Leading in a fast-changing, digitally disruptive environment
Digital disruption is accelerating business reinvention by design

Technologies are impacting virtually every industry, and the business process outsourcing (BPO) and shared services market is no exception. A new set of client goals and expectations that are very different from those of the last ten years have emerged. For instance, cost reduction through labor arbitrage, and access to skills and efficiency are no longer the only main drivers for implementing BPO or shared services. While cost savings and delivery excellence are still important, BPO clients expect their service providers to bring capabilities that help them innovate the way their back-office operations are globally digitized, reinvented and driven to new levels of service and user experience. They also prioritize solutions that are quick to implement and easy to consume, with reduced risk and guaranteed, tangible outcomes—along with reduced capital outlay.

As business models are changing to keep pace and stay ahead of competition, pressure is increasing for back-office functions to become more agile to support new methods of operating. To leverage the latest in automation, robotics and cognitive capabilities, organizations are increasingly reassessing how their target operating models need to change. Agile organizations that have consolidated back-office processes and have driven common process and data standards can leverage these new technologies quicker than those that have not. Common questions include how and where to use robots, how cloud can best be deployed, how advanced analytics can drive better insights and how outcomes can be expedited.

What will the future bring? IDC estimates that by 2018, half of all consumers will interact with services based on cognitive computing on a regular basis. And according to IBM’s latest Global C-suite Study, the majority of participants believe that cognitive technologies lie next on the horizon as the bridge to new levels of personalization and insight from exploding volumes of data.

We believe the journey to cognitive BPO will be enabled by digital transformation augmented with analytics and cognitive technologies to create new possibilities and end-to-end outcomes. This will require a service provider that can bring:

- A design-led, collaborative approach along with a wealth of experience, talent and skills in the areas of design, implementation and operation
- Innovative business models and a broader vision of business outcomes that go beyond point solutions or a line-of-business focus
- Delightful user experiences that don’t compromise operational or cost efficiencies

“Technology will change our business models … There will be a profit shift in the value chain, with the move from product to total solution.”

—CEO, Netherlands
We use a three-part approach to support our clients’ business transformation

To collaborate more meaningfully with our clients and jointly define and implement solutions that generate new possibilities and outcomes, we focus on:

<table>
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<th>Enabling speed of insights and solution value through a rich, diverse talent and skill base by:</th>
<th>Reimaging work flows through robotics, cognitive systems and agile, underpinned by design thinking principles:</th>
<th>Delivering faster, composable solutions that provide virtually instant value by:</th>
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| Delivering consult-to-operate services, by industry and built to scale—empowering us to provide end-to-end strategy, consulting and delivery with strong operational and innovation capabilities.  
  • Reskilling and upskilling our talent base to team with clients and provide “as needed” access to scarce resources.  
  • Creating a common talent and skills architecture by combining the consulting capabilities of IBM Global Business Services® and IBM Business Process Services (formerly IBM Global Process Services), our BPO division, to simplify our services while integrating the most advanced digital technologies. | Embedding IBM’s technology stack in the areas of cloud, analytics, mobile, social, security, predictive analytics and cognitive computing capabilities to help reinvent our clients’ business processes and modernize the way we deliver enterprise-wide solutions and outcomes—from the front office through to back-office operations.  
  • Using an enterprise-aligned, prioritized and digital operating model that incorporates IBM Design for Business Process Outcomes. (See Figure 1.) This guides the way we leverage technology to provide more intelligent automation that’s designed to deliver specific, differentiated experiences and outcomes, more consumable processes and faster adoption of shared services. | Accelerating the growth of our business process as a service (BPaaS) offering by integrating them with our cloud business solutions unit to support a more seamless, cross-functional model. This allows us to deliver modular solutions that can be consumed in a much easier way with faster transition that clients can virtually plug and play into their operations—delivering solution outcomes and benefits more quickly than in the past.  
  • Implementing a multi-tenant process foundation that includes robotics process automation (RPA), managed marketing services, and data and analytics “as a service.” |

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[Engage]  [Design]  [Prototype]  [Deliver and iterate]

**Figure 1.** Collaborative design for business process outcomes is empowered with an enterprise-aligned and prioritized digital operating model.
**Embracing, re-inventing and integrating design thinking for holistic solutions**

Design thinking—a user-focused method of practical, creative problem solving that evolved from industries including engineering, architecture and business—is not new. When IBM adopted design thinking several years ago, we used it to make our complex, multifaceted and global enterprise more agile and aligned—enabling a more creative, design-oriented business model. Placing the user at the center of our design practice drove a cultural change across our organization, including our approach to business process outcomes.

Out of our journey emerged IBM Design Thinking, a company-wide culture and capability we embraced five years ago. It has revolutionized how we work together, engage with our clients and deliver differentiated capabilities to the market. During the first two years, we focused on our own technology, products, people and processes in order to reimagine design thinking—to make it scalable across a complex global environment separated by business units and functions.

