

Valuable Lessons in Business Process Management

Global 360 Breakfast Seminar
Hyatt Regency, Reston
December 5, 2007



Agenda

- 8:30 - 9:00 ---Registration/Breakfast---
- 9:00 - 9:15 Executive Welcome – *Andy Tynes*
- 9:15 - 10:00 AIG United Guaranty - Success Story - *Jeff Ferguson*
- 10:00 - 10:45 BPM Best Practices with Global 360 – *Phil Ayres*
- 10:45 - 11:30 Keynote Presentation - *Jim Sinur*
- 11:30 - 11:45 Closing Comments - *Andy Tynes*
- 11:45 ---Lunch---



Company Facts & Solution Offering



"Global 360 allows us to see how much work we are processing and how much time is being spent on each contract. We can reallocate resources and even check on the quality of work being produced by each agent."

Joe Bielinski

**Nissan Motor
Acceptance Corporation**

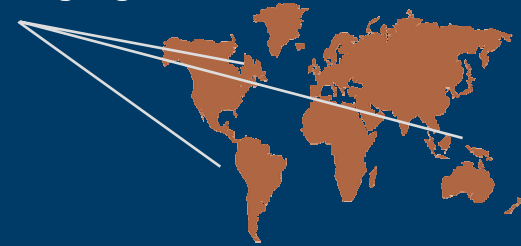
Gartner

Global 360, a leading provider of business process management (BPM) and optimization solutions, listed as one of the top five vendors in the worldwide pure-play BPM space

Background:

- **Leading BPM Vendor**
- **Focus on Complex Process Issues**
- **Process Optimization Visionary**
- **World Class Customer Care**
- **Financial Stability**
- **2000+ Customers**
- **420+ Employees**
- **57 Patents**
- **50+ Key Business Partners**
- **Headquartered in Dallas, TX**

Global Delivery & Worldwide Support
134 Countries
10 Languages



Solution Portfolio

Business Optimization

Case
Management

Process
Management

Content Management & Integration



Key Industries & Customers

Financial Services	Insurance	Public Sector	Cross Industries
Global Institutions Retail Banks Trading Institutions	Property & Casualty Life & Health Reinsurance	Federal Government State & Local County Governments	Retail Telecommunications Manufacturing
CitiGroup JP Morgan Chase ING Credit Lyonnais Dexia Bank ABN Amro Banco Popular Bank of China Unisen / AGF Sumitomo Bank Wells Fargo UBS Rothschild Bank Capital One American Express	AXA AIG Allianz Metropolitan Life UICI Blue Cross / Blue Shields AFLAC Symetra General Electric Life Wellpoint Industrielle Alliance Aegon Trustmark Farm Bureaus CSAA	Social Security Administration Homeland Security Dept. of Housing Dept. of Health Dept. Of Justice Patent & Trade Office Treasury Department Miami-Dade County Los Angeles County Clark County (Las Vegas) Charlotte Transportation Retirement Plans of NY, OH, FL... Province of Quebec Belgian Ministry of Finance Texas Secretary of State	Target FedEx BMW Renault Volkswagen Samsung Verizon Sprint Con Edison Lowe's 3M Nissan Adidas Nike Revlon

Industry Sector	~ Number of Customers	~ Percent of Revenues
Financial Services	330	20%
Insurance	205	25%
Public Sector	315	30%
Cross Industries	765	20%
Un-classified	210	5%



Business Process Transformation with Global 360 Case Manager

Global 360 Seminar

Reston, VA – December 5, 2007

Jeff Ferguson, AIG United Guaranty



BPM in Action: *Implementations, Solutions, and Lessons Learned from our Customers*

Global 360 Seminar

Reston, VA – December 5, 2007

Phil Ayres, Director of Product Management



Our Customers Start With Goals & Objectives

Objectives

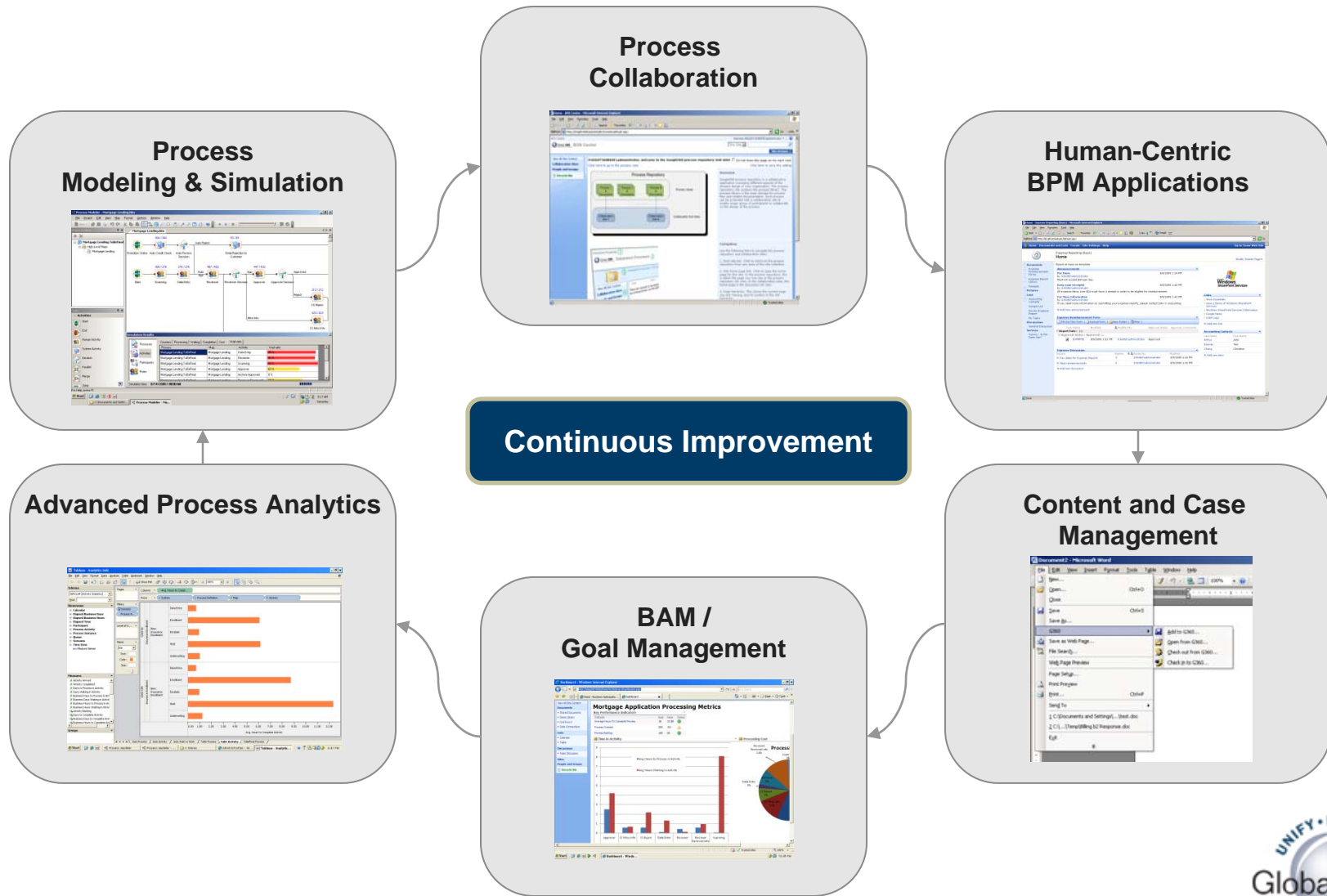
- Grow business
- Improve efficiency
- Grow capacity without increasing resources
- Serve customers better
- Increase quality of decisions
- Reduce training costs

Goals

- Improve security of customer information
- Prevent or identify fraud
- Gain visibility into operations
- Enable audit of process design & operation
- Reduce complexity of IT
- React rapidly to change



