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ROI CASE STUDY DIGITECH SYSTEMS BANCWEST INVESTMENT SERVICES

THE BOTTOM LINE

BancWest Investment Services (BWIS) was able to speed up document retrieval times and improve productivity using Digitech System's PaperFlow and PaperVision Enterprise solutions and ImageSilo on-demand archive.

ROI: 33 %

Payback: 3+ years

THE COMPANY

BWIS is a wholly owned subsidiary of San Francisco-based Bank of the West, one of the largest commercial banks west of the Mississippi. Based in Omaha, Nebraska, BWIS is a full service broker and dealer of mutual funds, annuities, individual retirement accounts (IRAs), stocks, bonds, and fee-based accounts. In 2006, the subsidiary's size nearly doubled when Bank of the West acquired two banks that had third-party broker dealers and BWIS took over their accounts.

THE CHALLENGE

Because it was operating in a conservative environment and employees were more comfortable with paper documents, BWIS had always kept paper files to ensure it could meet auditing requirements. However, rapid growth made the volume of paper files a growing challenge:

- Because files had to be shared across different sites, employees had to wait for a document to be faxed or mailed before they could access it, slowing customer service.
- Even at one location, employees had to search a growing volume of paper to find the information they needed — and the company's filing space needs continued to grow.
- BWIS had to manually mail customer documents to its clearinghouse, Pershing.

BWIS recognized it needed a better way to manage its customer information and explored options to reduce paper and increase productivity.

THE STRATEGY

BWIS considered a number of options, including complete business process outsourcing. Eventually, it selected Digitech Systems software and CASO Inc. as an implementation partner for a number of reasons:

TOPICS

Software as a Service
Content Management &
Collaboration

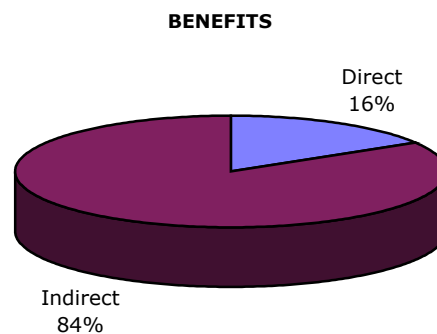
- If BWIS had chosen an on-premise content management implementation, the volume of documents requiring electronic conversion would have required a greater hardware investment than BWIS needed on an ongoing basis. Also, an in-house implementation would have required extensive staff training, and taken an estimated three months to complete.
- Outsourcing the conversion process completely to a third party would have required boxing the documents and moving them offsite. This potentially would have compromised document security and created risk. Also, while in transit, the documents would have been unavailable and that could have been disruptive for customer support and other business processes.
- Finally, BWIS had worked with CASO in the past and trusted CASO and Digitech Systems to deliver on the initial project and support the ongoing security of its electronic content.

To perform the initial paper-to-image conversion, CASO moved its personnel and specialized scanning equipment to BWIS headquarters. The CASO team scanned BWIS documents and indexed them using Digitech's PaperFlow application. The team continued to process the images with Digitech's PaperVision Enterprise application, which offered secure controls for accessing the e-documents. Each BWIS document image was then uploaded to the Digitech Systems ImageSilo on-demand ECM archive. Using this process, CASO completed the conversion of 6.2 million pages in 7 months.

After the initial conversion, permanent scanners were installed at each of BWIS's three main locations for internal staff to use to convert new documents. These document images are securely uploaded to the archive daily.

KEY BENEFIT AREAS

The Digitech on-demand content management system has made BWIS document retrieval faster and safer and improved employee productivity.



