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

amazon.com

2011 net sales increase 41%

BORDERS®

Filed for bankruptcy protection

BLOCKBUSTER

Filed bankruptcy in September 2010

Business leaders must drive growth amidst complexity

Capitalise 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 organisation's goals & strategy

Expand Mandate

Refine business processes and enhance collaboration

Leverage Mandate

Streamline operations and increase organisational effectiveness

Expand

Leverage

Pioneer

Transform

Transform Mandate

Change the industry value chain through improved relationships

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 optimising costs organisations 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

SOA

Business Outcomes

Business Strategy

Business Process Management

Connectivity and Integration

Application Infrastructure

Appliances

Mobile

Cloud

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Complexity exists internally and externally
Capitalise 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

Partners, Suppliers, & Customers

Internal Enterprise

Cloud Applications
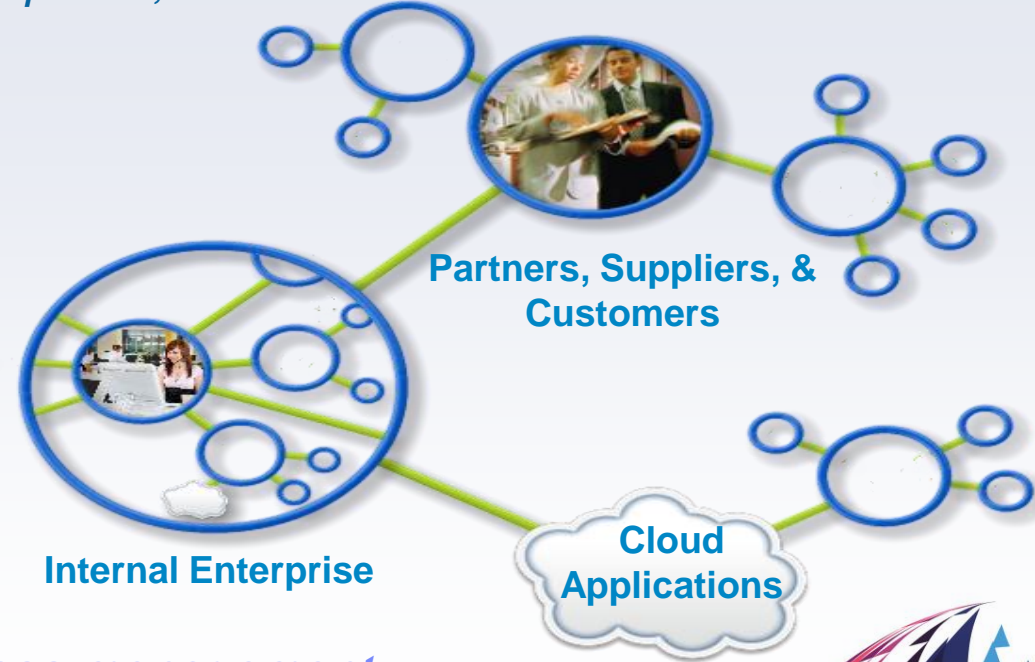
Companies need end-to-end process management

Business Process is Still a Priority

InformationWeek 500
2010 BUSINESS TECHNOLOGY INNOVATORS

2010 Innovation Plans

Process is Priority!

