MainSource Financial Group

Highlights

MainSource’s investment in Lexmark products, solutions and services achieved positive net benefits in the first year and will achieve a 121% ROI in the first three years, with benefits of $1.6M over three years.

Financial benefits:

- $750K in courier cost avoidance and department mail room process efficiency improvement
- $600K in maintenance cost eliminated
- $135K in scanning department resources optimization
- $144K in consumables and toner cost optimization
- 85% reduction in customer card processing time
- 80% reduction in new account opening wait time

Cost benefit summary

MainSource Financial Group has achieved a significant and speedy return on its investment in Lexmark products, solutions and services. The assessment by Mainstay shows that the bank will earn a 121% ROI in the first three years, and has already seen positive net benefits within year one, along with quantifiable improvements in key customer service metrics. Over three years, MainSource will see benefits of $1.6M in a range of categories, as shown in Figure 1.

“Lexmark’s overall philosophy is to help us achieve our goals. That’s the kind of partnership we need and at every turn, Lexmark has met or exceeded our expectations.”

Andy Saner
Vice President, Director of Operations
MainSource Financial Group

About MainSource Financial Group

Background: MainSource Financial Group (MainSource) is the premier community financial services company in the Midwest and strives to meet the financial needs of its customers for life. It has been in business for 25 years, and has more than 70 branches in Indiana, Illinois, Ohio and Kentucky. MainSource is committed to providing local leadership and involvement in the life of its communities. It does this by being the financial leader in personal checking and in local business lending and deposit services, by providing quality services when customers need them, and by providing services that help build for the future.

Annual revenue: $273 million
Location: Greensburg, Indiana
Executive summary

For a bank, growth is great news, but it brings challenges too. For MainSource Financial Group, a higher volume of customers opening accounts overstretched its document management and transport capabilities. Newly acquired banks amassed a legacy of mismatched, aging printers, copiers, scanners and fax machines that were costly to maintain. New accounts took too long to open, threatening customer satisfaction. MainSource turned to Lexmark to help create a solution to enable the bank’s growth and make it easier to track information about new accounts throughout the bank system. In particular, MainSource wanted a standardized and optimized output infrastructure that was fully networked and managed proactively. Further, it sought electronic workflows to speed up the new account-opening process and reduce its document transport costs.

MainSource decided to replace the copiers in all its branches with Lexmark multifunction products (MFPs) and engage Lexmark for managed print services (MPS). Also part of the plan: deploy a Lexmark solution to shrink turnaround times, reduce costly errors and cut courier costs associated with the bank’s new account-opening process. Now each branch has one or two Lexmark monochrome laser printers for tellers and one Lexmark MFP that can perform various functions and more efficiently route account documentation and customer signature cards to the bank’s operations centers.

The investment has already produced net positive benefits in the first year, according to a business assessment by Mainstay. Now, MainSource avoids $250K in annual costs for couriers, document transportation, and mail room process efficiency improvement.

At the same time, MainSource has sharply reduced maintenance costs by consolidating and standardizing on Lexmark products, automating consumables management and having it all managed by Lexmark as part of a MPS program. With the Lexmark solution, MainSource also slashed the time it takes to open new accounts and process customer cards, and can now easily track the progress of new account paperwork and approvals, leading to higher customer satisfaction, lower costs and reduced fraud risk.

“Lexmark’s overall philosophy is to help us achieve our goals. That’s the kind of partnership we need and at every turn, Lexmark has met or exceeded our expectations,” said Andy Saner, vice president, director of operations, MainSource Financial Group.

Figure 1

Total cost and benefits by category
(3-year view)

<table>
<thead>
<tr>
<th>Category</th>
<th>Total Cost</th>
<th>Net Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintenance cost avoidance</td>
<td>$600K</td>
<td></td>
</tr>
<tr>
<td>Carrier cost savings</td>
<td>$750K</td>
<td></td>
</tr>
<tr>
<td>Resource optimization</td>
<td>$135K</td>
<td></td>
</tr>
<tr>
<td>Paper &amp; consumables savings</td>
<td>$144K</td>
<td></td>
</tr>
<tr>
<td>Total benefits</td>
<td>$1.6M</td>
<td></td>
</tr>
<tr>
<td>Total cost</td>
<td>$734K</td>
<td></td>
</tr>
<tr>
<td>Net benefits</td>
<td>$894K</td>
<td></td>
</tr>
</tbody>
</table>
**Challenge**

Growth at MainSource, spurred by acquisitions, created a stream of new customers opening accounts. However, the high cost of moving all the resulting paperwork through its operations centers revealed an opportunity for improvement. More importantly from a customer perspective, the process of opening new accounts took an unacceptably long time—up to five business days. During that time, bank employees weren’t able to provide updates on progress, since the physical paperwork was complex, involved multiple steps and was difficult to track.

The root of the problem lay in the bank’s current need to physically transport new account paperwork, including customer cards, to one of MainSource’s three operations centers. Branch employees packaged up new account paperwork daily, and then sent it by courier to the appropriate operations center. If errors or missing information were discovered by operations center personnel, the paperwork went back to the originating branch, again by courier, causing inconvenience to the customer and branch staff and additional delays. MainSource also recognized that transporting these documents created an opportunity for them to be misplaced, misrouted or lost and also presented a heightened risk for fraud.

