

INTERVIEW WITH CRAIG RHINEHART

Eric Green: Hello and welcome to a new podcast series from IBM software that explores the challenges IT managers and business professionals are facing today. I'm Eric Green and I'll be talking with a range of experts to discover new perspectives, approaches and examples that can help meet these challenges and introduce you to the capabilities of smarter software from IBM. So let's get started.

Welcome back to the show, and to part one of a two part podcast discussing enterprise content management with Craig Rhinehart, Director of ECM Strategy and Market Development for IBM. Craig, thanks for joining us.

Craig Rhinehart: You're welcome, Eric. It's nice to be here.

Eric Green: Could you please give us an explanation to start with of what enterprise content management is?

Craig Rhinehart: Oh happy, happy to do so. So let me start with AIM's definition. AIM is the Association for Image – I'm sorry, Association for Information and Image Management. And they define enterprise content management as the strategies, methods and tools used to capture, manage, store, preserve, and deliver content and documents related to organizational processes. Now, that's a pretty comprehensive definition and a good one, but there's a lot there. I tend to think of it in a little more simpler forms. We have structured information and unstructured information, unstructured being content. Structured information is everything that lives inside of a database, in a row or a table. Unstructured information is everything else – e-mails, images, videos, documents, social media, content, all the rest of it, which makes up more than 80% of the total information. So, it's not well known, but the structured stuff represents roughly 20% or some say even less than that, and the unstructured stuff is more than 80%.

Eric Green: Interesting. So what's the main challenge to enterprises with ECM?

Craig Rhinehart: Well, I think there are some challenges, not the least of which is most organizations don't realize that more than 80% of their information is unstructured. And I'm sure if we looked at IT budgets, we would not find that 80% of the budget is spent managing 80% of the information. And the fact that so much of it is unstructured, you know, we don't apply, or organizations

haven't applied yet necessarily the same rigor and discipline that they have to structured information. We know that more than 80% of it is unstructured, we also know that 60% of managers today are missing key information when they make decisions, and that 50% of organizational content carries risk without delivering business value.

So when you think about it, it really comes back to basics. You know, we need to manage this information properly. We have obligations that require us to do so, and these challenges around this form of information really come down to five kind of different areas where we're seeing customers have problems or maybe better differently stated had the opportunity to reduce cost or reduce risk or maybe gain some new insight. So it's really within these five areas that content management gets applied and customers are seeing value from it.

Eric Green: And that's a perfect transition. If you wouldn't mind, we can drill down on those five areas. That would be great.

Craig Rhinehart: Sure. Sure, why don't we start then with document imaging and capture, which is the capture and management and sharing of content where it exists. And this is actually the real heritage of this entire industry, which arguably got started in the '80s with Filenet when they invented the first imaging systems that were out there. Now, at the time, organizations thought that we were going to be living in a paperless office, a paperless society, if you will, and that was the view of the future. But, you know, that particular crystal ball must have been cloudy, because it didn't play out that way. Paper is still growing today, as is electronically stored information, although that part is growing at a much faster rate. But there's plenty of paper, and with it, there's plenty of opportunity to reduce cost and risk and errors in those paper-centric processes, those workflows that are, you know, have all the documents being handled by people, lots of errors in manually entering information.

I remember we had one customer who was receiving e-mails, printing them out, and then scanning the printed out e-mails back into a content management system and manually entering the information from the e-mail, the metadata, into the metadata fields, which when you think about it is just totally absurd. Because the information would have been created electronically, but for whatever reason, that electronic information wasn't being leveraged.

So there's plenty of ways, and even as ridiculous as that example sounds, there's plenty of ways to take paper out of the business today and get the benefits of that reduced risk rather, and reduced cost. A specific example, Eric, is a global logistics company who receives over 150,000 documents every day from different sources, e-mail, fax, regular mail. You know, and these things were piling up. They are using IBM ECM's production imaging technology and today they're already processing 600,000 pages per day in the U.S. and expect to process more than 4 million pages per day globally when the rollout is completed.

But in practical terms, there's real business benefit to this. They are able to move more shipments across borders with 30% less resources and with reduced lost documents, reduced errors. And if that wasn't impressive enough, they've improved the cycle time and the accuracy of the entire process. So it's really a compelling story, and you don't have to be a global logistics company to get that kind of benefit from taking paper out of your business. You know, any company of any size has far too much paper, and it's a great opportunity for enterprises to reduce cost and risk.

Eric Green:

I think that's really interesting. I mean, and that's sort of the traditional, when people think about, you know, ECM, that's probably where they start. Why don't we drill down on where things are clearly going, on the other hand, on social content management? So how is that being dealt with?

Craig Rhinehart:

Well, this is a sea change. You know, we're not in Kansas anymore and we're not going back. You know, fundamentally there's this facebooking of the enterprise that's going on. New knowledge workers are expecting to use social tools. We expect to collaborate in different ways. You know, it used to be that the way that we'd collaborate was we'd take out a piece of paper and write a letter. And then it turned into we'd take out a word processor and write a letter. And the document was always the form factor for how we communicated with other people. But that's, you know, long gone.

