



March 4, 2005

Process automation utilizing technology is key to helping a company maintain control in a fast paced, high growth environment. Upromise had the foresight to recognize this and adopted document management and workflow technology as part of their growth control strategy.

Upromise is a Needham, Massachusetts based transfer agency. It was founded in 2000 by Michael Bronner. Their mission is to provide a vehicle for families around the country to save for their children's college education needs. They have been able to do this by joining forces with some of America's leading companies, and creating a no-fee customer loyalty reward program. Customers register their credit and grocery cards, and when they purchase products from one of the participating companies they receive a contribution (equal to 2-5% of the purchase price), which is then transferred into a college account on a tax free basis. Customers do not need to track their receipts. They are credited automatically whenever they use one of their registered cards.

Upromise launched The Upromise College Fund, a nationally available 529 Plan*, in November of 2002. The State of Nevada was the first state to sponsor the Upromise College Fund. Program management and customer service for the Upromise College Fund is provided by Upromise, unlike the Nevada 529 plan that existed at that time where the state of Nevada administered the entire plan. They were awarded similar contracts for New York and Iowa in the latter part of 2003. The customer is able to choose from several investment options provided by Upromise's partners, which include some of the worlds leading financial firms. Upromise savings are transferred automatically into the member's 529 plan on a periodic basis after the member selects their investment option.

Since its inception, Upromise has experienced tremendous growth. Today they have more than 5 million current day members and manage 5 billion in assets. The addition of the 529 product was a huge part of that success. This growth posed some very interesting challenges as well. They needed to be able to maintain the quality of work that customers had come to expect, while at the same time executing an increased number of transactions in a timely manner.

In order to overcome these challenges they needed a solution that would give them the ability to process transactions on a timely basis and access information instantaneously. Peter Angus (Director of Technology) had past experience working with document management and workflow technologies and he knew the advantages it would give him in achieving process control. He said "We implemented document management and

* 529 legislature provides families the ability to invest funds into an investment account earmarked for a college education to an accredited institution on a tax free basis.

workflow for two reasons; one, for regulatory compliance because we have to retain records for 7 years and two, because I am a very firm believer in being able to quantitatively evaluate, measure, and control work units in the process". Mr. Angus added "There are many commonalities between repositories and there many commonalities between workflow products. Given that fact, I knew that our success was going to be dependent on who we selected as our integration partner".

Mr. Angus said "I knew that we were going to have a technology that was going to be capable of meeting our needs. What I didn't know was whether or not we could find a partner that was going to be there at critical times when our immediate needs would create a stressful environment in which we needed to count on our partner". From the beginning Paragon Systems was under serious consideration, based on Mr. Angus's previous experience working with them. "I had confidence based on the positive results that they had attained with my clients previously...I felt it was important to also bring in other potential partners just as a sanity check. Then what I ultimately did was to involve the team at Upromise to participate in the partner selection process". In the end the team agreed with Peter Angus's assessment about Paragon's abilities and the decision was made to partner with Paragon moving forward.

"When features weren't there in the product Paragon helped build them, which was part of what was necessary. That has made the document management and workflow system integral to the business to the extent that we couldn't function without it" says Mr. Jeffrey Robison, Vice President Customer Care. Mr. Angus goes on to say: "Paragon participates at a business requirements level, and not just the system implementation level. There is a value-add that is being derived from our partnership with Paragon today that you wouldn't get from other relationships because they understand and have been through our business evolution. Not only is there an ease in the relationship between my team and the staff at Paragon, we also find a group of individuals that can think of a like mind and understand it from your perspective. That's what makes a partnership special".

The goal at Upromise was to take a phased approach to the project. The first phase was to build an object repository. At that point volume was very low, no more than 200 scanned pages a day. The process in phase one could be controlled in a semi-manual processing environment. The second phase would automate the process further with the introduction of workflow. New states had enrolled in the program and volumes had increased significantly by the time the second phase had started. The 200 scanned pages a day volume rose to a high of 10,000 scanned pages a day. The challenges faced with accommodating this rapid growth while implementing new technology were great. Upromise and Paragon were able to design a workflow that reduced processing time by taking the time to study the semi-manual process in phase one. The third phase was automation of the front end capture part of the process. Kofax – Ascent Capture was selected as the third party capture product. Automation of this process was accomplished with Paragon Systems building custom modules within the Kofax capture product. Optical Character Recognition (OCR) and Intelligent Character Recognition (ICR) were used to reduce transaction processing time. Upromise was able to reduce the average transaction processing time from 14.5 minutes of average handling time to 6.5 minutes through the use of this technology. Another benefit

derived from automation in phase three was a drastic reduction in full time employees (FTEs) required for processing. Today only 30 people are needed to process the ever increasing volumes where 130 processors were needed at the lower volumes.

"There's another interesting element to what we've built here. We are not the only entity that utilizes our document management and workflow application. Our partners utilize it" says Mr. Angus. "They receive phone calls from their customers and we process the transactions. When they have Mrs. Jones on the phone talking about her grandchild's 529 plan they need to have 100% confidence that they can get access to the necessary information in order to provide the expected level of customer service".

"We went from being a boutique 529, to being one of the top 529 providers in the country" said Mr. Angus. "We have been able to increase our throughput by 500% and improve our quality metrics by 30%. We also have a cost basis that is significantly less than most". Mr. Robison added "We're a substantially different company than we were a year ago".

While Upromise continues to grow at a rapid rate and while this technology is core to transaction processing Upromise and Paragon continue to explore ways to build additional efficiencies. They feel together they will change the course of the transfer agency business as a result.