



Business Performance Management

Business Performance Management

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Business Performance Management



ON DEMAND BUSINESS™

CEOs recognize the need to sense and respond to continuously changing market conditions

- Today, 80% of CEOs surveyed state growth is back on their corporate agendas
- More than 60% of CEOs agree that new products and services offer their companies the greatest opportunity for growth in the next three years
- Yet only 13% of CEOs surveyed rated their organizations' abilities to react to changing conditions and external forces as *very good*.
- Rapid, optimized response in a dynamic environment is key to becoming an On Demand Business
 - More responsive business processes
 - And a more responsive business model

Responsiveness: the new key competence

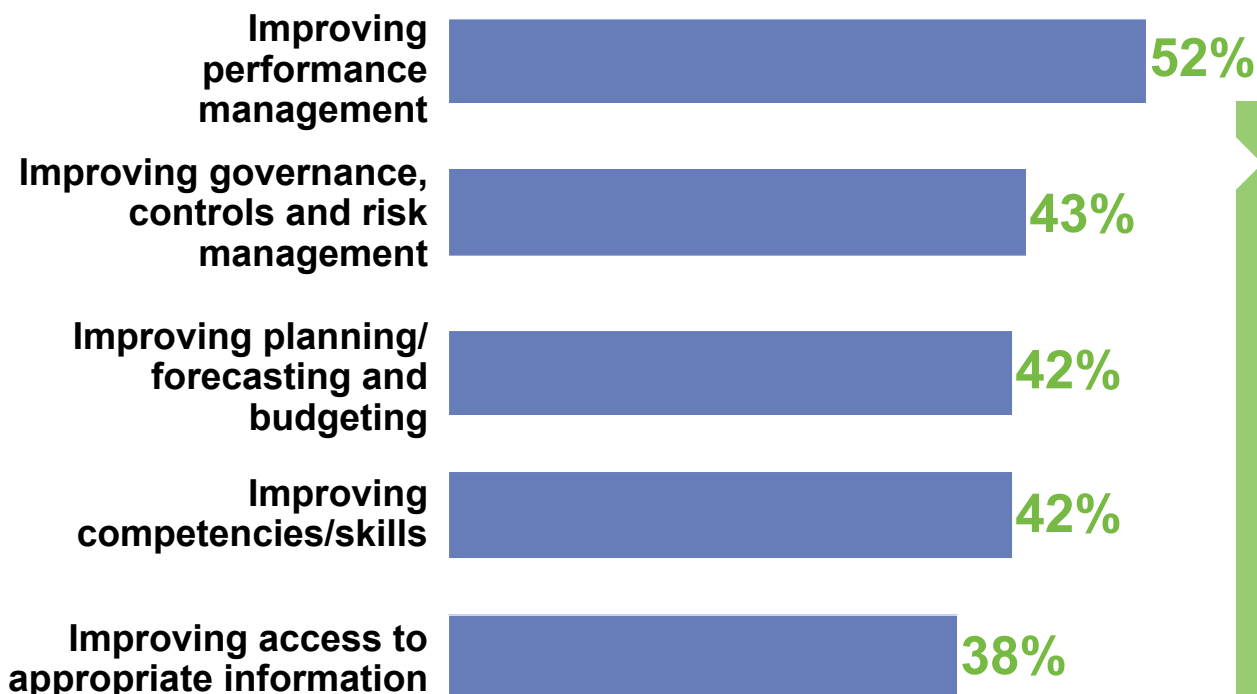
So growth is back on the agenda – but it won't just happen by itself. CEOs all over the world have identified organizational responsiveness, agility and flexibility as necessary competencies. Developing the ability of the organization to not just sense, but to anticipate and respond to the changing marketplace and subsequent customer requirements is one of the great challenges for today's CEO.

CEOs are now focusing on how their organizations read, listen and react to dynamically changing external and internal conditions. As one CEO put it, "we have to implement a competitive

Source: IBM BCS, *The Global 2004 CEO Study*

CFOs rank performance management as the #1 challenge they face in meeting today's business needs

