

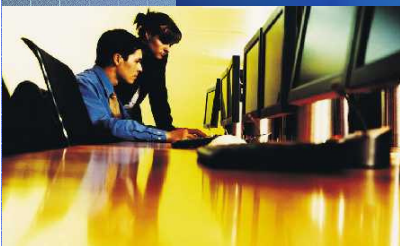
LEAN INDUSTRIES

I n c o r p o r a t e d

Dispute Processing

EXECUTIVE OVERVIEW

- Lean Industries
- Current Situation
- AdjustmentHub™ Solution
- System Features and Functions
- Financial Benefits



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■ Lean Industries Background

- Provider of software solutions for exception handling and dispute processing
- Founded by Bjorn Larsen, EFT-industry veteran with 25 years+ experience
- Selected by Postilion to “power” S1/Postilion’s Office Dispute Management features
- Customers
 - TNS (UK)
 - Euronet (Hungary)
 - US Bank/Elan (US)
 - Checkfree/Keybank (US)

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■ Exception Processing

- Overall problem of exception handling
- Cardholder disputes, acquirer disputes, transaction reconciliation, G/L exceptions, PIN/SIG/ACH...

■ Today's Situation

- Growing volumes, paper-based systems, manual tracking
- Disparate technologies and formats, little integration between departments, redundant data entry

■ Results

- Negative customer service impacts
- Financial losses from lost claims, write-offs and fraud
- High staffing costs and low claims/FTE ratios

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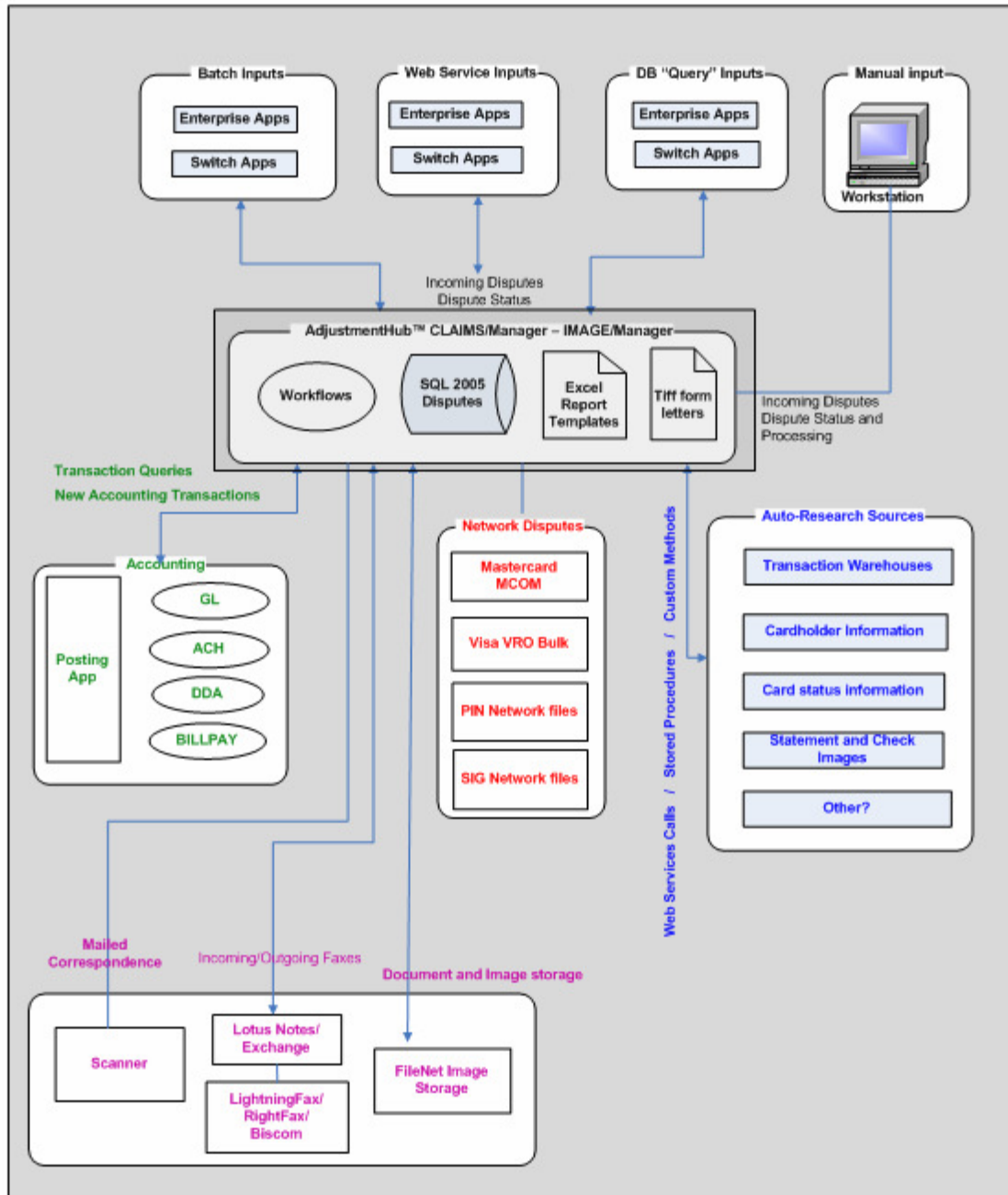
- **Who experiences these problems?**
 - Issuer Institutions and cardholders
 - Credit cards, PIN/Signature Debit cards, ATM, ACH, BillPay
 - Merchant Acquirers
 - Receiver of dispute debits
 - Third-party Processors and Networks
 - Acting on behalf of issuers and acquirers
- **Parties to Dispute Processing**
 - Cardholder problems
 - Examples: ATM withdrawals, bad merchandise, Internet fraud
 - Some banks need to deal with all three roles (I, A, P)
 - Acquirer incoming and initiated adjustments
 - Example: Merchant credit, ATM out-of-balance
 - Incoming chargebacks
 - Processor act as gateway of disputes