You know, we now communicate in a much more casual, conversational way, in some cases with icons and smiley faces and all this stuff. It's a much more short form communication style, starting with e-mail, then with instant messaging, and now with social media. This is the way it's going and it's not going back. You know, we communicate in collaboration sessions and web conferences and all of this is unstructured content that's being

created in the context of a business problem, and there's all kinds of interesting sorts of outcroppings of all this new ways to communicate, not the least of which is we still have an obligation to manage information over its lifetime correctly and you know, maybe because we have contracts with customers or regulatory obligations.

So the challenge here and the opportunity at the same time is how do we enable our knowledge workers to of all these new social ways of creating and consuming content, but at the same time, we don't introduce risk or create new risk through this. So it becomes a marriage, if you will, of leveraging all these new social content capabilities but still not forgetting that we need to tie that into our enterprise content management infrastructure, that same infrastructure where we keep our documents of record or our repository of record if you will.

Eric Green: And to tip back to your initial conversation of structured versus unstructured, I'm assuming this is about as unstructured a content as you can get, yeah?

Craig Rhinehart: Yeah, it's the Wild West right now. And so customers if they don't have a social content strategy today need to get one pretty soon, and, you know, it should really consist of, you know, what are all these "systems of engagement" that all this social content's being created and consumed in in your enterprise and how are you connecting that back to your repository of record. Which whether that's an IBM content management repository or somebody else's, you have to have that connection. You have to have the right connectivity between those systems of engagement and systems of record. We at IBM are certainly investing in that area. We think it's an important – this is an important sea change that's going on in business and we plan to continue to lead that way.

Eric Green: Excellent, so how about advanced case management?

Craig Rhinehart: Yeah, this is another interesting – change is going on here as well. It used to be called workflow and then that kind of evolved to business process management and now that's sort of gone in a new direction with advanced case management, and let me explain what the terms mean. So workflow is sort of the process of moving information around an enterprise to complete a specific task, it sort of evolved to business process management which is an accepted term. You see professional disciplines like 6 Sigma have popped up around that. And the fundamental premise here is that a process

is modeled, we draw it up, it could be on paper or an electronic tool, we automate that process, so we understand how the information flows through it. These could be people-centric processes or transactional-centric processes. And then lastly, once we understand - you know, once we've automated it, we have the opportunity to optimize those processes to reduce the cost associated with them, compress customer service times and so forth. However, the challenge with that model - and that model works really great in what's called straight through processes, where you kind of can go from the beginning to the end and there aren't a lot of exceptions, there aren't a lot of unknowns in that process.

But what has happened is there's another class of processes that that model doesn't work for. These tend to be processes that are very exception oriented, very case oriented, if you will. And by case we mean processes that bring people, the process itself, and information together in the context of a case. You could think of cases as being, you know, social work or customer onboarding, anything where, you know, people are involved and a decision is critical to having all the documents and understanding what the desired outcome is and, you know, having all of this information together in the right place where it can be accessed from.

So it's a different challenge than the old BPM challenge, if you will. Because what would happen, the practical applications on IT when you try to roll out applications for these case-centric processes, you know, you'd spend months modeling the processes and getting everybody to agree on the processes, and then you build the application and try to roll it out. And the requirements would change, or the processes themselves would change, you know, months would go by and, you know, projects would fail, or it would take so long for the projects to roll out that everybody was unhappy. Poor IT would get blamed and nobody was happy, it was a lose-lose scenario.

So what was needed was some real innovation for these case-centric processes. Again, the ones where, you know, very exception oriented, you know, involving documents and processing that information, where it all has to come together. That's where, you know, we've gone to this new model called advanced case management. And what that does is it empowers the line of business personnel along with IT in a much more shared model for rolling out solutions, one that compresses the rollout times from months literally down to weeks. So we can now roll

out – not only can we automate these processes in ways that we could never do before, but we dramatically shorten the time to get these things into production where we can start getting value. Because ultimately it's just a big cost item until you roll it out and people start using it and you start getting the reposed value from it.

So this has been a hot area, I mean, reducing cost and compressing process time is a critical, critical capability when you start talking about improving your customer service. We have a major automotive retailing chain who's doing this and they, you know, really focused on customer service. The customer is actually a company by the name of J.M. Family. I'll read you the quote here, "The major business objectives in our organization are excellence in customer service and increased productivity of our associates. IBM ECM is a key enabler of these objectives."

That was Keith Tempinski who is the Director of ECM at J.M. Family. And what they basically wanted to tackle was they had a complete lack of visibility in the customer service interactions around loans and leases, lots of bottlenecks due to audits and, you know, hold ups and approval steps and so forth. So what they did was they focused on the exception-based processes, these ones that I'm talking about where advanced case management can make a difference, and they're now saving 2.1 million dollars annually in their call center on labor savings alone. Processes have been cut from days, literally, to minutes, which for them basically means they're able to handle a lot more loans with the current set of resources, and they've eliminated the annual printing of several hundred thousand in pages, a cost savings, and obviously that has some nice environmental benefits.

So there's a very specific example of how advanced case management can impact a business. And you know, there are numerous examples like that. So this area is one that is pretty exciting when you get back to, you know, how to solve some of these opportunities or challenges with ECM.

Eric Green: I'm afraid that's all the time we have for this podcast. But please do join us for part 2, which will cover information and life cycle governance and content analytics. Craig, thanks for joining us.

Craig Rhinehart: Thank you.

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