Trends in Customer Communication Archiving

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Process used and survey demographics

The survey results quoted in this report are taken from a survey carried out in April of 2014, with 233 responses from individual members of the AIIM community surveyed using a web-based tool. Invitations to take the survey were sent via email to a selection of AIIM's 80,000 registered individuals. 72% of the respondents are from North America and 17% from Europe. They cover a representative spread of financial and insurance industry sectors. Results from organizations of less than 11 employees have not been included, bringing the total respondents to 226.

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Introduction

Customer communications are fundamental to companies of all sizes. They provide a critical means of communicating money owed, account history, case updates, special offers and many other kinds of marketing and transactional detail to customers. However, the market is changing and there is a seismic shift in the way companies communicate with customers. It is no surprise to learn that the web and electronic delivery are at the center of this change. Effective digital delivery of customer communications is essential in order to compete with those who already leverage digital channels extensively, but unfortunately in many cases these processes are still dealt with in an ad hoc way.

Storing and presenting transactional customer communications may be a necessity, but effectiveness in doing so varies widely. The core technology of customer communications archiving has changed greatly over the last 20 years and for most companies is maintained by a complex web of systems that must accommodate the output from legacy systems as well as new ones. As a result the cost of customer correspondence services varies widely, and by no means are all companies getting all of the financial benefits of moving to digital communication that they should.

In this report we look at organizational, business process, and technology problems associated with customer correspondence archiving, the issues that users consider to be a priority, and the benefits they have achieved from any rationalization of their output mechanisms. The report provides recommendations on how to evaluate and proceed with investments in digital archives.

Key Findings

- **Statements and invoices are by far the heaviest form of outbound communications at 68%.** Newsletters, and sales and marketing materials closely follow, with half or more of outbound correspondence being personalized (36%).

- **Archiving of outbound customer correspondence is done by 39% of respondent organizations.** More than one-third of organizations archive selectively while 9% do not archive at all.

- **Respondents cite that Electronic Records Management (ERM) at 21%, and Enterprise Content Management (ECM) systems at 18%, are used for output archive.** 34% indicate output archive is done in an ad hoc manner, which could span across systems, and shared drives.

- **Historical record-keeping (56%) is the top business driver for outbound communications archiving while legal and regulatory compliance follow closely at 54% and 49% respectively.** Historical records, unlike those retained for compliance reasons, hold the value of historical data or reference used for research of client activity, for trend analysis, and other business related research activities.

- **More than one-third of organizations have no person or role responsible for outbound archiving, while 22% expect departmental staff to be responsible and 14% place the responsibility with IT.** Administrative and customer service staff are found to be the primary users of outbound archives followed closely by sales, marketing and records managers.

- **44% of organizations archive exact facsimiles of customer correspondence while 18% archive variations.** 36% indicate they have a combined physical and digital archive solution while 46% indicated they do not have a combined solution.

- **The greatest percentages of customer communications are generated by line of business applications (40%), with 50% of it in digital form.** This is especially true of customer communications coming from those in the finance and government sectors. This is followed by email and social response, and user-generated documents respectively.

- **For 40% of organizations, search across multiple archives is frequent while an additional 37% indicate multiple archive searches occur sometimes.** This indicates isolated repositories and lack of integration between them.

- **58% indicate that 5% or more of their time is spent searching for customer correspondence while 16% indicate that search takes more than 20% of their time.** Retrieval times for physical archives averages 19.8 minutes while astonishingly, digital archive retrieval averages 11.6 minutes. The 23% who still need to access the complete spool file for individual retrievals undoubtedly influences this.

- **Customer retrievals run at a rate of more than 1,000 per month according to 46% of respondents yet only 32% indicate online access is available to their customers.** 53% cite online access is not yet available to their customers indicating that customer related retrievals are a manual process.

- **20% of respondents indicate that employees are making more than 1,000 retrievals per day.** 40% cite more than 100 retrievals per day per employee.

- **The number of documents stored in an archive ranges from 1 million (39%) to 10 million or more (28%), to the high end of more than 50 million (10%).** Retention policies are "sometimes applied" by 25% of respondents while 26% indicate no retention policies are applied at all.

- **57% cite they have a custom/in-house solution with 78% indicating their solution is on-premise.** 38% indicate they plan to replace their current solution within the next 5 years while 41% hope they never have to.

- **PDF is still the most popular format of choice for long term preservation while 32% indicate use of PDF/A and only 3% PDF/UA – accessible.** 40% indicate the use of raw TIFF, and 34% indicate use of native file formats.

Organization

It is no surprise that statements and invoices still make up the heaviest form of outbound customer communications at 68%, as this is the transactional side of the business with a direct impact on cash flow. Newsletters, and sales and marketing materials follow closely at 55% and 54% respectively, representing the promotional side of the business, while applications and information requests, and corporate information tied at 48% each perhaps representing lead response.

Figure 1: What types of outbound customer communications does your organization produce and send to customers? (N=226)
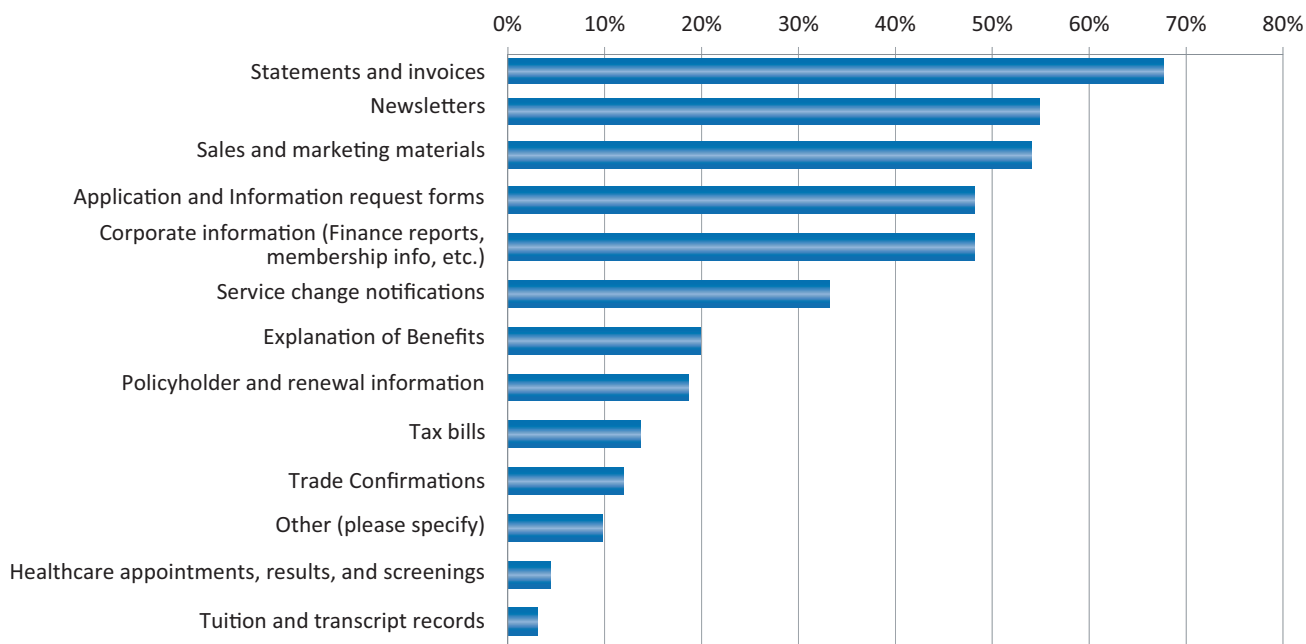
Personalization of outbound correspondence has been on the rise for several years and has become expected by consumers. In particular, newsletters, and sales and marketing materials are the most commonly personalized. By implication, a large proportion of outbound correspondence is identifiable to an individual. 36% of respondents indicate that half or more of their outbound correspondence is personalized while only 18% indicate they do little in the way of personalization.

