

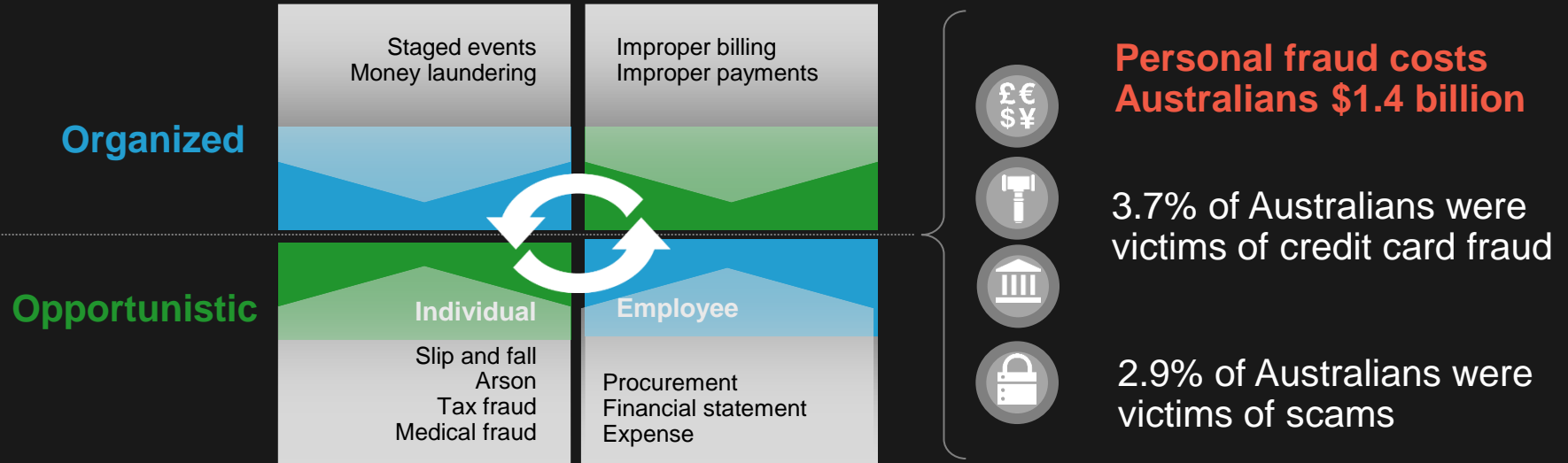
# BusinessConnect and SolutionsConnect

It's time to make bold moves.

Using big data, analytics  
to protect the innocence  
and catch the bad guys!



**Fraud** - a deliberate deception or misrepresentation which violates a legal statute and is intended to produce an undue financial gain



# Converging forces are escalating fraud risk, exerting significant downward pressure on an organisation's bottom line

## Increasingly frequent and complex fraud schemes

The explosion in global connectivity has escalated the vulnerabilities of individuals, enterprises and nations to cybercrime

**12**

cybercrime victims per second<sup>1</sup>

**80%**

of schemes are perpetrated by organized criminal groups<sup>2</sup>

1 The 2013 Norton Report

2 United Nations Office on Drug and Crime, [Comprehensive Study on Cybercrime](#), February 2013

3 The Fiscal Times, [Feds Blow \\$100 Billion Annually on Incorrect Payments](#), Jan 15, 2014, amount in US \$

4 Reuters, Dec 11, 2012, amount in US \$

## Fraud no longer acceptable as "cost of doing business"

Intensifying regulatory enforcement and operational losses apply significant pressure on profitability

**\$100**

billion annual improper payments by US Fed Agencies<sup>3</sup>

**\$1.92**

billion largest penalty to-date in money laundering case<sup>4</sup>

5 Brand Index, [Company perception falls after data breach](#), Dec 23, 2013, Brand Index ranges from -100 to 100 pts

6 Entersekt-sponsored Harris Interactive US survey conducted May 14-16, 2013

## Customer expectations ever on the rise

Customer convenience, satisfaction and trust drive brand choice and must be earned on an ongoing basis

