



IBM Software Universe
Smarter Businesses, Smarter Industries.

8th March 2011, Pan Pacific, Dhaka.



Unified Business Process Management environment for Collaborative Process Improvement

**Rajeev Narayanan,
Country Manager – Industry Solutions
IBM India/SA**

A Smarter BFSI focus on three key imperatives...



- IBM BSFI Industry Solutions - Enabling speed, flexibility & choice in solution deployment
- Banking Performance Management
- Managing Security, Risk & Compliance in BFSI
- Securing Enterprise Data for Banks
- Managing Quality & Security of Banking Applications
- **Unified Business Process Management for Collaborative Process Improvement**
- Payment Systems: Evolution and Framework
- Better Customer Service Through Exceptional Web Experiences

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With businesses becoming more complex, designing and maintaining an efficient and agile operations, increase



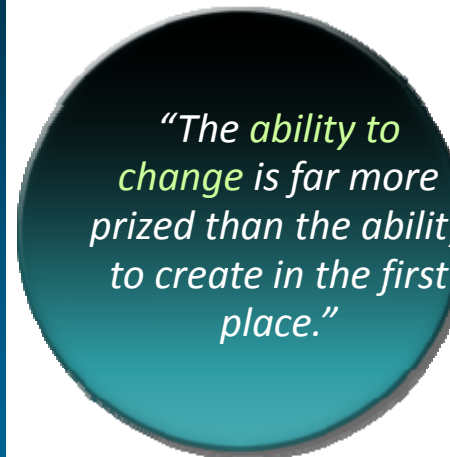
Assembly Lines

Frederick Taylor



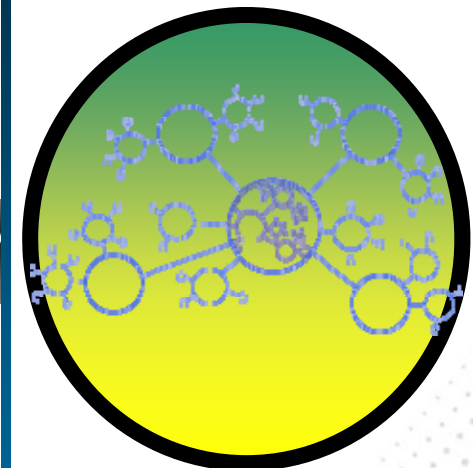
TQM, Six Sigma

Michael Hammer, Gary Rummler



Business Process Management

Howard Smith & Peteringar



Business Agility

IBM

1st Wave:

Taylorism

2nd Wave:

Business Process Reengineering

3rd Wave:

Business Process Management (BPM)

4th Wave:

Business Performance Optimization

Think !



