Diagramming Change to Better Inform Business Process Renovation

To gain the full benefits of business process management, banks must apply a business process model and notation-driven approach that identifies organization-wide process re-engineering and change management issues before they undermine project success.

Executive Summary

Amid ongoing and fundamental change, banks continue to struggle with managing costs, growing the business and delivering on multiple change programs. Balancing these mandates requires a mix of art and science that eludes many financial institutions, especially those working to identify and implement the right target operating model despite uncertain economic conditions and continuous regulatory change.

Under the prevailing circumstances, organizations need to reassess their key business processes, with an eye toward optimizing efficiency and effectiveness. Standard business process model and notation (BPMN) is an effective way for business units across organizations to revisit, analyze and address their core business processes through a pictorial, diagram-driven representation.

In general, BPMN is a standard practice for business process modeling (BPM). It graphically describes business processes through a single consolidated layout, called a business process diagram (BPD).

Workflow enhancement engagements are challenging even with the codification offered by BPM. We often see companies begin a BPM initiative with high hopes and big plans to drive process improvement across the business. However, as eager as these companies are to ensure a successful BPM program, they often fall short due to an inability to visualize the final state.

This white paper focuses on an approach banks can take to deploy BPMN-driven business process optimization when conducting organization-wide process re-engineering and change management initiatives. It also identifies some best practices for successfully incorporating BPMN techniques using digital tools to create business process diagrams and models that enable alignment of “to-be” business processes with the needs of business users, and add flexibility to the entire systems architecture. Such agility will enable banks to meet the dynamic market conditions of their many diversified businesses, while complying with geographically specific regulatory mandates.

This paper also draws on business process design and re-engineering techniques used to optimize key business processes in multiple end-to-end core banking implementation engagements.
BPM Primer

An engagement focused on enabling BPM-driven workflow management covers every aspect of business processes, including research and development, sales and marketing, human resources, accounting, etc. It encompasses the end-to-end deployment of a process, which includes continuous process optimization, standardization, reporting and more. BPM offers an approach for establishing an organization-wide “change capability” that encompasses both human and technological factors and includes aspects of both process governance and process management. These programs involve three perspectives: human-centric, integration-centric (enterprise service and solutioning) and document-centric (dynamic case management).

Using BPM techniques and tools can enable organizations to identify their core competencies and discover their hidden potential. Modifying current processes, in fact, can result in a higher internal rate of return (IRR), in some cases above 15%, in our experience.

In short, BPM helps banks to:

• Better target and serve their customers.
• Enable straight-through processing.
• Create an audit trail with detailed process reports, including activities, systems and actors.

BPMN requires the use of a dedicated business process modeling tool. Business modeling — or using BPMN techniques with the help of a BPM/workflow management tool — reduces the necessary investment in both time and materials and streamlines organizational goals through process optimization and automation.

In order to use BPMN techniques to refine processes in alignment with business requirements, organizations need to select the most cost-effective and easy-to-use BPM or workflow software application. The BPM tool should be capable of designing, automating and deploying business processes or workflows of various kinds and should, therefore, be programmable and all-encompassing. The BPM software should also embody extensive features that enable easy creation of digital forms and mapping of fully functioning workflows. It should be simple to manage and coordinate workflows throughout the organization, including user groups and departments. Additionally, the workflow software should be able to interact with ERP, business intelligence, CRM and document management software.

By dedicating time early on to choosing the correct BPM software, subject matter experts and business analysts will be free to focus on communicating and accomplishing more with their technical teams. When banks take advantage of a fully supported, high-quality BPM suite, they can redesign their business processes to be more customer-centric and able to meet changing market conditions, thereby revamping their operations.

Strong BPM tools exhibit the following attributes:

• **Build:** Business analysts should be able to model workflows utilizing an intuitive drag-and-drop interface. Functionality should include the creation of roles, groups and departments to enable full customization of the solution to the organization’s unique reporting and functional structures. Different users will have different privileges.

• **Optimize:** Improve workflow performance by discovering and analyzing process inefficiencies and bottlenecks.

• **Report:** The designed processes should be easily exportable into an output format as reports, with a wide array of options.

BPM in Action

Our banking and financial services practice has engaged in multiple business process mapping/re-engineering and design projects with clients across the global financial services industry (i.e., banks, credit unions and other financial institutions. With the help of industry-renowned BPM tools such as ARIS, ADONIS and others, we have helped banks transform their key business activities by automating and optimizing their key business processes, allowing them to deliver benefits to their customers, partners, employees and shareholders.

These solutions have been instrumental in helping major financial institutions in the U.S., Conti-
Continental Europe and Asia-Pacific to cost-reduce, streamline and optimize their processes. Business process rationalization using BPMN techniques has functioned as a precursor to implementing or upgrading banks’ core banking systems.

Our experience shows that banking organizations typically use a combination of software suites, including process modeling, simulation, enterprise architecture management and process governance to tackle business process optimization. Figure 1 illustrates the end-to-end stages of BPM consulting inputs.

Business process mapping tools like BPMN bridge the gap between applications, users and outcomes to enable the following:

- Increased visibility to make better decisions.
- Extended agility to solve problems faster.
- Improved tracking and management to raise business performance.

Proper training and deployment is essential to ensuring that business users apply BPM tools like BPMN to their full potential. Business users must be trained on BPMN techniques and methodologies so they can realize the significant role that BPM tools can play to enable more efficient, flexible and intelligent processes.

Building a clear process map is the first step in automating business processes. Tools that include version control, a drag-and-drop interface and other features make this activity highly functional for process designers. A simple to use, embedded business rules engine that drives the logic behind the processes enables business analysts to build in logic to determine how a process should flow down one particular path rather than another, at each decision gateway.

This process map also simulates an automatic process governance (APG) environment (where sequential execution of business processes will be facilitated) and complies with the preset business rules required for ensuring process optimization.

For example, in one of our recent engagements with a multinational bank based in continental Europe, an ARIS business simulator function was utilized to allot time slots to individual events, tasks and decision-making stages in a process for rationalizing the tax computation and payout process. This is known as automatic process governance. Using the simulator, the process could be used to estimate the man-hours required to run this process without human intervention.

When implementing a core banking solution (upgrade or localized customization), BPM

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**BPM Stages**

![BPM Stages Diagram](image)

Figure 1
consulting is key to enabling proper requirements gathering and gap analysis. Figure 2 depicts the proper positioning of a BPM-based engagement in a typical core banking implementation project.

Looking Ahead

Based on our experience in multiple core banking implementation engagements, we believe the high-priority needs for modeling and analyzing business processes should focus on:

• **Transforming business operations:** BPM tools like BPMN help management take an objective view of existing processes and realign them with the transformation goals.

• **Process documentation:** Process models can serve as a useful training or reference tool for users. These models also help build user involvement early on to keep key process changes updated.

• **System upgrades:** Future-state processes can be designed around new features and functionality offered by the latest release of the BPMN tool.

• **Implementing an organization-wide system:** Activities handled by various existing systems can be identified to inform the process requirements that the new system should meet.

• **Achievement of process improvement and efficiencies:** Avenues for improving processes, minimizing risk, reducing turnaround time and increasing customer satisfaction must be identified ahead of time.

Our proven BPM operating methodology includes the following elements:

• An end-to-end process modeling solution that optimizes SME and business user time.

• A global model that enables on-site teams to be involved solely in finalizing processes in alignment with end-user requirements, and supporting offshore resources in process model development, thus minimizing costs.

• Value derived from the completion of the gap analysis and subsequent process fit with the functionality of the new core banking system.

• Processes mapped to the system and the overall technical architecture.
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