

# CASE STUDY



## Executive Summary

Reducing costs is important for any organization. And, one of the best ways to reduce costs is to attack the problem of returned mail. That's what Petersburg Life Insurance Company did. The effort is yielding impressive savings—nearly \$600,000 a year in lower postage, handling, materials and labor costs. Plus, the firm is enjoying improved relations with both its customers and agents.

*"We knew for some time that returned mail was a problem at Petersburg Life,"* explains Richard Shriner\*, Director of Document Technology and Services, *"But we are a decentralized organization, and we operate through eight independent business units. So it was difficult for us to gauge precisely the various costs that are associated with returned mail."* For assistance in determining the full scope of the problem, Shriner turned to the mailstream experts at Pitney Bowes Software.

## Business Challenge

- Eight individual business units distribute over 10 million pieces of correspondence a year using dozens of applications—there is no collaborative approach towards resolving the issue of returned mail
- More than 650,000 mail pieces—or roughly 6.5% of the 10 million distributed each year—were being returned marked Undeliverable as Addressed
- Relations with both customers and agents were hampered because important communications were being delayed, and in some instances not delivered at all
- The firm needed to ensure that its efforts were in compliance with postal regulations and that it could preserve its postage discount
- The cost to handle and re-mail correspondence, as well as investigate the invalid address information and update the firm's customer information database, totaled more than \$1.1 million a year

## CUSTOMER PROFILE

- Decentralized organization operating through 8 autonomous business units
- Distributes more than 10 million pieces of correspondence a year across dozens of applications
- Significant cost savings and reduction in returned mail have been realized upon implementation of Pitney Bowes solution

*Solving the problem of returned mail has saved Petersburg Life nearly \$600,000 a year in lower postage, handling, materials and labor costs.*

\*These names have been changed at the request of Petersburg Life.

## Solution

To solve the dilemma of returned mail, Petersburg Life implemented an integrated software solution provided by Pitney Bowes Software. The solution consisted of the following applications: StreamWeaver® for print stream engineering, Finalist® for address quality, and VeriMove™, a move update solution that is in compliance with USPS® requirements.

After each mailing application is processed by the mainframe, but before it is received at the print/mail finishing center, StreamWeaver® automatically intercepts the print stream for conditioning and manipulation. It then extracts the name and address from each mail piece and relies on Finalist® to standardize, verify and correct each address. VeriMove™ then compares the customer address data in the print stream with the USPS® database, which contains the last 13 months of move update data. Each address is updated as necessary, and an additional file is created and appended. This enables Petersburg Life to automatically update its central customer database in batch mode. Finally, StreamWeaver® performs a mail piece consolidation function by searching the print stream for multiple mail pieces going to the same recipient. The solution re-sequences the print stream so that related pieces can be grouped together and inserted into a single envelope or package.

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### TECHNOLOGY USED

- StreamWeaver® for print stream engineering
- Finalist® for address quality
- VeriMove™ for move and mailing list updates

### Results and Benefits

The total number of returned mail pieces decreased by nearly 40%. Extrapolated over the insurer's annual mail volume, that means an eventual reduction of about 300,000 returned mail pieces each year, or a savings of about \$600,000.

As individual mail pieces are now combined, the volume of mail has dropped significantly, resulting in even greater savings. "Our daily outbound mail volume is now lower by about 15-50%, depending on the specific application, which, in turn, is influenced by the number of customers holding multiple policies and the amount of mail going to our agents," explains Shriner. "Our total returned mail volume will be declining well into the future."

*As the amount of return mail decreases, the firm is able to redeploy its personnel for greater value and productivity.*

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