If you can



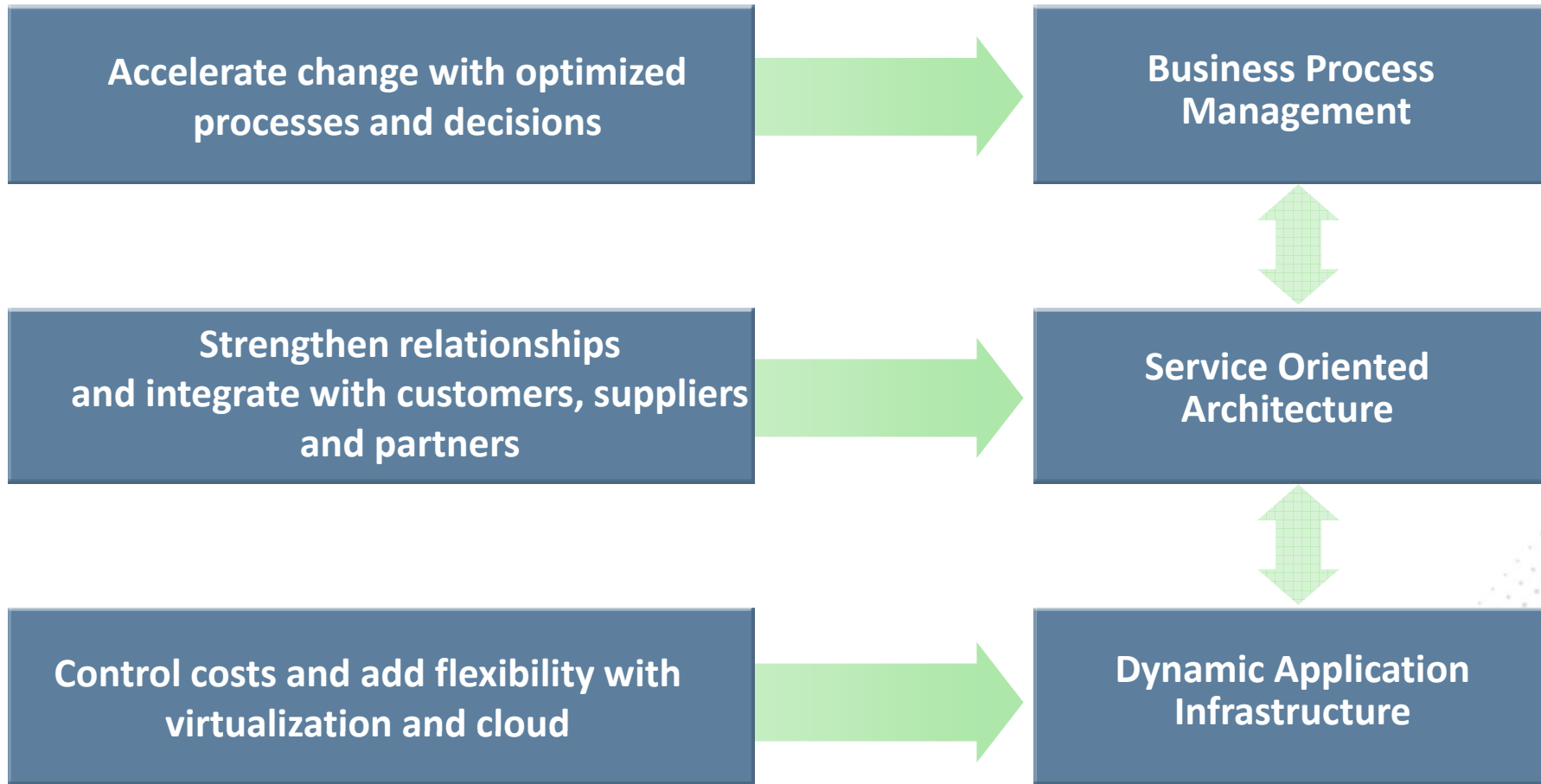
- ★ Increase the customer satisfaction rate from 85 percent to 92 percent.
- ★ Realize 8000 hours of productivity savings during the first year.



- ★ Reduce loan approval time from a week to one day.
- ★ Decrease costs by \$1.5 million over five years.

