

CASE IN PRINT

KKH Insurance: "Business as Usual" Leads to Cost-Saving Output Strategy

A leading German health insurance organization carefully examined their output-related expenses then developed a strategy to minimize document delivery costs. The company selected VPSX® software from LRS as a central point of control for their new central output system.

ORGANIZATION

Established in 1890, KKH - Die Kaufmännische has been insuring merchants and other businesspeople for more than a century. The organization is one of the leading gesetzliche Krankenkassen, or statutory health care plans, that form the backbone of the German national health insurance system.



Die Kaufmännische

medical emergencies and address their general healthcare needs.

For most of its existence, KKH membership consisted exclusively of merchants and other commercial workers. As experienced businesspeople, this clientele has always placed a high value on maintaining an optimal price/performance ratio. For this group, "business as usual"

includes carefully managing costs in every aspect of their lives.

CHANGING BUSINESS ENVIRONMENT

In 1996, the German government instituted one of several major healthcare reforms, aimed at increasing worker choice among insurance providers. As a result, a statutory health care plan originally designed to support metalworkers or engineers or merchants was now able to enroll members from other occupations. This change had the effect of increasing competition among the various insurers.

In order to attract new customers – and retain existing ones – each insurer is motivated to offer the lowest possible premiums with the highest level of service. All while maintaining a positive fiscal balance within the organization.

Companies around the world look to improved information technology as a source of savings that can be passed along to stakeholders. As KKH discovered, one oft-overlooked element of IT expense is the cost of producing, processing, and delivering printed documents.

EXECUTIVE SUMMARY

KKH – Die Kaufmännische, a leading German insurance company, optimized their output processes using the VPSX® solution. The new system will provide centralized control over all application output and dramatically reduce delivery costs for millions of internal and external documents.

PRINTING MONEY

As part of a constant effort to identify ways to save money and streamline processes, KKH embarked on a systematic analysis of their print-related costs. According to project leader Renate Wegener, "We attempted to quantify all of the costs associated with producing internal and external documents and delivering them to their intended recipients. With more than 36 million pages per year, many of which were delivered via the postal service, the costs were staggering."



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This finding led the KKH team to initiate a second project aimed at dramatically cutting the €1.7M of document-related expenses. The "Process

Optimized Output" (PO2) project sought to reduce the amount of decentralized output printed by KKH's 4500 employees. Instead, nearly all documents would be printed on high-volume printers located in the main data center, automatically stuffed into envelopes, and run through a postal optimization system to minimize postal costs.

"We can save a lot of money with these automated systems, but only if people use them," says Wegener. "The cost of manually printing a customer communication, stuffing it in an envelope, and sticking a stamp on it does not seem like a lot. But when you're mailing tens of millions of pieces a year, it adds up fast."

RE-CENTRALIZING OUTPUT MANAGEMENT

If all of this sounds familiar, it is likely because this is where the computing revolution originally started. Before the advent of PCs, UNIX systems, and fast, reliable networks, software generally ran on large mainframe computers. Documents of all kinds were printed on large centralized printers connected to the mainframe via thick cables. Remote, user-generated printing came years later.

Today, in addition to mainframe programs, KKH runs business-critical applications on multiple Windows and HP-UX servers. A key challenge in "re-centralizing" all printing is finding a single system that can manage output from the various systems in an efficient and reliable manner.

"Both our business and technical teams knew that we needed a software solution that was flexible and robust," said PO2 project member Holger Hecker. "The solution had to be 'future-proof' – able to scale to higher volumes and deal with many document formats, printing devices, and computing platforms."

CHOOSING A CENTRAL POINT OF CONTROL

For a variety of reasons, KKH decided to implement its new output management system on the same HP-UX platform on which their SAP applications were running. "There are a lot of practical reasons for running on this hardware, but we also wanted a system capable of running on other platforms as well," said Oliver Schenk, who managed the technical aspects of the project.

