



# Business Agility in Action.

Innovate. Transform. Grow

## Transform for Growth

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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**<sup>®</sup>

Filed for  
bankruptcy  
protection



**amazon.com**<sup>®</sup>

2011 net sales  
increase 41%



Filed bankruptcy  
in September  
2010



# Business Leaders must drive growth amidst complexity



## 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

### Transform Mandate

*Change the industry value chain through improved relationships*

Transform

### Pioneer Mandate

*Radically innovate products, markets, business models*

Source: 2011 CIO Study

# Key Capabilities for Transformation



- Agile processes & decisions
- Rapid & adaptable integration
- Flexible and intelligent infrastructure



Mobile



Appliances









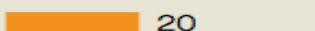
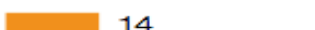
Cloud

## Focus on effectiveness and efficiency

% of respondents<sup>1</sup>

### Current IT priorities at respondent's company

### Ranking by current priority

	Total, n = 927	Non-IT executives, n = 427	IT executives, n = 471	Ranking by ideal priority, total, n = 927
Improving effectiveness of business processes	 47	1	2	1
Improving efficiency of business processes	 45	2	3	4
Reducing IT costs	 44	5	1	7
Providing managers with information to support planning and decision making	 40	3	4	3
Creating new products or services	 29	4	6	2
Ensuring compliance with regulations	 23	6	8	8
Entering new markets	 20	7	5	5
Managing risk	 14	8	7	6

<sup>1</sup> Respondents who answered "other" or "don't know" are not shown.

# Business Processes Innovation Opportunities



**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





# 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

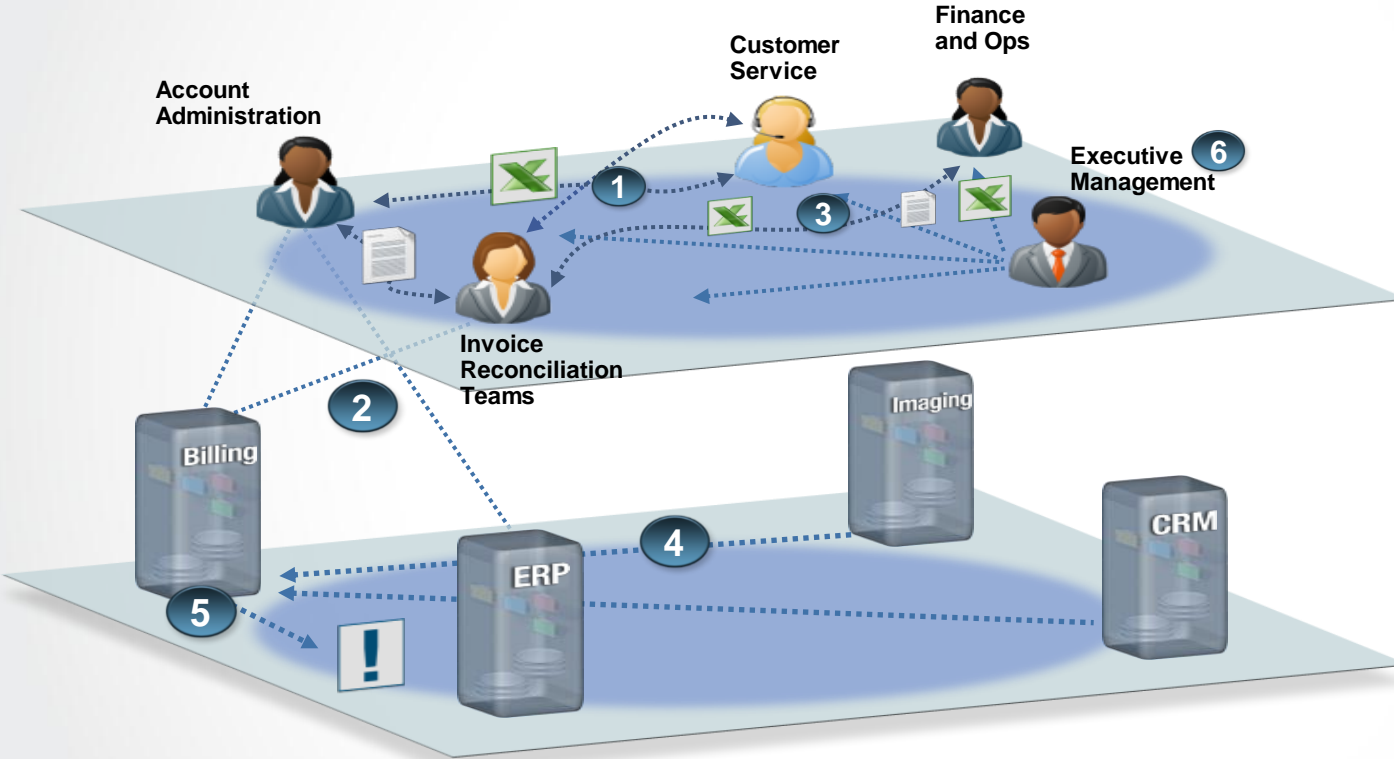
(Integrated Supply-Chain, CRM,  
Merchandising, Fraud Detection)

