

**3 Types of Business Decisions You Need to Make
Faster for Competitive Advantage
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Karen Bannan: Good morning, good afternoon or good evening depending on where you are in the world and welcome to today's webcast, 3 Types of Business Decisions You Need to Make Faster for Competitive Advantage, brought to you by InformationWeek, IBM and broadcast by United Business Media LLC. I am Karen Bannan, today's moderator. We want to make sure this event is as interactive as possible so I'd like to take just a few announcements before we begin.

This webcast is designed to be interactive between you and the presenters. As such, we'd like to invite you to participate in our question and answer session that will take place at the end of our event by asking questions at any time during the presentation. Just type your question into the Q&A widget to the left side of the slide area window and click the Submit button. You may adjust the area of any widget, such as the slide area, by clicking on the lower right-hand corner of that widget's window and dragging the mouse. Slides will advance automatically throughout our event. If you experience problems with the program, please refresh your browser or close your window and re-launch the presentation. You can also visit our webcast help guide by clicking on the question button of the docking bar at the bottom of our console window.

And now on to our presentation, 3 Types of Business Decisions You Need to Make Faster for Competitive Advantage. We have a knowledgeable expert who will be leading today's discussion, Vijay Pandiarajan. Vijay is Product Marketing Manager for IBM's WebSphere Operational Decision Management line. Vijay is part of the product marketing team that brings IBM's Business Rules and Business Events capabilities to market. He enjoys seeing technology improving people's lives and transforming the customer's business. As an advocate for removing the drudgery and making people more productive, he is passionate about decision automation systems and is an active blogger on these topics. And with that, I'd like to turn our presentation over to Vijay.

Vijay Pandiarajan: Thank you, Karen, and welcome, everybody. Thanks for taking a few minutes to spend this afternoon listening to some success stories. That's really what I wanted to talk to you about today, just the tangible benefits and some success stories of proven usage where our customers have seen great benefits. I wanted to kind of count it in terms of three groups and that's what you see about the three types of business decisions, and we'll get into why we picked those three and sort of the framing of why it's important to look at it in those three lenses.

Just a little bit about WebSphere Operational Decision Management to give you some context. It's the next generation of the ILOG Business Rules Management System that came in IBM a couple of years ago. One of the things we felt we needed to add to the industry leading BRMS was an ability to kind of deal with situations as they unfolded, so to bring in sort of a real-time aspect to it. And so that's where Business Events comes in. It was something that there was not

a capability we had at IBM and we felt that together it would make a comprehensive -- it would provide comprehensive capability to deal with different kinds of decision making.

I think those of you who are familiar with Business Rules know that it's a very robust system. It helps document business rules in a way that business users can understand so it's not just written as a Java application or a bunch of IF-THEN statements that is buried deep within your enterprise cord. It's really business rules written in a human readable or an English readable or for that matter any localized language readable format and is kept in its own separate repository that you open up to your business users so that they can go see them and more importantly make change to them as needed. So just a couple of things I just wanted to put those two things out there because that repeats through many of the stories that we'll go through today so just to have that as a bit of background as you listen to these stories.

So, like I said, WebSphere Operational Decision Management is a product that we announced and it's actually been available now since mid-November. It is the coming together or the next generation of the rules platform infused with some Business Event thing and complex event processing capabilities. That's kind of in a nutshell what WebSphere Operational Decision Management is in case you were wondering.

So with that little bit of background we can jump to the main presentation. This is kind of -- this frames the discussion along three axis. I think with profitability I think that's something that all companies and organizations have front and center in their mind, but we wanted to take a very specific view to profitability. I think you can achieve profitability by top line growth and by managing your bottom line. Really here we wanted to take a look at profitability on the front of revenue increasing, increasing your revenue, seeing more top line growth, and so these are scenarios really focused in on sort of sales or being able to create more demand and grow your revenue. But you'll see why it's also profitability because while you do that you also do need to maintain a sense of eliminating waste so that's really the aspect of where the profitability nature comes and you'll see that in the stories.

Second axis is compliance. I think decision management systems are especially good at helping you manage compliance, whether it's regulatory compliance where as an industry you're required -- you can't be in business if you don't do these things well, or even from an internal perspective where you've got internal controls maybe financial, maybe it's operational. You'll see a wide range of examples here and I think financials definitely come into the picture. You'll see healthcare, just different things that come into this aspect as well of managing compliance. And it's also consistency, I mean compliance I think implies a certain form of consistency. So it could be anything like even credit decision rules where you really need to replicate something very scaleable but you need to do it consistently.