Figure 2: What do you estimate is the percentage of outbound correspondence that is personalized? *(N=228)*
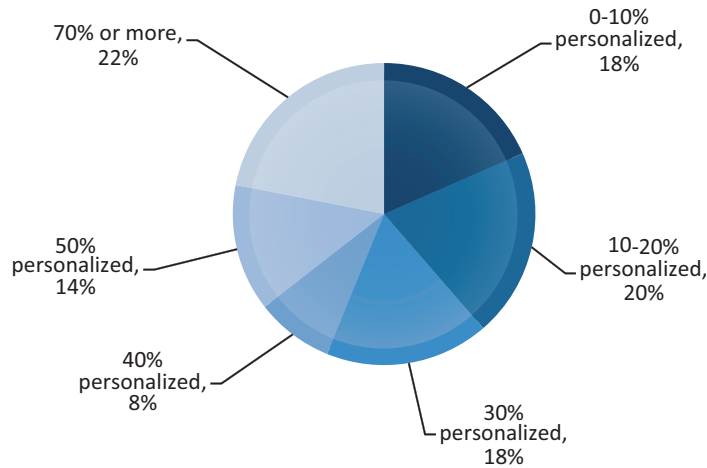

We asked our respondents about archiving customer communications. It is interesting that 37% indicate selective archival; this could be an indication of records management practices focused on maintaining certain items for compliance and elimination of information that is of no value or relevance. 39% of respondents indicate they do archive customer correspondence while only 9% indicate the do not.

When asked to describe their outbound archive system, it is of no surprise that 34% describe their archive system as ad hoc. Many organizations are just now realizing the importance of true governance over their information assets, and the need to migrate from the digital landfills created across shared drives to dedicated systems. It's likely that the outbound archive would be the last to be dealt with as 14% of 100-500 employee organizations still rely on paper files.

While "ad hoc" could represent a mix of shared drives and designated systems, it is interesting that more than 21% indicate archive systems as part of a records management system with 18% indicating it is part of an ECM system.

Figure 3: How would you describe your outbound archive system? *(N=229)*
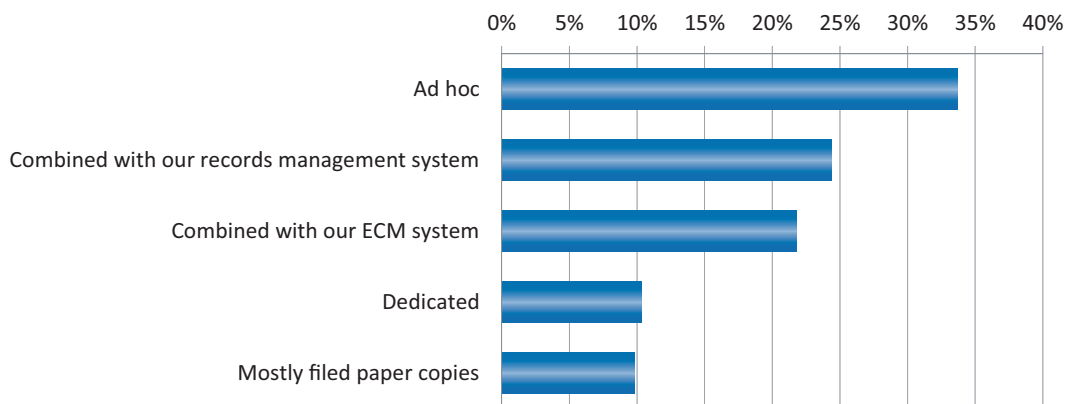
This leads to the discussion about why organizations choose to archive their outbound customer communications. While historical record keeping is in the number one position at 56%, compliance remains a key driver with legal compliance weighing in at 54% and regulatory compliance at 49%.

Historical records are typically retained for the value of their information and may not fall under the guidelines of those retained under regulatory or legal mandates. This information may include customer related issue resolutions from customer service calls, and correspondence between customer and company representatives, etc. that has value. Indications here reflect that the 56% citing historical record- keeping as a key reason for archiving customer communications, find value in keeping this information for future reference or research purposes as opposed to information that is archived to maintain legal and regulatory compliance.