Today, IBM Design Thinking is a global IBM commitment accelerated by client interaction across IBM Design Studios, which provide an environment in which brainstorming, breakout sessions, quick conceptualization and collaboration can flourish. In addition to our main studio in Austin, Texas, we currently have more than 20 IBM Design Studios across the globe. We continue to evolve and iterate on what has become a valuable capability in helping our clients achieve their desired outcomes.

As we’ve further infused IBM Design Thinking into the DNA of our BPO business, we’ve concurrently delivered hands-on training through design thinking workshops around the world to approximately 5,700 of our cross-IBM core solution architects, sales and account management leaders, and delivery practitioners. By the end of 2015, almost 100 percent of our IBM Business Process Services teams had a foundational knowledge of IBM Design Thinking.

We’ve retained our collaborative, human-centered approach as we’ve brought our design thinking workshops to clients, along with a set of repeatable, outcome-based and user-centric methodologies that can define real problems and find innovative solutions. Going beyond limited task-oriented considerations such as visual design or user interface, we focus on how processes actually work and how users feel when they interact with them. This enables better, more distinctive user experiences. And we show up with an arsenal of technologies, in addition to IBM Design Thinking, that include:

- Packaged industry and pre-developed BPaaS and analytics solutions
- An automation factory that houses a central repository of reusable robots
- Capabilities we can leverage through our industry and IBM Business Partner alliances
- Intellectual property from IBM Research
- Newly emerging cognitive solutions
- Proprietary assessments such as our Enterprise Process Innovation Continuum (EPIC) Maturity Model Assessment (EMMA), which helps clients measure themselves against best-in-class standards, plus adds key performance indicators (KPIs) and service level agreement (SLA) dashboards

Here’s an example of how we applied IBM Design Thinking to automation for a company in the industrial sector. The organization was experiencing a challenge in its procurement process and needed to reduce costs and risks while increasing compliance. Its initial idea was to automate vendor lists, but as we collaborated with key personnel during a design thinking workshop, it became clear that this would only be a tactical, point solution. Given the larger goal of supporting compliance without increasing costs and effort, the higher-value solution was to automate the task so that the vendor list was already in the system and accessible through mobile devices, which offered built-in compliance. Rather than automating a list, our solution—which included IBM® Watson™ Buying Assistant—took
into account the end-to-end process and desired outcome. This increased the benefits the company received on the front and back end, reducing errors and staff time, and avoiding downstream costs and challenges. This is how our focus on outcomes resulted—not only in an automated process but also in a more intelligent one that incorporated analytics, learning capabilities and cloud’s ability to quickly scale.

IBM Watson Buying Assistant is one example of a prototype we’re building to provide a platform that looks at the procurement needs of the end user, learns from previous purchases, supports compliance management, provides the better cost options and helps reduce risk. We envision numerous other cognitive apps to address new creative ways to accelerate value for our clients. We expect to take what we intend to be a reusable model and bring it to clients in a variety of industries to help them differentiate their capabilities.

In addition to putting the end-user first and using empathy mapping to pinpoint the outcomes clients want to achieve, identifying the right problem statement is critical to the success of IBM Design Thinking. We use simple exercises to help narrow our focus and refine our problem statements. Once the desired outcomes are collaboratively identified, the challenges to achieving them become clear and in context.

With outcomes identified, digital and cognitive technologies can be implemented to accomplish the “how” with simplicity and vision. We start with where a client currently is and work with its leaders to understand where they want to go, bringing capabilities from our extensive technology enablers to help them get to their desired end state. Engaging client stakeholders to collaborate with us in our design thinking workshops also helps build internal alignment to support adoption of new solutions, which helps accelerate the expected business outcomes.

As we stated earlier, when we talk about automation, it involves more than just replacing human tasks with software; it involves strategically surrounding it with our cloud, analytics, mobile, social, security and cognitive capabilities. By going through the steps in this methodology of first understanding our client, exploring potential outcomes with them and quickly prototyping a preferred solution, we help the organization succeed sooner, and it can continue to evaluate, iterate and innovate.

We deliver business process solutions “as a service” with speed and simplicity

To date, we offer 22 cloud business solutions, with seven priority cloud business solutions as part of our BPaaS portfolio. They include order-to-cash, counter fraud, personalized learning, predictive maintenance, customer data, digital commerce and social analytics.

In the past, implementing a cloud solution could be a disparate, lengthy and costly proposition, requiring significant up-front investments, multiple contracts and long cycle times to deliver value. But today, cloud offers faster, more flexible integration.

To hasten cloud’s time to value, we’ve simplified the way we personalize solutions to our clients’ specific industries and needs. We build on a set of components and assets and bring them together in a modular fashion that’s delivered “as a service.”