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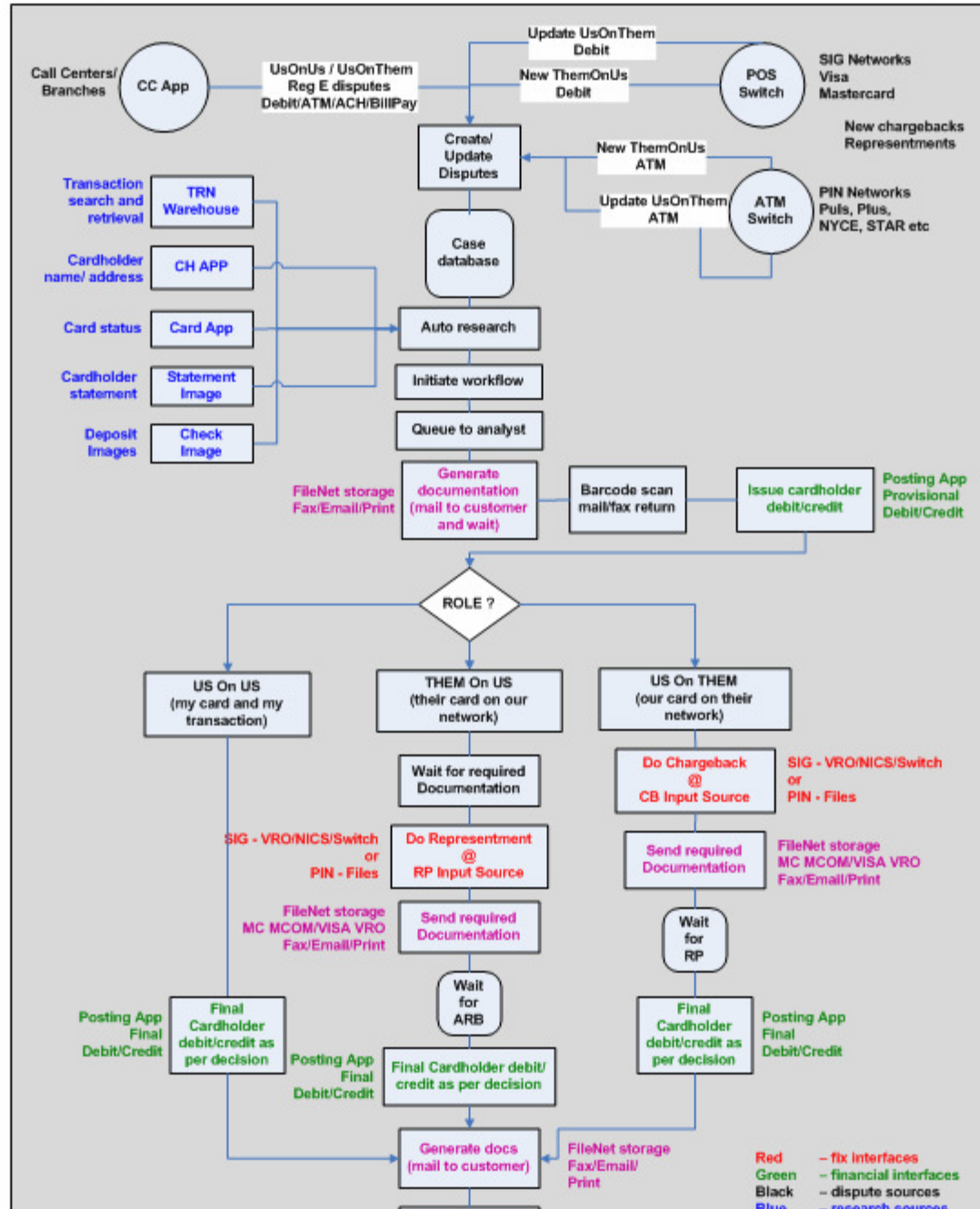
■ AdjustmentHub Feature Summary

