Understanding Operational Decision Management
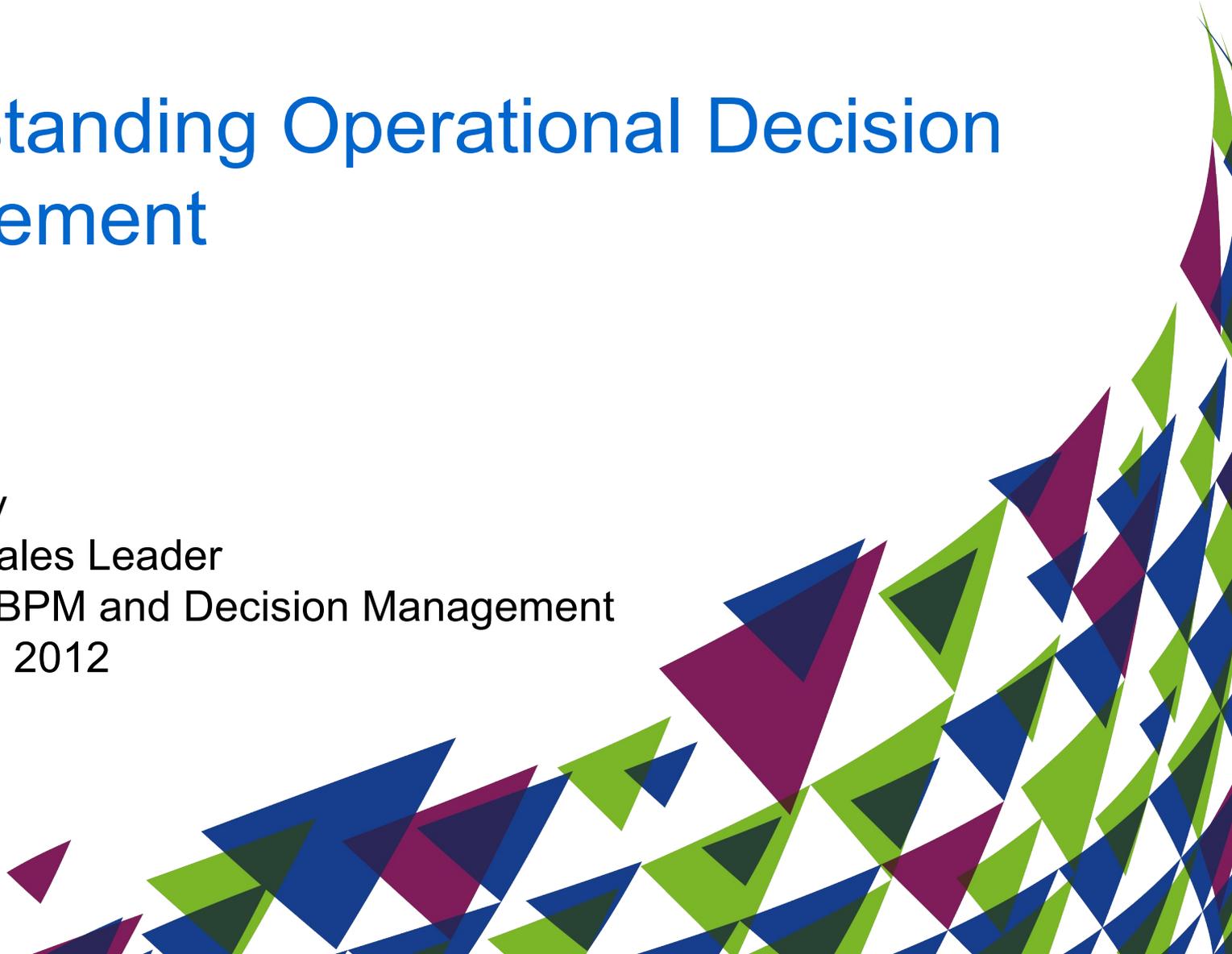
Paul MacKay
Worldwide Sales Leader
WebSphere BPM and Decision Management
February 2nd, 2012
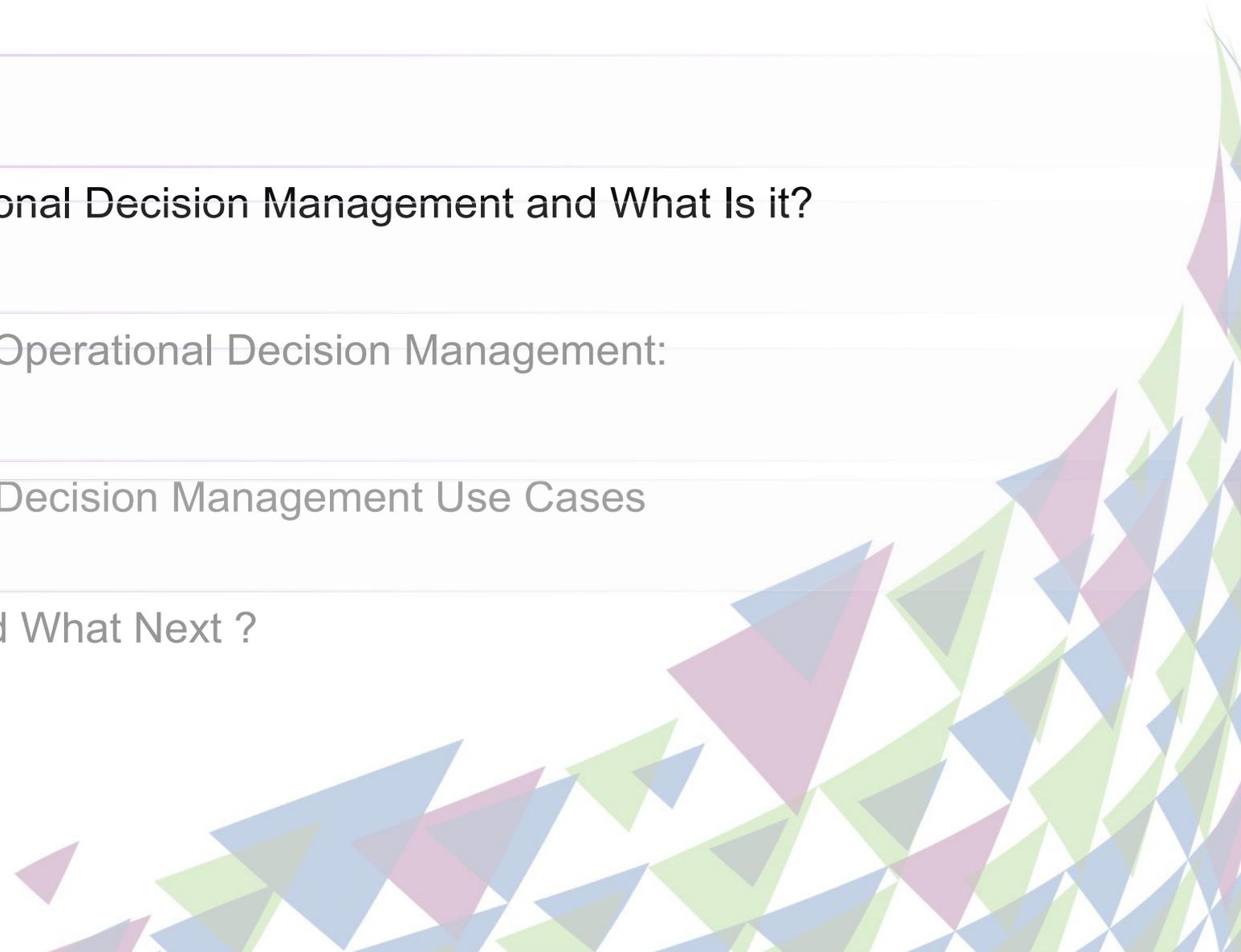
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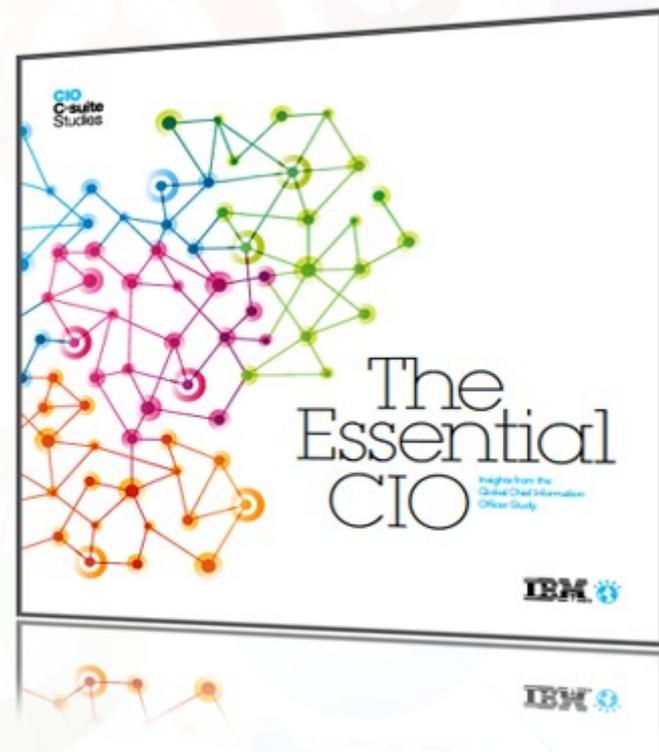
Transformation and Growth Require Better Decisions

