

BPM Templates

Implementing Best Practices in Record Time

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“Improve operational efficiency...Apply proven best practices...Cut IT project timelines...” Laudable goals, but are they really attainable? The answer is yes.

During the past decade, many businesses have implemented workflow improvement solutions: ERP, ERM, CRM, KM, ECM. An emerging leader among this alphabet soup is Business Process Management (BPM). As the new acronym in the realm of business reengineering these days, BPM has attracted many vendors who are marketing solutions under the BPM title.

BPM solutions manage process automation. The software enables businesses to design, execute and maximize business processes involving people, systems and partners. The tools include visual design functionality, modeling and simulation features, integration software and process monitoring and reporting features. Although most BPM solutions share these common features, there are significant differences in the approaches taken by vendors.

A clear distinction exists between BPM solutions that merely provide an IT toolkit and BPM templates that can be successfully employed by the average business user with little or no assistance from the IT staff.

When a business leader decides to implement BPM, he or she must make another crucial decision: Will he or she buy a toolkit for the IT staff and build a solution internally—a time- and labor-intensive route—or partner with a proven supplier that offers solutions for the average business user?

Innovative business leaders from a variety of industries are turning to BPM templates. Templates provide best practices in significantly less time than it takes to custom-develop a solution using a BPM toolkit. This trend toward process templates will gain momentum as companies recognize the value of reusable process components that are repeatable and consistent across multiple settings.

At DST Technologies, we have spent the past 15 years working with clients to optimize resources through the application of automation solutions. This work has yielded a body of knowledge our consultants have used to create business process management templates. These templates enable clients to capitalize on existing systems and in-house IT staff expertise while leveraging industry best practices in the most efficient timeframe possible.

Challenges

Today's business climate is filled with uncertainty. From the rapid pace of technology development to mergers and acquisitions, market fluctuations, government regulations and other factors, a company's ability to react quickly is imperative. Without BPM templates, companies cannot react quickly enough to capitalize on changing market factors.

Generally speaking, an implementation using nothing but a BPM toolkit can take between nine and 18 months. By using BPM templates, the same implementation



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can be completed within three to six months. In addition to saving time, this increases the return on investment a business can expect. Although templates will never eliminate the need for some integration, their use does shorten project timelines considerably.

There are two primary types of BPM templates: vertical and horizontal. BPM templates developed for verticals solve specific business process issues within specific industries such as healthcare, mutual funds or mortgage lending. On the other hand, horizontal development focuses on creating broader business applications that can be applied by nearly any business in any industry. For example, a variety of industries operate customer service centers using horizontal customer service applications. Both approaches are valid; companies must choose the route that best fits their current business needs. With vertical solutions, however, the selection process can benefit from the analysis of case studies within a particular vertical.

Solutions

Many vendors focus on specific verticals, and have built an impressive selection of process templates, which can be applied as new partnerships are developed with clients in these markets. Companies choosing this path will benefit from the years of experience and millions of dollars invested in the research and development of these BPM solutions. Following are three examples of this approach:

1. Mutual funds. DST provides templates for each of the 25 to 30 discrete transactions that a mutual fund service company performs for its customers, such as new accounts, redemption requests, exchanges, customer correspondence, and change of address. As technology and the

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industry have evolved, the level of automation has increased.

In the mid-1990s, for example, automatic correspondence processing tools were incorporated into templates. As the technology emerged, templates were created to automate additional manual work tasks. Today this template enables mutual fund company systems to pre-configure letter text, integrate addresses using the record-keeping system and print, fax, mail, or e-mail customer correspondence with little to no human intervention. Many top mutual fund companies currently use this template.

Through the use of these templates, mutual funds realized that automating simple processes such as investor correspondence freed up valuable time and human resources to focus on their unique, core competency—improving shareholder value.

2. Healthcare. In association with healthcare financial management professionals, DST analyzed and automated a number of core components within the healthcare revenue cycle. DST then developed a fully-integrated healthcare BPM solution connecting each of these steps within the financial process.

There are now templates available for 10 separate functions within the healthcare provider revenue cycle, including: scheduling, pre-registration, financial counseling, registration, charge capture and entry, coding, claims processing, denial management, account resolution and payment processing.

This BPM solution suite can be implemented as a complete package, yet is flexible enough to interface with existing legacy solutions that healthcare providers are currently using for registration or billing functions.

The benefits of using templates to improve revenue cycle operations are clear. Templates enable healthcare providers to optimize their revenue cycle with industry-tested best practices developed by healthcare financial management professionals.

The average implementation timeline for a project in the healthcare market using BPM templates is four to six months. To complete the same project on a custom basis, without using templates, may require a year or more.

Additional benefits include:

- ◆ Reduced paper processing;
- ◆ Eliminated lost or misfiled documents;
- ◆ Immediate, simultaneous access to imaged medical records;
- ◆ Documented audit trails and security features; and
- ◆ Improved medical record processing means shorter revenue cycle.

3. Mortgage lending. During the past few decades, technology has entered many aspects of the mortgage lending industry. Rapid change began occurring with the large leaps in computer and communica-

tion solutions. The three basic categories of change are the computer, database management and business process management.

In the mid-1980s, the establishment of computerized mortgage-origination networks exposed potential homebuyers to instant information on types and rates of available loans. The subsequent explosion of Web-based mortgage information has produced more informed consumers. As technology proliferates, consumers will begin demanding a more integrated approach to customer service.

A number of single-point solutions now address certain aspects of the loan origination and servicing processes, but there has been little focus on end-to-end process improvement and solution integration.

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The next phase of technology improvement in the mortgage industry will involve the application of BPM solutions to the loan origination processing tasks that remain manual and paper-based.

DST developed templates that perform many of the loan origination processes common to all lenders. For example, automation can vastly improve the efficiency of fulfilling loan conditions before closing.

Loan origination process templates can include:

- ◆ Loan condition fulfillment;
- ◆ Service ordering (appraisals, flood certification, title);
- ◆ Broker communications; and
- ◆ Post-closing verification.

These templates enable lenders to focus on their core competencies such as customer service, which actually differentiate them from the bank down the street. By automating basic processes such as loan condition fulfillment, mortgage company leaders can cut costs, leverage resources and streamline operations.

In addition to these three vertical BPM templates, horizontal templates are available as well. For example, DST's AWD/Contact™ template provides companies in a variety of industries with a customer management desktop solution for their customer service representatives (CSRs). This fully integrated, workflow-enabled desktop template provides:

- ◆ Rapid implementation;
- ◆ Vital information in a highly visual form;
- ◆ Integration with workflow, computer telephony integration, digital call recording and the Internet;
- ◆ Links into other application systems for customer account information and product marketing; and
- ◆ Support for thin-client environments.

Conclusion

Through the rapid application of proven best practices, BPM templates enable businesses to improve operational efficiency often in half the time of a traditional IT implementation. Although efficient implementation is a primary benefit of using BPM templates, minor integration with existing applications may be needed for certain projects. Templates combine the best of both worlds in the build-versus-buy debate.

At a recent Gartner Symposium, analyst Jim Sinur spoke of the benefits BPM templates can provide: “If one wished for the perfect blend of buy and build, the business process management (BPM) template probably gets closest to the balance. It has the advantage of a purchased core business flow. This predefined flow can be mated with your existing legacy applications or data stores or can be extended to include Web services created in-house or purchased/rented from an outside source,” Sinur said.

By reducing total cost of ownership and accelerating time to market, BPM templates can assist companies wanting to refocus resources on their core competencies while optimizing more basic industry processes through automation. In addition, a company can use BPM templates to maintain its competitive edge while retaining a unique place in the market. ■

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