The final angle is risk and I think this has been a lot of talk about risk recently. Here we will take a broader view of risk and I think you typically think of maybe financial risk, but this is really any kind of operational risk that you see in the business that you're in and we'll see some examples of that as well.

We stuck in a little quote from James Taylor. Just a little introduction to who he is. He is one of the I would say premiere top leaders in the decision management space. This is from one of his books that he recently wrote. It came out in October. It's a great read. It's about 200 pages. It tries to cut to the chase of what you need to do to implement a decision management system or how you need to think about decision management. So the rest of this talk is kind of interesting and you need a place to look at, I would definitely recommend dipping into that book. I think the quote kind of says -- kind of stands by itself.

As business leaders you layout a strategy and you get your organization prepared, you communicate that, you enable your people, you align your people to operate on that strategy. We see the final codification of that strategy within these kind of Business Rules and Decision Management statements that you would put into your operational systems. So this is decisions that you make maybe 1,000 or 10,000 decisions a day or ever month. It's the cumulative sum of all those repeatable decisions that you make, claims processing, underwriting, spend compliance, just a wide variety of them. Pretty much every single story we talk about today you'll see how these are not just one-off strategic decisions you would make as a leadership team, but really the embodiment of all the strategy that you've put in place and really holds together your business advantage. It's kind of like the way you codify the secret sauce in your company.

Going to the next slide, so we're focusing on the first one. This is on increasing profitability. And like I said, it's from a revenue standpoint. Just some typical examples and just put those out there to get some sense of what sort of advantages you would see here. So it's like 20% in revenue increase from loyalty programs and is one of the ones that I think it's one of those nice horizontal scenarios. Loyalty programs come into play in so many different places, any kind of commerce type situation. It helps you better understand your customers, put the right offer in front of them and often at the right time.

And these are like things that our customers have actually been able to achieve. Customer retention of 92%, that's a really, really interesting story. It's actually a health club and just as a frame of reference, typical health club membership retention is only at about 60%. So being able to use decision management systems to provide the right level of service really got them to pop from about 60% to 92%, which is remarkable for a health club. And the other theme you'll see is just quicker time to market and you'll see why as the stories roll through.

So we're going to touch on three stories here and three sort of scenarios. Product recommendations, we've all seen this. You go to Amazon you get sort of self-service product recommendations, I would say. You buy something, they know who you are and they put something out there. Or when you call into a call center somebody picks up the phone, they answer it, they see what you've bought, they feel they want to tell you about a new service. Many times you get -- I got a call the other day from Direct TV wanting to add some package on because of what I had bought. And really it's then you get maybe about three seconds to get that person's -- whomever you're calling if you make the right offer. But if you're off the mark they're not going to talk to you. So it's about -- it's very critical and you've got maybe seconds to step with the right foot forward. There's no chance of exploration there. So a little bit about that.

Promotion and loyalty, again, I think it's a way of same concept, how you grow your top line, how you bundle products, how you make sure you're providing your customer what they want. Sales commissioning, the last one here, is kind of an interesting story. It's one of my favorites and it's really how do you get your sales force aligned to help sell, especially in a retail setting. I love that story. So that's just a flavor of what you'll see here in terms of increasing profitability with a view to increasing revenue, so we can jump into the stories.

The first one here is about BNP Paribas. And this is a really nice story because BNP Paribas is a global bank, very big in Europe, and they've got very complex financial offerings. More so there's probably no manual you could write everything down and it would probably be in a binder would be stack of a foot or something like that. And just knowing what's there, what offerings you have internally and being able to express that to your customer and say, "Mr. Customer, you've got these three things you fall into such and such profile." You're not going to tell them what profile it is but you kind of know where they are and you can then make meaningful recommendations from your complex portfolio for them.

And so this was something that the bank personnel had and it was -- they were able to look at it and say if you've got, I don't know, I'll give you an example here. How many times have you got meaningless credit card offers in the mail? I get like five every day. Most of the time the way companies do this is they got the list and then they look to see if you're over a certain credit score and then they feel they can offer you like platinum or whatever and that kind of offer comes in the mail to you. What they probably are doing is trying to figure out the best offering for you. Maybe I got my two credit cards and I don't need any more than that, what I would really need maybe is a home equity line of credit. So being able to assess that and making the right offer here was really what this story was about.