Make business process more efficient — 56%

Introduce new IT-led products or services for our customers — 40%

Get better business intelligence to more employees, faster — 36%

Lower IT or business costs — 36%

Improve Web operations or customer experience — 34%

Improve customer service — 26%

Engage customers in new ways — 24%

Data 2010 Information Week 500 Survey

The Growth Imperative

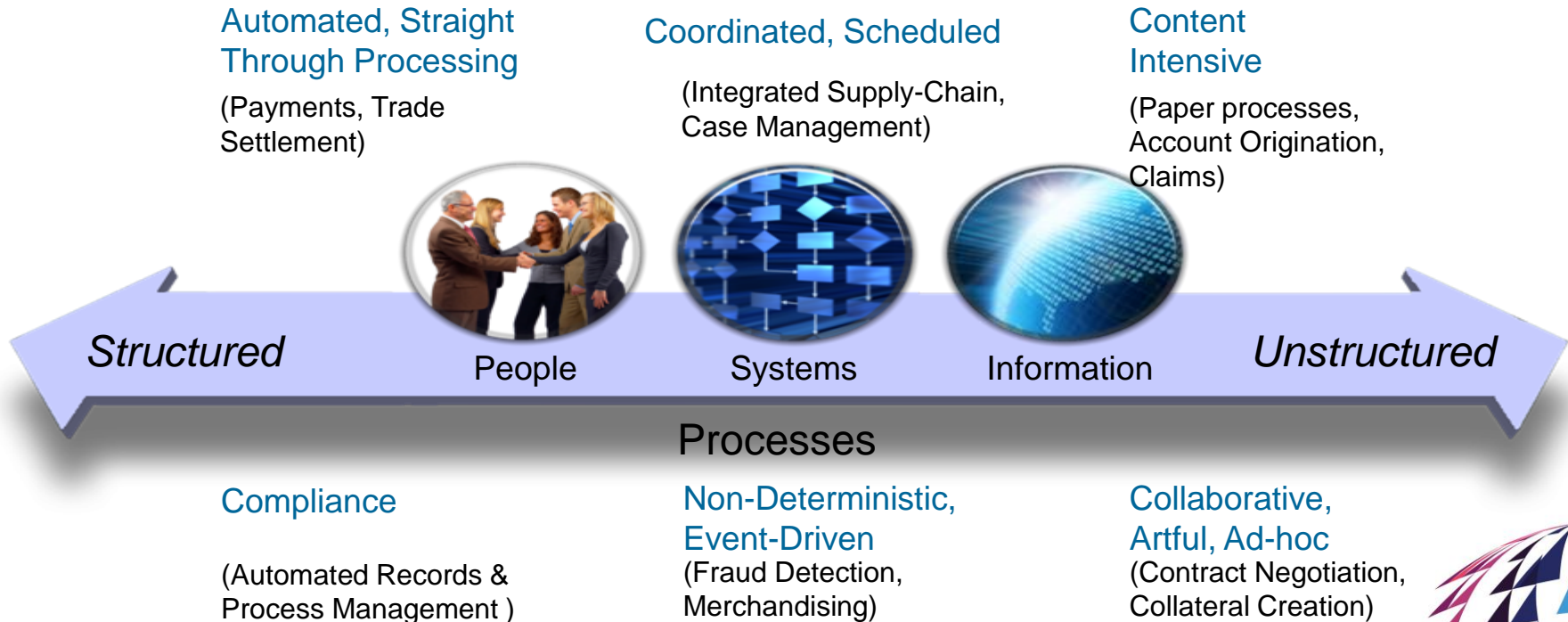## The Market is Clearly Telling Us …

- 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.

Automated, Straight Through Processing

(Payments, Trade Settlement)

Coordinated, Scheduled

(Integrated Supply-Chain, Case Management)

Content Intensive

(Paper processes, Account Origination, Claims)

Structured

People

Systems

Information

Unstructured

Processes

Compliance

(Automated Records & Process Management)

Non-Deterministic, Event-Driven

(Fraud Detection, Merchandising)

Collaborative, Artful, Ad-hoc

(Contract Negotiation, Collateral Creation)

