Lexmark

Unum Group

Highlights

Unum's investment in Lexmark products, solutions and services will achieve a 376% ROI in the first three years. Unum will achieve positive net benefits in year one, with net benefits of $6.8 million over three years.

Benefits summary

Altogether, Unum is realizing a substantial payback from its investment in a paperless document management platform supported by Lexmark products, solutions and services. According to the assessment by Mainstay, Unum will reap a 376% ROI in the first three years and achieve positive net benefits in the first year. Over the three-year period, Unum will realize net benefits of $6.8 million, as shown in Figure 1.

Financial benefits

▸ $4.5M in employee productivity optimization

▸ $2.3M in telecommunications cost savings

▸ $1.4M in paper and consumables cost savings

▸ $466K in document storage and transportation savings

Operational benefits

▸ Introduced consistent records retention and archive policies

▸ Improved operational transparency and collaboration

▸ Eliminated time-consuming faxing, increasing productivity and freeing staff to spend more time with customers

▸ Sped up claims processing and other customer services

▸ Substantially reduced carbon footprint, supporting corporate sustainability goals and moving company closer to its goal of a paperless office

"*We wanted to create an output environment that enabled our employees to serve our customers better and support business growth. We were driven to achieve savings, eliminate paper, eliminate frustration for customers and make document processing fast and easy on our staff.*"

Blake Pease
Assistant Vice President, End User Computing and Enterprise
Unum Group

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About Unum Group

Background: Unum is a leading provider of financial protection benefits in the United States and the United Kingdom. Unum's employee benefits portfolio includes disability, life, accident and critical illness insurance, which help protect millions of working people and their families in the event of illness or injury. In 2012, Unum reported $10.5 billion in revenue and employed about 10,000 individuals worldwide. Headquartered in Chattanooga, Tenn., Unum is the market leader in both group and individual disability insurance in the U.S. Unum has major locations in Glendale, Calif., Portland, Maine, and Worcester, Mass., in addition to its 35 other U.S. field locations, and its Colonial Life business in Columbia, S.C.

Total revenue: $10.5 billion (2012)

Location: Chattanooga, Tenn.

MAINSTAY

Executive summary

In a major initiative to reduce paper, return hours and minutes to employees, control costs and improve customer service, insurance leader Unum partnered with Lexmark to build one of the most efficient document-management platforms in the industry. The project enabled Unum to replace its paper-intensive policy and claims management systems with an online platform that scans incoming documents, launches automated workflows, and gives employees fast, secure online access to customer documents from their desktop computers.

Based on an assessment by industry consultant Mainstay, Unum's investment in the solution will generate a range of financial and operational benefits. To date, the investment has established a standardized, optimized and fully networked output infrastructure of Lexmark multifunction products (MFPs) across all U.S. locations that is managed and maintained by Lexmark. Customized software applications running on the Lexmark MFPs have turned paper-based processes into electronic document workflows that have reduced printing and faxing costs, minimized expenditures on filing and storage space, boosted employee productivity and sped up claims processing and other customer services.

