

Putting It All Together at Chubb & Son

Insurance Provider Saves Millions in Print, Warehousing and Fulfillment Costs

A Learning & Development trainer for insurance giant Chubb & Son is slated to begin a class for newly hired insurance producers at one of the company's 54 U.S. branch offices. Each trainee is to receive a raft of forms, marketing materials, documents detailing coverage options, manuals and supplemental backgrounders — with some items presented as stand-alone documents, others bundled with similar

information in tabbed binders. Classroom handouts may even include PC software or promotional Chubb coffee mugs.

- *How Does the Trainer Request Such Diverse Materials?*

Because of Chubb's new Spectrum Inventory System from Bradley Company, it will take the trainer only a few mouse clicks to go on a one-stop electronic

shopping spree. The shopper simply logs onto Chubb's worldwide network, checks off needed items, and E-mails the request to Chubb's corporate Printing and Electronic Publishing (P&EP) group in Branchburg, New Jersey.

P&EP's electronic "catalog" includes printed forms and documents plus a variety of collateral items. Options range from documents printed on demand to magazine reprints stocked on warehouse shelves to coffee mugs that must be drop-shipped by a vendor.

The requisition feeds the Spectrum Inventory System, a multi-faceted inventory management system from Bradley Company, a software firm based in Cleveland, Ohio. The Spectrum system includes a PrintLink module that automatically "hands" jobs to a Xerox DocuTech 135 Network Publisher — ordering this high-speed printer to produce desired quantities of any of 1,500 print-on-demand documents. No operator intervention is required.

"We have not simply automated," says Gerry Giesler, Chubb P&EP Vice President. "We have instituted a new process and a new way of doing business. We've succeeded in combining two different worlds — forms warehousing and electronic on-demand printing — to achieve dramatic savings and service improvements."

- *Warehouse Closing Yields Major Savings*

For starters, the new process allowed Chubb & Son to close its 42,000-square-foot Powderhorn Drive warehouse, which once housed 10,422 forms. The shutdown trimmed warehouse staff requirements and slashed more than \$1 million from annual operating expenses. At the same time, the company has improved service and cut freight costs by an estimated \$500,000 to \$500,000 per year.

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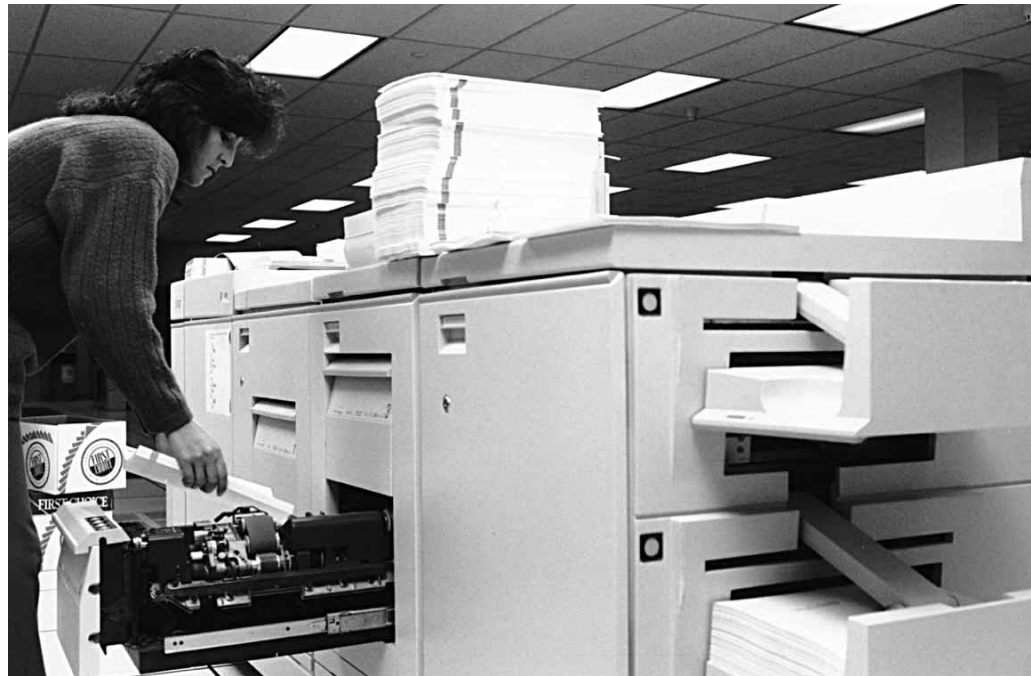
A shift to a print-on-demand strategy, coupled with other process improvements, made the warehouse closing feasible. These efforts reduced the number of forms in inventory from 10,422 to 5,000 and cut the number of printed pages stocked from 54 million to less than 20 million.

