce your company's cost of document distribution and retrieval, and most importantly improve the way you share and deliver information to your customers.

Our customers include companies such as Dreams plc, Medway Ports, Greene King plc, Random House Group, Ryder Logistics, Morphy Richards and software providers such as, XKO and Maxima plc.

We deliver services and solutions to over 150 customers, across a wide-range of sectors, including; manufacturing, telecommunications, government, utilities, transportation, defense, banking, education, finance and pharmaceuticals.