Global 360 Process Improvement Life Cycle

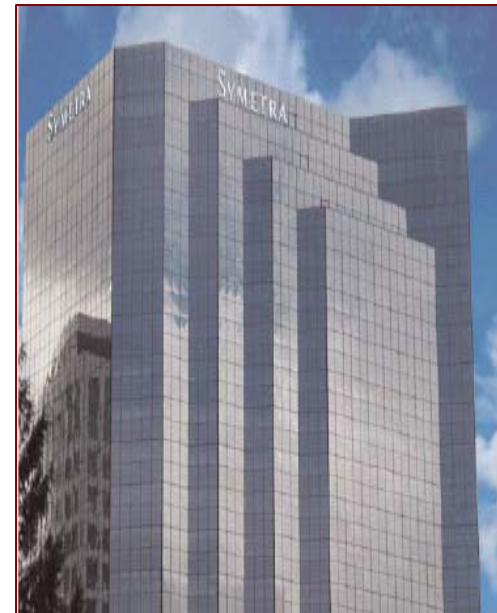


Customer Case Study

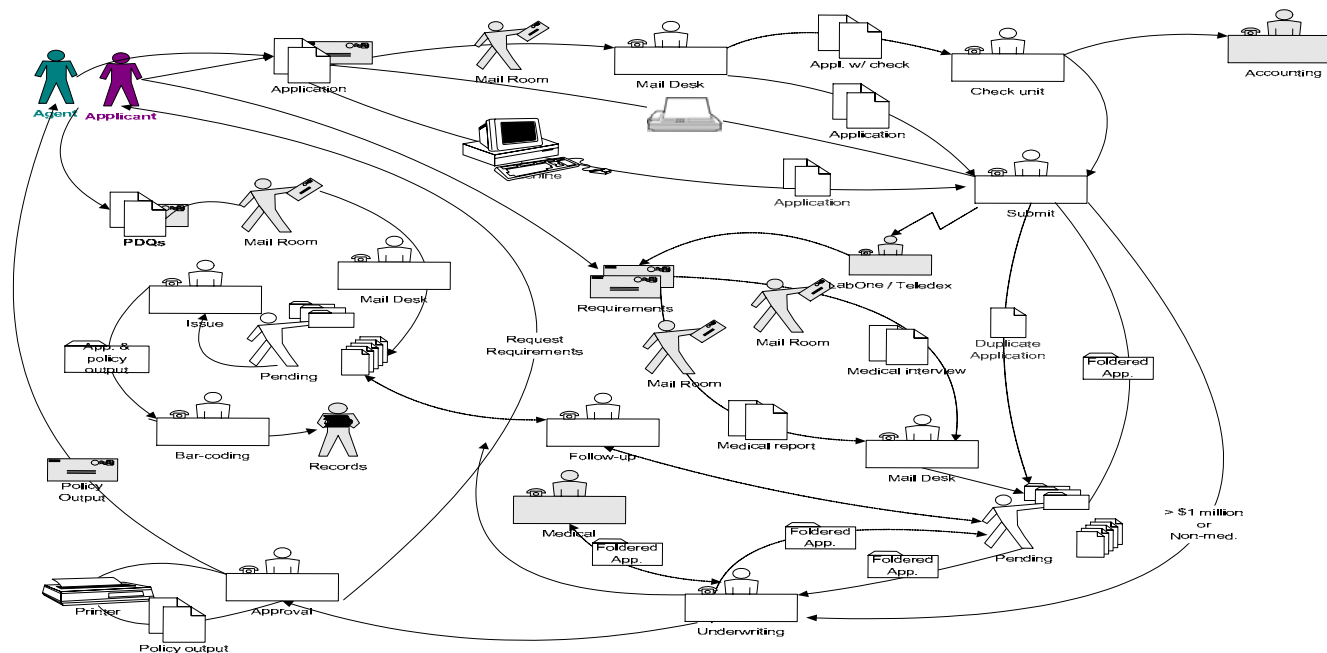
Symetra Financial



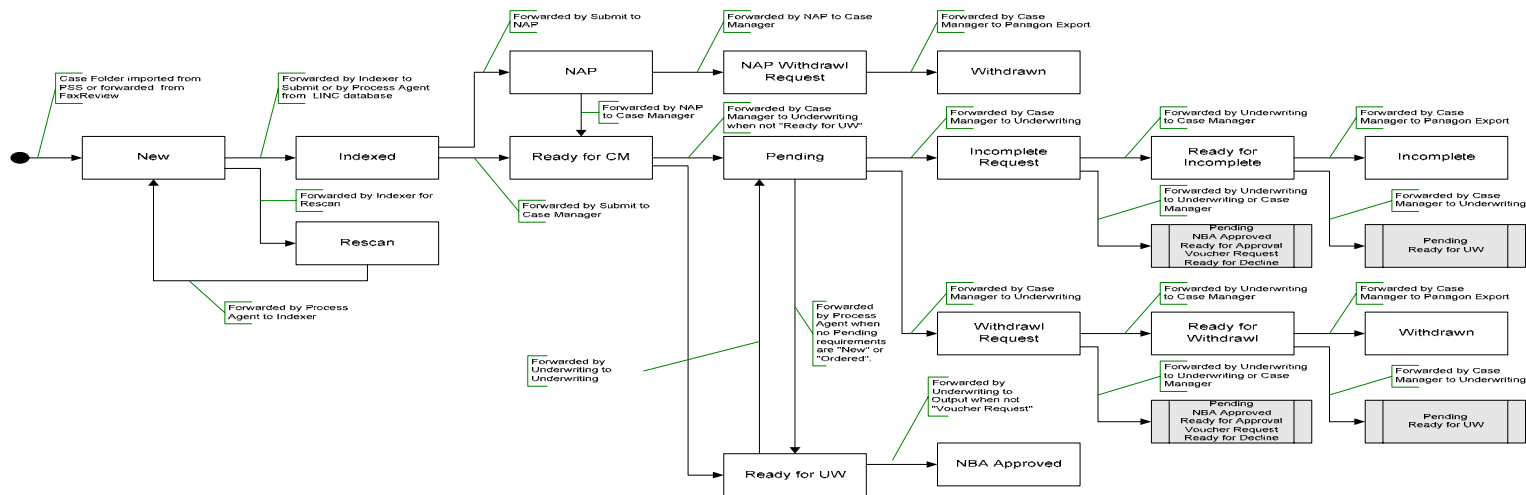
- **Insurance and Investments**
 - **Life Insurance**
 - **Retirement Plans**
 - **Annuities**
 - **Employee Benefits**
- **Independently owned**
- **Over 2 million customers**
- **Home office in Bellevue, Washington**



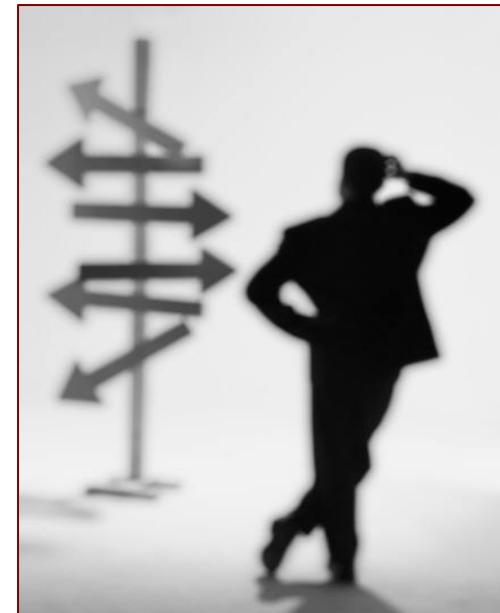
- Paper Intensive Environment
- Queues of “Immeasurable” Work



- Goal Management as Work Distribution Method
- Built Processes Around Goal Management
 - Transaction Based Processing
 - Clearly Defined Goals
 - Workload Balancing Based on Goals



- **Automatic Work Assignment**
- **Work Assigned Based On**
 - Age of Work
 - Service Level Goal for Transaction
 - Experience of Service Representative
- **“Get Work” Button**
 - Saves up to 5 minutes per person per assignment



- **Increased Productivity**

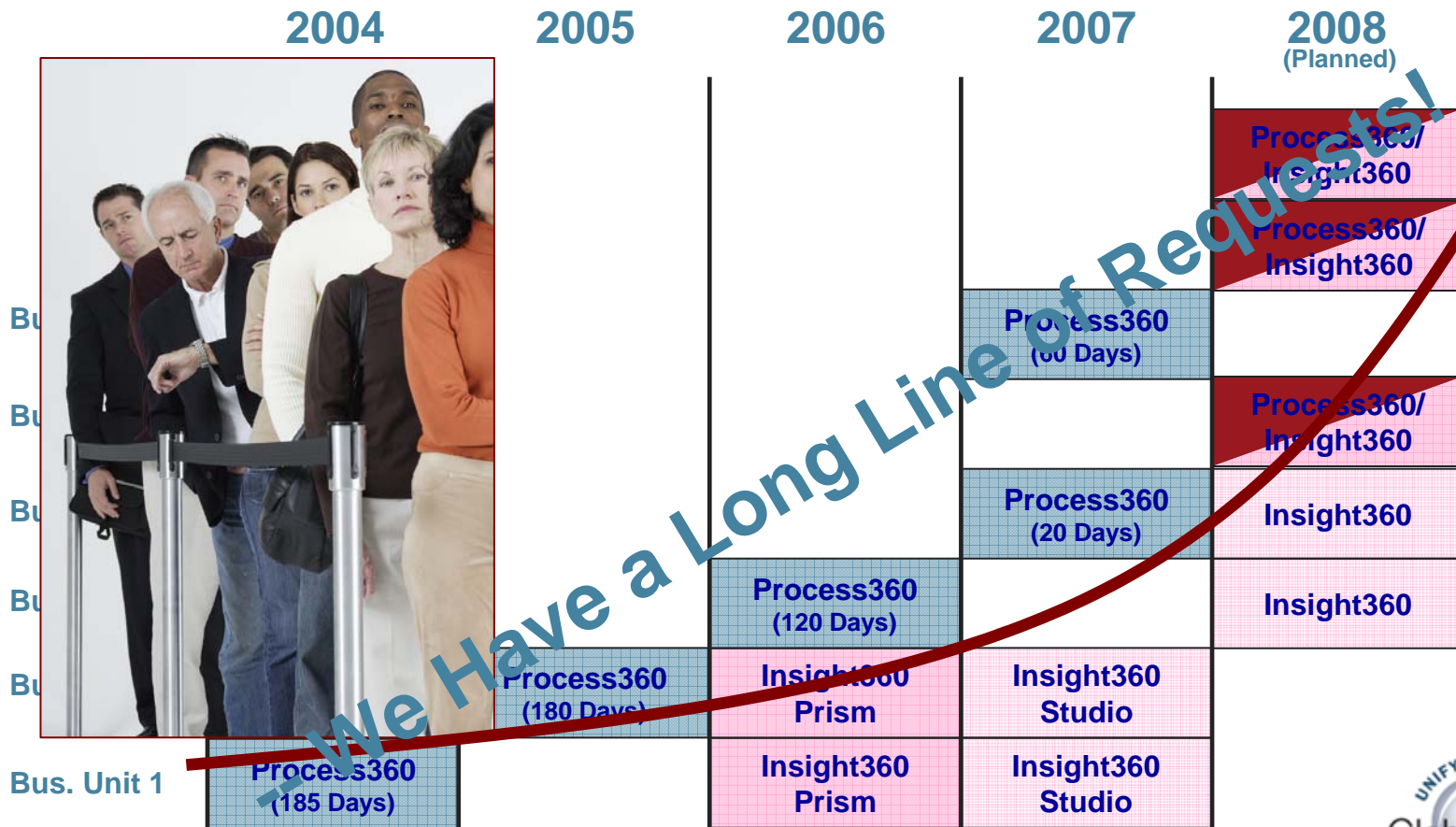
- 30% for Case Manager Role
- 20% for Underwriter Role
- 60 hours per Month “Getting Work”



- **Absorbed Permanent Staff Attrition of 14.5 %**
- **Reduced Temporary Staff by 9 in First Quarter**

- **67% Increase In Product Throughput – No Added Staff**
- **37% Reduction in Processing Cycle Time**

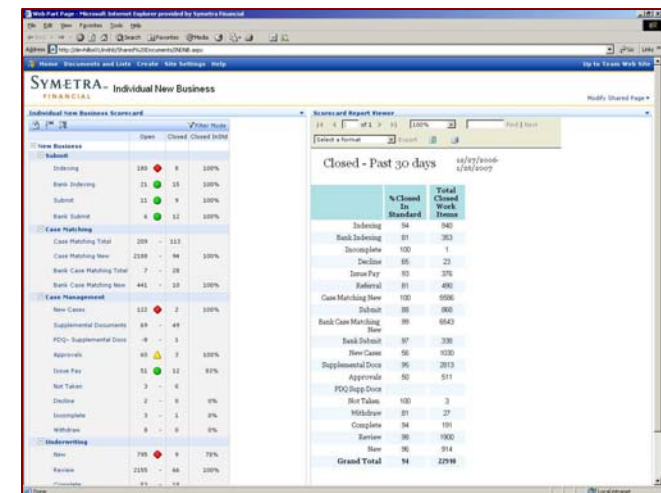




We Have a Long Line of Requests!



- **Launch**
 - Introduce BPM Slowly to Users
 - Pilot Team
 - Mentor Program for New Users
- **Ongoing**
 - Continuous Improvement
 - Process Monitoring
 - Optimization
 - Simulation
 - Predictive Failure



INSIGHT360 DASHBOARD
Symetra



Adidas Group

- About adidas Group
 - With products available in virtually every country of the world and over €10 billion in sales annually, adidas owns an estimated 15 percent share of the world market for sporting goods.
- The Challenge
 - Time consuming, paper-based processes
 - Manual hand-offs between departments
 - Customer files difficult to track, translating to lost revenue
 - Complex process to verify and match customer data and documents
 - Lengthy lag time before orders and invoices were available in the system
- The Solution
 - Real-time access to customer files
 - Streamlined work processes
 - Eliminated paper-based files and indexes
- The Results
 - Improved customer response time
 - Costs savings in credit and claims management
 - Reduced claims payments
 - Increased productivity and efficient workflow
 - Easy integration with other enterprise solutions



Government

Social Security Administration

- Processing of claims documents across multiple distributed offices
- Reduced costs of handling paper (reported at 6.9 billion pages / year)

Department of Homeland Security

- 130,000 FOIA and Privacy Act cases
- 42.9% improvement in efficiency

Others include

- US Department of Veteran Affairs (VA)
- Federal Communications Commission (FCC)
- Housing and Urban Development (HUD)
- ATF – Bureau of Alcohol, Tobacco, Firearms and Explosives
- US Patent and Trademark Office

Plus

- Many State and Local Government Agencies as well



Customer Case Study

HealthMarkets



The Company

- Texas-based HealthMarkets offers insurance products, primarily health and life, to individuals and families, small businesses, self-employed and students.
- HealthMarkets is one of the leading health and life insurance firms in the industry.
- For the past five years, HealthMarkets Life Insurance Operations has developed and grown its individual life insurance business.



Driving Force

- New service model for acquiring and processing applications.
- Dramatic company growth within a short time frame.
- High costs for contract underwriting services.
- Limited office space.



Goals

- Increase customer base to support business goals
- Deliver highest level of efficient service to customers
- Control costs while delivering better services
- Fast, effective processing of policy applications
- Real time access to customer files



The Challenge

- The challenge was to develop the infrastructure to process new applications without adding tremendous headcount to handle the laborious and complex administrative tasks involved in applicant review procedures.



The Solution

- Leveraging G360 Case 360, the Life Insurance Operations developed a highly efficient, streamlined process for handling and reviewing insurance applications and managing documents.



Results?