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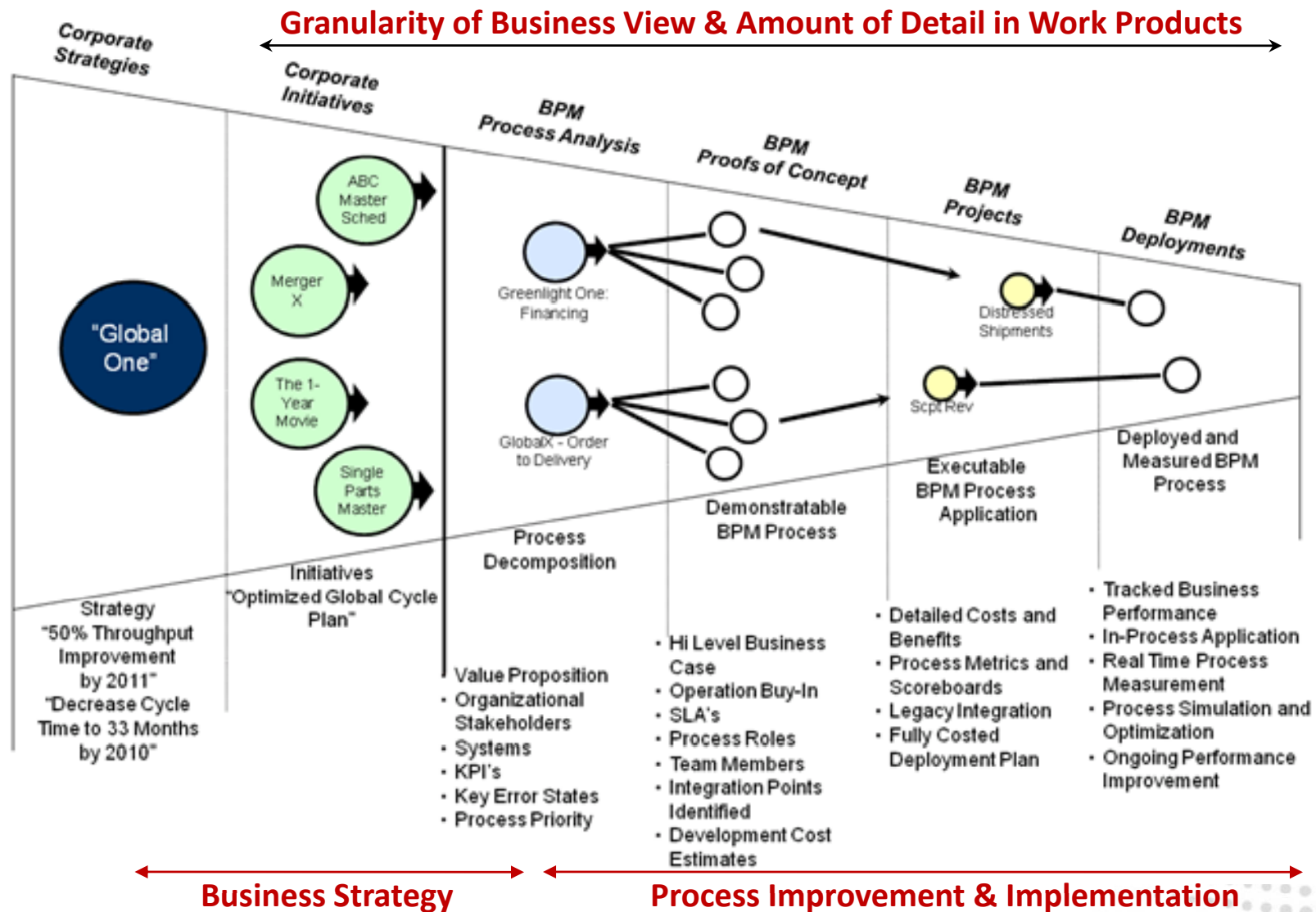
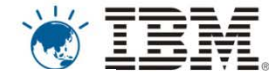
Successful CEOs Are Charting Their Roadmap to Agility



Across their Dynamic Business Network

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Planning for Execution is Key to the Success of a BPM Project



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BPM from IBM delivers unrivaled customer value



in BPMS market share*



Over **5000** BPM customers worldwide and growing

Report: IBM Named Marketshare Leader in Middleware Software for Sixth Consecutive Year

“The Business Process Management Suite (BPMS) segment grew at 15.2 percent in 2009, Gartner said. IBM was named the number one vendor in BPM software with a 23.9 percent share – more than double its closest competitor. BPM software enables companies to develop and implement processes that help their businesses be more agile and grow.”

Gartner.

April 20, 2010



*Source: Gartner, Inc., "Market Share: Application Infrastructure and Middleware Software, Worldwide, 2009", released April 2010

