White Paper

Enterprise Address Management

ABSTRACT

THIS PITNEY BOWES BUSINESS INSIGHT WHITE PAPER EXPLAINS THE CHALLENGES SURROUNDING INACCURATE AND INCOMPLETE ADDRESSES, CURRENT BEST PRACTICES AND THE IMPORTANCE OF AUTOMATED SOLUTIONS. TODAY’S LEADING SOLUTIONS AUTOMATE MOVE UPDATES, CREATE ACTIONABLE INFORMATION AND LEVERAGE ADDRESS QUALITY TO GAIN BUSINESS INTELLIGENCE — INTELLIGENCE THAT DRIVES SAVINGS, EFFICIENCY AND CUSTOMER LOYALTY; ALL WHILE ACHIEVING POSTAL COMPLIANCE AND TOP POSTAL DISCOUNTS.

Overview

Information has been described as a source of learning, the currency of democracy and the oxygen of the modern age. That’s why some companies invest as much as five percent of revenues on information and information technologies – constantly looking for new ways to gain a competitive advantage through increased efficiency and cost savings.

Today, a tough economy, unexpected mergers and the potential for new regulation have added competitive pressures. More so than ever, information is only valuable if it can improve the quality of decisions made throughout an organization.

Every day, marketing managers, financial analysts, service reps and department heads are called on to make on-the-spot choices that affect bottom-line performance, impacting whether or not a company will:

• Increase response to marketing efforts

• Provide accurate, timely customer service

• Expedite cash flow and reduce the cost of funds

• Eliminate waste and redundancies, and

• Retain the best customers.

Leading organizations are finding ways to integrate data into business processes, and in some cases, automate decisions with on-demand business analytics. New tools including event-driven data platforms can capture business events in real time, aggregate intelligence, apply rules and even trigger queries when predefined thresholds have been reached. But to leverage this intelligence, organizations must maintain accurate addresses.

Customer address quality is essential in today’s business environment. When transformed into tangible, actionable processes, address quality promotes customer loyalty, satisfies regulatory requirements, increases revenue streams, eliminates manual processes and positively impacts the bottom line. By updating addresses, companies keep their customers close and avoid compliance headaches and fines.

It sounds simple, but ensuring that an address is complete, correct and updated back to the source – be it a document, database or electronic storage system – can be a complex and potentially costly undertaking that involves workflow and business processes. It is not simply a “mail room” problem. When companies disregard addresses or fail to update records when customers move, they face the potential for fines, reduced revenue and lost connections. That’s why many organizations are moving to a closed-loop approach to Enterprise Address Management that combines the power of address validation, move updates, barcode intelligence and automated updates in an integrated, end-to-end manner.

A Moving Target

People move. Whether across town, across the country or across the globe, the simple act of moving has the potential to wreak havoc on any businesses and their connection to customers or prospects. It is estimated that 10-15 percent of the population moves each year in Canada, or between 3-4 million people. Nearly half will fail to report their move to the post office. Each one of these moves potentially represents lost opportunity, lost revenue or a lost customer. Add to that, Canada Post now requires companies to process mail using a Point of Call method to verify address accuracy and maintain eligibility for postal discounts.

Historically, the address update process could be categorized as antiquated for some companies and labour intensive for others. But the flip side of updating – customer churn, returned mail, fines and loss of revenue – is just not an acceptable alternative. Look at some practical situations that demonstrate the challenge of customer communication:

• A couple with investment assets in excess of $500,000 gets divorced, resulting in one of the spouses moving out of the household or even out of the province. Yet your company has no information as to where. What does that cost?

• A direct mail communications piece regarding a special offer geared toward desirable new business prospects never ends up reaching your identified target. Your analytics tell you that this customer set is most responsive to special offers. But many of them are not receiving yours and you don’t even know it.

As the age-old proverb states, “Give a man a fish and feed him for a day. Teach a man to fish and feed him for a lifetime.” This adage can be applied directly to address and move updates. If a company uses a manual process to update customer communications based on returned mail, but does not, for whatever reason, update the source document, they are being given a fish.

But, once the company implements an actionable move update system, or Enterprise Address Management system, they learn how to fish, and are then able to update back to the source and reap the benefits.

