



Home > Sourcing Expertise > Document Management

Swiss Post Solutions – Applying Intelligent Automation to Move from Physical Document Management to Digital Workflow Management

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“We connect the physical and the digital worlds”

This current slogan for the Swiss Post Group is very relevant for its Swiss Post Solutions (SPS) subsidiary as it looks to fundamentally change the nature of its business from paper-based document management to digital workflow management.

SPS is one of the larger companies globally offering both inbound document management and outbound document production and also some multi-channel management services. To give a sense of scale, on the inbound side, it scans over 1bn documents and prints around 1.2bn transactional documents (e.g. invoices, bank statements) per annum.

In the last two years, since Joerg Vollmer started as CEO, there has been a major shift in positioning at SPS, with less of an emphasis on the company's legacy capabilities in inbound and outbound document management services, and a very strong focus on 'Intelligent Automation', combining existing SPS capabilities such as scanning, OCR, data capture & extraction with RPA and AI, to support clients in benefiting from the digital revolution in document management. Far from being threatened by digitization, SPS is approaching it as an opportunity to be grasped to help it evolve both its market positioning, and its portfolio. In particular, SPS is extending its capability along the value chain from standalone document management into digital workflow management and processing.

So much for the positioning – where is SPS on this journey?

The first evidence of a transformation at SPS is in its financials. Document processing and document output services are both based on activities that traditionally have had wafer thin margins. SPS' own margin had been improving, but slowly. Since Vollmer's arrival in January 2015, there has been a major improvement. Operating profit (the company's primary financial target set by Swiss Post Group) has grown, with a 50% y/y increase in Q1-Q3 2016, and operating margin has increased from 1.8% in 2014 to 3.6% in Q1-Q3 2016.

And while Intelligent Automation is yet to make a major impact on company financials, SPS already has ~20 clients where it has applied RPA and AI technology, principally using UiPath. In addition, SPS has been an early adopter in using Celaton inSTREAM software on unstructured documents, for example for email categorization and key data extraction, and is the first BPS provider to take Celaton out of the U.K., and install inSTREAM in its Document Processing Center and Shared Service Center Banking.

Continuing this journey, SPS is evaluating technologies such as IBM Watson to refine its ability to extract key information from large documents. It is also potentially interested in using platforms such as IPSof's Amelia to enable users to request and find key information within a large range of documents.

Importance of Vietnam – offshore, plus continuous improvement and intelligent automation

NelsonHall recently attended an SPS event in Vietnam, where we had the opportunity to visit a flagship center in Ho Chi Minh City. While the major theme of the visit was how SPS has started to introduce RPA (primarily UiPath) to automate tasks like scanning, data capture, and data extraction, and also simple AI (Celaton) to extract data from unstructured documents, SPS' Vietnam centers have initially made an impact in terms of labor arbitrage and continuous improvement.

Vietnam offers, inter alia, relatively low labor costs, a sizeable (nearly 55m), literate, labor force, good physical infrastructure in the major cities, government tax exemptions, and a stable macro-economic environment. SPS has just over 1,000 employees based in the country, which appears to have played an important part in the margin improvement. SPS shared some stats which revealed that since 2014 the average number of documents processed per employee has increased by 124%, with slightly fewer people processing twice as many documents, fewer people deployed on basic data entry and document processing, and more on more complex BPS tasks. So far, this has been largely achieved through continuous improvement rather than RPA/AI. Vietnam will clearly continue to be important to the future of SPS; plans for 2017 will nearly double the number of employees in this delivery hub.

As well as being a major offshore delivery capability for SPS, the Ho Chi Minh City location has a Network Operations Center which also operates as a customer experience center for showing clients and prospects a future vision of what they could achieve with digitized, closed-loop document management. The importance of this positioning should not be underestimated – it is central to SPS' future as a BPS provider.

Extending beyond document management into wider workflow management

As well as looking to use RPA and AI to further enhance its management of unstructured and semi-structured data within inbound document management, SPS is also looking to use RPA and AI technologies to extend downstream into workflow management, focusing on back-office and industry-specific processes. For example:

- Within F&A, in accounts payable activities, extending beyond invoice scanning and data capture/indexing into end-to-end invoice processing

- In the insurance sector, using RPA to upload structured data on complex claims generated by SPS' OCR and document management software onto client systems. If all the necessary data and documents are present, bots start processing claims. In this case, the combined benefits from OCR and RPA plus an element of process redesign have already included a 60% reduction in manual processing and a 50% reduction in average processing time
- In the Banking sector, supporting credit card collections by using a bot to check the current accounts of credit card debtors and block them to enable the credit card debt to be cleared.

Unsurprisingly, the verticals on which SPS is focusing are B2C sectors that have to manage very large volumes of documents, including insurance, retail banking, utilities and healthcare. Moving further into workflows requires closer industry and process knowledge than a traditional document management BPS provider might arguably need, and SPS has been working on this.

Building intelligent e-delivery platform for outbound document management

While a main focus of the event was on applying Intelligent Automation in inbound document processing, in SPS' target sectors, outbound communications are also a key component in organizations' digital transformation strategies.

Accordingly, SPS is developing capability to apply RPA and AI technologies to outbound document management, and is building an e-delivery platform to handle both print and digital output channels that formats data for each channel and sends printed and/or electronic communications as appropriate; current offerings include e-billing.

The Future – digitized closed-loop document management

In short, SPS has an ambitious roadmap to build a new digitized closed-loop document management capability incorporating third-party RPA and AI technologies, enabling it to move beyond traditional data capture and document output services, and become a more important player downstream in workflow management and processing. This means it can potentially capture components of work (that previously would otherwise have been heavily manual) in some middle- and back-office process areas that can now be automated. Moving into areas such as invoice and claims processing to address work that historically was not often accessible to document management BPS vendors is clearly a major opportunity for SPS.

So with these capabilities, will SPS move into full-scope industry-specific or back-office BPS? This is highly unlikely in the near term. While it can offer some level of multi-channel, SPS has no contact center capabilities, and voice remains a key component of industry-specific or back-office BPS. What is important for SPS in the next few years is that its clients regard its services as important to their digital initiatives, and that it can use automation to retain and extend the scope of existing document management engagements.

In summary, SPS is moving beyond traditional document management into wider digital workflow management and processing, and ultimately will provide digitized closed-loop document management services. This will support clients in their digital transformation agendas by applying a powerful combination of global delivery, plus continuous improvement, plus industry-specific process knowledge, plus intelligent automation.

[Further details on SPS initiatives in RPA and AI](#)

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