Figure 4: Why does your organization archive outbound customer communications? *(N=220)*
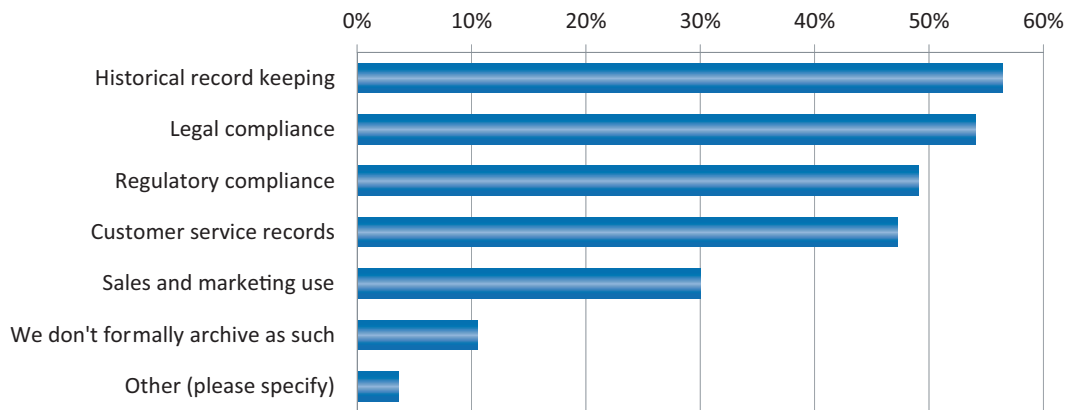
So now that we know why organizations archive their customer communications, the obvious question to ask next is about roles and responsibilities in relation to archiving customer correspondence. 36% of respondents indicate there is no specific role or person responsible for archiving. 22% indicate that all departmental employees are expected to take ownership of their own records – this is especially true in the government and finance sectors operating under strict regulatory guidelines - while only 14% of respondents indicate having dedicated persons responsible.

Where it becomes an interesting discussion is that 14% indicate IT is held responsible for archiving outbound customer communications. While IT are certainly the right focus to manage and maintain the infrastructure for archiving digital information, the question here is one of IT being the right focus for archiving business communications that are not IT related.

The need and responsibility to archive outbound customer communications should be with the business unit. It is here that the decision of who is responsible for archiving resides and the development of business requirements to support this activity. However, if responsibility resides within departments, the opportunity to rationalize the mechanisms is likely to be missed compared to a more coordinated IT initiative. Outbound customer correspondence archiving should be viewed as a team effort in that IT is there to support the business in selection, implementation, and maintenance of the infrastructure, while the business unit is responsible to establish the policies, procedures, roles and responsibilities.

Figure 5: Who in your organization (role) is responsible for archiving outbound customer correspondence? *(N=223)*
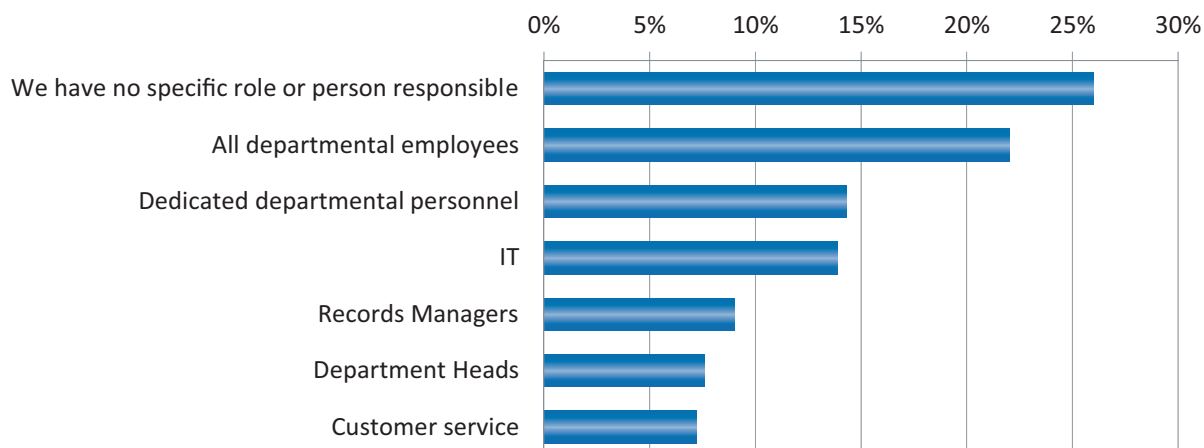
Business Process

When addressing the lifecycle of customer-related content, process must also be a consideration, as there are related costs associated with the business processes as well as the content. These are not only related to archiving but also distribution, print being one form of this. When asked about annual budgets for printing, we find that the average budget is $5.8M with an annual print archiving budget averaging $1.2M. When we asked about annual budgeting for online access to print archives, the average is a mere $623k.

This is somewhat surprising given that when asked how customer communications are generated, an average of 43% indicated it is done by their line of business applications, 30% indicate document generation through office productivity applications, and 32% by email and/or social media. All of which these days, is digital.

When asked what proportion of customer communications is digital, paper, or both, 50% indicate purely digital, 25% indicate paper only, with the remainder indicating a mix. If all customer communications are created or generated digitally, sometimes referred to as digitally born, what is the underlying reason for producing physical materials and not emphasizing on-line access? The real question here is one of how soon they can move the majority of their customers over to online or digital documentation. Often it is an issue of regulatory or contractual requirements, frequently driven by the need for physical signatures that hinders progress in this area.

Regarding how they archive customer communications, 44% indicate they archive an exact facsimile while 16% indicate they archive a variation of the materials. It is no surprise that 40% indicate they do not know due to the high number of the respondents who indicated they have no one responsible for archiving.

Figure 6: Do you archive an exact facsimile of the outbound customer correspondence or a variation? (N=166)
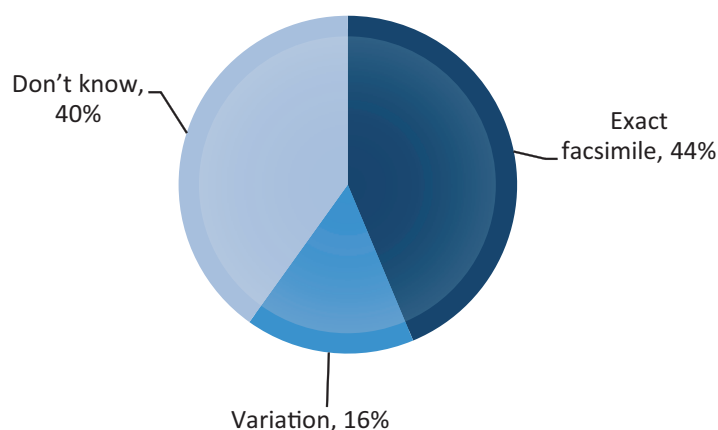

Looking at how digital customer correspondence is stored, 75% of respondents indicate they use PDF for long term archiving, accepted in government as a standard, while only 32% use PDF/A – the long term archiving format standardized in 2005 - or PDF/UA (3%) – the universal accessibility format standardized in 2012 . Raw TIFF is used by 40%, which although it is a robust format, provides little help for indexing and search. 34% indicate they are using native file formats for long term archiving, which could be the result of using email and email attachments for correspondence. This of course presents a challenge for the future in relation to accessibility of the native files, availability of applications to access them, and technical support for the software.