Collaborative, Non-Deterministic,  
Ad-hoc

(Paper processes, Dispute Resolution,  
Unique Claims, Collateral Creation)



# Typical process problems



- 1 Unstructured Tasks and Communication (Paper, instant message, text)
- 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



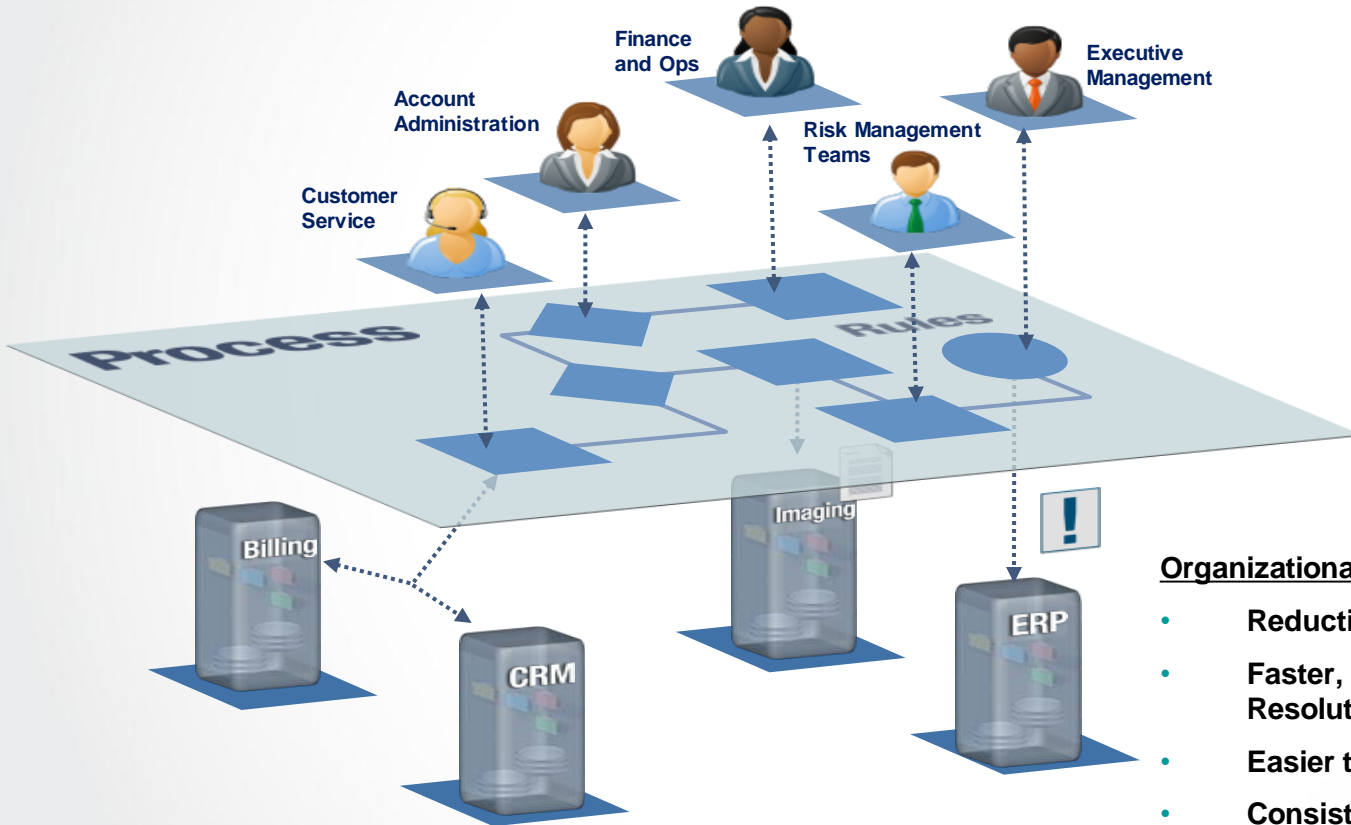
# Business Process Management brings order to the chaos