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

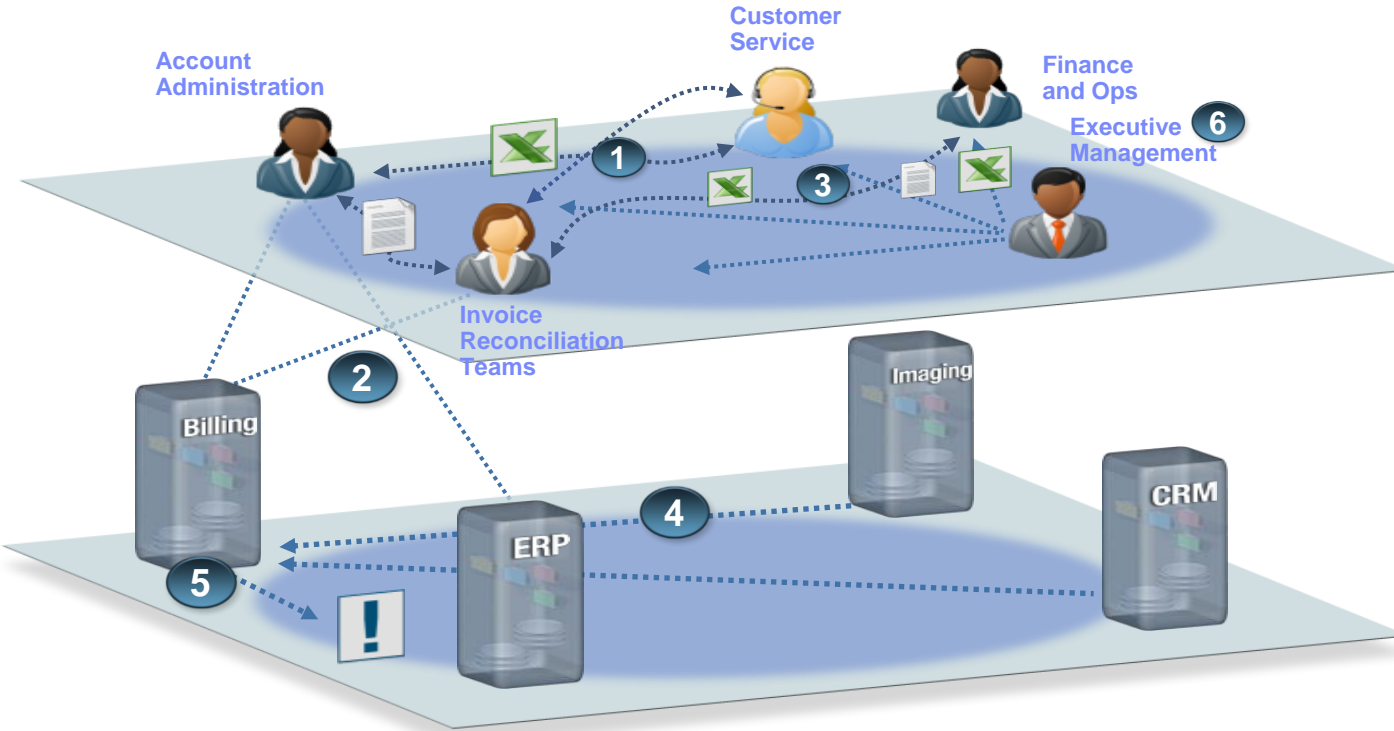**Documentation & Compliance**

Deployment & Execution

Continuous Process Improvement

Analysis & Optimization

Visibility & Collaboration
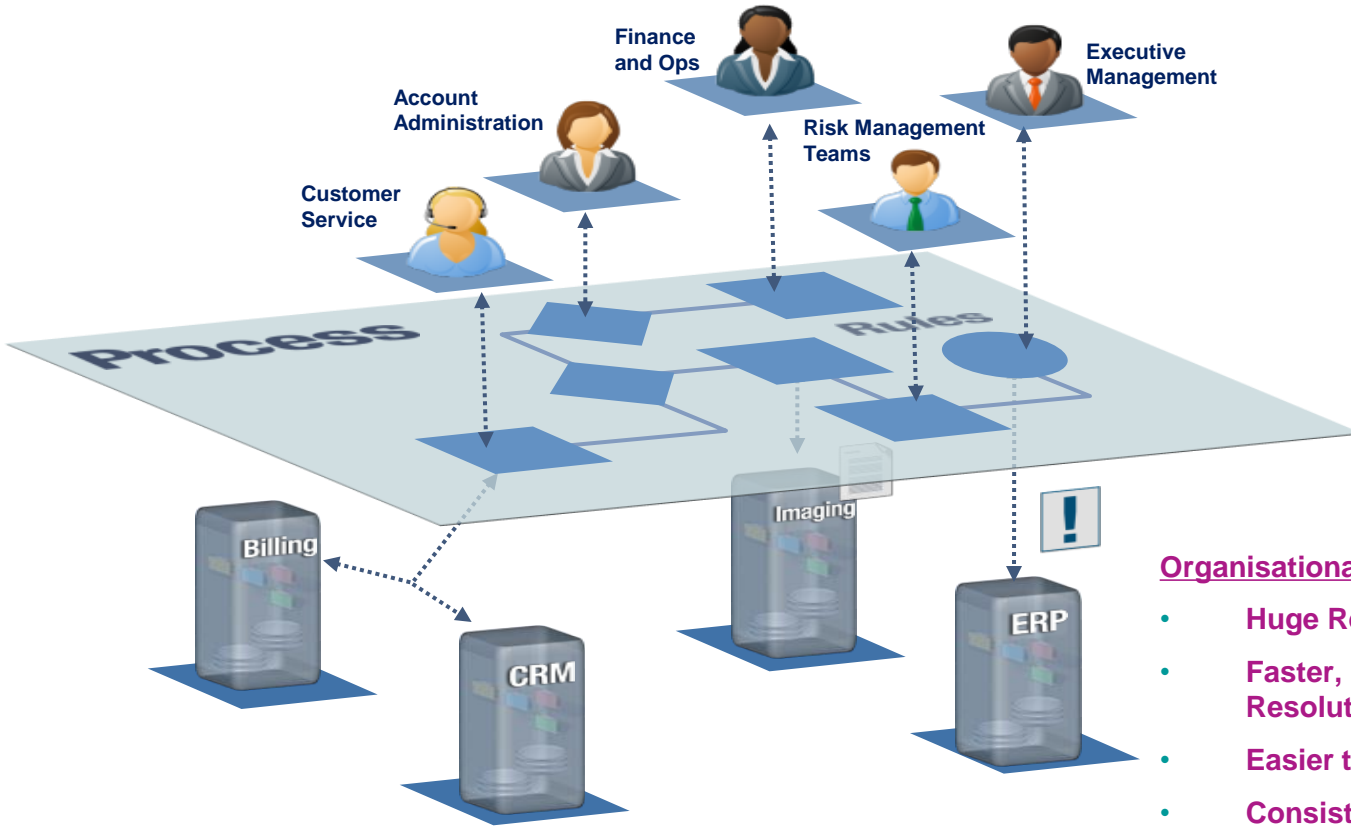Business User Engagement
Efficiency & Productivity