**45**

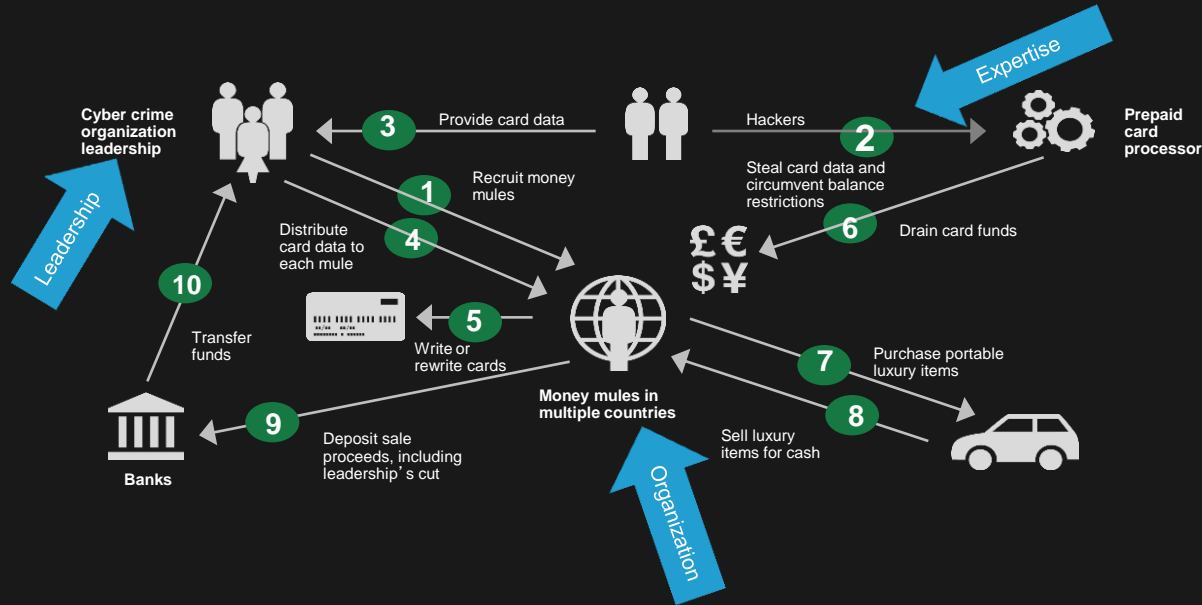
point drop - retail store brand perception index change one week after data breach<sup>5</sup>

**71%**

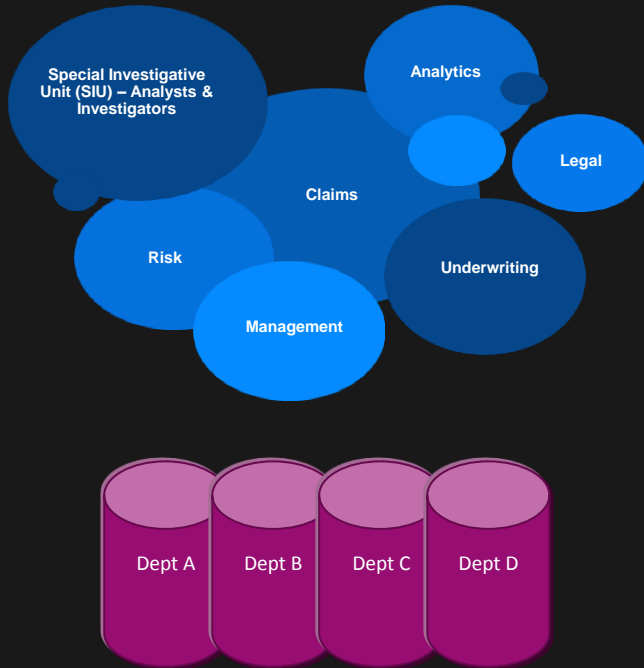
customers who will switch banks due to fraud<sup>6</sup>

