

Ultramar saw significant opportunity to enhance the efficiency associated with producing monthly statements and chose Canada Post as a strategic outsourcing partner.



## ULTRAMAR LTD.

### **SmartFlow<sup>TM</sup> Send service from Canada Post provides high-quality, affordable outsourcing for statement production and delivery by mail or electronically online**

Ultramar Ltd., a subsidiary of Valero Energy Corporation (VLO on the New York Stock Exchange), owns and operates a refinery, whose current production capacity is 265,000 barrels of oil per day, at Lévis (Saint-Romuald), near Quebec City. It markets gasoline and diesel fuel to a large group of industrial and wholesale customers and via a network of some 830 service stations and convenience stores and 85 cardlocks, in addition to selling home heating oil to about 140,000 customers. Headquartered in Montreal, Ultramar employs over 3,700 persons and its refining, distribution and retail sales networks contribute to supporting more than 10,000 jobs, making it one of the largest employers in Eastern Canada.

#### **SMARTFLOW SEND FROM CANADA POST TRANSFORMS COMMUNICATIONS**

According to Hugo Beaulieu, Ultramar's Supervisor of Systems and Automation, "Ultramar produces between 10,000 to 50,000 statements per month for our home heating oil customers. Before we established a relationship with Canada Post, production was handled internally and spread across three or four different office locations. We had people at these facilities who were periodically producing statements, but they were doing other jobs as well. We realized that we needed to improve both the quality and control of our operations. Canada Post provided us with a high-quality and affordable alternative."

#### **AT A GLANCE**

##### **COMPANY**

Ultramar Ltd.

##### **INDUSTRY**

Petroleum products

##### **CHALLENGE**

Improve the quality, control and cost of statement production and distribution.

##### **SOLUTION**

SmartFlow<sup>TM</sup> Send service enables companies to control costs and increase the efficiency and effectiveness of their customer communications processes while addressing the needs of customers who want to receive statements in the mail or online.

##### **BENEFITS**

- Use one supplier for statement production and distribution by mail or online
- Increase customer satisfaction
- Reduce operating costs
- Provide statements to customers in the delivery channel of their choice

Ultramar uses SmartFlow Send, a convenient, cost-effective service that transforms a company's communications from raw data into an appropriate format to be delivered via the customer's preferred channel. These channels could be physical mail, courier, epost™, email or fax.

"By outsourcing, Ultramar had access to expanded capability," said Beaulieu.

For example, customer retention is a challenge for Ultramar, which uses its invoices to blend in marketing messages. Beaulieu elaborated, "As customers renovate homes, they explore fuel alternatives including natural gas and electricity. Through statements, we can focus consumers on the fact that oil has historically proven to be more affordable in the long term."

Strategic sourcing with Canada Post and the SmartFlow Send service gave Ultramar the ability to address the needs of customers who wanted statement e-presentment. While only one to two per cent of customers leverage e-presentment, SmartFlow Send enables Ultramar to control costs and increase the efficiency and effectiveness of their customer communications process, while servicing customers in the delivery channel of their choice.

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#### **CANADA POST DELIVERS A PROCESS THAT WORKS WELL—WITH ZERO ERRORS**

According to Beaulieu, "The production process works well. We have five to six billing cycles a month. We take data from our back-office system, generate a batch file and export it to Canada Post through an FTP link. Canada Post produces, folds and mails the invoices, and we get a confirmation report. It works well and we don't have any errors."

#### **IMPROVING EFFICIENCY AND MEETING FINANCIAL AND OPERATIONAL OBJECTIVES**

Today's enterprises are searching for ways to optimize their document spend, cut costs and improve overall operational efficiency. Strategic sourcing with partners that have expertise in document solutions, such as Canada Post, can deliver near-immediate cost savings, as well as improvements in document quality and turnaround time. Beaulieu summed it up, "Outsourcing high-volume print jobs like this makes sense. There would be no way for us to match the cost internally and deliver such rapid turnaround."

Strategic sourcing isn't an all-or-nothing proposition; rather, it is a flexible option designed to adapt to a company's needs, timelines, budget and existing resource levels. It is also a versatile strategy that organizations can selectively deploy to meet financial and operational objectives. Regardless of the size of an organization, strategic sourcing provides exceptional opportunities to improve efficiency, devote more time and internal resources to meeting core business objectives and differentiate from competitors in a challenging market.

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## WHAT IS STRATEGIC OUTSOURCING

Strategic outsourcing is the practice of turning over functions to an outside provider to make them more cost-effective and efficient while offering the ability to use new technologies that make overall service levels more robust. While these non-core processes are not directly related to a company's primary business goals, they are essential to keeping the business operational and to optimizing productivity and profitability.

Traditionally viewed as a way to cut costs, outsourcing is now recognized as a powerful tool for business growth. InfoTrends<sup>1</sup> defines outsourcing as "contracting with an outside specialist to manage and perform a function that is not a part of your core business, although it is an essential piece of your daily operations."



The outsourcing of support services is expanding to business processes such as financial, human-resource, information, and document management. Although vital to keeping an enterprise healthy, these processes are not considered core competencies in most businesses. Often, these functions are outsourced to reduce distractions that can cause a business to lose focus. Senior executives are seeking high-quality, outside resources to assist in performing these functions.

The Outsourcing Institute<sup>2</sup> surveys its members regularly to determine the driving factors for outsourcing decisions. Benefits range from freeing up resources for activities that drive the bottom line to adding professional expertise that provides substantial increases in process efficiency. According to a recent survey, Outsourcing Institute members are evaluating strategic outsourcing alternatives to:

- Accelerate the re-engineering of benefits
- Provide access to world-class capabilities
- Free resources for other purposes
- Manage difficult or out-of-control functions
- Improve company focus
- Promote the availability of capital funds
- Reduce operating costs
- Reduce risk
- Provide access to staff resources that are not available internally

<sup>1</sup>InfoTrends is the leading worldwide market research and strategic consulting firm for the digital imaging and document solutions industry.

<sup>2</sup>The Outsourcing Institute is a neutral professional association dedicated solely to outsourcing—the global "go-to source" for outsourcing information, consulting and networking opportunities.

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## STRATEGIC OUTSOURCING FOR DOCUMENT SERVICES

How does outsourcing relate to document services? Statistics from a variety of different sources indicate that "managing documentation" is, in most instances, a customer's second business. For example:

- Documents can cost anywhere from four to 15 per cent of corporate revenues depending on industry segment.
- Document management claims between 40 and 60 per cent of an office worker's time and 20 to 45 per cent of labor costs.
- 70 per cent of white-collar time is spent processing paper.
- 85 per cent of documents filed by customers are never retrieved.
- 90 per cent of companies' direct communications with customers is paper based.

Organizations with 500 or more employees spend more than \$68 billion on production document printing. In terms of company size, organizations with more than 100 employees spend a higher percentage of total corporate revenues on business printing with internal and external vendors than companies with fewer than 100 employees.