

Business Agility Lunch Series.

Innovate. Transform. Grow.



Transforming for Growth With Business Process Management

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Growth Markets

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Agenda

- Innovate, Transform, Grow – The Business Drivers
- The Role Of Technology
 - Business Agility and Flexibility
 - Business Automation
- Getting Started



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- **Innovate, Transform, Grow – The Business Drivers**
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The New Normal: Change, Complexity, Uncertainty



\$488 billion

Lost in process inefficiencies
in Fortune 500 companies

\$534 billion

In mobile
transactions by 2015

85%

Of enterprises use
external cloud services

50%

Of businesses plan to adopt more
collaborative sourcing models

70%

Of businesses outsource one
or more strategic activities

50 billion

Devices connected to
the Internet by 2020

Presents Both Challenges and Opportunities



NETFLIX

Stock Grows
350% since
2009

BORDERS

Filed for
bankruptcy
protection



amazon.com

2011 net sales
increase 41%



Filed bankruptcy
in September
2010



Business leaders must drive growth amidst complexity



*Capitalize on complexity and
Outmaneuver competitors*

Innovation

- **81%** believe innovation is key to getting closer to their customers

New Channels

- **70%** are focusing on new channels to deliver services to their customers

Collaboration

- **69%** are collaborating with customers to deliver better products and services

Source: IBM CEO Study, 2010



CIO mandates come with distinct characteristics that line up with the organization's goals & strategy

Expand Mandate

Refine business processes and enhance collaboration

Expand

Leverage Mandate

Streamline operations and increase organizational effectiveness

Pioneer

Leverage

Transform Mandate

Change the industry value chain through improved relationships

Transform

Pioneer Mandate

Radically innovate products, markets, business models

Source: 2011 CIO Study



Yesterday's best in class is not good enough



- To fuel new growth while optimizing costs organizations must leverage:
 - Greater business understanding and measurement
 - Rich, integrated information, transactions, and decisions
 - Flexibility-enabling technologies
 - New social and collaboration capabilities
 - Efficiency in IT and capital expenditures
- To increase awareness and control over their business processes for *Greater Business Agility*



Key Capabilities for Transformation are:



- Agile processes and decisions
- Rapid, adaptable integration
- Unbounded applications
- Flexible and intelligent infrastructure



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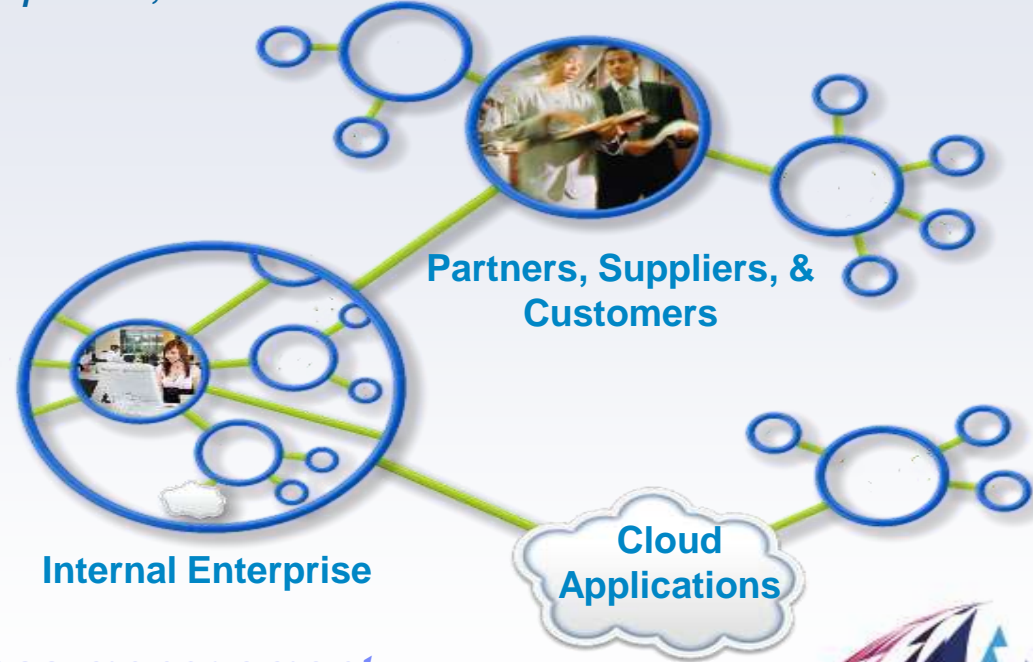


Complexity exists internally and externally

Capitalize on complexity and thrive in an interconnected world

*Organisations are challenged to deliver **fast**, **flexible** and **reliable** access to information across applications, enterprises, and the cloud to:*

- Inform decisions with new information
- Embrace new channels
- Leverage rich partnerships



Companies need end-to-end process management



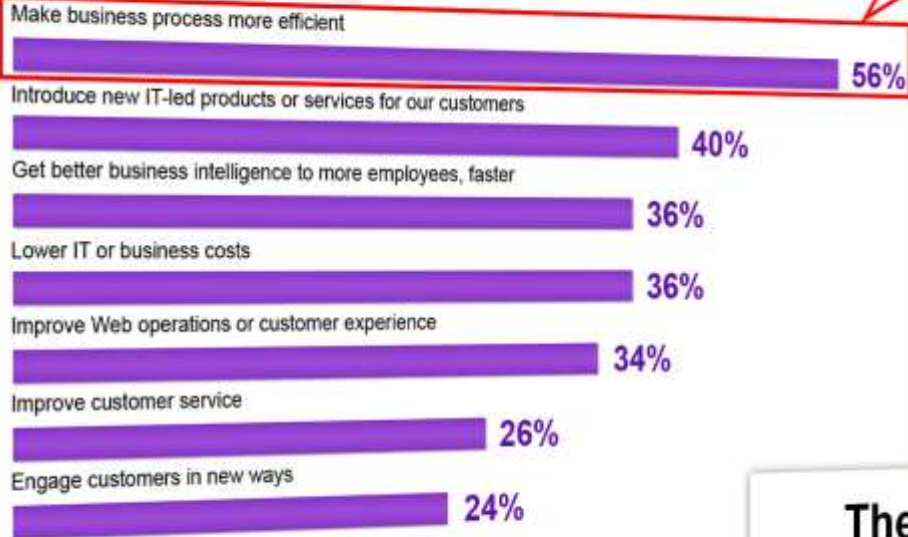
Business Process is Still a Priority



InformationWeek
500
TOP BUSINESS TECHNOLOGY COMPANIES

2010 Innovation Plans

Process is
Priority!