- 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

## Organizational Benefits:

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



# Agile Business Processes are....



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

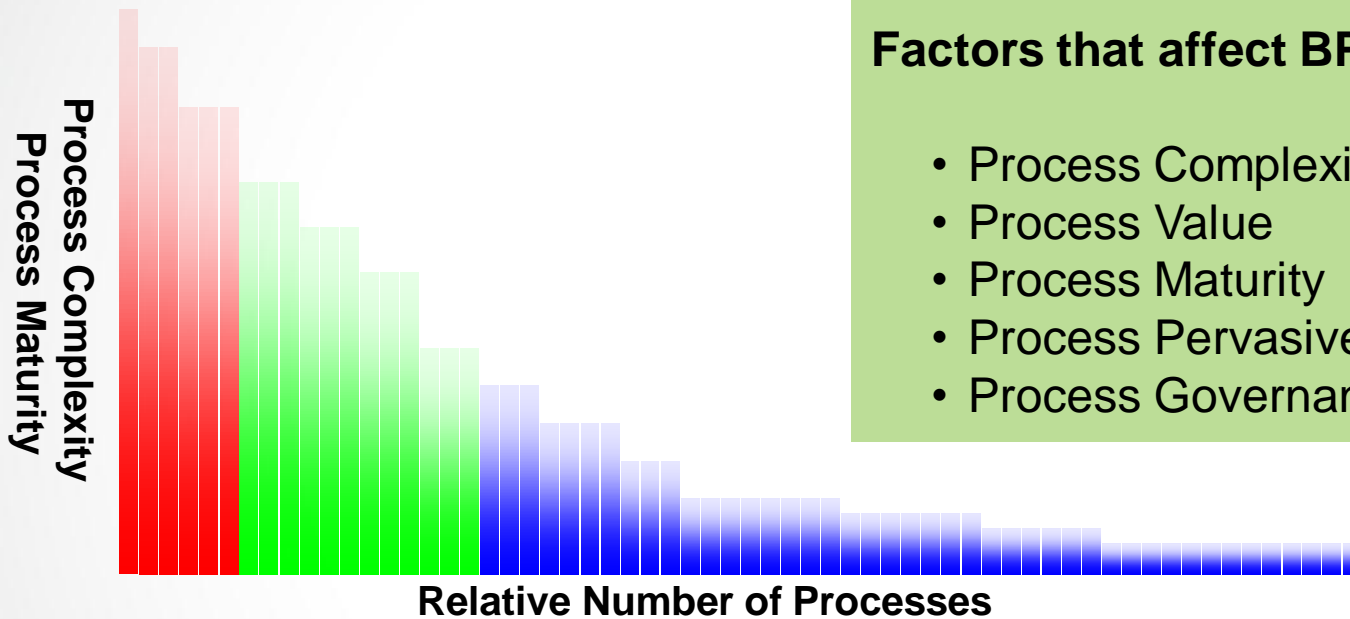
**Interconnected:** *Network-aware and well-connected to the right services at the right time*