Top 5 challenges



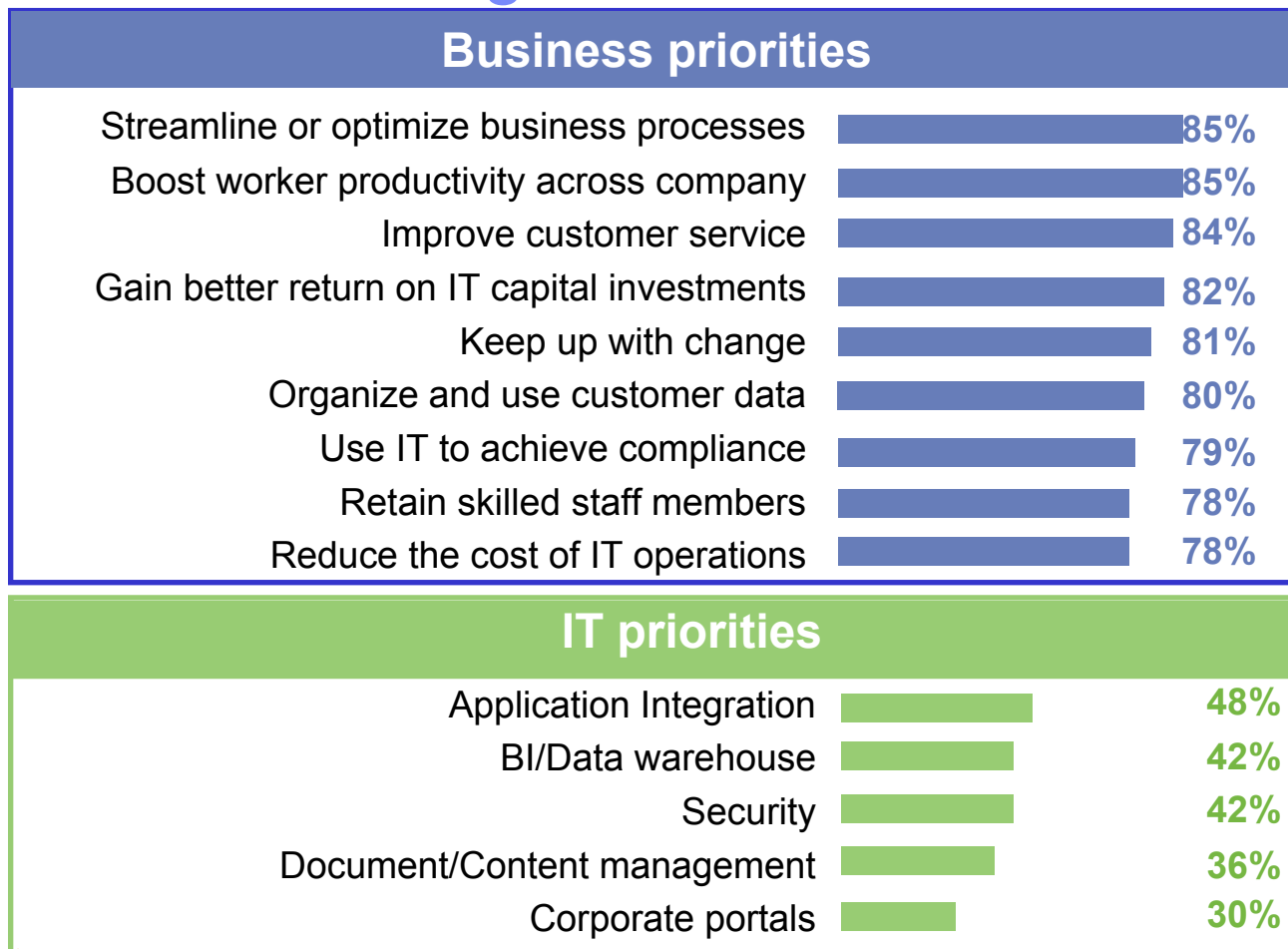
CFOs recognize that managing information is critical to success, with **70% indicating that information is a major asset that requires significant investment**

While CFOs believe that the information they receive is timely, reliable and consistent, **only one-third believe that the information is easy to use, tailored, cost-effective or integrated.**

CFO Survey: Current state & future direction, IBM Business Consulting Services, September 2003

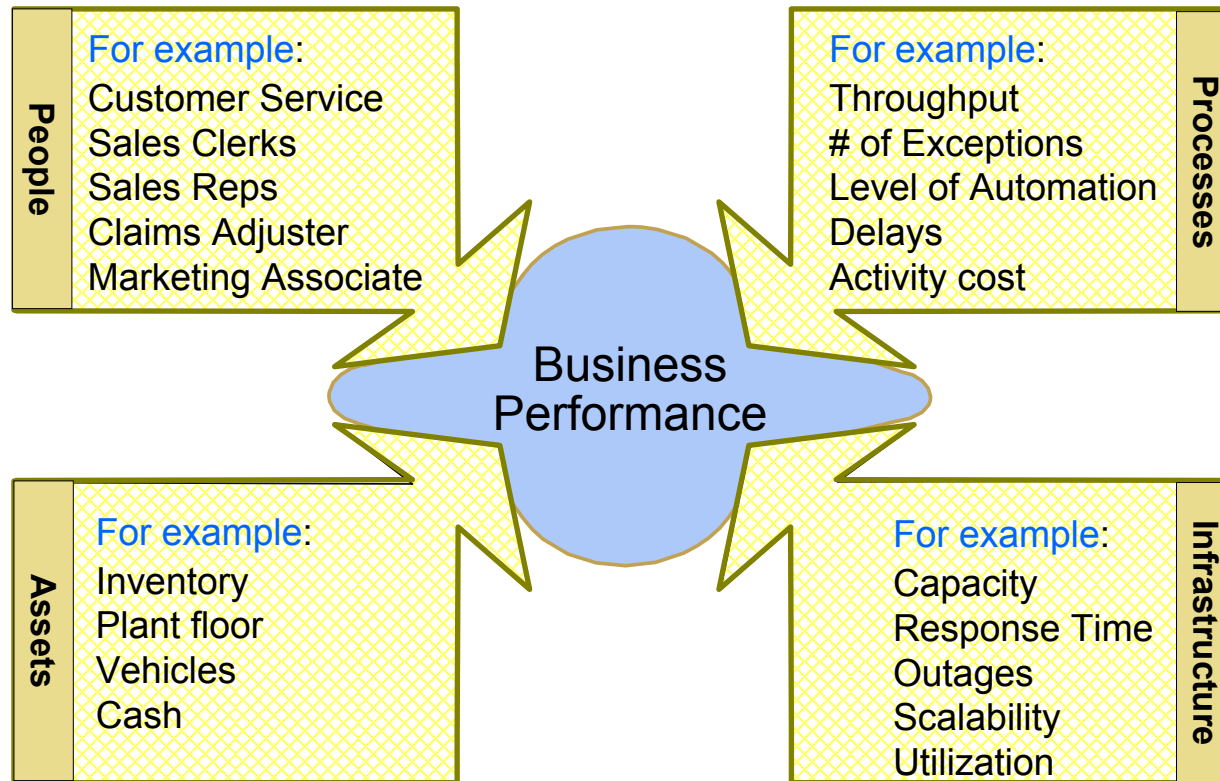


Top business priorities are driven by business performance challenges



Sources: Outlook 2004: Priorities 1Q InformationWeek Research, January 2004 Merrill Lynch CIO Survey Results, September 2004

What are the factors driving business performance?