The difficulties, inefficiencies and high costs of the courier approach only increased as the number of MainSource customers and branches grew. Until the operations center staff scanned documents into the system, branch employees had no way to let customers know the status of their documents or account approvals. “The process just wasn’t sustainable, secure or consistent,” said Saner. “We had no visibility or tracking of the documents themselves and where they were in the review process. So answering customer questions was difficult until the documents were entered into our systems at the operations center. We knew there had to be a better way.”

In addition to being inefficient, the courier process was costly. Driver salaries, truck maintenance, insurance and even the bank bags used to transport documents all added up, and grew with each added branch. With the annual costs of couriers and related items climbing fast, MainSource knew it needed to act.

A move to a third-party overnight delivery service helped by trimming document transport costs by about $100K annually, but didn’t solve the underlying problems. “The cost savings weren’t significant enough and we still didn’t have the tracking we needed to provide the level of customer service that was truly required to meet our standards,” Saner said.

“All of the devices and our account opening process is the same, no matter what branch you go to. This has been a huge improvement in our ability to serve our customers because we can now immediately answer questions that we couldn’t answer before.”

**Andy Saner**  
Vice President, Director of Operations  
MainSource Financial Group

**Optimized output environment, streamlined device management for workflow, control and insight**

MainSource also found itself burdened by an aging and inconsistent fleet of copiers, printers, scanners and fax machines resulting from its series of bank acquisitions over the years. Each branch had a different set of devices and traveling from one branch to another meant employees had to learn how to use different equipment.

Maintenance costs were high, along with expenditures for disparate supplies. Some devices had been installed as long ago as 2002. Many warranties were expired or about to end, and for some devices, parts would no longer be available beginning in 2013.

MainSource wanted standardization across all of its branches and the equipment at its headquarters, and to cut costs significantly, while also improving document tracking and customer service. “Four or five business days to open an account wasn’t what customers expected,” Saner said, “and it wasn’t what we wanted to provide.”

**Solution**

MainSource turned to Lexmark to help the bank achieve its objectives. Lexmark recommended consolidating its fleet of aging devices with a standardized fleet of Lexmark MFPs. Lexmark recommended specific Lexmark models that would be consistent throughout all bank branches, to cut maintenance costs and enable a range of efficiencies by allowing branch employees to scan documentation directly into the bank’s document processing systems. In a later project phase, MainSource also optimized and standardized its output equipment at its headquarters too.
Introducing MFPs to the branches allowed MainSource to consolidate other devices. Since each MFP can handle the tasks of a printer, copier, scanner and fax, each MainSource branch now has a single Lexmark MFP, plus one or two monochrome printers for tellers to use.

“All of the devices and our account opening process is the same, no matter what branch you go to,” Saner said. “This has been a huge improvement in our ability to serve our customers because we can now immediately answer questions that we couldn’t answer before.”

Today, bank associates immediately scan new account paperwork at the Lexmark MFP right in the branch, a process that is enabled by Lexmark’s Embedded Solutions Framework (eSF). The process is easy from start to finish: after loading the account documentation into the auto-feed scanner, the associate uses the touch screen interface on the Lexmark MFP to launch the “New Account” process. The scanned document is immediately routed to the correct person for an expedited review and enters the bank’s routing process. Now, new account exceptions are usually corrected the same day thereby speeding up the process, heightening customer satisfaction and significantly reducing required rework.

For customers, and for MainSource, the improvement is notable. New accounts are now processed and opened in the same business day, whereas a four- or five-day process was a best-case scenario under the legacy system.

Scanned customer cards are immediately available to the operations center staff and branch personnel can immediately track where each account is in the bank’s process. Scanning customer cards immediately into the bank’s system also eliminates the fraud risk associated with shipping documents from the branches to the operations centers.

**More than $600K in maintenance cost savings**

Expensive copier and printer maintenance contracts have been eliminated, with annual savings of $200K. MainSource opted to be a Lexmark self-maintainer. Its own service technicians have been trained and certified to properly maintain the Lexmark devices for optimal performance. Now they can perform onsite maintenance. Its backed by Lexmark’s next-day replacement warranty service, which is part of its contract. Additional savings come from optimizing scanning staff and savings on toner and other supplies.

**Results**

**Reduced courier costs and mail room resource efficiency**

By upgrading to a new account opening process that scans documents to the network using Lexmark MFPs in the branch, MainSource sharply slashed its need for courier services, avoiding $250,000 in annual costs. The cost avoidance is the result of a move to weekly courier services, instead of the daily schedule in place previously. The weekly schedule is possible because many documents no longer need to be transported physically to the operations centers to open new accounts. Instead, they are immediately scanned into the system by branch employees.

By moving to the scanning solution, MainSource has also gained significant time savings. Each of its five departments previously spent more than two hours each day sorting through batches of physical documents. Now, each department spends less than two hours each week on this task (Figure 2).