Paperless Solution



ROI

- Increased growth by nearly 400% with only a small increase in staffing.
- Increased sales efforts resulted in approximately 850 new applications a week, once again, with a small increase in staffing.
- New ways of doing business with high levels of productivity and maximized profit per policy issued. Optimized time and efficiency of policy processing procedures



Administrative Benefits

- Reduced call volume in New Business Call Center
- Standardized policy process rules, improving accuracy and tracking
- Easier to monitor
- Improved supervision
- Easier to reproduce documents
- Better quality control
- Better record keeping



Benefits – Improved Customer Service

- Customer service is fast and efficient
 - All employees can instantly access customer casefolders to verify data or check on their status based on security.
 - Resource allocation can be monitored to handle spikes in business
 - Process execution can be analyzed to identify additional areas for improvement.
- Greater precision and security of customer information



* * * * * 5 Star Customer Service * * * * *

- 89.5% of Final Expense Life / Whole Life policies “in good order” mailed in 24 hrs
 - 58% are mailed the same day
- 63.3% of Term & UL Life policies “in good order” mailed in 24 hrs



Summary of Customer Experiences

- Biggest process gains (still) come with eliminating paper
- Account Opening is a key solution for many organizations
 - *De-centralization* of on-boarding
 - Regulatory compliance
 - Providing accurate view of a customer from the first point of contact
- Contextual Casefolders improve customer service
 - Combination of process, documents, data and human tasks put the information in context
 - Enables rapid response to variety of requests
 - Improved customer satisfaction in the branch-office and call-center
- Industrialization of banking and insurance
 - Goal-driven processes
 - Lean Six Sigma for process optimization



BPM in Action: *Implementations, Solutions, and Lessons Learned from our Customers*

Thank you

Global 360 Seminar
Reston, VA – 5-December-2007
Phil Ayres, Director of Product Management



Achieving Excellence with Process Management

Global 360 Seminar

Reston, VA – December 5, 2007

Jim Sinur, Chief Strategy Officer



Agenda

- The Shift in the Global Business Climate: The Drivers
- The Important Technical Innovations: The Enablers
- Alignment for Business Survival through Innovation



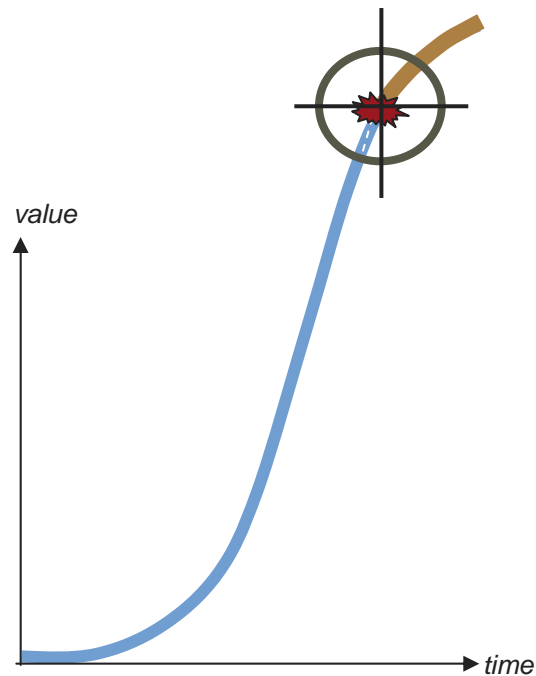
World Competition is Driving Process Innovation

- Normalization of Economic Clout
- Hyper Competition for All Resources
- New Wealth is Able to Start Fresh Processes
- Multi-sourcing Scales Beyond Just Cost Savings
- Premium on Managing Agile Shared Processes
- Premium on Goal Directed Processes
- Premium on Collaboration Across Cultures
- Premium on Proactive Scenario Planning



Process Innovation – Cycle Time

Shortened Product and Service Cycles are Driving Business to Process Innovation



Savvi International

- Customer Demands
- Enabler Fatigue
- Market Redirections
- Competitive Pressures
- Technological Changes
- Organizational Changes
- Demographic Shifts
- Regulatory Constraints
- Economic Effects
- Supply Problems
- Partner Problems
- Viewed as Old Fashioned



Process Innovation – Customer Experience

Need for a Better Customer Experience is Driving Business to Process Innovation

- Really Know the Customer
- Understand the Real Intent of the Client
- Understand the Business Event in Light of Client History
- Allow for Personal Customization of the Interface
- Allow for Personal Customization Guiding Rules
- Allow for a Managed Suggestion Process
- Delight the Customer



Process Innovation – More with Less

The Need to Do More with Less is Driving Process Optimization and Innovation

- Identifying Operational efficiencies
- Reducing Defects
- Increasing Quality
- Increasing Value to Customers
- Identifying Best Practices
- Activity monitoring for Throughput
- Creating Process Goals for Optimal Policy/Rule Leverage
- Integrating People and Systems
- Leveraging Advanced IT Technologies



Process Excellence Yields Outstanding Results

What does Toyota say about brilliant process ?

"We get brilliant results from average people managing brilliant processes. We observe that our competitors often get average (or worse) results from brilliant people managing broken processes."

What result has Toyota experienced because of brilliant process ?

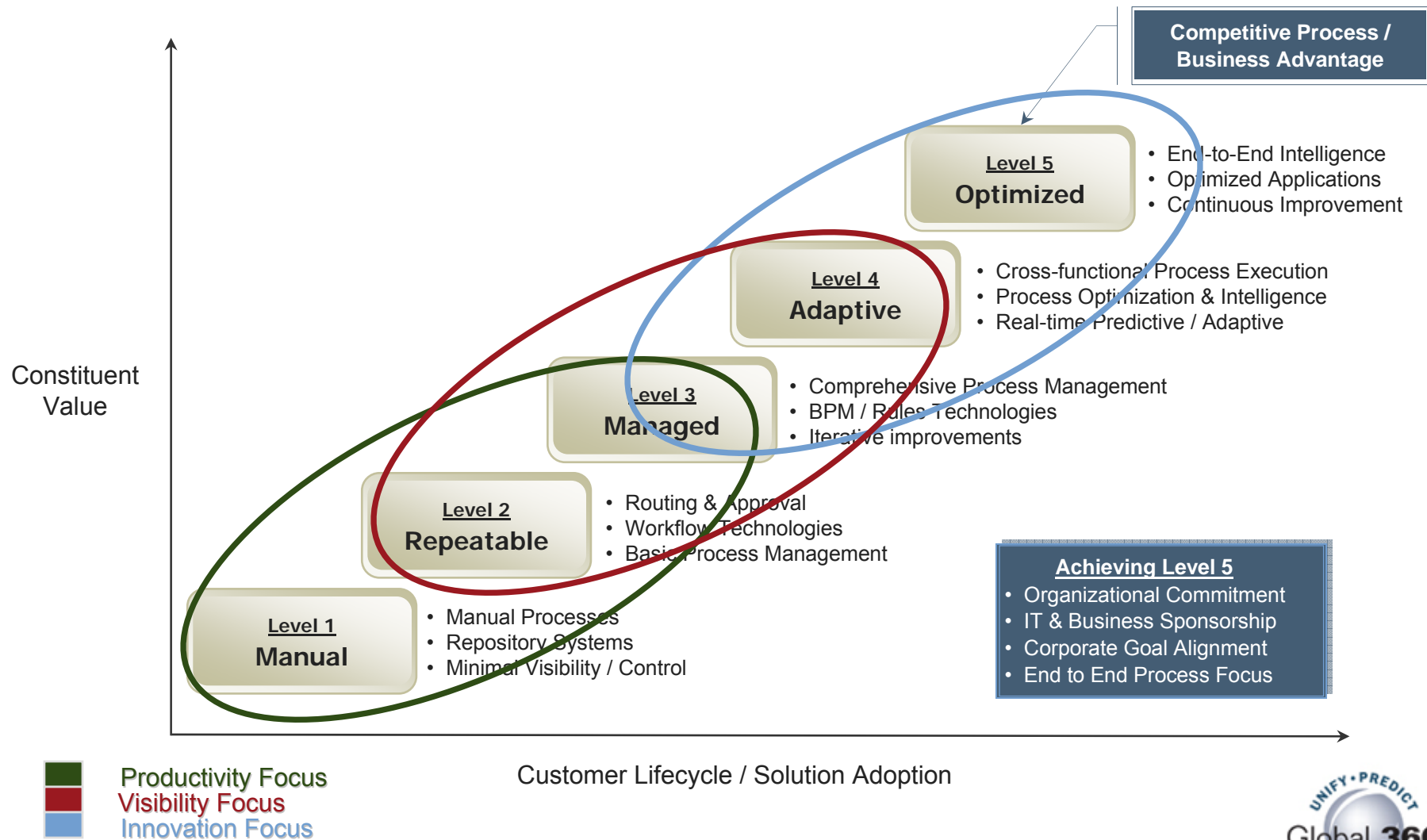
Steady market share growth and above average profitability

How does Toyota do it ?

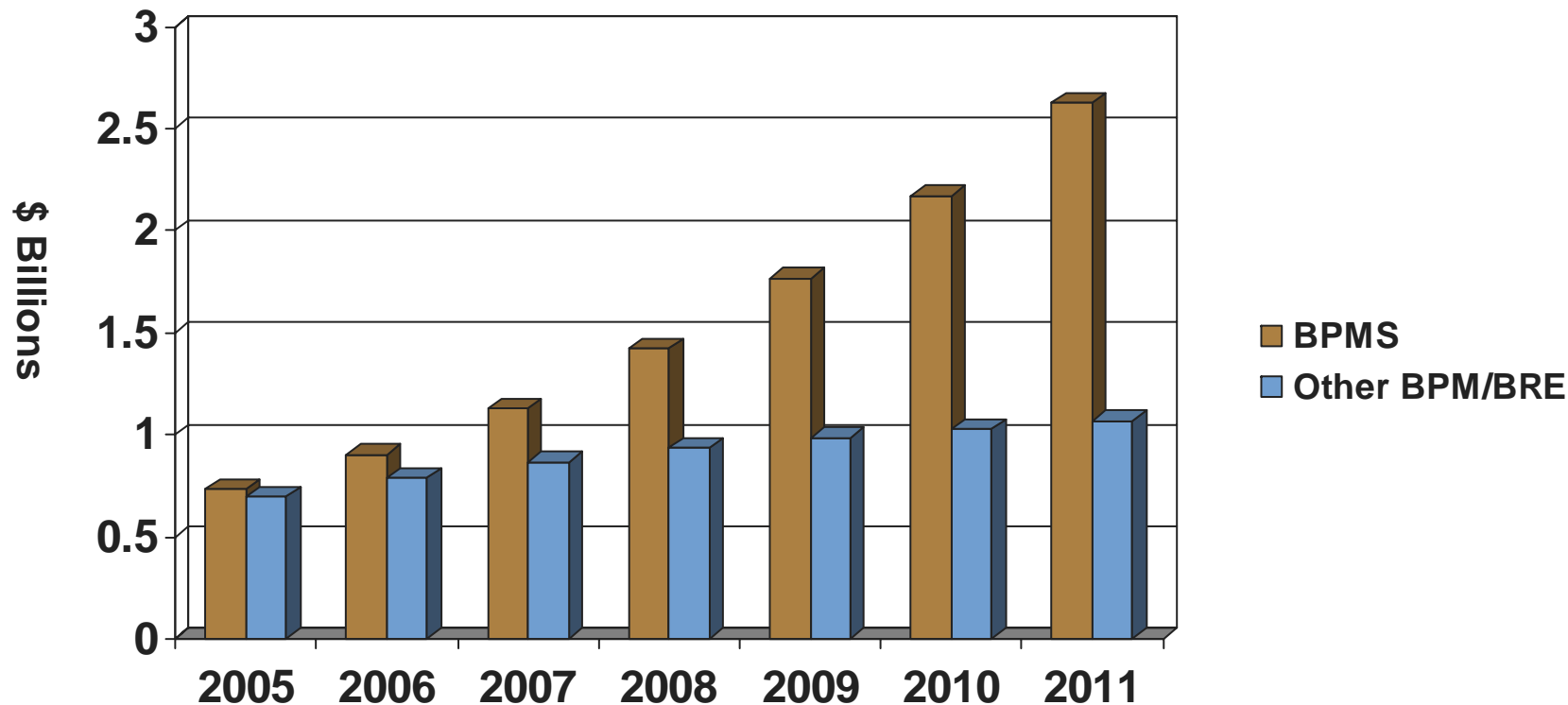
- Process optimization driven by finding the higher ideal using the Scientific method in addition to Six Sigma:
 - Process definitions
 - Hypotheses
 - Experimentation
- Invest in your people because everyone becomes a teacher



Achieving Optimal Results from Process



Gartner Dataquest Worldwide BPMS Market Size and Forecast – 2005-2011; Shows a Response to 15%+ ROI