Data 2010 Information Week 500 Survey

The
Growth
Imperative

The Market is Clearly Telling Us ...

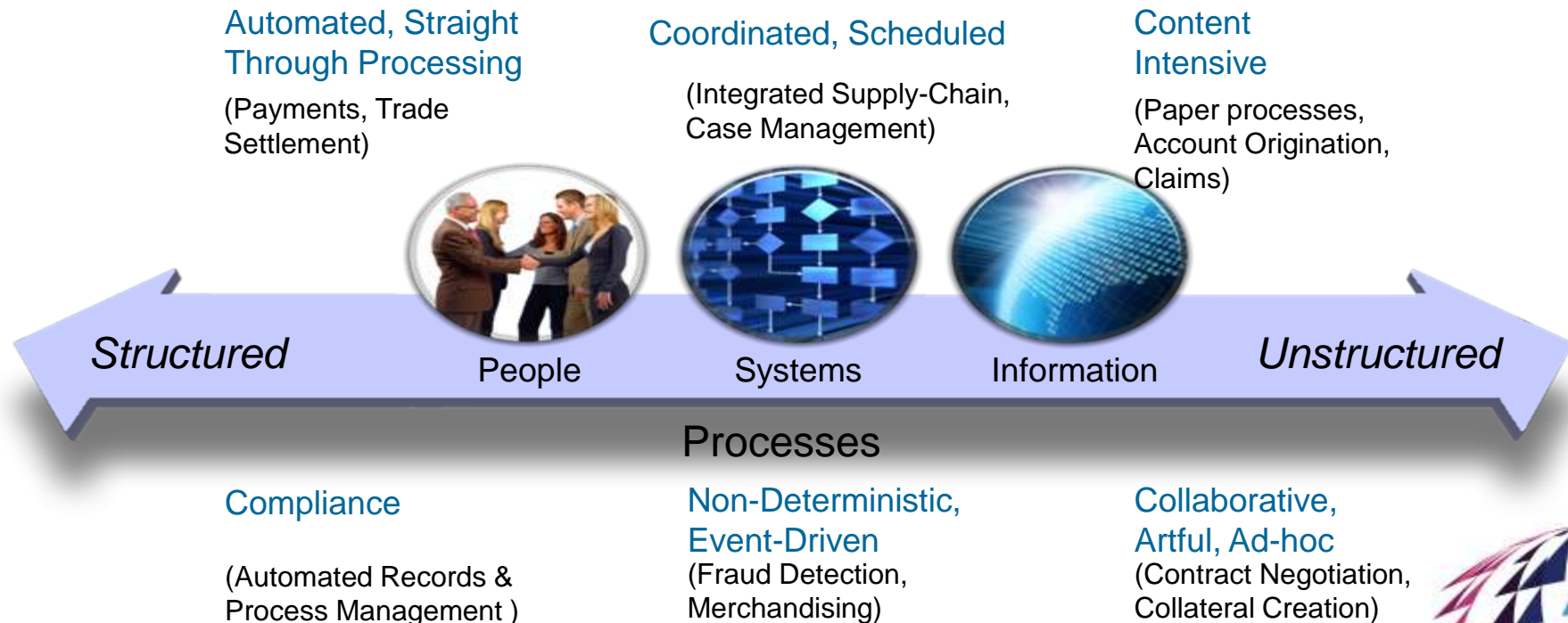
- Process improvement is critical
- BPM delivers value to clients
- Companies continue to invest



Types of Business Processes



A **business process** is a collection of interrelated tasks, which accomplish a particular goal, usually decomposed into several sub-processes.



What is *Business Process Management* ?



Through robust and flexible software capabilities and industry expertise, BPM enables customers to discover, model, execute, rapidly change, govern, and gain end-to-end visibility on their business processes