# Fraud Schemes are becoming increasingly complex, often involving networks of organised activity

## Anatomy of a complex fraud scheme







# Within an enterprise, point solutions and corporate silo culture directly contribute to fraud risk



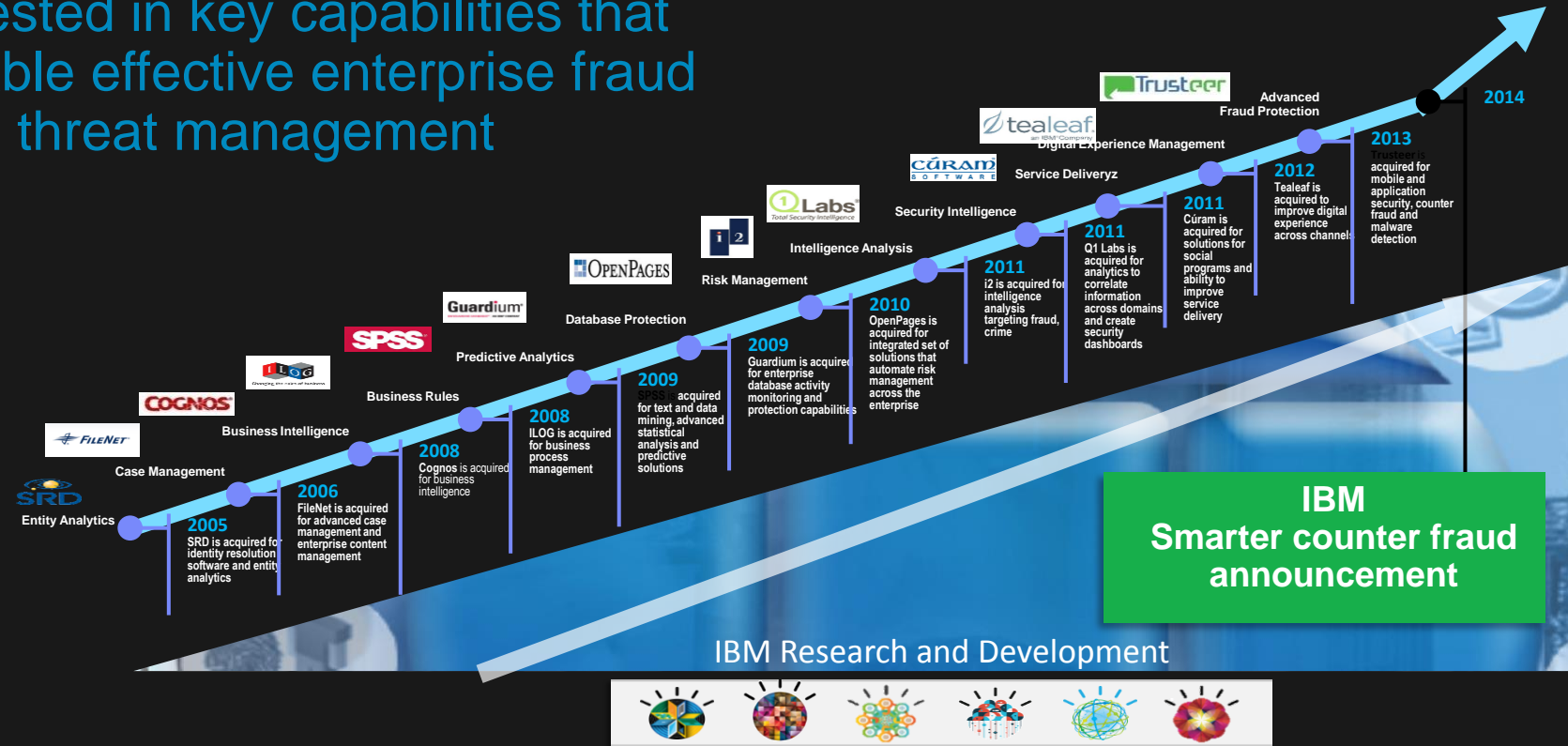
## The challenges:

- Narrow observation space
- Isolated Data
- Reactive versus Proactive
- Accepted cost of doing business
- Departmental band-aides