While Chubb's embrace of electronic printing is nearly a decade old, its push to reengineer the forms warehousing process is relatively new. In 1986, Chubb began using two Xerox 9790 laser printers that could merge variable policyholder information with electronic form templates to print custom policies for Chubb's Masterpiece insurance product, which combines home, automobile, liability and personal articles coverages.

“By 1994, we had automated commercial policy printing operations and were ready to replicate that success in the forms arena,” Giesler says. With this goal in mind, Chubb began a two-pronged electronic document processing study.

“First, we evaluated our existing forms to identify which were obsolete and could be eliminated,” he explains. “For active forms, we determined the most economical reproduction method. The studies were real eye-openers. We identified 2,700 forms we could scrap. And our calculations revealed we could save significant dollars merely by doing our own printing of most of the forms we needed to inventory.

“However, it became evident that we could save much more by skipping the inventory step entirely — and simply printing the documents when we needed them. Automating a warehouse can save money; eliminating the need for one saves even more.”



Wendy Hirsch, Print Operator, loads paper into Xerox 4890 high-speed color printer, handling a high-volume production job of printing insurance policies.

In 1991, Chubb & Son spent nearly \$7 million on outside printing. During 1995 this total dropped to \$4.5 million, and Giesler expects the company will soon reach a target of \$2 million or less. He adds that the number of print-on-demand documents will climb beyond the 1,500 mark as old forms are upgraded and new forms are created.

Chubb & Son, a premier provider of property and casualty (P&C) insurance coverage worldwide, is a division of the Chubb Group of Insurance Companies. The Chubb Group, in turn, is a component of The Chubb

Corporation, the 22nd largest diversified financial organization in the U.S. with annual revenues of more than \$5 billion and assets totaling \$19 billion.

● *The Fulfillment Process*

“Before” and “after” snapshots of Chubb's fulfillment process reveal not only hard-dollar savings but major turnaround, productivity and service gains.

In 1994, a Learning & Development trainer who wanted materials shipped to a branch would have filled out two, or possibly three, separate order forms. One would have requisitioned items stored in the Powderhorn Drive warehouse. Another form,

addressed to the Branchburg P&EP facility, would have requested print-on-demand documents. The Print Purchasing group might have received yet another requisition for unstocked items ordered on-request or provided by vendors.

“The forms weren’t very user-friendly, either,” recalls Jack T. Erchard, Administrative Services Manager. “Employees had to know if documents were printed electronically or warehoused in paper form. If they wanted a packet of materials, they had to specify each individual component — a binder, so many cut tabs, the named individual documents, etc.

“Now, with order fulfillment under one structure, shopping is simplified,” Erchard adds. “Chubb employees don’t need to know or care where or how items are created or stored. Users can order complete sets of materials by putting a check next to the name of an assembled kit.”

Bill Stickle, Print Production Manager, agrees that the consolidated system has yielded major efficiency and productivity gains.

“In the past, facilities were located 25 miles apart,” he says. “And service was fragmented. A day could be lost just shipping binders from the warehouse to the print center. Fulfillment problems prompted some employees to order more forms than they needed to ensure they had an adequate supply. Chubb wasted money producing and shipping forms that became obsolete before they were used. The old process had too many holes.”

In contrast, the new process is seamless. Once an order is entered, Spectrum automatically parcels out assignments, notifying the Print Purchasing group if it needs to issue a purchase order, generating warehouse picking tickets, or creating electronic job tickets for the company’s Xerox DocuTech Network Publisher.

This highly productive print-on-demand system was not even a dream until late 1992, Giesler recalls. Prior to that time, separate cost-cutting strategies were being developed to modernize existing warehousing operations and to shift more print production from outside vendors to inside Xerox print resources.

At that point, Chubb executives learned about Bradley Company, a Xerox Strategic Alliance partner, at a conference of the electronic

printing users’ group, Xplor. By July 1995, Chubb had purchased Bradley’s Spectrum Inventory System, and by the spring of 1994 their system was fully operational.

“Without a warehouse and print-on-demand system interface, Chubb had only been able to partially automate its processes,” explains Bradley Company President John S. Zitzner. “They had almost decided to buy two separate systems, when we explained that we could offer one integrated solution.”