Software
Expertise

Documentation &
Compliance

Deployment &
Execution

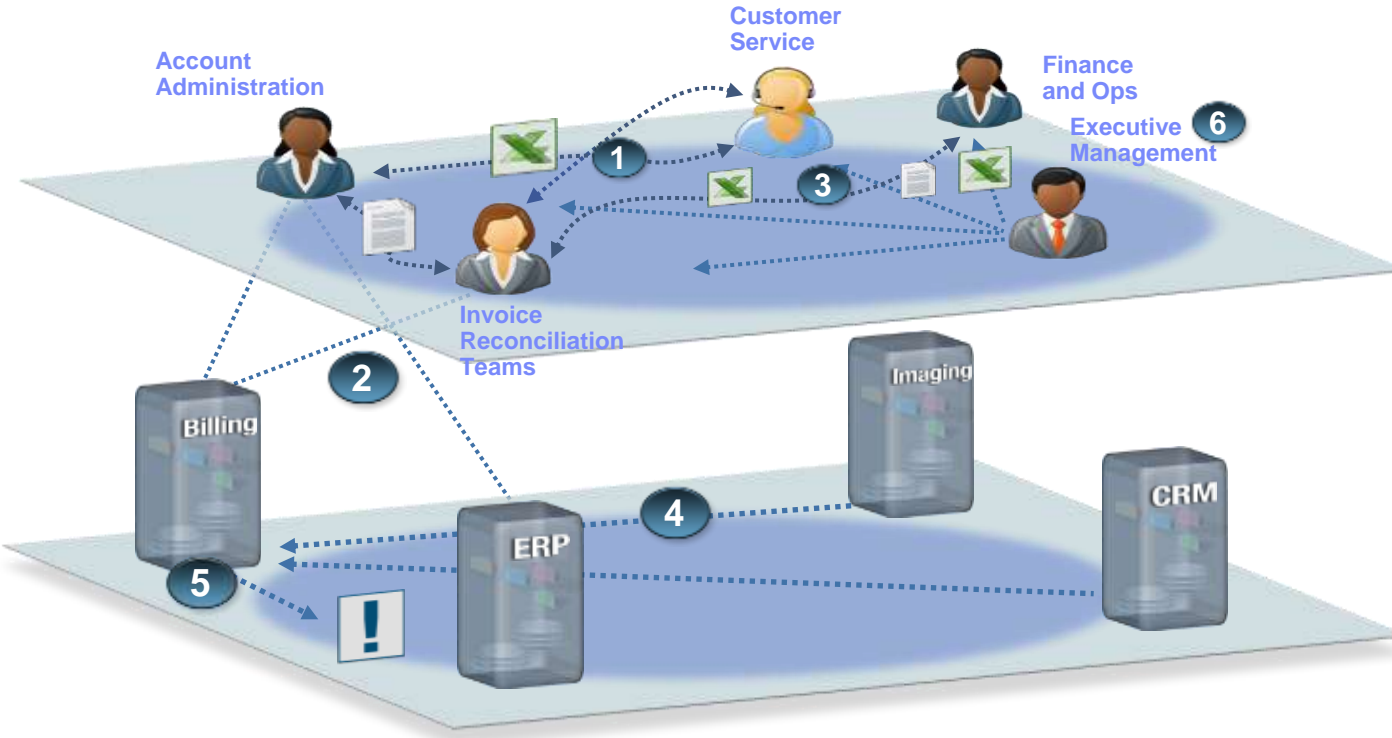
Continuous
Process
Improvement

Analysis & Optimization

Visibility & Collaboration
Business User Engagement
Efficiency & Productivity



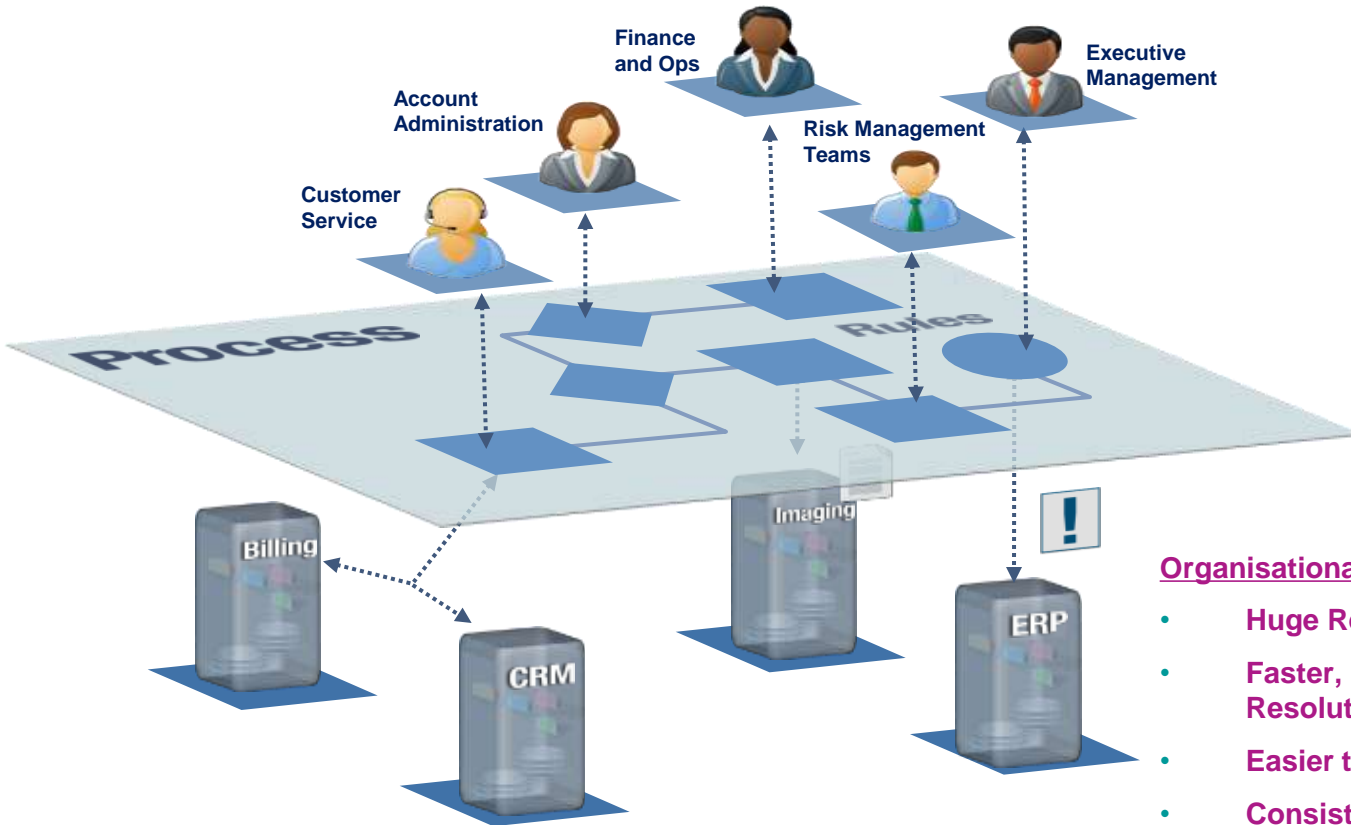
Typical process problems



- 1 Unstructured Tasks and Communication (ex Paper or email)
- 2 Inefficient Working Environment Spans Systems
- 3 Inconsistent Prioritization
- 4 Incomplete or Inaccurate Data Flow Between Systems
- 5 Lack of Control Over System and Business Events (Exceptions)
- 6 Poor Visibility Into Process Performance