Business performance management

Taking an holistic approach, companies align strategic and operational objectives with business activities to fully manage performance through smarter decisions and actions for greater success. Leveraging business intelligence, process management, business service management, activity monitoring and corporate performance management enables businesses to fully manage company-wide performance through insightful decisions that can help drive success



Today's performance management: the reality

Complex, siloed organizations, processes, applications and infrastructure make it difficult for business decision makers to understand when — and how — to respond to market opportunities, competitors' moves and regulatory changes



Make more effective decisions:

Optimize decision making with real-time contextual insight

Manage business operational disruptions effectively:

Better anticipate disruptions in day-to-day business operations and quickly take a direct, proactive approach to improve results

Align objectives and priorities:

Drive consistent objectives and priorities across the business and take action based on aligned, measurable criteria

Deliver continuous innovation and improvements:

Establish a flexible, readily adaptable business environment that provides ongoing performance enhancements and optimizations



Business performance management from IBM

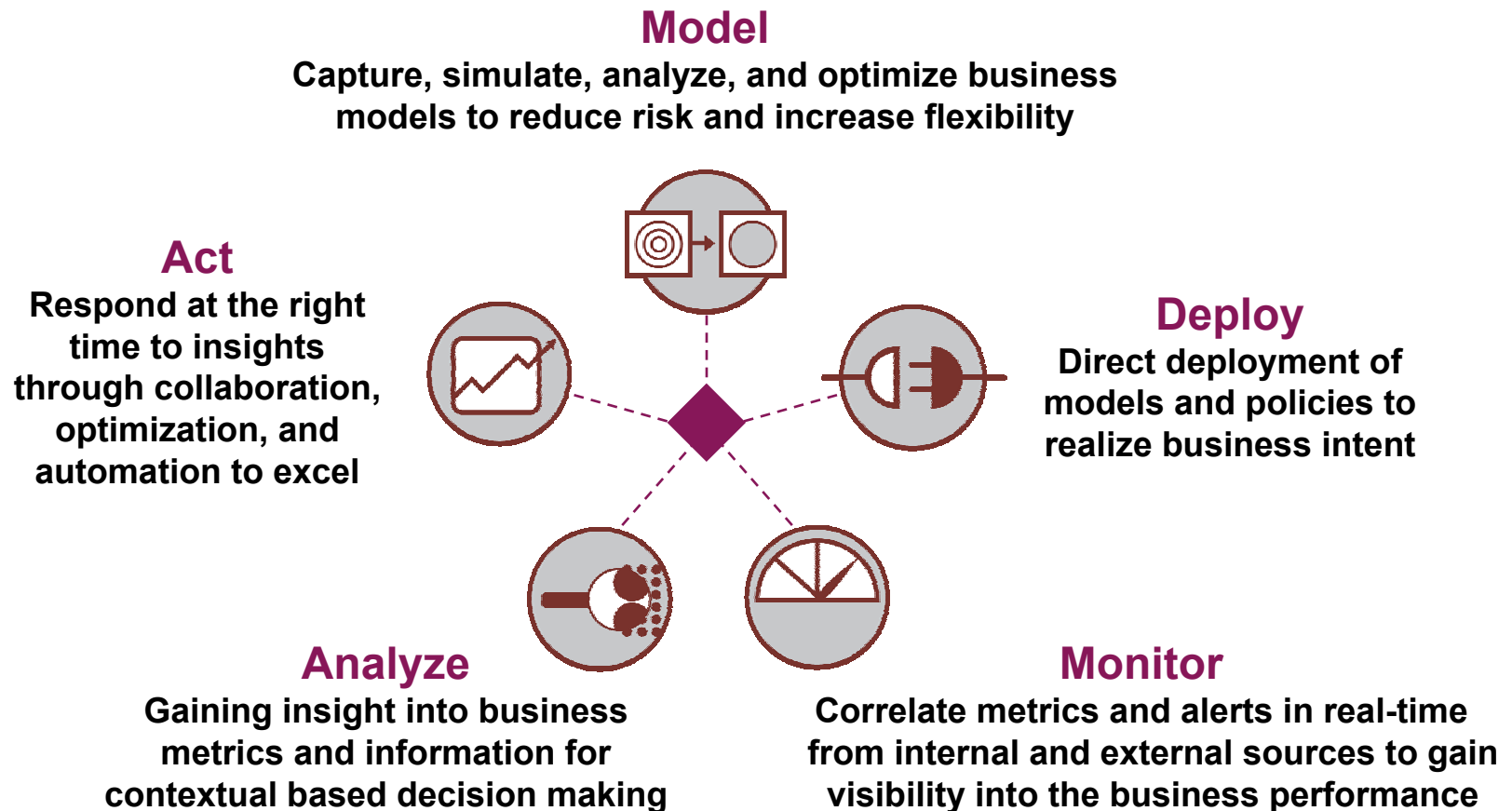
Business performance management solutions from IBM combine market-leading software, industry expertise and best practices to enable you to **better monitor, manage, analyze and take action** — so you can make smarter decisions, gain competitive advantage and achieve greater performance results.