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

Finance and Ops

Account Administration

Customer Service

Risk Management Teams

Executive Management

Process

Rules

Billing

CRM

Imaging

ERP

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**

Accelerate process improvement and business agility with decision automation
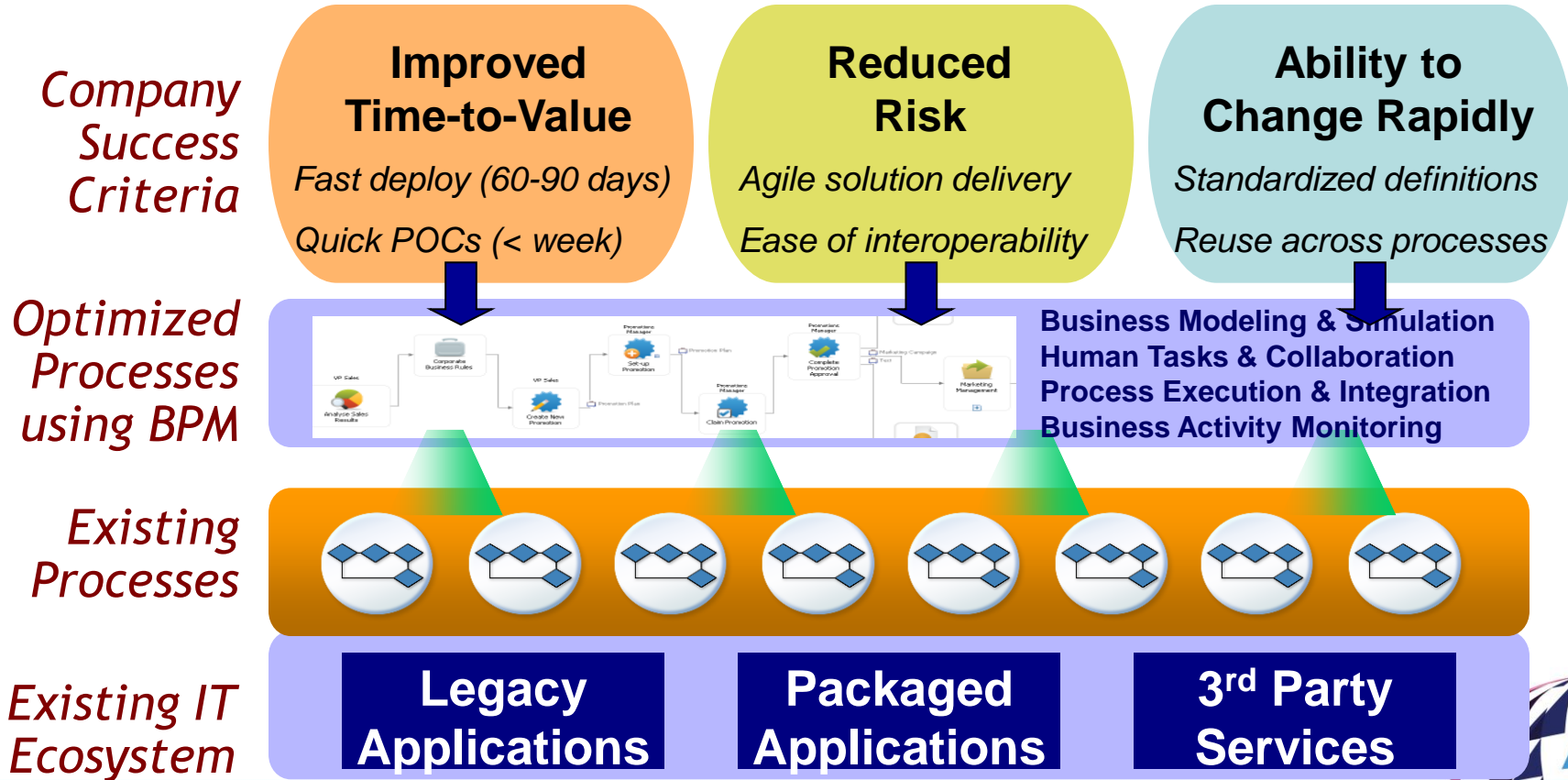
Make operational decisions an enterprise asset with Business Rules Management and Business Event Processing
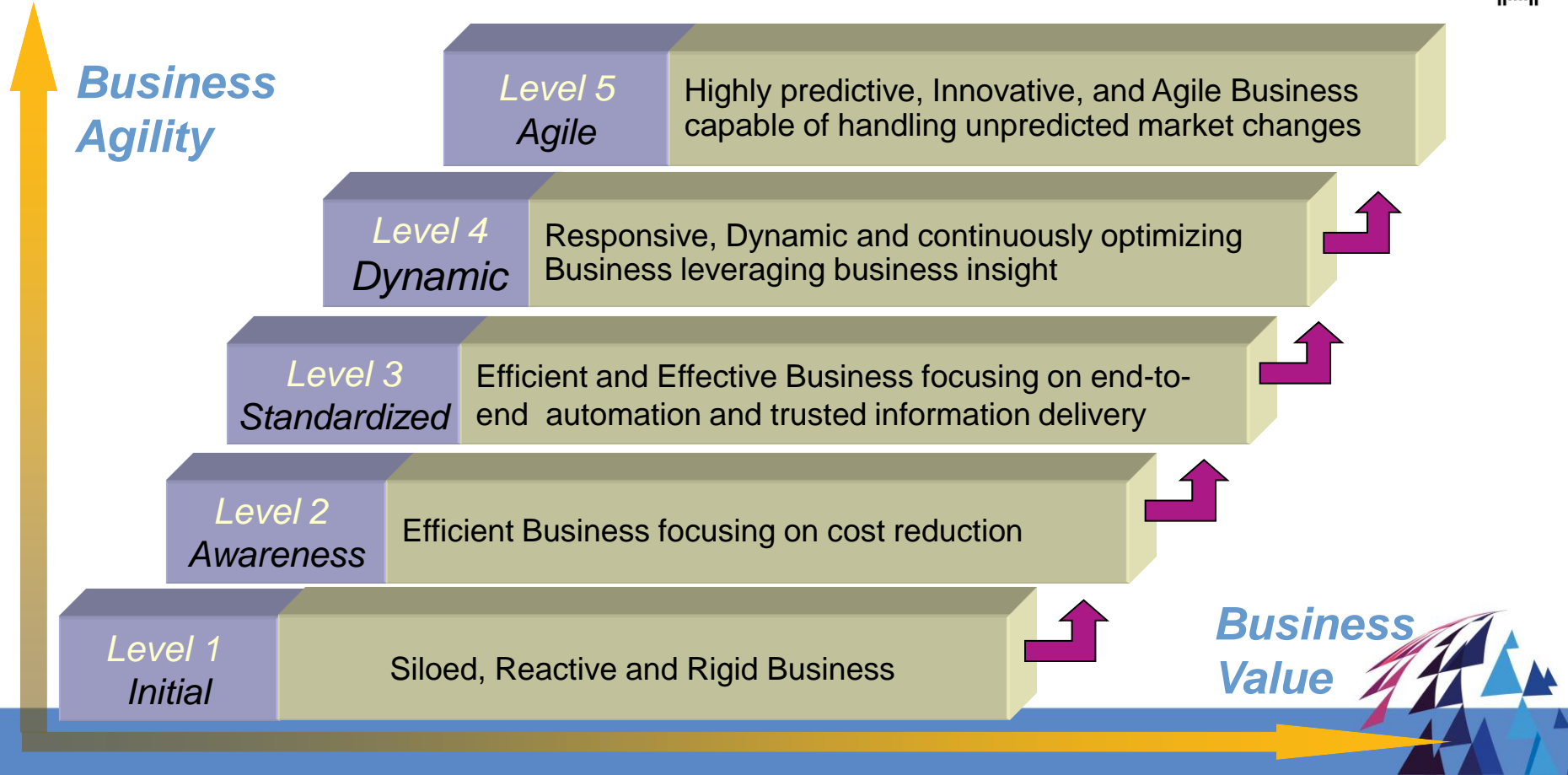
- Rapidly implement changes to meet market needs and competitive threats

- Increase straight-through processing

- Reuse decision logic across processes and systems

- Ensure compliance with business policies and external regulations

What do organisations expect from BPM?