BPM brings order to the chaos



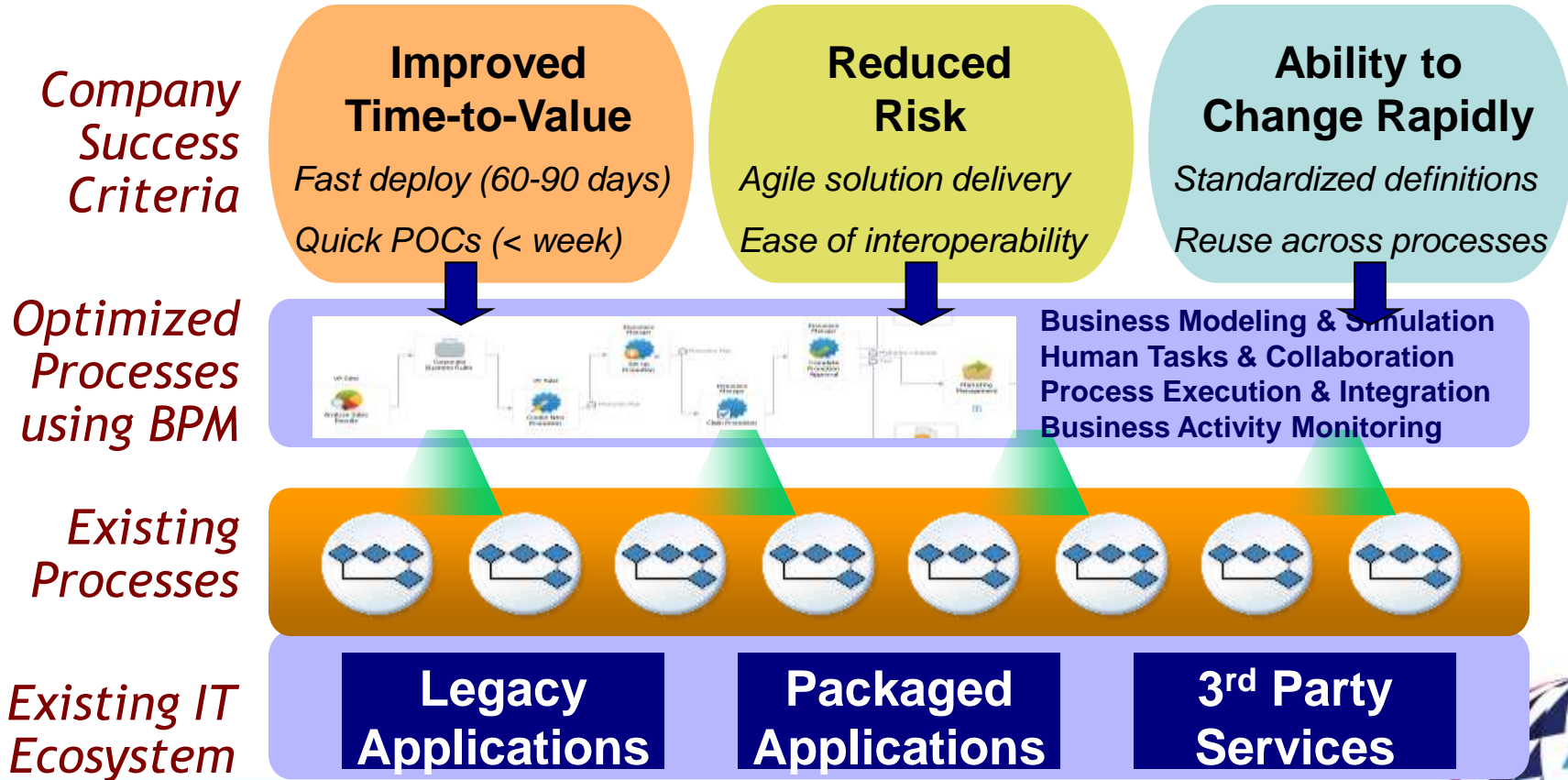
- 1 Automate workflow & decision making
- 2 Reduce errors and improve consistency
- 3 Standardize resolution across geographies
- 4 Leverage existing systems and data
- 5 Monitor for business events and initiate actions
- 6 Real-time visibility and process control

Organisational Benefits:

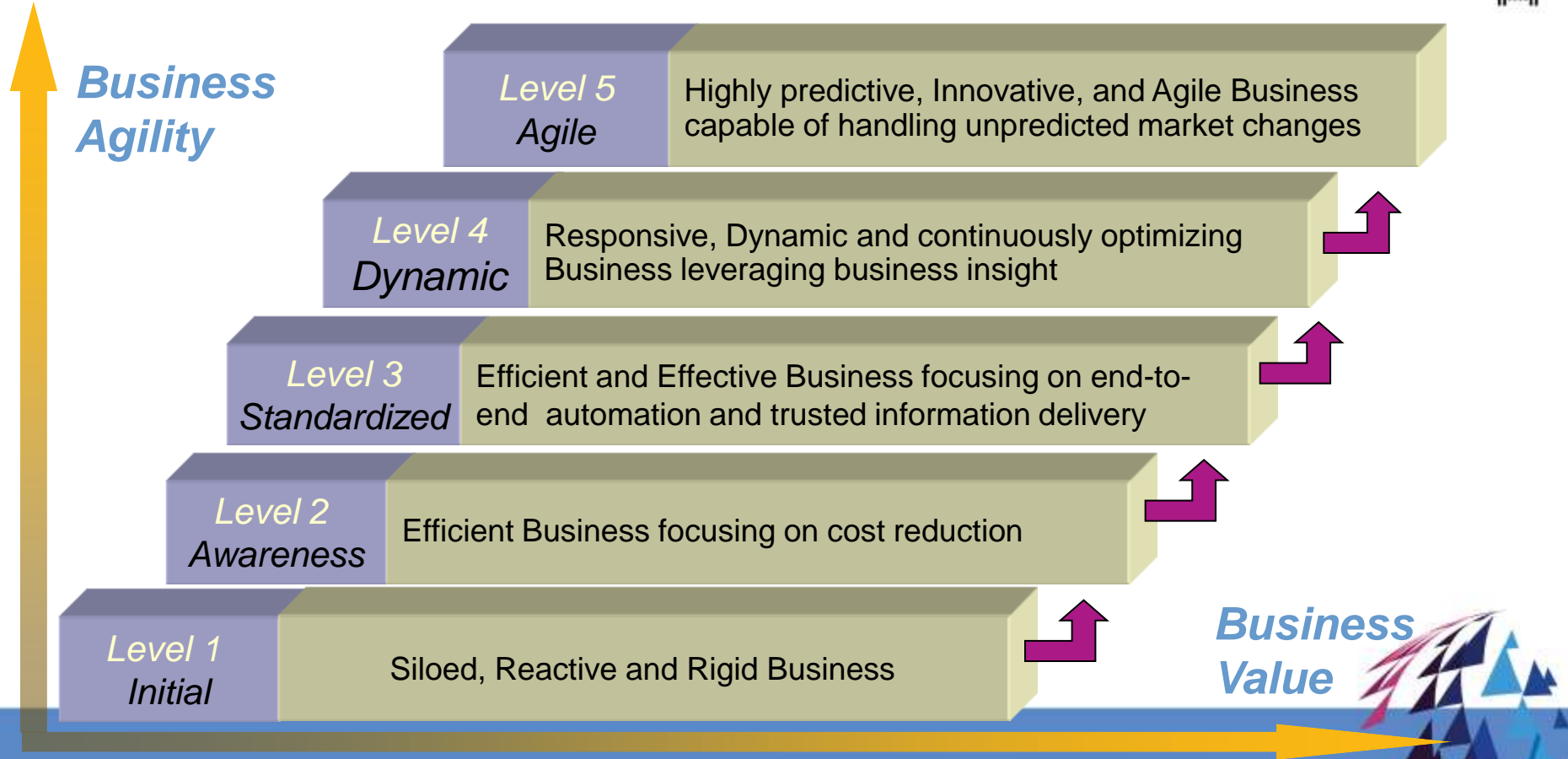
- Huge Reduction in Manual Work, Errors
- Faster, More Consistent Issue Resolution
- Easier to Manage the Business
- Consistent Case Handling