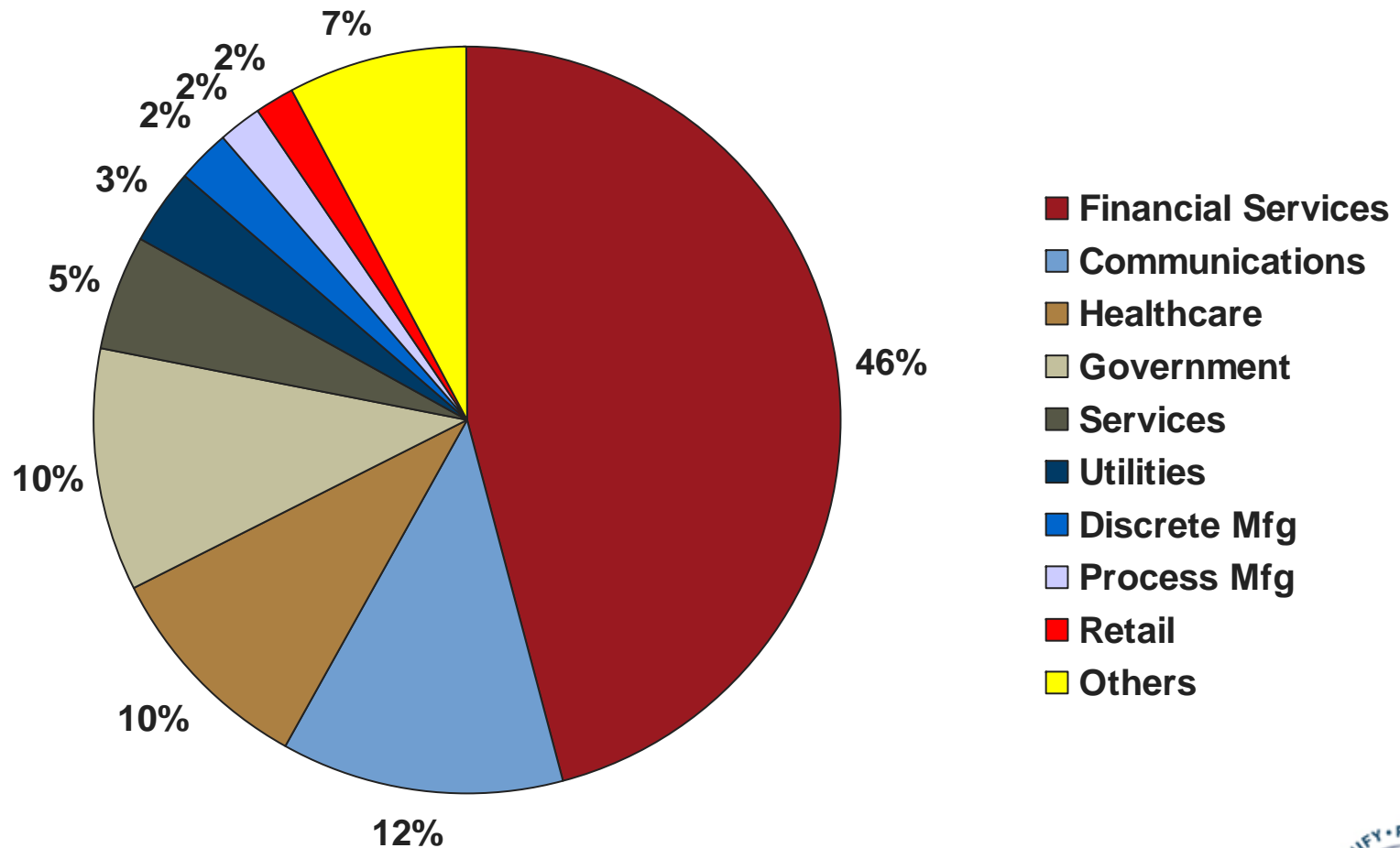
Source: Gartner Dataquest

BPMS CAGR 06-11 = 23.8%

Other BPM-Enabling Technologies CAGR 06-11 = 6.3%



Gartner Says BPM Has Roots in Nearly Every Industry



Business Optimization Leverages Processes Intelligence:

Business Optimization revolves around **sound decisions** and the **processes** that carry those decisions to action with excellence in mind.

BPM is the management of all the **processes** supporting a business transaction/event from the beginning to the end while applying the **policies/rules** needed to support an organizations stated business model at a specific point in time



Business Process Management Drivers

1. Lack of visibility & analytic insight
2. Limits on process change due to Inflexibility
3. Mismatch between functionality and requirements
4. Inadequate support of cross functional processes
5. High cost compared with value

Source: Forrester 2007



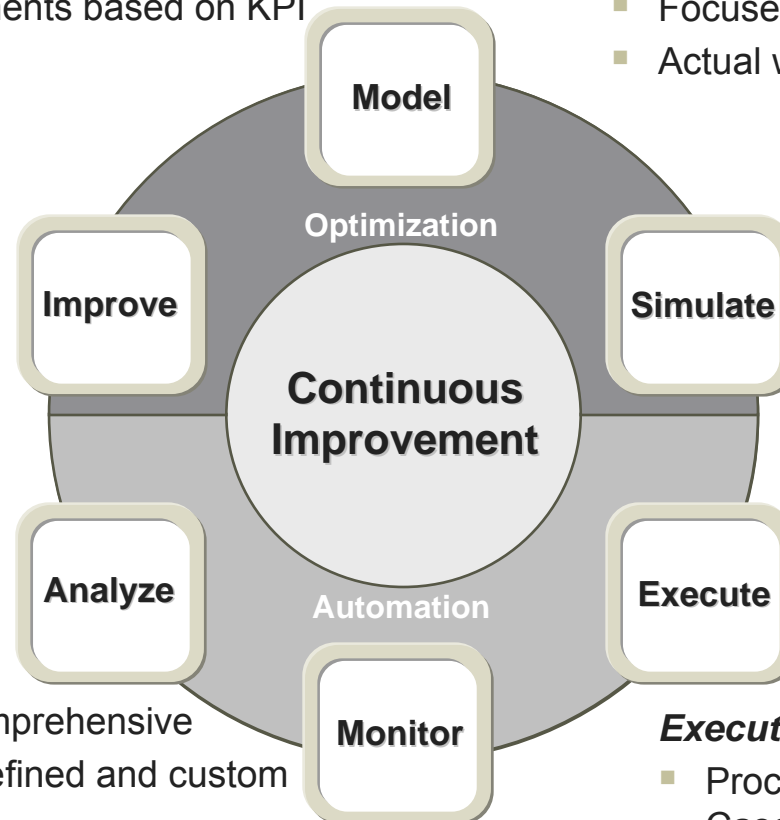
Continuous Process Improvement Leveraging Insight 360

Performance Mgmt & Improvements

- Provides real time status
- Provides predictive information
- Automated adjustments based on KPI status / attainment
- Alerts, Actions

Model & Simulate

- Standards based
- End to end process visibility
- Focused on business process simulation
- Actual work arrivals



Analyze

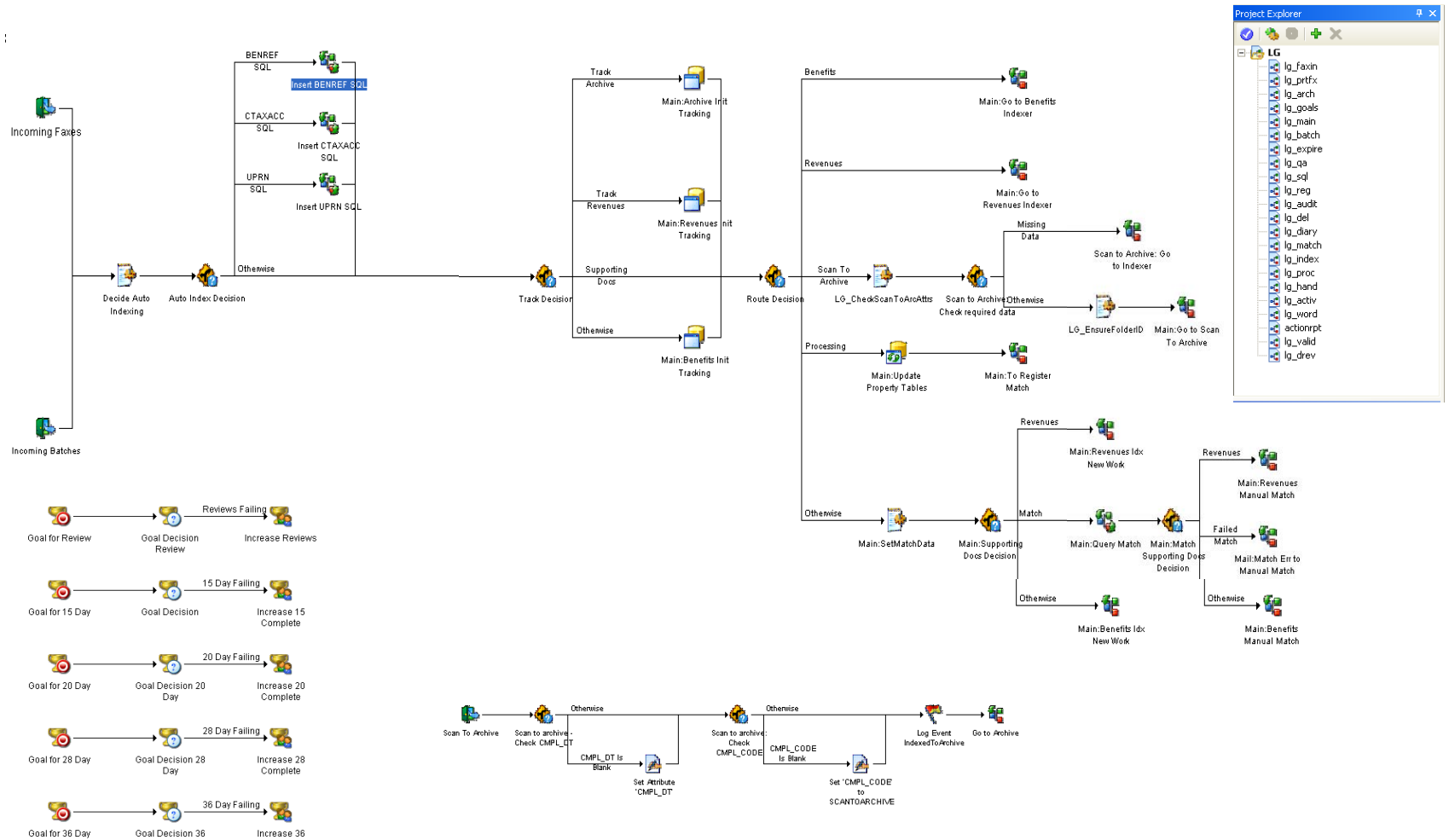
- Out of the box, comprehensive
- Extendible, user defined and custom events
- Reports / Graphs