The other interesting thing was since they provided very specific products, like home insurance, there were certain natural bundling that they did. So it was something they took advantage of. And also multiple products, this is kind of a team -- and you'll see this happening. You'll see this with AT&T U-verse. There's a lot of bundling going on right now in the industry and it makes sense. If you've got a customer that you know uses a couple of your products and a third one is a very natural fit, you're willing to give that to him at a discount. So just being able to find that and putting that in front of a customer they wanted to be able to do that well and they had a very complex portfolio.

And you can see benefits here, they reduced time to market from weeks to days. This goes back to the fact that they were able to open this up to their business users. It's not an IT project every time they need to add something, add a new offer, new offering. Of course, if you can imagine something as big as BNP Paribas they've got a lot of new things coming out all the time.

The other big thing they wanted to have was consolidation and a common view across different lines of business. This is fairly common, especially in very large organizations. They kind of grow out at a department level and at some point you need to have a much more common view of your customer across departments. And so if you've got like an eligibility scoring service, for example, you want that -- you don't want different rules in each department, loan processing versus home mortgage. Everything together needs to have a holistic view, and that's one of the

things that decision management systems let you do, consolidation and a single version of the truth, if you will. So you consolidate it'll make sense to you everywhere.

Just the solution itself, regulatory change. This was, again, this overlaps a little bit into one of the other categories that are -- usually there are multiple facets we try to kind of tell the story based on one of them. There is definitely as a financial institution across national boundaries you've got different regulatory needs too, so this was something that could do that as well.

And you'll see here the big thing was since they're such a large organization they needed to have a flexible platform in the sense that they didn't want to have different infrastructure in different countries. They just wanted to be able to have the same infrastructure that you could prime in with the right set of rules. So rules in Russia were different than the rules in like say England, for example.

I think I might have lost my connection to the Internet.

Karen Bannan: I'll push us to the next slide. EMT Telecom, there you go.

Vijay Pandiarajan: Thank you. I'm glad you're there to help with that. So EMT Telecom, now this is one of my favorite stories because it's such a small company but they were able to gain such big advantage out of this, and they're from Estonia. So if you can imagine mobile market in Estonia it's probably not huge, but nonetheless complicated and it's a service kind of business. It's really they've got so many different telecom providers they need to have some way to distinguish themselves from everybody else. And so this was something that they had for every point of sale they were able to allow the people that would -- you would go to an outlet you would want to buy a phone. They would be able to give you a very consistent sense of what bundling was available, pre-packaged offers that could be made directly at head office so that all the retail outlets were just using that. Obviously, not letting that out to the retail outlets, but that was a nice centralized way to manage that and push that out to all the different retail outlets.

The big thing here, again, was differentiating in terms of marketing campaigns. It's one of those things where they had to react very quickly if you're competitive in a marketing campaign or that would be sort of reacting to it. But even otherwise if you have the capability to roll something out quickly when you see and spot a trend, it's something that they were able to do very quickly. It would take them weeks to roll out a marketing campaign, prime everything that needed to go out, now they could do it much, much quicker. Two days to put the new rules in, put the new bundling in, crank it out and it was out at all the retail outlets.

The big thing here also was just IT focus on strategic projects. It's a common source of tension to have just business and IT to some extent pulling on different sides, although you're really trying to achieve the same thing. And many times just the number of changes that keep coming through to IT takes away their focus from being able to, say, implement the next generation platform or some next big feature. IT, once they're finished with it, want to hand it over and maybe just hang around to make sure that the system itself stays available but the little changes, change this from 4% to 5%, that's something we feel the business user can certainly do. And so added benefit both for IT is that they're not dragged into every small change request and added

advantage to the business users that they can do it immediately without having to wait two weeks. So that was one big takeaway from this story here. Next slide, please.

The next one on Magazine Luiza is a little bit different. So just to tell you, Magazine Luiza isn't a magazine, it sounds like it. I like to call them the Best Buy of Brazil, so it's an emerging market and they sell -- it's really not a department store. They sell electronics. They sell furniture. They sell household appliance. Think of it like Sears or Best Buy. The personalized sales is a really big aspect of what they do. In Brazil it's not so much -- it's a lot of consultative selling that happens. I mean that happens here too, but there you walk in, you explain what you need and then the salesperson uses his expertise, guides you to different products. There is definitely shopping -- things are changing to the extent that you do go in with some idea in mind of what you want, but a lot of it is you put yourself in the hands of the salesperson, the salesperson guides you through.