What do organisations expect from BPM?



Enhance business agility with a stepped approach mapped to key starting points with strong value to line of business



Agile Business Processes are....



Explicit: *Documented, understood & agreed*

Visible: *Performance is available in real-time, measurable, and actionable*

Interconnected: *Network-aware and well-connected to the right services at the right time*

Easily Changed: *Process tasks, activities, and end-points are flexible and quickly adjusted*

Driven by the Business: *Process management is contextual, governed and extended to all stakeholders*



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■ Getting Started



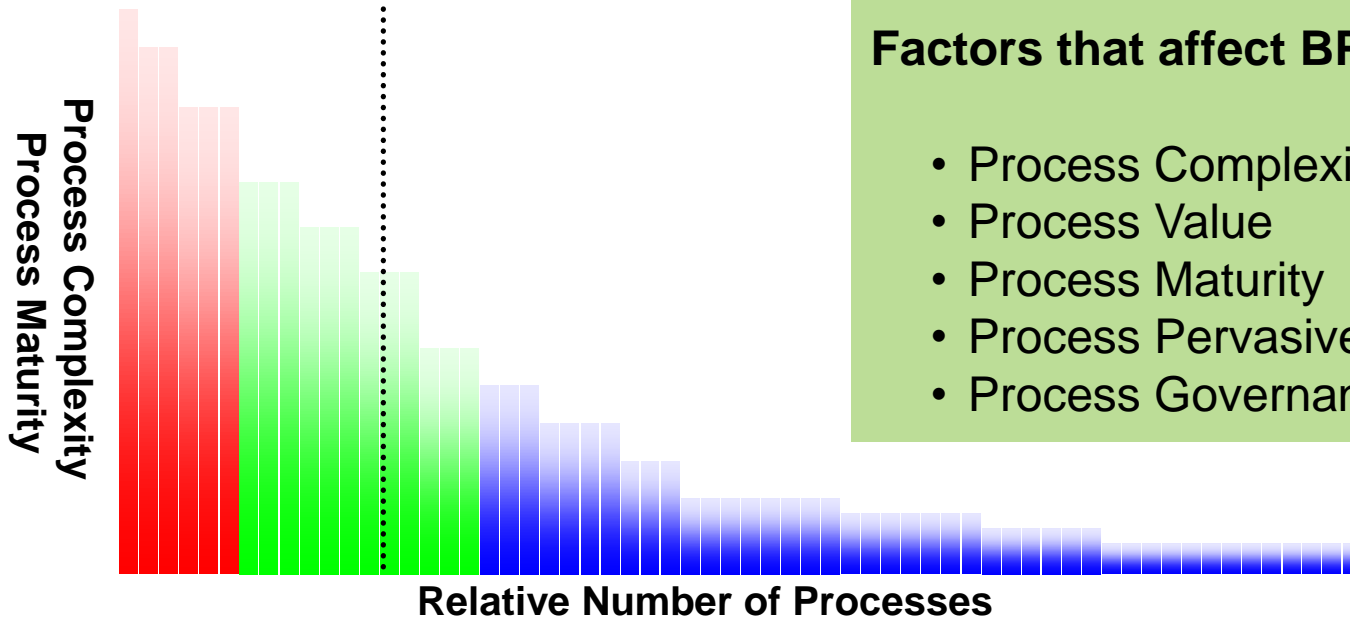
Set A Roadmap To Business Agility

Execute a Strategy For Better Business Outcomes:

- Fuel New Growth
- Speed Time to Value
- Reduce Total Cost of Ownership



Characterizing Processes is Critical for BPM Success



Factors that affect BPM approach:

- Process Complexity
- Process Value
- Process Maturity
- Process Pervasiveness
- Process Governance

All processes are not the same:

- Identify the type of processes you are looking to improve.
- Tailor the solution to meet your objectives
- Ensuring success on initial project will lead to further successes



Key insight: Accelerate BPM success
Start quickly, deploy faster, and reduce costs and risk