TOTAL: \$1,520,400

Key benefits of the project include:

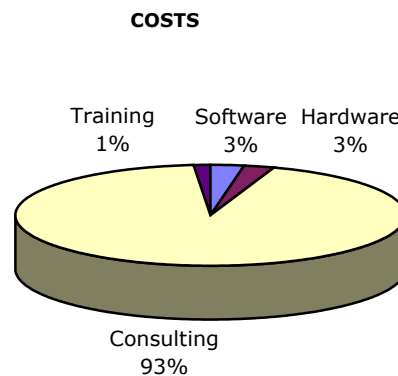
- Reduction in storage costs. BWIS has freed up office space worth \$30,000 a year for more useful activities by reducing storage space. A more efficient environment also helps to recruit and retain staff in a competitive environment.
- Reduced upfront and ongoing costs. Because the Digitech service is offered on demand, BWIS avoided the implementation costs of on-premises software

licenses, scanning hardware, and staff training. CASO also manages the Digitech applications, freeing BWIS's IT personnel from having to do it.

- Improved productivity. Reducing the file search times has given BWIS productivity savings, with back office employees saving 10 minutes per file and front office employees saving an hour weekly.
- Improved security. Each document is tracked completely through the system, increasing accountability for its management, with automatic storage backup.

KEY COST AREAS

Key cost areas for the deployment included software, consulting, hardware, and training; services were the largest cost area because of the initial and ongoing document conversion services. Training was limited because the application is relatively intuitive.



TOTAL: \$1,523,348

BEST PRACTICES

BWIS needed to quickly become more efficient and competitive, but didn't want to make a big investment in deploying on-premise content management. Choosing an on-demand strategy enabled it to reduce cost and risk while accelerating deployment and adoption.

CALCULATING THE ROI

Nucleus calculated the costs of software, hardware, consulting, personnel, training, and other investments over a 3-year period to quantify BWIS's total investment in the Digitech on-demand ECM system. Direct benefits included reduced cost of paper and storage.

Indirect benefits included increased staff productivity and the avoided potential disaster recovery costs. Not quantified in the analysis were the additional benefits BWIS will receive as it takes advantage of its existing Digitech investment to automate additional workflows and processes.

Nucleus Research is a global provider of investigative technology research and advisory services. Building on its unique ROI case study approach, for nearly a decade Nucleus Research has delivered insight and analysis on the true value of technology and strategies for maximizing current investments and exploiting new technology opportunities. For more information or a list of services, visit NucleusResearch.com, call +1-781-416-2900, or e-mail info@NucleusResearch.com.

DETAILED FINANCIAL ANALYSIS

BANKWEST INVESTMENT SERVICES

SUMMARY

Project:	Digitech
Annual return on investment (ROI)	33%
Payback period (years)	3+
Net present value (NPV)	(146,106)
Average yearly cost of ownership	507,783

ANNUAL BENEFITS	Pre-start	Year 1	Year 2	Year 3
Direct	0	82,800	82,800	82,800
Indirect	0	424,000	424,000	424,000
Total Benefits Per Period	0	506,800	506,800	506,800

DEPRECIATED ASSETS	Pre-start	Year 1	Year 2	Year 3
Software	0	0	0	0
Hardware	39,000	0	0	0
Total Per Period	39,000	0	0	0

DEPRECIATION SCHEDULE	Pre-start	Year 1	Year 2	Year 3
Software	0	0	0	0
Hardware	0	7,800	7,800	7,800
Total Per Period	0	7,800	7,800	7,800

EXPENSED COSTS	Pre-start	Year 1	Year 2	Year 3
Software	0	14,000	14,000	14,000
Hardware	0	0	0	0
Consulting	1,064,000	118,800	118,800	118,800
Personnel	1,154	0	0	0
Training	20,794	0	0	0
Other	0	0	0	0
Total Per Period	1,085,948	132,800	132,800	132,800

FINANCIAL ANALYSIS	Pre-start	Year 1	Year 2	Year 3
Net cash flow before taxes	(1,124,948)	374,000	374,000	374,000
Net cash flow after taxes	(581,974)	190,900	190,900	190,900
Annual ROI - direct and indirect benefits				33%
Annual ROI - direct benefits only				-4%
Net present value (NPV)				-146,106
Payback (years)				3+
Average annual cost of ownership				507,783
3-year IRR				-1%

FINANCIAL ASSUMPTIONS

All government taxes	50%
Discount rate	15%