

Orbograph's 14th Client Conference



Check and Healthcare Payments Automation Jazzfest

**From Capture to Deposit Automation and Beyond
- A Transformative Journey**

Vijay Balakrishnan, StratEx LLC

Renaissance Hotel, New Orleans, April 10-12, 2012





- Consultancy serving technology companies and FI's
- Strategic Marketing
 - Product Strategy and Roadmaps
 - Positioning, Messaging and Go-To-Market
 - Strategic Alliances and Channels
- Business Process Improvement
 - Requirements to Release Process
 - Agile Methodologies
 - Off Shore, On Shore, Near Shore
- Mergers and Acquisitions
 - Operational Due Diligence
 - Post-merger Integration
- Vendor Evaluation
 - Solution Definition and RFPs
 - Solution and Vendor Business Process Audits

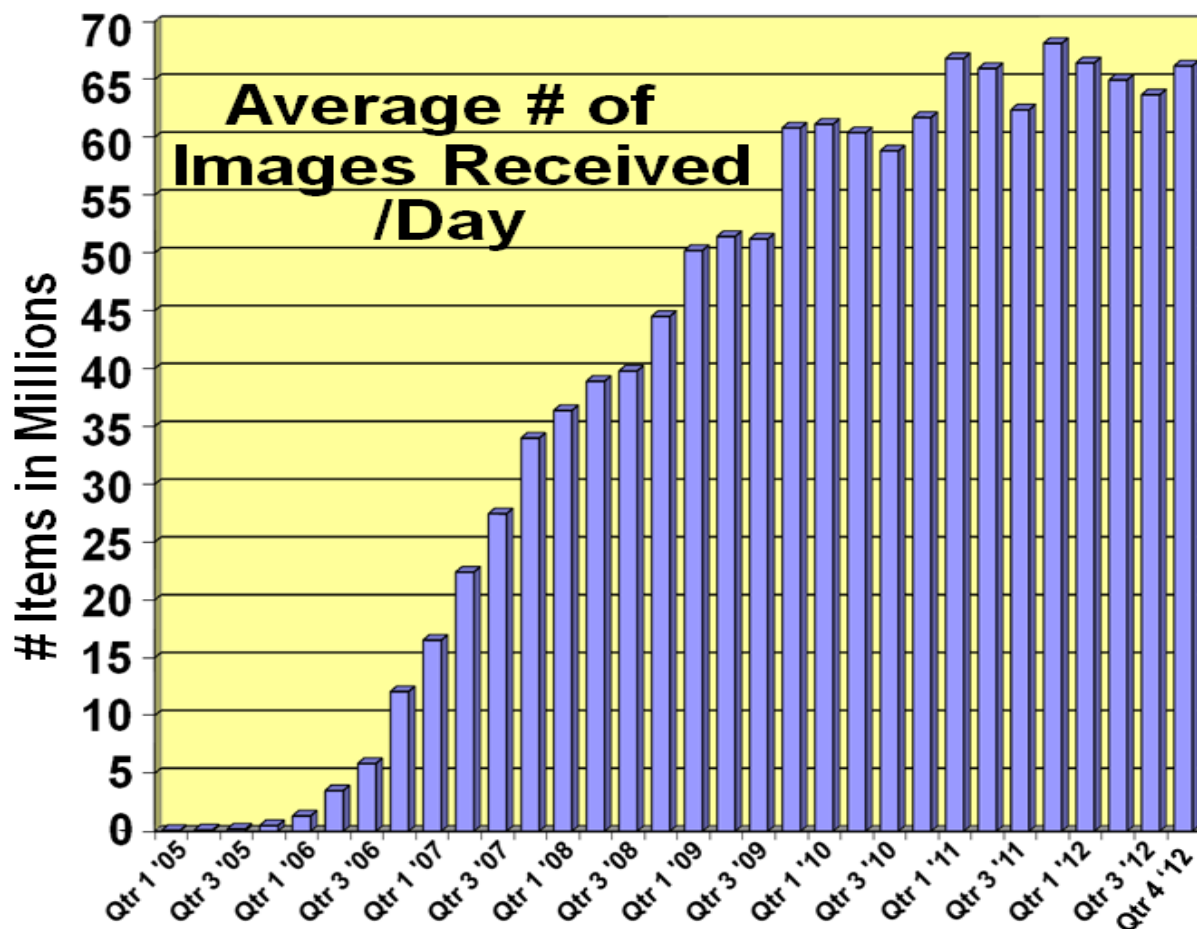


You've Changed

(Sarah Vaughan)



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Highlights:

Chart reflects volume received by DFIs for payment.