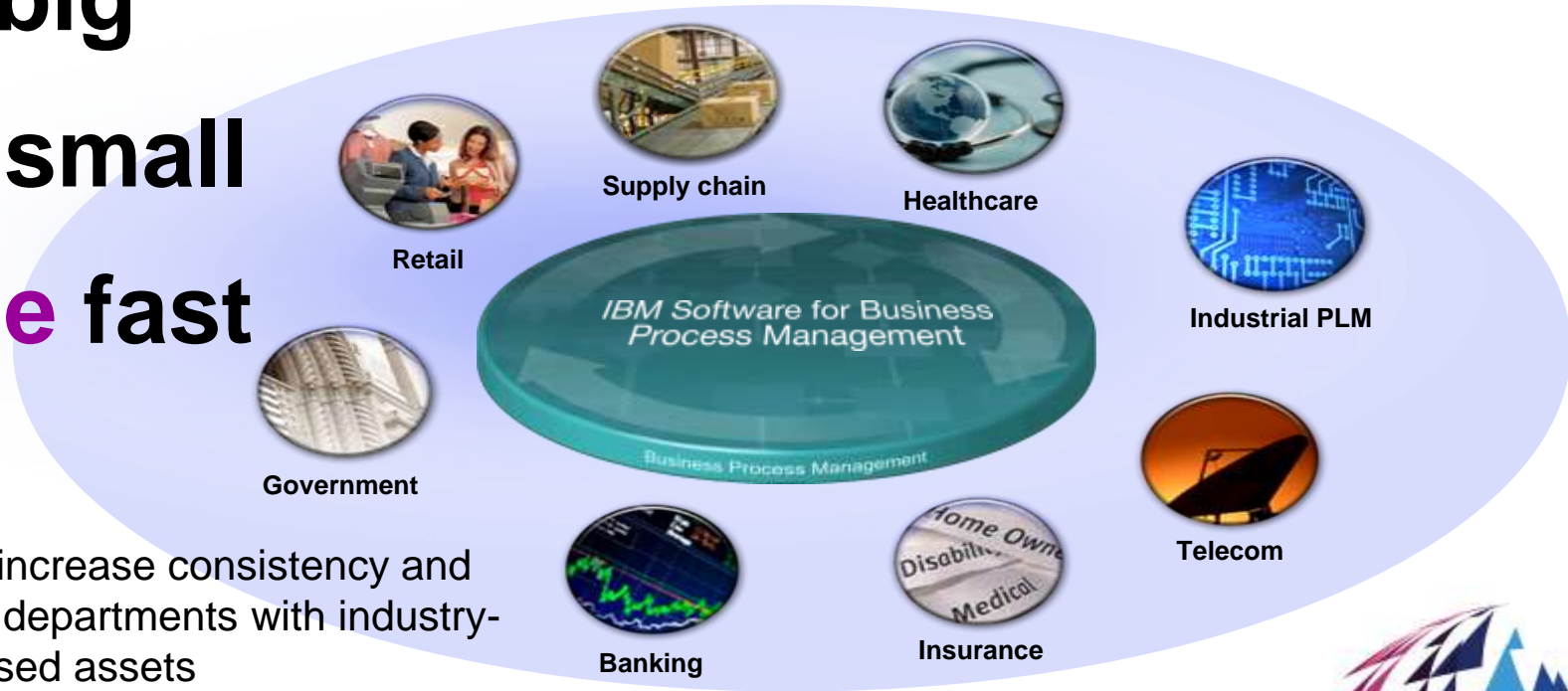


Speed deployment with pre-built industry assets, and
new Industry Solution Scenarios

Think big

Start small

Scale fast



Reduce risk, increase consistency and
reuse across departments with industry-
standards based assets



BPM benefits every major industry



Insurance: End-to-end claims processing visibility to reduce fraud and payouts to ineligible claims

Banking: Rapidly deploy new online, mobile, and ATM banking features to increase customer satisfaction and reduce development costs

Telecom: Integrate voice, data, and content from multiple systems to speed the delivery of new high-value services

Transportation: Real-time visibility into resources and location information to improve forecasts and meet 95% on-time delivery goals

Utilities: Integrate billing applications with smart meters for flexible pricing, and improved billing accuracy

Healthcare: Track patients through from enrollment through discharge using event processing to optimize care and reduce waiting times

Financial Services: Rapidly process orders and reduce risk of non-compliance with corporate and regulatory policies

Retail: Automate order and supply chain processes to reduce lead time and increase order accuracy

Government: Increase effectiveness by automating and coordinating emergency services across departments



Examples of industry-specific business use cases



Banking

- Cross-sell / Up sell
- Mortgage Origination
- Payments - Least Cost Routing
- Payments - Pricing / Charge Calculation
- Accounting
- Trade Order Management

Insurance

- Quoting & Underwriting
- Claims Processing
- Solvency II

Telecom

- Promotion Management

Healthcare

- Fraud Detection & Management
- Claims Processing

Retail

- Promotion Management
- Promotion Execution
- Trade Fund Management

Travel & Transportation

- Notifications & Irregular Operations

Government

- Screening & Targeting
- Integrated Fare Management

...



IBM Industry Content Packs

Industry Solution Assets for IBM BPM

Configurable & extensible BPM solution assets for **Banking, Insurance, Telecom, Healthcare, Manufacturing**. Based on prevalent industry standards in each of the selected industries

Capability Models

Capability Maps & Process Maps align business strategy with process execution

Based on APQC & IBM's Best Practices

Process Models

Process Flows & Business Measures simulate human workflows & automate processes

Based on APQC & IBM's Best Practices

Service Models

Service Interface & Schemas facilitate creation & assembly of process implementations

Based on Industry Standards

Common Components

Common Services & Utilities enable interoperability with the application ecosystem

Based on Industry Standards

Business Vocabulary

Repository of Business Concepts, Terms & Relationships to ensure consistency

Based on Industry Standards

Business Object Models

Conceptual Data Models to provide a foundation for information management

Based Industry Standards

BPM Solution Scenarios

Pre-built solution that combine the above assets into an end-to-end working solution



Reference: Hospitals Contribution Fund (HCF) - Overview



- Established 76 years ago
- Largest Not-for-profit Health insurer in Australia
 - 1,000,000+ lives covered
 - \$1,400,000,000+ dollars in revenue
- HCF national market share 11.9 %
- We partner several industry leaders in information technology to support a wide range of applications.
- The health insurance market in Australia is very heavily regulated by the federal government and therefore business rules are frequently changing to reflect the new government regulatory changes

HCF

We're different from other funds.



