Maximizing your ROI through Business Process Management

Vinodh Arjun – Program Director
BPM Strategy
Business Drivers: Growth and Profitability

Over the past 20 years information technology has contributed to growth and profitability through:

- Process automation
- Process reengineering
- Supply chain optimization
- Workgroup collaboration
- Customer relationship management

In the future, Business Model Innovation is the new strategic differentiator

- Companies that were most successful growing had stronger focus on business model versus the underperformers.
- “Products and services can be copied, but the business model is the differentiator.”

Source: IBM Global CEO Study, 2006 Survey of over 750 CEOs worldwide
Technical Challenges...

**Business Objectives**

- Innovation
- Top line growth
- Increase efficiency
- Reduce costs
- Gain market share

**Resources and IT Assets**

- Legacy Claims Database
- Auto Claims System
- Home Claims System
- Life Insurance Claims
- Business Partner Claims System
- ...
Business Challenges…

Business Solutions And Objectives

Claims Processing
Custom 1 Claims Processing
Custom 2 Claims Processing
...

...introduce and change business solutions....

How can I...

...against measured objectives....

...leveraging existing resources and IT systems...

pace and cost which outwits my competition.

Resources and IT Assets

Legacy Claims Database
Auto Claims System
Home Claims System
Life Insurance claims
Business Partner Claims System
...

4
Business Process Management is a Discipline…

BPM Enabled by SOA

BPM Includes:
- Rules Engine
- Policies
- Metrics
- Models
- Process Knowledge
- Rules
- Methodology
- Forms
- Workflow
- Integration
- Modeling
- Monitoring

Software that Enables BPM

Expertise that Delivers BPM

BPM Solves:
- Processes aren’t documented
- Bottlenecks prevent efficiency
- Limited visibility into performance
- Complex integration across multiple processes
- Process change is cumbersome
- KPIs not defined

BPM governs an organization’s operations and processes.
Service Oriented Architecture Addresses the Technical Challenge

**Business Objectives**
- Innovation
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**Resources and IT Assets**
- Legacy Claims Database
- Auto Claims System
- Home Claims System
- Life Insurance Claims
- Business Partner Claims System
- ...

**Process**
- Business process model

**Service Components**
- Business functions

**Degree of Reuse**
- Rate of Change
IBM Expands BPM Value Proposition

- Initial BPM efforts were focused on integration of processes across different applications

- IBM extended capabilities to address broader enterprise BPM requirements enabled by SOA, including modeling and simulation, business activity monitoring and human interaction

- The addition of FileNet BPM to the IBM portfolio provides support for processes requiring integration of content and forms

IBM is now the clear market leader in BPM with the most comprehensive set of software capabilities and business expertise
BPM Capabilities

- **Modeling & Simulation**
  - Design and simulate business processes

- **Business Activity Monitoring**
  - Track performance, processes and operational activity using key performance indicators

- **Rules & Pre-built Frameworks**
  - Manage process rules and accelerate design and implementation time

**Business Process Management**

- **Process Choreography**
  - Choreograph processes across applications and systems

- **Content Centric Processing**
  - Manage processes where content is used as input for a decision or produced as the output
Business Level Modeling and Simulation

- Model “what if” scenarios
- Use simulation capabilities to:
  - Assess risk mitigation
  - Make investment decisions
  - Calculate value of improvements

- Use ROI reports to compare and analyze Results

Import Visio Models

Iterative and continuous improvement

WebSphere Business Modeler
Dynamic Process Analysis

- **Addition of Working and Resource duration attributes to Dynamic Analysis Reports**
  - *Working Duration*: Specified Task Processing Time
  - *Resource Duration*: Sum of specified Task Resource Requirements
  - *Reports improved*: Process Instances Summary and Process Instances time

### Table

<table>
<thead>
<tr>
<th>Case Name</th>
<th>Distribution</th>
<th>Success Status</th>
<th>Process Instance Name</th>
<th>Total Cost</th>
<th>Start Time</th>
<th>Finish Time</th>
<th>Elapsed Duration</th>
<th>Working Duration</th>
<th>Resource Duration</th>
<th>Delay Duration</th>
<th>Failed Activity Instances</th>
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<tr>
<td>Case 1</td>
<td>16.00%</td>
<td>Succeeded</td>
<td>140.97</td>
<td>140.97</td>
<td>10:08 AM</td>
<td>10:08 AM</td>
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<td>45:00 minutes</td>
<td>45:00 minutes</td>
<td>37:25 minutes</td>
<td>0</td>
</tr>
</tbody>
</table>