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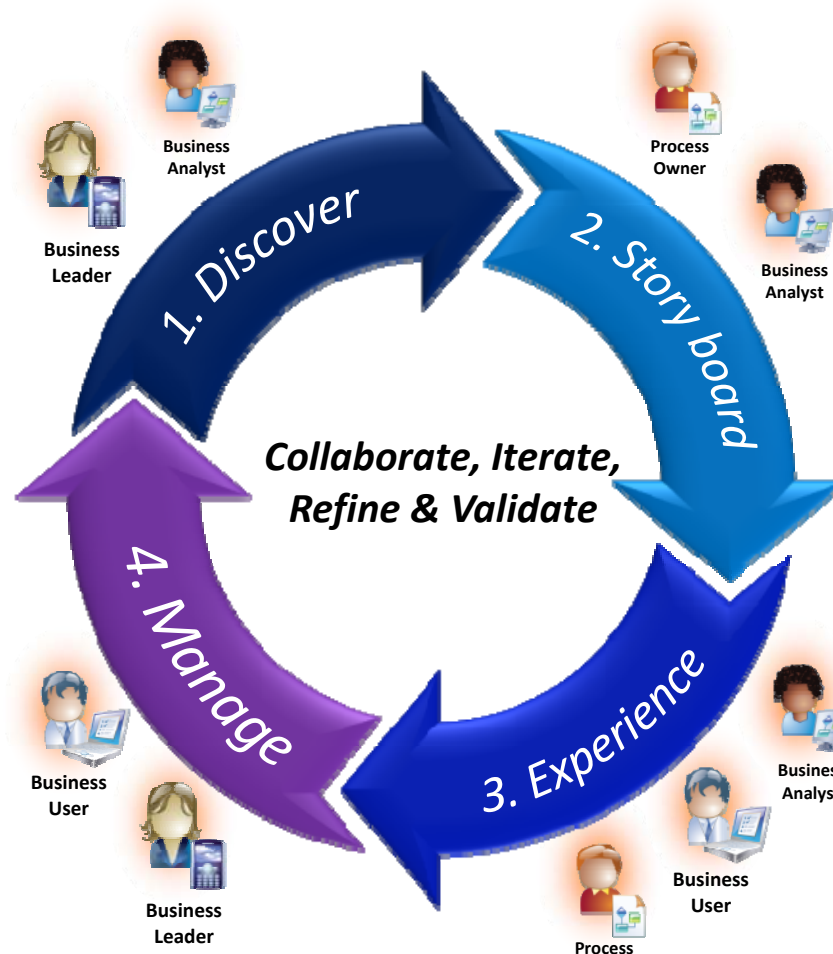
Iterative solution design & process improvement



Business driven design: BPM as the name suggests is the management of business processes

Discover your business intent; Map intent to business capabilities and processes; Identify and prioritize options

Manage real-time performance by empowering business users to customize their experience, managing KPI's and alerts based on changing business conditions

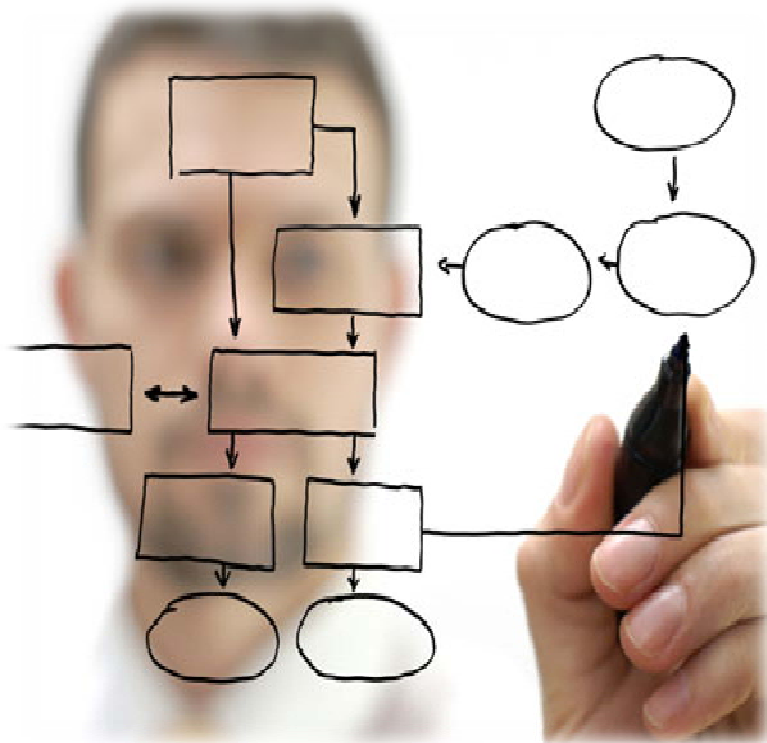


Story board the user interaction by capturing and defining as-is process and to-be processes; Specify business measures & KPI's; Mock up forms to validate and visualize human interactions