Reference: HCF implemented a Straight Through Processing Strategy



A flexible approach was required

- Integrate with Technology Architecture
- Handle the regulatory environment (changing rules)
- Handle the non- automated providers – paper claims
- Track and manage the workflow (claim lifecycle)
- Automate assessment & processing of health claims, including medical, hospital and ancillary

**IBM Business
Process
Management**

**IBM Business
Rules
Management**

Capture Claim Form with READSOFT	Process with IBM BPM	Decide with IBM ILOG
Identify	Orchestrate	Validate
Classify	Simulate	Calculate
Extract	Monitor	Detect (Fraud)
Verify	Route	Test
Output	Optimize	Comply
	Report	

Reference: HCF - Business Outcomes



Customer satisfaction

- All claims reach loss adjusters the same day
- Settlement time reduced by **60%**



Greater efficiency

- % of Health Claims processed automatically (straight through with no human touch) increased from **30% to 88%** with new solution from IBM
- Average staff member now captures over 1000 claims per day
- Claims processing team reduced by over **65%**

Business outcome

- Within 3 months, branch sales increased by **25%**
- Have realised direct cost savings of over **\$1.2M** per year



WorkSafe Victoria used IBM's SOA and BPM

To operate more efficiently and save more than \$100M



Client Pains

- Australian state social service agency dedicated to employee worker safety and compensation
- Ensure timely workplace claims processing for citizens
- Identified a specific project that would benefit from automated workflows and decision points

Business Outcomes

- Improved efficiencies, higher levels of customer service and worker safety
- Significant improvement in fraud detection
- Estimated payback of 6 months
- Save more than \$100 million dollars



Delivering outstanding workplace safety together with quality insurance protection to workers and employers

Process automation and business rules software to increase efficiencies and cut costs while helping Victorian workers return home safe every day



Lincoln Trust achieves rich teaming between business and IT

By leveraging IBM BPM



Challenge

Paper overload

- 100,000+ client requests per month each generating a paper-based process instance

Poor IT-business relationship

- Knew paper problem was a process problem but limited IT/Business collaboration prevented improvement

Results

- **\$2.2 million** in savings to date
- **120% ROI** in one year
- **25% increase** in employee productivity
- **50% - 75%** reduction in cycle times



Lincoln Trust developed an aligned process focus across the company, removing physical paper from 145 company processes

IT teams implemented automated workflows for 15 processes including service requests, plan establishment, and distributions



Verizon Wireless increased customer service *And achieved business agility with BPM and BRMS*



Client Pains

- The nation's most reliable and largest wireless voice and 3G data network, serving more than 93 million customers
- Needed to increase self service, improve customer experience and be quickly adapt to meet pressures of the market

Business Outcomes

- Keep invalid orders off the system
- Shorten fulfillment cycle
- Human resource savings
- Reduced operational costs to comply with regulatory changes



Verizon Wireless used the WebSphere ILOG JRules business rule management system (BRMS) to automate its order validation process. The JRules BRMS automates the verification of incoming orders and diagnoses errors. Verizon has been able to reduce invalid orders out of its systems, reduce operational costs and shorten fulfillment cycle time



HealthNow reduces enrollment time and cost

By Leveraging BPM and BRMS



Challenge

- Hard-coded legacy systems
- Paper-intensive
- Manual and disjointed processes

Results

- Speed to market gains of over 50%
- Reduction in enrollment time and administrative costs
- End-to-end process visibility resulting in greater clarity, accuracy and consistency
- Increased collaboration between business and IT



“...enabled us to automate, optimize and monitor critical business decisions within core processes”

John Walsh, Chief Enterprise Architect, HealthNow New York Inc



J.B. Hunt streamlines billing and payments

By Leveraging BPM



Challenge

- Bill the correct amount the first time for all services provided
- Receive full payment in accordance with the customer's terms