Another obstacle in the address update process is the amount of time it takes to manually correct an address. This manual process is often based on a piece of returned mail or a Change of Address Service (Redirection) notice from Canada Post, and can take months to make the required, and sometimes critical, updates. The potential for lost revenue, customer churn and compliance fines can be avoided by knowing and updating the current address information efficiently.

Obtaining the Most Current Address

The most common process for Canada Post to identify address changes is the National Change of Address (NCOA). This service provides small and large businesses with the most accurate and up-to-date mover information available in Canada. Each year, Canada Post captures electronically information regarding movers who have filed a Change of Address Notification (COAN). This information is made available to licensees of the NCOA service. With the customer’s consent, Canada Post will share their change of address with Canada Post authorized organizations for the exclusive purpose of updating their customer files.

While the NCOA is important, it does not cover every move and address update. In fact, recent statistics indicate that up to 40 percent of people who move choose not to file any forwarding address details with the post office. What’s more, the number of different customer touch points has been multiplying faster than ever, bringing in data updates through all sorts of channels all across the organization. In short, organizations face challenges with move updates and address changes over and above services offered by Canada Post.

The ultimate solution for the root of all address problems is the implementation of an efficiently managed Enterprise Address Management system. This type of system could identify addresses that do not fit the ideal profile and manage the external processes required to correct as many of these incorrect or incomplete addresses as possible. But, once the address is complete and correct – how can companies ensure that the address is current?

Getting to the Root of the Problem

The root cause of any address problem is incomplete or inaccurate information. While many erroneous addresses are caused by customer moves, others are a result of incorrect data entry. Historically, with the lack of a Canada Post-sanctioned measurement system, many companies focused on processes that qualified them for automation discounts. One such process from Canada Post, Address Accuracy/Validation, establishes guidelines for how "accurate" a database of addresses must be to avoid extra postage charges. This standard rating scheme – of comparing a mailing list to a set of Canada Post ideal addresses – is referred to as running Address Accuracy.

As of January 2011, Canada Post introduced a more accurate database, Point of Call, against which to validate and correct mailing lists before items are printed, prepared and inducted. Address Accuracy software will use this data, which will allow mailers to improve the cost effectiveness of their mailings by reducing the number of pieces sent to addresses that don’t exist and, therefore, do not reach their intended recipient. Point of Call (or range based) address data, including detailed information for suite and apartment numbers, will supplement existing Postal Code range data.

It is likely that some addresses that are considered correct today that will no longer be correct when compared to the Point of Call (range based) address data. A six-month transition period will be provided for organizations to:

* Use the enhanced Address Accuracy software
* Assess the impact on mailing databases or mailing lists
* Update any undeliverable apartment records identified as “Questionable” or “Invalid-Excluded”.

In the short-term, organizations will be challenged to update and verify addresses against this new database from Canada Post. However, they also face other issues when it comes to address corrections and source updates.

Update Difficulties and Resolutions

There are certain situations where address corrections or changes cannot be immediately updated to the source. The following two examples represent everyday problems that may be encountered by many companies.

• First, a company’s print and mail operation, which is running its address hygiene processes, is located downstream from both the mailing applications and lists. Since the mail operation may not have direct access to the source data, they must rely on IT or business owners to apply the updates. This update delay has a direct and negative impact on the benefits of obtaining and using good address data. Furthermore, the delay may possible push the mailings into non-compliance of the Address Accuracy requirements. This non-compliance may force the company to pay surcharges on mailings. Multiply these charges by a large number of mailings, and the revenue impact could be significant.

• Second, a company employs a mail services provider to perform the address hygiene processes. Since these processes are conducted out-of-house, the provider rarely, if ever, has direct access to the company’s source data. Therefore, the provider must rely on the company to perform timely updates to the source data supplied by the service provider.

There is a resolution to each of these situations. By creating and maintaining a master address database for each job or mailing list, the address corrections and changes, once generated, can be updated to the master database and supplied to the IT department or mail services provider.

