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C O L D



# PURSuing A VISION

## INSURANCE UNITS FORGE AHEAD WITH VANGUARD DOCUMENT AUTOMATION

When Kevin Stutler took charge of American United Life Insurance Company's® (AUL) Financial Institutions Department, he noticed opportunities for greater efficiencies. What he did *not* see was an obvious solution. Questioning friends, colleagues, and specialists, the answer came back repeatedly: document imaging.

Coincidentally, Stutler's senior vice president asked him, "Is there any way that your department [which underwrites credit insurance for lenders] can use less floor space?"

Stutler replied, "I don't mind taking up space for people, but all those filing cabinets should go." As he considered electronic files instead of paper, he also realized the staff could save a large, but undetermined, amount of time. "It takes so long to find files and look in them," he pondered. "By the time we find a single document, we get distracted and lose track of other needs." Stutler clocked the actual average time to retrieve on-site paper files at seven minutes. He estimated his division could save 13 hours per day by retrieving documents electronically.

Those figures considered only papers stored in the downtown offices. Older papers resided in a separate storage building, and retrieval took from four hours to two days.

The statistics gave Stutler his charter, and he began thinking of imaging systems in concrete terms. He settled on three criteria. An imaging system should be:

1. An affordable solution, but powerful enough to satisfy the department's needs.
2. Scalable, with potential for growth beyond imaging to other document technologies like workflow, and expandable in size to several departments.
3. Based on IBM's AS/400 midrange platform (now dubbed eServer iSeries).

**"...IMS/21 led the competition in return on investment, ease of use, and growth path."**

### Toward a Solution

Stutler recruited a procurement team that included a corporate project manager and Melinda Thompson, manager of Financial Institutions Premium Administration, AUL. Thompson later became the Director of Project Management for the Group Division. The team set four goals:

1. Reduce expenses throughout a paper's ten-year life cycle.
2. Make the staff more productive through "information at their fingertips." This included eliminating the customer-service callbacks.

3. Improve the satisfaction of policy and certificate holders, including banks, credit unions, and individuals.
4. Speed and ease communication and transport between the corporate office in Indianapolis and the vital, southern office in Macon, GA. Documents scanned at corporate needed to be immediately available in Macon.

The team researched solutions from one mainframe and two iSeries software vendors. They viewed demonstrations and evaluated the cost-effectiveness of each solution.

The team decisively chose Vanguard Systems ([www.vansystems.com](http://www.vansystems.com)) of Media, PA. Its document system, IMS/21, led the competition in return on investment, ease of use, and growth path. Further, Vanguard was deemed the most responsive vendor.



“The Vanguard people were very personable, very responsive, and always posing questions to better understand our needs,” Stutler notes. “When they offered a solution, it seemed to be tailor-made for us.”

“After we saw one demo of Vanguard [software], we were sold on it,” adds Thompson. “It was affordable, easy to administer, and didn’t take a lot of system resources.”

In March 2002, AUL management authorized the IMS/21 system. At the same time, they cut all funds for additional file cabinets. There was no turning back.

A month later, Vanguard installed IMS/21 and conducted a week of training. High-speed scanners went into the Indianapolis office, and the storage sub-system – a 52-cartridge optical disk jukebox – joined the AS/400 in Macon. A duplex T1 telephone line rapidly transmits the images between the two sites. Stutler, Thompson and the team decided to do day-forward scanning, leaving backfiles on paper. By June 1, 2002 the departments were scanning all incoming applications and claims.

Very quickly, Thompson realized that choosing and installing the imaging system was the easy part. The hardware and software worked flawlessly, but many workers were afraid of losing their records. “The second half of 2002 was an adjustment period,” she notes.

“The other lesson we learned,” Thompson continues, “was to evaluate our hardware and network infrastructure.” She found that some older PCs needed upgrades to more current versions of MS Windows.

By April 2003, Stutler and Thompson felt more than enough confidence to shred scanned documents, with approval from AUL’s Auditing and Law Departments.

