

Driving Business Sustainability in the Information Age

A White Paper

Publication Date: 23 July 2007

CommSecure Australia Pty Limited
ABN 14 001 950 670

964 Pacific Highway
Pymble NSW 2073 Australia

Telephone: +61 2 9497 4400
Facsimilie: +61 2 9497 4499
Website: www.commsecure.com

This document is the property of CommSecure Australia Pty Limited (the "Company") and the information contained herein is protected by copyright. No part of this document may be reproduced in any form including photocopying, electronically or translation into a foreign language without the express written permission of the Company. Such unauthorised usage is a violation of Australian and International copyright law.

INDEX

INTRODUCTION.....3
THE ENVIRONMENTAL EDGE3
REDUCING THE PAPER TRAIL4
E-BILLING – A GREENER ALTERNATIVE4
THE WAY FORWARD.....5
DRIVING THE GREEN AGENDA.....6
CONCLUSION7
REFERENCES8

INTRODUCTION

The business landscape is changing. Technological advances, increased competition and new cost pressures are all impacting how organisations position themselves in the market.

The Internet has created a culture of instant response and higher service expectations with time-poor customers now demanding the ability to conduct transactions and receive support 24 hours a day. The good news, according to electronic billing and payments company CommSecure's chief executive officer, Peter Townsley, is that the transition online has generated vast potential for efficiency gains while providing new ways to connect with customers and suppliers.

"The proven benefits associated with increased automation and online service delivery are encouraging more and more companies to make the Internet an integral part, not only of their sales and marketing processes, but also of their supply chain."

THE ENVIRONMENTAL EDGE

Mr Townsley said good corporate governance and environmental responsibility have also emerged as key drivers for decision making and market differentiation. "Concern over the critical state of the planet has finally reached the boardroom and companies are discovering that giving their profile a greener tinge not only helps the environment, but adds to their bottom line as well."

Australians produce over 550 million tonnes of greenhouse gases each year¹, which is the highest rate of emissions per capita in the world. Today's consumers want government and business to make a greater contribution to improving our environment with more initiatives to cut paper consumption, plant trees and reduce carbon emissions.

A recent report by international research firm, Forrester, found that one third of European organisations and a quarter of US companies now take environmental considerations into account when choosing their IT suppliers².

The study found that 48 per cent of European respondents and 33 per cent of American companies considered environmental concerns to be "very important" in planning their company's IT operations.

According to Forrester senior analyst, Euan Davis, the green issue is here to stay and he predicts that carbon taxes are likely. "Switch your spending to support green behaviour. RFPs will have a "green" tinge and more and more firms are going to ask questions of their main suppliers," he said³.

Davis recommends companies start switching off PCs at night and reading emails online rather than printing them out, as well as developing a longer term plan to become carbon neutral before a carbon tax is introduced.

This new environmental consciousness is expected to gain substantial momentum in coming years as smart companies raise their status by positioning themselves as leaders of the green movement while taking advantage of the cost reductions and efficiency gains that naturally flow from an environmental approach.

Technology giant Google is just one company that has announced plans to be carbon neutral by the end of 2007⁴. Google is partnering with The Climate Group to implement a three-

pronged program that involves reducing energy consumption, buying more renewable energy and using accredited schemes to offset any additional carbon consumption.

REDUCING THE PAPER TRAIL

One of the most obvious ways in which organisations can have an environmental impact is by reducing their use of paper, both within their organisation and in their dealings with customers and suppliers.

In 2002-03, Australians consumed 4,011,000 tonnes of paper⁵. Only half of that was collected for recycling, although that percentage has since improved.

It takes 2.5 tonnes of radiata pine to make one tonne of newsprint or 40,000 sheets of paper⁶. The paper-making process is highly resource intensive, consuming up to 300 m³ of water and 13.5 GJ of energy, which is the equivalent of using about 552 litres of crude oil. In simple terms, producing 26 sheets of A4 paper consumes nearly four litres of water and generates the same amount of greenhouse gas as driving your car one km⁷.

Every time we recycle one tonne of paper and cardboard, we save 13 trees, 2.5 barrels of oil, 4 m³ of landfill and 31,780 litres of water⁶.

Australia currently has the best track record in the world for recycling used newspapers⁸. Of the 786,000 tonnes of newsprint consumed in 2005, an impressive 75.4 per cent was recovered for recycling. And if you factor in the seven per cent of newsprint that is unrecoverable because it is used for lighting fires, protecting surfaces when painting and composting gardens, that figure rises to over 80 per cent of available paper.

One of the most obvious side-effects of the information age has been the explosion in paper consumption, with emails, advertising and direct mail growing exponentially in recent years.

To reduce paper usage, Clean Up Australia recommends⁸ that people:

- Send emails rather than distributing paper documents;
- Read emails and newspapers online;
- Avoid paper plates and cups;
- Avoid buying goods which use excessive packaging;
- Put a 'No Junk Mail' sign on your letterbox;
- Minimise printing and use double sided copying where possible; and
- Proofread documents on the screen before printing them.

