Minutes of the Meeting of the Utah Privatization Policy Board
Wednesday September 27, 2006 10:00 a.m.
Room 3150, State Office Building
Salt Lake City, Utah

Attendees:
Senator Brent Goodfellow - Chair, Representative Fred Hunsaker, Senator Chris Buttars, Steven Dickson, Steve Wrigley, Tanya Henrie, Jim Kesler, Ted Boyer, Douglas Richins

Absent
Norm Tarbox, Gretta Spendlove, Robin Riggs

Visitors
Morris Applewhite - Convergys, Krista Boyle - Convergys, Dan Hart – Convergys, Dennis Hammer - UPEA,

Welcome and Introductions
Senator Brent Goodfellow, Chair conducted the meeting.

Approval of Minutes:
Steven Dickson motioned for approval of the minutes of the meeting held August 23, 2006. Mr. Kesler seconded that motion. The minutes were unanimously approved.

Presentation by Morris Applewhite from Convergys
Mr. Applewhite provided a company overview. Convergys is engaged in four business segments. Customer Service, Human Resources, Finance & Accounting and Information Management - Billing Solutions. Currently Convergys employees 6,200 employee's in Utah primarily in customer service areas (call centers). They are one of Utah's largest employers. 20% of Convergys' US employees are in Utah at sites in SLC, Ogden, Orem, Logan and Cedar City, providing 100% tuition reimbursement for their employees. Mr. Applewhite presented a slide presentation on the company's business areas. A handout was distributed of the slide presentation and there was a discussion on this subject. A copy of the slide presentation is attached to the minutes. Mr. Applewhite indicated that they have had conversations with Steve Fletcher (executive director of the Utah Department of Technology Services) about Utah's IT consolidation and the IT billing services that Convergys performs for the State of Georgia and the State of South Carolina. The United States Postal Service contracts with Convergys to provide customer management services over the telephone and web including speck applications and web applications. They provide outsourced human resources and benefits administration services, payroll services, HR services, recruiting/staffing services, benefits administration and learning management. The State of Texas and the State of Florida outsources some of their HR administration to Convergys. Senator Buttars asked if Convergys was providing HR services or billing services for any private sector businesses in Utah. Mr. Applewhite responded that they are not. The board referred the Convergys representatives to Jeff Herring, the Executive Director of the Department of Human Resource Management and to John Reidhead, Director of the Division of Finance (where payroll is administered).

Election of Vice-Chair
It was proposed that the board fill the vacant position of Vice-Chair. Tanya Henrie was nominated. She declined acceptance of the nomination citing pressing business issues. Following discussion, it was decided to postpone the election of the Vice-Chair to the October Meeting.

Discussion Items for Future Meetings

Mr. Kesler requested that representatives of the Utah Driver's License Division be invited to the next meeting to review for the board changes that he understands are coming in January, and to explore whether the private sector can assist the division's customer service. It was also requested that representatives from the Department of Human Resource Management be invited to meet with the board in October to see if they have done any research into the outsourcing of human resource management functions as proposed by Convergys, and what, if any, the conclusions of that research might be.

It was suggested that representatives of the Division of Motor Vehicles be invited to the board's November meeting to review their current and future use of the private sector for their functions.

October Meeting

The next meeting will be on October 25, 2006 at 10:00 a.m.

Attachment: Copy of Slides from Convergys presentation.

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We enable global organizations and government agencies gain greater value from their relationships with customers and employees.

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providing outsourced customer care using **40,000** production solutions