### Table Data

- **Case 3**: Patient Care Process 2
  - Total Cost: 129.00
  - Start Time: 10:08 AM
  - Finish Time: 10:08 AM
  - Elapsed Duration: 18:00 minutes
  - Working Duration: 45:00 minutes
  - Resource Duration: 45:00 minutes
  - Delay Duration: 0 minutes
  - Failed Activity Instances: 0

- **Case 4**: Patient Care Process 1
  - Total Cost: 135.34
  - Start Time: 10:08 AM
  - Finish Time: 10:08 AM
  - Elapsed Duration: 18:00 minutes
  - Working Duration: 45:00 minutes
  - Resource Duration: 45:00 minutes
  - Delay Duration: 0 minutes
  - Failed Activity Instances: 0

- **Case 5**: Patient Care Process 3
  - Total Cost: 129.00
  - Start Time: 10:08 AM
  - Finish Time: 10:08 AM
  - Elapsed Duration: 18:00 minutes
  - Working Duration: 45:00 minutes
  - Resource Duration: 45:00 minutes
  - Delay Duration: 0 minutes
  - Failed Activity Instances: 0

- **Case 6**: Patient Care Process 4
  - Total Cost: 145.30
  - Start Time: 10:08 AM
  - Finish Time: 10:08 AM
  - Elapsed Duration: 18:00 minutes
  - Working Duration: 45:00 minutes
  - Resource Duration: 45:00 minutes
  - Delay Duration: 0 minutes
  - Failed Activity Instances: 0

- **Case 7**: Patient Care Process 5
  - Total Cost: 157.30
  - Start Time: 10:08 AM
  - Finish Time: 10:08 AM
  - Elapsed Duration: 18:00 minutes
  - Working Duration: 45:00 minutes
  - Resource Duration: 45:00 minutes
  - Delay Duration: 0 minutes
  - Failed Activity Instances: 0

- **Case 8**: Patient Care Process 6
  - Total Cost: 147.98
  - Start Time: 10:08 AM
  - Finish Time: 10:08 AM
  - Elapsed Duration: 18:00 minutes
  - Working Duration: 45:00 minutes
  - Resource Duration: 45:00 minutes
  - Delay Duration: 0 minutes
  - Failed Activity Instances: 0

- **Case 9**: Patient Care Process 7
  - Total Cost: 47.96
  - Start Time: 10:08 AM
  - Finish Time: 10:08 AM
  - Elapsed Duration: 18:00 minutes
  - Working Duration: 45:00 minutes
  - Resource Duration: 45:00 minutes
  - Delay Duration: 15:00 minutes
  - Failed Activity Instances: 0

- **Case 10**: Patient Care Process 8
  - Total Cost: 45.46
  - Start Time: 10:08 AM
  - Finish Time: 10:08 AM
  - Elapsed Duration: 18:00 minutes
  - Working Duration: 45:00 minutes
  - Resource Duration: 45:00 minutes
  - Delay Duration: 15:00 minutes
  - Failed Activity Instances: 0

**Total**: 100.00%

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<th>Total Cost</th>
<th>Start Time</th>
<th>Finish Time</th>
<th>Elapsed Duration</th>
<th>Working Duration</th>
<th>Resource Duration</th>
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</table>
Business Measures Designer

This section provides information about business measures.

