

# AFP<sup>®</sup> Annual Conference



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INFORMATION



## Delivering Cash Solutions: The FedEx Way

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Fifth Third Bank

# Today's Agenda

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- Overview of FedEx Corporation
- Defining the Challenges of an In-house Process
- Building the Best Process - One Step at a Time
  - Identifying obstacles that needed to be addressed
  - Delivering change – How outsourcing met our goals
  - Benefits gained
- Where we are Today
- Lessons Learned & Tips to Share

# Overview of FedEx Corporation

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- Worldwide leader in package delivery solutions
  - Network of integrated companies
  - Provides specialized services in supply chain, transportation and related information services
- Our strategic business direction
  - To have our World Service Centers become more retail oriented
- High volume centralized in-house cash operations
  - Coin & currency collected from over 720 World Service Center stations nationwide
  - Average daily volume
    - Approximately 885 bags/day containing over 2,800 envelopes
    - Processed 251 days/year, M-F excluding holidays



# FedEx's In-house Cash Process



- Station sells FedEx services to client. Client pays via cash, check or card.
- At the end of the day, the station prepares a deposit and scans envelopes for delivery
- Deposits placed in a brown envelope with scan line information
- Monies transported to Memphis hub via FedEx planes






## IMPACT ZONE

- Upon receipt at hub, envelopes and mail bags re-scanned creating an audit trail
- 40 employees assigned task of verifying cash & preparing daily deposits
- Opening bags & envelopes
  - Counting Cash
  - Strapping notes for deposit
  - Preparing bags for courier
- Courier delivers bags to regional bank for deposit
- Bank receives bags & recounts cash

## Defining the Challenges of an In-house Cash Process

*FedEx wanted to transform the process to improve access to funds, tighten security and reduce errors*

- Gaining access to cash and applying funds to FedEx accounts was not timely 
  - Holdovers in cash
  - Redundancies in number of times cash counted
- Processing environment lacked optimal controls presenting security risks/challenges 
  - Missing bags and envelopes
  - Hard to know exact content of all cash bags or contents of envelopes
  - Lacked a defined contingency plan
- Difficult to manage tasks/costs associated with getting cash to the bank 
  - Deposit preparation not automated
  - Errors, shortages & adjustments
  - Limited reconciliation procedures in place at the station level

# Identifying Obstacles that Needed to be Addressed



# Building the Best Process- One Step at a Time


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Developed clearly defined business requirements



Invited targeted banking partners - including Fifth Third Bank - to consult with us

Fifth Third Bank presented creative alternatives to our in-house process

- 1) Local armored courier pick-up at each station
  - 2) Smart Safe technology at each station
  - 3) Centralized and consolidated process
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## Building the Best Process- *Our Solution*

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*Partnered with Fifth Third Bank to outsource our in-house process and implement a centralized consolidated cash vault*





# Building the Best Process- Getting Started

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Identified the key stakeholders & project leaders to execute the solution

FedEx
<ul style="list-style-type: none"><li>• Treasury</li><li>• IT</li><li>• Loss &amp; prevention</li><li>• Security</li><li>• Legal</li><li>• Senior Management Sponsor</li><li>• Human Resources</li></ul>

Fifth Third Bank
<ul style="list-style-type: none"><li>• Treasury Management Officer</li><li>• Product Manager</li><li>• Vault Operations</li><li>• IT</li><li>• Legal</li></ul>

