

INTERVIEW WITH DAVE MARQUARD

Eric Green: Hello and welcome to a new podcast series from IBM software that explores the challenges IT managers and business professionals are facing today. I'm Eric Green and I'll be talking with a range of experts to discover new perspectives, approaches and examples that can help meet these challenges and introduce you to the capabilities of smarter software from IBM. So let's get started.

Welcome back to the show. So today we're going to be talking about business process management, or BPM, with Dave Marquard, who is currently the Manager of the Business Process Management Product Marketing Group at IBM. Thanks so much for joining us today, Dave.

Dave Marquard: Hey thanks a lot.

Eric Green: So why don't we start right at the beginning here, which is how would you personally define business process management or BPM?

Dave Marquard: Sure. And I think it helps to look at the problems that BPM solves for customers when we start to define it. And so when we look around an organization today and it's probably true with your organization in several places, we see lots of issues or lots of business processes where there are problems like there's inconsistent prioritization of work, so people are working on things that may not be the most important they should be working on right now. There's sort of a lack of visibility because people are doing things in often an ad hoc fashion, in a different way each time, or things are just not entirely visible, so they are doing things just completely over e-mail or Excel spreadsheets or Access databases. Basically not a whole of understanding about what the status of any particular thing is or even necessarily how the process should work each time when they go do it.

On top of that, you know, you've got multiple systems that you're probably involved with for any particular task you're trying to do. So you might have what we call sort of swivel chair integration happening where you're working on your one system here and then you have to go turn around and enter that same data into another system and then again even to a third or fourth system, basically re-entering and re-keying data. And so you might imagine, you know, this is very error prone, it's frustrating, it's not very efficient. And you probably should look around your business

today. You probably can pick out, you know, at least three or four things that you're involved with in your day-to-day work that sound a little bit like this. And so when we bring BPM in there, BPM really adds a layer of sort of command and control to those processes. So it sort of sits between you and these sort of systems of record or legacy systems you might be interacting with and provides a layer of visibility, control and automation on top of that.

And so it's helpful to also remember that BPM is not just a technology, it's also technology and methodology combined. And so you have the software that IBM which sort of gives you all of these tools in the box to do the automation, the monitoring of workflow, document management, all those sorts of things. But also you need to have a strong methodology behind that, which is around discovering what's happening in the business, what people do day to day, what should be happening, as well as sort of having an incremental philosophy for going to deliver projects. So understanding that any process or any implementation is a journey and you need to quickly get that first piece of value out the door, and then incrementally improve that process over time as the business evolves, as you are able to go do that.

And so, you know, in sort of a nutshell to sum up, BPM is a technology methodology. It's horizontal by its very nature, so it can go across sort of any industry or any particular problem area. If you look at IBM, we have customers that are doing everything from something that you might think is very traditional and process heavy, so like opening a mortgage or mortgage refinancing at a financial services company all the way to something like Hasbro that's using BPM to go source Mr. Potato Head parts from a bunch of little mom and pop manufacturers across Asia. And so again, it's both technology and methodology and it's very horizontal.

Eric Green: So it's horizontal, but is this more a large enterprise type of a thing? It seems to me that even SMBs could tremendously benefit, perhaps even more in certain instances because they absolutely need to have that kind of efficiency. Could you sort of expand on that a little bit?

Dave Marquard: Sure. Absolutely. And you know, just like it's horizontal across all industries, it's really across, you know, all sizes of businesses. And so we have some of the largest businesses in the world using BPM like you might imagine, but also even small to medium businesses. We have a customer in Austin that actually has about 15 employees that is making use of a full fledged BPM system

from IBM. And so, you know, the types of problems that small businesses run into, problems of inefficiency and you know, sort of lack of repeatability leading to a lack of quality or visibility, that's the same type of problem that a large business has. And so BPM is just as applicable to them as it is to a bigger business.

Eric Green: Interesting. Thanks for that. So what do you see as changing today with regards to BPM? I mean, has there been a tremendous shift over say the last 15 months?