Figure 7: Which formats do you use for long term archiving? *(N=76)*
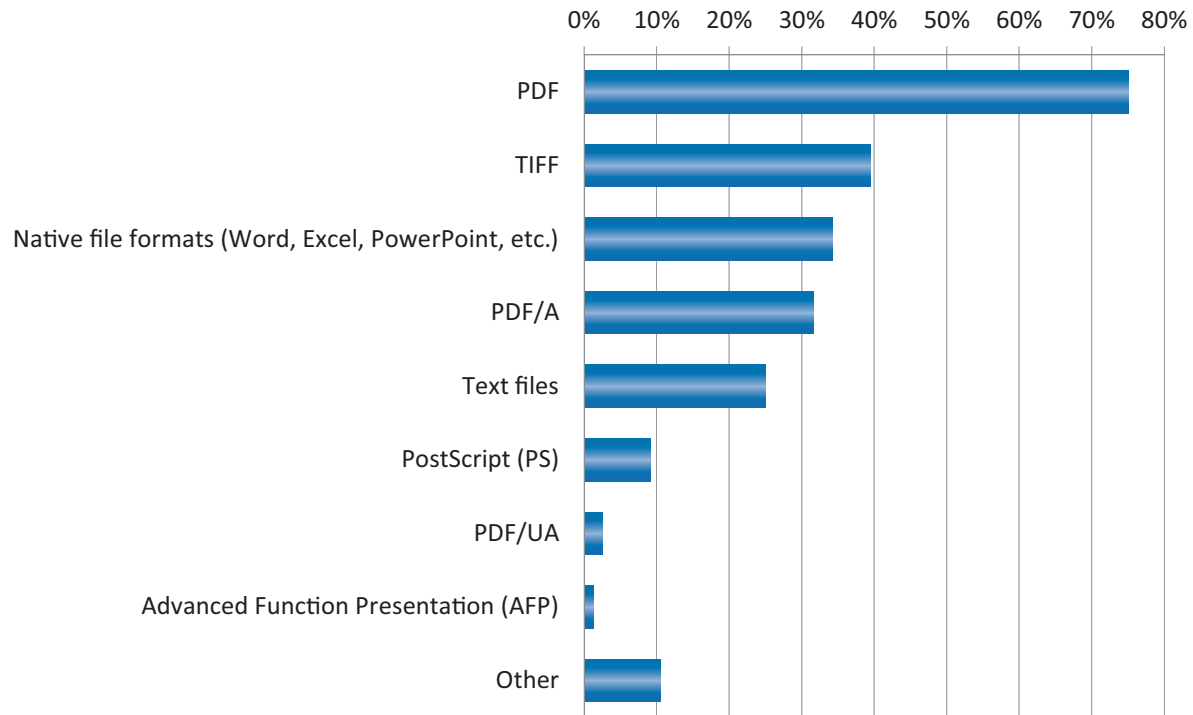
Since outbound customer correspondence can be both digital and physical, the type of archive management solution used can vary. When asked about the type of archive solution in place, 33% indicate they have a combined physical and digital solution while 46% indicate they do not. 23% indicate everything is stored in one place while 40% of the respondents indicate they have to search multiple archives, and 37% indicate search across multiple archives is required sometimes.

Knowing that search occurs across multiple archives, the obvious question is how many archive are there? Interestingly, while it appears there is a close balance between the number of physical and digital archives in the 2 – 5 range, there is a marked increase of digital over physical. This balance between digital and physical may be an indication of a combined storage technique using digital as the day-to-day, or working copy, and paper as the actual archive – quite frequently under the mistaken belief that scanned images are not legally admissible.

Figure 8: How many separate archives do you have containing outbound customer communications? *(N=149)*
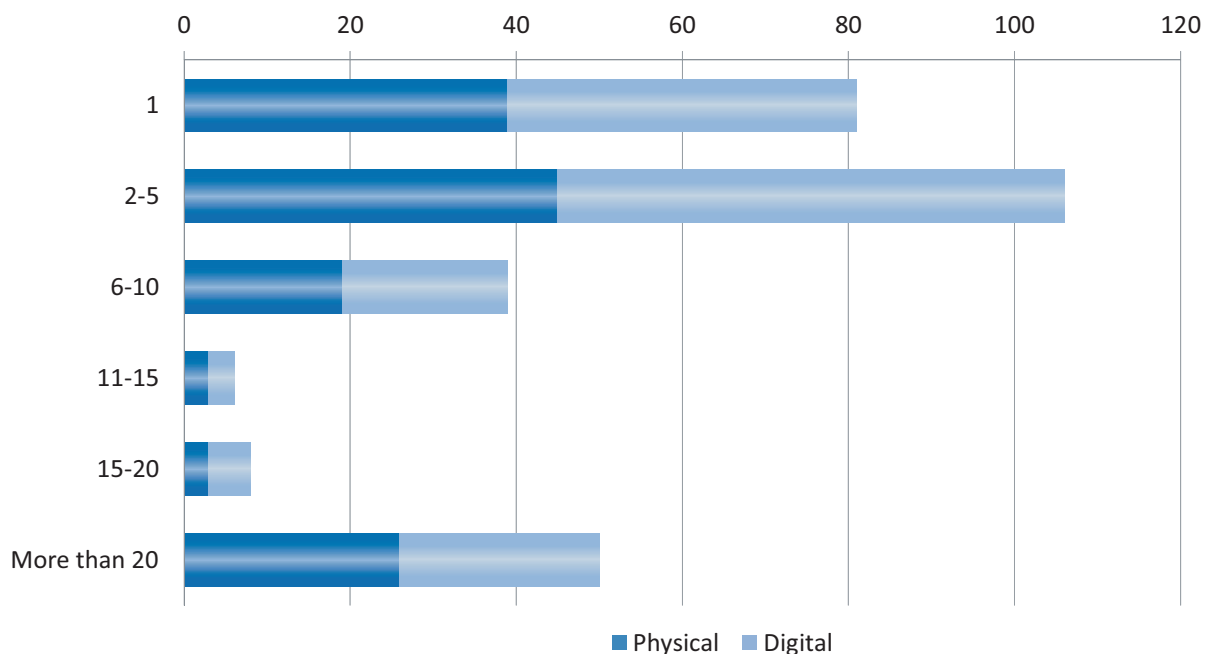
So with search occurring across multiple archives, it stands to reason that the time to access customer correspondence will be significant. Accessing information from physical archives is taking an average of 19.8 minutes and longer for offsite storage, while digital is astonishingly long at an average of 11.6 minutes. This likely reflects a combination of searching across disparate systems that possibly require technical help, and recovering single files from long spool files most likely on tape - though 77% indicate they can pull up individual documents without the need to spool.