Experience/visualize the solution via elaboration and refinement of business measures and KPI's; Add operational characteristics to future state processes; Interactively validate elaborated processes in IT sandbox

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The need of the day: Business Performance Optimization



- Understand the business outcomes that are expected by controlling the processes and information
- Help the organization transform by the system and how the transformed organization will use the system
- Recognize the dynamic nature of business environments and the need to assemble business artifacts, rules, events, content, social interactions or analytics.
- Drive the ability to support process patterns defined by business users without having to do a process model or re-engineer the process in advance.
- Allow easy adaptation of the process fragment or slice to a particular case or work pattern. Knowledge workers adapt the system to their needs as they work instead of following preprogrammed processes.

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Global Financial Services Co. Reduces Cycle Times with Automation



Workflow

Challenges

- **Lengthy Cycle Time.** Opening accounts for both new and existing customers took too long and the costs were high.
- **Error prone.** Manually transferring information between the customer, front office administration and account relationship manager led to errors in the data.
- **Swivel Chair Integrations.** Unconsolidated user interfaces required the use of a complex web of systems to process new accounts.

Results

- **Existing customers can open accounts in 7 days instead of 21 days**
- **Reduction in errors due to fewer handoffs**
- **Elimination of redundant data entry**

This US based company has been an IBM BPM customer since Q4 of 2008.

This project was delivered without significant involvement from IBM BPM or third party resources. After some informal mentoring during the sales cycle, the customer's technical team attended our basic training classes and jumped right into development. This is highly unusual for such a complex and visible project.

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Leading Private Investment Bank Decreases Risk in Processes



Exception

Challenges

- **Disparate Systems and Teams.** The process involved 5 applications and 3 teams.
- **Manual Exception Handling and Rework.** Up to 30% of the deals each day suffered from data entry errors that required manual intervention and correction at various points.
- **Lack of End-to-End Visibility.** The ever-increasing regulations of financial services requires tremendous visibility. Each point application had different levels of auditing and there was no assessment of the 'white space' between applications.

Results

- **Process efficiency improved by 60%**
- **Complexity reduced by 30% after integrating applications**
- **Eliminated unsupported workarounds to legacy systems**

This European based company has been a IBM BPM customer since Q4 of 2006.

This customer is a leading private investment bank, offering a wide range of financial services to private clients, corporations, and charitable organizations primarily in the UK.

“Our pilot was a great way to demonstrate BPM to the business – we have been inundated with requests for new projects.”

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Mortgage Bank Improves Lending Process of Loan Applications



Visibility

Challenges

- **Corporate Initiative to Grow 300% Over an 18 month Period.** This plan focused on enhancing customer service to achieve growth.
- **No Single View of the Loan.** Three separate Loan Origination Systems resulted in a lack of visibility into the end-to-end loan process.
- **Lengthy Cycle Times.** There was a demand to decrease the closing-to-cash cycle time.

Results

- **Increased customer satisfaction rate from 85% to 92%.**
- **Improved team productivity and performance by reducing training time.**
- **Initial deployment in less than 90 days.**

This US based company has been a IBM BPM customer since Q3 of 2003.

“Teamworks’ process monitoring and reporting capabilities provide us with more control over our end-to-end loan application process, which helps improve efficiency, and respond more quickly and accurately to customer requests – both critical elements for remaining competitive in this industry.”

