Case Study | Heritage Bank

Banking and Financial Services

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David Johnston,
Business Process Manager at Heritage Bank

Banking on a Better Document System

Challenges:

- Heritage Bank needed to move to a new document handling system to improve its internal loan application processes.
- Heritage wanted to improve productivity for staff so it could deliver a more streamlined service to its clients.
- Heritage Bank also wanted to cut costs by replacing ageing machines with multifunction devices.

Benefits:

- Improved printing and copying.
- Faster, easier scanning improves loan application processes.
- Lower costs and savings in resources.
- Sharing documents with customers is secure and easily performed by email.
- An entry to development of a digital document management system.

Solution:

- Heritage installed an ApeosPort multifunction device in each branch and its head office, with a FujiFilm management service for all machines.

It's a success story that resonates with the Australian penchant for supporting the underdog.

Heritage Bank has long taken on the Big Four banks and won, building a large base of loyal customers over many years. With origins that go back to 1875, Heritage is now the largest customer owned bank in Australia, and is still headquartered in Toowoomba, with branches covering southern Queensland.

Central to Heritage's success has been its customer service, but maintaining that advantage has been tested in the past few years by systems that have not kept up with technology.

FXBC Mid North Coast

FUJIFILM Lexmark

The Business Challenge

Business process manager at Heritage Bank, David Johnston, explained that loan application documents were still being sent by fax to a central office for scrutiny, creating a dilemma for the bank in both lost efficiency and costs incurred.

"We have 61 branches, with our processing offices in Sydney, Melbourne and Brisbane, and our head office in Toowoomba," explained David. "A typical branch had a fax machine with custom firmware. We used those fax machines to fax loan documents into our workflow system for processing. Every branch was doing it, and that was a real problem. Fax machines are quite slow, and many loan documents could go to 50 or 100 pages, so the margin for error through a standard fax machine was very high. Documents were marked with a barcode system for identification."

But that was not the only problem. The bank branches had to contend with multiple machines from numerous manufacturers, with all of them contributing to inefficient practices and high running costs.

> "Every branch also had a printer, and a separate photocopier, and some high volume branches also had a dedicated PC with a scanner for scanning documents into the workflow system"
>
> — David Johnston, Business Process Manager at Heritage Bank

"We had an ageing fleet of all those devices, and we still couldn't scan a document and email it to a customer. We weren't meeting customer expectations, because we couldn't communicate easily with them by email.

"The machines were from multiple vendors, so we had multiple support contracts. The fleet was also inconsistent, so branches didn't have the same machines. When branches were set up or a device broke one of two support teams would organise a replacement.

It would be either our facilities team, which managed photocopiers and fax machines, or our IT team, which managed printers and dedicated scanning terminals. In the early 2000s, when we went from 20 to 60 branches, they were set up with ad hoc device purchases," said David.

All these devices had to be maintained and fed with consumables, which was also done sporadically by each branch.

"Every branch had to look after its own supplies of paper and toner cartridges," added David. "It wasn't uncommon for branches to email each other urgently, asking for particular cartridge types to replace theirs."

Heritage Bank sought advice and went to tender, to rebuild its infrastructure base and transform its document processes.

The Solution

Proposals were received from numerous vendors, most of whom already dealt with the bank. In due course, Heritage Bank decided to accept the proposal. David pointed out why this proposal stood out from its competitors.

"It was an interesting tender because we had several incumbent vendors. There were a couple of things about the tender. One was its professionalism, and the other was the quality of the machines, and the quality of the service that was proposed. It offered a better fleet of better machines, and a better service standard helped to make changes to the fleet."

An ApeosPort-IV 4475 or 4430 multifunction device was installed all 61 branches, and another nine multifunction devices among head office, processing centres and major branch offices.

The Business Centre also initiated a management service for all machines, so that regular maintenance and ongoing consumables supplies are taken care of.

The ApeosPort devices were installed over a period of 12 weeks. A couple of branches were used as "test branches" early, to solve any problems that might arise. Floor space was a problem in a few small branches, but a couple of configurations helped to work around space restrictions.

Benefit: Improved document workflow storage and retrieval

The immediate, and most obvious, impact of the new multifunction devices was the ability to scan documents into the devices and to email them to both processing centres and clients. The bank's document workflow system was retained, but the new devices are able to scan documents directly into it. According to David Johnston, the efficiency dividend in removing the need for faxing every document has been nothing short of revolutionary.

"That workflow system was installed in 2001. We maintain the same workflow system here in head office but we created a new channel for getting documents into it using the FujiFilm machines. We just scan them directly into that system, which is much faster than waiting for faxes. "But there are also fewer errors, fewer missed pages, and the documents are easier to read. So the machines have provided a range of improvements even though we haven't changed our back-end system," he pointed out.

Benefit: Improved reliability

Reliability has been greatly improved, and the time saved by staff has meant large gains in staff productivity. "Given we had two teams of people looking after the original system, now FujiFilm provides a complete management service for us. Having one central person looking after all of that is saving time."

Benefit: Lower operating costs

The reduction in faxing and smoother operations has meant the bank is saving time and resources, and cutting operating costs. "We now have good statistics provided by the FujiFilm on what we use in each branch, and what our forecast volumes are, so it allows us to look for paper volume reductions. We've achieved reductions because we've been able to scan and email documents rather than printing them out and faxing them," said David.

Benefit: Savings in time and resources

"We also quantified our power requirements in our project business case. We are getting a cheaper cost per page than before from our new ApeosPort MFDs. In fact, we estimate we'll save about $350,000 this year through reduced paper consumption, a reduced cost per page from about five cents on average down to about two cents per page, and reduced costs in faxing. There were two costs to us in faxing — one cost from faxing out of a branch and another faxing into our 1800 number. "Productivity is another benefit. Being able to scan documents saves about $70,000 a year, and reduced energy costs are about $10,000 per year." The change in bank operations did not faze staff at all, according to David. In fact, it was welcomed by one and all. "It was a big change for staff, but it was universally loved," he recalls. "There was a pent-up demand for emailing documents to customers. And having the infrastructure now to digitise documents, we can begin to look at developing a system for that.

"Heritage Bank customers can now expect to enjoy faster service, and offer even more competitive products. In fact, they can bank on it."

— David Johnston, Business Process Manager at Heritage Bank