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## Process Innovation for 2012



# Process Innovation for 2012

- Innovate, Transform, Grow – The Business Drivers
- The Role Of Technology
  - Business Agility and Flexibility
  - Business Automation
- Getting Started



# Process Innovation for 2012



## • 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

**BORDERS**<sup>®</sup>

Filed for  
bankruptcy  
protection

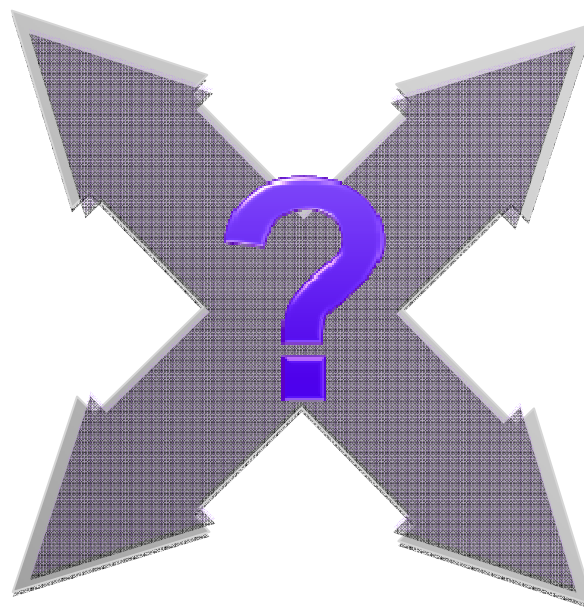


**amazon.com**

2011 net sales  
increase 41%



Filed bankruptcy  
in September  
2010



# Business leaders must drive growth amidst complexity



*Capitalize on complexity and  
Outmaneuver competitors*

## Innovation

- **81%** believe innovation is key to getting closer to their customers

## New Channels

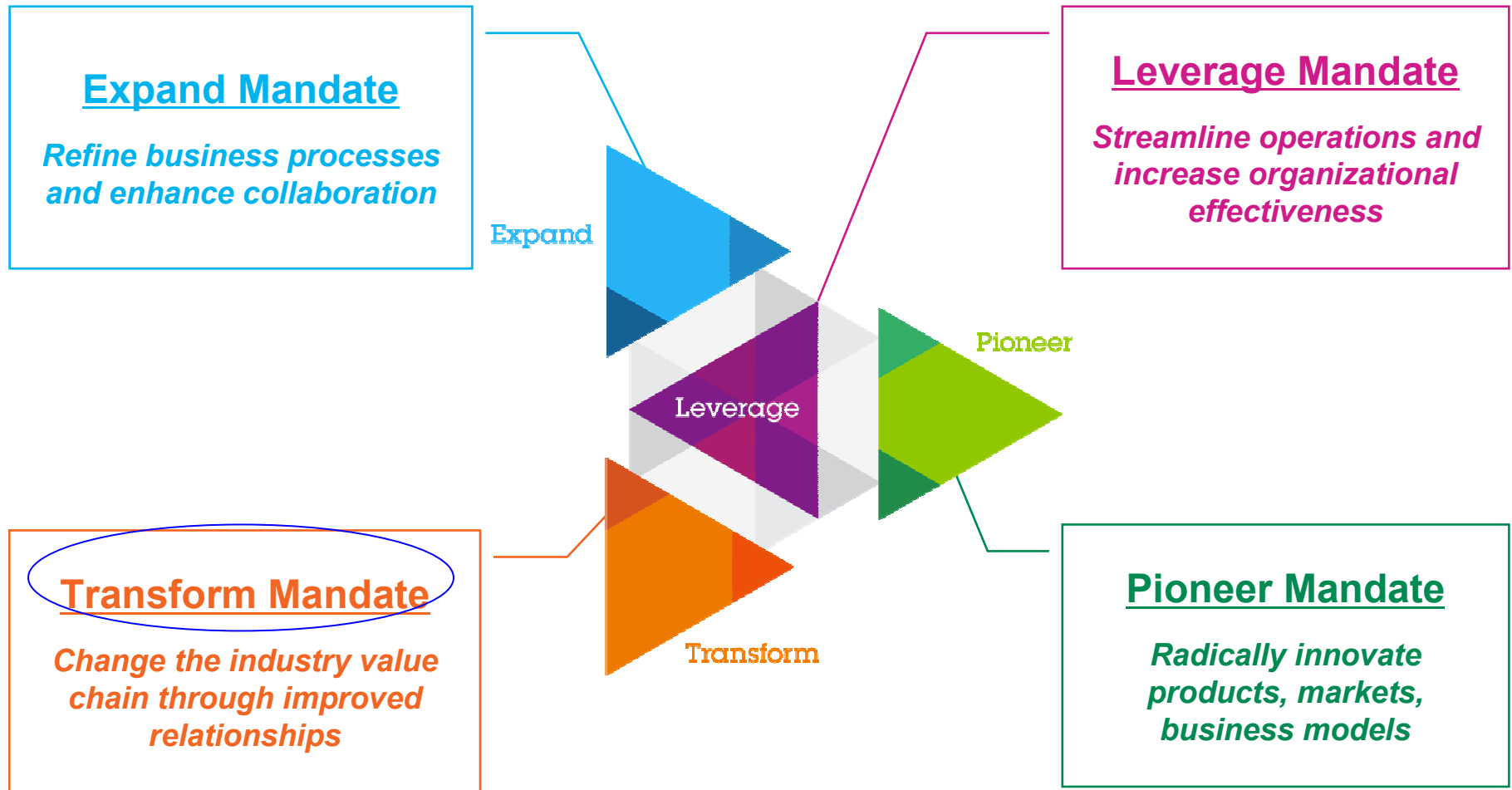
- **70%** are focusing on new channels to deliver services to their customers

