Disability Income Protection Company

Success Story

Insurance

LEXMARK

SUMMARY

Lexmark's unique, phased approach, technology, tools and services help the nation's leader in disability income protection reduce its printer fleet by 40 percent, while speeding up insurance claims and supporting the company's growth strategy with significant bottomline returns.

Disability income protection leader shrinks printer fleet by 40%, reduces costs with Lexmark MFPs

The Organization

With annual revenue exceeding $10 billion and a diversified investment portfolio of $36 billion, the nation's leader in disability income protection offers benefits and services that help people balance their work and personal lives.

The company helps protect its customers' incomes and assets from the financial effects of injury or illness and return to work after an extended absence. The company processes more than 450,000 new disability claims and pays out more than $4 billion in disability-related benefits in the United States and the United Kingdom each year.

The Challenge

The disability income provider had old printers - and a lot of them. The devices were costly to operate and maintain and were slowing down employee response times to customer claims and sales opportunities.

An assessment conducted by Lexmark revealed that they operated 2,200 printers encompassing more than 80 different models from a variety of manufacturers in its five campus locations and 40 field offices.

Purchased over many years and under different acquisition programs, management and maintenance of the aging fleet had become a significant and increasingly expensive undertaking. Though seen as desirable, development of a companywide output strategy simmered on the back burner as corporate resources focused on other essential business projects.

In addition to the printers controlled by the company's IT department, dozens of copiers and fax machines were managed by its facilities group. With so many models, the need to inventory a variety of different toner cartridges tied up about $1 million. Devices, installed where space was available, were not always convenient to users, detracting from productivity. Even sales personnel in the site locations were frustrated as they waited for sales presentations to be printed on slow color printers.

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>
> —IT Operations Systems Project Leader
> Disability Income Protection Company

The company's IT Operations Systems Project Leader recognized that an enormous task – and opportunity – lay ahead. "We didn't know how our existing devices were being used or where many of them were even located," he said.

What he did know was that money could be saved on device optimization alone. Beyond that, he and some of his colleagues recognized the opportunity for even greater gains if they could optimize some of the company's paper-intensive processes too.

For example, claim forms, collected at the regional centers, were sent in hardcopy form via courier to imaging centers where they were scanned and processed into the company's electronic document management system - adding days and cost to an already long and expensive process. Customers were frustrated and employees took the brunt of complaints because of the slow process.

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The company's expense reporting system still required hardcopy documents to be sent to accounts payable for processing which was labor-intensive, required considerable storage space and slowed down payments to employees.

Optimizing the company's devices alone was enough to move development of a corporate-wide output strategy to the front burner and keep it there.

The Solution

As the company was contemplating the replacement of the aging printers, a team of Lexmark insurance industry specialists approached the company with an idea. The idea was simple: allow Lexmark to evaluate the company's current output environment. The company agreed to a limited analysis of its Atlanta field office.

The Lexmark team discovered printers unable to keep up with demand and needing frequent repair, old copiers and fax machines that were no longer in service, and toner cartridges for devices that the company no longer owned.

The report suggested that device replacement coupled with new management techniques and applications would yield considerable savings. In some locations, Lexmark recommended device consolidation, replacing separate printers, copiers and fax machines with one multifunction printer (MFP) designed to perform all three functions.

In other locations, a faster printer could take the place of two, and sometimes three, older, slower ones. Standardization would mean stocking – and keeping track of – fewer toner cartridges. Further, Lexmark suggested that a managed environment, one that proactively addresses issues before they impact users, could provide even more advantages to the company.

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Acting on the proposal recommendations, the disability income provider engaged Lexmark to perform a wider analysis, examining its major operations centers in three other states. Eventually, the project expanded to every location in the United States.

A blueprint for device consolidation and replacement was devised based on input from the company and the on-site field visits. Instances where printers should be relocated to maximize efficiency, or where one centrally located high-capacity MFP could replace several slower ones were noted. The deployment schedule was shaped to accommodate the company's needs, including its desire to phase out fully depreciated units first.

Once the Lexmark MFPs were installed and in use, employees began using the scan capability in creative ways that prompted the company to look at how the Lexmark devices could be leveraged more fully to streamline operations. The claims process, expense reporting and faxing were the first processes that the company reviewed.

As a second phase of the company's output strategy, Lexmark recommended tapping into the power of the MFPs to scan claims at the regional locations, cutting days, inefficiency and substantial cost out of the existing process. In fact, claims were taking nearly three days to get from the regional locations to the imaging centers and into the system to be processed.

In addition, Lexmark recommended reducing the reliance on stand-alone fax machines and, instead, using the fax capability in the Lexmark MFPs to link into the company's RightFax solution for fax distribution. And to address the cumbersome expense process, now expense receipts can easily be captured and routed using the scanner on the Lexmark MFPs.

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> —Vice President of IT
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Customized touch panels on the Lexmark MFPs now give employees easy access to these three processes. Now, employees can walk up to the Lexmark MFP, select the process they want to complete, put the document in the scanner and the required steps happen electronically in the background. These three electronic document routing projects are being piloted now throughout the company with promising results, and the company is eager to deploy them nationwide.

The company's IT department is also benefiting from the managed environment that Lexmark supports on a daily basis for them in the form of on-site personnel, comprehensive software tools and other services.

Lexmark proactively monitors the company's entire network of output devices, effectively tracking device status and conditions and proactively handling issues, such as low toner, before they impact employees.

The Results

The leader in disability income insurance is saving millions of dollars with the new solution. It now operates 40 percent fewer printers than one year ago. Its more than 15,000 daily fax transmissions are now handled through Lexmark MFPs over the company's network rather than via costly analog telephone lines.

The $3 million spent annually on toner has been decreased by more than $1 million. Image capture and document routing has eliminated courier charges and allows the company to make claims decisions sooner, raising customer service levels.

"It used to take two to three days to get claims to the home office in order for important decisions to be made," said the company's Manager of Application Development. "Now, it's two or three minutes."

With help from Lexmark's industry specialists, the company was able to implement a phased output strategy leading to productivity enhancements, improved customer service and considerable cost savings.

"The cost savings we've achieved undoubtedly are a competitive advantage," said the company's Vice President of IT. "And, that has been a key contributor to the company's ability to fuel its growth strategy."

This approach has also given the IT department more information with which to make informed business decisions. Two years ago, printers and other devices were owned and maintained by individual departments. Now, IT owns the devices and charges a monthly, per employee usage fee. The IT department is moving to a model where, ultimately, departments will pay for exactly what each employee prints.

"The power of Lexmark's software and tools has really allowed us to make better business decisions faster," said the Vice President of IT. "Lexmark showed a willingness to partner with us. In every instance, the company would go the extra mile and make modifications to meet our unique requirements."

With the significant results of the deployment of printers and multifunction devices to date, Lexmark and the company have no plans to part ways anytime soon. Both continue to identify unique and creative ways to apply the technology to achieve significant business gains.

"Lexmark is different than other technology vendors," said the Vice President of IT. "Printers are often seen as a commodity item, but this is a company that listens to our needs and gets down in the trenches with us. The value of this relationship is high on our end. We gained all of the benefit we hoped to, and more above that."

Just as the nation's leader in disability insurance protects the incomes and assets of its policyholders, Lexmark works to protect its customers as they invest in an output infrastructure that reduces costs, simplifies management and enhances productivity. And that's a policy that belongs on the front burner.

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