Average daily image volume grew from .08 to 66.18 million from Qtr 1 2005 to Qtr 4 2012.

Qtr 4 2012 volume annualized is 16.4 billion images received per year.

Data Sources:

Transactions settled through the Federal Reserve, Viewpointe, The Clearing House, selected ECCHO Full and Participating Members and other local / regional exchanges

Continental scale infrastructure transformation!!

Long, Long Journey

(Louis Armstrong)



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- Planes, trains, automobiles
- Paper factories
- Central proof and encode
- Image lift and microfilm replacement
- Who remembers the first iPOD?
- Branch code line capture, paper to follow
- Inter-bank ECP
- And then...(drum roll please)...Check 21!

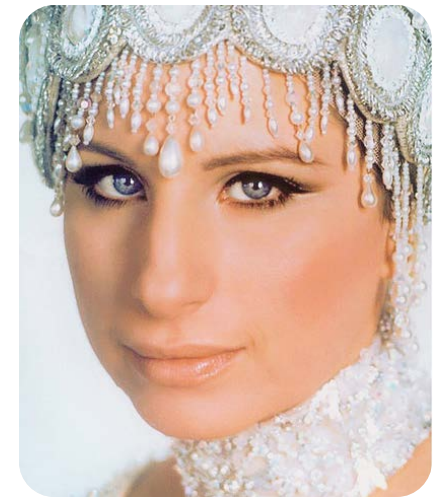


Captured by Your Eyes

(Barbara Streisand)



- Centralized & Branch image capture in lieu
- Image capture for workflow
 - Distributed
 - Centralized
- Teller capture
- ATM capture
- All initially with paper to follow
- Big leap to merchant capture
- Fast forward to consumer and mobile
- Truncation, as Image Receive gains traction



Visions

(Stevie Wonder)



- The Straight Through Processing Vision
- Capture versus Deposit Automation
- Capture and “Sorter on a rope”
- Point of Entry- Capture, Correct, Balance, Send
- DRIFT Principle- Do It Right First Time!
- Vision or Hallucination?



Promise to Try (Madonna)



- Promises of Straight Through
- Hard
 - Truncation and Transport Reduction
 - Back Office Cost Reduction
 - Float Gain (and Loss)
- Soft
 - Keystroke reduction
 - Tellers into Sellers
 - Error Elimination
 - Improved Customer Satisfaction



Objection

(Shakira)



- Tellers are not sorter operators
- Will add time to process deposits
- Queue length will increase
- Added exception handling at center
- Won't work!
 - Training, Updates, Bandwidth
- Retail vs Ops



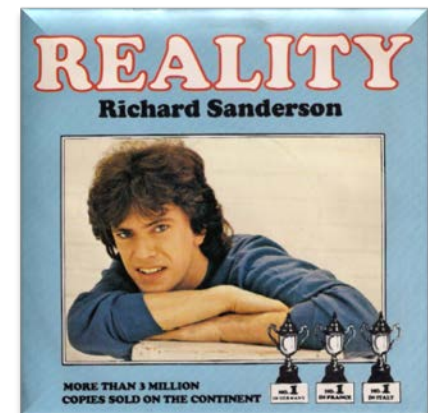
Reality

(Richard Sanderson)



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- Teller Deposit Automation works!
- Truncation and back office collapse
- Elimination of “paper drag”
- Keystroke reduction (75 to 5)
- Training load minimal- tech for heavy lift
- App updaters commonplace
- Bandwidth is “free”
- Tellers into Sellers- Jury still out
- Large deposits still a challenge
- What do you do with the “goo”?



Mirage

(Fleetwood Mac)



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- Self-service STP- Mirage?
- ATM, Merchant, Consumer, Mobile
- Mobile- unrealizable expectations?
- Consumer ADD threshold
- High enrollment, low use?
- Today's peacock, Tomorrow's feather duster?
- Resurrection of Consumer Capture?