The time it takes to access files is a significant factor, but still does not give a clear picture of the impact it has, until the amount of time staff time spend searching is known. Here, 58% of the respondents indicate they spend 5% or more of their time searching for customer correspondence while for 16%, more than half of their time is spent searching.

Figure 9: What would you estimate is the percentage of staff time, in your business unit, spent searching for customer correspondence? *(N=149)*
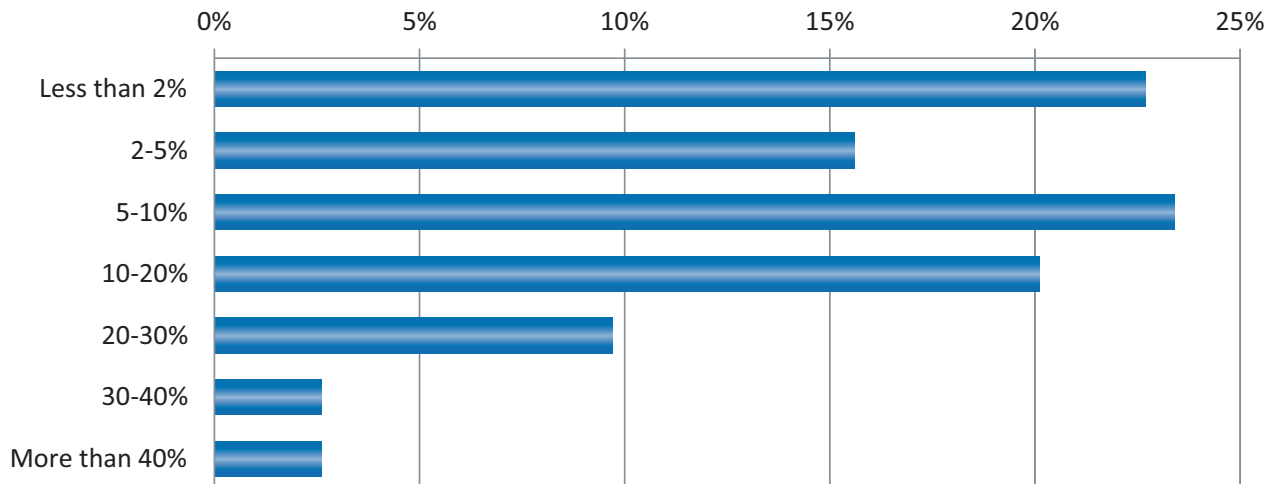
Customer Retrievals

Given the nature of multiple archives to search, the discussion now turns to the customer. 32% of respondents indicate that their customers have online access to customer correspondence while 53% indicate they have no online access. When asked about the number of retrievals serviced by their online portals each month, 46% indicate that their customers make more than one thousand per month – a considerable saving if these otherwise had to be managed by in-house staff. Given the amount of time spent searching and accessing this information, costs can run high just to manage this business activity.

Figure 10: How many document retrievals do you estimate your customers make each month? *(N=54)*
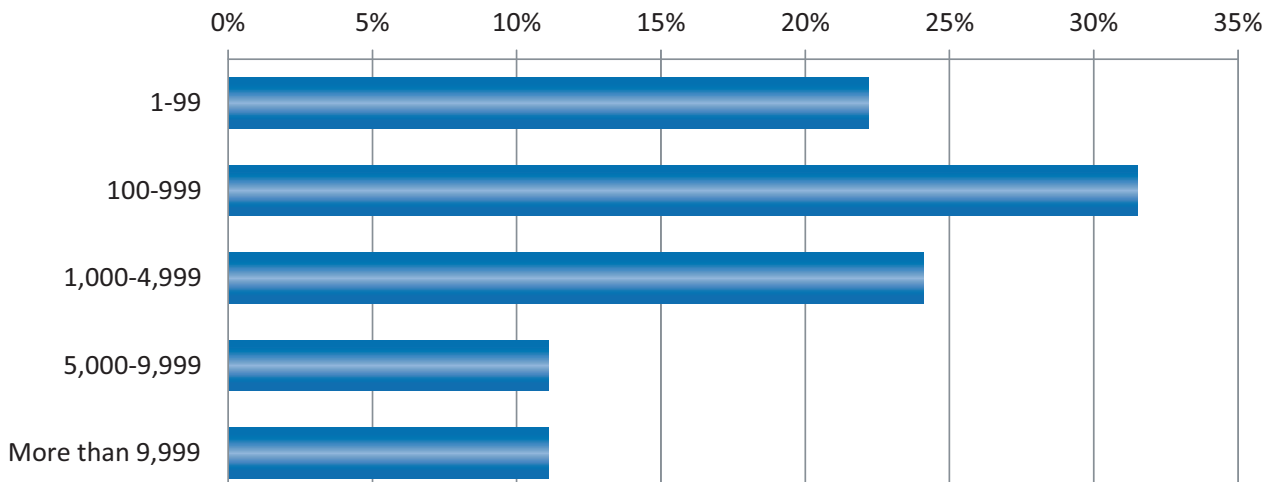
Process

Turning the focus inward, we asked about the number of retrievals made by employees each day, 20% of respondents indicate they are dealing with more that one thousand per day, while 45% indicate more than one hundred. Given the lack of online access by customers, it stands to reason that this amount of effort is required to support the number of customer inquiries.