## Collaboration

- **69%** are collaborating with customers to deliver better products and services



# CIO mandates come with distinct characteristics that line up with the organization's goals & strategy



# Yesterday's best in class is not good enough



- To fuel new growth while optimizing costs organizations 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*

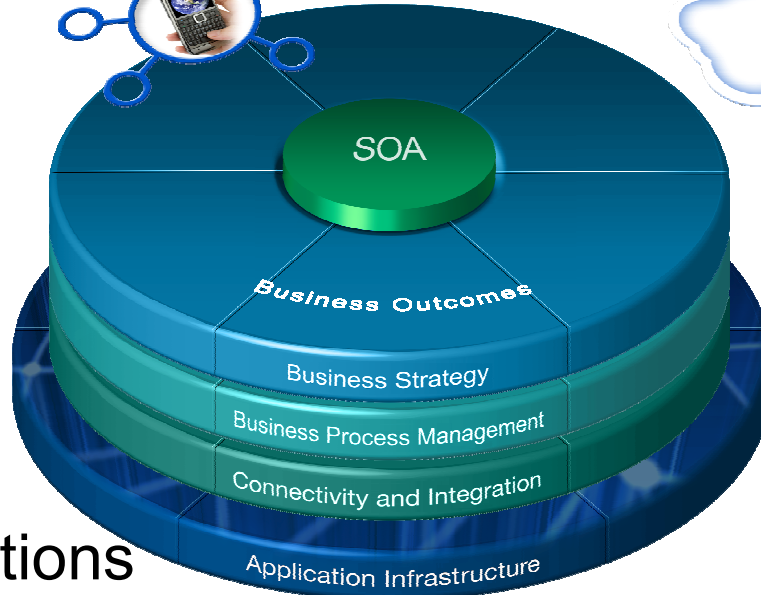




# Key Capabilities for Transformation are:



- Agile processes and decisions
- Rapid, adaptable integration
- Unbounded applications
- Flexible and intelligent infrastructure



Appliances



Mobile



Cloud





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# Complexity exists internally and externally