Chris Burckhardt, CIO

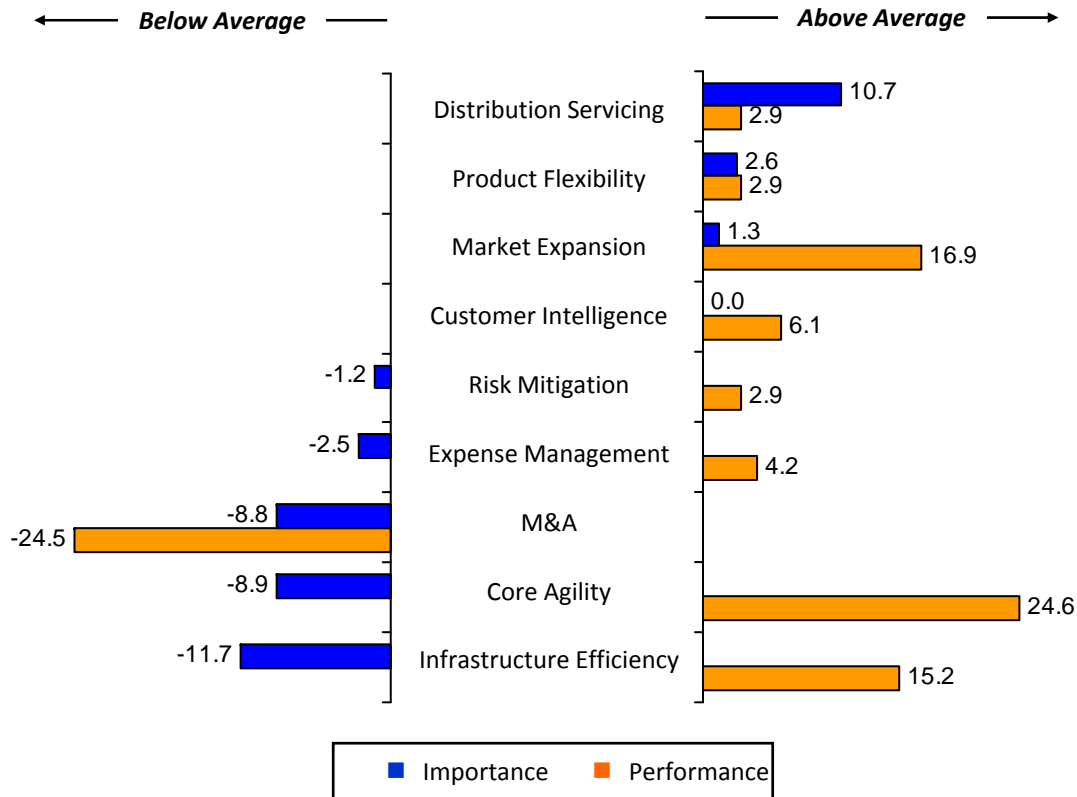
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Insurance



Despite the market challenges, a few carriers have succeeded in adapting their organizations to a constantly changing business environment. How did they do it?

Ranking of Level of Importance and Competency
Percent above/below the average company response



Best in Class carriers:

- Place a high value on distribution servicing, assigning it a level of importance 10.7% higher than the average company
- Less constrained by core systems and infrastructure issues, rating their performance 24.6% and 15.2% higher than average, respectively
- Have a more conservative view of M&A than average carriers, with respect to both the level of importance and their relative performance

Question: On a scale of 1 to 10, (1) To what extent do you consider each of the following to be important to the success of your company in the next 2-3 years? and (2) How well do you believe your company is currently performing for each of the attributes?