CIOs recognize that effective decision automation is key to success

75% of CIOs with mandates to transform the business are looking to "drive *better real time decisions*."

72% of CIOs with mandates to expand cross-enterprise growth are leading the charge to "drive *better real time decisions*."

Source: IBM Global CIO Study 2012

Why Better Decisions are Critical to Success

Accurate, real-time decisions improve business performance and results

Identify opportunities to *increase profitability*

Enforce consistency to *ensure compliance*
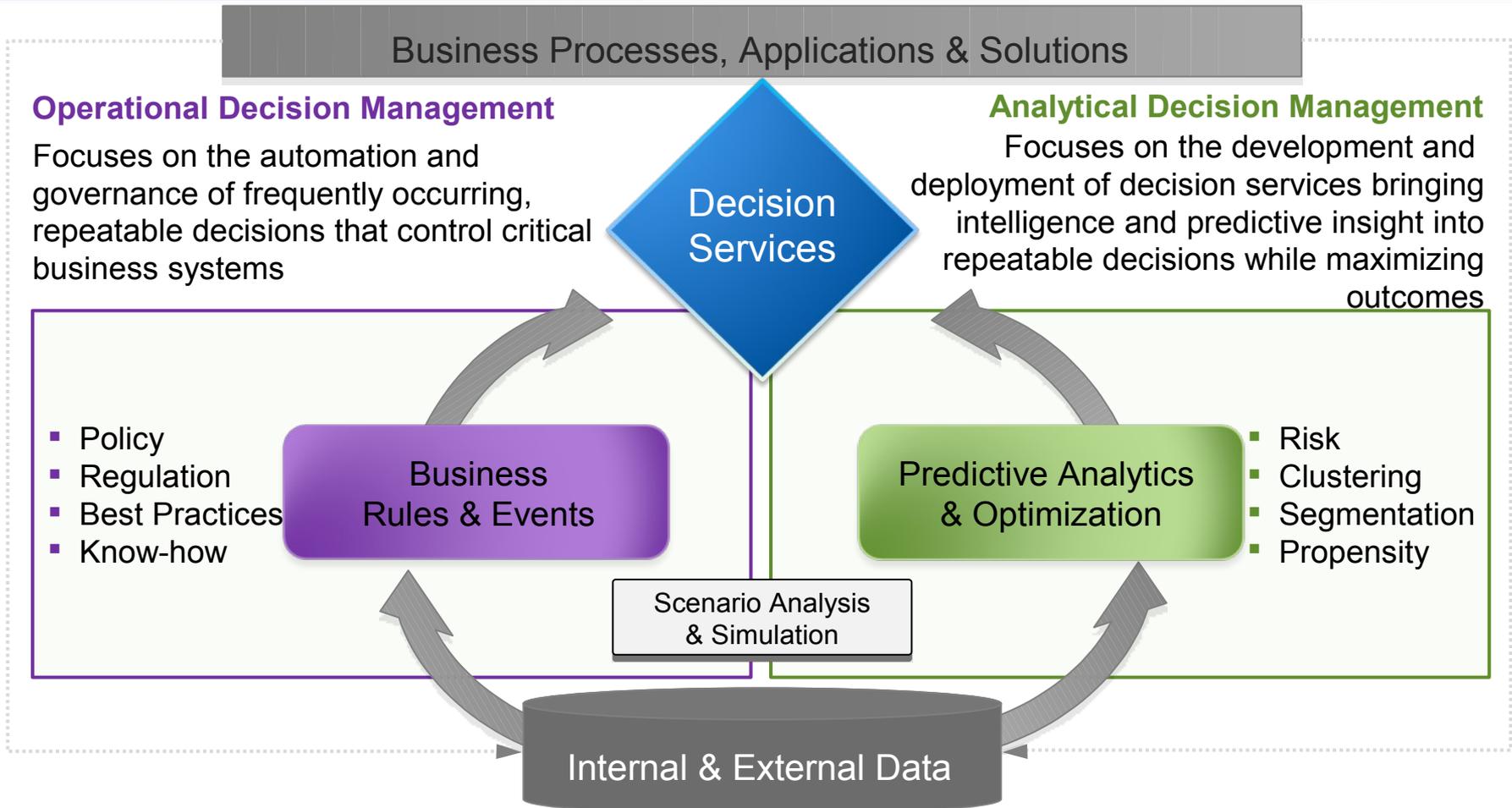
Leverage information to *manage risk*