*Capitalize 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**



*Companies need end-to-end process management*

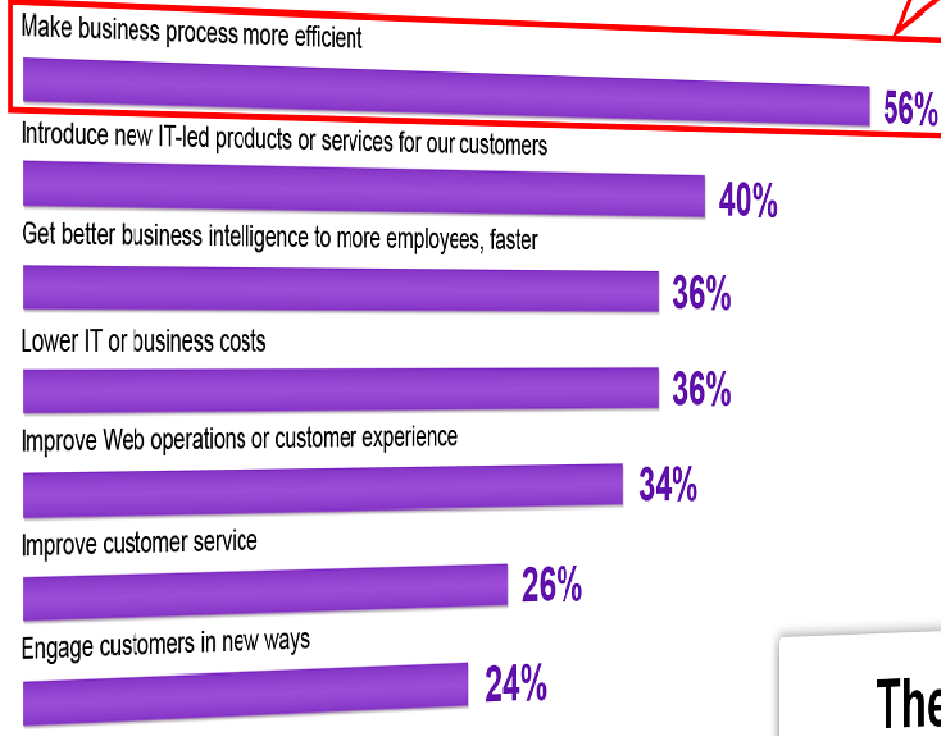


# Business Process is Still a Priority



## 2010 Innovation Plans

Process is Priority!



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

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Information Week: September 2010  
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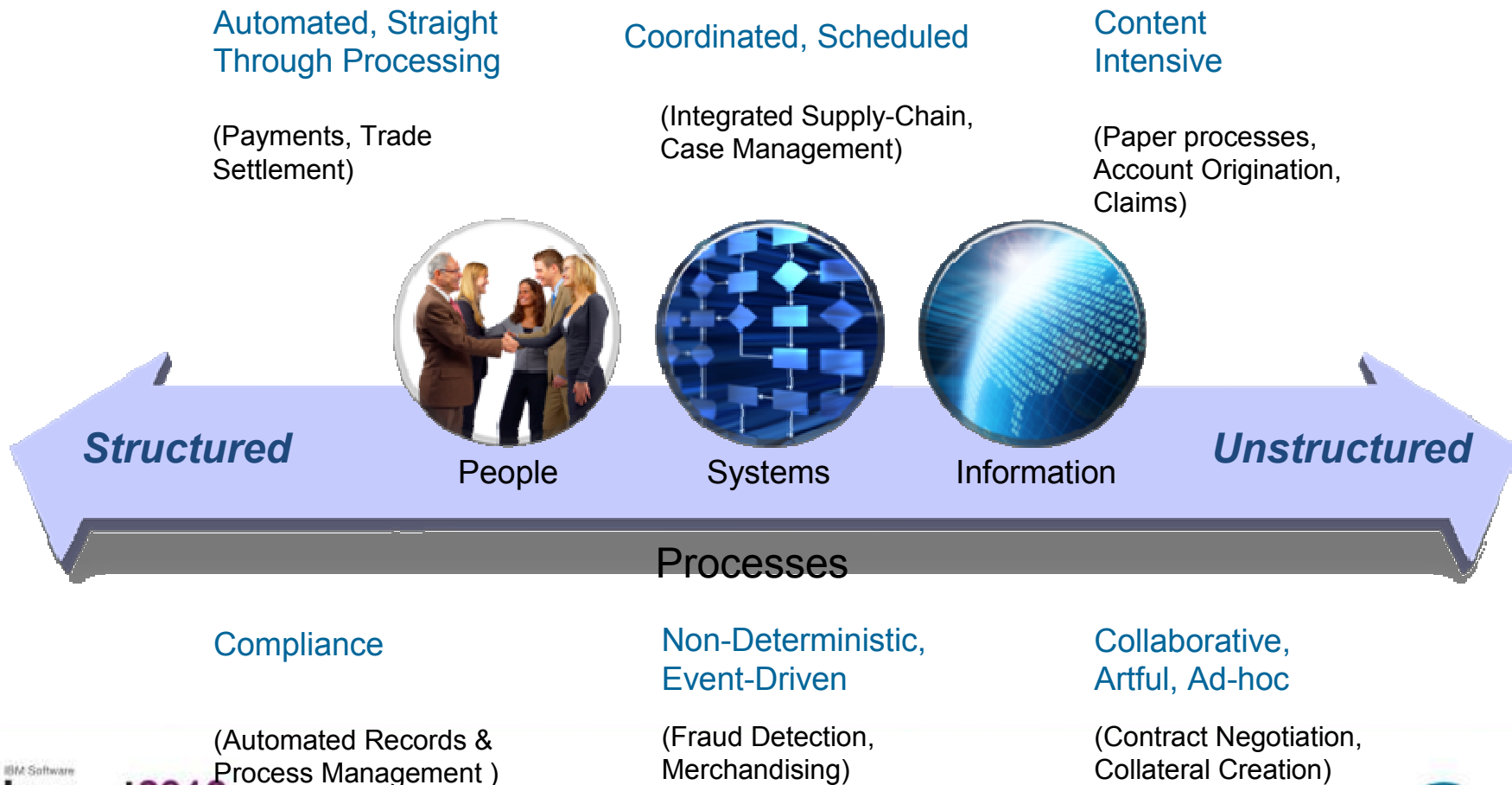