# IBM has a rich history in helping clients reduce fraud

<h2>Banking</h2>  <p><b>Anti-Money Laundering Enterprise Fraud Management</b></p> <p>IBM has implemented <b>over 70% of the Global Tier 1 Bank's AML systems</b></p>	<h2>Insurance</h2>  <p><b>P&amp;C and Healthcare Claims fraud</b></p> <p><b>Over 60 global Insurers use IBM software for fraud</b></p>	<h2>Government</h2>  <p><b>Medicare/Medicaid Fraud Revenue/Tax Fraud</b></p> <p>IBM has delivered <b>50+ implementations</b> IBM i2 has <b>50+ installations in Federal Government</b></p>	<h2>Healthcare</h2>  <p><b>Health Insurance Claims fraud</b></p> <p>IBM has more than <b>30 client implementations for Healthcare payers</b></p>
<h3>Business Outcomes</h3> <ul style="list-style-type: none"> <li>• <b>Reduced fraud by 30%</b> while improving on AML Reporting Requirements</li> <li>• <b>40% improvement</b> in Suspicious Transaction Reporting</li> <li>• <b>80% productivity</b> saving</li> </ul>	<h3>Business Outcomes</h3> <ul style="list-style-type: none"> <li>• <b>\$17M savings</b> in first 4 months of use</li> <li>• <b>70x faster settlement</b> on legitimate claims</li> <li>• <b>403% ROI</b> in 3 months</li> <li>• Reduced investigation referral window from <b>45-60 days to 1-3 days</b></li> </ul>	<h3>Business Outcomes</h3> <ul style="list-style-type: none"> <li>• Identified <b>\$75m in fraud recoupment</b> in the first 12 months of use</li> <li>• One provider charged <b>&gt;800 days worth of billings</b> in a single year</li> <li>• <b>Stopped more than USD16 billion in fraud</b> in 2012</li> </ul>	<h3>Business Outcomes</h3> <ul style="list-style-type: none"> <li>• Identified <b>200 facilities</b> with questionable outlier behaviors</li> <li>• Identified <b>&gt;\$20M in potential recoveries</b></li> <li>• Potential incremental recoveries of <b>\$20M+</b> per year</li> </ul>

# For the last 10 years, IBM has invested in key capabilities that enable effective enterprise fraud and threat management



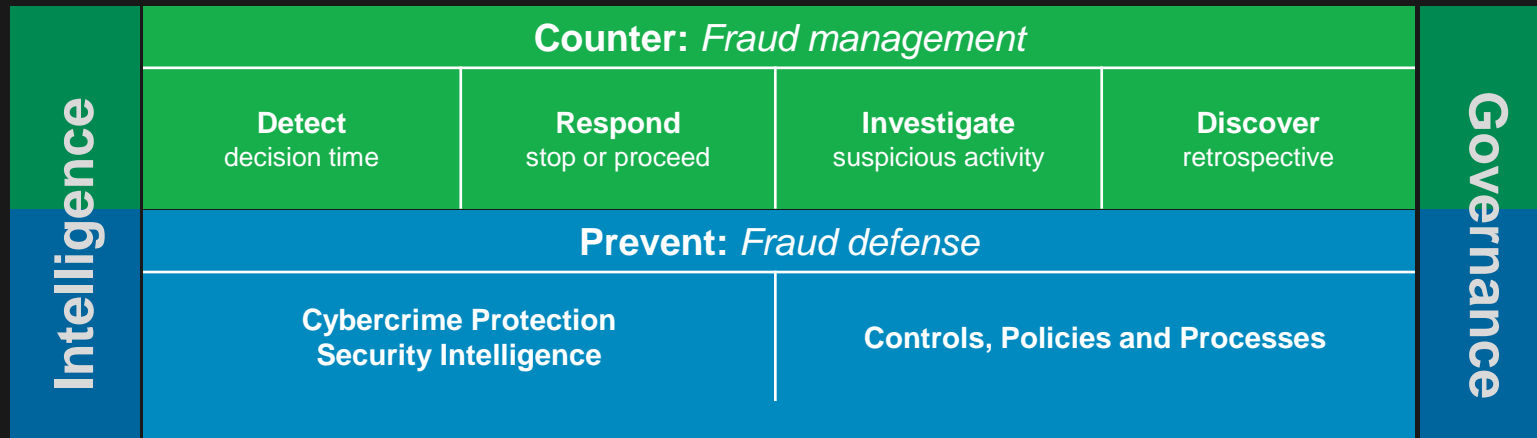
**IBM**  
Smarter counter fraud  
announcement

IBM Research and Development



# IBM Smarter counter fraud capabilities

A comprehensive set of integrated market-leading software and services capabilities designed to combat today's new threats





# Introducing IBM Counter Fraud Management

An integrated, next generation offering addresses all phases of enterprise fraud

Entity Analytics 	Predictive Analytics 	Behavioral Analytics 
Context Analytics 	Business Intelligence 	Decision Management 
Content Analytics 	Social Network Analysis 	GeoSpatial Analytics 
Content Management 	Case Management 	Forensic Analysis 

IBM Counter Fraud Management			
Detect	Respond	Investigate	Discover

**Four value-priced, industry-specific offerings:**

- **IBM Counter Financial Crimes Management for Banking**
- **IBM Counter Fraud Management for Insurance**
- **IBM Counter Fraud Management for Healthcare**
- **IBM Counter Fraud and Improper Payments Management for Government**