After assessing various market offerings, the PO2 team chose to evaluate the VPSX output management solution from Levi, Ray & Shoup, Inc. (LRS). The software worked well on HP-UX servers in addition to a variety of other platforms. It featured a certified SAP interface called BC-XOM, which facilitates feedback between printers and the SAP applications that generate the output. In addition, the VPSX solution had proven to be quite scalable in large environments in Germany.

Says Wegener: "A final, important reason for choosing VPSX was trust. We have been using software from LRS for over a decade. The fact that VPSX works in a similar manner to our existing LRS solution makes training much easier. Our people are also confident about the level of support we get from LRS – this is especially important in a major undertaking like the PO2 project."

THE VPSX SOLUTION AT WORK

While Holger Hecker's group was managing the organizational aspects of the project, another team was charged with making all of the software and hardware systems work together. Led by Oliver Schenk, this group of highly skilled IT professionals turned strategies and plans into reality.

While hardware vendors were busy installing massive roll-fed high-volume printers, Schenk and his team set about installing the VPSX software that would control these and hundreds of other output devices. Installation went smoothly, due in no small part to the

expertise of LRS' local support staff based in Germany. "The LRS systems engineers not only know about the many special functions built into their own software – they're also experts in the capabilities of various printers and data streams," says Schenk. "This is a real benefit when it comes to working on a multi-faceted project like ours."

Beginning with a pilot project, Schenk's team gradually began redirecting output from various existing systems to the VPSX document spool. From this spool, jobs could be routed to a variety of output devices.

One key feature of the VPSX solution is the ability to receive "feedback" from a printer about the status of a given job. Using the increasingly popular PJL protocol, the VPSX solution can identify common hardware error conditions such as low toner and paper jams and report them back to end users, administrators, and software such as SAP applications.

"This VPSX feedback is important, because it gives employees the confidence of knowing the exact print status of a customer document, for example," says Holger Hecker. "In the past, users would print to a local printer and they could see with their own eyes whether there was a printing problem. In convincing them to save money by printing centrally, we need to make them just as confident that their customers' letters really did get sent."

"A final, important reason for choosing VPSX was trust."

GOALS, RESULTS, AND LESSONS LEARNED

After a successful pilot project, the KKH team officially moved the VPSX system into the production environment, where it handles an ever-increasing amount of the organization's printing. "Over the coming months, we plan to eliminate the remaining Windows and UNIX print servers from our central output management system," says Schenk. "When that happens, we will have achieved one of our main goals: create a single solution that can receive documents from any application on any platform and reliably deliver them to the most cost-effective device."

German health reforms have increased the competitive environment for all insurance providers. Increased customer service and lower premiums are not only a competitive advantage – they are necessary for survival. By establishing a more cost-efficient output strategy built around the VPSX solution, KKH is well-positioned for success today and into the future.

PO2 Project: Lessons Learned

As a final step in all major projects, KKH project leaders are required to review whether the major goals were met, what aspects could have been improved upon, and what lessons were learned along the way. In advance of this formal project analysis, Wegener and Hecker offer the following advice to other organizations looking to optimize their output processes:

- 1. Think about processes, not just technology:** Output systems do more than put black marks on paper. By considering how such a system can help users in the field, you can boost overall efficiency and overcome reluctance to change.
- 2. Think about the big picture:** Consider every part of the output environment you can optimize instead of just replacing a specific bit of hardware or software.
- 3. Think about the future:** Instead of fixating on today's challenges, consider what document delivery methods you may want to use in the future – for example Email delivery or conversion to PDF format – and choose a system that supports these methods.
- 4. Involve key stakeholders through the process:** Once users and others understand the savings and other benefits for the company, it is easier to persuade them to use the new system.

Synopsis: As part of KKH Insurance's "Process Optimized Output" (PO2) project, VPSX output management software provides:

- A scalable central point of control for ensuring reliable, cost-effective output delivery
- Multi-platform support to simplify future IT changes
- Instant feedback about print job status to ease users away from costly local printing

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