- CLAIMS/Manager work flow processes for any product type, automatic claim setups for payment types and dispute roles
- Direct access to Postilion/Office transaction warehouses for auto-research
- IMAGE/Manager fax/scan/email/forms integration for documentation and network-related data (Visa VRO Bulk, Mastercard MCOM)
- Forms management with auto-indexing and barcode technology for all letter generation
- Postilion/Office network interfaces for incoming/outgoing chargebacks, representments and adjustments
- Plug-ins for issuer and acquirer research sources
- Browser-based client app with J2EE server application
- Web services interface for existing portals
- PCI/DSS compliant in conjunction with Postilion/Office 4.0

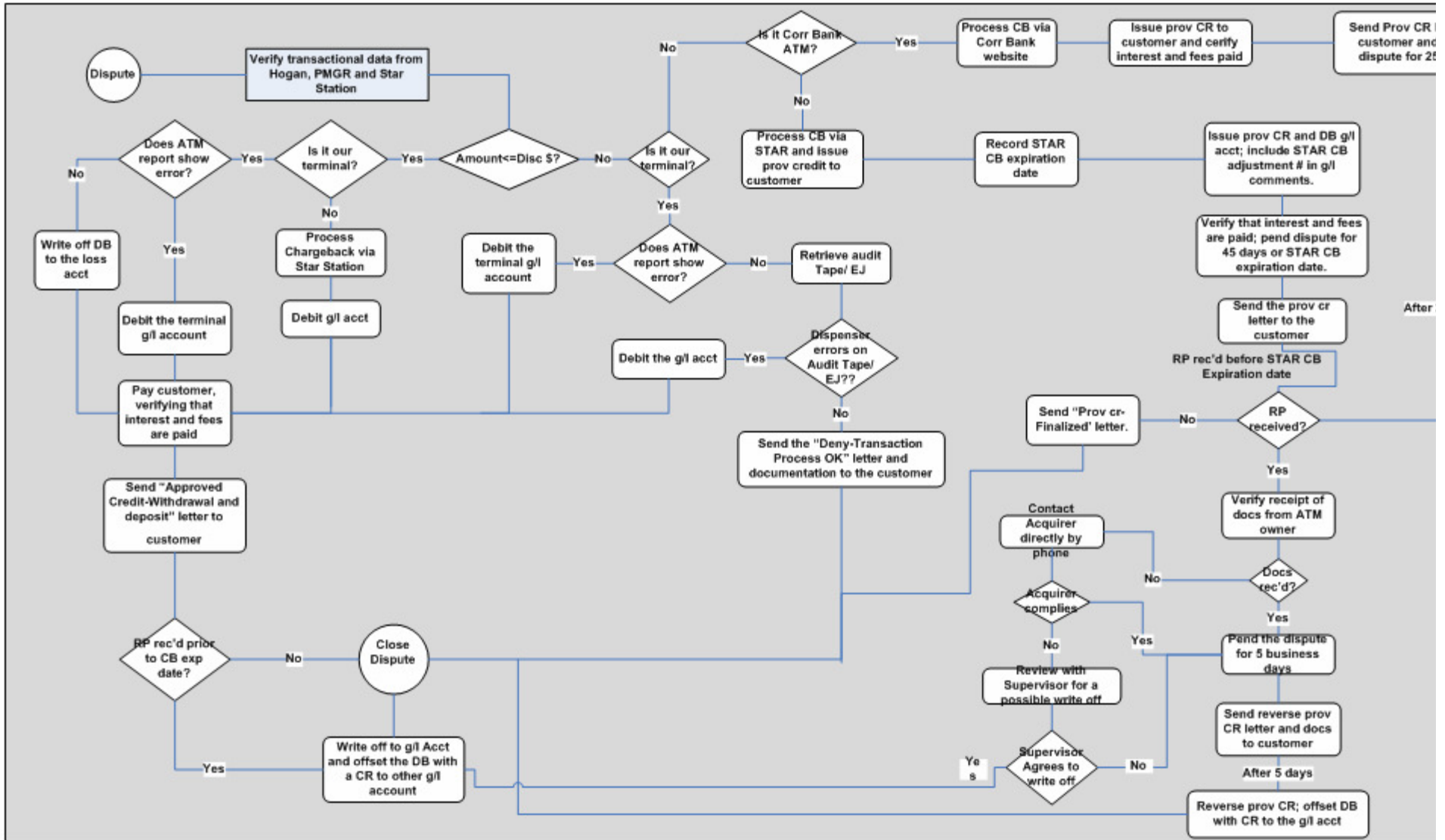
AdjustmentHub™ – Main Interface Points



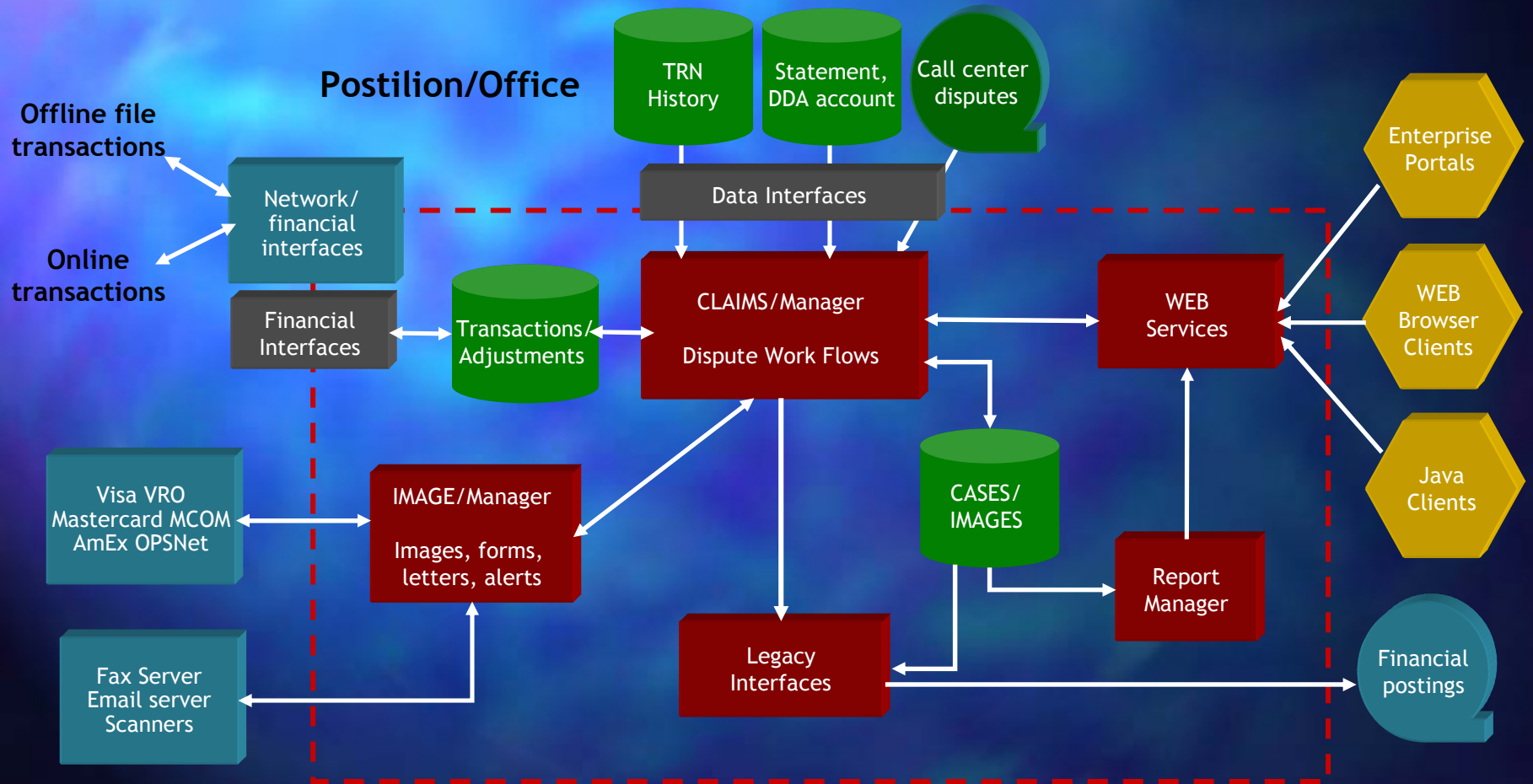
AdjustmentHub™ @ Issuer Bank – Main EFT flows