Execute

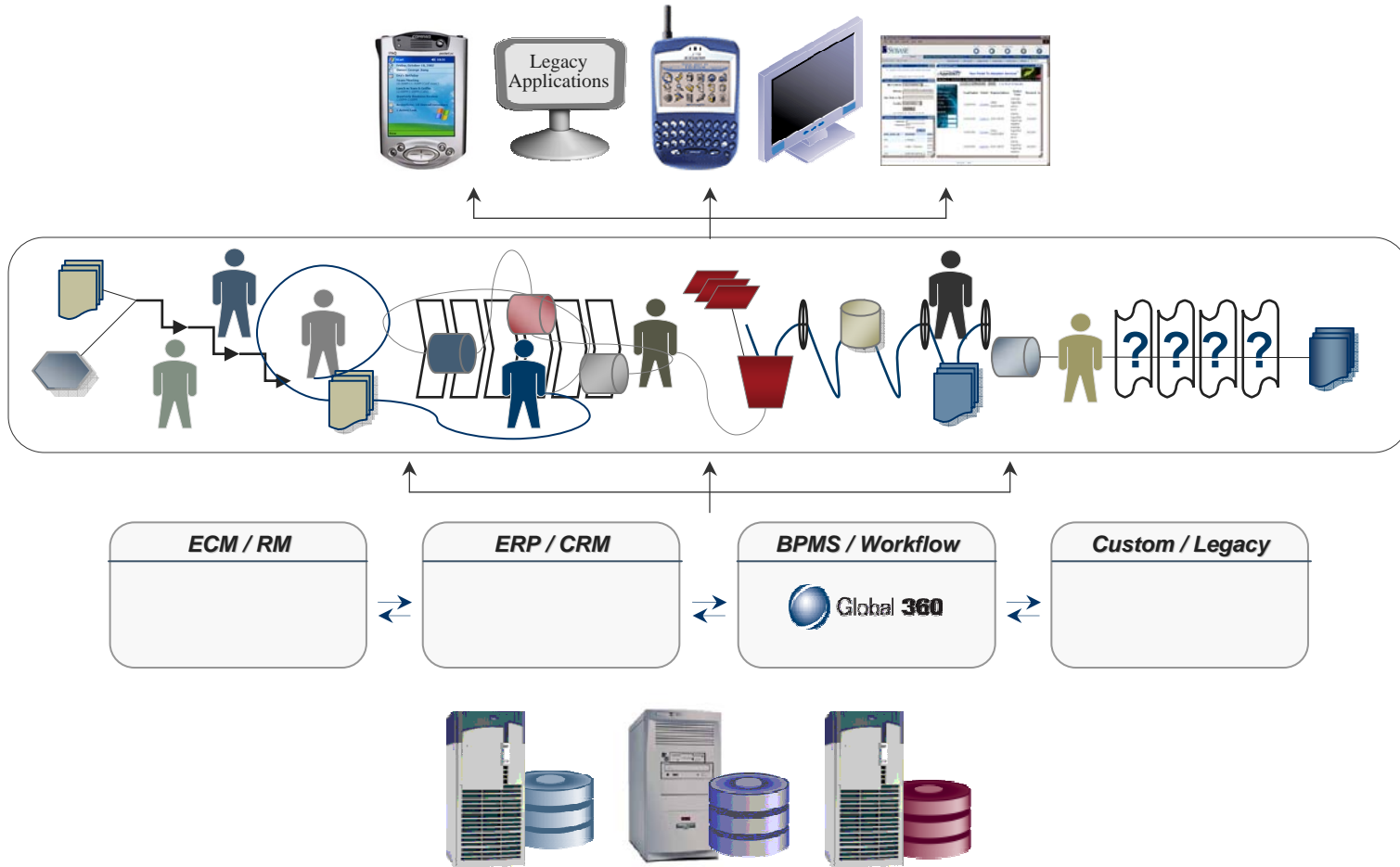
- Process360 or Case360
- Other BPM Systems
- "Human Activities"



BPM Implementations Grow in Complexity



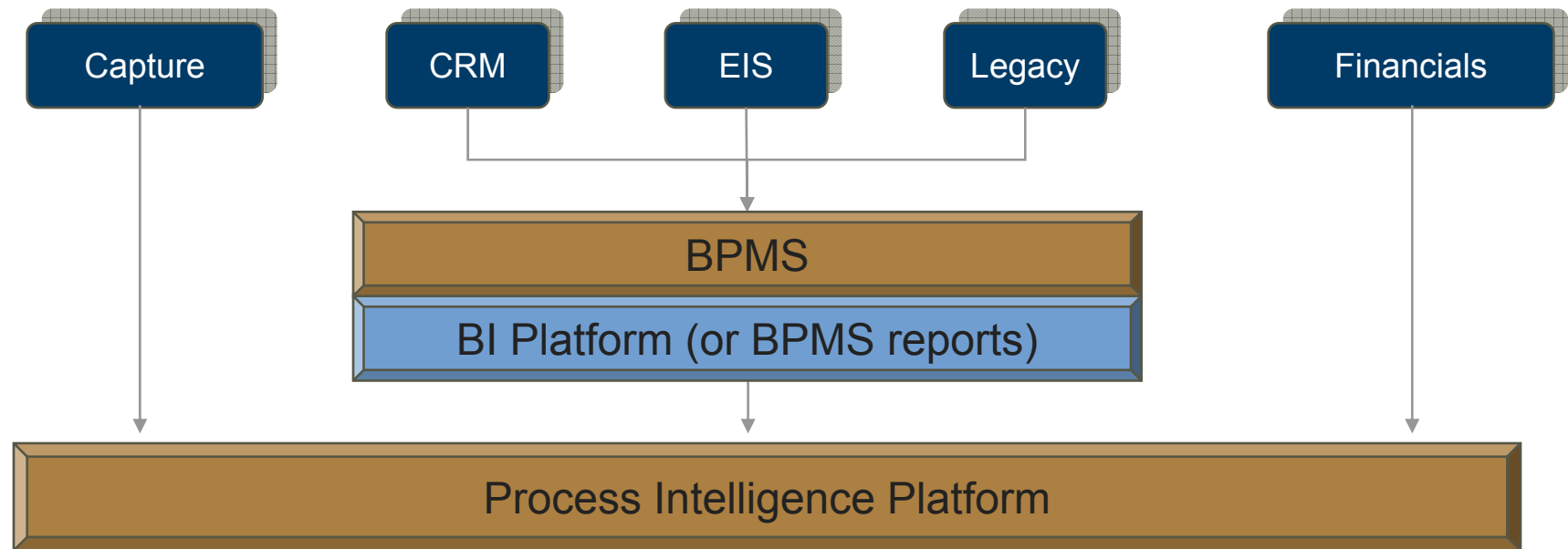
Complexity / Process Dispersion



How Many Applications are Powering Business Processes in Your Organization?



Typical “End to End” Process Intelligence Example



- ∞ *Visibility* – End to end visibility across process silos
- ∞ *Alignment* – Business objectives drive process behavior
- ∞ *Agility* – Adapt to changing business conditions in real time
- ∞ *Efficiency & Effectiveness* – Identify / improve cost and time savings



Challenges with Traditional Approaches



Couldn't I just....

... use the features inherent to any BPM Suite?

- Visibility limited to scope of BPM deployment..
- Inability to provide predictive intelligence end to end

... standardize on a BPM Suite?

- BPM is a feature and a product, becomes pervasive
- Impractical to implement a universal BPM solution

... implement Business Intelligence tools?

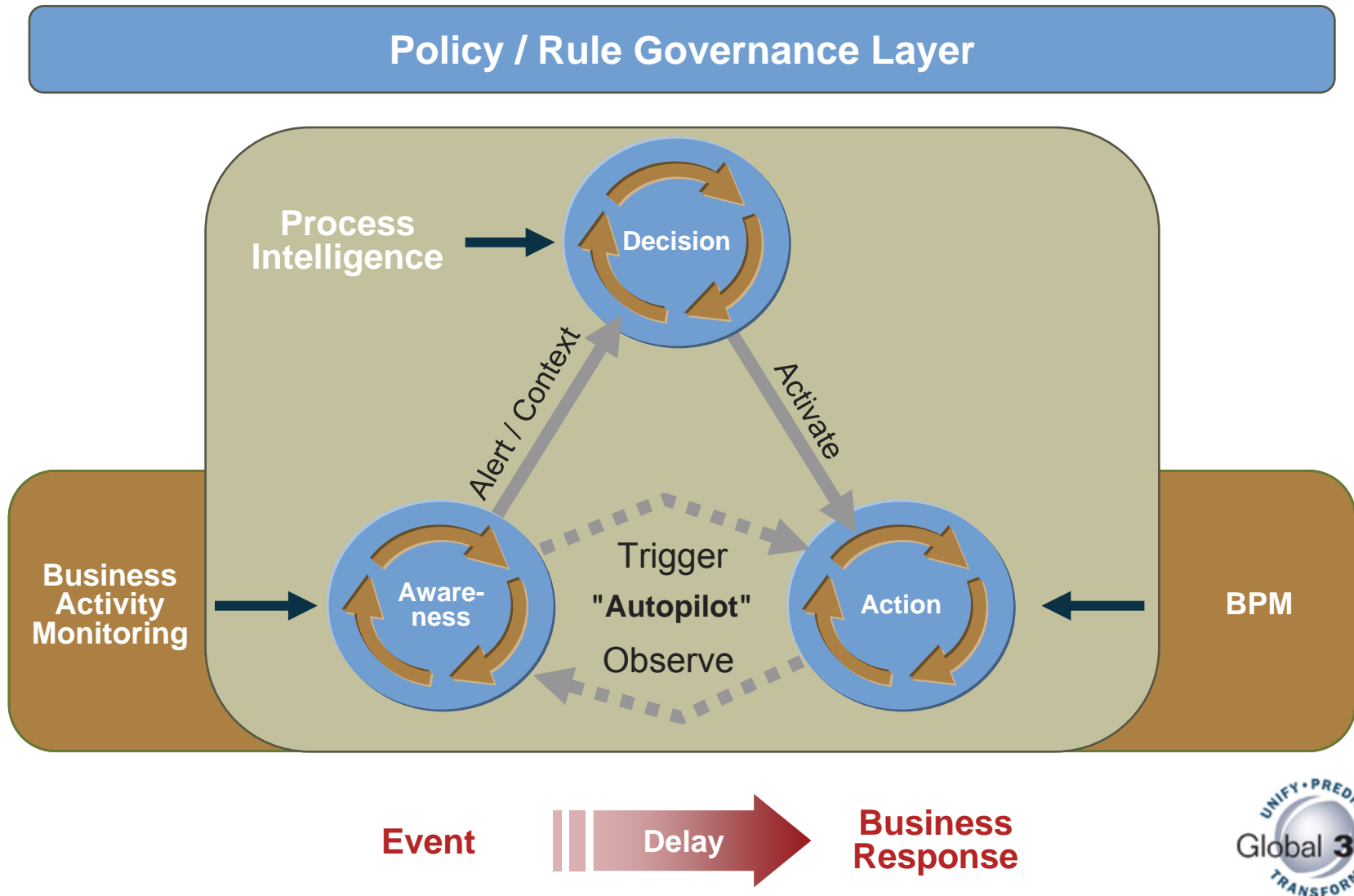
- BI excels in transactional data warehousing, but...
- BI tools require customization to interpret *process event* data

... model new processes with BPA tools?

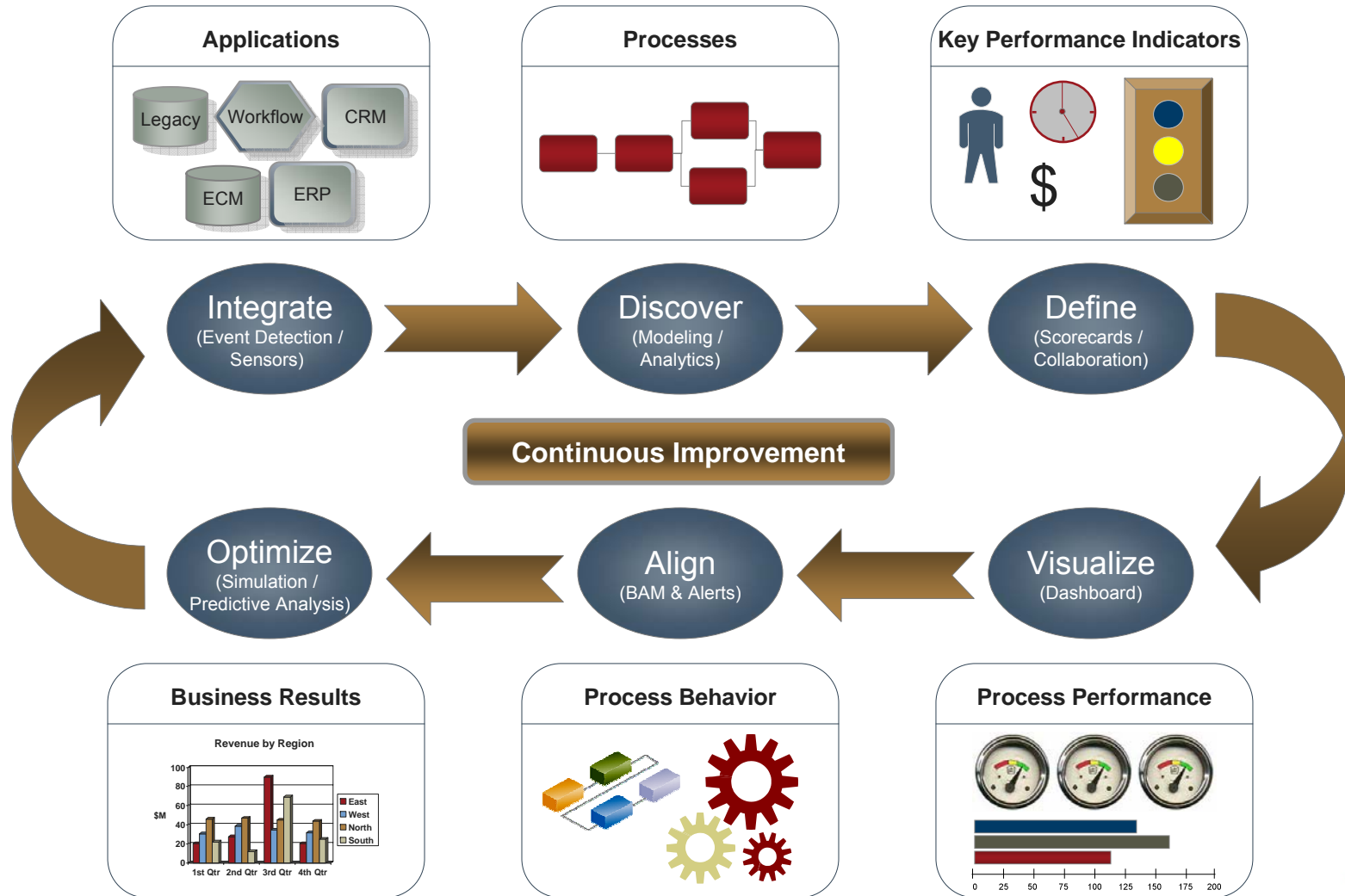
- BPA is great for advanced modeling...but:
- BPA has limited connectivity with real-world processes
- Inability to leverage ability to leverage “real world” data
- No real-time support for processes already in-flight