Business performance management solutions deliver continuous improvement and innovation by:

- Aligning strategy horizontally and vertically throughout your company
- Enabling proactive and directed action
- Providing real-time, contextual insight
- Delivering role-based visibility into business operations and metrics
- Improving team productivity and effectiveness



Delivering continuous innovation and improvement: The IBM Business Performance Management Platform



Business performance management combines the advantages of process and outcome orientation

- Process orientation
 - Scale and predictability to drive growth
 - Automation of structured processes

- Outcome oriented
 - Focus on results
 - Understand what is driving results
 - Adapt as required

- Combining process and outcomes
 - Aligning measures and objectives
 - Adds structure to a unstructured process
 - Improve predictability
 - Eliminate unnecessary “noise”
 - Understanding process variations
 - Trade offs (e.g. cost vs customer satisfaction)
 - Reducing costs and improving predictability of exceptions
 - Making unstructured processes more “structure-like”
 - Improve predictability of process outcomes



Delivering continuous innovation and improvement: *The IBM Business Performance Management Platform*

*brings together
the value of
process
orientation*

Capture, simulate and optimize business models to reduce risk and increase flexibility

Aligned objectives and priorities

Act

Respond at the right time to insights through collaborative optimization and automation to

Proactive and directed action

Deploy

Direct deployment of processes and policies to align with business intent

Real-time, contextual insight

Role-based visibility

*with
outcome
orientation*

Analyze

Gaining insight into business metrics and information for contextual based decision making

Improved team productivity

Monitor

Aggregate metrics and alerts in real-time from internal and external sources to gain visibility into the business performance



An example: Innovative Insurance

Innovative Insurance has two key initiatives:

- Increasing share through new product introduction
- Reducing cost associated with claims

To meet these initiatives,

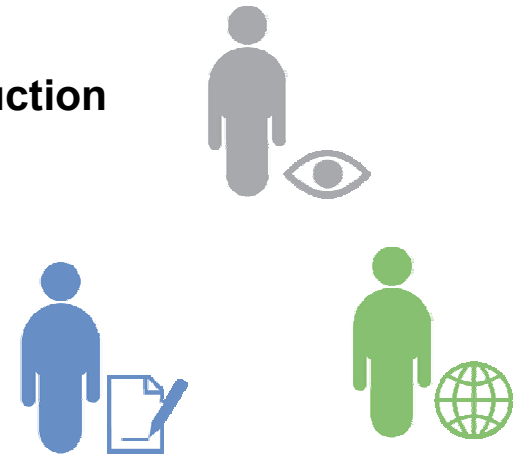
- VP Product Development performs forecasting for current products based on historical information and forecasting for new product
- VP Claims plans to reduce claims processing by implementing redesigned to an express (low touch) process for certain claims types



An example: Aligning objectives with business activities enables Innovative Insurance to manage performance through smarter decisions and actions

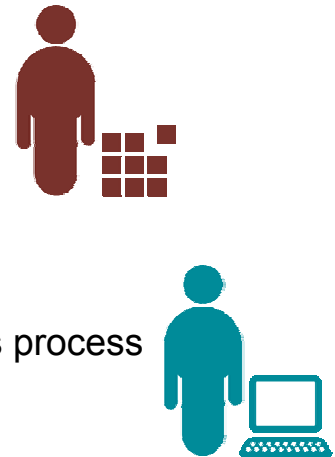
▪ **Objective 1: Increasing share through new product introduction**

- CEO: share growth and new product revenue
- VP Product Development: revenue by region for new product
- CSR Manager: referrals for new product across CSRs
- CSRs: referrals for new product
- IT: service levels in support of new product