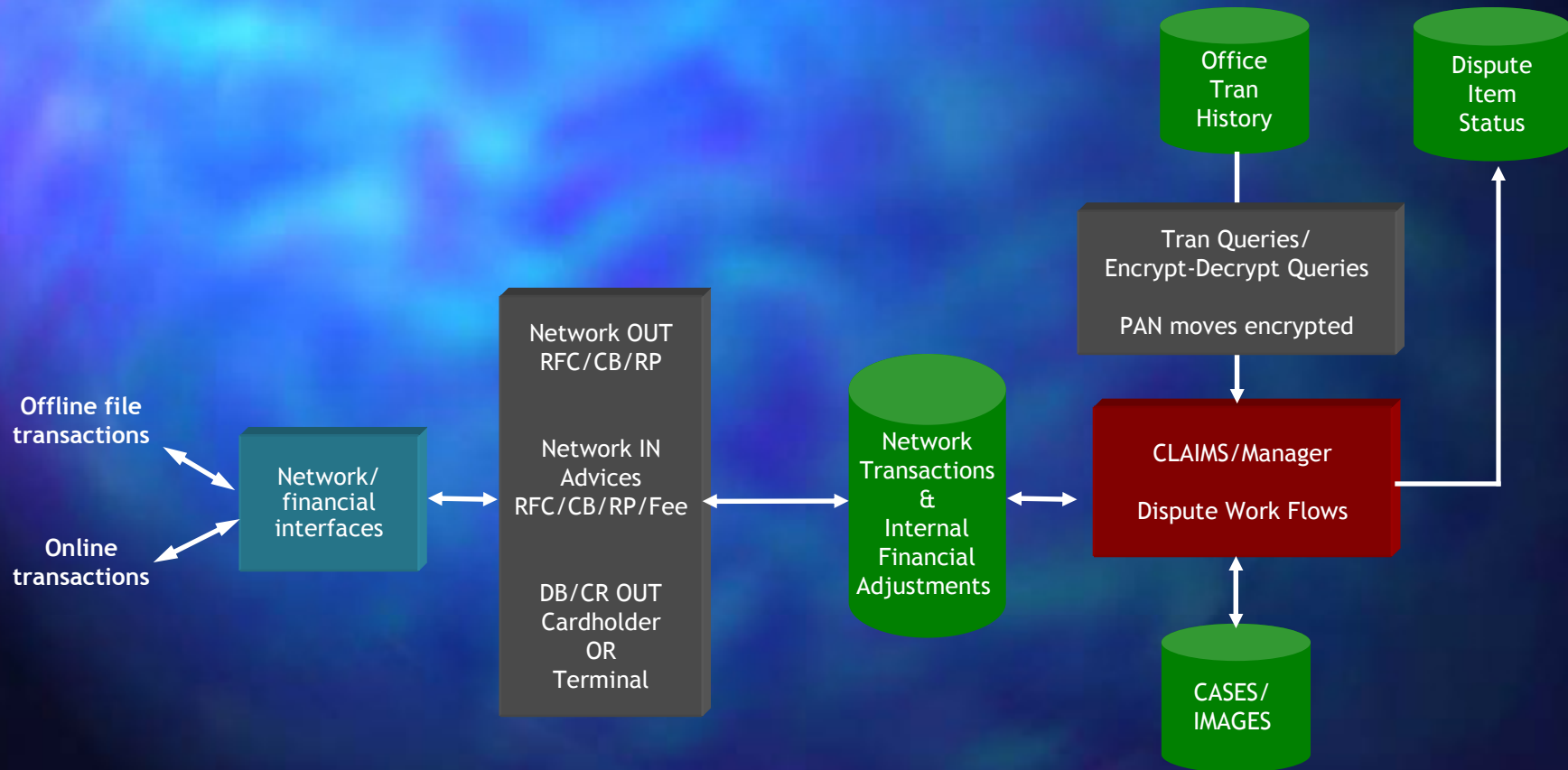
ATM Withdrawal Workflow Example



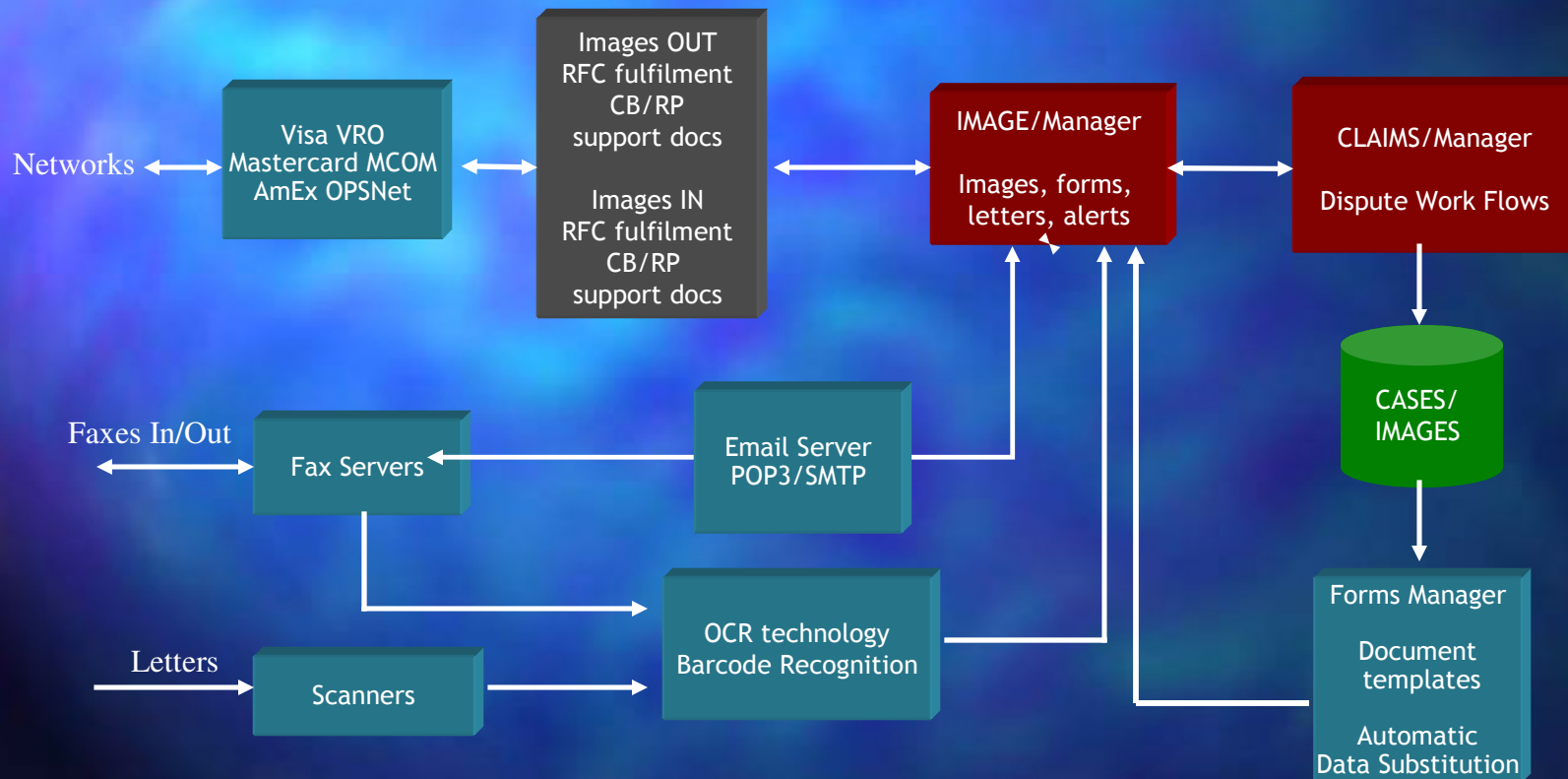
AdjustmentHub™ w/Switch interfaces



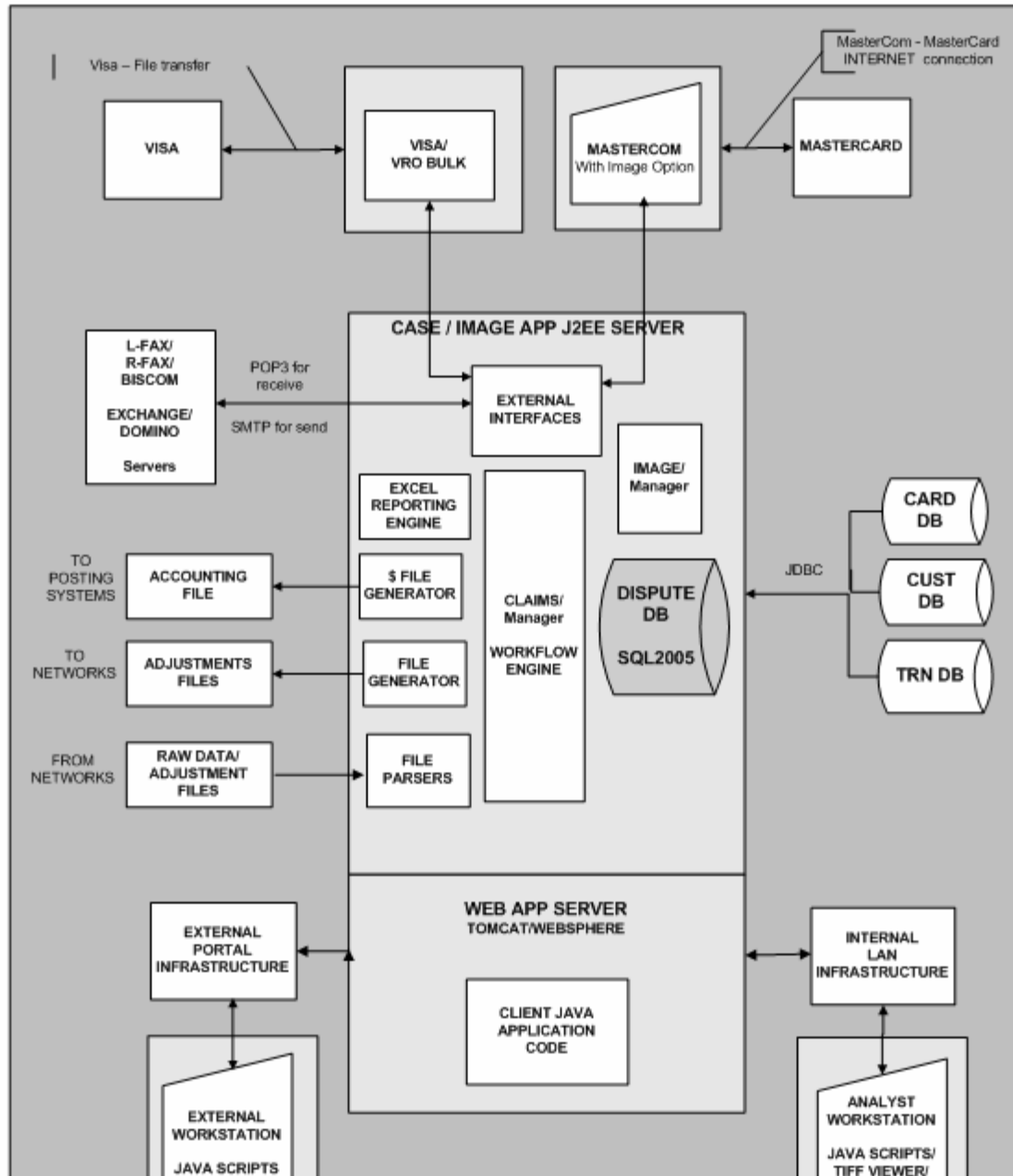
AdjustmentHub™ w/Switch interfaces



AdjustmentHub™ w/Imaging Interfaces



AdjustmentHub™ CLAIMS/Manager & IMAGE/Manager Components



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CLAIMS Application

■ Case Management

- Direct case-create entry from Internet or LAN browser workstations
- Auto-research functions for transaction match and retrieval, cardholder history, ATM problems...
- Workflow-driven case management for parent/child cases
- Letter and forms generation for cardholder and claims notifications
- Case data integrated with documentation and images
- Automated case step tracking by case type
- Compliance items can be tracked and associated with smart escalators for Reg E compliance, high-risk claims, internal/external deadlines