So given that kind of situation, commissioning rules are extremely important. If you're pushing something very specific in a particular month, you need to have the right incentive set in place for that. And so this story is a little bit different in that this is how you align your sales force to match your organization objectives. And, of course, the actual specifics of what you want to move every month changes. The budget that you have to pay as commission every month changes. And so there are very complex offers that you could make such that let's say you sell five washing machines your sixth washing machine you get an added 20%, or it could even be connections. It could be you sell four dishwashers and five washing machines the next refrigerator you sell you get an extra 25%.

So there are all these complex commissioning rules that were in there. Some of them were even recursive so they could be one within the other. And the big thing was the salespeople didn't have visibility into how much they were making every month, and a large portion of their income comes through a commission so having visibility into how much they made or even how far along they are on their quota was something they needed from day to day and they just didn't have it before. So they were sort of to some extent driving blind and so eventually when they were -- what they were looking for is some sort of system that they would be able to provide that visibility in for their sellers. So each -- so every day with this new system their salespeople can log in, they can see up to the limit the previous day what they sold, where they stand and how much more they needed to sell to make their quota. So from a transparency standpoint it was huge, it was huge success for their sellers.

The other interesting thing from an HR standpoint was being able to effectively or really maximize the budget that they had allocated in compensation. So how do you find the best -- how do you reward your best seller or what patterns of selling are best for the seller and best for the company. And also importantly from a retail standpoint, what were the next promotions they were going to do because they had to align their incentives along with those promotions for the next month.

So they have this -- I'll never forget this story. I was talking to the guy actually running IT there and his thing was before we had this system they had a four-day close. They had to cut paychecks before the 5th of every month and basically the first four days of that month were just

like hellish for everybody. They had the -- the team was there. It was kind of a legacy mainframe application. They would have to rerun those rules each time because they wouldn't get a number that matched up with their budget. They were either over budget they were either under budget, they really didn't know the best way to maximize that thing and, of course, they had already put out these commission rules. So they had to pay their sellers what they said they would pay, but there was this whole closing process where the two things had to match up.

The big thing the system gave them was they were able to isolate the rules harvested out of that legacy application, implement it as like readable business rules that their business users could actually look at, and importantly they were able to run simulations on them. So every day they would simulate where they were, how much of their budget towards compensation could be -- was effectively spent, and then if they needed to they would pull a promotion out from market if they felt it wasn't getting them the right results that they needed. If they felt there was some perverse incentive of selling, I don't know, like four refrigerators and two TVs or something, they would stop this. So they were able to see, they were able to actually predict out every day how they would close for the rest of that month.

So something that was a four-day ordeal for everyone involved now turns out to be a 30-minute or 40-minute transaction that happens the day before close. So vast improvement in just how they closed, one. And two, how they were able to keep an eye every day towards that sales target that they had. So one of the stories -- I think this one truly transformations. It really changed the way they did business. And you can see it wasn't just a couple of stores, they had a lot of stores. It's 600, now I think there are over 700 stores over 16,000 employees. So really something of some considerable scale. Next slide, please.

So that brings us to the end of our first set of scenarios, which is on just increasing profitability. We'll go through this next set a little bit more quickly perhaps, and this is around compliance. Like I said, it's a big part. You'll see regulatory change. You'll see internal decision making that needs to happen, social services delivery are things that you'll see. And here there's a sense of increasing speed and at the same time keeping accuracy, and you'll see those two things getting traded off. I think we can get the stories themselves. I think they'll speak for themselves, but really the topics here are claims validation, payment authorization and eligibility. So, as you can see, there's a certain repeatability, certain consistency needed operating on large scale. It's probably the two things to look for. Next slide, please.

So this story here is from Australia and Victoria is one of the providences in Australia and this is a public sector story. What they did was they would replenish earnings for people who were hurt on the job and it was really two agencies, WorkSafe as well as TAC, which was traffic and accident control. I think both kind of rolled into one but they were using a common system. And the part here was lots of manual paper-based stuff. I mean I was talking to the general manager and he was like we haven't seen any improvement in process or anything in like 30 years. You can imagine just lots of paper coming in and not much idea where each case stands, inconsistent payments to the extent that the story goes they were taken up by the ombudsman, just people that speak up on behalf of people saying the agency isn't doing its job. So the agency is on the verge of serious public inquiry.

They looked to see what's out there, Business Rules Management System or Decision Management System is kind of front and center to solve their specific problem because they can get everything codified in a system that they can see. Business users, again, key tenant it's opened up to them to look at the rules, and also to get a real clear sense of how much they can process straight through. One the really key metrics for them was how much they could process straight through so they could just look at the exception cases. So they were able to go all the way from about 50% to 85% straight through processing. So it was just huge jump for them and big change, and fundamentally change in how they did things. It wasn't through paper anymore it was all electronic at this point through rules and through process through BTM.