We then provide one umbrella contract to help reduce complexity and drive toward a flexible, subscription-based usage model. For our clients, this means easier, faster access to new business and operating models through individuated, end-to-end, outcome-based solutions that leverage the Internet of Things (IoT) and are easier to consume and scale. These solutions also feature substantially reduced capital outlay and business risk. For clients that have invested significantly in their ERP platforms, shifting components of their business processes (such as travel and entertainment, reconciliations and personalized learning) to an “as a service” solution helps them achieve quicker time to value.
Pioneering the future: evolving to a cognitive business

For the past several years, the IT industry has revolved around cloud, analytics, mobile, social, security, data and the IoT. We have learned that the greatest value comes from putting these capabilities together to help our clients become digitally enabled. But we now believe that digital is not the ultimate destination, but the foundation for a new kind of business we call cognitive.

Cognitive computing is distinct from programmed or rules-based analytics. Rather, it is a system that:

- Can deal with both structured and unstructured data.
- Is built on algorithms that can learn through natural language.
  It is often called “machine learning,” and it can understand situations, reason through them and learn from those experiences, making it smarter the more it is used.

To become a cognitive business, organizations need a cognitive strategy; foundationally they need order and consistency in their data, plus advanced analytics capability. Then, to implement and become operational, companies need an IT infrastructure tuned for cognitive workloads, security and high-value services, along with appropriate governance. Businesses also need to be able to tap into a new asset: the enormous volumes of data being gathered and stored for consumption. The amount of available data has outstripped traditional computing’s capacity to use it effectively, but cognitive computing allows organizations to implement systems that can understand, reason, learn about and find patterns in data—leading to better decisions, customer interactions and operational processes. The companies that learn to use data more effectively will be best positioned to win in a fast-moving, uncertain and disruptive competitive environment.

In the past organizations used Lean and Six Sigma methods to make processes standard and resilient, but those tools are no longer sufficient today. The consumability of these processes is as important as the fact that they need to be security rich, industrial strength and standardized. Innovation and user experience-based design also play a key role. To deliver on the promise of a superior customer experience and still realize economic savings and enable efficient, adaptable processes, organizations need to integrate cloud, analytics, mobile, social, security, cognitive computing, the IoT, business process management and data mining technology.

To help our clients navigate a path forward to become a cognitive business, we plan to:

- Continue to leverage the analytics and cognitive capabilities of IBM Watson to drive more informed, intelligent actions
- Collaborate more closely with our clients and co-develop solutions with them in our design thinking workshops, with industry-leading digital interactions through the full lifecycle
- Apply analytics, cognitive and IBM Design Thinking to instrument processes, create new ways to interact and deliver better solutions to our clients that help them more quickly succeed
- Exploit the power of artificial intelligence to generate deeper insights from larger volumes of data
- Continue to merge innovation and operation to help provide elegant user-interface designs that reflect a deep understanding of our clients’ needs
- Combine robust applications, global delivery and standardization as we continue to scale our “as a service” business with industry platforms; we also intend to bring new BPO offerings to the market that can support our clients’ journeys toward becoming a cognitive business
IBM Design Thinking, coupled with robotics, automation, cognitive, IoT capabilities and our vast ecosystem of alliances and IBM Business Partners, allows us to more quickly create outcomes across business and IT that deliver truly delightful experiences to our clients and their end users.

Why IBM
IBM can offer market-leading analytics platform capabilities, complemented by a thriving ecosystem of data and innovative alliances. With a robust range of services and solutions to help meet our clients’ specific needs, we can deliver:

- **Cognitive and analytics capabilities** powered by IBM Watson and accessible through the cloud: Watson is much more than artificial intelligence; it’s a problem-solving system that combines massive data processing power with reasoning and learning capabilities to surface insights and solutions on a scale not previously thought possible.

- **Robust cloud capabilities**, with nearly half-a-million registered users in 2015—offering more consistent, open and powerful choices across the cloud spectrum to satisfy the various needs of our clients’ applications and data: We can provide a world-class digital experience for next-gen builders, business and academic leaders around the world to innovate with cognition, and create and scale their own solutions more rapidly.

- **End-to-end ownership of technology stack**: Organizations can reap the benefits of the fact that we own much of the technology we use, which gives us additional freedom to develop long-term, flexible roadmaps with our clients.

- **Extensive resources** from across our entire organization:
  - IBM Business Process Services can provide:
    - Integrated outcomes, risk transfer and transformational outsourcing value, and faster time to implement.
    - New value embedded into digital processes with cognitive solutions.
    - Hybrid models such as in-house BPaaS processes to help clients resolve IT constraints and solve scarcity issues with “consumable” outsourcing.
  - IBM Global Business Services, IBM Analytics, IBM Commerce, IBM Security, IBM Research, IBM Global Technology Services® and IBM Global Financing can provide clients with a full range of services and industry-specific solutions, including:
    - A consulting practice that integrates strategy and business analytics, and brings clients IBM specialists who provide the experience amassed from over 50,000 analytics engagements.
    - One of the world’s largest data science work forces with specialists from across IBM Research and IBM Global Business Services, among other domains.
For more information
To learn more about IBM Business Process Services solution offerings, please contact your IBM representative or visit our Business Process Re-invention page.

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3 Ibid

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