"Decisions are what make strategy real and drive results and performance against metrics… decisions made about how to interact with partners, suppliers, customers, employees."

James Taylor, "Becoming a Decision-centric Organization," 2012
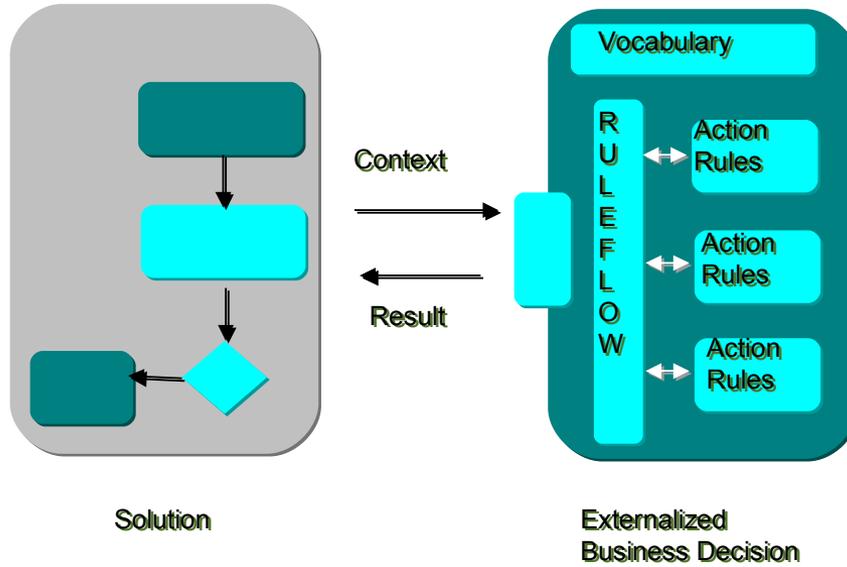
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What is Decision Management?

Decision Management is a business discipline that enables organizations to automate, optimize and govern repeatable business decisions.
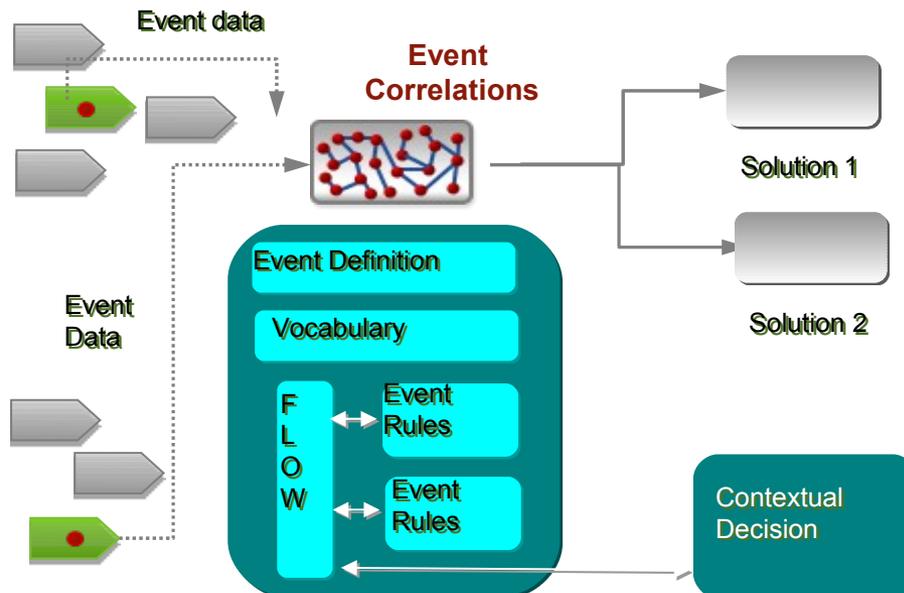
Business Processes, Applications & Solutions

Operational Decision Management

Focuses on the automation and governance of frequently occurring, repeatable decisions that control critical business systems

Analytical Decision Management

Focuses on the development and deployment of decision services bringing intelligence and predictive insight into repeatable decisions while maximizing outcomes

Decision Services

- Policy
- Regulation
- Best Practices
- Know-how

Business Rules & Events

Predictive Analytics & Optimization

- Risk
- Clustering
- Segmentation
- Propensity

Scenario Analysis & Simulation

Internal & External Data

Business Rules and Business Events

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Imagine an auto insurance company has 2 basic requirements for a new project:

1. Provide more detailed coverage pricing, in real-time, and to make it dependent on a wide-array of business data.

2. Follow-up on potential customers who have declined a quote from any channel (web, call center, office) a certain number of times, and are not yet customers.