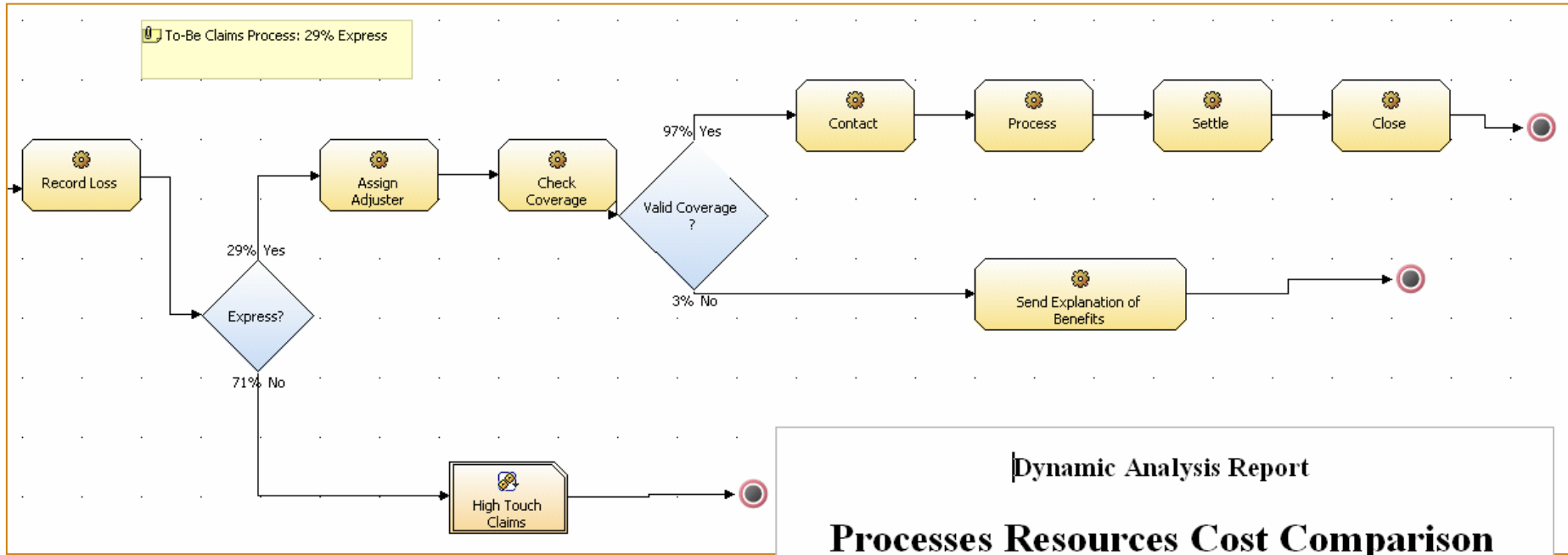


▪ **Objective 2: Reducing cost associated with claims**

- CEO: cost savings on claims process
- VP Claims: cost savings of claims process and effectiveness of new process
- CSR Manager: training of CSRs, overall effectiveness of CSRs
- CSR: completeness and accuracy of first notification of loss
- IT: service level for claims process, problem isolation and resolution for claims process



VP Claims – model and simulation of new express claims process



Dynamic Analysis Report

Processes Resources Cost Comparison

This analysis compares the weighted average summary of two processes to get the difference in resources costs.

| Process Alternatives | Weighted Average Resource Cost (per 100 claims) |
|-------------------------------|---|
| As-Is "High Touch" Claims | \$48,800 |
| To-be with 30% Express Claims | \$44,600 |
| Difference | \$4,140 |
| Percent Improvement | 8.48% |



VP Claims Dashboard View

My Portal Administration Edit my profile Actions Help Log out
Business Performance Management Workplace

Documents Welcome My Work My Newsroom **My BPM**

Scorecard **Quick View** Express Claims Staffing Dashboard

Personal Broker

| Symbol | Trend | Current | Yesterday |
|--------|--------------------------------------|---------|-----------|
| HCO | ▲ | 110.5 | 93.7 |
| AIG | ▼ | 43.2 | 44.1 |
| CSCO | ▼ | 33.1 | 35.2 |
| HIG | ▲ | 22.2 | 22.1 |

Refresh Last Update: 12:00 PM

Major New Business

Policy: Equity Renewal

Search

XY Corporation
34,000 employees, Group STD and LTC; Enrolment %76%, expected frequency .09: 100

Alert! May impact staffing resources in the South East Region

Key Renewal ABC Corporation \$2.52M premium

Expense Overview

Regional Average Benefit Delivery Expense List

US Regions

| Region | Expense |
|------------|---------|
| East | \$550 |
| South East | \$850 |
| West | \$350 |
| Central | \$150 |

Business Pulse

| | |
|----------------|------------|
| Revenue | \$1,088.7M |
| Sales loss | \$181.5M |
| Sales pipeline | \$3,520.2M |
| Pending deals | |
| 30 days | \$272.2M |
| 60 days | \$335.7M |
| 90 days | \$477.2M |
| Expenses | \$83.9M |
| Capital | \$2,987.9M |
| Cash | \$858.3M |

Customer Information

Choose Type

- Producers
- Accounts

Top 5 Accounts

- ABC Auto
- XYZ Limo
- NBC Rentals
- RBC Trucking
- SUN Recreation

Project Watch

- Sarbanes-Oxley ●
- Finance Reorganization ▲
- 2005 Budget Planning ■
- Capital Purchasing ▲
- One Team ■
- Business Performance Management ■
- Low Touch Claims Process ●

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- One Team ■
- Business Performance Management ■
- Low Touch Claims Process** ●

Claims VP sees claims process is not meeting targets

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Business Performance Management |

VP Claims: Dashboard View with Express Claims Metrics

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Scorecard Quick View **Express Claims** Staffing Dashboard

Personal Broker

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| HIG | | 22.2 | 22.1 |

[Refresh](#) Last Update: 12:00 PM

Claims Processing

| Objective | Status-Trend | Target | Actual | Variance |
|------------------------------------|--------------|----------|----------|----------|
| Express Claims | | | | |
| Percentage using Express | | 30% | 25% | 5% |
| Express Resource Cost (100 Claims) | | \$35,000 | \$34,855 | \$145 |
| Express Duration Per Claim (Days) | | 3 | 3 | |
| Overall Claims | | | | |
| Overall Resource Cost (100 Claims) | | \$48,800 | \$49,400 | -\$600 |
| Duration (Days) | | 21 | 24 | -3 |
| Impact of Express | | | | |
| Reduction in Cost (100 Claims) | | \$4,140 | \$3,636 | \$504 |
| Reduction in Duration (Days) | | 5.4 | 5.25 | 0.15 |

Key

| | | | | | |
|--|--------------------------------|--|--------------------------------|--|-------------------------------|
| | Positive status-moderate trend | | Moderate status-moderate trend | | Problem status-moderate trend |
| | Positive status-upward trend | | Moderate status-upward trend | | Problem status-upward trend |
| | Positive status-downward trend | | Moderate status-downward trend | | Problem status-downward trend |

Business Researcher

Best Day - AM Best downgrades rating
 url: <http://www3.ambest.com/bestdaynews/BestDay.asp>

Claims Magazine -
 http://www.claimsmag.com

Wall Street Journal -
 url: <http://www.wsj.com>

SwissRe -
 http://www.swissre.com

VP Claims: Dashboard View with Express Claims Metrics

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Refresh Last Update: 12:00 PM

Business Researcher

Best Day- AM Best downgrades rating
 url: <http://www3.ambest.com/bestdaynews/BestDay.asp>
Claims Magazine-
 http://www.claimsmag.com
Wall Street Journal-
 url: <http://www.wsj.com>
SwissRe-
 http://www.swissre.com

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VP sees that cost reduction is not achieved because the number of claims using Express process is 5% below expectations.