Restricted! No Automatic Updates Allowed

Unfortunately, automatic address updates are not available to all businesses. Many companies, especially in the financial and insurance industries, are legally restrained from changing or modifying customer information without explicit customer consent. In addition, these companies have the added burden of ensuring compliance with a variety of regulations issued through provincial Insurance Acts, the Office of the Superintendent of Financial Institutions (OSFI) and the Personal Information Protection and Electronic Documents Act (PIPEDA).

The quest to achieving compliance starts with requesting and receiving explicit or implied consent from the address owner to use the new address found in NCOA. The form of consent may vary depending on the industry. Financial institutions, insurance companies and government agencies frequently require written consent from the address owner.

A typical consent process generates a mailing to both the old and the new address, informing the owner of the address change. These mailings may include instructions for writing and returning a consent letter, or may include a letter with a business reply envelope to expedite the approval. Frequently, and as a proactive measure, the consent letter may include a barcode that positively identifies the address owner. Once received by the company, this barcode not only grants approval, but also can be scanned into the Enterprise Address Management system. If, on the other hand, the owner indicates that the new address is incorrect and provides the correct data, the updated address can be validated into the address management system in real-time.

An alternate approach allowed by some companies, particularly non-healthcare insurance companies, is implied consent. This type of consent entails letters sent to both old and new addresses outlining the change of address information. If the new address is incorrect, the owner is asked to provide the corrections either by mail, phone or Internet. If a reply is not received within 30 days, the company automatically considers the new address correct and confirmed.

In some of the above-mentioned industries, the owner of the address is not the enterprise, but its agent, such as insurance agents and stockbrokers. If the company obtains consent from the enterprise to use the new address, they may need approval from the actual address owner. Since a single insurance company or brokerage firm may have hundreds of thousands of address owners, the logistics of garnering approval is extremely challenging, to say the least. This approval process can easily contain multiple steps, including:

• Identifying the address owner

• Confirming the address change

• Communicating the change

• Receiving approval of the address owner

• Updating the address back to the source.

In a perfect world, managing address owner consent would be done using a web application that provides access to a variety of users. This web portal could also supply valuable information to address owners, such as address deliverability and what percentage of these addresses move in a given year.

Teach a Man to Fish

The solution to many, if not all, of these problems lies in three previously mentioned words: Enterprise Address Management. Just as teaching a man to fish will feed him for a lifetime, implementing a fully automated move update and verification system will save companies money, satisfy compliance requirements and keep customers loyal and close.

A successful solution should be plugged into the flow of customer data after it has been processed through Canada Post, in-house, and/or third-party address cleansing, verification and update tools. The address corrections returned from these tools will drive a workflow that will ultimately update the address back to the source. Of course, the particular steps in the workflow will vary with the needs of the customer, vertical and type of change. An Enterprise Address Management system can be used by companies to manage their own address quality, or used by a service provider to help manage the address quality of its customers. Depending on the specific vertical, a solution must interact with two different parties – addressees and address owners.

The addressee must be the source of most address change information, or they must provide consent to use the changes identified by third parties, including Canada Post. Since the consent may take many forms, an effective solution need not include the actual consent system, but it must output the information to drive the consent process, as well as manage the resulting consent events.

The address owner must approve all changes to addresses for which their company is responsible. In many cases, customer consent alone is not adequate for new address usage – it also requires address owner approval. This is especially true for financial institutions dealing with securities, where the address owner might be a broker; and for insurance companies, where the owner may be an agent or group policyholder.

When an address change cannot be updated automatically, the solution queues it for customer consent, if needed. If customer consent is not needed, or if consent has been received by action or inaction, the address is then slated for review by the address owner. An email notification informs the address owner that a change is awaiting their review. At this point, an easy-to-use system allows the address owner to review, approve, reject, and/or comment on this alert – eliminating the need for time consuming, resource draining, manual processes.

An approved address change is queued up for updating back to the source system, either via batch export or direct connection to the database. If rejected, the address owner would be able to initiate other processes, such as a call to the customer for updated information.

The final piece of any successful update solution is the ability to provide snapshot reports on the status of in- process data corrections and notifications. These types of reports enable issues to be escalated, when necessary, and corrected in a timely fashion. Summary reports are also a critical component, displaying the level of customer data quality so that process problems can be easily identified and resolved.