Different Scenarios Have Different Requirements

1. Provide more detailed coverage pricing, in real-time, and to make it dependent on a wide-array of business data.

    ✓ Adjust logic within an application

    ✓ Return a fixed-set of information

    ✓ Must be easy-to-use but have sophisticated governance

2. Follow-up on potential customers who have declined a quote from any channel (web, call center, office) a certain number of times, and are not yet customers.

    ✓ Adjust logic across multiple applications

    ✓ Decision criteria is time-based

    ✓ Dependency on occurrence, and absence, of events

Different Requirements, Different Types of Decisions

1. Provide more detailed coverage pricing, in real-time, and to make it dependent on a wide-array of business data.
   - ✓ Adjust logic within an application
   - ✓ Return a fixed-set of information
   - ✓ Must be easy-to-use but have sophisticated governance

Business Rules

2. Follow-up on potential customers who have declined a quote from any channel (web, call center, office) a certain number of times, and are not yet customers.
   - ✓ Adjust logic across multiple applications
   - ✓ Decision criteria is time-based
   - ✓ Dependency on occurrence, and absence, of events

Business Event Rules

What a Rule is ! What an Event is !

if
  the driver has completed drivers ed course
  and the number of accidents **the driver** has been involved is 0
then
 add a 2 % discount to 'Auto Quote Response' , reason: "Good Driver Discount" ;

	Vehicle Value		Deductible	Base Premium
	Lower	Upper		
1			$250	$ 36
2	$ 0	$ 4,000	$500	$ 33
3			$1000	$ 23
4			$250	$ 43
5	$ 4,000	$ 10,000	$500	$ 39
6			$1000	$ 27
7			$250	$ 47
8	$ 10,000	$ 30,000	$500	$ 41
9			$1000	$ 32
10			$250	$ 52
11	$ 30,000	$ 60,000	$500	$ 49
12			$1000	$ 40
13			$250	$ 62
14	$ 60,000	$ 100,000	$500	$ 59
15			$1000	$ 48

Business Rules

if
past occurrences of **web quote rejected** within 1 minute is at least 3
and
past occurrences of **customer accepts web quote** within 1 minute is 0

then
follow up quote request ;
refer customer to call center ;

Business Event Rules

Key Challenges Addressed by Decision Management

How can we rapidly respond to evolving market demands, competitive actions and regulatory requirements?

➔ ***Adapt*** to rapid change
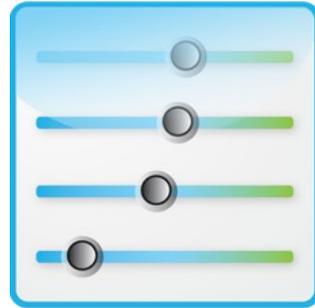
How can we simplify the visibility and governance of business decisions?

➔ ***Align*** across business & IT

How can we ensure that business systems deliver the right interactions at the right time?
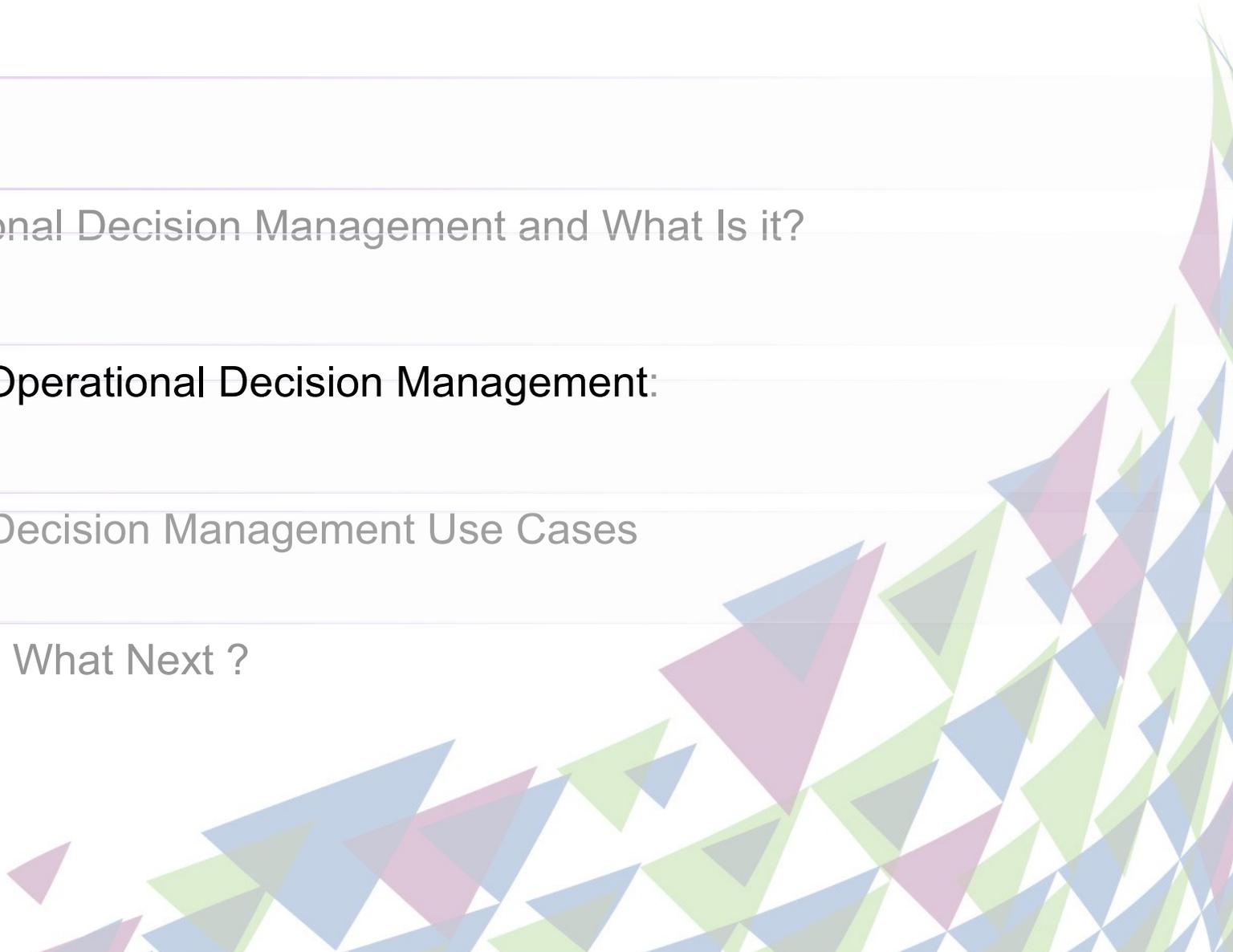
➔ ***Act*** with precision and reliability