VP Claims: Dashboard View with Express Claims Metrics

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Key

| | | |
|---|--|--|
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Express Claims

A M J J A S O N D

IT Administrator

My Portal Administration Edit my profile Actions Help Log out

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Scorecard Quick View

Internal SLAs

ClaimProcess

Help Desk

Customer Service

Policy Updates

Finance

Corporate Web Site

New Business

Key Projects

- Critical Process - problem isolation ↑
- Critical Process - problem resolution ↓
- Problem Isolation →
- Problem Resolution ↻
- Critical Hires ↻

Alerts

IVR router down 🔴

| | | |
|----------------------------------|----------------------------------|---------------------------------|
| ↻ Positive status-moderate trend | ↓ Moderate status-moderate trend | ↻ Problem status-moderate trend |
| ↑ Positive status-upward trend | ↑ Moderate status-upward trend | ↑ Problem status-upward trend |
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IT Administrator

Claims Process - General Topology - IBM Tivoli Business Systems Manager

IBM Tivoli Business Systems Manager
SUPER ADMINISTRATOR

Console Edit View Search Actions Windows Help

Business Systems

- Business Systems
 - ABS Views
 - BPM Library
 - Corporate Web Site
 - Critical Resource Lists
 - Customer Service
 - Finance
 - Help Desk
 - Human Resources
 - Claims Process
 - On-Line Quotes
 - Policy Updates

Workspace

Claims Process - General Topology

Events for Business System: Claims Process Routers

| Date | Alert State | Name | Description | Owner | Problem ID | Resource Type | Resource Name | Type |
|---------------|-------------|--------------------|-------------------|-------------|-------------|---------------|----------------|-------------|
| Last 30 min | Yellow | <no filter> | <no filter> | <no filter> | <no filter> | <no filter> | <no filter> | <no filter> |
| 01:03 PM 1... | Red | Interface Avail... | Interface2 int... | | | Cisco 1.0 | Interface2@... | Exceptio |

Events matching criteria: 1 Events displayed: 1 Events selected: 0 Duplicates: 0

User 'Administrator' (Super Administrator) connected to server 'tbsm31demo2'

Claims Process - General Topology

CSR Manager

The screenshot displays the Business Performance Management Workplace interface. At the top, there is a navigation bar with 'My Portal', 'Administration', 'Edit my profile', 'Actions', 'Help', and 'Log out'. Below this is a breadcrumb trail: 'Documents', 'Welcome', 'My Work', 'My Newsroom', and 'My BPM'. The main content area is divided into several sections:

- CSR Performance:** A grid of 50 colored squares representing performance metrics. A legend below indicates:
 - Significantly Above Target (Purple)
 - Above Target (Blue)
 - At Target (Green)
 - Below Target (Yellow)
 - Significantly Below Target (Red)
- Individual CSR:** A section for 'Jennifer Jones' showing metrics: Call Satisfaction, Accuracy, Call Volume, Availability, Completeness, Talk Time, and Delegation, each with a corresponding colored square.
- Critical Measures:** A list of metrics: Renewals, Renewal Training, Customer Satisfaction, and New Product References, with status indicators (up/down arrows).
- Alerts:** A section containing the text: **CSRs not receiving policy numbers from IVR** - CSRs notified. This section is circled in the image.

Visibility to problem that may impact business operations

A Workplace for Business Performance Management

Quoted at 2003-07-30
Current Period: Quarter = 3, Year = 2002

| Family | Service Level | Actual OTD | Status |
|------------|---------------|------------|--------|
| 00009K2152 | 98.00% | 98.50% | |
| 00012P9314 | 99.00% | 100.00% | |

Agreement

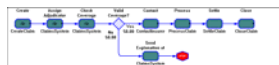
Refresh

Above target
On target
Below target

00009K2152

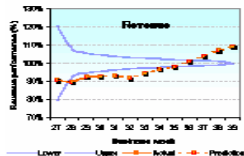
Scorecards:

Key Performance Indicators for line of business units



Monitored Processes:

Operational metrics aligned with critical business processes



Reports and Analyses:

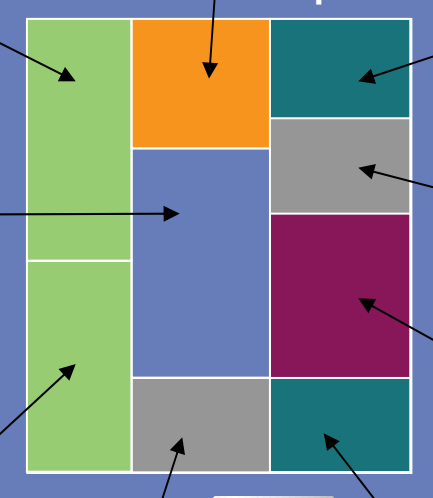
Understand real time performance against historical trends

Business Situation Alerts:

Notification of situations that require business response



Role-based Workplaces



Collaboration Services:

Work with teams to resolve situations

Prompted Actions:

Select an operation to adapt performance



Monitored Actions:

Track status of actions

Market News:

External information and events affecting performance



Risk Factors:

Manage risk factors associated with initiative



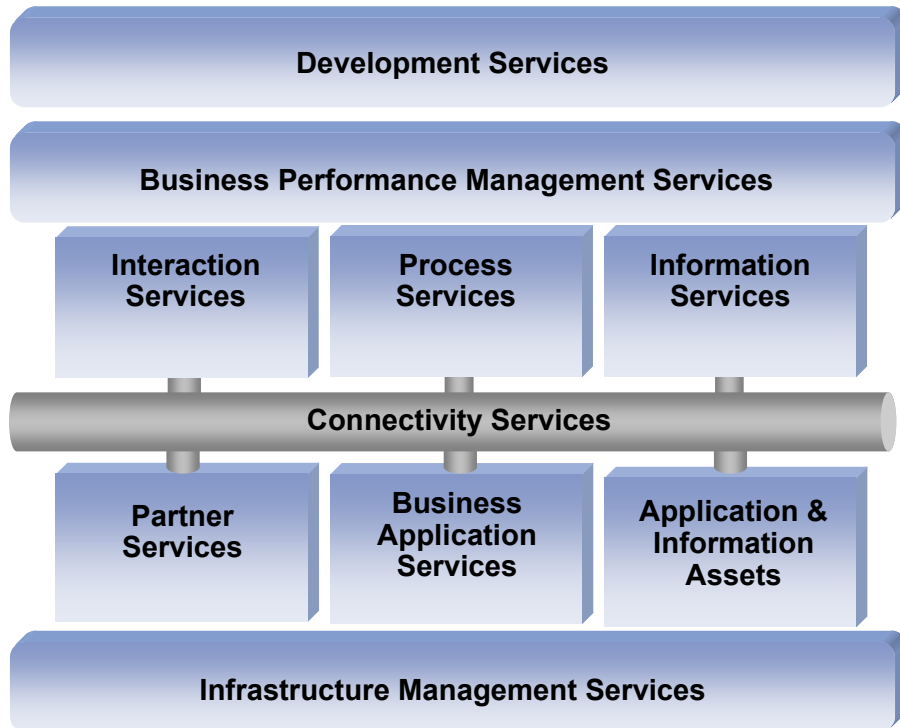
Business Performance Management Solutions are delivered using IBM Integration Architecture



Business Performance Management Services

- Common event infrastructure services
 - Event emission services
 - Event catalog services
 - Event store services
- Active correlation services
 - Filtering services
 - Event correlation services
- Monitoring services
 - Situation detection services
 - KPI and metric management services
- Action management services
 - Action invocation services
 - Action tracking services
- Analysis Services
- Dashboard/Scorecard Services

Business Performance Management Solutions are delivered using IBM Integration Architecture



Interaction Services

- Access services
- Collaboration services
- Cooperative portlet services
- Presentation services

Information Services

- Information Integration Services
- Analysis services

Information Assets

Example sources of information:

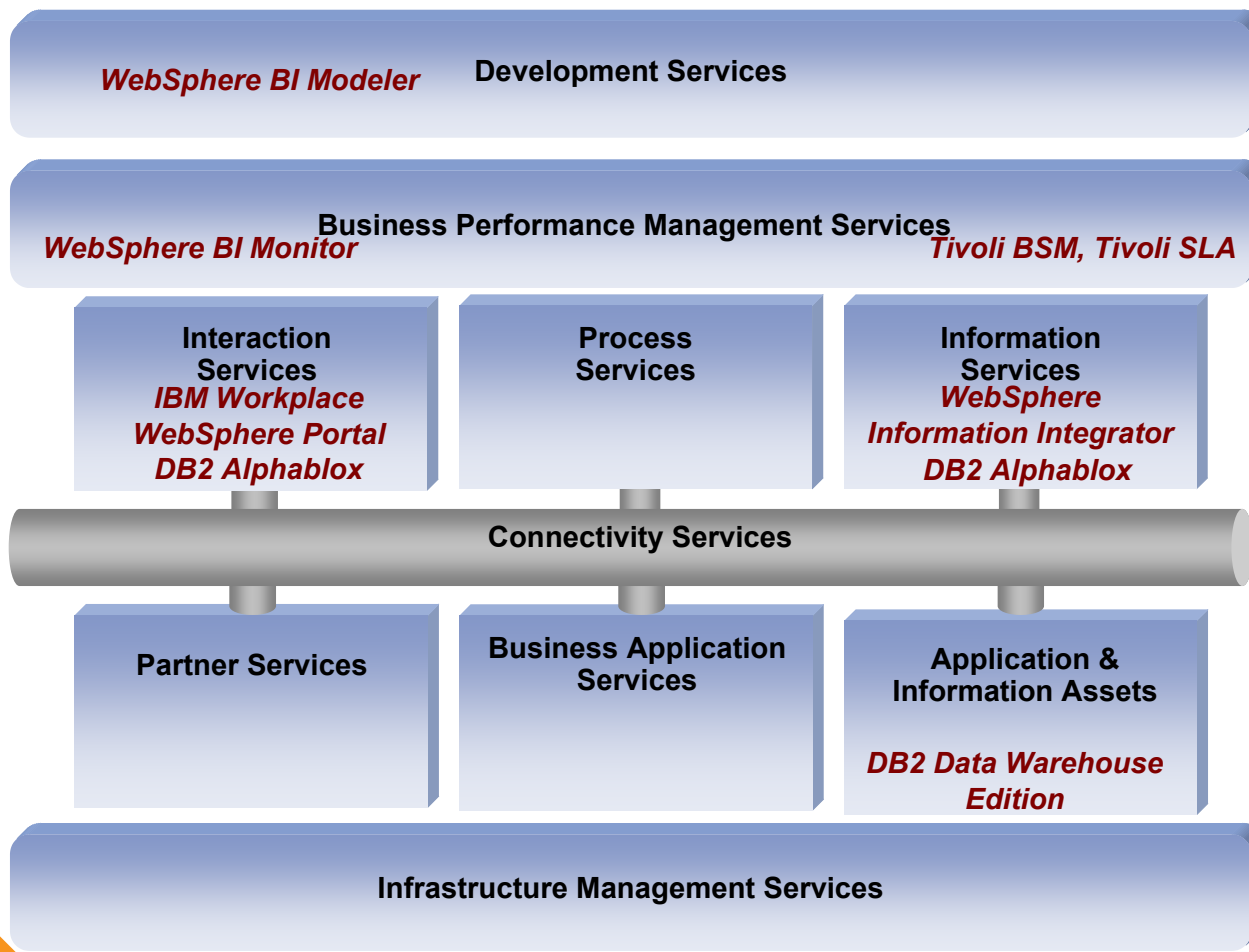
- Database
- Operational data store
- Data warehouse
- Datamart
- Content repository