Company Success Criteria

Improved Time-to-Value	Reduced Risk	Ability to Change Rapidly
Fast deploy (60-90 days)	*Agile solution delivery*	*Standardized definitions*
Quick POCs (< week)	*Ease of interoperability*	*Reuse across processes*

Optimized Processes using BPM

Business Modeling & Simulation
Human Tasks & Collaboration
Process Execution & Integration
Business Activity Monitoring

Existing Processes

Existing IT Ecosystem

Legacy Applications	Packaged Applications	3rd Party Services

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

Business Agility

Business Value

Level 5 *Agile* — Highly predictive, Innovative, and Agile Business capable of handling unpredicted market changes

Level 4 *Dynamic* — Responsive, Dynamic and continuously optimizing Business leveraging business insight

Level 3 *Standardized* — Efficient and Effective Business focusing on end-to-end automation and trusted information delivery

Level 2 *Awareness* — Efficient Business focusing on cost reduction

Level 1 *Initial* — Siloed, Reactive and Rigid Business

Agile Business Processes are….

Explicit: *Documented, understood & agreed*

Visible: P*erformance 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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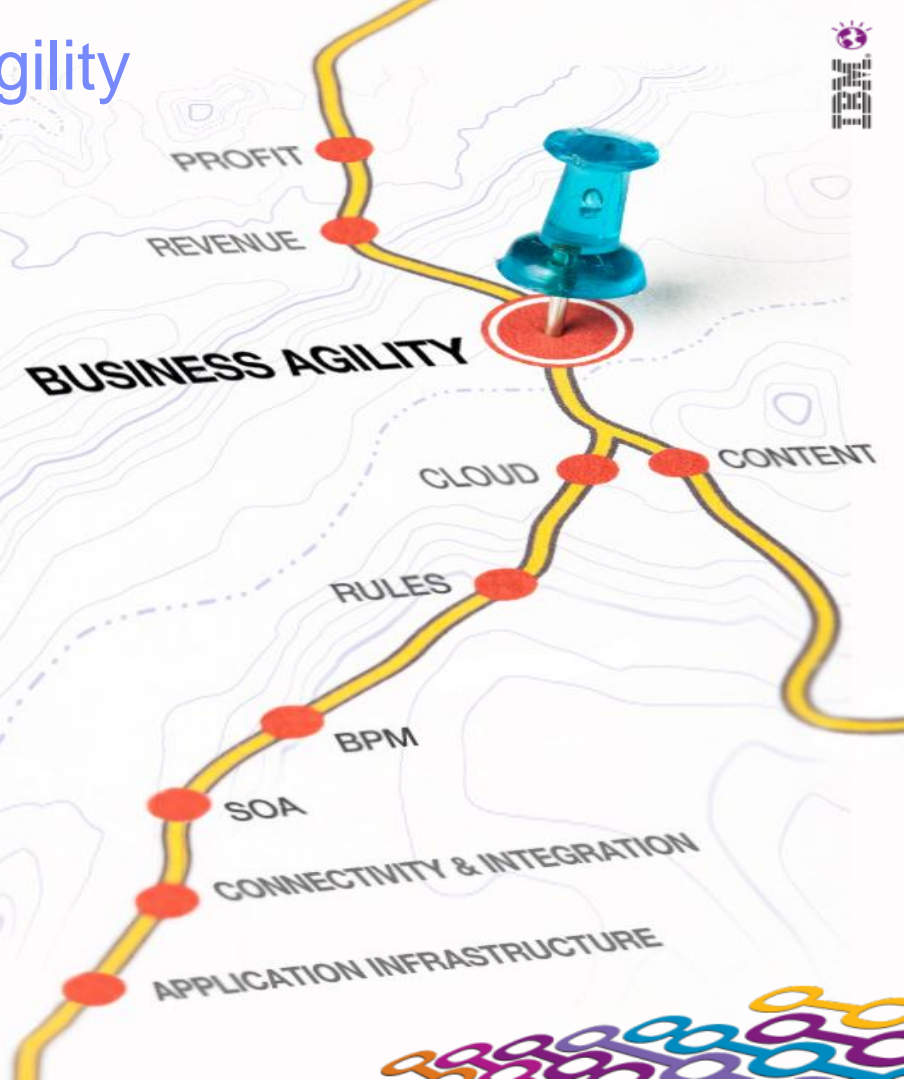 - Business Agility and Flexibility
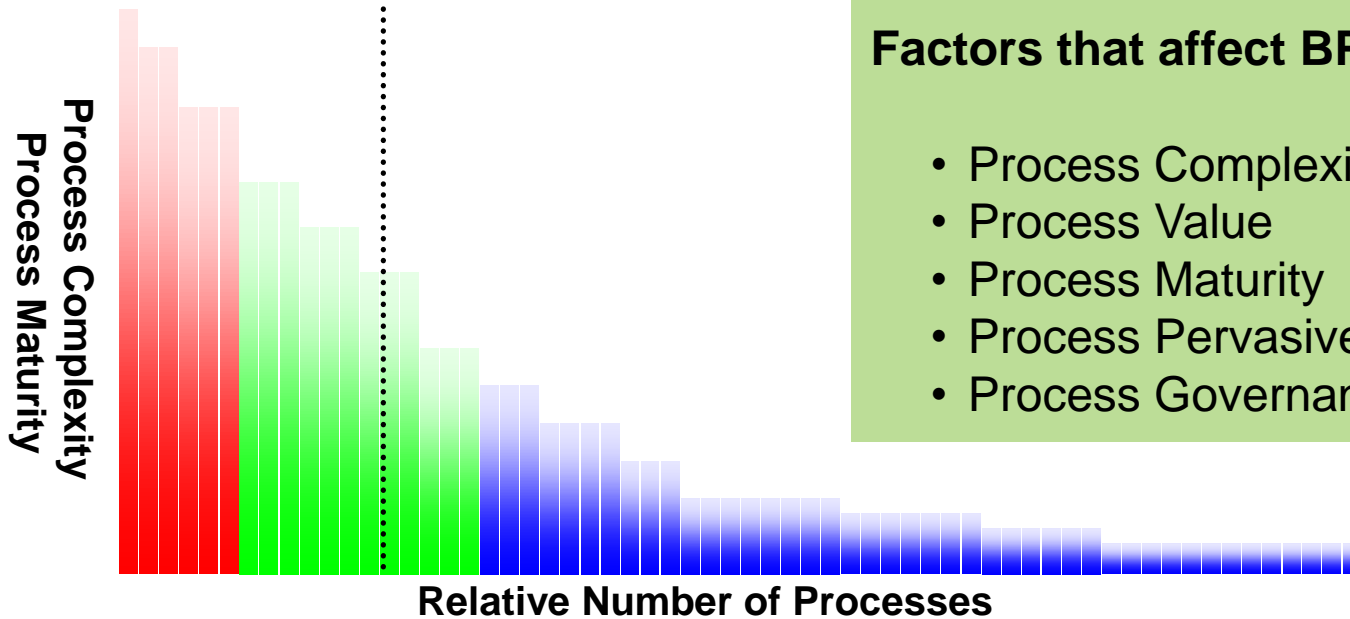 - Business Automation