**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*



# 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



Accelerate BPM success

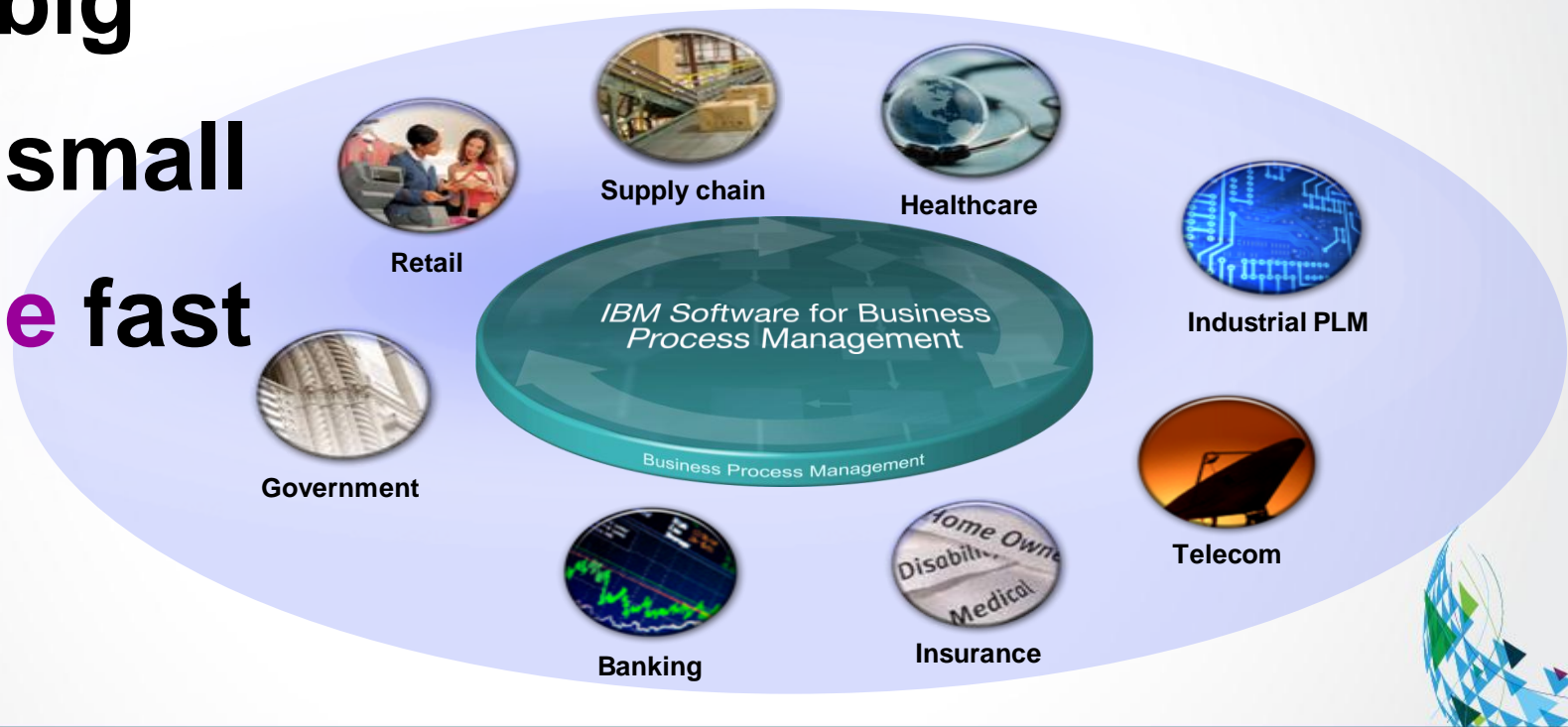
*Start quickly, deploy faster, and reduce costs and risk*



**Think big**

**Start small**

**Scale fast**



# Hospitals Contribution Fund (HCF)



## HCF

We're different from other funds.

- 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 %
- 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 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	



# 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 1,000 claims per day
- Claims processing team reduced by over **65%**

## Business outcome

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



# WorkSafe Victoria used IBM's 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