Altogether, Unum is realizing a substantial payback from its investment in an automated document management platform enabled by Lexmark MFPs, solutions and managed print services. According to the assessment by Mainstay, Unum will reap a 376% ROI in the first three years and achieve positive net benefits in the first year. Over the three-year period, Unum will realize net benefits of $6.8 million (Figure 1).
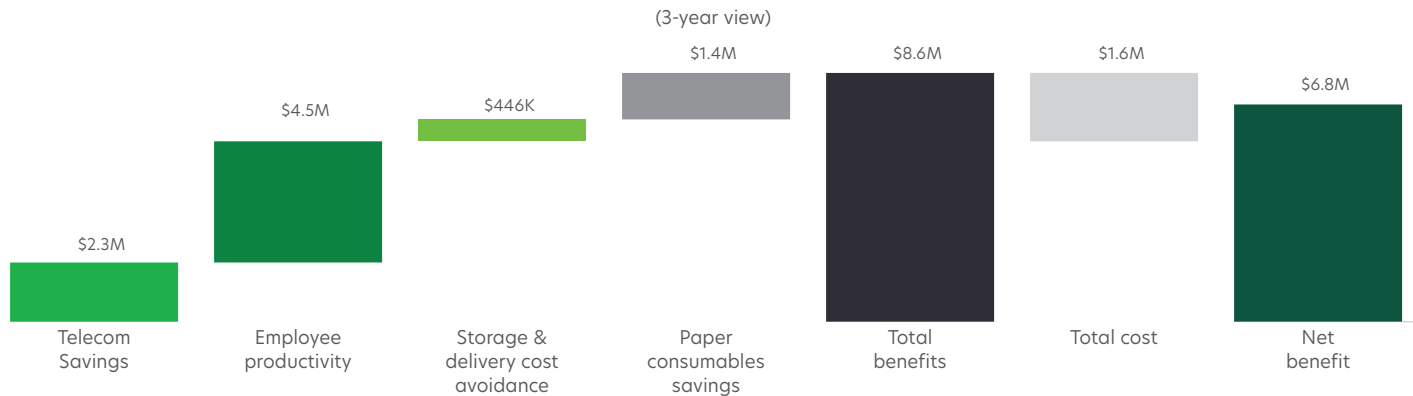
"The Lexmark suite has become such an integral part of our day-to-day business such that our users depend on it and rely on it for practically everything they do … We also now have a strategic partner that will be with us for the long haul."

Russell Dover
Systems Manager III
Unum Group

Figure 1

Total cost and benefits by category

(3-year view)

Telecom Savings	Employee productivity	Storage & delivery cost avoidance	Paper consumables savings	Total benefits	Total cost	Net benefit
$2.3M	$4.5M	$446K	$1.4M	$8.6M	$1.6M	$6.8M

Challenge

Unum is a leading provider of financial protection benefits through the workplace. The group disability insurance leader in the U.S. for 37 years, Unum's portfolio of financial protection products also includes life, accident and critical illness, which help protect millions of working people and their families in the event of an illness or injury. In 2012, Unum paid $5.5 billion in benefits to nearly 490,000 individuals and their families.

More than 10,000 employees work for the insurer, which has 39 locations—four major operations centers and 35 field offices—in the U.S. Its revenue consistently exceeds $10 billion, and in 2013, the company ranked No. 257 on the Fortune 500 list.

An abundance of paperwork has always been part and parcel of the insurance business—and for years Unum was no exception. Every year the insurer created, handled and stored millions of paper documents as part of long-established routines for setting up customer accounts, processing claims, issuing business reports and more. The company owned fleets of printers, copiers and fax machines to feed the paper flow, maintained sprawling filing systems to keep track of accounts and claims, and paid for warehouse space to store old and obsolete files.

Maintaining Unum's paper-intensive infrastructure wasn't cheap. An assessment conducted by Lexmark revealed that the company originally operated 2,200 printers encompassing more than 80 different models from a variety of manufacturers.

Purchased over many years and under different acquisition programs, management and maintenance of the aging fleet had become a significant and increasingly expensive undertaking. For example, the company's fleet of 300 fax machines processed more than six million faxes a year at an average cost of 45 cents per fax. The fax machines, printers and copiers needed constant servicing, including ongoing replenishment of paper, toner and other consumables. Some offices had as many as 23 different devices, including different makes and models that all had unique maintenance schedules and replenishment requirements.

The paper-intensive system was costly in other ways. Employees wasted a lot of time waiting over fax machines to confirm transmissions, or retrieving files from the back office, a co-worker's desk or an off-site warehouse. More time and resources were spent creating copies of files and shipping them to and from field offices. All of this created a significant barrier to growth and contributed to delays in the company's core business, placing an upper limit on how fast it could serve customers and partners.

