A Holistic Approach to Business Process Management: This Way to Better Customer Experience

Executive Summary

Business process management (BPM) is increasingly helping companies reduce costs, improve efficiency, nurture innovation and get closer to customers. As the name suggests, BPM is the practice of optimizing and refining processes from end-to-end to promote efficiency and increase customer value. Companies of different sizes from the full range of vertical industries can use thoughtfully applied BPM to further their business goals.

In fact, leading analyst firms identify BPM as among the top technology trends. According to a February 8, 2011 blog post by Forrester Research Vice President and Research Director Connie Moore entitled, "Tackle The Most Common BPM Challenges," "BPM projects typically deliver 30% to 50% productivity gains for processes involving back-office and clerical staff, and they typically deliver 15% to 30% productivity gains for processes involving knowledge workers." Organizations and business units are now looking to BPM to enhance business processes to provide maximum customer value.

Executed well, BPM carries a number of business benefits:

- **Operational cost savings:** Automating manual processes eliminates waste, improves efficien-

cies and increases accuracy. Automated processes require the involvement of fewer people in the organization. Training costs go down, especially for CRM systems. Companies that are successful in their BPM approach typically see a significant overall cost improvement.

- **Improved sales opportunity:** Optimizing end-to-end sales processes boosts the value provided to prospects and customers.

- **Greater customer satisfaction, leading to higher customer retention:** Fundamentally, BPM is about improving business processes with the aim of providing a better customer experience. Moving the organization toward customer centricity boosts customer satisfaction, which means customers will be less likely to defect to competitors.

This white paper will help you understand how to holistically deploy BPM. It will demonstrate a proven way to assess where BPM fits in your environment, how some companies are leveraging BPM to streamline and automate key business processes, and new and emerging technologies that effect how BPM services are delivered and consumed.

BPM in Your Organization

Most businesses and other organizations are organized around disconnected business functions,

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such as sales, marketing, production, customer service, research and development, operations, finance, HR and the like. This siloed, or function-based, organizational structure originated at the dawn of the Industrial Age when it was the most efficient labor arrangement in a non-automated world. Today, however, organizations are largely automated. This means that any business process delivering value to customers tends to cross functional boundaries. Unfortunately, employees rarely look beyond their functional silos to see how work that touches the customer is conducted within corresponding functions within the organization. This is problematic as high-value business processes naturally reside with a larger, cross-functional way of working. Getting all your employees to think about the bigger picture, from the origin of the business process to where it touches the end customer, is a major challenge in BPM.

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A necessary starting point for effective BPM is to move the organization from functional thinking (with its associated organizational chart) to a process mindset (with a process-driven hierarchy). Often, this requires peeling decades of firmly entrenched, out-of-date work patterns and practices from executives who cannot imagine any other way of getting work done. The transition to customer centricity that underlies effective BPM can shake the business to its foundation.

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Cornerstones of BPM

In our experience, many companies do not approach BPM holistically. The temptation is to focus exclusively on process automation and consider the BPM program successful with each incremental bit of automation achieved. Unfortunately, this limited approach can result in implementation of many different point BPM solutions that do not generate business benefits. That is because no one stopped to define the business benefits before implementing the tool. Companies often architect themselves into a corner because they did not take a top-down approach to BPM.

This is a multi-functional effort that must start by taking a higher view than just what one tool can achieve. In our view, there are three cornerstones of BPM:

1. **Process Engineering:** When companies launch a BPM program, the purpose is to achieve business goals, not IT goals. In fact, any attempt to cost-justify a BPM project must be characterized at the most basic levels in terms of revenue gained or profitability boosted, or the effort will not garner the requisite level of executive support. The first step of a transformational BPM program, therefore, is to identify the business goals to be achieved. In our experience, many companies start with the goal of improving overall customer service. The next step is to identify the metrics and key performance indicators (KPIs) that relate to the business goal. Here, applicable metrics would include customer satisfaction score, percentage of customer service events handled through self-service channels and first-call resolution.

   With the metrics clearly categorized, the next step is to identify processes that drive these metrics. This requires identifying processes that add value for the customer. We find there is an art as well as a science to selecting the first business processes to optimize via BPM. You will want to look for a manual process that has a high profile within your organization. At the same time, this process must be able to yield easily demonstrable business benefits that can be achieved fairly quickly. We worked with an insurance provider, for example, that began with claims processing. The next step is to study the inefficiencies in the existing business process (the "as-is" process). Then, you prepare a recommended reengineering of the business process (the "to-be" process). The end product of this stage will be a set of process diagrams and process flows.

2. **Process Automation:** In the second phase, you convert these process diagrams into code. This is where your BPM solution comes into play. Your tool will automate the previously manual process. For example, take the scenario of a customer calling his credit card company to dispute a transaction. The call center agent takes the details of the dispute and then, depending on the transaction amount, the agent will be automatically authorized to give the caller a credit or to investigate the matter

further. Without automation, the agent in the call center would have to manually go through the rules with the customer on the phone and decide whether to issue the credit, burdening the customer by making him wait on hold. Automating the process means the decision-making on the rules can be made automatically. Under the automated process, the embedded business rules could dictate that if the disputed amount is under $100 and the customer is a platinum card holder, the credit should be granted immediately.

3. **Process Optimization:** At the end of the process automation phase, the company will have newly automated processes. But stopping there is not advisable – the critical next step is to measure if the automated processes have achieved the expected benefits. You have to compare the automated processes against your target metrics. If there is a gap between the two, you will have to go back to your process engineering phase (Step 1) and do more work before proceeding again to process automation (Step 2), finishing with Step 3 (measurement). In our experience, most companies fail to do an adequate job of measuring business benefits attained. They fall short of determining whether or not the program was successful.

