

### THE BACKGROUND

An Indiana bank formed a holding company and headed down the expansion trail about 12 years ago, acquiring banks large and small in the tri-state area of Indiana, Illinois and Kentucky. In the process, it was able to expand dramatically not only its assets and facilities but also the number and variety of services it furnishes to customers.

Today, Old National Bancorp owns 21 large, medium and small affiliate banks, including the Old National Bank (its Evansville flagship and the largest unit in its system). Through the acquisition of compatible banking institutions, as well as the continued optimization of its facilities, the holding company has grown to \$5.6 billion in assets. Its banking affiliates operate 122 offices in the tri-state region.

Five years ago, in a strategic decision intended to achieve efficiencies and economies of scale within the growing, increasingly complex banking enterprise, management spun out the information services department of the Old National Bank as a separate affiliate.

This I.S. unit, now operating as Old National Service Corporation (ONSC), functions as a centralized information processing department for all of the affiliated banks. Computing power is furnished by an IBM iSeries midrange computer, running the Comprehensive Banking System software, with Fiserv as its core banking application, and Infinium software interfacing to ACOM's iSeries (AS/400) checks software for payroll and human resources applications.

### THE PROBLEM

Growth is often accompanied by complexity, and over time, certain existing back-office procedures that had served well in the simpler, single-entity scenario, became clumsy and inefficient in a consolidated information processing structure.

Each bank historically had performed its own data processing, using its own set of standardized forms -- typically numbering seven or eight and including checks, home equity statements or payment notices, loan notices, safety deposit forms, certificate of deposit checks, Christmas Club checks, Vacation Club checks and in some cases, general ledger tickets.

As bank after bank joined the group, the ONSC's inventory of forms grew as well -- each bank required its own unique set, preprinted with its own identity characteristics and MICR (magnetic ink character recognition) code line.

About two years ago, ONSC's management conceded that it had reached a point where its printing and reporting processes were no longer efficient and needed to be replaced.

According to Tim Wall and Mitch Singler, (supervisor of the computer operations production center, and manager of computer operations, respectively), "What we were looking for, was a system that could reduce the number of forms we needed to maintain in inventory, introduce uniformity throughout the banking organization and reduce the amount of manual activity performed at the teller windows."

### THE SOLUTION

ONSC found its solution in an advertisement by ACOM Solutions, Inc., an international provider of fully integrated software solutions for MICR laser checks, electronic payments, and business document distribution. (ACOM's software runs both on Windows PC machines and on IBM iSeries AS/400 machines.)

Particularly appealing was ACOM's positioning as a "single-source provider", i.e., ACOM supplies all of the following:

- **Hardware** (MICR-enhanced laser printers)
- **Software** (which permits businesses of all types and sizes to design and print business forms and checks, using blank paper stock rather than preprinted stock)
- **Supplies** (blank security stock, toner, etc.) that are required to fulfill the MICR check-disbursement function
- As well as the **training, implementation and technical support** needed to keep operations running smoothly.

While the primary purpose of acquiring an automated disbursement solution was to **achieve greater efficiency and uniformity** among its various units, and to **minimize the potential for check fraud**, ONSC was substantially interested in **cost reduction** as well -- a key advantage of ACOM's iSeries (AS/400) checks software. And the system operates with all financial packages, so **no redevelopment was required**.

"ACOM's iSeries (AS/400) checks software eliminates the need for a variety of elements that are required under conventional procedures," Wall says. "Preprinted checks and forms are no longer necessary because we can use less expensive security paper that starts out blank and ends up as the precise form required by the bank. Furthermore, we no longer need bursters, collators, and signature stamps for the check-issuing function, and since there is no need to change paper stock each time we start a run for a different banking unit, we save substantially on personnel time, formerly required to tend the equipment."

Use of preprinted stock always required personnel to align and test checks prior to each run, to correct duplicates and compensate for missing check numbers and to void numbers in the event of printer malfunction.

“Using ACOM’s check solutions software, we can set up new bank accounts and be printing checks within minutes, and normally, activation of add-on features is a matter of a few seconds.”

ACOM's iSeries (AS/400) forms software, is a powerful, versatile and easy-to-use forms creation software system with a MICR-enabled front-end design tool. It provides:

- WYSIWYG forms design
- Advanced design features
- Optimized print speeds
- Electronic forms storage
- Graphics import and merger

“We examined two other solutions as well, but we concluded quickly that ACOM’s was the right one for us in terms of product, service and support,” Wall says.

## THE IMPLEMENTATION

“ACOM was extremely helpful. We sent samples of the forms we wanted to re-create as templates on the system. ACOM built them for us, incorporated them into the iSeries checks software system, and set up a tape that we could use to install the package on our iSeries computer. Once the software was installed, we fine-tuned it over the telephone.”

The new system provides uniformity of forms design across the entire banking operation, utilizing blank 8.5” x 11” stock, and automatically printing all of the distinguishing information, including logos, signatures and the MICR code line. Some 15-20 percent of all of their documents require MICR coding.

Because each bank had its own inventory of forms, the ACOM system was phased in over approximately six-months, as the old forms were used up. Output is produced by two ACOM MICR-enhanced 15 PPM laser printers, each with three paper trays that are connected to a print server, which resides on a Token Ring network. Currently, ONSC utilizes more than 150 MICR document formats.

Operationally, each of the holding company’s banks relays their information to the service affiliate at the close of their business day. The Service Company performs the posting, processing and reporting functions, completing everything in time for a 5:00 a.m. courier run.

“During the process, the output is kicked out to queues and individual operators decide what gets printed and when,” Singler says. “Most of the decisions are made by the application, with individual activities preset and organized under a report distribution scheme.”

Despite the automated nature of the process, flexibility remains for ad hoc activities, Singler adds. For example, some Banks request general ledger tickets, which are basically blank forms with MICR lines that the banks can fill out locally. The MICR lines permit their sorters to read the forms. Wall and Singler say that additional forms are in progress, and are currently developing a form for stockholder checks.

## SUCCESS!

“We have not directly quantified the relative costs of the preprinted checks versus those printed on blank stock, but we are satisfied that we are **saving a significant amount of money on printing, on inventory control and on warehousing space**,” Wall says. “We produce the same relative volume of paper -- we still push a lot of it around -- but the upshot is not having to manage inventory for every bank.”

Moreover, he says, there is a major saving in time and effort, as personnel no longer have to stop printing, unload one bank’s forms and load those of a different bank, in order to start a new print run.

“This is much more efficient because it is entirely a software issue,” Wall adds. “All we have to do is tell the computer what to print, and it automatically shifts to the requirements of the next bank in the queue.” ONSC initially selected ACOM as its MICR systems source using four criteria, he says:

- It was iSeries (AS/400) based.
- It offered exceptional flexibility through iSeries (AS/400) checks software.
- It demonstrated outstanding performance capabilities.
- The company promised superior support.

Old National has not been disappointed, he says, “In terms of support, we no longer need very much, but when we have a question, ACOM’s people can answer it very quickly and if not, they find the answer and stick with us until the problem is solved,” he says. “ACOM keeps a copy of what we currently have on our machine, so that when we call, they bring it up and know precisely what we are looking at.”

The ACOM decision, Wall and Singler agree, was a good one and one that has been of substantial value in uncomplicating the growth of the holding company.

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