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CLAIMS Application

■ Automated Workflows

- Software workflows drive the case management process
- Workflows are “case type aware” and understand appropriate constraints (UsOnUs, Network, I/A, I/D, DS/AD/DR/DP/FR)
- Dispute-specific actions such as CheckRights, CreditCard, DebitNW, WaitDocs, SeekApproval
- All date-related tracking is automatically performed and alerts provided to relevant analysts and management
- Analyst case queues organized by user-specified business variables such as network, claim size, claim type, issuer/acquirer role
- Auto-create and auto-matching for incoming claims from enterprise applications and external networks
- Background tasks monitor external interfaces and inject events when appropriate
- Auto-close of cases when appropriate



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IMAGE Application

■ Document/Image Management

- Document catalog subsystem for paper, images and notifications
- Outgoing forms and letters can be barcoded for automatic matching on return
- Automatically linked to cases when keys present
- Integrated with external scanners, e-mail subsystems and fax servers – single point of control
- Integrated with Mastercard/MCOM and Visa/VRO



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- **EFT switch adjustment interfaces**
 - Network data entry is done through unified browser interface with contextual reason code dropdowns
 - Network records sent to EFT switch for batch transmission (Visa Base II, Mastercard IPM, Pulse, STAR, NYCE) or online transaction interfaces (Visa SMS, Mastercard MDS, PLUS)
 - EFT switch converts to correct network format and transmits with expected protocols and file formats
 - Network responses and representments are automatically retrieved from EFT switch and matched to open cases
 - Incoming chargebacks (ThemOnUs) automatically generate new cases for processing