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Rules

Events

**WebSphere
ILOG BRMS**

**WebSphere
Business Events**

**Contextual
Decisions**

**Situational
Awareness**

**WebSphere Operational
Decision Management**
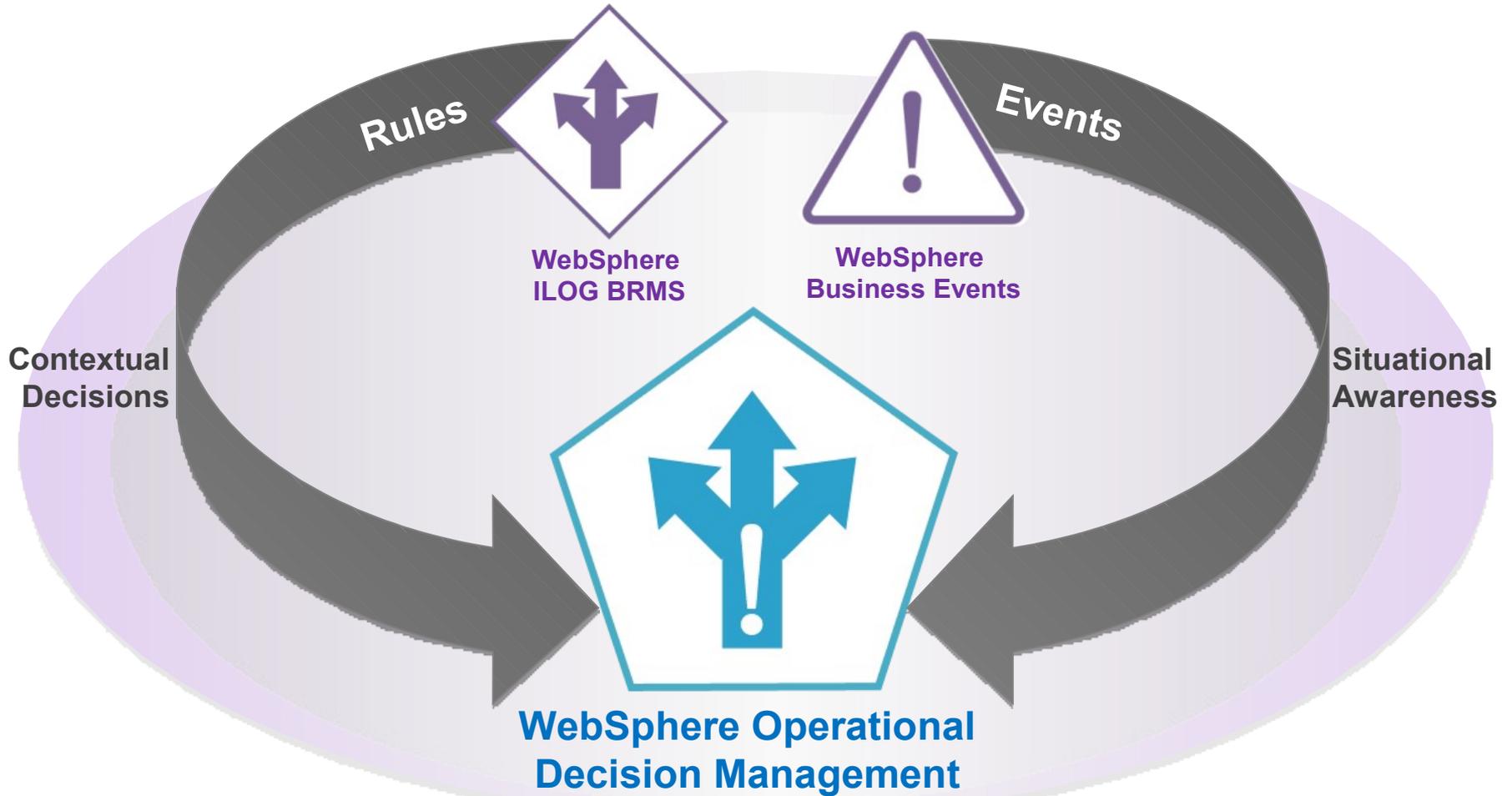
Your business decisions.

Made by your business *experts*.

Delivered in *real-time* by technology.

WebSphere **O**perational **D**ecision **M**anagement

IBM

WebSphere Operational Decision Management

WebSphere Decision Center

Versioning

Decision Artifacts

Access and Control

Repository

Define

Update

Visibility &
Governance

Deploy

Measure

WebSphere Decision Server

| Rule Execution | Event Execution | Decision Monitoring | Connectors |

Management

Decision Center Console
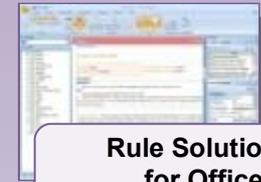
Rule Solutions for Office

Decision Center for Business Space

Design

Rule Designer Event Designer

Business User Empowerment

WebSphere Decision Center

- *Project governance,* including role-based security, history maintenance and custom metadata