They were able to head off, happy to say, a lot of inquiry from outside. They were able to prove that they had their act together, that they had technology in there, that they were on top of what they did. And they really saw their role from a very humanitarian viewpoint. It was something that if they didn't do well people's lives were at stake or just their quality of life was at stake. So it was just one of those things, things have collected over time, there hadn't been any massive change but this was kind of the catalyst that helped them do this. And you can see just the scale here, again, 2.4 million paper invoices per year. That's a lot of paper invoices. And ultimately they were able to do it with Business Rules and just be able to crank that out.

You can see 30-fold faster payment cycle. And this is the other aspect of the people. They are paying out to the healthcare suppliers or physical therapists, that sort of people whom people who are hurt on the job are going to to get their service. So if those providers aren't paid then they can't stay in business either. So it's kind of a whole societal impact that they were able to solve by tackling their claims processing much more faster. Next slide, please.

This next story is kind of one of the ones that always makes me sit up and take notice. Visa and in Europe, Visa Europe is very big. With all the euro and everything coming together there are still other currencies in play. Now their big problem was payment authorization and closing at the end of that payment cycle or reconciliation across all these different country borders. And if you can imagine each country has its own specific rules and regulations, there are foreign exchange considerations. What they really wanted to be able to do was you as a customer could swipe your card in Austria, you would use euros or whatever and say you were from the U.K. it would show up on your bill in pounds and the whole thing was seamless.

But they had to make sure that they accounted for the right foreign exchange. They had to make sure that they accounted for all the financial regulations that were there. And when this was up upon credit card providers there, Visa Europe was one of the first to really be able to climb out from that regulatory hurdle and really be able to scale up their operations. So not only are they able to do this in each country, just the scale of this always amazes me. If you look at just the size it's like 30,000 rules 500 transaction types for 4,000 institutions. So this is like 4,000 different banks that are turning in their specific requests so that they're authorized and then rationalized at the end of the day.

Again here the big theme I felt talking to the guy was business users taking this over from IT. And again, handled in a very collaborative fashion but with 30,000 rules you could have your entire development team just focused on making updates or small updates to this thing without

looking at the next strategic platform. So this one always strikes me for the scale and just the sheer repeatability and the complexness of dealing with financial transactions across different countries. And interestingly through all of this they were able to do it three times faster. They were able to roll out new features three times faster and take a 25% cost reduction to keep this thing going. So all around really solid story about what they were able to do with Decision Management. Next slide, please.

This next section here is on member enrollment. Again, this is from a government use case. I see government stories fitting in with this as well, this one is specifically like a healthcare insurance use case. This was in conjunction with using Decision Management and Business Process Management, really being able to orchestrate your process of enrolling people. Come November you've got everyone scrambling to put in for the next year's health insurance, making sure you make the right choices, answering the complex questions, this affects people's lives in a big way. So being able to setup a new program, getting it out there within that short period of time your enrollment pieces may be about a month. But getting ready, getting out there and being flexible to get the thing done quickly and efficiently was the big need here.

And again, this is one of those things in the industry where you have regulatory mandates. You need to be able to -- you need to provide certain things else you'll have a lot of spotlight on you and you're not completely doing your job as a healthcare provider. While doing this you need to be sure that it's the most efficient because the margins here are small, healthcare costs are just astronomical. This is one of the areas where you really can apply technology to make sure that you're doing this thing in the best way possible but also in the most efficient way possible.

A big thing was reducing enrollment time, how long it took for a person to start and finish. They weren't mailing in paper forms, you went to your website or whatever but it was orchestrated through BPM and eligibility also. This is another area where you need to be able to see which person is legible for what type of benefit. And so you put those in front of that person it helps to streamline the whole thing. You do it much quickly. You do it more accurately. And again, it's very repeatable. You want to do this on large scale for vast numbers of people. Next slide, please.

And that kind of gets us to the end of our compliance and consistency section. As you can see, slightly different focus than the revenue section but cortically important, nonetheless. Our third section here is on risk and this is really operational risk. You will see kind of three different stories, very different industries. Somewhat typically you'll see underwriting, that's kind of an insurance kind of risk management. Credit is kind of a financial, not so much financial risk that really has a different meaning, but managing risk in a financial standpoint, whom do you offer, how much to you extend credit to each person, kind of credit rating that kind of thing.