# Types of Business Processes



A **business process** is a collection of interrelated tasks, which accomplish a particular goal, usually decomposed into several sub-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

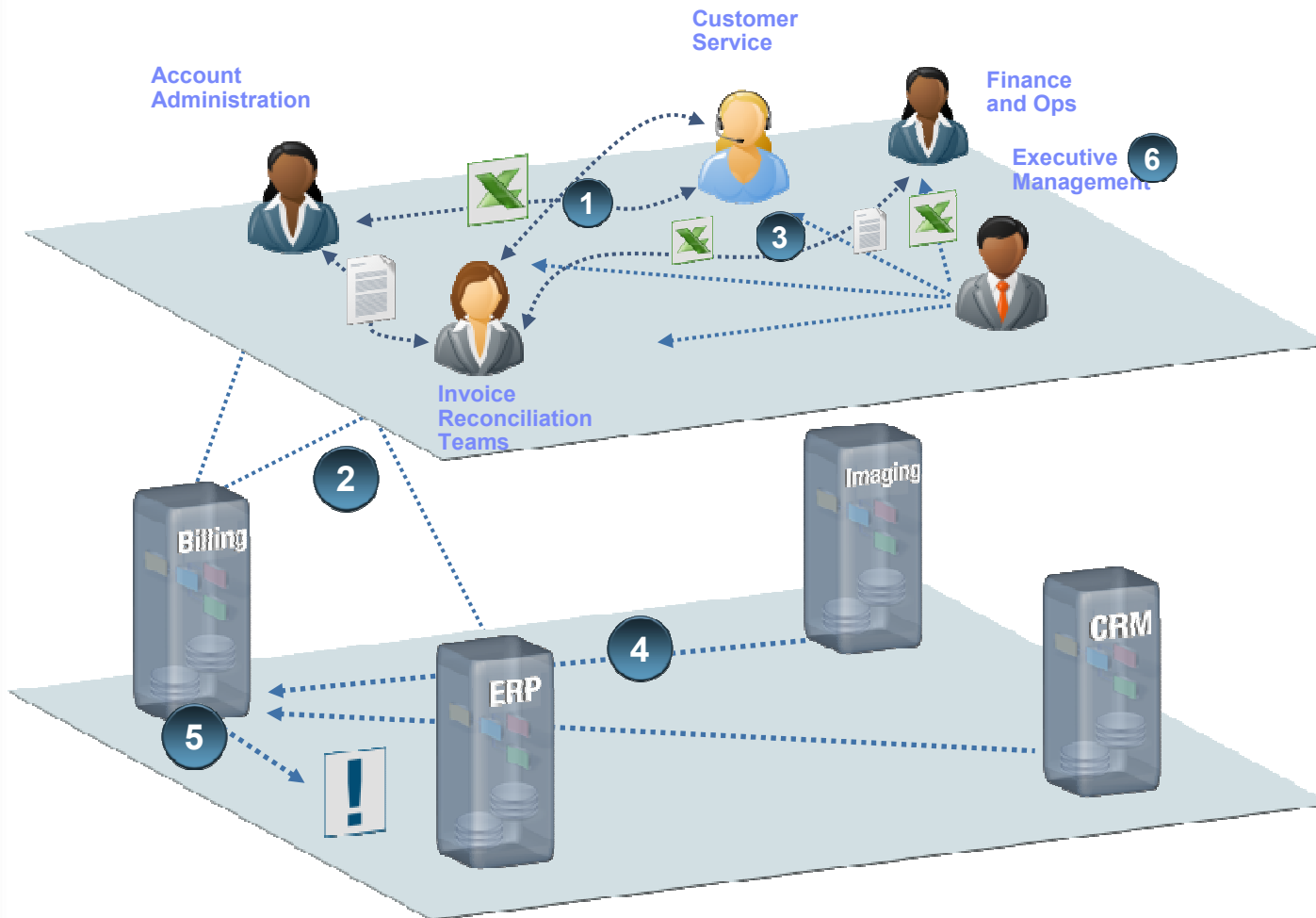
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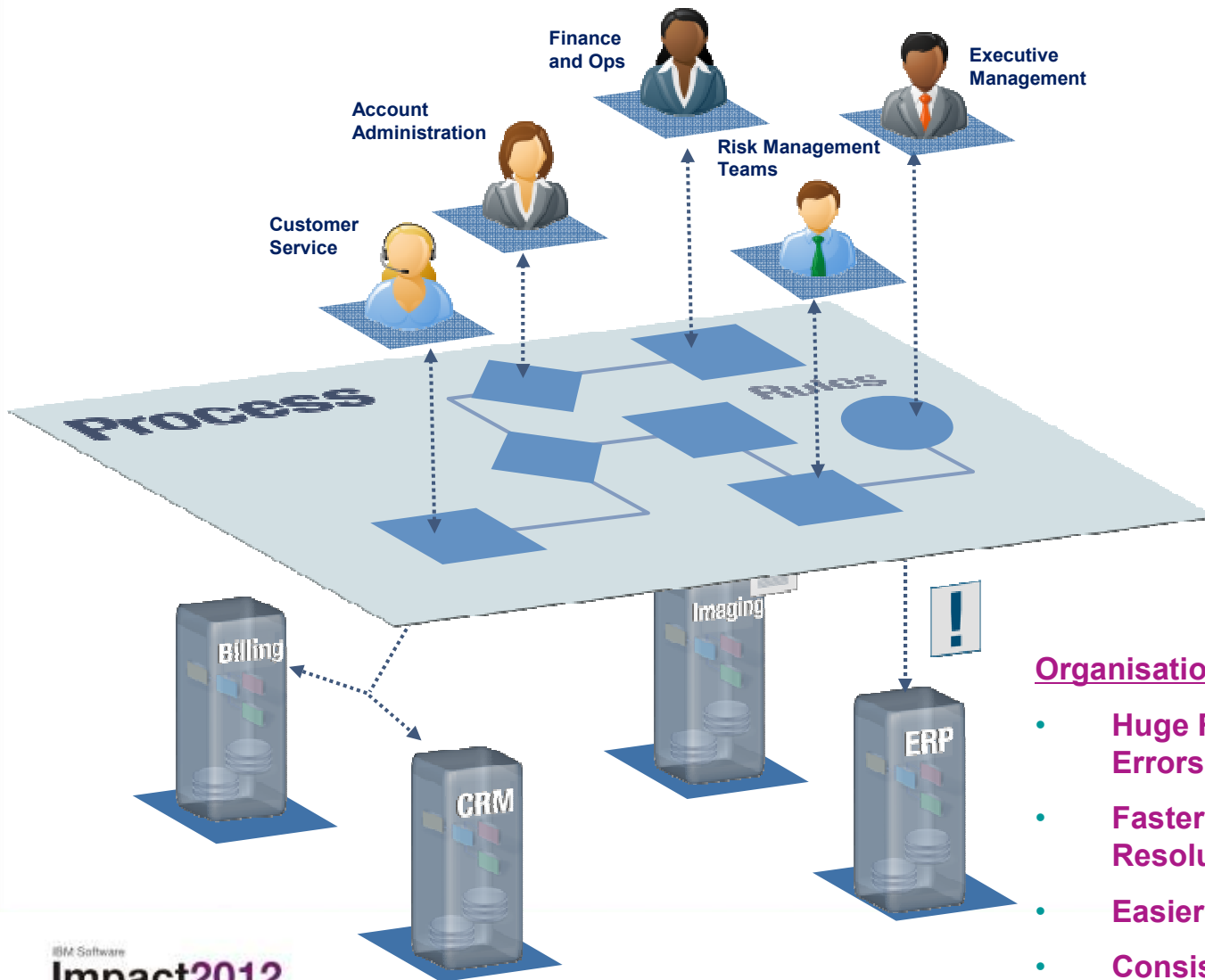
# Typical process problems