- *Same management* and authoring environments for business users

- Team collaboration through role-based
  multi-user access for business users and synchronization between IT and business
 user environments
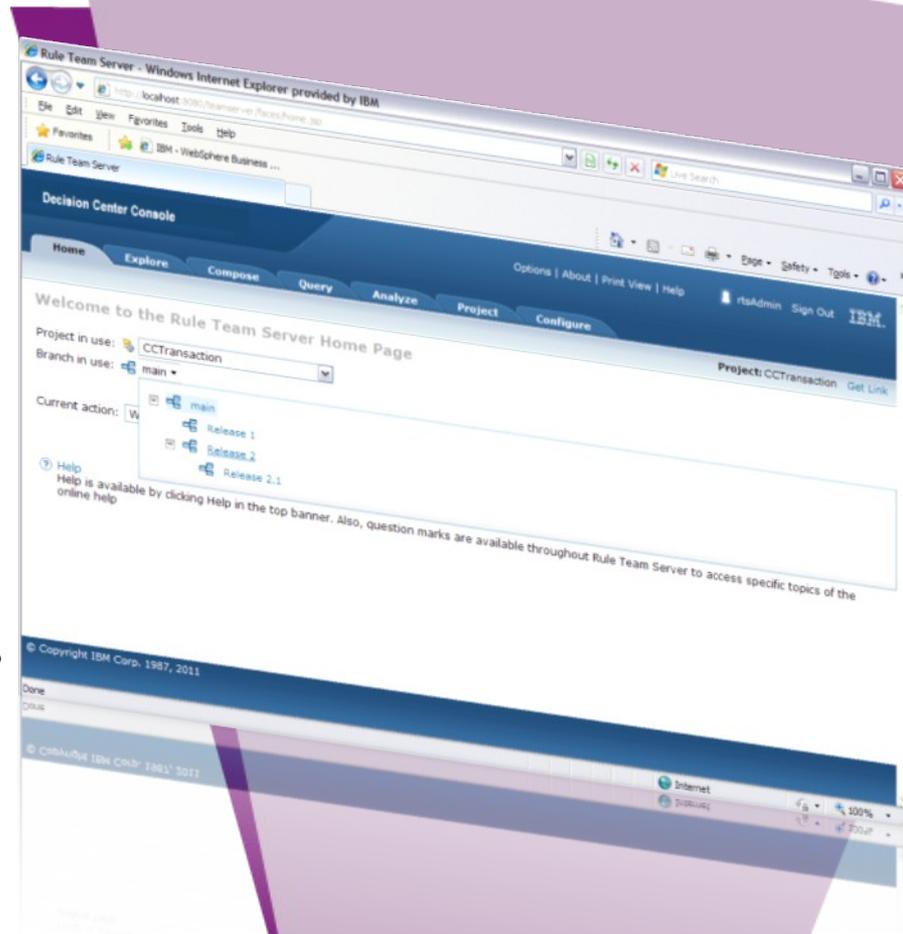
Decision Center Console: *A web environment for business users to access and collaborate around decisions updates in a simple, secured and controlled way*

One Business Language

Support for a wide range of business decisions

- **Easy to understand and to** adopt

- **Same language** for Business and IT users

- **Multi language** support

- **Triggering real business** Actions
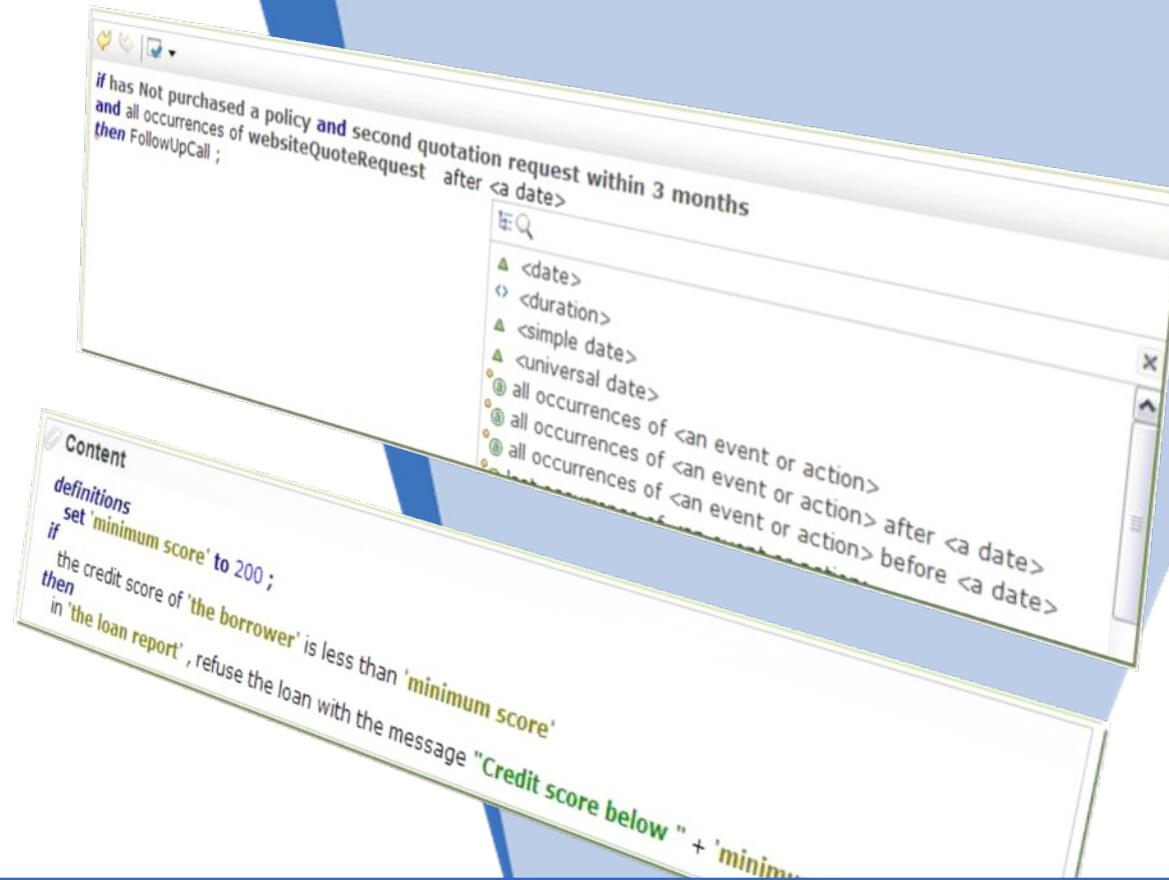
Business rules and events unified language *: Provide a unique, easy to learn and to use language for capturing complex context and time based business decisions*

