

Omaha Public Power District Case Study

“Implementing ItemAge Express with table-top scanners and electronic deposits has really helped Omaha Public Power District from an operations standpoint. We’re more efficient, we’ve reduced our annual costs by 35% and we’re better prepared for the future.”

Tim Vasquez
Manager-Finance and
Investor Relations
Omaha Public Power District

To improve operations efficiency, while positioning itself for the emerging electronic payment environment, the Omaha Public Power District turned to ItemAge Express.

The Omaha Public Power District (OPPD) is one of the largest publicly owned electric utilities in the United States, serving more than 310,000 customers in southeast Nebraska counties. The utility receives about 140,000 remittances per month, which are processed by three full-time, three part-time employees and rotating personnel to assist with peak volumes. OPPD processes a peak of 8,000 payments a day, representing 20,000 documents. Its payment processing is fairly straightforward: remittance mail is opened and processed, payments are posted to client accounts and checks are deposited to OPPD’s bank accounts.

Challenge

Like most utilities, OPPD has seen more and more of its check-based remittances migrate to electronic payments. Over the last 10 years, the number of checks OPPD receives has dropped from 66 percent to about 41 percent of its total remittance volume. In the past five years alone, its check volume has dropped an average of seven percent per year.

Against this backdrop, OPPD faced two challenging operations issues: the increasing expense of maintaining the utility’s legacy remittance system—a two-pass solution that required every item to be handled twice—and the rising cost of delivering paper deposits to the bank.

In 2007, OPPD began an extensive search for a new remittance system that would solve these challenges and better position the utility for the emerging electronic payment environment. After receiving proposals from seven vendors—and immediately eliminating three of them because their price far exceeded OPPD’s budget—representatives from the utility saw demonstrations of each product, made reference calls and toured the operations of customer references. During the product demonstrations, one vendor separated itself from the others.

“Creditron impressed me,” said Tim Vasquez, Manager-Finance and Investor Relations for OPPD. “Going into their product demonstration, I thought for sure that we had already identified the solution we would choose. But the ease of use and flexibility of ItemAge Express was very good. During the demo, Creditron programmed our stub as we watched. And they weren’t intimidated by our questions. We knew that they would be receptive to our needs.”



Rapid product implementation.

Business Benefits

- Reduced cost per transaction
- Reduced courier costs
- Lower maintenance costs
- Lower hardware investment
- Potential labor savings
- Extended deposit window
- Streamlined employee training

Cost Savings

Total annual savings of Operation Costs = 35%

Vasquez said another point in Creditron's favor was that many of its customer references noted how good the company was about adhering to schedules. "None of the references from other vendors mentioned that," Vasquez said. This was a key issue for OPPD since its last system implementation was behind schedule. In contrast, Creditron met the implementation plan it provided to OPPD: Creditron arrived on May 5, 2008, OPPD processed its first batch on May 6 and it began live production on May 7.

Solution

OPPD's solution from Creditron features the ItemAge Express remittance processing application, along with courtesy and legal amount recognition (CAR/LAR), mark sense detection, image archive and retrieval, and a flat file interface to OPPD's CIS system from SPL Group. ItemAge Express processes all remittance types, including: singles, multiples, check-only transactions, stub-only transactions, credit card payments and exceptions. OPPD uses a separate solution for check-and-list processing, a task the utility automated years ago.

ItemAge Express runs on two NCR iTRAN 3000t tabletop scanners with three pockets per machine. Replacing its old image transports with tabletop scanners enabled OPPD to save nearly \$100,000 on upfront hardware expense, reduce its equipment maintenance costs by \$50,000 a year and more closely align its mail extraction and remittance processing throughputs. "With declining check volumes, we wanted a system that we could shrink into, rather than one that we would grow into," Vasquez explained. "It has worked very well so far."

OPPD now processes work in one pass (meaning items are handled only once) and deposits all of its checks electronically to two banks in Omaha using the ItemAge Express Check 21 module. The utility also plans to deposit checks electronically to a third bank. By eliminating the encoding pass and depositing electronically, OPPD has accelerated processing and saved thousands of dollars a year in encoding supplies, hardware maintenance and courier costs.

Overall, the ItemAge Express solution has helped OPPD reduce its total cost per transaction. Vasquez expects to realize even greater cost savings as the utility allows other departments to access images stored in the ItemAge Express archive (the remittance department now handles all research requests) and as banks reduce their fees associated with electronic deposits. Vasquez said the ItemAge Express system is so straightforward that new operators can be "up and going" on the system in as little as 10 minutes. "With our old system, it took 10 minutes just to boot up," Vasquez said. "Now, all you really need to know is how to start and end a batch. It's very intuitive."

To learn more, visit www.creditron.com