<table>
<thead>
<tr>
<th>Name</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measure 1</td>
<td></td>
</tr>
</tbody>
</table>

### Business-Friendly interface
- KPI/Measure “Specification”
- Export to Monitor Model Editor
Leverage BPM Process Models for Faster Time to Market

IBM SOA Business Catalog delivers ready made models and assets

- 300+ Business Processes
- 1600 Activities

- 200+ Business Processes
- 700 Activities

- 200+ Business Processes
- 300 Activities

- Over 100 WebSphere Adapters and Packs
- Over 50 IBM Portlets
- Rational Patterns and Plug-ins
- SWG, GTS, and GBS SOA Services
BPM Capabilities

- **Modeling & Simulation**: Design and simulate business processes
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**Business Process Management**

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Monitor Performance for Continuous Improvement

Achieve real-time visibility into processes

- Not just IBM but non IBM runtimes
- Monitor the processes and ANY applications that are critical to your business
- Receive real-time data from customized BAM Enabled Dashboards
- Take immediate and prioritized action to achieve improvements

Business Activity Monitoring – Business Measures Designer allows performance metrics created by business users

Business Dashboards – Extensive, customizable and role-based dashboards to track performance;
BPM Enabled by SOA

Integrated Workplace for human productivity

- WebSphere Portal
- WebSphere Portlet Factory + SAP Builders + Lotus ActiveInsight + Workplace Forms + Siebel
- SAP
- Legacy Systems
- Web Service
- Lotus
- Siebel
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Integrate Business and IT Assets

WS-BPEL Business Process
Flexibly building business processes based on standards

BPM Enabled by SOA

Sell additional services based on customer profile

Human Task
Human intervention on suspect applications to prevent fraud

Imported EIS System
Call service from an existing application

Business State Machine
Adapting to business events

If Approved then
Send letter offering gold

If NOT Approved
Send letter offering Credit counseling service

Business Rules
Enable rapidly changing customer decision point
Process Choreography on an SOA-Enabled Platform

WebSphere Process Server and WebSphere Integration Developer

An SOA environment that provides:

- Process Automation & Execution
- Human Task Management
- Application Integration
- Built on SOA

“IBM is the first and so far the only infrastructure software supplier to offer a complete BPMS supporting the end-to-end lifecycle from analytical modeling to performance management and optimization – based entirely on service oriented architecture.”

Bruce Silver, Bruce Silver Associates – The 2006 BPMS Report
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**WebSphere Business Services Fabric**
*Assembling business services into solutions*

**Simple – Fast – Flexible – Dynamic**

- Enables a new class of **Service Oriented Business Solutions**
- Provides modeling, assembly, deployment, management, and governance of **Business Services**
- Includes optional **Industry Content Packs** that contain pre-built SOA assets that accelerate development of industry-specific Service Oriented Applications
- Includes WebSphere Process Server and WebSphere Integration Developer
WBSF Simplifies BPM Development / Execution
Business Process Flexibility with Business Services

Traditional BPM

BPM with Business Services

Abstract Process

Services:

Composition Studio

Policies

Meta-Data

Catalog

Business Services Dynamic Assembler

End Points:

a1  a2  a3  b1  b2  c1  c2  ..........  N
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Business Process Management
Unstructured Information is Becoming a Dominant Information Type in Large Companies

Structured Data

Unstructured Data

Data Demand

OLTP and BI (narrow scope)

Application Types

Compliance, Competitive Intelligence (wide scope)

Source: Gartner

Unstructured Information is Becoming a Dominant Information Type in Large Companies
Tight Integration of Process & Content

- A change in content launches a process – Active content
- Process changes content as it executes
- Content lifecycle is in the context of processes
- Content defines the context in which decision are made in processes
- Processes, rules, forms are content subject to versioning, search, etc.

- IBM’s FileNet P8 BPM is the only integrated BPM/CM that fully leverages this
Human Collaboration in Document Centric Processing

“Point in Process” Collaboration
- People Invited
- Content automatically populated
- Tasks assigned

“Point in Collaboration” Process Initiation
- Route new Process
- Invoke Sub-Process
- Declare Records
- Resume Current Process
IBM’s BPM Delivers Real Customer Value Today

**Enhance Efficiency**
by analyzing activity to ensure processes meet objectives.

![Principal Financial Group](image)

Reduced mortgage process time by **53%**
*Achieved 34% gains in efficiency*
*Estimated annual savings of $4M*

**Respond Quickly**
with processes based on a flexible infrastructure.

![Danske Bank](image)

Realized **$2M savings** in the first year
and increase in productivity

**Manage Change**
by modeling and analyzing existing or new processes.

![IBM](image)

Reduced *time and cost of new process releases* by **25%**
IBM is the **only vendor** listed as a leader across the spectrum of BPM.
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