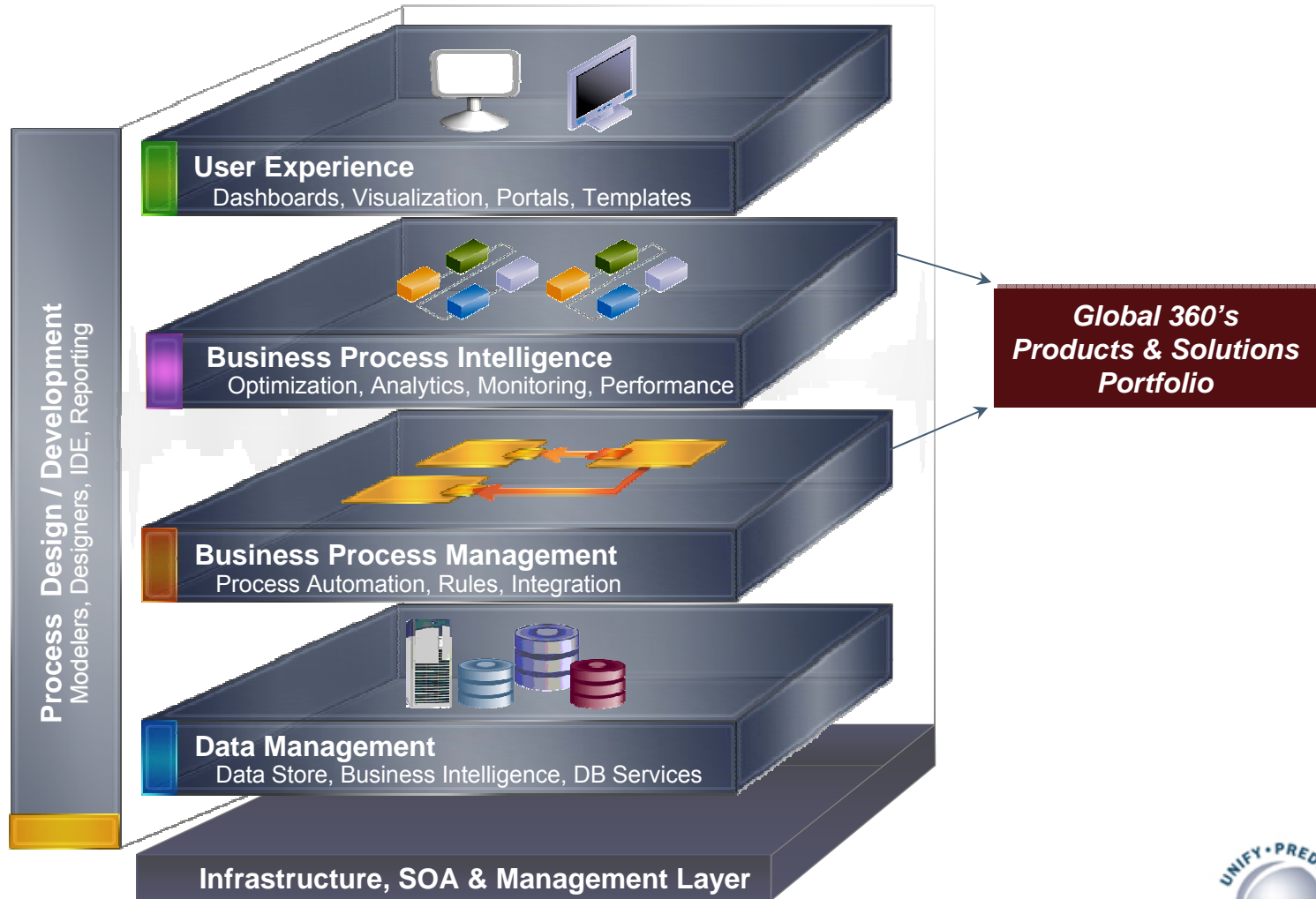
How to Manage The New Agility



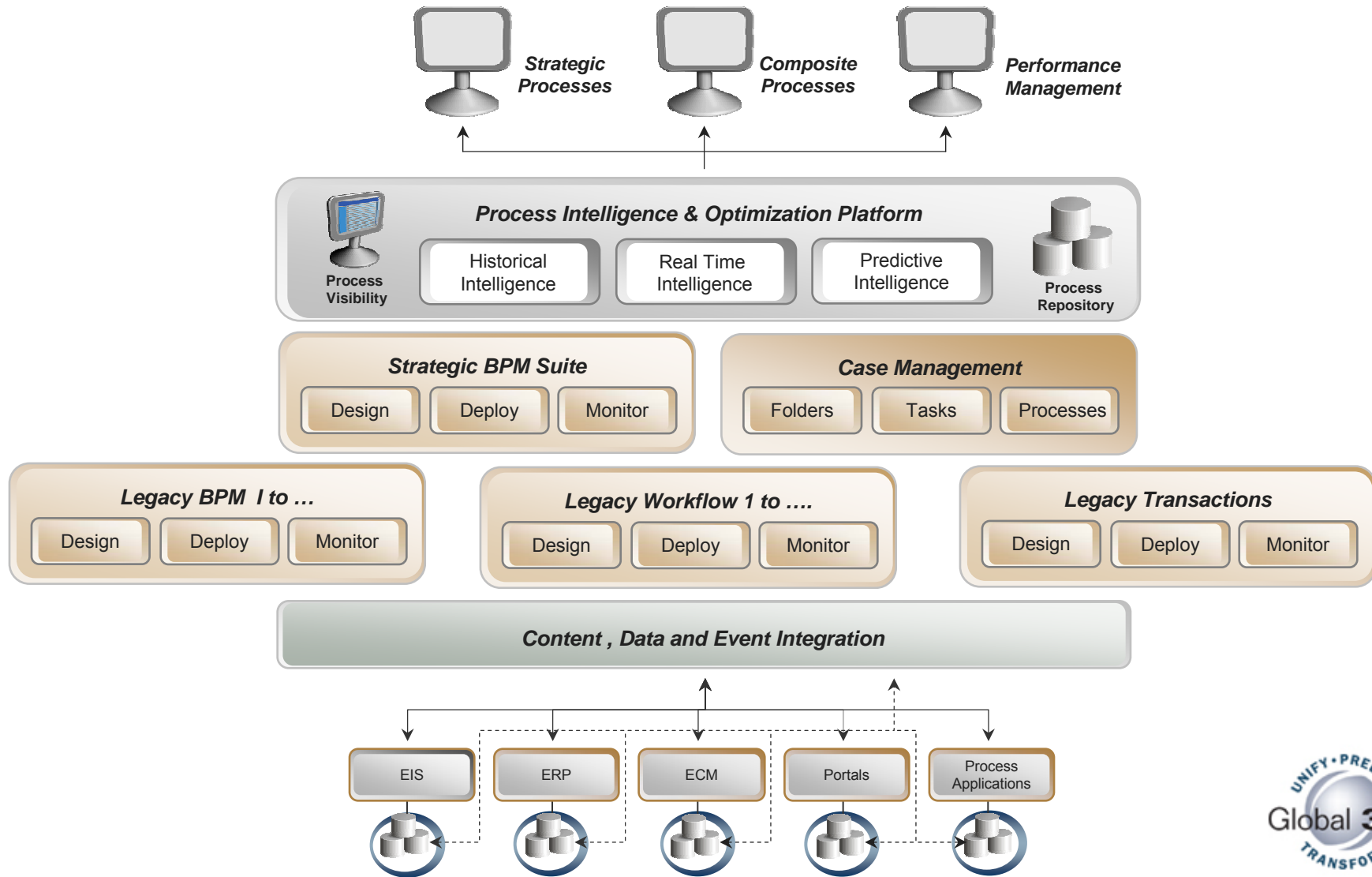
How Does BPI Work?