# IBM Smarter counter fraud software portfolio

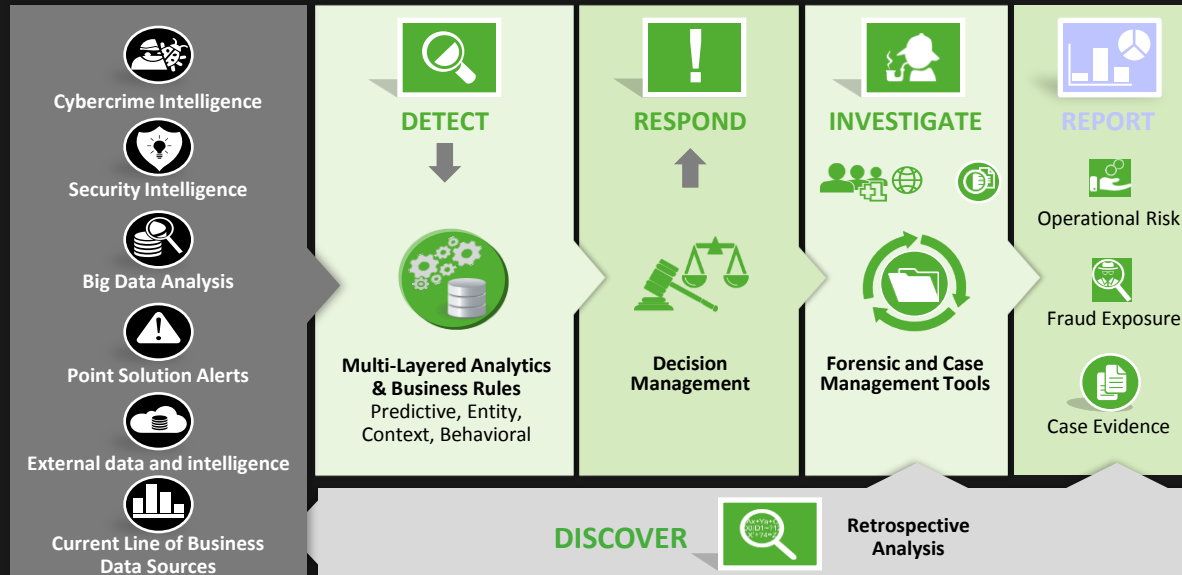
Counter: Fraud Management			
Detect	Respond	Investigate	Discover
<b>IBM Counter Fraud Management</b>			
SPSS, Identity Insights, Context Analytics	IBM Decision Management (Analytical and Operational)	i2, Advanced Case Manager, Content Analytics	SPSS, Content Analytics, Cognos BI
InfoSphere Streams InfoSphere BigInsights		Tealeaf	Counter Fraud Discovery (GBS Services Asset FAMS)
Prevent: Fraud Defense			
Cybercrime Protection		Controls, Policies and Processes	
Trusteer Pinpoint Malware Detection	Trusteer Rapport	Curam	OpenPages
Trusteer Pinpoint ATO Detection	Trusteer Mobile Risk Engine	IBM Security Access Manager	InfoSphere Guardium Data Security
IBM Red Cell Research		IBM X-Force Research	
IBM Counter Fraud Management		QRadar Security Intelligence	