- 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



- 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**  
*Fast deploy (60-90 days)*  
*Quick POCs (< week)*

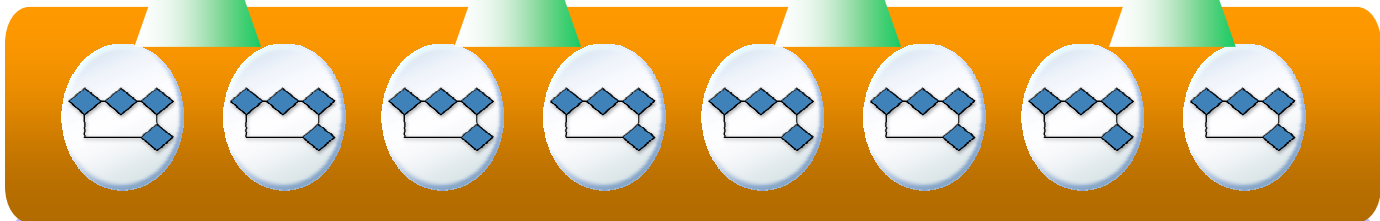
**Reduced Risk**  
*Agile solution delivery*  
*Ease of interoperability*

**Ability to Change Rapidly**  
*Standardized definitions*  
*Reuse across processes*

*Optimized Processes using BPM*



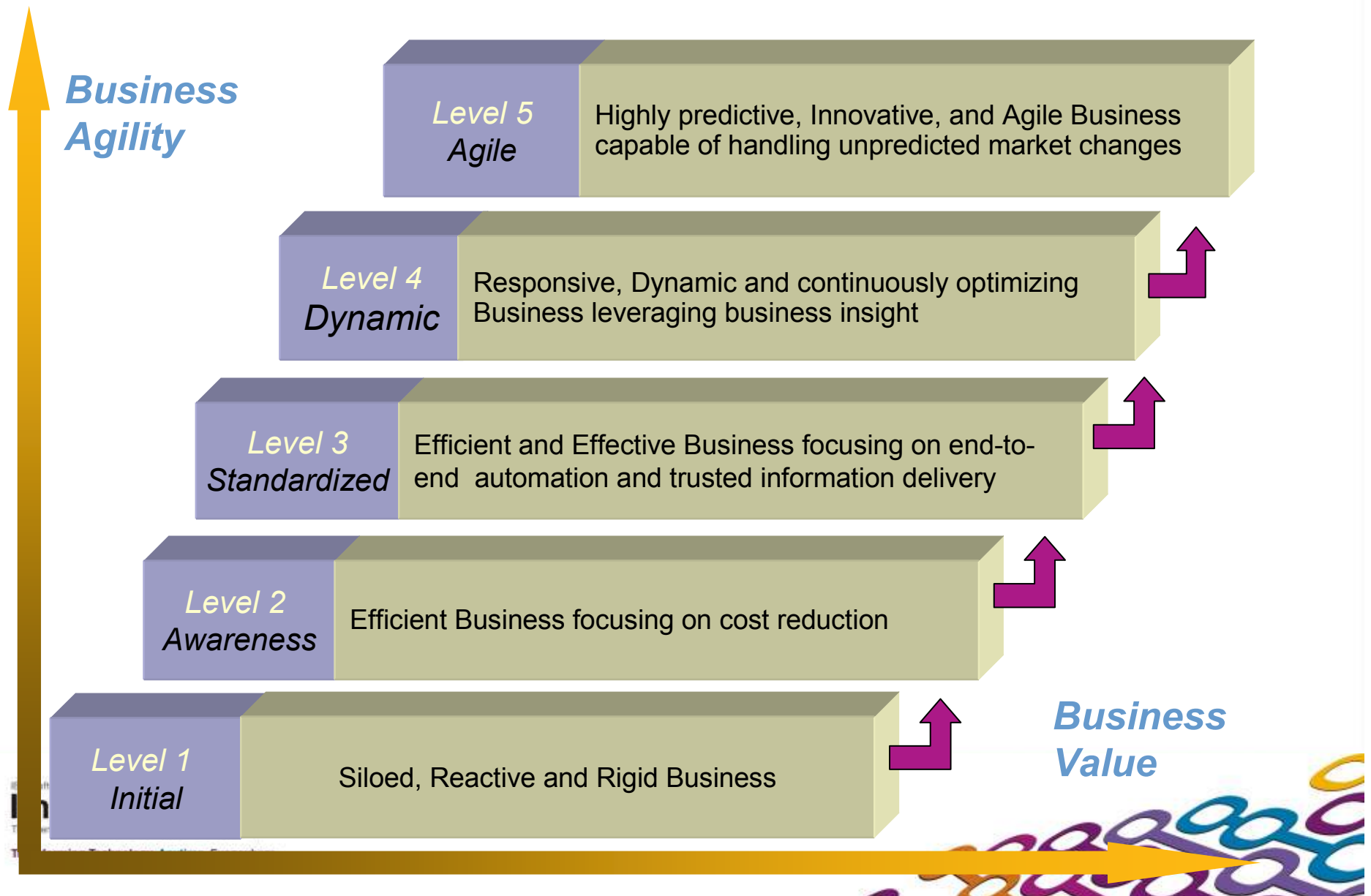
*Existing Processes*