- **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

Characterising Processes is Critical for BPM Success

Process Complexity / Process Maturity (vertical axis)

Relative Number of Processes (horizontal axis)

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
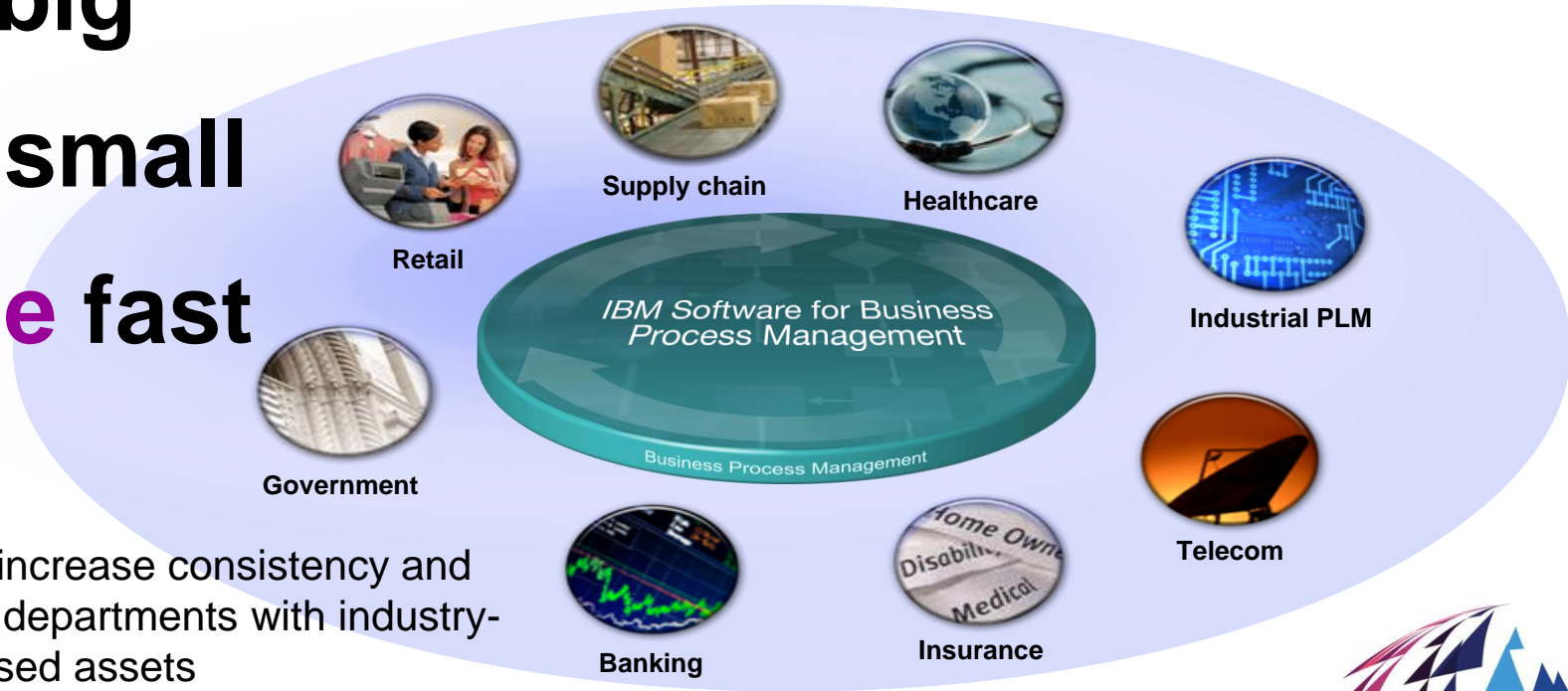*Start quickly, deploy faster, and reduce costs and risk*