The Aura of Success

Pitney Bowes Business Insight understands addresses, move updates, compliance and just about everything related to addressing mail. When it comes to building a solution to automate the cumbersome, manual, spreadsheet-intensive process of correcting customer addresses, PBBI knew that it was essential to develop a tool that transformed data returned from NCOA into actionable information.

That is why we developed the industry’s most comprehensive address automation and management solution – Aura. This solution automates the manual process of correcting customer addresses. Aura assists companies in reducing return mail costs, decreasing fraud and enhancing the customer communication experience while creating agile mail processing and greater visibility into business intelligence.

PBBI’s unique approach to Enterprise Address Management is designed to help companies ensure that address changes are handled through a consistent and documented process that maintains the most current contact information while complying with industry standards and regulations to:

• Close the loop on enterprise address management

• Reduce returned mail costs

• Enhance mailing efficiency processes

• Improve the security and confidentiality of mailed communications

• Preserve postage discounts by meeting new Canada Post requirements

• Ensure industry and Canada Post regulatory compliance

• Reduce inbound customer service calls

• Identify potential up-sell opportunities

• Provide a better customer experience and improve customer satisfaction

• Leverage quality address data to drive enterprise intelligence

New U.S. Postal Mandate: Is it Relevant in Canada?

The Intelligent Mail initiative was first announced in 2003, became fully functional in November 2009, and will be required by May 2011 for all U.S. companies looking to earn the maximum postal discounts – when all other barcodes will be discontinued. This service, offered by the U.S. Postal Service and known as the Intelligent Mail Barcode, uses unique, standardized, machine-readable barcodes that make it easy to monitor, track and manage incoming and outgoing mail. From a postal perspective, the Intelligent Mail program increases the value of mail, makes delivery more efficient and provides companies with access to innovative services that can help manage resources, reduce expenses, adapt to market conditions and be more responsive to customers.

Right now, Canada has no equivalent to the U.S. Intelligent Mail initiative. However, Canada Post has been researching how it can utilize machine-readable barcodes for greater mail efficiency. A similar project could be introduced in Canada in the future. Aside from postal office and regulatory developments, the evolution of mail-based intelligence will continue for companies. This is about transforming workflow, business process and event-driven data into best practices. When integrated into an end-to-end approach to Enterprise Address Management, Intelligent Mail can simplify and streamline customer-facing processes across an organization.

What Intelligent Mail Means to You

While most executives spend little time thinking about mail production, the value of this new mail-based intelligence has already attracted multiple top corporations – companies that have adopted it early in order to reduce costs, streamline processes, increase customer service and drive incremental revenue.

Three factors are driving the sudden interest in mail-based intelligence:

1. The information involves current customer transactions and can drive decision making in timely, practical ways.

2. The information is pervasive, giving one the ability to impact results across an entire enterprise.

3. Once a mail center complies with the Intelligent Mail mandate, the information will already be in-house – ready and available exclusively to the business.

In addition to this, a company’s transition to Intelligent Mail will generate millions of data points that can help improve marketing efficiency, enhance customer service and streamline billing and collections – data that is already being used by market leaders to generate new revenues, cut costs and strengthen the overall customer experience.

The beauty of Intelligent Mail is that it is not a white board concept – it has already proven its value at some of the leading organizations in North America. By simply tapping into the dialogue that transpires between your company and your customers, you can use mail-based intelligence to make better decisions in virtually every aspect of your business, including:

• Marketing

• Customer Care

• Operations

• Billing

• Finance.

The following list is not comprehensive. In fact, it is likely that once organizations learn more about the value of Intelligent Mail, they will find ways to create even greater business value.

Marketing: Sell More Effectively

Enterprise Address Management has a direct impact on marketing results. Marketing departments were one of the first groups to adopt mail-based intelligence, probably because it is so easy to measure its impact. Significant opportunities include:

Optimize Call Center Staffing

Across the country, telemarketing teams are waiting for customers to pick up the phone and respond. Each call is important because it represents a possible new account and/or new opportunity. When it comes to call center staffing, timing is everything. With too few agents, calls go unanswered; having more agents than needed adds a tremendous cost. With direct mail delivery times ranging

from two days to over a week, being able to pinpoint delivery dates with precision allows marketers to optimize call center staffing, ensuring the right number of call center staff are available to discuss customer requirements.