Support for Business Led Testing & Simulation

Integrated decision validation services

- Out-of-the-box ruleset testing

- Business impact simulation

- Scenario configuration and customization

- Audit - Decision Warehouse
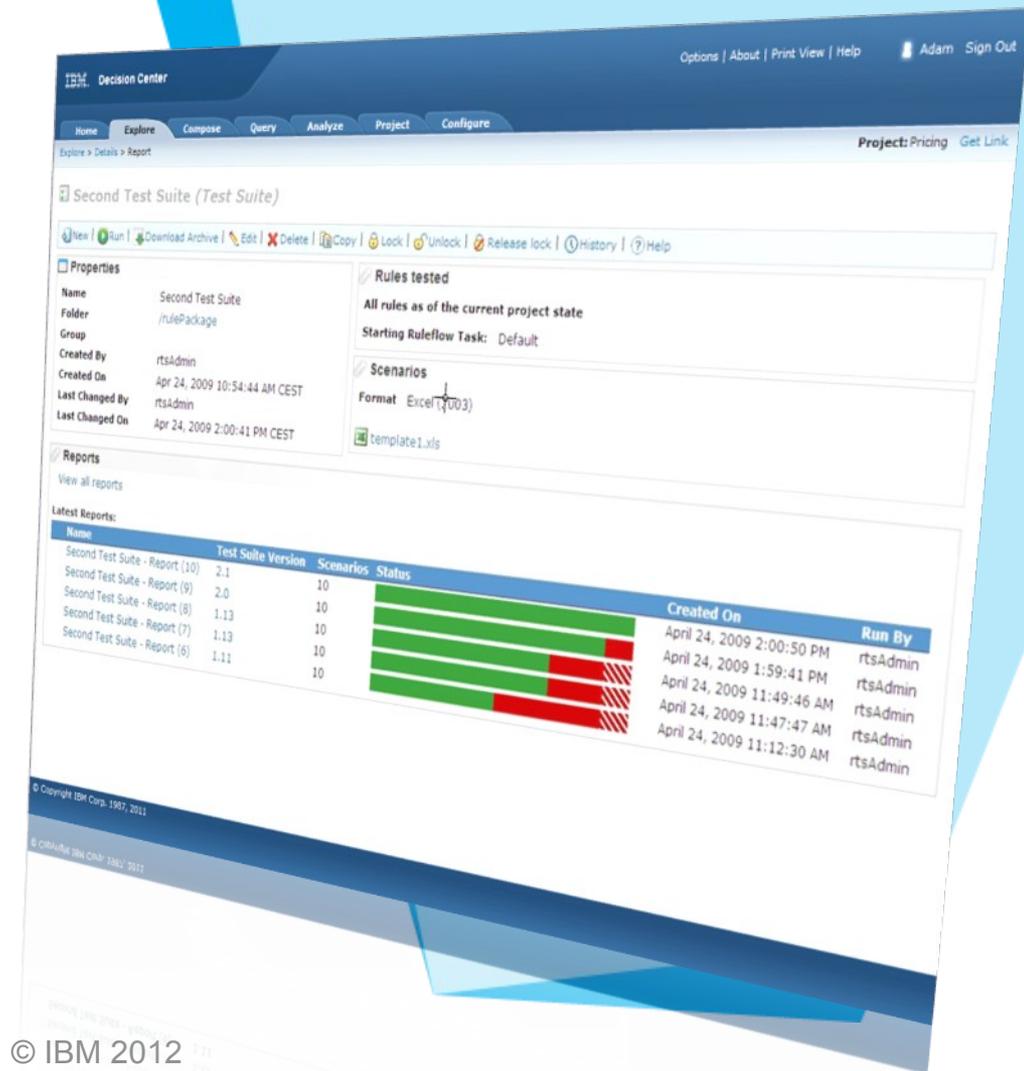
Support for Business Led Testing & Simulation

Champion and challenger capabilities

Side by side comparison

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Today   Tomorrow

Rule Solutions for Office

Business user rule authoring & maintenance using Microsoft Office Word and Excel

- Line Of Business

- Subject Matter Expert

MS Office Excel

MS Office Word

Standardization on Eclipse for Application Development

Events Designer, Rules Designer

- Merges multiple Business Events design tools into a single tool for IT

- Easily switch perspectives between contextual decisions and time-based decisions application design

- Provides means to extend development capabilities

- Compatibility with IBM Business Process Manager (Integration Designer tool), Rational Application Developer

Easily develop and deploy operational decisions based application and set-up business users environments

The Three A's of Operational Decision Management

WebSphere Operational Decision Management

dapt to change with increased speed & agility

- Intuitive natural language for specifying rules and events

Agenda

Operational Decision Management Helps Solve Many Common Business Problems

Identify opportunities to increase profitability

Personalized Product Recommendations

Promotions & Loyalty Programs

Automated Sales Commissioning

Enforce consistency to ensure compliance

Claims Validation

Payment Authorization

Eligibility Determination

Leverage information to manage risk

Underwriting and Credit

Border Control

Physical Infrastructure Monitoring

The Power to *Adapt*

Respond to change with increased speed & agility

- Decision logic is defined in non-technical, intuitive language appropriate for business people

- Business experts can author, improve and validate decision logic through user-friendly tooling

- Deploy once and changes are immediately available for processes and business systems across the enterprise

Visa Europe responds to new regulations, unifying 36 diverse currency markets with over 60 rules changes in 13 months

The Power to *Align*

Improve decision collaboration with enhanced visibility & governance

- **Streamlined cross-team collaboration** which improves communication and eliminates misinterpretation risks

- **Simplified decision auditing, and** change control through an easy-to-use governance allowing to meet changing requirements

- **Management of business rules and** events in a unified environment enhances visibility and control

BeneCard improves speed-to-market by 70% and reduces processing time by 30% with tools that enable collaboration between business and IT