# Introducing IBM Red Cell

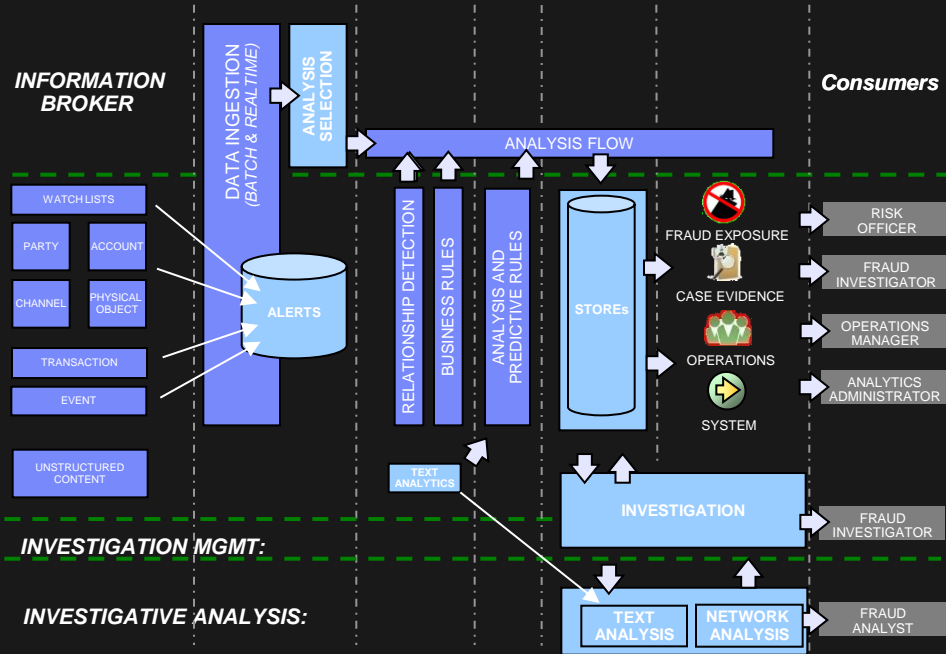
## Counter Fraud intelligence research

Intelligence	<p><b>IBM Red Cell</b></p> <ul style="list-style-type: none"> <li>Monitor and evaluate emerging trends in financial crime across industries and around the globe</li> <li>Provide cutting-edge <b>thought leadership</b> to counter and prevent fraud and financial crime across the ecosystem</li> <li>Create opportunities for <b>intelligence sharing</b></li> <li><b>Educate</b> our customers and the general public</li> </ul> <div style="text-align: right; background-color: #D9534F; color: white; padding: 5px; display: inline-block;"><b>Red Cell</b></div>
	<p><b>IBM X-Force</b></p> <ul style="list-style-type: none"> <li>Monitor and evaluate the rapidly changing threat landscape; leverages Trusteer endpoint intelligence</li> <li><b>Research</b> new attack techniques; developing protection for tomorrow's security challenges</li> <li><b>Collaborate</b> with leading public &amp; private institutions to enhance internet security WW</li> <li><b>Educate</b> our customers and the public through its renowned X-Force Trend Risk Reports</li> </ul> <div style="text-align: right; background-color: #333; color: white; padding: 5px; display: inline-block;"></div>

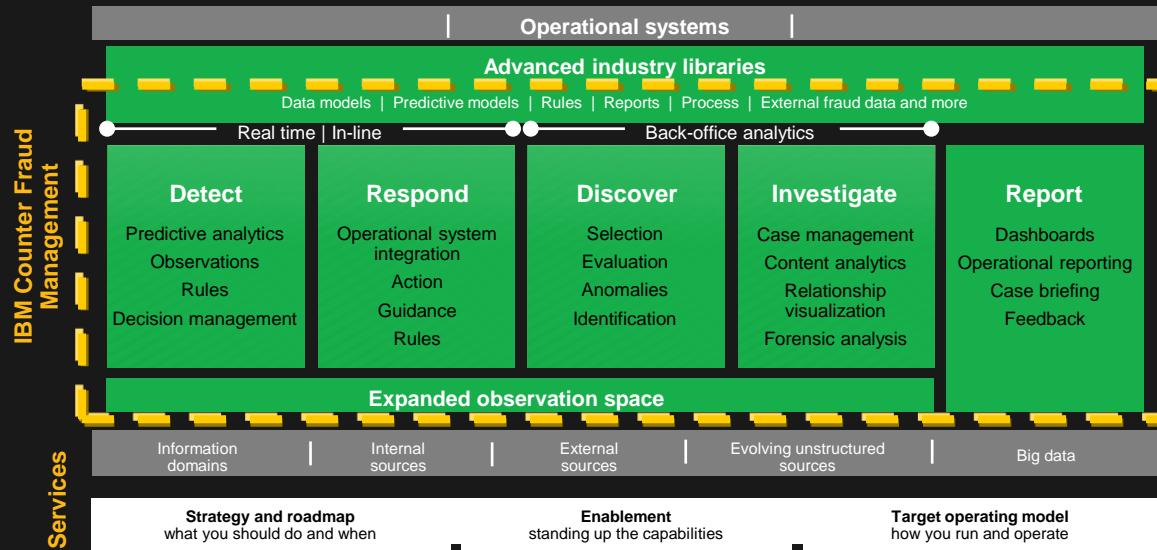
# IBM Counter Fraud Management game-changing capabilities