Process Services, Partner Services, Business Application Services and Application Assets

- Business event sources
- Data sources
- Business actions

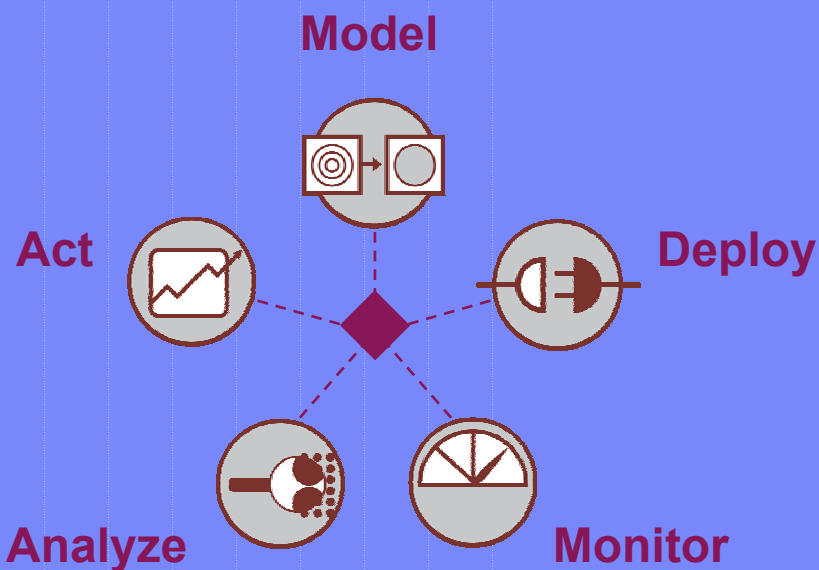
Business Performance Management Reference Architecture

IBM Business Performance Management Software Offerings



Together, we can create greater customer value

IBM Business Performance Management platform



Business Performance Management Partner Opportunities

- **Integrated solutions and industry applications**
- **Integrated dashboards**
- **Contextual insight**
- **Enhanced rules capability**
- **Using standard-based events**



IBM Partners bring greater value to business performance management solutions

Integrated solutions and applications

| Increased client value: | Achieve integration through: |
|--|---|
| <ul style="list-style-type: none"> ▪ Create and extend industry applications and solutions <ul style="list-style-type: none"> – Process definition and deployment – Dashboard presentations ▪ Provide industry applications as actions in response to business situations | <ul style="list-style-type: none"> ▪ Web service invocation ▪ WebSphere Portal and Workplace interfaces |

Integrated dashboards

| Increased client value: | Achieve integration through: |
|--|---|
| <ul style="list-style-type: none"> ▪ Remove end-user “seams” to create a role-based business performance management workplace | <ul style="list-style-type: none"> ▪ WebSphere Portal and Workplace interfaces <ul style="list-style-type: none"> – Basic integration – e.g., support of JSR 168 – Advanced integration – for example, support cooperative portlets, people awareness |



IBM Partners bring greater value to business performance management solutions

Contextual Insight

Increased client value:

- Provide a wide range of advanced analytic capabilities
 - For example: reporting, drill down, metric analysis, forecasting and planning, decision support
- Provide industry content through structured and unstructured data sources

Achieve integration through:

- Inline analytics
- SQL, XML, JDBC, ODBC industry standards
- Built-in functions for regression, co-variance, deviation, sampling, windowing
- User-defined functions for extensible custom analytics

Enhanced rules capabilities

Increased client value:

- Dynamic process execution
- Advanced decision support

Achieve integration through:

- Web service invocation



IBM Partners bring greater value to business performance management solutions

Standard-based events

Increased client value:

- Provide industry applications as actions in response to business situations
- Emit events for monitoring and action initiation

Achieve integration through:

- Common Base Events (CBEs) adoption

**** Common Base Event standards update****

- Supported today with increasing numbers of IBM and IBM Business Partner products
- IBM Autonomic Computing Toolkit in its second supported release
 - Redistributable components available at no-charge to facilitate quick building and deployment of solutions
- CBE was key input in development of WSDM specifications in OASIS expected to be approved this week



Business performance management provides opportunity for IBM Partners to participate and drive a key growth area

- Meet the needs of customers in a new market
- Utilize flexible and extensible SOA infrastructure
- Participate in industry-specific or cross-industry solutions
- Minimize your investments by
 - Using standards
 - Using existing product interfaces
 - Using existing product best practices
 - Extending and enhancing interfaces and standards only where necessary





Business Performance Management

Thank You



ON DEMAND BUSINESS™