Dave Marquard: Sure. Absolutely. You know, I think if we look at sort of the outside market conditions, it's sort of driving a change or creating the need for a change in BPM. And so we've seen, you know, just in the outside market and across the world, not only has there been an economic downturn, but there's also been sort of an increasing explosion of complexity that's happening to organizations. And so we see things, you know, trends like the number of connected devices that people use, for example, is vastly increasing. I've seen the statistic that there will be 50 billion devices connected to the internet by 2020, and that's not counting RFID tags or anything. That's literally, you know, today you might have a cell phone and a laptop, tomorrow you might have a cell phone, a laptop, a tablet, two or three other devices we probably haven't even imagined yet.

And so that sort of complexity where there's more demands that are being brought upon businesses to go not only serve internal customers but also those internal customers that have now many more ways to go consume things that you may be producing. It's causing a significant amount of pressure on the business to go respond quicker, to be more agile, to change faster. At the same, I mentioned we've got these macroeconomic conditions where, you know, the economy is not favorable for most people around the world today. And so at the same time while demands are increasing on business, the amount of resource to go deal with those demands, is you know, at best staying flat if not declining. And so that's what's really been driving the need for BPM over the past 15 months or so. Really something's got to give there. You need to become more efficient. You need to become more agile. You need to increase your capability for change.

Eric Green: So basically the biggest change really affecting this space is the economy in the sense that these companies need to, you know, if they're letting people go or if they're economizing, they really need to streamline business practices. And again, it sounds like

that's a massive shift internationally and across businesses small and large. But what about government? I mean, in this type of an environment, I don't know if government is reducing in size, but if anybody could use BPM, I would imagine it's governments worldwide

Dave Marquard: Yeah, absolutely. And you know, that's a great example. And you know, so we always talk about sort of the number one ROI of BPM is efficiency. And you know, so for a private company, that might mean you're saving money, you're doing – you're being more productive, you're doing more work with less dollars. For government, you know, that's not necessarily what your end goal is, although certainly you want to do more with your tax dollars.

A great example of this is the city of Madrid. And so you may remember in 2004, Madrid had a terrorist attack where there were, you know, there were several trains bombed, you know, in quick succession. At the time, their response to that wasn't coordinated at all. So the police, the fire department, and the ambulances all had separate, uncoordinated responses. And you know, unfortunately, that wasn't as optimal a response as we could have had there. It took longer for everyone to get there. When they got there, they didn't know what was going on in terms of who was going to be on the scene, and unfortunately there could have been a better outcome there.

So the city of Madrid, since that time, they realized, you know, this is just not going to work. We have to have a coordinated response, everyone needs to be understanding what's happening, and we need to get the right resources at the scene at the time. And so they adopted BPM shortly thereafter to go integrate all of the sort of data inputs they're getting, whether it be video feeds from CC TV cameras, whether it be incoming 911 – well 911 in Madrid – calls, basically incoming emergency calls, and you know, other data center that they've got around the city, and combine them into one complete view that gives them visibility across the entire city, as well as allowing them to go disseminate that information to the right response team, as well as make sure that that response team understands all of the factors that are in there. And so the net result is just right off the bat, they increased their response times, or improved their response times by 25% and they've continued to make incremental improvements year over year. And so, from the government's perspective, that's actually saving lives there. It's not about saving money, but it's about, you know, providing services more effectively to your constituents.

Eric Green: Great example. So how would you see BPM as making companies more intelligent then?

Dave Marquard: Sure, you know, and there's a number of ways. Let me take you to another example. Lincoln Trust Company is one of the nation's largest independent 401(k) providers. They recently had, you know, sort of were caught up in this, you know, the macroeconomic trends. They were spun off from their parent company, and as a result they had basically 75% less resources, less people to go deal with about, you know, 80% of the same incoming work. And so they faced this problem where something had to give. Either they were going to collapse under the incoming workload, or they were going to have to be able to adapt and change faster. And so, you know, when they started, when they were spun off, you know, they get about 100,000 requests or sort of transactions, so to speak, for 401(k) plans each month. You know, so everything from people changing their investments to wanting to cash out – what have you, basically. So they get 100,000 of these requests, and they were all paper-based at the beginning of the day when they were spun off. As you might imagine, that's just going to be a huge amount of work and you can imagine the number of file cabinets that they had filling up with papers there.

