

# How do Post Office® serve 24 million customers a week?

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**Ric Francis – Operations Director, Post Office®**



## Customer's Challenge

What will your business be like in ten years? Not like it is today is the short answer. That's why large IT programmes need to be responsive. If not, by the time they're implemented, they could be solving problems that don't matter and delivering services that aren't needed.

Take Post Office®, part of Royal Mail Group, and the largest retail and financial services chain in the UK - bigger than all of the UK's banks and building societies put together. Fujitsu's partnership with Post Office® stretches back to 1993 and includes a £1.4 billion, ten-year programme to manage the in-store experience in its 14,300 branches. Conceived in 1999, it was the largest civilian IT project of its kind in Europe, involving the installation of a brand new networked counter system.

In 2006, two-thirds of the way through the programme, the Royal Mail's 350-year postal monopoly ended; this was on top of the governments' decision to change how benefit payments were made. Instead of visiting their local Post Office® branch, people would now be paid direct by electronic bank transfer. At a stroke, Post Office® found two core revenue streams cut and faced the threat of lower customer footfall to its branches. To counter the new commercial pressures, Post Office® needed to reduce costs, restructure its offering and attract customers back into its branches.

## Fujitsu Solution

The response was the Forward: five2eleven vision, which aimed at returning the business to profitability by 2011. Crucial to Forward: five2eleven's success is Fujitsu's ability to continue delivering its intermediate objectives, while also engaging customers through innovative ideas and the delivery of services in a multi-channel environment – from branches to the web and beyond.

This took some new thinking, as Ric Francis, Operations Director, Post Office®, explains, *“Mindsets have had to change to look more long-term and to think more about innovation and delivering a seamless customer experience, however the customer interacts with us.”*

As a result, Fujitsu has been working very closely with Post Office® to create an innovative branch experience, ranging from flexible touch screen counters to trialling self service kiosks, so customers benefit from multiple channels and greater payment options. For example, to cater for the needs of small rural communities, Fujitsu supports a network of fully equipped Post Office® vans and unique mobile counters and trolley-based terminals to ensure customers can still be part of the community. A satellite connection also ensures that customers in even the most remote of places can be served.

## SUMMARY OF KEY FACTS

### Organisation

Post Office®

### Service/s delivered

The design, implementation and ongoing management of an innovative and reliable networked branch counter system

### Key Metrics

- Operates 14,300 branches
- Handles over 3 billion transactions a year
- Serves 24 million branch customers a week

### Benefits

- **Increased efficiency** – can now process up to 3,500 transactions a second worth more than £90 billion a year, making it the biggest cash handler in the UK
- **Improved customer experience** – provides a faster and more efficient service by reducing paperwork and making transactions simpler
- **New revenue streams** – can offer new products and services, enabling it to become the UK's biggest foreign currency provider, second largest supplier of mobile phone E-Top-ups and sell 1+ million travel insurance policies a year
- **Greater operational flexibility** – the infrastructure that can be quickly and proactively adapted to meet evolving customer needs

## CASE STUDY POST OFFICE LIMITED

This advanced infrastructure has enabled Post Office® to operate beyond the traditional postal services. Its automated banking network enables customers to carry out banking transactions in much the same way as at a bank branch or an ATM. With a PIN pad installed on every counter the entire service is paperless for around 21 million customers with no deposit slips or cheques required. Consequently, the Post Office's automated branch service is now the largest UK banking network, so for every £1 in circulation, 15p goes through a Post Office® branch.

One of the other major enhancements that have been made is the addition of an Electronic Point of Sale Service (EPOSS), which enables Post Office® to sell a whole new range of over-the-counter products alongside traditional products, such as stamps and postal orders. It also allows customers the choice to pay by cash, cheque, debit card or a mixture of these payment methods. Improvements have also been made in Post Office's® core area of business. The new self-service kiosks have given customers the flexibility to post letters and parcels without having to queue at the counter.

In addition, Fujitsu has developed a sophisticated managed delivery service, called Smartpost, which streamlines the handling of mail for their customers. As well as being able to customise and print various postage labels, receipts and reports, Post Office® branches can record and track details about each mailing, including value, weight and destination. Smartpost also enables a direct link to external applications such as the Postal Address File, Royal Mail's comprehensive address database containing over 27 million addresses.

Based on the success of the ongoing collaboration between the two organisations, Fujitsu recently received the 'Vendor of the Year Post Office Limited' award and beat off strong opposition to take the title of 'Overall Royal Mail Group Vendor of the Year'. Ric Francis comments, "Ours is a very complex and varied business, meaning it's not easy for a company to come in and understand all the issues. Experience is important, which is why we value our long-standing relationship with Fujitsu."

### Benefits to our Customer

The innovative in-store solutions provided by Fujitsu have enabled Post Office® to benefit from:

- **Increased efficiency** – through the automation of its trading environment and use of touch screen technology Post Office® can now process up to 3,500 transactions a second. This has enabled it to become the biggest cash handler in the UK, processing more than £90 billion a year in over 3 billion transactions
- **Improved customer experience** – provides a faster and more efficient service to over 24 million branch customers every week, reducing paperwork and making transactions simpler. Every year more than 240 million household bills are paid at Post Office® branches

- **New revenue streams** – Post Office® can offer new products and services to meet the diverse and ever increasing needs of its customers. As a result, it is the UK's biggest foreign currency provider, the second largest supplier of mobile phone E-Top-ups and sells over a million travel insurance policies a year
- **Greater operational flexibility** – the infrastructure that can be quickly and proactively adapted to meet evolving customer needs.

*"IT is helping us improve efficiency, cutting out redundant processes and helping us do things faster and more cost-effectively. It is also creating a more joined-up business and providing strategic insight, creating new opportunities and helping us to exploit the power of the internet as a retail channel," says Ric Francis.*

### Our Approach

Over 3.5 million lines of programming code were used to create the sophisticated functionality that forms the heart of the Post Office's® counter systems. Yet despite the size of the Forward: five2eleven challenge, Ric Francis has confidence in the relationship with Fujitsu. He says, "Fujitsu understands our business, our people, and how to manage change of this scale and complexity. So we extended the contract to allow us to work together to deliver a modern, reliable infrastructure that supports our branch staff in offering a better service. We see the relationship now as more of a business partnership, rather than an IT supplier."

As with any big technology project, personal relationships are a key enabler of success, as Ric Francis explains, "The teams work well together; there's a shared understanding of what we are doing – at all levels, not just senior management."

This mutual understanding is reflected in the respective roles of the organisations. In particular, Fujitsu is not restricted to dealing with just technical decision-makers at Post Office®. Instead it works closely with all senior managers to ensure that the business needs that drive the project are being met. In return, Post Office® gains access to expertise from across Fujitsu's global business.

For example, Ric Francis recently visited the Fujitsu Laboratories in Kawasaki, Japan. He comments, "Seeing the developments and innovation coming from Japan helps you see what's coming down the line and opens your mind to new possibilities. I could see how new technologies and approaches will be able to help our business in the future. Much of this is about seeing how to take ideas from industry and apply them to your own. Fujitsu's global scale gives me access to this thinking. We still have a long way to go, but the progress to date has been good."

### Our Expertise

Fujitsu has delivered consistently high levels of service to UK businesses for more than 30 years, and has amassed a wealth of expertise in helping clients to use IT to create new revenue generating opportunities, reduce operational costs and increase customer satisfaction.

### ASK FUJITSU

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