Think big

Start small

Scale fast

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

Supply chain

Healthcare

Industrial PLM

Retail

IBM Software for Business Process Management

Business Process Management

Government

Telecom

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

Banking

Insurance

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

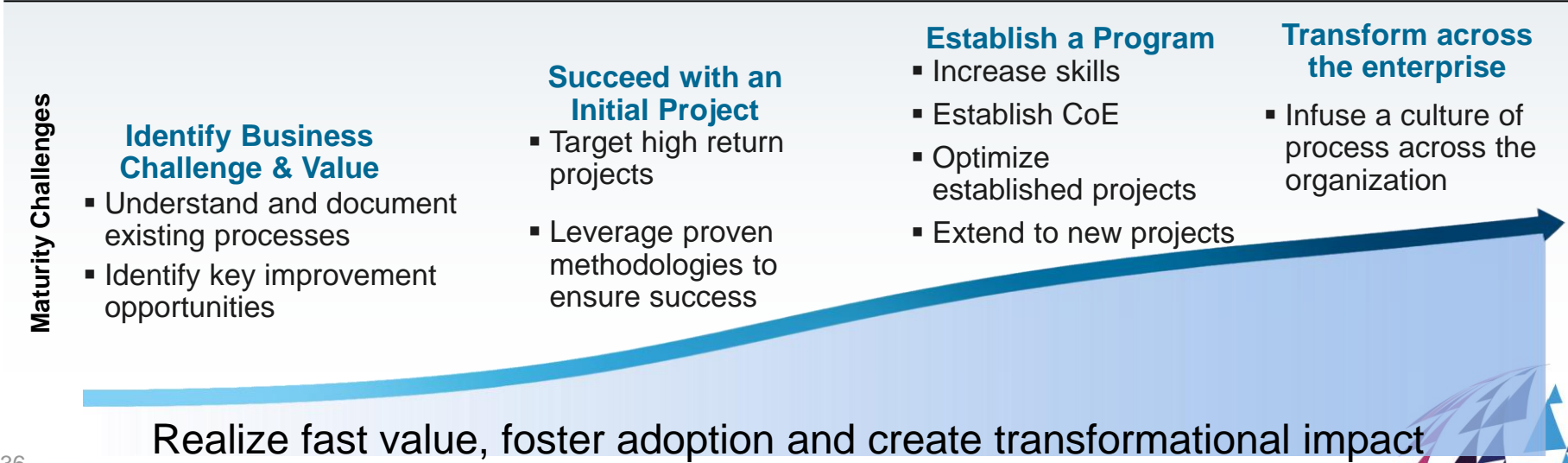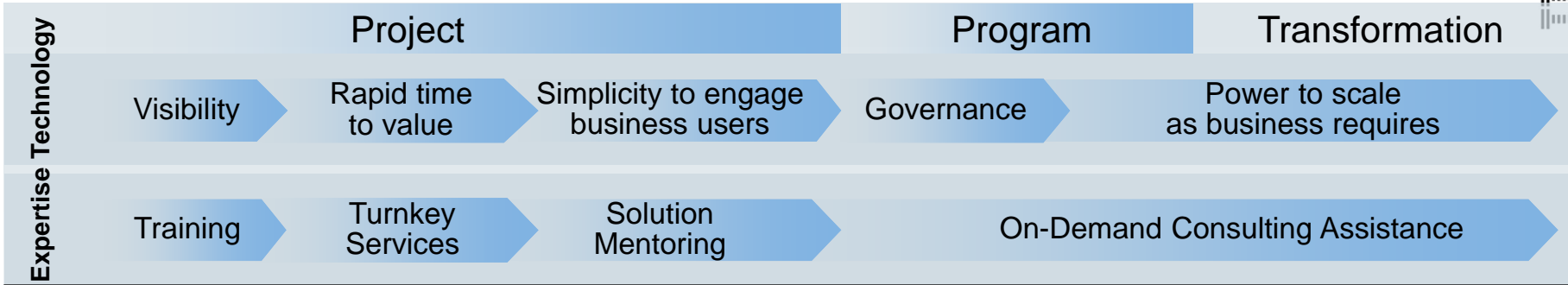- Receive full payment in accordance with the customer's terms

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

Expertise Technology	Project			Program	Transformation
	Visibility	Rapid time to value	Simplicity to engage business users	Governance	Power to scale as business requires
	Training	Turnkey Services	Solution Mentoring	On-Demand Consulting Assistance	

Maturity Challenges

Identify Business Challenge & Value
- Understand and document existing processes
- Identify key improvement opportunities

Succeed with an Initial Project
- Target high return projects
- Leverage proven methodologies to ensure success

Establish a Program
- Increase skills
- Establish CoE
- Optimize established projects
- Extend to new projects

Transform across the enterprise
- Infuse a culture of process across the organization

Realize fast value, foster adoption and create transformational impact

City of Madrid realizes faster emergency response
By leveraging BPM Powered by SOA

Challenge

- Built an advanced emergency command center that integrates information, systems and people

- Needed to improve emergency response times and ability to assess needs, prioritize actions and deploy assets to potentially complex incidents