Border control, very different than insurance or finance. You'll see a really neat story, Swiss customs, Swiss government, how they're using Decision Management to facilitate their customs. It's a great story. And the third one, again, very different, physical infrastructure monitoring. There's a lot of different things within this bucket. The one story I chose to tell here is about bridges, how they are managing bridge safety, structural safety of bridges. So just very different things. And, as you can see, it's not a single sort of view into risk it's quite a, should we say,

industry specific view into risk and you'll see how each industry has been able to adopt sort of the horizontal concept of Decision Management to fit within that industry. Next slide, please.

First one here is a blinded story. It's a bank in Asia, so emerging market really no penetration of credit cards at all at the time they did this story. This was about two or three years ago. But huge need and a huge pent-up demand for credit cards as people became more affluent and wanted to get credit to go out there and spend. But it was one of those things that they had no experience with it before and so they were spending vast amounts of time and really perfecting their infrastructure to get credit scores and things of that nature. So before they offered a credit card they really needed to go through this massive process with very little existing infrastructure support to know how much credit to extend a particular person. What's the credit limit that we're going to put on this credit card. The more -- and clearly U.S. and in Russia and Europe and different other places, this is well established. It's not as much of a challenge, but in this Asian country it certainly was for them to be able to get this thing done right.

And so they found they were doing a lot of manual checks. Their credit officers were literally working through most of the cases. The concept of this processing it straight through really hadn't -- really wasn't there. They really needed to develop that and that was their big pain here. At the same time once they did this they really couldn't -- at the rate they were growing they couldn't hire people -- they really weren't able to hire that many people to keep up with this kind of flow. So really that's when they felt they needed to handle this and also handle this with the view of risk so that there was always the downside that you needed to make the right call so it wasn't just discriminately handing it out. There needed to be some very -- a lot of thought put into what the risk would be before they extended credit.

Happy to say they were able to see about 300% improvement in employee productivity, which was huge for them. They felt from feeling right under the gun and not turning customers away either because there was a lot of competition for the same service. If you didn't offer them a credit card with meaningful terms they would go somewhere else. So it was about increasing your people's productivity, not feeling under the gun and at the same time growing. So it was a very interesting combination of different things. And they were really -- after they implemented the system they were able to really manage for the exception rather than the mainland rule, which is always a great thing. The concept of straight through processing really starting coming in. Next slide, please.

This next one, like I said, this is one of my favorite stories it's fairly huge too. The numbers were just eye-popping for me when they were describing it. It was almost like \$23 billion that goes through the system. Start at the top, I mean you're a trader or as people we cross national borders every day, you go through customs check and you walk through the red channel, green channel. They see -- if you're through the red channel they look at what you've got, they give you a bill for what you're importing into the country. Businesses have to do this all the time as well and much bigger magnitude and much -- it's one of those things that can actually constrain commerce if your system is not good enough to help people bring things through your country.

Take an example of like a BMW that's being imported into Switzerland. It's coming from Germany it's going to come to Switzerland, how do they make sure that you've paid the right --

the company has paid the right import duties and everything on this? And there's not just like one car this is like thousands of cars coming through, along with just about everything else. You could have agricultural produce coming through. So it's a massive undertaking. They had about 2,500 customs officers and these people were just completely overwhelmed with the amount of trade that was going on. And, obviously, trade is something you want to promote. You want to promote more things crossing borders, but there needed to be some sort of system where they were able to do this ahead of time. I mean that was a key thing here.

So if I'm an importer of BMWs into Switzerland, my systems are connected into eDecs, which was the Swiss government's customs clearing system, and you could ask for pre-validations for your shipments. So let's say you've got 30 cars coming across in one of these truck carriers that's going to cross the border, your system would ahead of time maybe a week or so ahead would send in like a manifest electronically. It would say what's in there, the VIN numbers of all the cars that you're transporting, color, cost, everything that you need to know about that car in there, and you would pass in your payment electronically as well.

Now once it came in the system would validate it and that's really the big part where Business Rules played a huge role here, was able to look at each single thing. So BMW 5 Series, whatever options that are on it, it calculates what they owe in terms of a customs duty and it lets them know right away. So whatever they have paid if there's some issue with the amount that they've paid it lets them know in a matter of seconds, again, back electronically a week before the cars are going to cross the border. The company looks at it reassesses or whatever makes the changes, makes the payment, has approved paperwork for that car to cross customs even before the car shows up. And then ultimately a week later when it's time for the truck deliveries to be made, it comes through, they already have an approved manifest. Maybe there's a spot check just to see what's inside, but for the most part it's waived straight through. So there's no -- it's almost like E-ZPass, you walk through there's this little electronic thing, you go right through as opposed to having nightmares and dealings at the point of crossing.