managing **68,000** toll-free numbers

13,000,000+ employee contacts annually

more than **350,000,000** subscribers supported by Convergys billing systems

over **one billion** customer interactions annually

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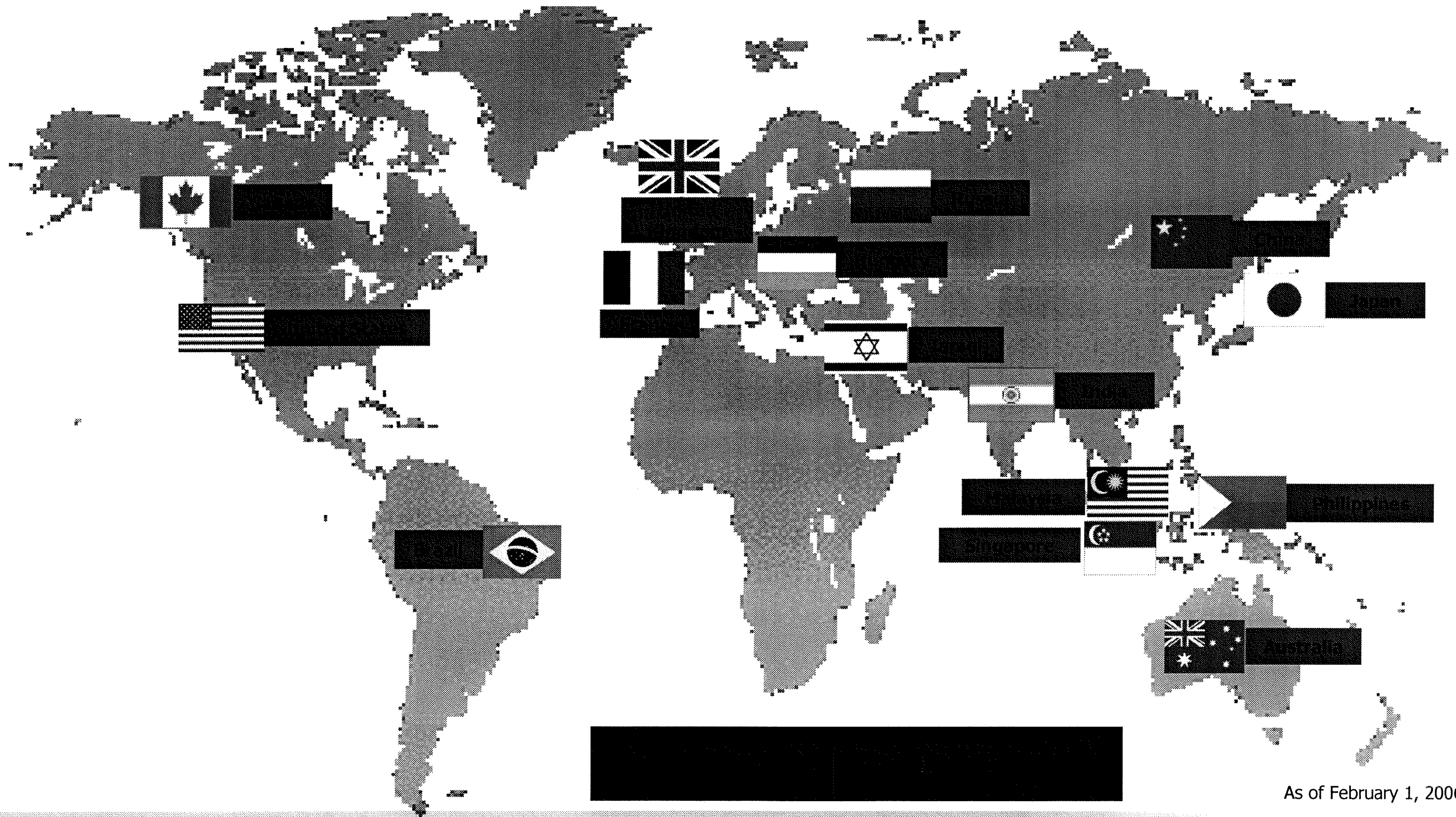
Convergys' Global Presence

More than 70 countries served, 35 languages supported from 74 sites in 15 countries