## Notable Results

After just a few months of scanning, Stutler pleased his boss by consolidating offices, eliminating approximately 300 square feet of file space. Office space in downtown Indianapolis costs over \$20 per square foot, rendering annual savings valued at \$93,600. Offsite storage, which at \$4.00 per square foot costs AUL \$187,000 per year, will evaporate over the records’ life cycles.



Rebecca Fields, unit leader of underwriting support, reports productivity gains of “at least 25 percent.” Her workers handle approximately 30 calls a day from customers, and the immediate availability of images allows much quicker responses to callers’ questions. The staff enjoys relief from physically filing documents, especially the dreaded end-of-year purging. As productivity rises, however, some workers worry about job security.

While retrieval times range from instantaneous to a few seconds for an older folder, “The biggest difference is locating files,” declares Connie Dougherty, a Claims Supervisor at the Macon office. “We used to hunt for files everywhere between the shelves and people’s desks.” She predicts that by 2004, her office will have removed 18 file-shelving units, each containing 32 feet of shelves.

“When they told me we were going paperless, I was the first one to resist it,” she chuckles. “I had to hold that piece of paper in my fingers, so I dug in my heels and said, ‘No way!’ But now I love it! Using it made the difference. I love the convenience.”

## Growing

In the midst of the imaging rollout, in January 2003, AUL purchased a complementary operation, the group life and group long-term and short-term disability insurance of Union Central Life Insurance Company in Cincinnati. AUL's Group Systems area installed a T1 line to Cincinnati, and the Group Services staff began converting UCL policies to AUL policies.

AUL also expanded Kevin Stutler's role to include Administration areas throughout the Group Division. The Imaging Project's success in Financial Institutions was so obvious and so immediate that Stutler put Thompson in charge of extending the IMS/21 system to all users, in all locations, throughout Group Administration. Additionally, he ordered Vanguard's IMS Workflow module to further automate documents.

**“After we saw one demo of Vanguard [IMS/21], we were sold on it. It was affordable, easy to administer, and it didn't take a lot of system resources.”**

By Q4, 2003, Thompson's scanners captured approximately 3,500 pages per day. The combined magnetic and optical-disk storage systems contained a half-million images.

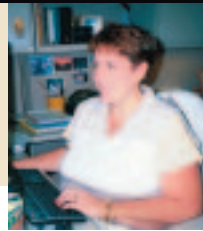
## Seeking Future Success

The Imaging Project at AUL is a thriving, growing operation. New projects arrive almost daily. At this writing, Thompson charts 24 projects stretching up to nine months in the future. “By the end of 2004, I want to take a look at our offices, see if there is any unnecessary paper left, and if so, get rid of it,” she asserts.

Thompson and Stutler see two major components ahead, which will turn their imaging system into a document technology system. First, where today's workers sometimes send email to tell colleagues that documents are available, in the near future, IMS/21's workflow engine will instantly route images to the people who need them.

“It's an invaluable tool,” Thompson said. “It will help us find documents, balance workloads, and measure productivity. That's especially important in the Claims Department where we try to process claims in three to five days.”

The other imminent development will be Web content management. “We would like our customers to be able to go on the Internet, log on to IMS/21, and see all of their images for, say, the last two years,” Thompson adds. “Brokers should be able to log on to the Web and see where in the process an application is. The nice thing is that Vanguard gives us the option to do that securely.”



**Melinda Thompson**  
Director of Project Management,  
AUL's Group Division

When asked about lessons learned through the imaging project, Stutler replies, “The most important thing to understand is that selecting and implementing an imaging system is a huge undertaking. It can't be effective overnight. You have to be very clear about your goals and find people who will sit with you, understand your goals, and help you communicate

them to the vendor and the staff. You have to sell internally, too.

“This cost a lot, but we can save even more,” he concludes. “Our system is too new for cumulative return-on-investment figures, but it is definitely saving us money, improving our operations and contributing to the corporate wellbeing.”

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