Figure 2

Net cumulative benefits from Unum's investment
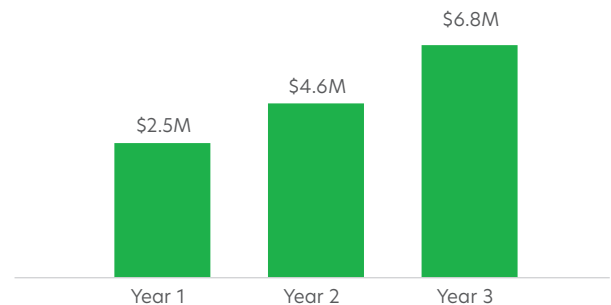
Solution

Unum began looking at ways to reduce the amount of paper it generated—and the expense and inefficiencies that go along with it—and take greater advantage of new technologies for electronic document management.

"We wanted to create an output environment that enabled our employees to serve our customers better and support business growth. We were driven to achieve savings, eliminate paper, eliminate frustration for customers, and make document processing fast and easy on our staff," said Blake Pease, assistant vice president, end user computing and enterprise infrastructure architecture at Unum.

Unum started by standardizing and optimizing its entire output infrastructure with Lexmark MFPs that are connected to the Unum network and proactively monitored and maintained by Lexmark as part of a managed print services agreement.

"We were looking to solve the problem of separate printers, copiers, faxes and scanners, and all the maintenance around that," Pease said. "Ultimately, our goal was to standardize on one multifunction device platform that would be consistent throughout our locations."

This approach allowed Unum to retire about 300 single-purpose fax machines and more than 150 printers, including a menagerie of device types and models from dozens of manufacturers.

Now, Unum operates the same MFPs in all of its U.S. offices, giving employees a consistent user experience regardless of location. In addition, all of Unum's MFPs are visible on the network and are constantly monitored and maintained by Lexmark—either remotely or onsite.

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Unum's IT department is also benefiting from the managed environment that Lexmark supports on a daily basis.

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 number of printer-related help desk tickets is down, freeing up IT resources to focus on other projects.

Unum has further reduced costs and relieved the employee burden of toner replenishment with Lexmark's proactive consumables management (PCM). Instead of preordering and stockpiling toner cartridges in storage closets for all of its makes and models, the new Lexmark MFPs trigger an alert when toner gets low so that an order for a new toner cartridge is automatically placed and shipped to the location of that specific MFP. Staff is no longer tasked with ordering and keeping track of toner supplies and closet space has been reclaimed for other business needs. The new approach is also freeing up expense that was previously spent on toner purchased earlier than necessary.

Once Unum had standardized its output equipment from headquarters to field offices, the company enabled custom workflow applications on the MFPs that integrate with its core business applications.

Together with Lexmark, Unum developers wrote custom Java scripts for many of its core business applications using the embedded software on the Lexmark MFPs.

Now, Unum employees can access more than 30 critical business processes directly from the eTask touch screen interface on the Lexmark MFPs. Employees can walk up to any Lexmark MFP, select the process they want to complete, put the document in the scanner, follow the onscreen prompts and the required steps happen automatically in the background.

The automated approach is eliminating the need to fax documents, courier or mail them between offices and it's freeing up a great deal of square footage previously spent on hardcopy document storage.

The first such automation project involved scanning thousands of paper-based customer files that were stored in the company's 35 field offices. Each file was scanned on a MFP at the field office, converted to an electronic image and then routed automatically to a server at Unum headquarters. Unum designed and built the new system, called Enterprise Data Search (EDS), in close partnership with Lexmark, and began rolling out the EDS system at its San Francisco office in 2009.

The EDS project involved scanning millions of existing files into the system and creating a flexible process for accessing and sharing customer files online from a central repository.

"We wanted to convert paper documents to electronic form so we could free up office space, keep the files intact and make them universally available from any location instantly and at any time," said Russell Dover, systems manager III for Unum.

The approach is also helping Unum ensure that its employees have access to accurate customer information at any time and from any location.

"Enterprise Document Search will allow for a single policy file where previously there had been multiple copies for different locations," said Kathy Friend, co-project manager, enterprise document search.

