Top Five Lessons Learned
On The Way to a Successful Branch Deposit Automation Implementation
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Introduction

While the argument about the respective merits and costs of branch vs. teller image capture continues, there is no longer any doubt that financial institutions will implement one, or both, of these solutions. A recent Celent report notes, “… 98% of US financial institutions will have implemented branch or teller capture solutions across some or all branches within the next three years …” (1)

With the future quickly approaching, it’s important to take a look back at what those financial institutions that have implemented branch capture have learned. The lessons learned in this paper represent some “universal truths” that have emerged as more financial institutions of all sizes implement deposit automation, either as branch or teller image capture.

If your institution is still evaluating its options, this information will help you to plot a successful course.

(1) Celent, “Imaging in the Retail Channel 2011“
Top Five Lessons Learned on the Way to a Successful Branch Deposit Automation Implementation

1. Proper Prior Planning Promotes Success – You Need a Business Case

A good business case will clarify project scope as well as quantify effort, cost, and return so that your “go” decision is based on fact rather than conjecture. Is your goal to reduce costs? Improve the customer experience? Create revenue opportunities? Are you trying to achieve individual line of business (LOB) efficiencies, or to facilitate an entire transformation of payments processing in your organization? Your business case provides the framework for your implementation.

Once your project begins, the business case should act as a dynamic model, allowing you to fine tune your next steps as you prove/disprove initial assumptions and make informed adjustments based on your own lessons learned. This dynamic modeling and review process is a key advantage of a good business case.

Business case parameters are dependent on the scope of your implementation, but there are some basics that you must take into account:

- Itemize all functions and resources that will be affected by your implementation.
  
  Look carefully at how each change in an upstream process affects the details of downstream processing. Take into account, in part: changes in transportation volumes; materials used; changes in job descriptions and pay rates; the effect of a longer processing day on branch holdover and float; the Fed’s paper and electronic fees; hardware and software costs, including changes to ancillary systems; the cost to process paper you can’t eliminate, such as foreign and non-check items; physical plant costs of extending hours in one location while reducing staff and hours of operation in another; FTE allocations by site and responsibility; geography; project resources.

- Use measurable data.
  
  If you want an accurate business case you need to dig for the real, not perceived, costs. Get hard data from people in the know. The chart to the right provides examples of hard and soft dollar benefits and costs.

- Consider soft/opportunity costs.
  
  That advice may seem to contradict “Use measurable data,” but you need to make some assumptions about the effect of change on your business. Will an improved employee experience reduce turnover and increase productivity? How will you maximize cross-sell and referral opportunities in the branch to drive revenue? Will change improve your disaster recovery capabilities? What is that worth?

2. Retail and Operations Must Work and Play Well Together

Communication and inclusivity are key. Implementing branch deposit automation involves different levels of cost, effort and benefit for retail and operations, with the combined rewards generating significant benefits to the organization as a whole.

Turf/silo conflict is the number one reason these efforts fail. This conflict can be minimized with project buy-in and commitment recognized at the highest levels in your organization and the creation of a project management team built with members from retail and operations holding equal voting rights. This high-level direction and focus is critical from the onset of the initiative. The combined project team should be involved in creating the business case and developing project design to ensure understanding, buy-in and commitment from all parties.

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### PRIMARY BENEFITS

#### Tier 1 (Hard Dollar)

- Reduced Day 1 Staffing
- Reduced Inbound Transportation
- Accelerated Clearing
- Branch Research Efficiency
- Reduced R&A Volume
- Reduced Paper Ticket Costs
- Reduced OTC Fraud Losses
- Reduced Back Office Facilities & Equipment

#### Tier II (Soft Dollar)

- Improved Customer Experience
- Cross-sell and Referral Revenue Opportunities
- Increased Teller “Heads-Up” time
- Improved Employee Experience
- Improved Self-Service Capabilities
- Easier Geographic Expansion
- Improved Disaster Recovery

### Primary Costs

- Software Solution
- Hardware & Maintenance
- Network/Infrastructure
- Technology and Software Support
- Project Resources (internal and external)
- Virtual Office Staffing
- Handling of Non-Imageable Items
3. Project Design—Cooperation Made Manifest
Project design is complex and time consuming. If you skip it, or minimize its value, you are doomed to failure. Poor design is the number two reason for failed image-capture efforts.

With retail and operations jointly accountable for project success, it is imperative that both groups have well-defined responsibilities for design and implementation. Use your business case to help create the basic structure for project design. Assign people specific roles and identify short- and long-term goals. Determine which branches will be most favorably impacted by branch deposit automation and schedule them first.

Document each step of your existing processes side-by-side with each new process to identify the detail of change, right down to each key stroke. Simplify and standardize transactions as much as possible and avoid duplicate handling and manual decision making. Evaluate the impact of various degrees of image quality on downstream processes and set an acceptable internal standard, then describe how that standard will be met. Decide where and for how long checks will be stored. Use a standard requirements-gathering approach, including as much detail as possible. Develop a detailed training plan. The more detailed the design, the higher the likelihood of success.

4. The Pilot—Trust, But Verify
Your project design generated project approval and you’re ready to start in a carefully selected location. The pilot is your chance to make sure you’ve identified all possible scenarios in your project design and to verify that every system and process works as planned prior to roll-out. Rest assured that you didn’t, and it won’t.

A successful pilot begins by following the detailed plan laid out in your business case and project design. Run every possible scenario during the pilot. As work begins to flow, you will identify situations that had not been considered up front. Now is the time to explore those situations key-stroke by key-stroke to determine how they will be resolved and if/how they will affect project design and the dynamic model of your business case. You must take time to work through the details to ensure a smooth rollout, and document all changes.

5. People Matter
Change is frightening to most people. A branch deposit automation rollout will touch a lot of people who have a wide range of responsibilities: the teller line, branch management, IT, retail sales, back office processing, float, fraud… the list goes on. Communication and training are critical to employee acceptance of change, and their willingness to make change successful for the organization.

For example, a branch front counter implementation has the potential to change a teller’s responsibilities from that of deposit processing to a more customer service/sales-centric role. This complete paradigm shift needs to be addressed with sales training for your front line, along with training on the new hardware and software systems. In the back office, consider your balancing function; how will the duties and responsibilities change, and what training will be required?

While you’re looking at the training aspects during the design phase, remember to re-write job descriptions and adjust salary structure for all positions with significantly altered responsibilities.

About ProfitStars®
ProfitStars, a division of Jack Henry & Associates, Inc.®, provides best-of-breed solutions that improve the performance of financial institutions of all asset sizes and charters, and diverse corporate entities. These solutions facilitate revenue and growth, risk mitigation and control, and cost control; and complement virtually any core information processing platform. Additional information is available at www.profitstars.com.

ProfitStars is a leading provider of branch image capture solutions, ranked No. 1 in end-user deployments by Celent, a prominent global research firm. ProfitStars helps financial institutions of all sizes succeed with in-house, ASP, browser-based, commercial and retail remote deposit applications. Visit the company’s Branch Deposit Automation Resource Center at www.branchdepositautomation.com, or contact us at www.sales@profitstars.com.