Results

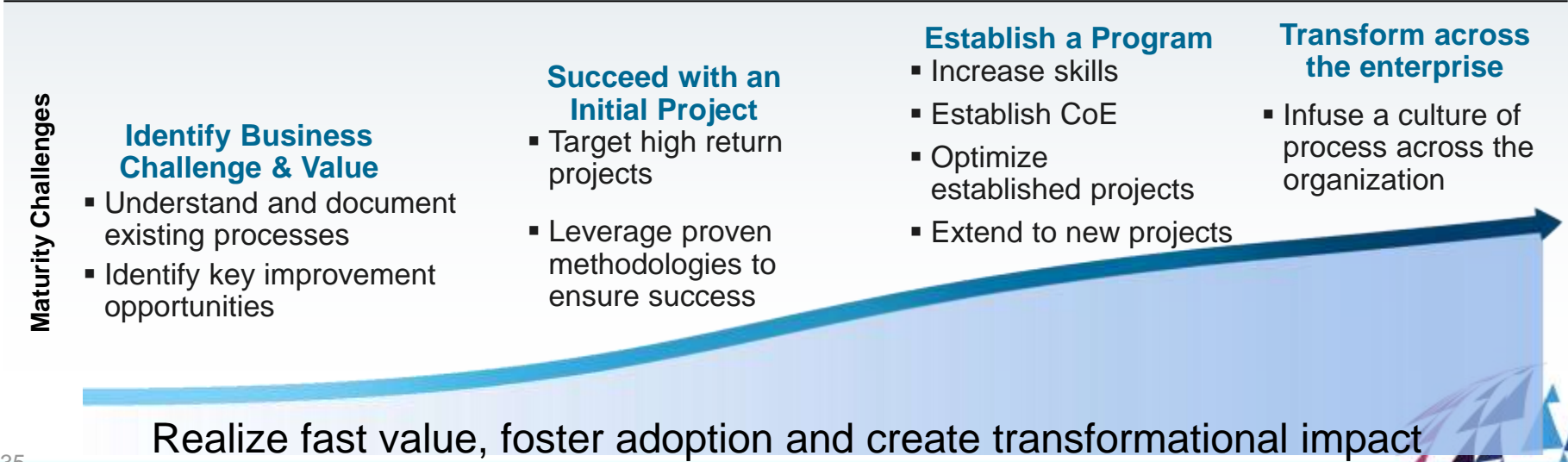
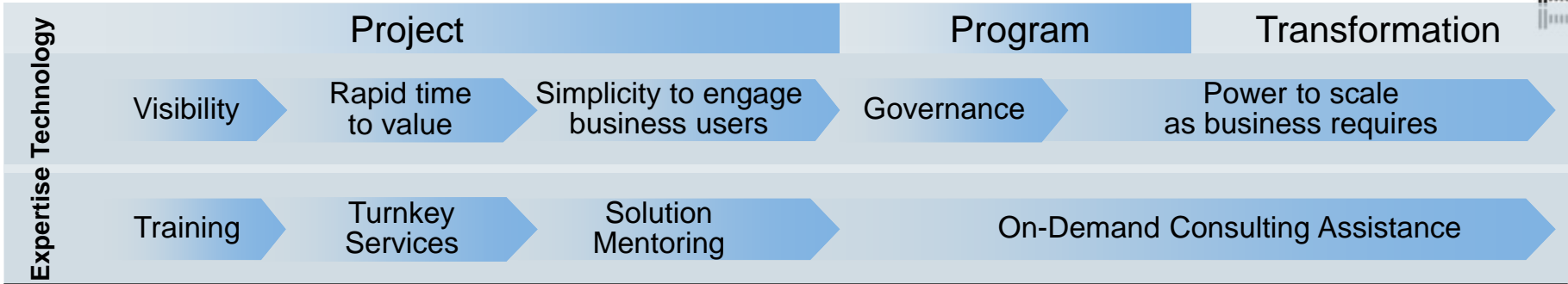
- Added \$1.03 million in annual return to the bottom line
- Internal rate of return of 124%
- Payback period of less than 12 months
- Streamline highly manual, labor-intensive processes



- J.B. Hunt implemented a proprietary IT system designed to streamline the electronic capture of charges associated with driver delays.
- The system enables the company to capture missed revenue, eliminate non-value added work and encourage faster throughput at shipping facilities.



Ensure success with a proven approach for business agility



City of Madrid

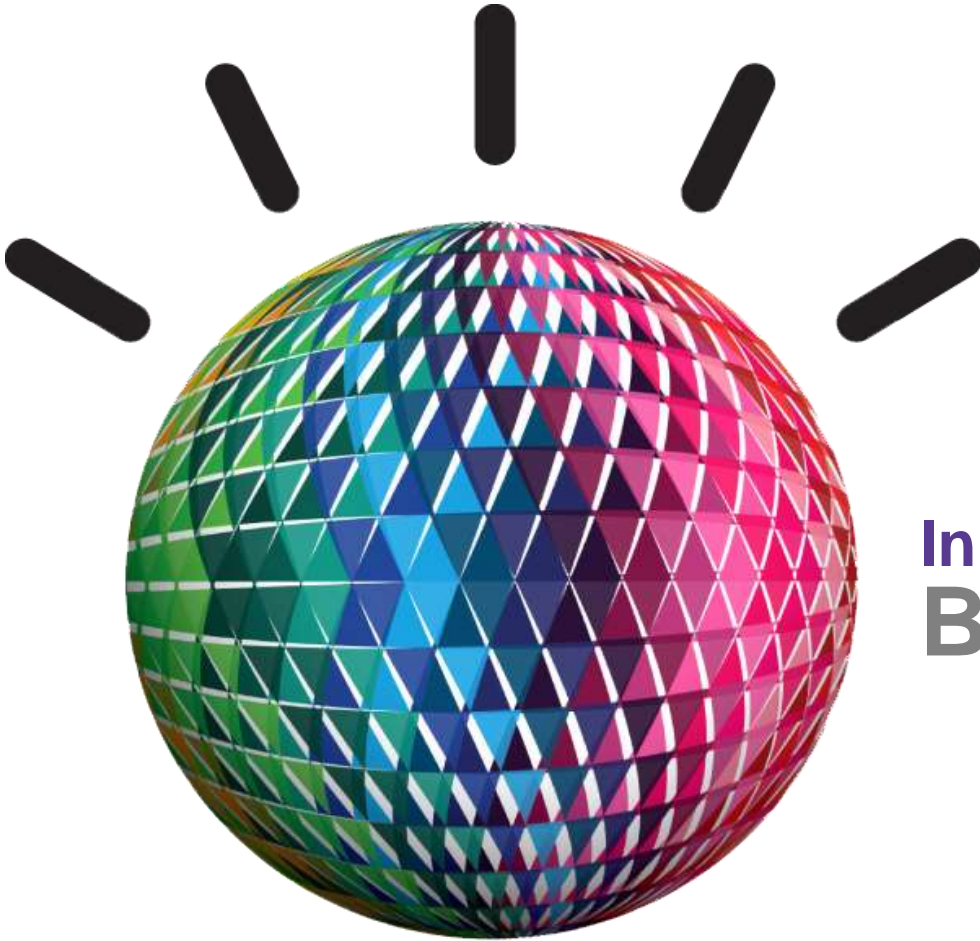


Reduced Emergency Response Times by 25% Using BPM and SOA

City of Madrid



Integrating Applications, Data and Processes Across Different Agencies



Innovate. Transform. Grow.
Business Agility



Next Steps



Process Discovery Workshop

- Collaboration with Business & IT Stakeholders
- Review existing business process and assess opportunity for improvement
- Align and Assess IBM BPM capability fit for desired state
- Clarify the expected business impact and benefits
- Recommendations and next steps

Business Value Assessment

- Develop a business case for process improvement that is aligned to your business priorities to support project funding and budgeting

Quick Win Pilot

- Deliver a quick-win solution in 10 weeks with tangible value
- Establish an internal reference for iterative process improvement within your business