The company also leverages Lexmark MFPs to streamline claims processes, an area that has direct bearing on customer satisfaction. With the new system, employees can scan a claim document at any Lexmark device, right from the field office, and the MFP automatically prompts for the policy number and claimant information. This has enhanced both efficiency and security.

"By asking the employee to confirm the information at that time, the document gets automatically routed to the right specialist instead of going to an intake queue," Dover noted.

Among other system innovations, Unum now routes all faxes through the company's network to a central point that keeps internal company faxes within the network while using a single queue for external faxes.

Results

$1.5M in annual employee productivity optimization

Since moving to the automated approach with Lexmark MFPs, Unum has seen staff productivity surge. Significant efficiency gains were realized by virtually eliminating interoffice fax transmissions, which previously consumed hours of staff time each week, with employees waiting an average of 20-30 minutes to make sure each document (averaging 25-45 pages) was successfully faxed.

"With 35 field offices and about 25 employees per office, that's a lot of lost time waiting for a successful transmission confirmation," Dover said. "And that's also a lot of time away from servicing our customers," he continued. "In our business, customer satisfaction is a major competitive differentiator."

Today, Unum employees can view digital images of a document in less than a second from their computer, all but eliminating long waits at the fax machine.

The online file management system also means that employees spend less time creating and sorting through physical files—about 25 minutes less per file, according to the assessment—and overall, field offices need to maintain about 40% fewer files.

All of this enables the Unum staff to shift from shuffling physical files to focusing on customer service.

$465K in annual paper and consumables cost savings

The move to Lexmark's MFPs and a managed print services program is helping Unum cut printing volumes and save on purchases of consumables by an estimated $465K a year. A large part of the paper savings comes from the Lexmark's Print Release solution, which queues print jobs on the network and only "releases" jobs for printing when users swipe their badge at a Lexmark device. The solution eliminates the time gap between printing and pickup, and ensures that forgotten print jobs do not pile up. Abandoned print jobs are eventually deleted from the system, saving paper and toner.

Unum gains additional savings from Lexmark's streamlined, waste-free system for replenishing toner. Instead of leaving toner replacement to Unum staff, Lexmark automatically tracks toner levels through its Web portal and ships replenishments when needed, eliminating the need to keep a running inventory or store toner onsite.

Unum administrators receive emails when the toner is low and when a replacement unit has been shipped. "It's a clear and simple system," Pease said. "It has relieved a lot of administrative assistants from having to stop their work and order or replace toner."

The support services that come with the new solution go beyond efficient toner management. The Lexmark service contract also includes engineering support, onsite Lexmark technicians and print kits for new product launches.

$750K annual telecommunications cost savings

In a typical year, Unum would send more than six million faxes, with 700,000 to one million of them exchanged internally between Unum offices—a process that required using analog phone lines at a cost of about 45 cents per fax. By scanning and sharing documents online as part of its EDS program, Unum eliminated the need for internal faxes. As a direct result, Unum is saving an estimated $750K per year in analog phone-line charges.[1]

$155K annual document storage and transportation cost avoidance

Before Unum launched this initiative, the company was archiving and storing a huge volume of paper files. Often the company held copies of documents in multiple places—at headquarters and in field offices—and shuttled copies between offices using costly courier services.

Today the situation has radically changed. In fact, the company scanned five to seven million documents weekly from paper to electronic format over a 16-month period, ultimately moving more than 250 million documents online.

With virtually all of its business files available online, Unum was able to phase out several large document-storage warehouses and clear out file-storage shelves and cabinets at numerous offices. Moreover, it has largely discontinued the practice of copying documents and using

couriers to ship paper files around the company. Overall, the new approach is saving an estimated $155K per year in combined document storage and delivery costs, according to the assessment.

Unum is expected to reap additional benefits from a corporate program aimed at renegotiating the space requirements of 14 field offices, which will save more than $400K in annual rent expense. The lease renegotiations were partly facilitated by the elimination of about 5,000 sq. ft. of floor space formerly used to store paper files.