As of February 1, 2006

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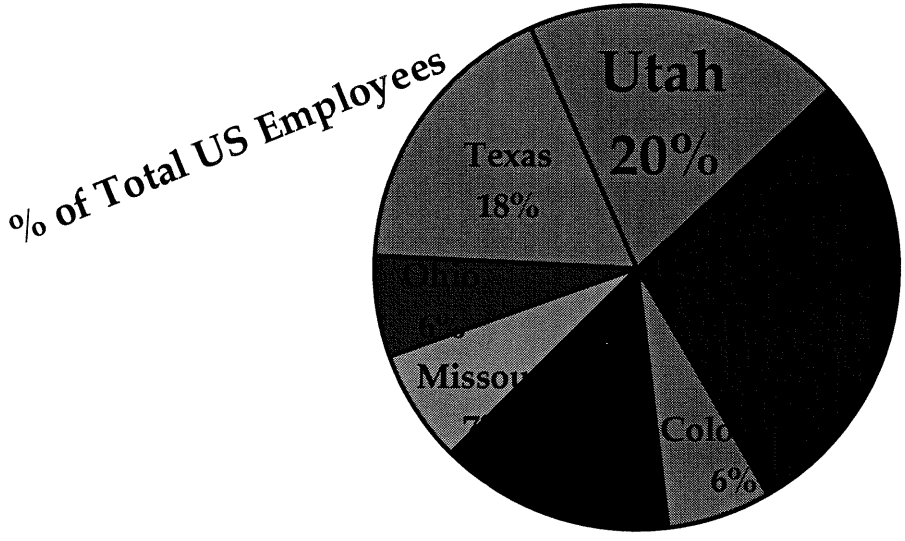
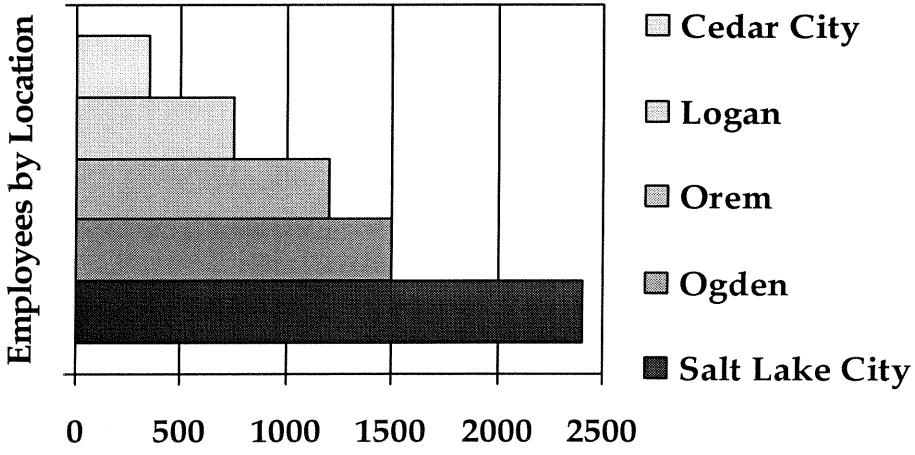
Convergys in Utah





- Convergys' largest U.S. presence is in Utah, with more than 6200 contact center employees at five locations.
- We have been a part of the Utah landscape since 1990.
- Recent community projects include:
  - iKeepSafe with First Lady Mary Kaye Huntsman (2006)
  - $200,000 to Hogle Zoo for the African Lodge Education Pavilion (2005)
  - $20,000 in employee and corporate matching contributions to local United Way agencies (2005)
- Clients served from Utah include industry leaders in financial services, retail, pharmaceuticals, automotive, telecommunications, high tech and the federal government.
- Partnership with the State: Utah's 511 Transportation Information System.

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Our Business

Human Resources	Customer Care	Finance & Accounting	Information Management-Billing
Provides outsourced human resource and benefits administration services	Provides outsourced contact center solutions and related technology and consulting services	Provides full-service outsourced Finance & Accounting services and related application management	Provides and manages billing, order management and customer management systems
• Payroll Services • HR Services • Recruiting/Staffing Services • Benefits Administration • Learning Management	• Inbound and outbound customer care • Customer retention support • Account acquisition and activation • Collections • Product cross-selling • Technical support	• Order to Cash • Procurement to Payment • Specialty Accounting • Recording & Reporting • Control & Risk Management	• Billing and Rating • Order Management • Partner Relationship Management • Mediation • Activation • Advisory Services

Convergys Specialty Services

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What kind of questions do we help answer?

How can we drive more revenue from self-service channels?

Which customer interactions have revenue-generation potential?

How do we manage our BSS costs while improving performance?

How do we protect our BSS and CRM systems in the event of a catastrophic event?

How do we improve workforce productivity and performance?

How do we consolidate our legacy systems into a single system to enable aggressive growth?

Is the self-service experience we provide helping us best serve our customers?

How do we centralize and standardize our training organization?

What agent services should we automate?

Are we taking proactive measures to retain customers?

What's the most effective strategy to optimize our IT systems?

Which business process triggers the majority of contacts?

How can more issues be resolved on the first contact?

Are we satisfied with self-service utilization and containment rates?

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Who are some of our clients?

TeliaSonera

TMN Telecomunicações Móveis Nacionais

vivo

TIME WARNER CABLE

Telewest Broadband

NORTEL NETWORKS

MOBILE

DBS

Albertsons

OnStar

nwa NORTHWEST AIRLINES

UNITED STATES POSTAL SERVICE

CMS

GUTHY-RENKER

Goldman Sachs

WACHOVIA

DUPONT

UBS

State of Texas

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How does Convergys' expertise serving clients in the private sector through customer management, information management, and employee care translate into value for the public sector?