Results

- Reduced emergency response times by 25%

- Integrated information, systems, data and people internally and externally

- Unified view of incident data enabled better decision making

- Increased ability to respond to unpredictable situations with greater agility

CESA
Confederación Estatal
de Sindicatos Médicos

Delivered integrated system for faster emergency response
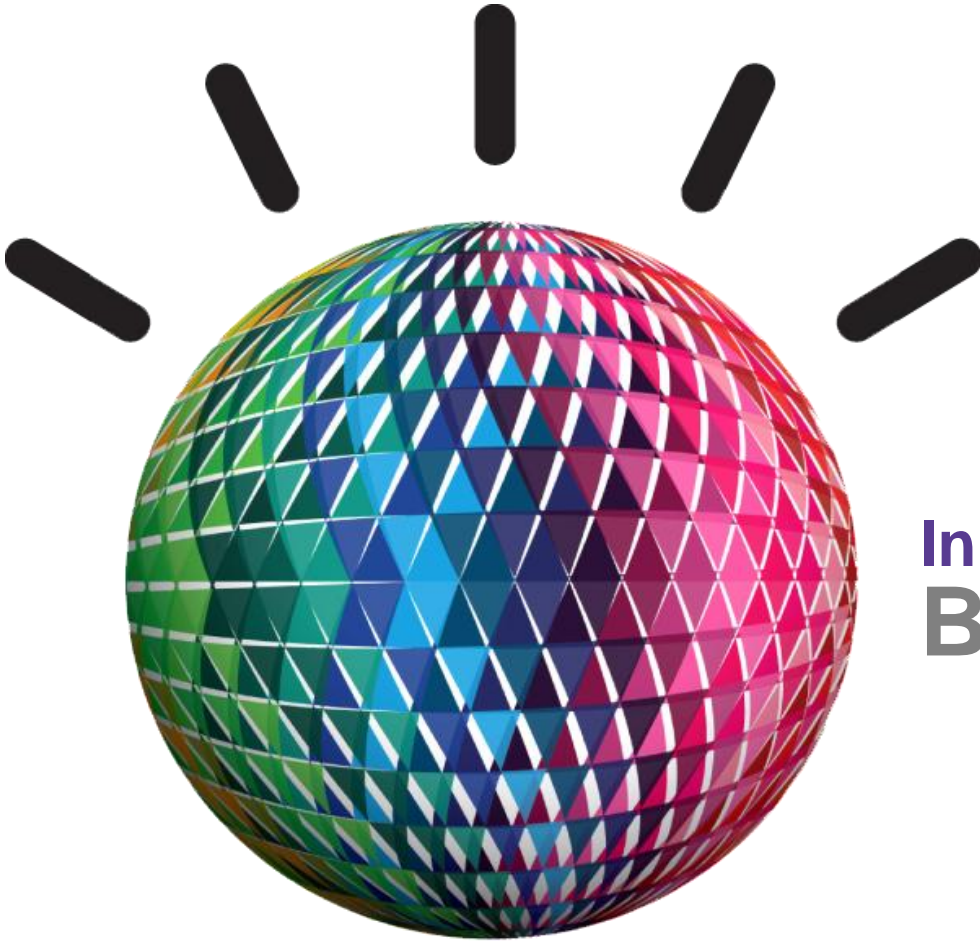
Service Oriented Architecture enabled management and governance of essential business processes
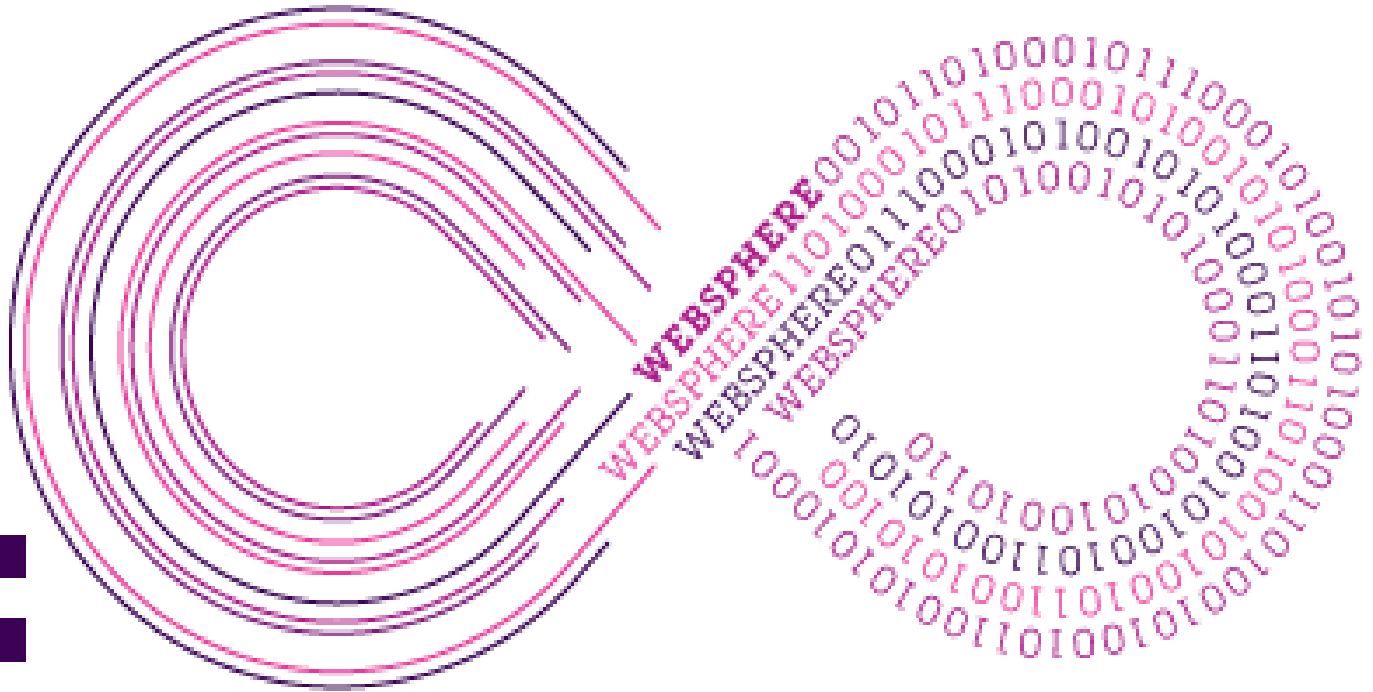
City of Madrid

Reduced Emergency Response Times by 25% Using BPM and SOA

Innovate. Transform. Grow.
Business Agility

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