*Existing IT Ecosystem*  
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# Enhance business agility with a stepped approach mapped to key starting points with strong value to line of business



# Agile Business Processes are....



**Explicit:** *Documented, understood & agreed*

**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*







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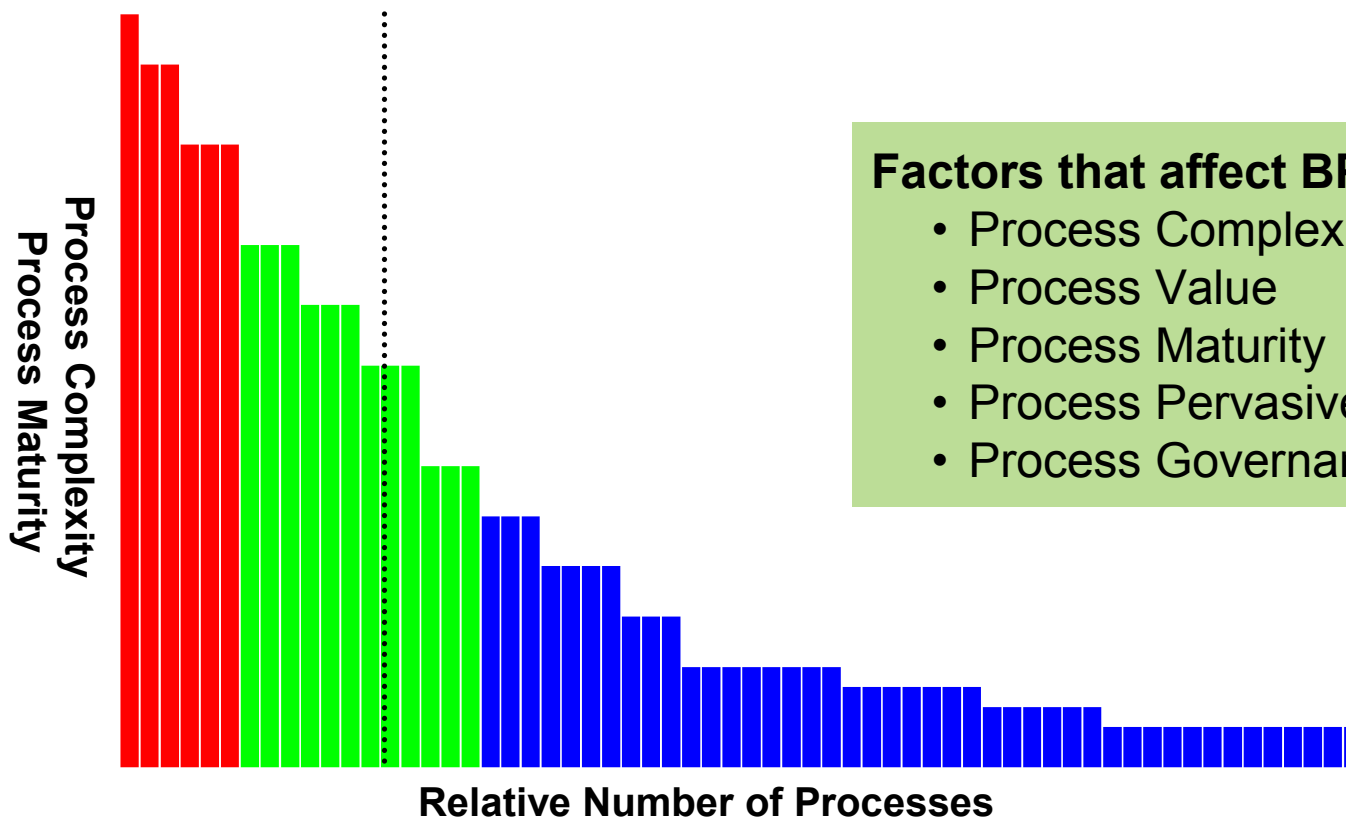
# Set A Roadmap To Business Agility