Because the document archive now resides online, employees in the branches and the operations center have near-instant access to the information wherever they are and whenever they need it, saving the time associated with tracking down required information and speeding up customer service inquiries.

**Figure 2**

**Reduction in mail sorting time per department**

(hours per week)

<table>
<thead>
<tr>
<th></th>
<th>Legacy process</th>
<th>Lexmark environment</th>
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</thead>
<tbody>
<tr>
<td>10 hours</td>
<td>&lt;2 hours</td>
<td></td>
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</table>
$744K annual savings on maintenance and consumables

MainSource has reduced its annual maintenance costs by $200K annually. The legacy environment included expensive maintenance contracts and monthly per page click charges, but these costs were eliminated by the move to a standardized Lexmark environment.

Simplicity and consistency have delivered other benefits too. The quickly aging fleet of legacy devices included some installed as early as 2002, and most devices were out of warranty. Before the Lexmark solution, branches faced a wide array of printers, scanners, copiers and fax machines, but can now turn to a single, consistent device to handle all those functions regardless of branch location.

MainSource has also achieved $48K in annual savings on consumables, such as toner. Toner is shipped directly from Lexmark in response to automated alerts sent by the Lexmark devices themselves. The new consumable item arrives at the branch and can be changed once it is depleted. Now branch personnel no longer have to stockpile toner and other supplies or keep inventories current for a wide variety of devices.

Improved customer service and $135K savings

Simplicity has offered other benefits to MainSource, too. In the legacy environment, a complex and duplicative workflow required three full-time employees (FTEs) in MainSource’s central scanning department. The inefficient process lacked transparency and visibility. Now that documents are scanned and indexed at the branches, however, the need for centralized scanning has been reduced. Today, MainSource requires only one and a half FTEs devoted to scanning, generating annual savings of $45K (Figure 3).

Branch-based scanning and indexing makes it much less likely that documents will be lost or destroyed, resulting in obvious gains in customer service. A secure website lets employees see and search all documents that have been scanned and indexed, putting answers to customer inquiries at their fingertips.

Processing customer cards 85% faster

MainSource has dramatically improved its ability to process customer cards, the documents banks use to verify customers’ identities and match that identity to a specific account. In the past, cards from 70 branches converged on three operations centers, transported by couriers and interoffice mail, where they were scanned and processed. That meant that 10 to 14 days elapsed before the documents became visible in the bank’s system, and the consequent lag time meant that it could take up to 30 days to find and fix missing or incorrect customer information. The time gap took its toll on customer satisfaction, caused a great deal of rework and increased the opportunity for fraud. Branches used the manual approach of calling around to various departments to track the progress of documents in the review process, resulting in frustrated branch staff and less-than-desirable levels of customer service.

With the Lexmark environment, turnaround time has improved so much that it is now measured in hours instead of days. The customer card process is now complete in 24 to 30 hours, and employees can track the progress online (Figure 4). Employees can easily find information when customers need or request it, providing much improved customer service.

80% reduction in time to open new accounts

Concern about the amount of time it took to open new accounts was one of the original motivators for MainSource to update its operations. Originally, new account openings took an average of five days, but today, accounts are typically opened on the same business day. This 80% reduction in new account opening time, enabled by the Lexmark MFP-based solution, comes with other benefits for managers too. They can see exactly where each new account stands in the review and approval process, a change that is a boon to customer service (Figure 5).

Figure 3

Central scanning department resources (# of FTEs)

The increased speed of operations owes partly to the intelligent software driving the Lexmark MFPs. A workflow script was created, thanks to Lexmark’s eSF, to establish the specific workflow and routing steps required at MainSource for a new account to be opened properly. Now, employees at the branch put complete new account opening documents in the automatic document feeder on the Lexmark MFP and select the “New Account” icon on the MFP touchscreen. Then the documents are scanned and automatically routed properly for an expedited review which allows MainSource to clear exceptions potentially on the same day.
Smarter routing and vastly improved tracking have had a salutary effect on the number of calls to the central contact center about new account openings and the documentation that supports them. Branches used to call the central contact center frequently to track the status of new account documentation, but now online visibility into the scanned document images means the number of such calls has dropped significantly.

**Figure 4**
85% reduction in customer card processing time

<table>
<thead>
<tr>
<th>Legacy process</th>
<th>Lexmark environment</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 days</td>
<td>&lt;2 days</td>
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</table>

**Future plans**

“We have made a very significant and strategic investment in Lexmark and Lexmark has made an equal investment in us. We’re already looking at ways that we can further leverage our new MFP technology and our partnership with Lexmark,” said Saner.

**Figure 5**
Account opening time cut 80%

<table>
<thead>
<tr>
<th>Legacy process</th>
<th>Lexmark environment</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 days</td>
<td>1 day</td>
</tr>
</tbody>
</table>

**About this ROI and business benefits assessment**

Research and analysis for this business impact study was conducted by Mainstay, an independent consulting firm and was based on interviews with officials at MainSource Financial Group and Lexmark and searches of industry literature. ROI calculations use industry-standard assumptions regarding the time value of money.

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