Not only will these measures save money and valuable resources, but the advantages for the environment are well documented. Another approach that offers enormous potential to cut paper consumption is to replace paper invoices and bills with digital ones and process them online.

E-BILLING – A GREENER ALTERNATIVE

Australians made 190 non-cash payments (excluding cash and cheques) per capita in 2005⁹, with the vast majority of these paid either by credit card or direct debit. In fact, the percentage of bills paid via cheque dropped from 57 per cent in 1990 to just 27 per cent in 2005, while BPAY became an integral part of daily life, processing 12 million transactions every month.

"This represents an enormous opportunity for enterprises that recognise the value of extending the public's ready acceptance of electronic payments with next-generation solutions for online bill generation, presentation, notification and reconciliation," said CommSecure's Peter Townsley.

In Hong Kong, where over 95 per cent of statements and invoices are still delivered through the mail, corporations and government bodies consume an estimated 470 million pieces of paper on bills alone each year. Since each tree produces an average of 3,077 sheets of virgin office paper, this means the **annual destruction of nearly 153,000 trees**, each of which would have been capable of absorbing 14.5 kgs of carbon dioxide per annum.

Hong Kong environmental lobby group, Consumer Power¹⁰, says that if all residents switched to e-billing, the nation's greenhouse gas emissions would fall by at least 3,350 tonnes a year.

Assuming that each of the 190 payments made in 2005 for every Australian, as noted above, involved at least one sheet of A4 paper in the form of an invoice or receipt, it's possible to calculate that paper billing in Australia that year required the consumption of around 3.8 billion pieces of paper or 1,235,000 trees.

In a growing push towards achieving carbon neutral status, companies are being encouraged to plant trees to help address the excess carbon emissions their activities create.

CommSecure has begun its own tree project, planting 620 trees at Loyal Henry Park in northern Sydney to celebrate National Tree Day on 29th July 2007. This number far exceeds CommSecure's own carbon debits and aims to also account for some of the carbon producing activities of CommSecure's staff, suppliers and customers.

In Australia, over 75 corporations and 570,000 registered shareholders have signed up to participate in the highly successful eTree Program¹¹, run jointly by Computershare and Landcare, which encourages paperless transactions and has been directly responsible for the planting of 1.7 million trees worldwide.

The value of re-greening initiatives such as these cannot be overstated, since trees have a range of positive environmental impacts. They:

- Absorb carbon dioxide and manufacture oxygen;
- Reduce the greenhouse effect and slow the impact of global warming. (Every year it takes 17 trees to counter the greenhouse gas emissions of one private motor vehicle.);
- Combat soil erosion and landslides;
- Improve water quality by filtering pesticides and unwanted nutrients; and
- Help to enrich soil quality by converting nitrogen to nitrates.

Despite these benefits, not everyone has been quick to embrace e-billing.

THE WAY FORWARD

BPAY's electronic bill presentment and payment (EBPP) solution, BPAY View® offers a highly efficient and environmentally sensitive way for merchants to invoice customers and manage payments, but acceptance by the business community has been surprisingly slow.

The bank-owned BPAY View® service already has the support of 71 financial institutions and 371,000 Australian customers, however, only 26 merchants have registered to present and process their bill payments online.

CommSecure's Mr Townsley said despite this limited take-up, the trend is encouraging, with around 250,000 bills presented via BPAY View during April 2007. "This still represents only a small percentage of the 14 million paper bills paid via BPAY every month, but with greater

awareness of the environmental benefits of the online approach, more consumers are expected to subscribe to BPAY View in coming months and demand that their suppliers do the same.

BPAY View provides enabling infrastructure for CommSecure's electronic billing, presentment and payment offering, which gives merchants the choice of delivering bills via their own branded website and/or Internet Banking, using BPAY View. Importantly, the CommSecure service is also bank independent with gateways to all major Australian banks and credit card companies.

Australia's largest provider of next-generation EBPP solutions to enable business and government to reduce their reliance on paper, CommSecure currently uploads 1.8 million bills for client organisations each quarter, processing over 220,000 payments per cycle. This represents **a saving of more than 1,755 trees per annum**, not to mention the reduction in associated pollution from the paper pulping process and bill delivery.

With security certification by Australia's leading banks, credit card companies and the Federal Government, CommSecure is also the leading accredited bill service provider for BPAY View with over 60 per cent of current implementations.

DRIVING THE GREEN AGENDA

Mr Townsley said that as more and more companies make the shift to e-billing and payment solutions and encourage their customers to replace their paper statements with digital ones, the impact of this technology will gain momentum.

"For enterprises with substantial customer bases and extensive invoice runs, EBPP systems will slash the time and costs associated with billing and receivables while improving convenience and quality of service for customers."