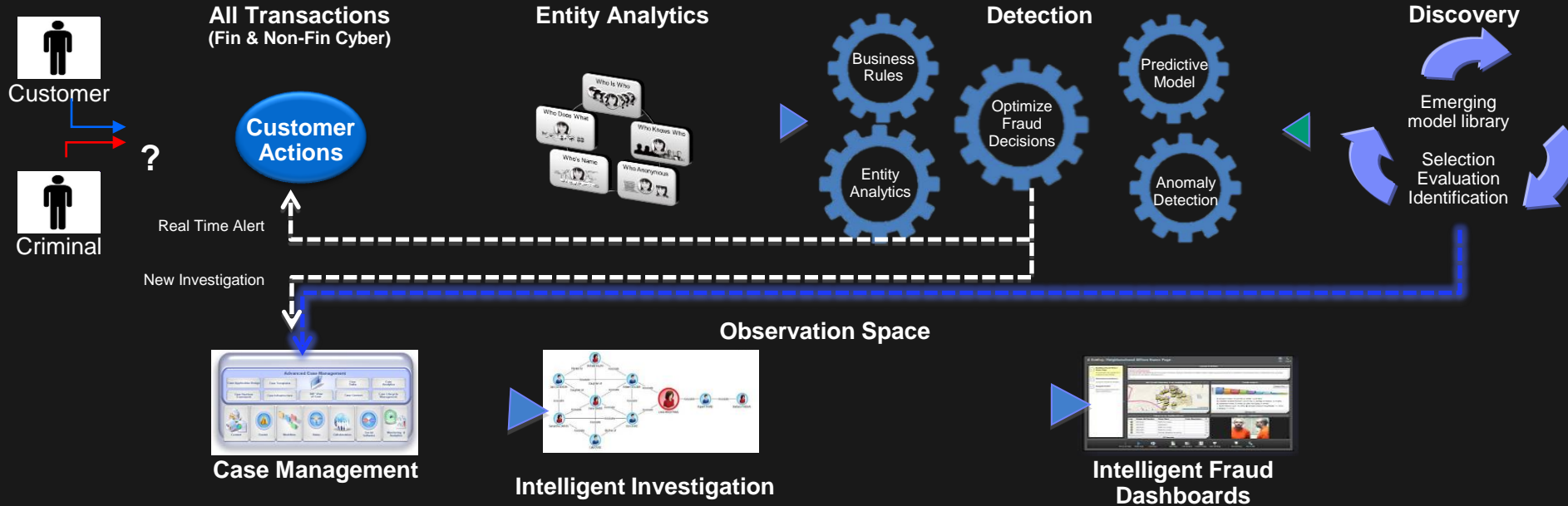
# Counter Fraud Architecture



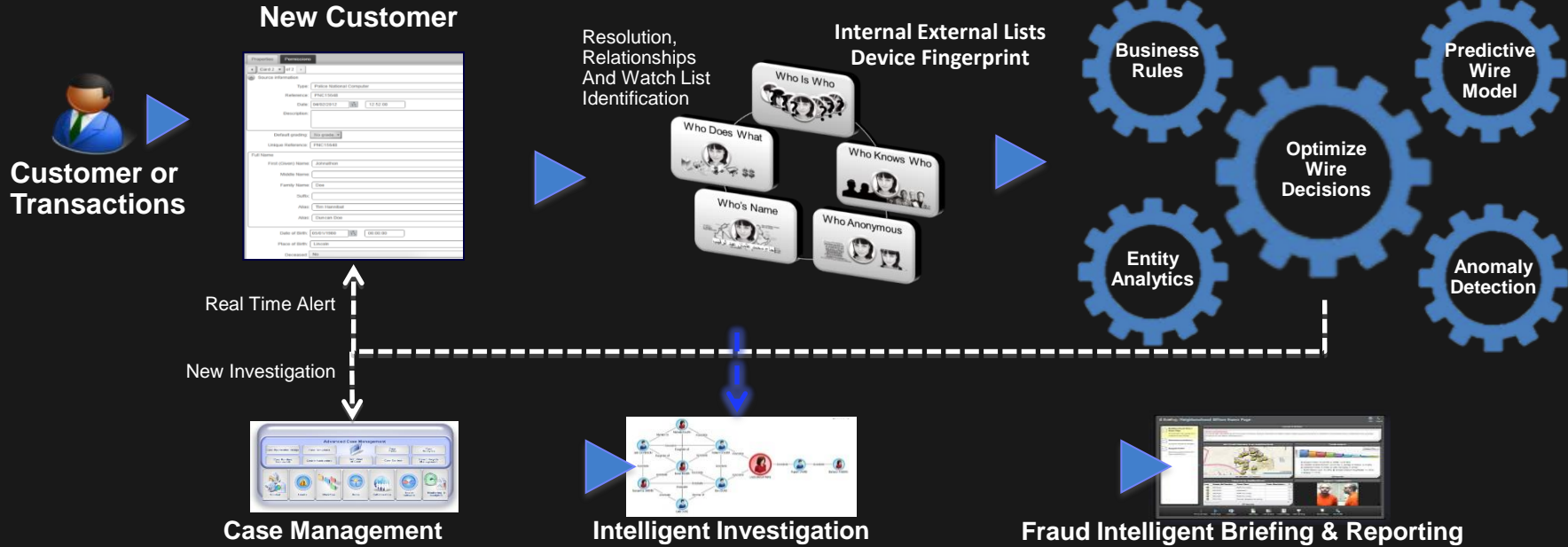
# IBM Counter Fraud Management software plus services delivers a holistic solution to combat fraud, financial crimes and improper payments