The Power to *Act*

Automate real-time actions with high performance & reliability

- Detect and react in real-time to critical business situations

- Leverage specific context and predictive models to customize decisions resulting in increased accuracy

- Deploy to a scalable runtime engine capable of handling high volume mission-critical decision services

Swiss Customs *streamlines tariff processing and border control by pre-validating over 200,000 customs declarations daily*

Key Takeaways

dapt to change with
increased speed & agility

Intuitive natural language for specifying rules and events

lign business units and IT with
enhanced visibility & governance

Integrated repository for reliable versioning and change control

ct in real-time with
high performance & reliability

Robust runtime for mission-critical deployment

WebSphere Operational Decision **Management**

*Your **business decisions**.*

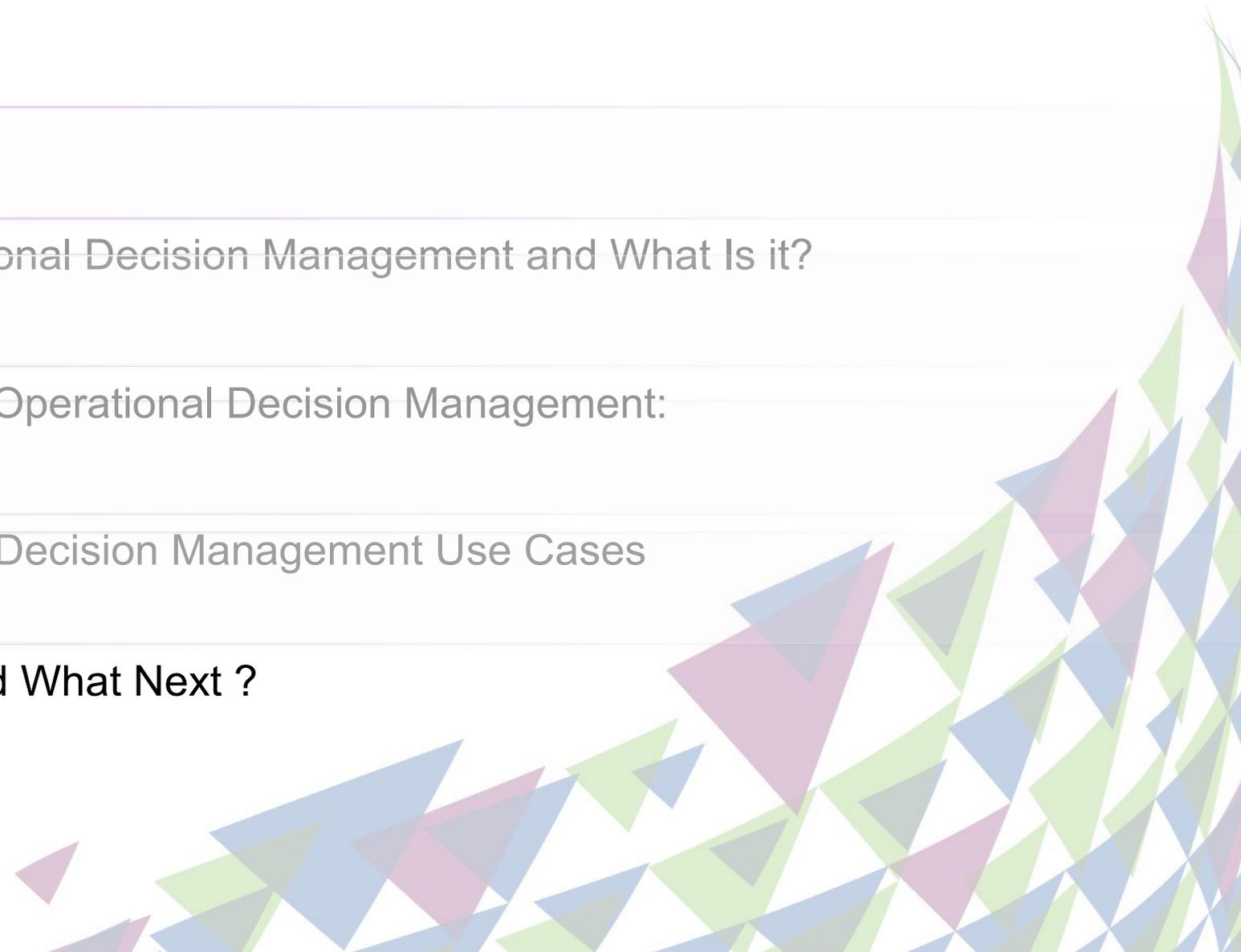*Made by your business **experts**.*

*Delivered in **real-time** by technology.*

Agenda

hy Operational Decision Management and What Is it?

ebSphere Operational Decision Management:

perational Decision Management Use Cases

hy IBM and What Next ?

Why IBM and What Next for Operational Decision Management?

Unparalleled Expertise and Investment
- Expert consulting and implementation services for fast realization of business value
- Industry expertise to customize solutions for your specific industry

Largest Customer Base
- **#1** in Business Rule Management Systems (BRMS) market share according to all leading analysts
- **#1** in Business Process Management (BPM) market share according to all leading analysts

Strongest Ecosystem and Partner Network
- 800+ Business Partners authorized and certified to support customers
- Strongest global ecosystem including major global and regional system integrators skilled to provide comprehensive solutions

Next Steps

See Operational Decision Management - *In Action*

- Go to ibm.com/operational-decision-management/scenarios to see and hear customer videos and podcasts

- Schedule an online custom demo

Learn what's possible - *Discovery Workshop*

On-site workshop with business and IT stakeholders to evaluate the applicability of decision management for your project

Implement a real project in 10 weeks - *Quick Win Pilot*

- Demonstrate immediate value to your LOB end-users with your first 'Quick Win' in 10 weeks
- Accelerate the deployment of decision management using a proven, incremental approach and a production-ready pilot
- Collaborate with IBM experts on your first win

Thank You

➥ WebSphere Operational Decision Management

➥ 9 day-to-day decisions you can make better with Operational Decision Management

➥ Good Decision! Decision Management blog