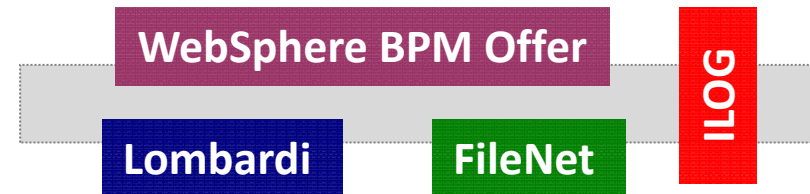
Source: IBM research, 2009

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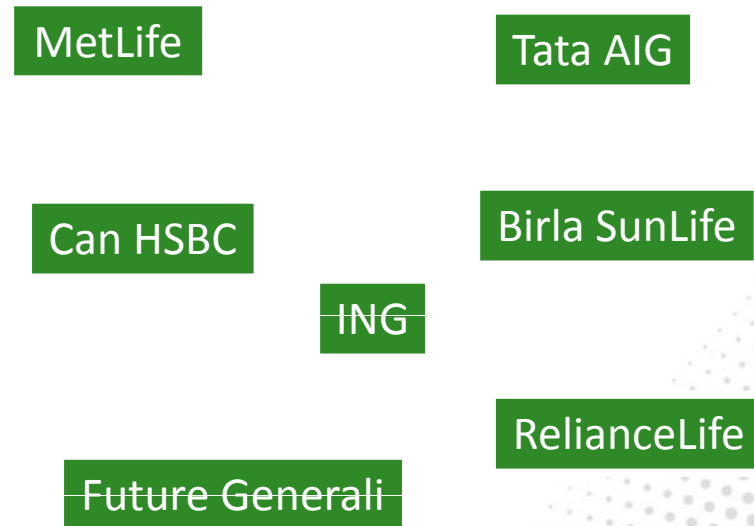
BPM Overview - Insurance

Why BPM for Insurance?

- Insurance is process and rules intensive and naturally lends itself to BPM and BRMS
- Profitability is key so gaining operational efficiencies (eg with process automation) is essential to drive down costs
- Claims are the largest component of expense for P&C insurers, are long running processes & have high impact on customers
- Insurance is a service industry and service delivery is enabled through processes
- You can't effectively manage your business if you don't manage your processes
- India is king of ad hoc processes. Process exceptions are a norm.



Why Some of these companies use BPM?



Leading Insurance Expert Automatically Routes Requests



Workflow

Challenges

- **Agent Request Issues.** Experienced pains with tracking and servicing requests from agents.
- **Difficulty Updating Agents.** Had problems providing requested status updates to agents on the from operations.
- **Unmanaged Work.** Manual work was leading to less control over processes.

Results

- **Increased efficiency with automatically routed service requests**
- **Gained transparency of operations while reducing the cycle time**
- **First iteration went live with 400 end users and expectations to triple in 90 days**

This US based company has been a IBM BPM customer since Q4 of 2007

“This approach ensures ROI realization at each step, thus enabling IT to closely align with business. This ensures that IT and Business see each other’s perspective and work in a synchronized manner.”

Vikram Duvvori, Senior Vice President

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Mutual Insurance Co. Increases Product Management Responsiveness



Exception

Challenges

- **Lack of tracking.** No way to track the number of times exceptions were made to guidelines or rules. It was unknown how often they accepted business that was considered ineligible.
- **Delayed Results.** It could be 2-3 years before adverse results were seen and it could take 3 years to remedy the problem.
- **Unreliable Review Process.** Managers reviewed a certain number of new business files every month but there was no consistent way to get the information.

Results

- **Discovered that real-time exception notifications exceeded eligibility threshold**
- **Able to track all exceptions and explanations**
- **Standardized real-time view of exceptions across business classification & risk state**

This US based mutual insurance company has been a IBM BPM customer since Q3 of 2007.
“This is the biggest benefit to Commercial Lines in general; that we can now see exceptions and are better able to manage the profitability of our book. We can now catch things very early, do what we need to do, and monitor our progress which is a huge benefit.”

Commercial Lines Product Manager

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Leading Supplemental Insurance Provider Automates Invoice Disputes



Visibility

Challenges

- **Time Consuming, Manual Routing.** 150,000 invoice disputes per month required human intervention at any given moment.
- **Research Inefficiencies.** Research specialists gathered information from many different legacy systems to determine whether the dispute was justified.
- **Lack of Real-Time Control.** Had little to no capabilities to prioritize work and automatically track deadlines and generate escalations.

Results

- **Reduce Manual Work by 80%**
- **Increased Quality of Customer Service**
- **Deployed first version in 90 Days**

This US based insurance company has been a IBM BPM customer since Q2 of 2008.

“Since OCR always produces exceptions, IBM BPM choreographed getting the exceptions to a human to reconcile and moving the results back into the digital processing stream.”

David Turner, V.P. Advanced Technology

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