Case Study: BPM in the Health Insurance Industry

In 2009, we were asked to implement a call center strategy for a major health insurance provider. The engagement started with a thorough examination of current call center processes, the client's overall goals for customer service, what it wanted to achieve from a business standpoint and how to map to current processes. We reengineered the processes to eliminate inefficiencies and increase customer satisfaction.

Key drivers for what became known as the customer service desktop solution included a move to a future-ready platform and a retail-focused business organization. We reviewed the existing customer service platform and developed a business solution and enabling technical solution. Our approach ensured budget and scheduling compliance. We recommended that development of the customer service platform leverage offshore resources to reduce costs and accelerate the timeframe. We estimated this BPM project would have an active timeframe of about three years and a payback period of roughly six years. In addition, the insurer would see a reduction in training time by 30%, an increase in efficiency and an improvement in first call resolution by 25%. In addition, call center agents would have greater visibility into customer data, resulting in a more consistent customer experience across channels.

We planned a multi-year, phased approach for the health insurer that would provide iterative business capability delivery with subsequent phases building on initial work. We estimated we would save the insurer more than $10 million over its estimated customer service platform development, based on our experience in implementing complex BPM initiatives.

Current Technology Trends and BPM

Recent technology developments are significantly affecting how BPM is delivered. It is worth touching briefly on these topics, including the effects of cloud computing, mobility and social media.

Cloud computing sprang from organizations' need to reduce IT implementation and total cost of ownership. The promise of operating applications virtually in the "cloud" is that there is no need for upfront capital investment in hardware or software, and there is often a monthly subscription "pay as you go" model. This is unquestionably a very powerful value proposition for companies of all sizes today. However, the largest companies, especially those in industries such as banking and financial services and healthcare, are cautiously exploring the cloud model due to security and data governance concerns (see sidebar, next page). These concerns have similarly impacted adoption of cloud-enabled BPM. Solutions providers are tightening up the security of their offerings, so it is likely only a matter of time before cloud will be a viable option for most organizations' BPM efforts. One effective approach is to "test-drive" cloud BPM, or create a proof of concept to determine its viability in your organization. This will help determine:

- How employees will access the cloud infrastructure.

- Security measures to ensure data privacy.

- Whether partitioning of data is needed.

Today, any discussion of technology is incomplete without the addition of mobility, and this is true in the case of BPM. When using BPM in the context of process automation around customer relationship management (sales process management), for example, salespeople stand to benefit greatly if their processes are integrated with their mobile devices. Information at their fingertips means salespeople are ready to help with customer queries on the fly, better serving them.

In the CRM context, BPM is all about optimization of processes between different stakeholders –

different departments, suppliers, trading partners and customers. Social BPM is all about collaboration so social media should be leveraged. For example, an insurance company's call center might need to monitor conversations on social networking sites in the case of a public relations issue to be better prepared to deal with customer calls.

Done well, BPM is one of the surest paths there is today to getting closer to your customers. If you follow a holistic, multi-phased approach as described above, you can be sure of achieving the expected business benefits.

Is Cloud BPM Secure Enough?

Running applications in the cloud, rather than installing them on premises, is as attractive a notion for BPM as it is for other types of applications. You can avoid buying hardware or software outright, you escape having to deal with installation or maintenance and the provider handles the upgrades.

But executives in risk-averse industries such as banking and financial services are rightfully leery of sending their sensitive data to the cloud, where they will lose direct control over it. Data governance (who owns the data?) is a concern, but information security is even more pressing.

If you're interested in taking the plunge into cloud BPM – or at least learning more about it – you'll want to ask your services provider these key questions:

- **How do you physically secure my data?** If the provider doesn't have modern and secure facilities, there's no need to ask any more questions. Move on to the next provider. Physical security is important, including on-site security personnel, video surveillance, intrusion detection, restricted entry and the ability to demonstrate how they provide it.

- **How is my data encrypted?** Data encryption is crucial, and you need to hear details about the provider's encryption methods and policies.

- **Where will my data be stored, and will it be replicated at other data centers?** One premise of cloud is that the location of data should not be a concern for the user. Many enterprises, however, must comply with regulations that are based upon the data's geographic location. Companies need to review these requirements with vendors.

- **What investments are you making to secure my data?** You want to be sure security is a constant focus for the provider where they will think ahead for you and make it one less thing for you to worry about. Are the provider employees trained and skilled in security and encryption? Does the organization have technology to detect if your application is under attack? What response times does the provider offer if an attack does take place?

- **Is your cloud computing service SAS 70 compliant?** Compliance with the SAS 70 standard by itself is not proof positive of adequate security, but it does at least demonstrate that the provider has the appropriate safeguards and processes in place to protect your IT assets.

About the Author

Dilip Balakrishnan is North American Director and Head of Cognizant's BPM Practice. In this role, he is responsible for setting and executing the company's BPM services strategy in North America, manages a team of BPM consultants who provide specialized BPM services to strategic customers and manages Cognizant's relationships with all major BPM product vendors. Dilip has 18-plus years of experience in business consulting and IT services, the last 12 years of which he assumed ever-increasing responsibilities for Cognizant in business consulting, client and account management, large services program management and practice management. He has an undergraduate degree in engineering and a postgraduate degree in business management. Dilip can be reached at Dilip.Balakrishnan@cognizant.com.

About Cognizant's BPM Practice

Cognizant's BPM practice specializes in BPM business analysis, consulting and testing. We have 3,200-plus BPM workflow architects, developers, testers and consultants working on more than 160-plus in-flight BPM projects facilitating process automation involving multiple system components. Our "person years" of BPM project experience exceed 8,000. We have a dedicated BPM Center of Excellence featuring a repository of best practices and other reusable assets.

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