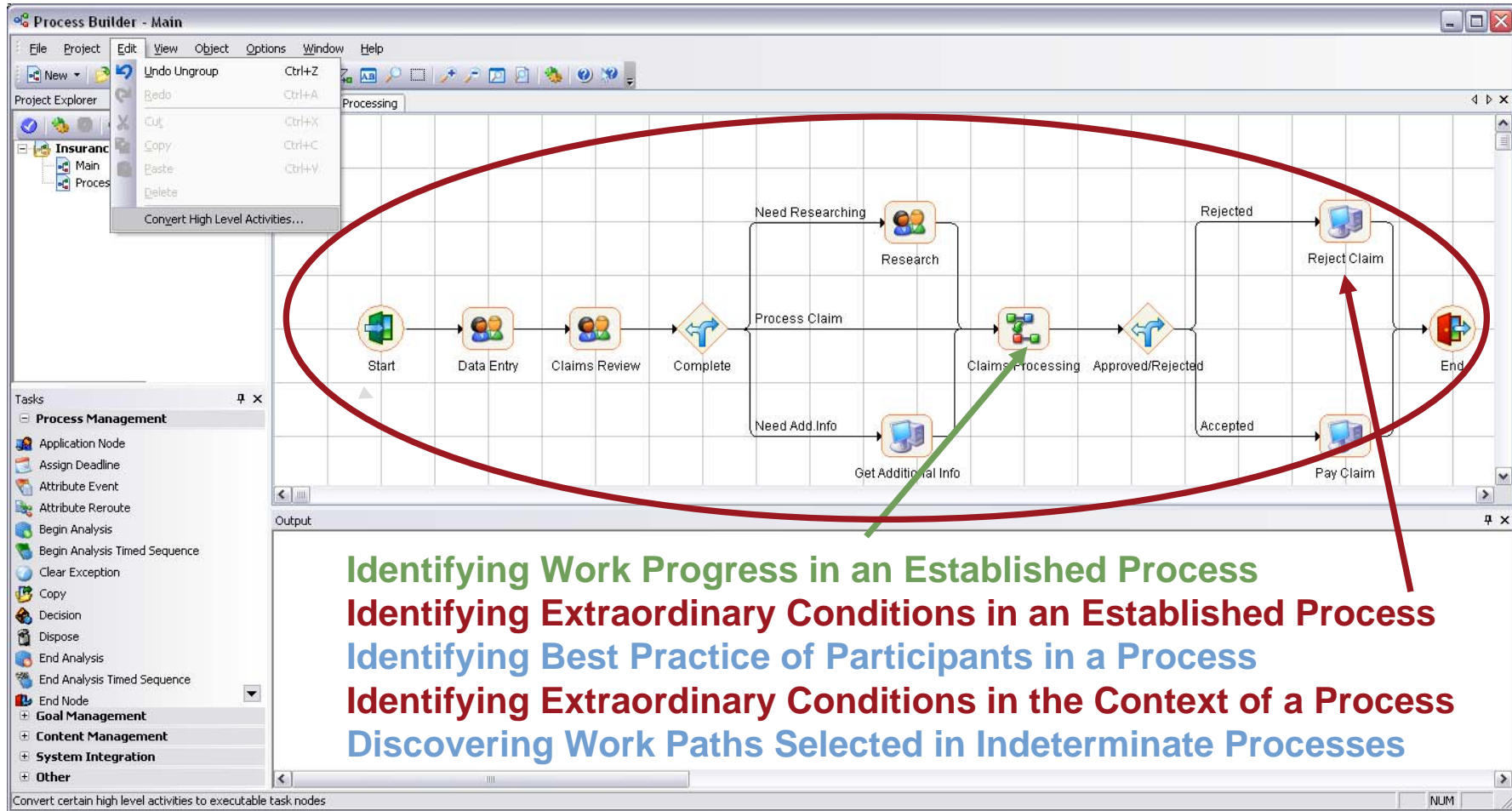
Tomorrow's Process Architecture



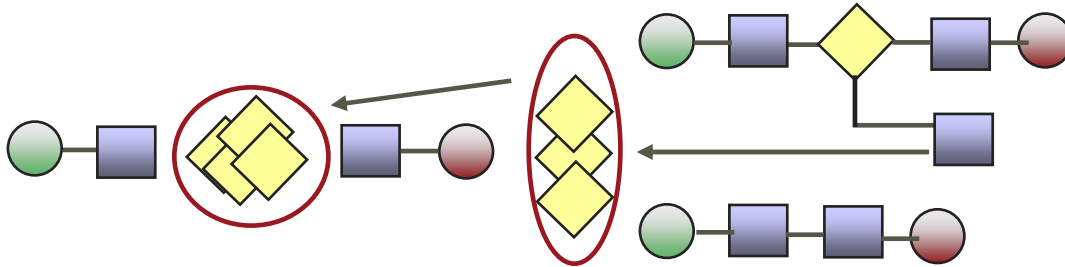
Global Solutions Architecture



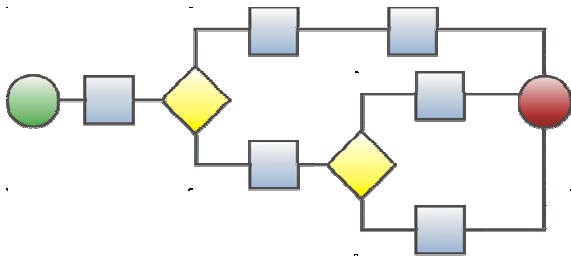
Practical Application of Process Intelligence



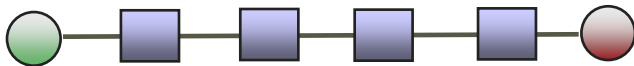
Process Intelligence is Not Optional in a Collaborative World



Knowledge Worker Enabled Processes \$\$\$\$



Process Worker Enabled Processes \$\$\$



Computer Controlled Straight Through Processes \$

Monitor Results and Adjust Policies

Proactive Management

- Process Discovery
- Scenarios
- Optimization

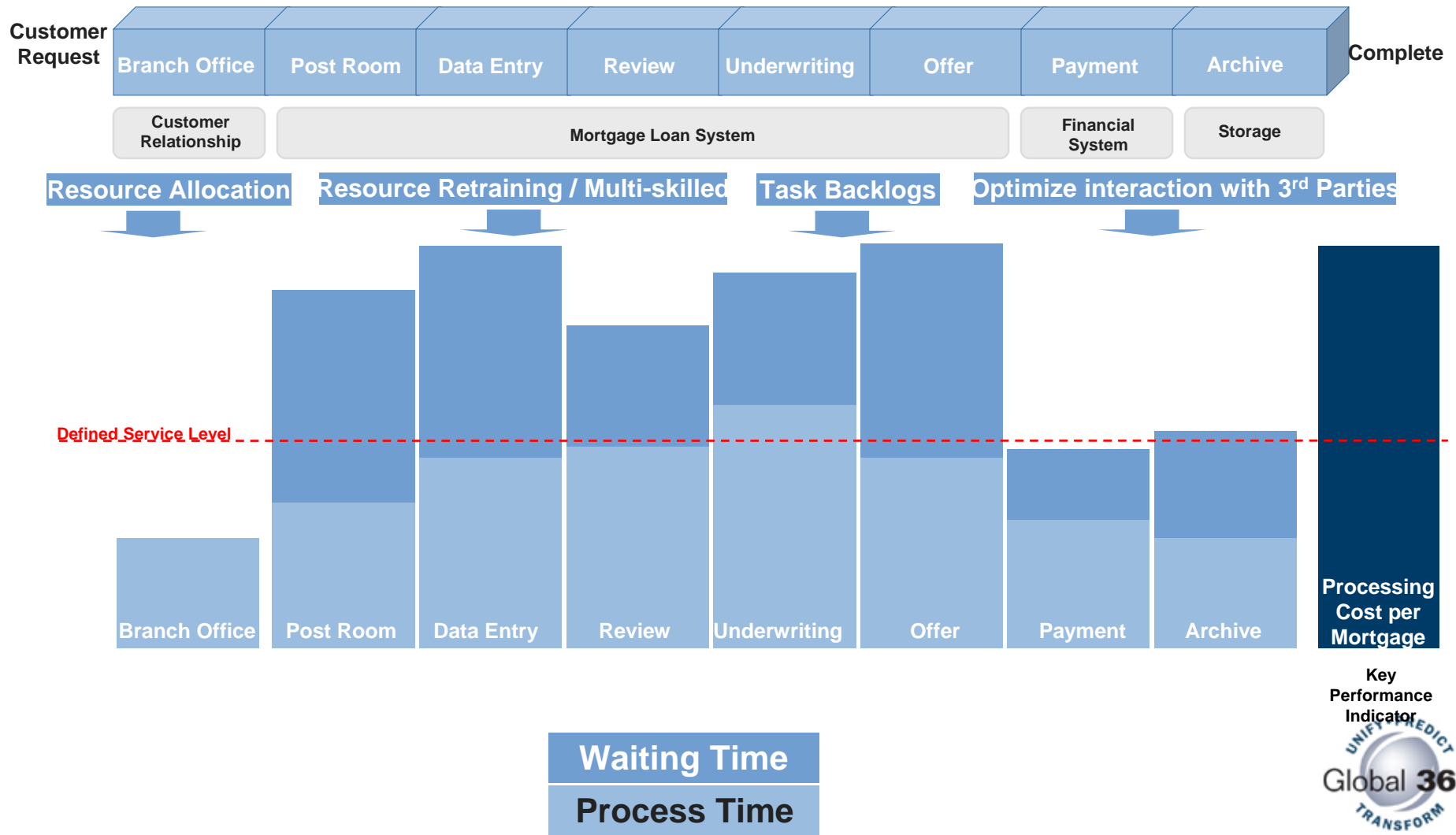
Reactive Management

- Fast Path Change
- Dynamic Rules
- Dynamic Binding

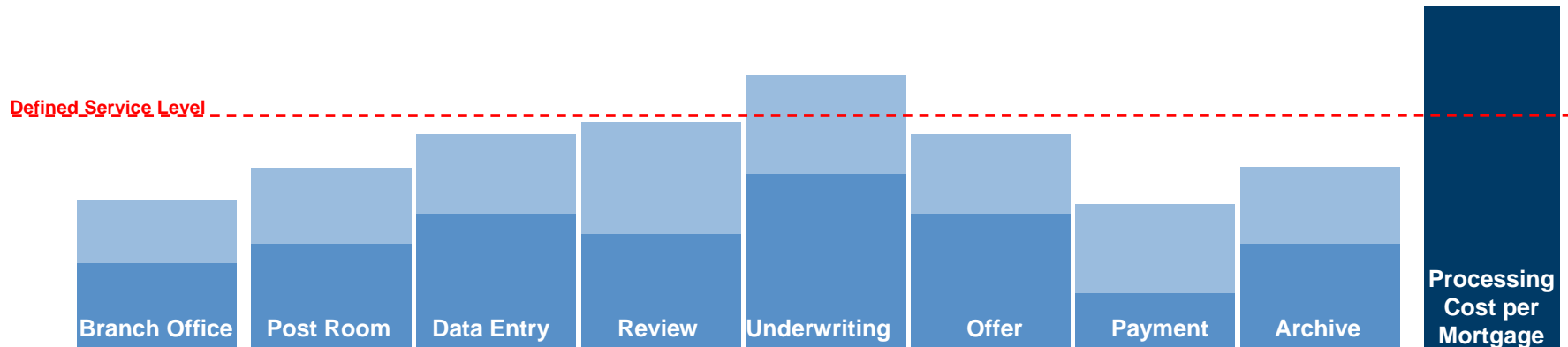
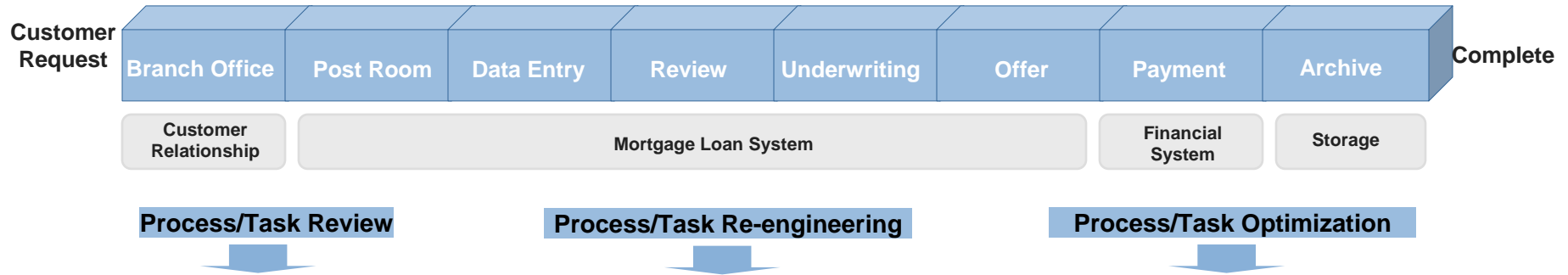


End to End Business Process Optimization

Minimizing the Waiting Time



End to End Business Process Optimization Minimizing the Wasted Processing Time



Waste Time
Value Time



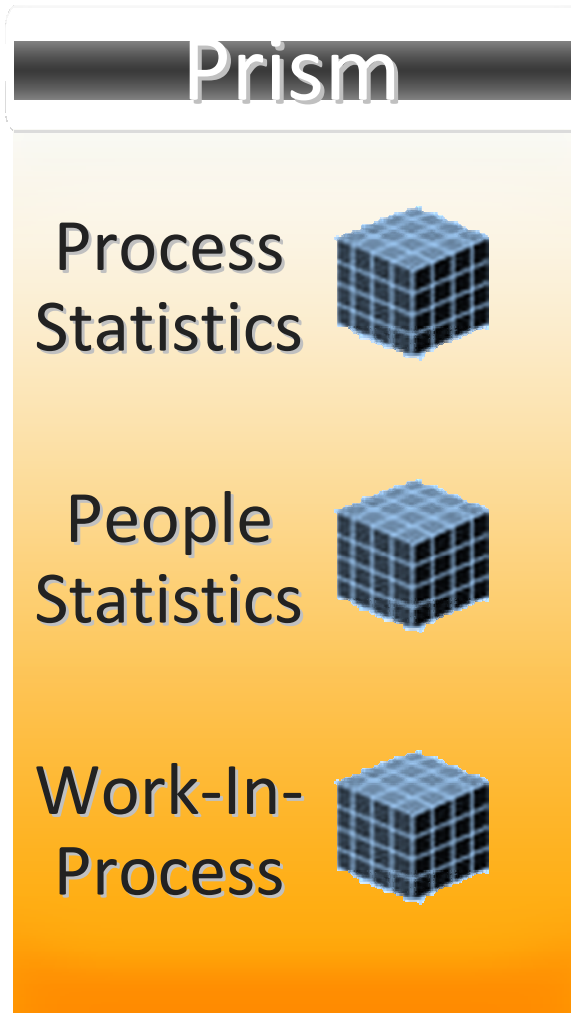
Process Intelligence and Optimization



Historic and Work-In-Process!