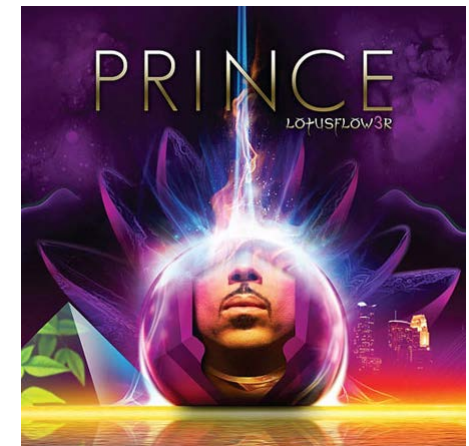


Crystal Ball

(Prince)



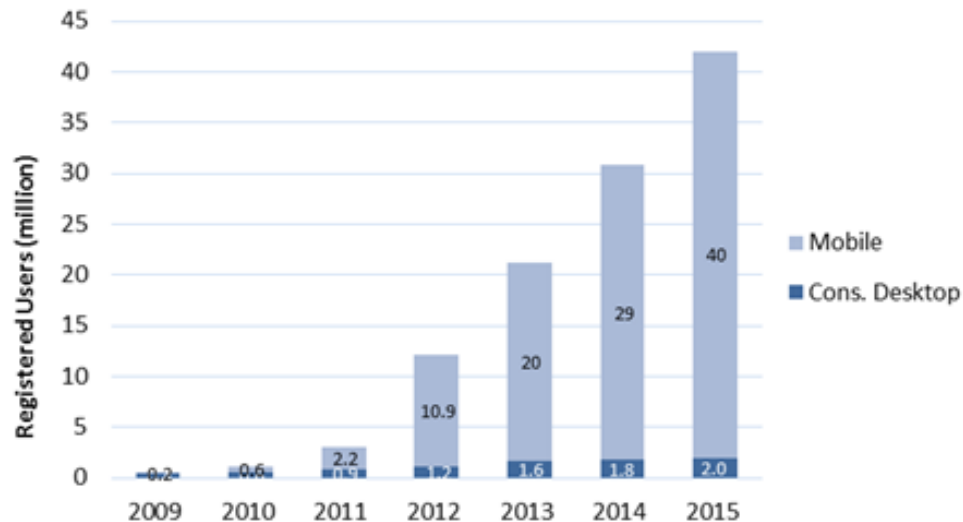
- Other Self-service prognosis
- ATM
 - Steady, low growth
 - Limited use case
 - Queue considerations limit STP potential
- Merchant
- Poised for growth
 - Limited by FI risk concerns
 - STP governed by FI strategy
 - Most likely for STP after Teller



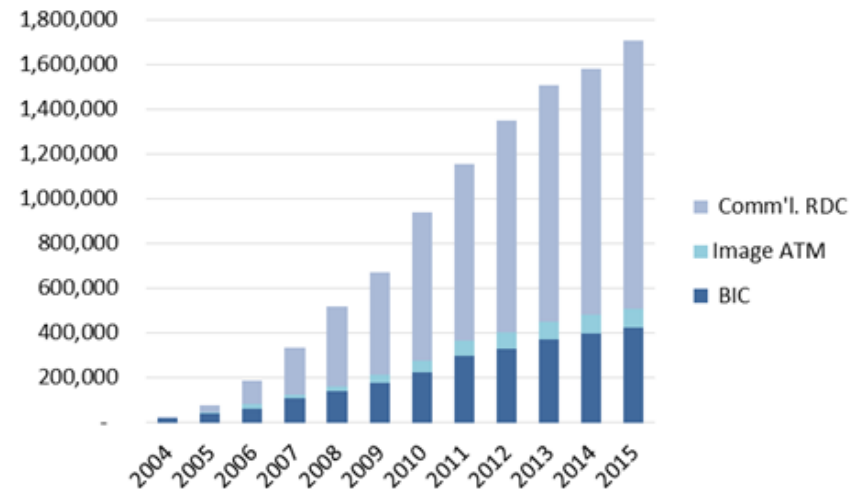
Crystal Ball..