Target In-home Windows

The ability to track and monitor mail delivery across the country also provides marketers with a competitive edge: the ability to plan communications so that they arrive at precisely the right time. Whether it’s the opening of a new location, a promotion to coincide with an integrated marketing campaign or an invitation to an exclusive customer event, the ability to design a marketing campaign so that it reaches its target audience on a certain date can increase response and avoid the embarrassment (and wasted expense) of mailings that arrive too late.

Reach More Customers, More Often

Millions of communications were returned to sender last year, and an additional millions simply discarded by Canada Post because they were undeliverable as addressed. For a marketer, that not only represents a huge cost, it also represents a lost opportunity as people who may have been interested in a product or service never even heard about the offer.

Leverage Life-event Triggers

Knowing when customers move offers another significant advantage to marketers, as these life events correspond with new needs, increased spending and new regionally focused relationships. Capturing mail-based intelligence – often the first sign of a change in address – makes it easier to develop automated, trigger marketing programs to capitalize on the opportunities that new movers present.

Customer Care: Deliver Timely, Accurate Response

Enterprise Address Management helps drive customer satisfaction. Call centers are increasingly relying on technology to improve productivity and increase customer loyalty. Tools that incorporate Intelligent Mail data help companies manage performance at a higher level.

Reduce Talk Time

While most call centers measure talk time, everyone agrees that the quality of the call can be even more important. The ability to monitor and track the status of mail-based communications arms representatives with the facts they need to respond to customer inquiries with speed and accuracy.

Prompt Fewer Calls

In many call centers, a high percentage of calls are related to mail communications. With Intelligent Mail, exact delivery status can be tracked from the production floor right through to delivery; with information available to customers through web-based portals, eliminating follow-up calls and inquiries.

Make Better Fee-waiver Decisions

If there’s any confusion as to when a bill was received or when payment was sent, many organizations forego legitimate late fee charges in the interest of customer service. Armed with precise information, however, customer service reps will have the confidence they need to make smarter decisions. Verifiable tracking data on payments entering Canada Post can significantly reduce late-fee waivers – generating additional revenue and savings.

Prevent Missed or Delayed Communication

Without a mechanism in place to capture and update addresses, companies may send communications to an incorrect address month after month. This can lead to significant customer service issues and numerous 11 phone calls. Integrating mail-based intelligence into processing systems (in addition to normal move update processing) makes it possible to incorporate more accurate information early on, thereby ensuring that mission critical communications, including invoices, arrive in a timely manner.

Operations: Make Smarter Decisions

Operations’ groups often support the needs of multiple departments, offering companies the opportunity to impact results on a larger scale because of the sheer number of transactions involved. Leveraging the Intelligent Mail® barcode in Enterprise Address Management can help:

Decrease Fraud

Finding out that mail has been redirected to a different address can help alert managers to the possibility of fraud. When high-value mail such as checks and credit cards do not reach their intended destination, that could signal an instance of identity theft. Items can be taken from the production floor of a third-party mail shop or lost in transit. Gaining the intelligence to trace delivery from beginning to end offers companies a powerful tool that can help identify potential issues before they become a liability.

Generate Low-cost Proof of Mailings

To safeguard delivery, many companies spend thousands of dollars on Certified Mail and Delivery Confirmation. On the other hand, Intelligent Mail tracking solutions generate verifiable data that can quickly resolve a wide range of disputes. Information can be archived and shared with internal constituents, service bureaus, regulators, senior management and others to verify compliance and streamline service-level agreement management. In addition, Canada Post performance can also be validated to help identify lapses in service delivery.

Avoid Unnecessary Re-mails Today when a customer calls to advise you that they did not receive an expected communication, the easiest response is to request a re-mail – an out-of-process mailing that could cost much more than the original. Armed with accurate, on- demand information, however, reps can provide exact status including the expected delivery date and avoid sending duplicate mailings for pieces that are still in transit.