# Building the Best Process- Getting Started

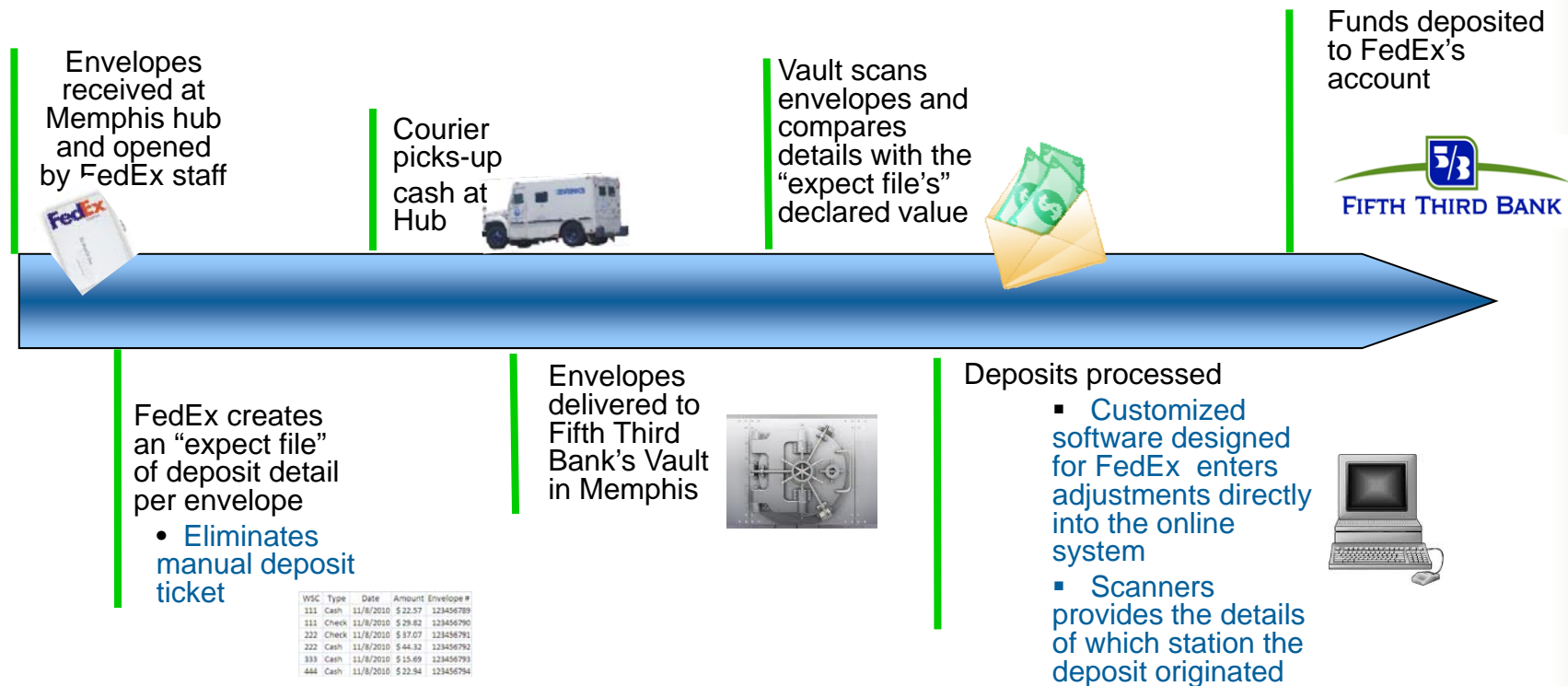
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## Toured Bank's Vault facilities



- Project team identified processes to incorporate into outsourced environment to support FedEx's business requirements
  - Changed the Vault design to maximize efficiency
  - Created pods to support 6 additional staff dedicated to FedEx
  - Purchased scanners
  - Customized deposit tracking software

# Delivering Change – How the Outsourcing Solution Worked



## How Outsourcing Met Our Goals

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***Desired a more efficient and secure process to deliver deposits from stations to our hub***

- Front-end process had minimal impact
- Barcode technology optimized
  - Scanned envelopes for deposit and then verified throughout process
- Five point verification process facilitated efficient and timely reconciliation



- Customized process to ensure compliance with FedEx requirements

# Benefits Gained

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- **Expedited access to funds**



- Improved working capital
- Facilitated same day deposit
- Reduced the number of times cash needed to be counted

- **Saved time for tasks associated with processing of cash**



- Reduced the number of dedicated in-house staff
- Delivered streamlined automated information flows
- Eliminated holdovers
- Provided scalability for peak volumes
- Leveraged the latest technology and software




- **Simplified cash handling & improved controls**



- Scanning technology improved tracking and control over cash
- Tighter controls inherent in the banking environment
- Less exposure to shortages, missing deposits, theft

## Benefits Gained

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- **Delivered fully integrated automated technology** 
  - Enhanced reconciliation with automated file transmissions
  - Automated data processing services
- **Maximized facilities & resources** 
  - Freed up over 21,000 square feet to be used for more strategic purposes
  - Eliminated need for capital expenditures
- **Provided immediate contingency plan** 
  - Allowed for complete disaster recovery and business continuity

## Where We Are Today

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- Outsourced Vault has been live for 11 months
- Establishes strong foundation to explore future Vault and Change Fund solutions with our banking partner
- Provides an evolution of ongoing change
  - *Future considerations*
    - Enhancing the customer experience at the World Service Center stations with other cash services
    - Consolidating deposit envelopes at stations
    - Incorporating coin orders to ensure flexible options to provide change to customers

## Lessons Learned & Tips to Share

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- Have a strong resource transition plan to address staffing impacts
- Ensure all partners truly understand the scope of the development, implementation and volume to be processed
- Align project team experts on sub-teams to maximize efficiency and meet project deliverables
- Execute a phased-in implementation approach
  - Target 25%, 50%, 75% - fully live



## A Final Thought

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*“Verifying, managing and controlling deposits is not our core competency - nor do we want it to be.*

*Outsourcing our process let the experts handle our volume more efficiently and allowed us to focus on our mission and promise -*

*The Purple Promise - to make every customer experience outstanding.”*

Doug Davis



## Questions and Comments Welcomed

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*Thank you for your participation today!*

## Contact

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