# Putting the Counter Fraud Capabilities into motion...



# Financial Crimes Scenario Walkthrough

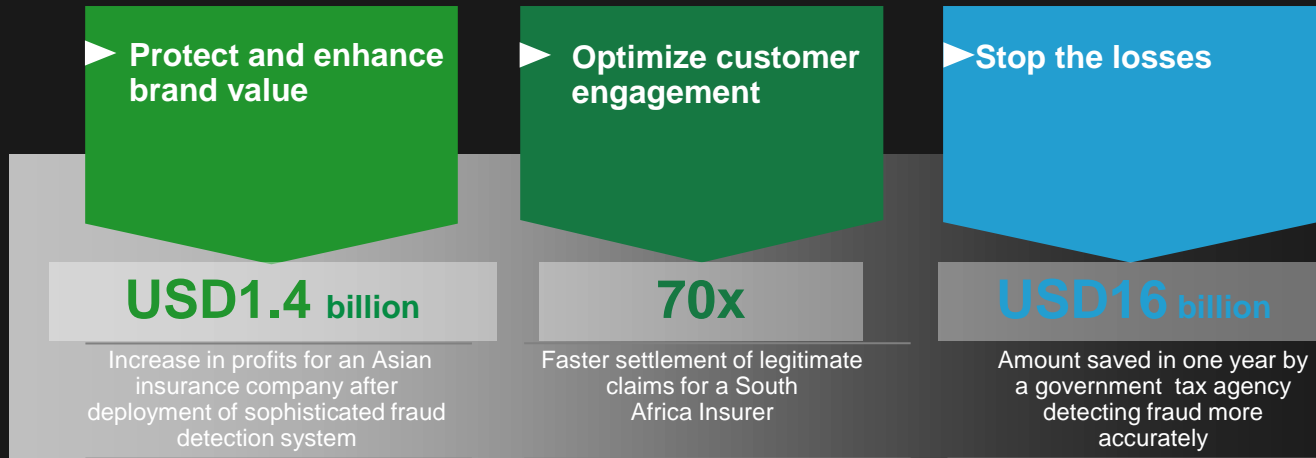




# IBM Counter Fraud Management offers distinctive capabilities to proactively manage fraud

1. Ability to **ingest information** from many disparate sources to develop rich profiles and create **real time risk weightings**.
2. **Optimum layering of analytic techniques** to model behaviors and identify anomalies using accumulated context, relating new data to previous insights, for improved accuracy & knowledge of suspicious activity
3. Extensive **Forensic Analysis capabilities** to speed validation of suspicious activity
4. **Repeatable framework** that enables flexible extension and leverages existing capabilities, without a rip and replace.
5. **End-to-end out-of-the-box integration** of best of breed capabilities from *Detection* to *Response* to *Investigation*, reduces the cost and risk of tying together traditional point solutions.

# A holistic, proactive approach to countering fraud can translate into greater financial control, enhanced customer experience and brand value



*\*Quantified business value benefits delivered by IBM Smarter counter fraud capabilities*

# BusinessConnect and SolutionsConnect

It's time to make bold moves.

Thank  
YOU



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