With EBPP, customers can view bills online at their convenience and pay via BPAY, credit card or direct debit using Interactive Voice Response (IVR) or the Internet. The ability to view bills and pay accounts online fits well with today's busy lifestyle, as well as giving customers the same account view as the supplier's contact centre, ensuring that errors or enquiries can be quickly resolved.

Since EBPP encourages and facilitates customer self-service, the administrative and personnel costs associated with handling cheques and other manual accounting transactions are greatly reduced, as are stationery and postage expenses. According to the Department of Communications, Information Technology and the Arts, a shift away from cash and cheques could free up \$2 billion per annum in the Australian economy.

Even more compelling data comes from two major US studies which highlight the way EBPP enhances the quality and value of the customer relationship.

After tracking two groups of Bank of America customers over 31 months, Forrester Research found that the **online bill payers became 31 per cent more profitable** for the bank by increasing the number and value of their loan and deposit accounts.

Similarly, a study of customers at the top 30 US banks by Boston Consulting Group over a 12 month period found the **profitability of online bill payers increased by 40 per cent** while the profitability of offline bill payers increased by just two per cent¹².

EBPP provides further benefits by its ability to integrate billing data from multiple customer systems, enabling organisations with multiple product and service offerings (such as electricity and gas), to provide customers with a single, consolidated account.

CommSecure's SaaS Delivery Model Eases Integration, Reduces Costs

Since CommSecure's e-billing solution is delivered via a hosted Software as a Service (SaaS) model, it dramatically reduces the time and costs associated with implementation. Not only does a SaaS solution require no up-front capital investment, but it can be implemented in just a few weeks rather than the several months required for an in-house solution to be installed and integrated.

CommSecure's system is one of the most secure and feature-rich offerings on the market, encompassing bill generation, presentation, notification and archiving, along with electronic processing of payments, multi-channel receipting, reporting and reconciliation.

Its ability to integrate multiple data sources into a single invoice alleviates the need for organisations to invest in complex integration projects, enabling them to enhance customer service and respond more nimbly to changes in market demands.

Companies can begin reaping the benefits of CommSecure's advanced billing and payment capabilities almost immediately with its 'pay as you save' approach ensuring the cost of software access quickly pays for itself through process improvements and reduced expenses.

The system is hosted and maintained at CommSecure's state-of-the-art, highly secure and redundant facilities in Sydney and Hong Kong, with all access via a standard Web browser. This means that maintenance, security and on-going enhancements all remain under the control of CommSecure's expert technical specialists and the system can easily be scaled to cater for increased demand.

CONCLUSION

The world is moving online and there are enormous benefits for organisations that move quickly to build trusted, environmentally responsible relationships that leverage the power and flexibility of the Internet. E-billing and payment solutions such as those provided by CommSecure not only boost efficiency, drive down costs and enhance customer service, but they also reduce any negative impact on the environment.

In today's more eco-conscious environment, this can generate tremendous public support for the companies involved, leading to more loyal customers and higher profitability.

For more information about how CommSecure can improve your environmental track record and help you reap the benefits of a greener market, visit www.commsecure.com.au or call (02) 9497 4400 today.

REFERENCES

1. Planet Ark website article: "Global Warming - what is the problem?" See <http://www.planetark.com.au/convenientsolutions/>
2. Forrester report, "Tapping Buyers' Interest in Green IT", June 2007
3. "Green issues become more important when choosing suppliers"; Andy McCue; 18 June 2007; Silicon.com; see <http://www.zdnet.com.au/news/hardware/soa/Green-issues-become-more-important-when-choosing-suppliers/0,130061702,339278688,00.htm>
4. "Carbon neutrality by end of 2007" official Google blog post on 19 June 2007 by Urs Hoelzle, Google's Senior Vice President, Operations
5. Australian Paper Industry Council Production Statistics 2002-03; see <http://www.a3p.asn.au/assets/pdf/A3PProductionStatistics2002-03.pdf>
6. "The Facts about Paper"; SITA Environmental Solutions; see http://sita.com.au/upload/file/file_200612152532020431.pdf
7. Clean Up Australia; Paper and Cardboard Fact Sheet; see <http://www.cleanup.com.au/PDF/au/cua-paper-and-cardboard-fact-sheet.pdf>
8. "Australia leads the world in newspaper recycling"; Publishers National Environment Bureau Media Release; 5th June 2006; see http://www.pneb.com.au/pdf/australian_recycling_record.pdf
9. Reserve Bank of Australia
10. <http://www.consumerpower.org.hk>
11. See <https://www.etree.com.au/AboutEtree.aspx?cc=AU&lang=en&bhjs=0&fla=0>
12. "Make Online Services Easy, Free, Safe"; reprinted from Credit Union Executive Newsletter, April 2005; see http://www.s1.com/assets/docs/articles/CU_Online.pdf