Figure 11: How many retrievals of outbound documents do you estimate employees of your company make each day? *(N=148)*
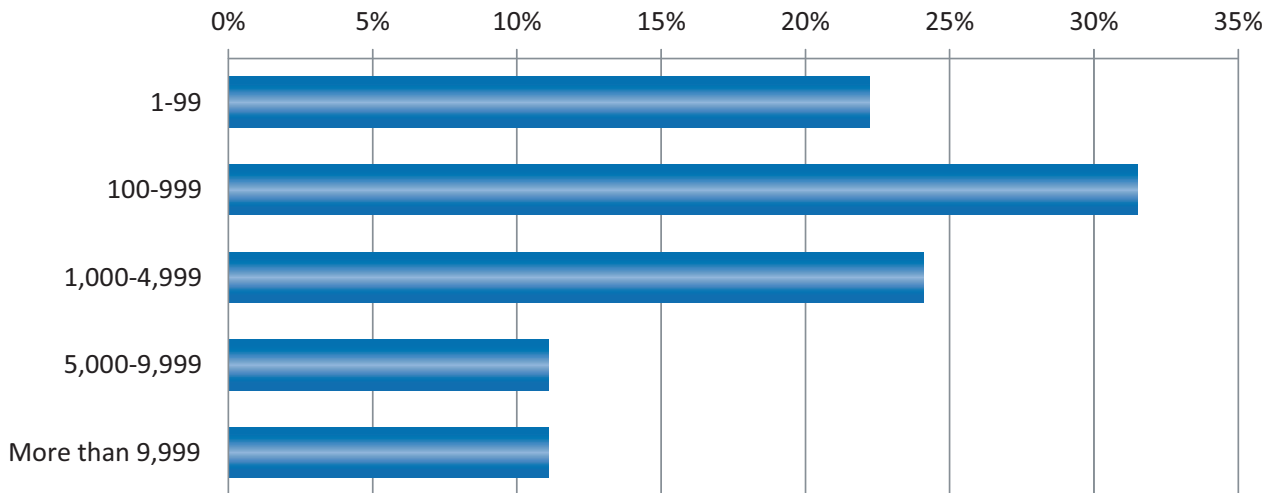

When asked about the number of documents archived each month, the average is one hundred thousand. Of this, twenty-seven percent indicate that 40% or more of their archived documents are customer correspondence while an additional twenty-seven percent indicate it runs between 20-40%.

Figure 12: What percentage of your archived documents would you say, is outbound customer correspondence (on average)? *(N=117)*
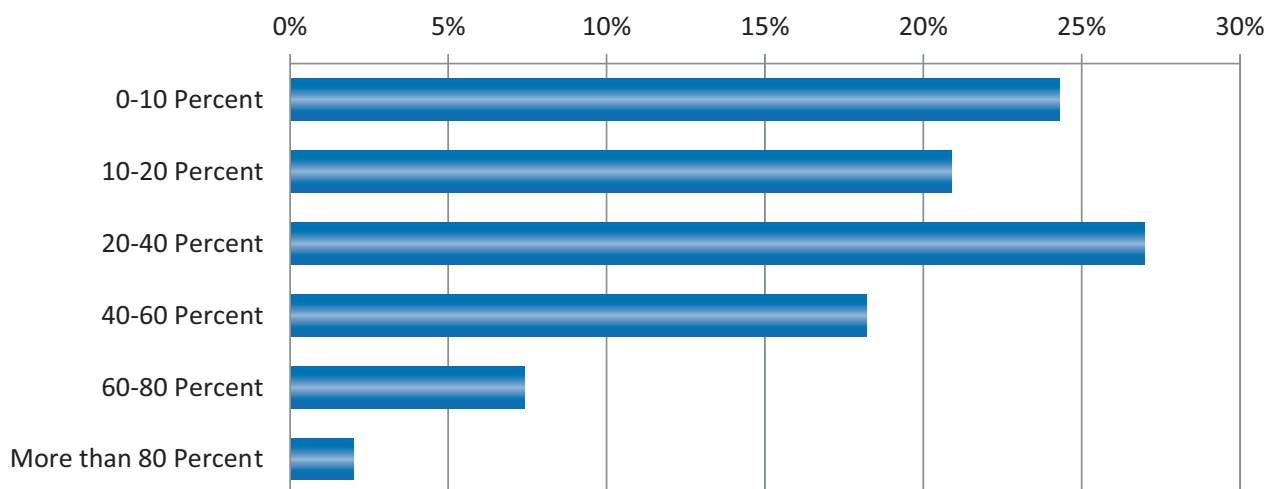
As correspondence generation and archiving increases, storage requirements also increase. 39% of respondents indicate they have at least one million documents in their archives while 28% indicate ten million or more and 10% indicate they have more than fifty million documents in their archives. When asked about retention and disposition policies, 26% of respondents indicate they do not apply any retention policies to outbound documents while 25% indicate retention policies are applied sometimes. So the size of the stored archive will simply get bigger and bigger, or organizations will make arbitrary decisions about what can be deleted potentially placing them at risk of non-compliance with regulatory, legal, or industry guidelines. When retention policies are applied, the average period runs between 2 and 20 years.

Figure 13: Do you apply retention policies to individual archived outbound documents? *(N=159)*