So that's kind of in a nutshell what the story about what they did. And, again, here the scale always just amazes me. It's like they do 200,000 custom declarations, validation of those daily. So if you can imagine anything that needs to get into the country of Switzerland goes through this system. It's pretty incredible. And, again, looking at the straight through processing number, 96% processed straight through. But as a percentage of 200,000 that still leaves a decent number of complex ones or kind of out of the ordinary ones that the customs officers can focus on. So it just becomes indispensable to what they need to do.

Very last story that I wanted to touch on. This one's an interesting one it's one close to my heart as well. It started off as kind of a (inaudible) type of project that they're looking to get out there and really to use, but it's to do with the structural health of bridges specifically. That's what they did the experiment on. It really applies to anything structural. It could even be like wind turbines, but bridges is what they chose to focus on in initially. It was out of Case Western. It was interesting so completely instrumented. They had sensors on the bridges bringing in a lot of data. It could bring in things like sound, acoustic. One of the bridges stress and strain sensors. So if you see some tension or some breakage in the steel bars that would be -- sensors would register that.

Then they also accumulated acoustic sensors. So every time something goes over there are little pops and cracks and so the acoustic sensors were picking up an entirely different set of information for the same event that happened. A truck rolls across the bridge maybe a little thing snaps somewhere there's a little pop, two different sensors pick that up. Now what they were able to do with the complex and processing capabilities here was map all of those things that were happening because of the same event but from very different sensors and get a much more holistic view about what damage was actually caused by every day wear and tear.

So you see things like the Hoan bridge collapse in Milwaukee and different other things, infrastructure ages tolerances kind of get eroded away and there's no real-time way to sense that. I think the nice thing about this story is you can see this thing getting applied to a number of things, highways, wind turbines, dams, just about anything where you need to have multitude of sensors and get a much better clearer view of what the damage is and important how to -- when to repair it. Which one needs your attention the most? So that was really an interesting thing here was prioritization of spending of funds to some extent. So really interesting. It was a really interesting caller story for me.

I think that kind of brings us to the end of this section as well. And, as you can see, applying risk in three very different ways, financial, border control and physical infrastructure. Next slide, please.

I think this is my last real slide of content here. Just kind of to sum it up a little bit, we looked at it in three broad axis. Profitability with a view of increased revenue, compliance and consistency, and then managing operational risk and you can see each story kind of collected in there. And these are just nine that we picked out that we had overwhelming stories for that I shared with you.

On the next slide you'll see a few more resources where you can dig a little bit more deeper. The very first one is the Operational Decision Management In Action. We have a great demo. It's about eight minutes or so. You'll see a lot of these concepts here of business users and IT people collaborating, how you would write the rules, what the rules look like, how easy it is to get in there and change the rules, how simple it is to push a rule out in a production. You can see all of that stuff live In Action. There's a nice video there so definitely click on that link and take a look.

The next one I want to draw your attention to is like a Discovery Workshop. This is something IBM really tries to provide to help people take a little step into this foray, and if you click on there you'll see the terms of it. You can have IBM come out we'll help you look at your business problem kind of scope out a pilot project for you to try, just kind of scope it and give you some guidance as to what to do, and in fact even do some of that for you.

And the third one is really -- this one actually delivers a decent bit of value. We've seen so many people use it and call it the Quick Win Pilot and within 10 weeks somebody from -- a team from IBM will come in, assess your business, take a little -- the first step, implement it and you can

see the benefits for yourself. So just really neat thing for you to try. Take a look at some of this if this is interesting to you.

I'll say on my last slide thanks for listening. I will open it up to questions very shortly. Again, some more links for you to go look at. Just a quick word here, if you put these slides when you download them put them into a screen show mode and then you'll be able to click on all of these. The second link down there is more information on these scenarios that are out on our website. You can go read them. There's much more details on the stories and videos and everything else so definitely take a look at that. And the last thing on there is our Decision Management blog. I write on this and Cheryl Wilson and several other people on my team contribute to this blog so it makes interesting reading. We try to keep it light but you'll get some sense of what we mean by Decision Management if you get out there. Thank you.

