



CUSTOMER CASE STUDY

Household International

Company Improves Service and Lowers Cost by Consolidating its Branch Office Voice and Data Functions

When a nationwide consumer finance lender sought to boost revenues while improving customer service, the answer was to promote nationally but respond locally. Would it be possible to increase the revenue of its domestic consumer-lending companies by combining the voice and data functions of its branch offices into one system? Household International, a leading provider of consumer loans and credit insurance products in the US and Canada, recently asked itself that question—and found that the answer was a resounding yes. Household's new system handles customer inquiries more efficiently and with a more personal touch, and it also delivers significant cost savings in the bargain.

To provide better intimate service to its customers, Household is shifting its call-center functionality and customer sales and service from a few large, central, corporate call centers to its 1,500 HFC and Beneficial Finance branch offices. This approach can dramatically increase revenue, but the company's existing voice and data systems limited the amount of growth it could expect. The company needed a solution that would improve its ability to identify customers and calling patterns and better enable it to manage marketing campaigns across its network. The solution also had to run a new, internally developed computer-telephony application, tie into an existing data network, and provide advanced communications for all branch locations. To streamline its marketing efforts and improve the efficiency of its service representatives while providing more personalized service, Household decided to explore options for distributing call center functions out to the branches themselves.

Household's branches typically used traditional data routers and PBX systems served by connections from local carriers and service providers. Since the new business application required the integration of data and telephony services, however, the company wanted a solution that could offer advanced call center functions in each branch while having the data connectivity and computing power to support its custom application. This way, each office could respond to inquiries from local callers and could use customer profile data for local marketing while also flowing that data up to Household's central data center in Prospect Heights, Illinois for corporate marketing campaigns.

"Lending is a business of personal service," says Kenneth Harvey, executive vice president and chief information officer of Household International. "We wanted to be able to serve customer inquiries out of our local branches while maintaining a central database and system-wide data network for corporate marketing and communications. Our existing voice and data infrastructures made that a very challenging proposition."

A Business Solution, Not Just a Physical Infrastructure

Starting in January 2001, Household evaluated four different types of technologies to determine what it needed. A predictive dialing system would require more bandwidth than Household's existing networks, and thus was far too costly to deploy to 1,500 branch offices. PC-based devices with telephony applications added to each desktop offered only limited functionality and were difficult to manage. The company also considered systems that offered multiple IP services, as well as the InstantOffice™ Integrated Communications Platform (ICP) from Vertical.

After three months of pilot tests with the different solutions, Household chose Vertical's InstantOffice 3500 platform and traded in its separate voice and data services for a network-wide T1 service contract with AT&T Networking Services. The InstantOffice 3500 combines a packet- and circuit-switched PBX, voice mail system, multiprotocol router, Ethernet LAN, and applications platform, providing a one-stop solution for all of Household's current and future branch communications needs. The AT&T service provides ISDN PRI, Frame Relay, Software Defined Network, toll-free service, and AT&T Digital Link local service over a T1 connection. Harvey points out that DSL wasn't an option because not all offices had the service available, while T1 reaches everywhere and could thus be obtained under one system-wide contract with AT&T.

"Household evaluated competing products, but we found that while others just offered a physical infrastructure, only the InstantOffice offered a complete business solution, including call center functions, integrated voice and data features, and the ability to run our custom applications," said Harvey. "The InstantOffice system can quickly be up and running with Household's applications, allowing us to realize immediate cost savings."

Efficiency and Revenues Will Climb

The InstantOffice system will improve both customer service and employee productivity at Household. The system provides the basic infrastructure for all voice and data communications and also integrates with Household's computer-telephony customer application. Now, calls will be transferred and emails routed automatically to the appropriate local branch. In addition, the system will capture customer data automatically from the public telephone network and update the customer record; previously, service representatives had to key in customer information manually.

The new system also lets Household easily track call trends and detect recurring problems or questions. Reporting capabilities will allow branches to target specific groups and conduct their own outbound telemarketing programs. The personalized service offered by the local branch offices will greatly enhance customer service, and Household estimates that the processing time on customer transactions will be cut in half, since documents will now be routed over IP rather than mailed to customers.

Additionally, the company estimates that automating its computer-telephony application will improve the efficiency of each sales representative by 15 to 20 percent, allowing them to service that many more customer inquiries in a given day. And with as many as 40 employees per site, this will translate into substantial additional revenue.

Household completed the rollout of its InstantOffice systems across the U.S. in July 2002. The company expects to save at least \$3,000 per branch office per year on network service charges alone. Once the deployment is complete, Household estimates it will save more than \$4 million dollars per year, over and above the productivity savings it anticipates.

About Household International

Household's businesses are leading providers of consumer finance, credit card, auto finance, and credit insurance products in the United States, United Kingdom, and Canada. In the United States, Household's largest business, founded in 1878, operates under the two oldest and most widely recognized names in consumer finance—HFC and Beneficial. Household is also one of the nation's largest issuers of private-label and general-purpose credit cards, including the GM Card and the AFL-CIO's Union Privilege card. For more information, visit the company's website at www.household.com.



About Vertical Communications, Inc.

Vertical Communications is the leading provider of Integrated Communications Platforms (ICPs), the first systems that combine voice, data, and applications support into one remotely manageable platform. With a unique focus on the needs of enterprise branch offices and small to medium-sized businesses, Vertical delivers business solutions to a wide range of industries, including financial, retail, and publishing. To ensure total customer satisfaction, Vertical's strategic network service provider, reseller, and systems integration partners offer comprehensive support services, including 7x24 on-site support.

For more information about Vertical's products, visit the company's World Wide Web site at www.vertical.com or call 408-523-9700.

###