## Execute a Strategy For Better Business Outcomes:

- Fuel New Growth
- Speed Time to Value
- Reduce Total Cost of Ownership



# 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



# Key insight: Accelerate BPM success

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



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

## Think big

## Start small

## Scale fast



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



# 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*





*In 2011 ...*

*IBM BPM and Process Center unified the tools for process teams to **build, deploy, govern, and scale** process applications ...*

**IBM  
Business  
Process  
Manager**

- **Simplicity** *for business & IT collaboration*
- **Power** *to scale from a project to a program*
- **Visibility** *to improve business outcomes*
- **Governance** *across BPM projects and programs*

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*In 2012 ...*

*IBM BPM delivers innovative user interface tools for business users to collaborate in getting work done ...*

*Social*



*On-the-go*



*Collaborative*



# What's New in IBM Business Process Manager v8?



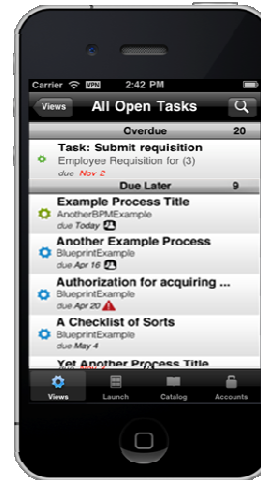
## Social Collaboration



## Content Access



## Mobile Access



## zOS



## Enhanced Governance



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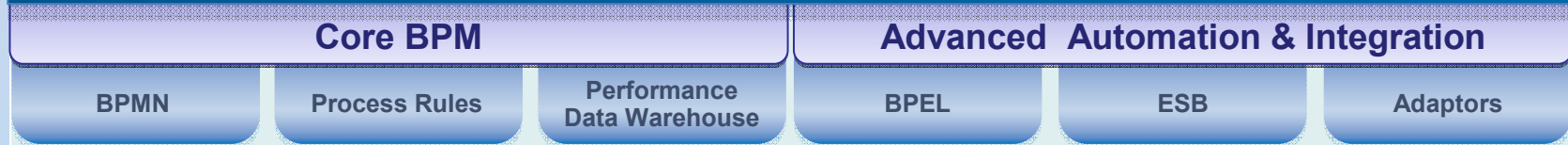


# IBM Business Process Manager v8

- *Express*
- *Standard*
- *Advanced*



## Process Server



*WAS ND 8*



Process Designer / Optimizer



Process Center Console



Integration Designer

# Reference: Hospitals Contribution Fund (HCF) - Overview



## 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 %
- 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



# 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 WODM
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



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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



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*“...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



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- 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