Don't know, 9%
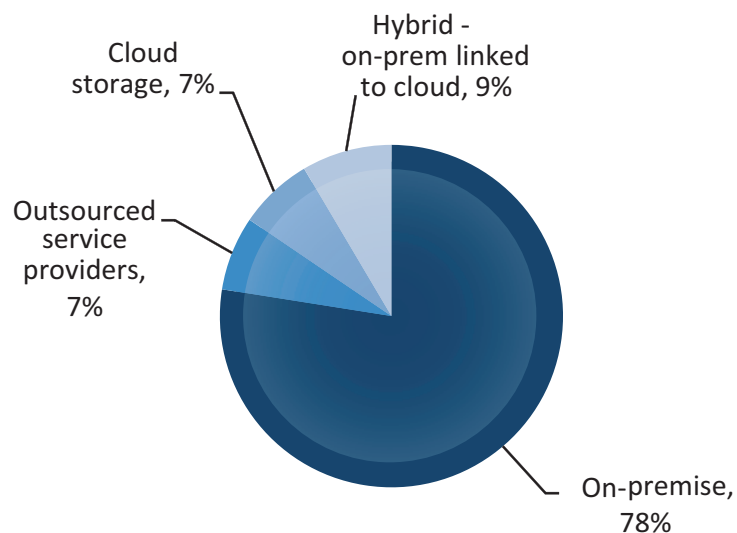
Sometimes, 25%

Yes, 40%

No, 26%
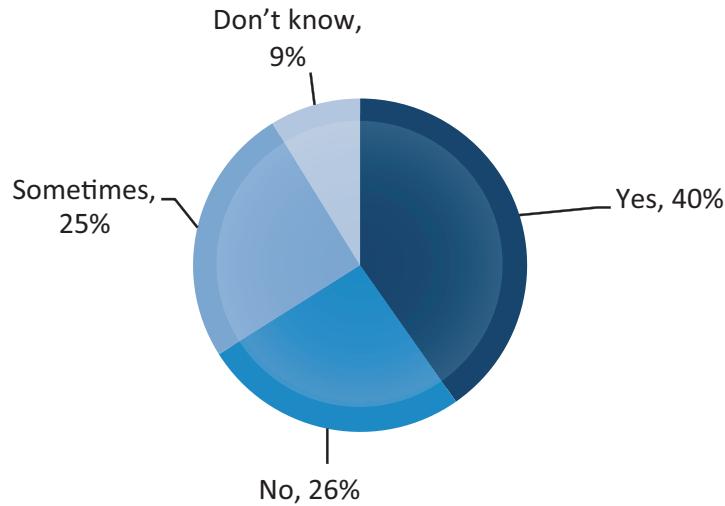
Technology

Turning our attention to technology use, 54% of respondents indicate they do not have a dedicated archive solution. Of those who did indicate they have one, 57% cite that it is an in-house or custom archive solution. 38% of respondents indicate they have plans to replace their current solution within the next 5 years while 41% hope they never have to.

When asked to describe their outbound digital archive solution, 78% indicated their solution is on-premise with 9% indicating a combination of on-premise and cloud and 7% as cloud only. As we have seen, output archives can grow very large, very quickly. A cloud or outsourced solution can take the pressure off of internal servers and data centers – assuming the price is right – but this should not simply be viewed as a storage option: easy access, retention management, and discovery are all required, just as much as they are on-premise.

Figure 14: How would you describe your outbound digital archive solution? *(N=71)*

Cloud storage, 7%

Hybrid - on-prem linked to cloud, 9%

Outsourced service providers, 7%

On-premise, 78%

Conclusion and Recommendations

The message seems clear that not enough companies are capitalizing on benefits to customer service and operational costs to be gained from archiving customer correspondence and presenting this information online. Providing online access to digital archives, under secure access control, reduces the dependence upon internal resources in addressing customer inquiries, and improves customer satisfaction by providing 24/7 availability to their information. This combined with the use of PDF at a minimum, or PDF/A and PDF/UA as the preferred for long-term preservation formats, ensures customer and employees will be able to access customer correspondence in an approved and internationally supported standard format for years to come.

There can be significant costs associated with searching multiple archives for customer correspondence and interestingly this study shows only a slight variation between searching digital and physical archives for customer correspondence. Consolidation of archives, and an integrated environment where systems are connected and searchable, decreases the effort and time spent looking for customer correspondence and reduces the associated costs of maintenance. For example, using the 5% of time spent searching as a starting point we can say that represents an average of 2 hours per week based on a forty-hour workweek, spent per employee looking through the archives. Using an average hourly pay rate of US $15, we can now say that the average cost for this employee to search the archives per week is $30 or $735 annually, allowing for three weeks of vacation and holidays. Now let's estimate the number of employees involved in searching the archives at 50, the annual cost to search the archives now climbs to an estimated $36,700. Of course these are hypothetical figures, but it does give a more realistic sense of the cost impact this can have for a business. It also presents the opportunity to reduce these costs, ensure regulatory compliance, and improve customer service levels.

Recommendations

Improving your customer communications archiving approach can have a profound effect on the experience of your customers and the operational cost to your business. Some first steps you can take to move forward are to:

- Understand the types of correspondence you send to customers and its value to the business (or the customer)

- Identify the archives where customer correspondence is stored and who is responsible for them

- Identify the various internal and external audiences for customer correspondence and their preferred method of delivery

- Map your current processes to verify how things are done, and where outbound customer correspondence is stored currently

- Develop process improvement options to enhance your operations and support your customer service and compliance needs based on your documented requirements

- Standardize and automate your processes whenever and wherever possible

- Consolidate the archives wherever possible, eliminating ROT (redundant, obsolete, and trivial content)

- Select and implement supporting technologies that link the archives for a seamless user experience

- Allow on-line customer access to the correspondence archives for self service options through web portals

Appendix 1: Survey Demographics

Survey Background

The survey results quoted in this report are taken from a survey carried out between 08 April 2014 and 02 May 2014 with 226 responses from individual members of the AIIM community surveyed using a web-based tool. Invitations to take the survey were sent via email to a selection of AIIM's 80,000 registered individuals.

Organizational Size

Organizations with less than 11 employees are excluded from all of the results in this report. On this basis, larger organizations (over 5,000 employees) represent 27%, with mid-sized organizations (500 to 5,000 employees) at 30%. Small-to-mid sized organizations (10 to 500 employees) are 43%.
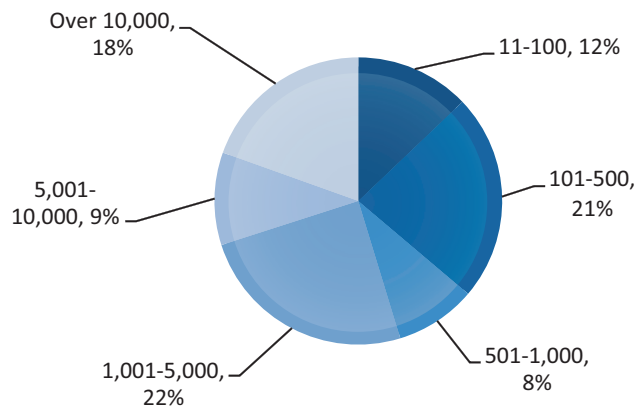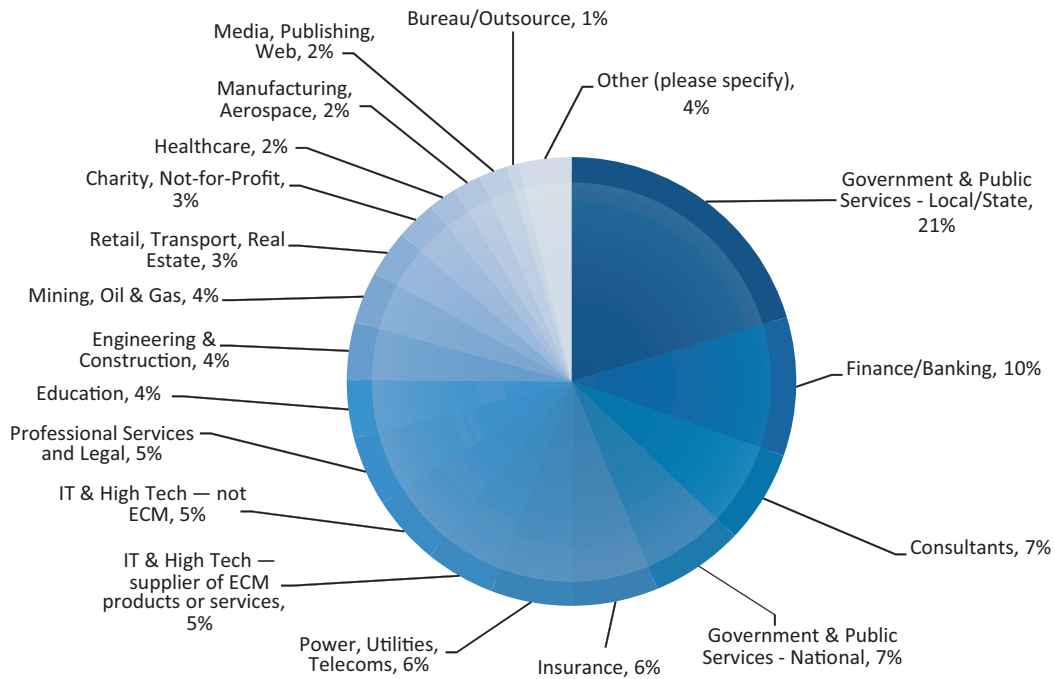