Karen Bannan: Thanks so much, Vijay. And I know it's time now for our Q&A but before we begin today's Q&A we'd like to just ask everyone out there to please fill out our feedback form that will be opening on their computer. To complete the form, please press the Submit Answer button at the bottom of the page. Thanks so much in advance for filling out the feedback form since participation in the survey allows us to better serve you with future events.

And with that, it is time for our question and answer portion. And as a remainder again to participate in our Q&A just type your questions in the text box located below the media player window and click the Submit button. And I know I've been watching we've got some questions here so why don't we get started with our first question and this question comes from Peter. And he wants to know can you describe some best practices to implement operational decision making?

Vijay Pandiarajan: Yes, that's a good question. I mean it's almost -- you've got to get a few things right when you do this. Just a few initial pieces of advice, when you're tackling a big problem don't try to tackle all at once. Start with the specific aspect of your problem. Try to narrow it down. See where you have the most gain to be had when you touch it. And start with a specific decision in mind because you'll see so much data being thrown at you, you can gather all sorts of data within your organization. The key thing is kind of scoping it to find -- decide what you want to decide before you start looking at it, what is it that you really want to know, and then look for data that supports that and then build your rules system like that. It's very easy to boil the ocean. That's one.

Second thing is a lot of decision management, as much as it's technology, it's about a way of thinking in your organization and bringing the people that do the work on the IT side and the business side together to talk about it. And every place where we've seen that happen we've seen that they have been successful. So it's one of the other things that we'd say get the people together and have them be on the same team. Really view it as a change management exercise because it's more than technology it's about how people interact with each other. The expertise is in people's heads you got to get that out there without them feeling threatened and then they can see the benefit and the organization sees the benefit of getting it down there written down.

Once you have some success with a single project harvest what you did well there and kind of take a program-based approach. We've seen several customers who have taken that initial little step, done something good, gotten some experience from it and then replicated that across two or three projects. And then eventually maybe even build a center of excellence but that's kind of down the road, but really that's the way you expand out. We find that those are common things we've seen successful customers do every time.

Karen Bannan: Okay, thanks. Let's see our next question here, this is from Christopher. Christopher says are there some specific industries or verticals where Decision Management techniques work well?

Vijay Pandiarajan: Yes, great question. It's the -- as you can see, there are so many different industries we touched and we really feel it's very horizontal type of technology. Hopefully if your industry wasn't represented here one of the other industries really spoke to you in terms of how you could apply it. So we feel it's very horizontal. We've seen it in almost every industry, financial services, insurance, healthcare, government, retail, telco, utilities. We haven't really talked about the transportations here in this deck but there are some stories, so if you go out to that -- some of the links on this site -- on the slide that I had you can read many more stories of how people have done this. And definitely manufacturing as well, just go out there and look just didn't pull it into this deck.

Karen Bannan: Okay. We're actually coming to the top of the hour so maybe we'll just take one more question before we end, and this question is from Lisa. Lisa would like to know how do these techniques fit in with what I already have? Do I need to replace a lot of infrastructure to add in this technology to see the benefits?

Vijay Pandiarajan: Yes, great question. It doesn't have to be a rip and replace. Hopefully through some of the stories you would have seen that. You typically will start in a particular spot. To some extent it depends on how big your gap is and how much work you need to do, but most of the technology that's there fits in. It's like web services, you can access a lot of this thing to what we call decision services, which is just really web services.

So a standard format, there's nothing new you have to do. You can still keep your external website, different things that are outside. You can just manage the internal by scooping them out one at a time so you can really just start with a place where you have the maximum benefit, use the technology. More than anything it's about how your people are going to interact with this technology. That's probably the biggest change management bit that you'd have to come to as an organization and then the rest of your IT infrastructure can stay and you can kind of replace pieces as you go through. Hopefully that's helpful.

Karen Bannan: Great. Well, thanks so much. Vijay, is there something maybe 10 seconds that you'd like to leave our audience with, final thought?

Vijay Pandiarajan: Not really. I think I've said everything I've got. Thank you so much for joining.

Karen Bannan: Well, thanks so much, Vijay, and thanks to everyone out there for attending today's webcast, 3 Types of Business Decisions You Need to Make Faster for Competitive Advantage, brought to you by InformationWeek and IBM. For more information about today's webcast, please visit any of the resource links that are opening before you. Within the next 24 hours you will receive a personalized follow-up email with details and a link to today's presentation on demand. Additionally, you can view today's event on demand by visiting www.informationweek.com/events.

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