Save Millions on Returned Mail

In many companies, returned mail is considered a cost of doing business. But the true cost is far greater than many executives care to admit. When one adds up the print and mail costs for the initial mailer, the increased call volumes, handling of returned mail, and the subsequent re-mailing costs, it could easily total between $3.00 and $11.00 per piece. And that’s not counting the lost sales opportunities, communication delays, customer dissatisfaction and delayed revenue receipt. Historically, tackling the problem of returned mail has been seen as a dramatic undertaking; and because the costs were absorbed by many departments across an enterprise, no one group was willing to lead a company-wide initiative. When information available though Intelligent Mail is captured, stored and updated, organizations can take dramatic steps to reduce Undeliverable-as-Addressed mail.

Billing: Follow the Money

Many organizations depend on direct mail for invoicing and remittance, and managing address quality more effectively can have a direct link on one’s ability to improve overall cash flow.

Expedite Invoicing

Revenue depends on timely payments from customers, and when an invoice reaches its intended recipient late – or not at all – a firm’s revenue stream may suffer. Canada Post estimates that more that 20-25 percent of mail contains address errors that could delay or prevent proper delivery. With Intelligent Mail capabilities, the Post Office will make available address correction data at no cost. When used in conjunction with traditional move update solutions discussed earlier in this paper, you can update records or take corrective action before your next invoice is sent; which will help keep receivables flowing on schedule.

Improve Lockbox Performance

Time is money, and the time it takes for a lockbox service to process and post remittance checks can cost thousands of dollars in interest revenue. By monitoring the flow of payments from the time they leave customers’ hands to the time revenue is posted to a company’s account, managers can identify potential gaps in the process and take the necessary corrective action.

Predict Cash Flow

The same intelligence can be used to predict cash flow days in advance, because the exact date that each payment is mailed will be known.

Collect More Effectively

With precise knowledge of when customer remittances enter the postal system, managers can eliminate excuses (“the check is in the mail”) and prioritize who and who not to contact – saving five dollars or more for every call averted. Mailers can also suppress production of unnecessary dunning notices, which leads to big savings in both printing and postage costs.

Finance: Calculate the Savings

Rarely does one data application provide so much value across an enterprise. Given that companies rely on the mailstream for so many mission-critical functions, however, it is not surprising that mail-based intelligence can positively impact both revenue and expenses in so many ways.

Maximize Discounts

Just by using the Intelligent Mail barcode, companies will reap the benefits of lower postage costs. Large volume mailers may be able to save millions of dollars by adopting the new barcode.

Safeguard Revenues

As previously mentioned, the address correction service that’s included free as part of the Intelligent Mail program helps ensure that invoices – and the corresponding remittance – reach their intended destinations efficiently. With greater visibility into the mailstream, companies can better manage collections, improve operations, optimize late fee revenues and manage cash flow with greater confidence.

Ensure Compliance

While not promoted often, the data generated by Address Accuracy changes will also be used by postal officials to measure how well companies comply with rules and regulations. So when letters addressed to Saint John are mistakenly placed in a St. John’s-bound mail tray, Canada Post will be able to track back the source of these additional costs to a specific mailer – and penalties could be significant. By monitoring the same compliance data as the Post Office, companies can take corrective action and avoid unnecessary costs.

Pitney Bowes Business Insight Bringing This One-stop Opportunity to Life

If information truly is the oxygen of the modern age, Pitney Bowes Business Insight is a source of fresh air. No other company offers the experience and expertise to maximize the full value of Enterprise Address Management. Solutions designed for large volume mailers can enhance customer data quality, data integration, business geographics, content management and postal optimization, making it easier to improve the quality of decisions made throughout an organization.

With Pitney Bowes Business Insight, you’ll speak with experts who can explain your options, and provide a detailed analysis outlining the specific ways you can integrate this new mail-based data into business processes. We’ll explain how you can automate decisions with on-demand business analytics, leverage event-driven triggers to improve customer satisfaction and utilize customer intelligence to improve your company’s performance.

As this white paper has demonstrated, by implementing a successful, proven, actionable approach to Enterprise Address Management – incorporating address validation, move updates and mail-based intelligence – companies can drastically improve their customer data. This core data improvement facilitates a positive domino effect enabling companies to retain customers by improving the customer experience, leveraging the mailstream intelligence while avoiding costly compliance fines and protecting valuable postage discounts.

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