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Customer Care in the Public Sector

- Government clients look to Convergys to provide professional services, technology solutions and live agents to enhance customer satisfaction, reduce costs, and increase efficiencies by:
  - Improving the internal controls that allow agencies to gain accurate and timely access to financial and customer service data
  - Facilitating the flow of information between agencies to improve daily and strategic decision-making
  - Facilitating performance improvements that span traditional government organizational boundaries
  - Identifying the best mix of technology and live agent customer service

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United States Postal Service:
Reducing Costs and Increasing Customer Satisfaction

The Client:

- With annual operating revenues of $68.5 billion, the USPS serves 7 million customers a day at more than 37,000 outlets—and delivers 202 billion pieces of mail a year
- The USPS makes stamps available via the Internet, by mail, by phone, and through 32,000 vending machines, 40,000 commercial retail outlets and ATMs.

The Challenges:

- The USPS wanted to significantly improve the customer experience of postal patrons
- The organization needed to support its "One Call Does All" philosophy, which stresses the importance of first contact resolution and superior customer service

Finding Solutions:

- The USPS selected Convergys to provide customer management services and establish a highly functional, well-integrated customer care solution
- Responsibility for the entire customer contact experience—spanning multiple customer-management vendors—was given to Convergys, and all relevant vendor relationships were transferred to Convergys
- Convergys leveraged its Professional Services team to provide consulting, analytics and measurement for a customer intelligence program to improve customer satisfaction

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United States Postal Service:
Reducing Costs and Increasing Customer Satisfaction

Execution:

- Convergys used its Point-of-Service Evaluation (POSE) customer satisfaction feedback system to support decision making relating to every element of the customer contact experience
  - Monthly reports were replaced with real-time, online information, giving managers immediate "voice of the customer" performance feedback
  - Convergys established a service recovery and relations team that receives automatic "SOS alerts" when a customer rates the contact experience negatively, allowing team members to quickly address problems and reduce customer churn
- Drawing on extensive customer intelligence multiindustry databases, USPS was able to benchmark its centers against "all centers" and the "best-in-class centers" for added insight into customer expectations and perceptions

Results:

- **$7M annual savings by improving self service containment rates by 19% and reducing the number of live agent calls by 6 million annually, all while maintaining customer satisfaction**
  - Customer satisfaction results during the first year exceeded the prior six quarters
  - USPS moved from a static customer satisfaction program focused on measuring past performance to a proactive, dynamic, fully integrated program that supports business decision making

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Billing & Order Management in the Public Sector

- Convergys billing, order management, and customer service management systems allows the states of Georgia and South Carolina to have seamless order-to-bill support.

- The solution:
  - Focuses on a state-wide approach to providing IT services while streamlining processes,
  - Improves service levels,
  - Improves daily strategic decision making,
  - Makes more efficient use of scarce IT resources, and
  - Better manages the actual business of government.

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Employee Care in the Public Sector

- Convergys has partnered with the State of Florida and State of Texas to enhance employee satisfaction and cut costs by:
  - Consolidating HR functions spread across multiple agencies
  - Upgrading technology infrastructure and increase use of technology in everyday interactions (payroll processing and administration, use of e-records, etc)
  - Launching and facilitating use of web-based self-service
  - Deployment of learning technologies throughout the employee lifecycle
  - Assisting in recruiting, hiring, training and staffing
  - Keeping jobs in their respective states

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State of Florida and State of Texas Overview

State of Florida

- Serving 219,000 state employees, retirees, and university staff across 32 state agencies
- Moved from manual, outdated, people and paper intensive processes to "best in breed" technology
- Convergys provides central support to 70% of the state's HR workload; HR management able to focus on strategy, policies, and government issues rather than time-intensive processes
- Expected savings to the state: $100 million

State of Texas

- Serving 46,000 Health and Human Service Commission (HHSC) employees and retirees
  - HHSC is a $44 billion organization made up of five separate agencies and makes up 20% of the State of Texas workforce
- Includes an innovative, integrated e-learning program that incorporates an online library of more than 145 courses and saves that state more than $2 million per year
- Expected savings to the state: more than $20 million

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Contact Information

Morris Applewhite

Senior Vice President,
Government and New Markets

8000 Baymeadows Way
Jacksonville, FL 32256

904-636-3324

morris.applewhite@convergys.com

Krista Boyle

Corporate Government
Relations

201 East 4th Street
Cincinnati, Ohio 45202

513-723-2061

krista.boyle@convergys.com

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