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■ External Interfaces

- Integrated with document management and network gateways
- E-mail interfaces for alerts and approvals
- Enterprise systems for financial postings and cardholder management
- Network outbound adjustment batched or online via switch interfaces
- Can interface online or generate XML or other format files for financial posting of debits and credits
- Can process inputs from other claims departments such as Network Recon, ATM Balancing, G/L Rejects, Call Center systems



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■ Reporting package

- Excel report generator/formatter
 - Use Excel template for report definitions
 - Generate XML report descriptors
- Data exports and format conversions
- Delivery to multiple output destinations as files and email attachments

TestReport.xls [Compatibility Mode] - Microsoft Excel

Home Insert Page Layout Formulas Data Review View

Clipboard Font Alignment Number Styles Cells Editing

Security Warning Some active content has been disabled. Options...

A13		Averages Formats							
	A	B	C	D	E	F	G	H	I
1	Create XML Template	DO NOT USE OR CHANGE THE TOP ROW							
2	Header		[Title]					Start: [MinDate]	
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6	Elements from Database	ID Org	Cust	TrnDate	Amt	Bill	Wt	Track	
7	Labels for Columns	ID Organization	Customer Name	Trans Date	Amount	Billed	Weight	Tracking #	
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9	Data	1234 Company	Name	05-28-2007	\$11.45	\$8.97	23.1	123456	
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11	Totals Formats			12	\$11.45	\$8.97	23.1		
12	Totals Flags				x	x	x		
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14	Averages Fla				x	x	x		
15	Counts Form					3	2	1,234	
16	Counts Flag					X			
17	Percentages						10.0%		
18	Percentages Flags						Amt		
19	Subtotals Flags		Tab						
20	Footer								
21	Footer			Today: [TodaysDate]					
22	Footer		Department: Complaints					Checked by: []	
23	Footer								
24	Footer		Run by: [UserName]					Run: [RunTime]	
25									
26									

Section name
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from the list.

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■ Base reporting

- Summary, detail, graphical
- New incoming work reports
 - Work arrived within date range
 - Network
 - Issuer/Acquirer/UsOnUs
- Current workload status reports
 - Open disputes
 - Role
 - Analyst
 - Limits (eg 5 days from CB expiring)

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■ Base reporting

- Performance and productivity reports
 - Disputes worked by Period and Analyst
- Special reports
 - Fraud extracts
 - Financial extracts
 - Compliance and other constraint reports
 - Chargeback and representment extracts

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■ KeyBank implementation

- Single system for all RegE dispute needs (EFT PIN and SIG, ACH, BillPay)
- Mastercard image exchange interfaces coupled with FileNet, fax servers and scanners
- Enterprise interfaces:
 - Hogan for cardholder information, balances
 - Statements and deposit images
 - FileNet for image, forms and reports storage
 - Customer-care systems for dispute file imports
 - Linux/WebSphere/SQL 2005
 - Tivoli Access Manager for single sign-on and authentication

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■ Euronet implementation

- Centered around the OMV POS acquiring business
- All incoming chargebacks delivered via single Postilion Office transaction warehouse, running in PCI encrypted mode
- Euronet personnel works representments, with full access to Visa Base II, Visa SMS and Mastercard IPM transactions
- Image handling for incoming chargeback and outgoing representment documentation via integrated fax servers and VRO and MCOM components in AdjustmentHub
- Single point-of-contact for all adjustment and dispute needs

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■ Practical implementation results

- Auto-creation of cases from networks, possible file loads in issuer situations – **labor saves, improved response time**
- Automatic case tracking of requirements, Reg E timers, forms, network interactions – **labor saves, fewer lost cases**
- Integration of cases and images – **elimination of paper, labor saves**
- Integration with EFT switch and network files – **single point of entry and control, no need for proprietary adjustment systems from Visa, Mastercard and PIN networks**
- Elimination of multiple adjustment systems – **unified technology and access, simpler maintenance, one vendor across multiple payment types**

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■ Financial Benefits

- Reduction in claims losses
- Increased claims/FTE analyst ratios through automated data entry, automated tracking and paper flow elimination
- Improved process quality with reduction of clerical work and increased analyst “think” time
- Improved management information on risk, claims outstanding, personnel performance
- Improved customer service with better information and faster response time
- Improved cash flow through matching debit/credits in processor environments



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AdjustmentHub brings

- ✓ Improved *Financial Performance*
- ✓ Improved *Staff Performance*
- ✓ Improved *Customer Service*
- ✓ Guaranteed *Management Certainty*