People were initially trying to deal with this by setting up what we call shadow processes, where they were doing, you know, sort of ad hoc Excel spreadsheets, Access databases. Again, those things where there's not a whole lot of visibility to what's going on. It's done a different way by a different person each time and it's just something that's not very sustainable. You end up having response times that can vary widely and tend to be very long, and customer satisfaction's not very great, because, you know, while you may have, you know, sort of heroes in the organization that can do a great job and can do it no matter no matter what the circumstances are, by the very nature of you know, heroes. Basically most people are heroes. So customer satisfaction and the response time was just not what it needed to be. And so they brought in BPM and the first thing they did was they automated that paper process, everything became digital. They set up a repeatable process, a single process for handling incoming documents, a process that kicked off the correct procedure, depending on the document type.

And so the great thing here was, you know, not only did they eliminate sort of lost paper, and sort of the paper storage or paper handling problem that they have there, but also again, they made sure that each particular transaction they were handling was handled in the same way, the same each time. It was handled in a quick manner, basically. And there was visibility under that. And so when people were managing the team there, they can see, hey, if Customer A calls in, I can see exactly where they are in the process, or I can look at my team and say hey, Person X is over being sort of – their queue is backing up here and I can give them some more help and make sure that we keep things going.

And so the benefits they saw were great. They had a 90% increase in customer satisfaction after increasing – after deploying BPM. I mean that's a phenomenal number there. You know again, getting that quicker response time to people, giving that visibility, helping people be – helping their employees be successful by letting them do a repeatable process each time. They saw a 120% return on their investment in the first year of BPM. And so that's another great thing about is, not only did they get better results, but you're going to be able to get results pretty quickly with a BPM program.

Eric Green: Interesting. So, and we have a few minutes here, could you possibly talk a little bit about where IBM is innovating in this space?

Dave Marquard: Absolutely. And there's a few places I think are interesting and unique that IBM is doing. And so, you know, I mentioned earlier that, you know, complexity is increasing on an organization, well at the same time resources aren't. And so one of the things that's driving is, if we look at sort of the way our organizations are put together today, we need to take the control solely out of the IT department and push it out to the corners of the business. Sort of distribute those operations while at the same time making sure we have sort of centralized visibility and control, so that we can make sure everybody's doing the right thing at the right time and we understand what that's doing. By pushing out the operations to the corner of the business, the improvement of operations to the corners of the business, that's the way we're going to be able to be more agile and deal with this ever-increasing workload that we're getting while at the same time not getting any more resources to go deal with it.

And so IBM's done a few things to go enable that. The first one is Blueworks Live, and Blueworks Live is a software-to-service

application, a website essentially, that is a destination for business improvement. And what does that mean? That means that anybody in the business, so any manager in the business, they don't have to be IT, they don't have to be a technical person – can go off and document what their process is and indicate ways of how they think it could be improved. This is a great way for people to communicate how things work and as well as actually go improve them. It offers a way that's essentially a community, that you can go work with your peers, discuss improvement opportunities, and then even go get them implemented in a BPM solution. And so that's a great way that we're getting people involved that otherwise wouldn't – they aren't process. They probably wouldn't – couldn't spell BPM, so to speak, but do know the business better than anybody, and we're giving them tools that allow them to go get involved there.

The second piece is there is that we have in our main software for business process management, we've really focused on making BPM programs scaleable and sort of have a quick time to market. And so the way you see that recognized is if you pick up any one of our BPM tools today, they have a – they are far easier to use for an end user than I think anything you'll pick up. It would be pleasantly surprising. You don't have to be a Java coder or anything else like that.

The process that you go and create is actually what we call “what you see is what you execute”. And so you can draw out essentially a flow chart of what the process should look like and you can graphically design the screens and do that and play it back with the business in a very quick fashion. And so you're able to go very quickly and get something out to market in a matter of, you know, 6 to 8 to 10 weeks basically, and interacts with the business and makes sure that they're going out and we're building what they needed to go do and they're getting value out of it. And that's a real differentiator I think for IBM and that's one of the real exciting things we're doing in the space is just being able to get that quick time to market, that very easy to use product.

Eric Green: That's extremely interesting and helpful. I really appreciate that. So I think we're out of time now, but I really want to thank you for joining us for this podcast.

Dave Marquard: Thanks a lot.

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