Geography

The survey was international, with US and Canada making up 72% of respondents, and 17% from Western Europe.
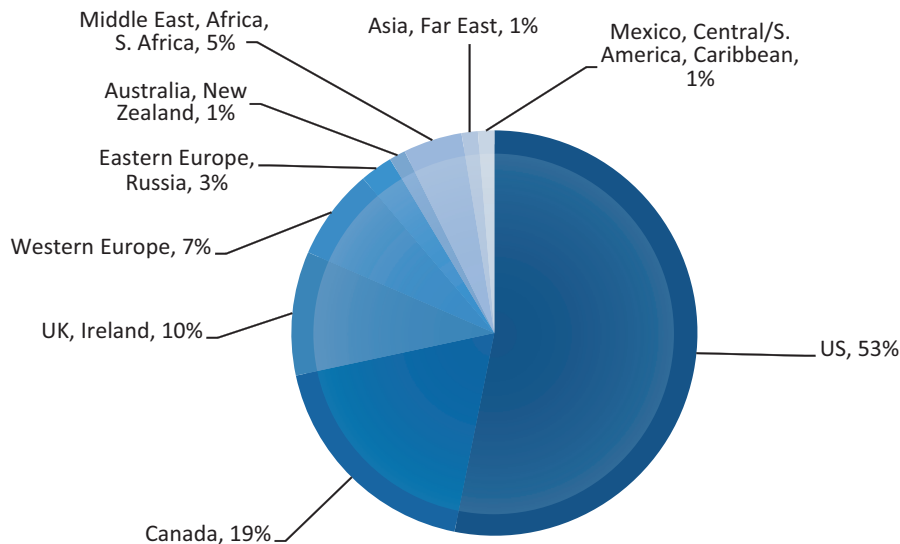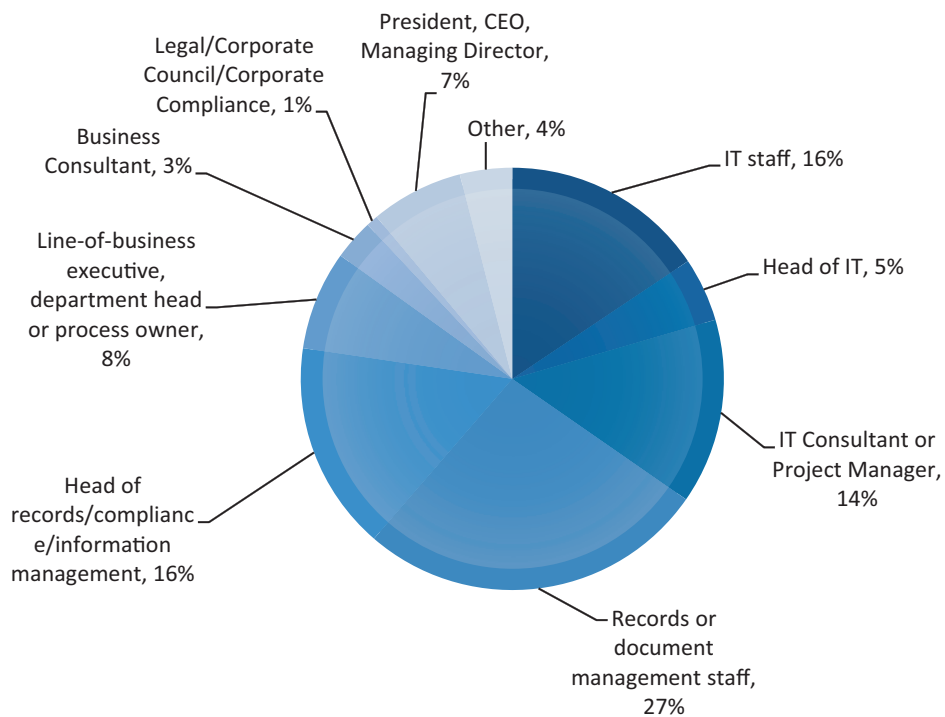
Industry Sector

Government represents 28% and banking and insurance represents 16%.

Bureau/Outsource, 1%

Media, Publishing, Web, 2%

Manufacturing, Aerospace, 2%

Healthcare, 2%

Charity, Not-for-Profit, 3%

Retail, Transport, Real Estate, 3%

Mining, Oil & Gas, 4%

Engineering & Construction, 4%

Education, 4%

Professional Services and Legal, 5%

IT & High Tech — not ECM, 5%

IT & High Tech — supplier of ECM products or services, 5%

Power, Utilities, Telecoms, 6%

Insurance, 6%

Other (please specify), 4%

Government & Public Services - Local/State, 21%

Finance/Banking, 10%

Consultants, 7%

Government & Public Services - National, 7%

Job Roles

35% of respondents are from IT, 43% have a records management or information management role and 15% are business management.

Legal/Corporate Council/Corporate Compliance, 1%

President, CEO, Managing Director, 7%

Business Consultant, 3%

Other, 4%

Line-of-business executive, department head or process owner, 8%

IT staff, 16%

Head of IT, 5%

Head of records/complianc e/information management, 16%

IT Consultant or Project Manager, 14%

Records or document management staff, 27%

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