Smarter asset management

Unum's switch to a streamlined fleet of Lexmark MFPs enabled Unum to retire 300 aging, single function fax machines scattered across dozens of offices, saving additional maintenance and repair costs.

In the past, individual field offices had anywhere from five to six printers, six fax machines, 10 copiers and one MFP on hand. "We now have a fully developed asset-management lifecycle plan, with the right software and right devices in the appropriate locations," Pease said.

Accelerated processes, more focus on customers

The company's online document-management platform gives employees access to documents in an instant, accelerating a range of business processes at the company. "A Unum representative can view an image on his or her desktop, anywhere in the company, in a half-second," Dover said. "In the past, that document would have taken 30 minutes to fax or 24 hours to deliver." The routine for sharing documents with coworkers is both easy and exponentially faster, taking just 10-12 minutes today compared to the 12-24 hours it used to take to physically ship files (Figure 3).

Figure 3

Faster document sharing

Historically	18 hours
Lexmark enabled environment	12 minutes

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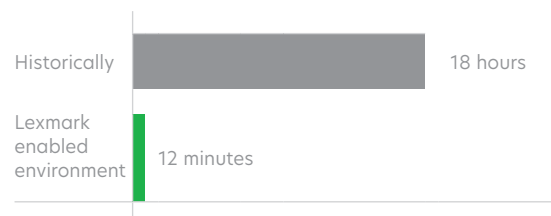
[1] Even when internal fax transmissions are occasionally still needed, Unum can use its Lexmark MFPs to fax documents over the company's data network and avoid analog telecom charges.

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Faster access to files leads to faster decision making and fewer missed business opportunities, Unum executives said. More critically, it speeds core business tasks such as claims processing. The new platform does this by routing documents electronically while simultaneously ensuring quality control. Automated questions—prompted by the Lexmark devices during the scanning proces—validate key information and ensure that claims information is being accurately entered and routed. "All this has had a significant and positive impact on the customer," Dover noted.

The e-system for document archiving and storage also helps the company comply with new, more stringent regulations on data retention. "We now have zero lost documents or documents being kept past their retention date," Friend said. Systematically deleting obsolete files also helps preserve space on the company's servers for active business.

Going green

By printing, shipping and storing less paper, Unum reduced its carbon footprint substantially. Lexmark's MFPs are also among the most energy efficient on the market and come with auto-shutdown and other technologies to reduce energy consumption, Since 2009 (a year before installing the paper-reducing platform), Unum has seen its annual paper consumption drop by 25%, and its production of greenhouse gas emissions fall by 25% as shown in Figure 4.

Figure 4

Environmental savings

	2009	2010	2011	2012
Wood use (number of trees)	11,362	10,226	9,845	8,567
Energy use(homes/year equivalent)	169	152	147	128
Green house gas emissions (cars per year equivalent)	241	217	209	182

Environmental impact estimates were made using the Environmental Paper Network Paper Calculator Version 3.2. For more information visit www. papercalculator.org.

Future plans

Going forward, the company wants to leverage its investment for even greater savings and efficiency gains. "Our goal is no copiers, no fax machines and no analog telephone lines," Dover said.

Beyond this, the company sees the move as an insurance policy for its own growth and operations, ushering in a leaner, greener and more competitive era.

"Lexmark has been extremely willing to sit down with us and listen to what our needs are and what our vision is—and then go back and get the right people to come and help us achieve it," Dover said.

About this ROI and business benefits assessment

Research and analysis for this business impact study was conducted by Mainstay, an independent consulting firm and was based on interviews with officials at Unum and Lexmark and searches of industry literature. ROI calculations use industry-standard assumptions regarding the time value of money.

Mainstay is the leading provider of independent value assessment and IT strategy services. For more information, please visit www.mainstaycompany.com. Information contained in this business impact study has been obtained from sources considered reliable but is not warranted by Mainstay.

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