Consumer Capture Registered User Estimate



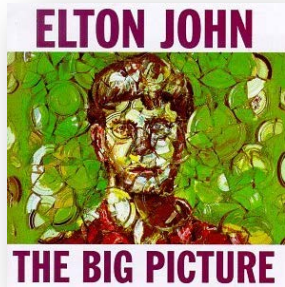
US Distributed Capture Deployment
(# scanners)



Source: Celent

The Big Picture

(Elton John)



Vendor



Process Efficiency

Customer Intimacy



Convenience

Efficiency

Unfinished Song

(Celine Dion)



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- Deposit Automation- Unfinished Picture?
- Have we thought through the complete use case?
- What is the Total Deposit Experience?
- How can we improve convenience?
- What insights can we give the FI?
- Where can efficiencies be improved?



Knowing Me, Knowing You (ABBA)



- “Knowing” the customer
- Link deposit behavior & Retail Strategy
 - Location, frequency and amount
 - Real-time offers
- Day Zero risk mitigation
 - Across all deposit channels
 - Item alteration, transaction history
 - Granular filters-channel, account, amount

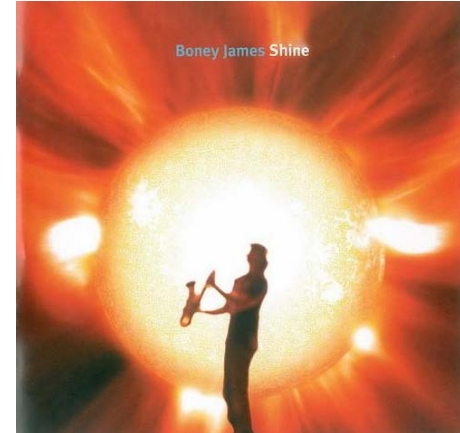


Total Experience

(Boney James)



- Total Deposit Experience
- Teller
 - Seamless teller workflow- integration
 - Large Deposits- Error Correct, Rescan
- Merchant
 - Invoice and A/R update
 - Data entry defeats automation objective
 - Tight integration or data extract?

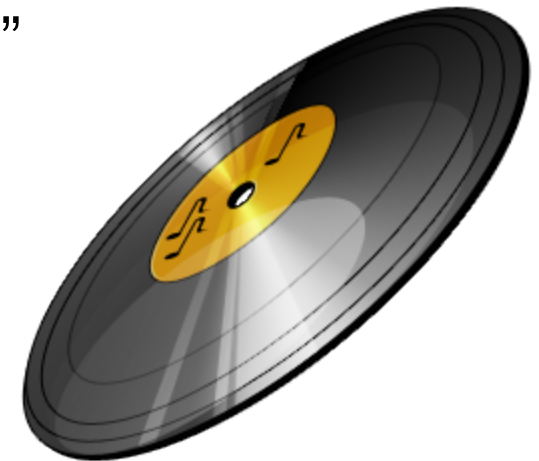


..Total Experience

(side two)



- ATM
 - How to really automate the teller?
 - Video teller a la NCR/ Ugenius?
 - Is the use case worth it?
- Mobile
 - Integration with Mobile Banking
 - Vast room for reco improvement
 - User education through “error messages”
 - How to update checkbook or A/R?
- Consumer
 - Possible resurrection?
 - A/R integration
 - Vastly improved user experience



Total Deposit Experience Strategy Filter

Attributes	<u>All</u>	<u>Teller</u>	<u>Branch</u>	<u>ATM</u>	<u>Merchant</u>	<u>Consumer</u>	<u>Mobile</u>
1	NA	In	In	In	NA	NA	NA
2	D	NA	NA	NA	D	D	D
3	Ig	Ig	Ig	Ig	Ig	In	In
4	NA	In	In	Ig	In	In	NA
5	D	D	D	NA	D	D	D
6	Ig	D	D	D	Aq	Aq	Aq
7	D	NA	NA	NA	D	D	D

NA- Not Applicable, D- Develop, In- Integrate, Ig- Ignore, Aq- Acquire

Last Waltz

(Engelbert Humperdinck)



- We've come a long way, but...
- Inexorable pull to commoditization
- Add value to stay relevant
- Think beyond your purview
- Integrate, Interface, Improve
- Enhance the Total Deposit Experience!



Q&A, Contact



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