Adds Zitzner, “Spectrum helps Chubb manage its purchasing, channel its demand print jobs to DocuTech printers, simplify and speed its distribution, interface with internal accounting systems and communicate with vendors. Other systems Chubb looked at were designed to address specific problems, but only Spectrum offered a single solution.”

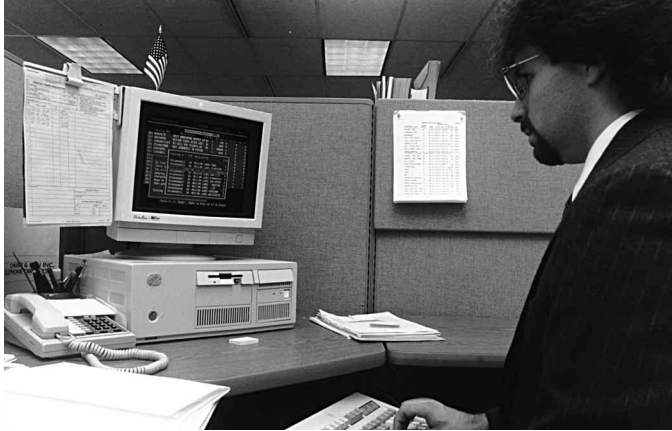
● *The On-Demand Print Interface*

Giesler explains how Spectrum’s PrintLink on-demand interface fits into Chubb’s overall document management scheme. As part of its process innovation efforts, Chubb is building a central mainframe document repository. Whenever a print-on-demand form is designed, one copy is stored in this repository, and another PostScript version is sent to the DocuTech’s network server.

Spectrum knows the preferred fulfillment route for each item in its database. When a print-on-demand form is requested, the PrintLink module tells the DocuTech where the needed PostScript file resides and passes along job specifications. When the DocuTech processes the job, it prints a final banner page summarizing all requester and ship-to information.

“We’ve been quite pleased with our three-way relationship,” says Giesler. “Bradley and Xerox have worked hand-in-hand with our own Information Technology people to make PrintLink work as we wanted it to work.”

Today, Chubb’s array of Xerox printing equipment includes three 4135 printers, 4235, 9790 and 4635 MICR printers, a 4890 Highlight Color Printer, and a DocuTech 135. Print volume on the DocuTech currently runs about two million pages per month.



Brian Artuso, Order Entry and Invoicing Clerk, enters order for training manuals and insurance worksheets into the Spectrum Inventory System from Bradley Company, a Xerox Strategic Alliance partner.

• *The Next Phase: Wider Resource Utilization*

In the next development phase, Chubb plans to use Spectrum's PrintLink in combination with Xerox' ENTIRE system to better utilize all its Xerox print resources for on-demand printing. ENTIRE converts PostScript files to enable them to be printed on a wide variety of devices.

"If our DocuTech is loaded and one of our laser printers has excess capacity, we want the ability to forward a print-on-demand job," Stickle explains. "We are working with Xerox and Bradley to use the new Xerox gateway and its ENTIRE workstation to take PostScript files and move them to other DocuTechs or other high-speed Xerox printers. We're already using a 'sneaker net' to funnel two-color print jobs to our 4890 Highlight Color Printer."

Stickle adds that Chubb has begun a pilot project that lets networked employees use Spectrum to order copies of documents created on their PCs and send these copies to colleagues by attaching custom distribution lists. PrintLink creates front-end job tickets for these reproduction orders. "This will shift volume from our reprographics center to higher-volume networked publishing printers and reduce walk-up copier needs," says Stickle.

Giesler says the company is equally excited about giving people in the field direct access to Spectrum screens. "One advantage will be the ability to call up electronic preview versions of documents so producers can verify that the documents they are ordering are the ones they really want," he notes.

In 1995, Chubb finished a major deployment of PCs to locations throughout North America, in addition to introducing a new wide area network and new desktop architecture. The Spectrum application will tap capabilities offered by this new desktop power.

"We want to find new ways to feed the core Spectrum system and provide desktop access to centralized data," says Erchard. "Eventually Spectrum may be used to order software packages, office supplies, even cellular phones."

Based on the pace of Chubb's 1994-95 progress, users will not have to wait long for such innovations.

"When we first mapped out our system change-over plans in late 1993 and early 1994, we predicted that rewards would be great — though we expected the conversion process to be long and slow," says Giesler. "But decisions we made in December were implemented by June. And once we agreed we could close our Powderhorn Drive warehouse, we had it emptied in just six months.

"Best of all," he adds "we haven't stepped on a single land mine as we've raced ahead."

For more information about the solutions discussed in this document, please contact your local Xerox representative.

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