Process Intelligence and Optimization



Your Optimization

Insight

- See your business at a glance
- Define what is meaningful to you
- Delivered the way you want it

Explore

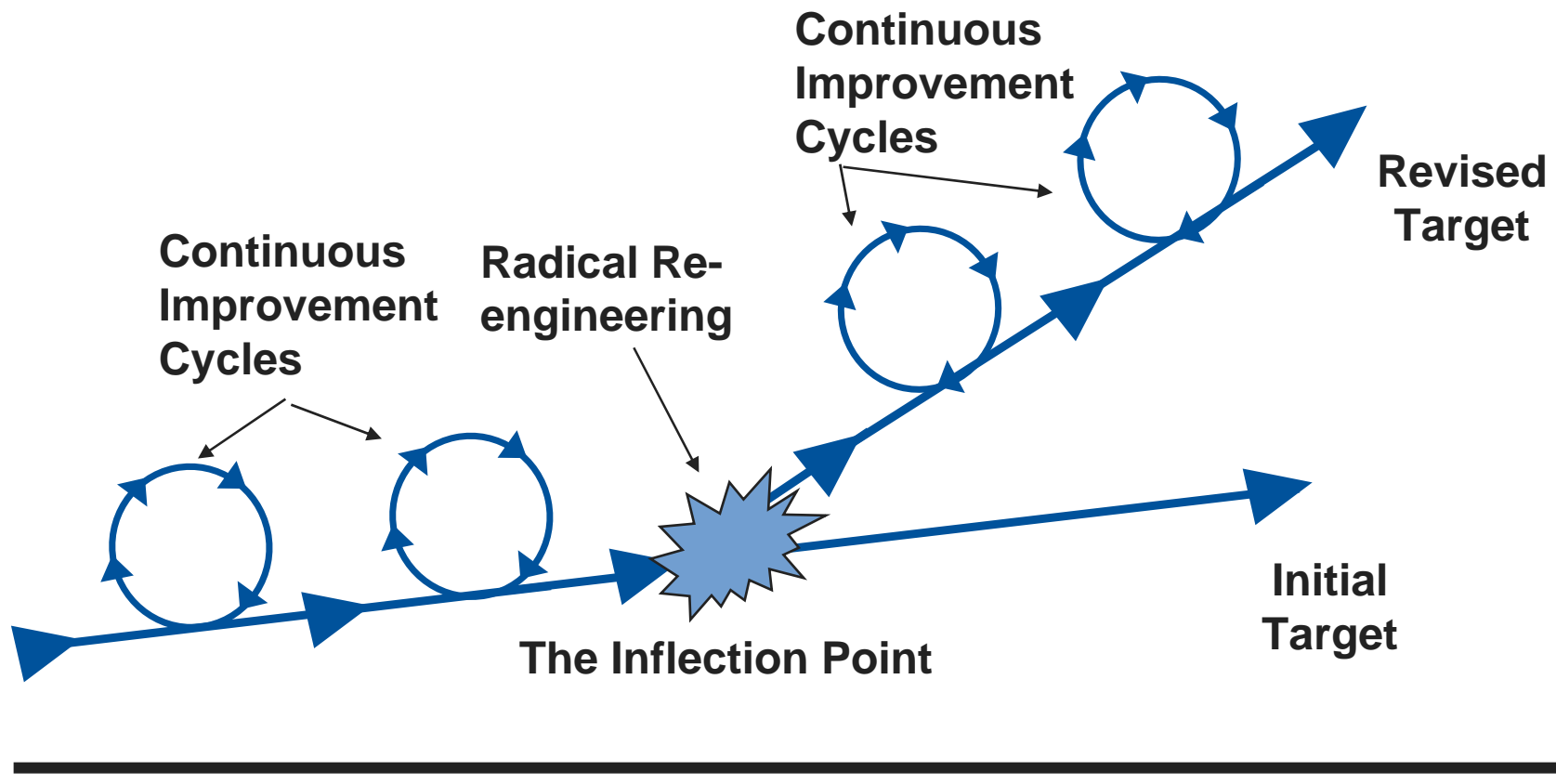
- Follow or prove a hunch
- In-depth analysis of critical data
- Compare to define optimal outcomes

Perspective

- Choose your points of view
- Find the good, bad, and surprising
- 360 degrees, all the time



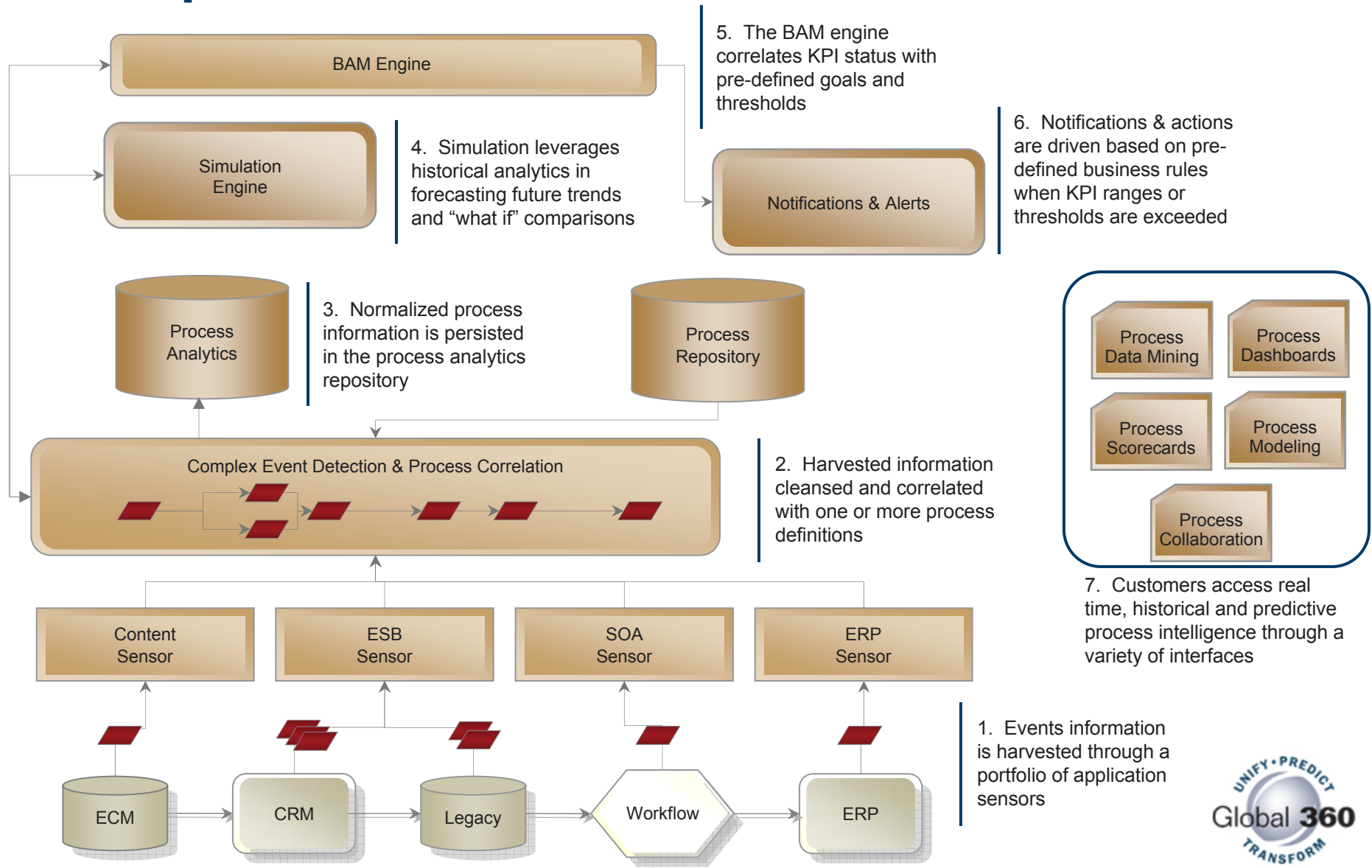
Process Optimization Also Gives Insight for When to Shift to Radical Policy/Process Change



Time, Appreciation (Vickers), Double-Loop Learning (Argyris)



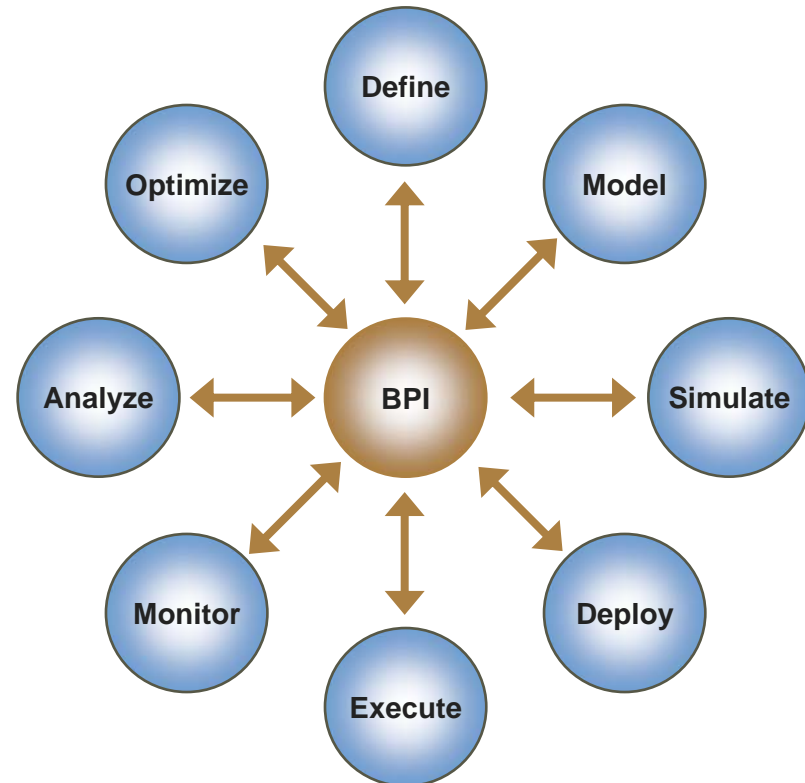
A Deeper Look



Business & IT Alignment

The New Roles for Business Process Management Driving Business / IT Alignment

- Business Process Owner
- Business Process Architect
- Business Process Analyst
- Business Process Consultant
- Business Users
- Integration Architect
- Application Development
- Enterprise and Technical Architect
- Data Architect



Gartner BPI Cycle



Business & IT Alignment

The Shift in Work Around the BPM Life Cycle is Driving Business / IT Alignment

Business Responsibilities:

- Strategy and business case
- Business performance metrics
- Innovation incentives
- Process discovery
- Process conceptual design
- Human workflow definition
- Workbench Design
- Process Interface
- Simulation and optimization
- Dashboard configuration
- Business event analysis
- Organizational change management business rule
- Process Intelligence
- Scenario creation
- Policy Management

Shared Responsibilities

- Process logical design
- UI/form layout
- Methodology
- Process deployment
- Service selection / orchestrations
- Custom service specification
- Process project plan
- Establishing best practices
- Communicating potholes
- Process execution monitoring
- Rule implementation
- Operational procedures
- Populating the repository with process components
- Reporting
- Training and education
- Post process project audits

IT Responsibilities

- Process physical design
- Links to architecture plans
- Business service component development
- Custom integration components
- Technology platform monitoring
- Inter company technical issues
- Linking business measures to platform measures
- Process/Service directory care
- Standards definition/selection
- Scalability requirements
- Process-level and systems-level security
- Tool evaluation, testing and integration
- Operational Reliability, Availability, Serviceability



Bottom Line

- The minimum price of admission to stay customer connected is going up
- Business Process are the building blocks of the future
- Business Process balances the important components of humans, cases, content, policies, events and savings
- Business Process Intelligence is the key to keeping strategic benefits without violating local rewards
- There is a sea of things to instrument for success, so you need a set of partners to enable you
- This is not an optional journey for anyone
- This is a coping mechanism for global competition

