

DRIVING FINANCIAL ORGANIZATION TRANSFORMATION THROUGH BUSINESS PROCESS MANAGEMENT

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- Respond faster and with greater accuracy to customer demands and opportunities
- Accelerate speed to market with new products and services
- Streamline new account on-boarding
- Enhance integrity and timeliness of customer information
- Respond to changes in business operations, policies, and regulations rapidly
- Enhance risk management capabilities through process consistency and real-time information
- Meet compliance mandates through streamlined processes, audit trails and detailed reporting

Financial organizations that plan to modernize their infrastructure on an advanced BPM platform will be best-positioned to capitalize on new growth opportunities while overcoming on-going industry challenges.



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INTRODUCTION

Driving growth in the wake of the global financial crisis requires that financial services organizations innovate their end-to-end business. This reaches from the way customers are acquired, on-boarded and serviced, to the speed with which new products are brought to market, and the means by which financial firms assess risk and ensure compliance across the lifetime of a customer. While the global recession has brought hardship, it has also brought opportunity. Opportunity to re-examine broken practices and ineffective policies, and to use that knowledge to build a stronger, more agile organization. Opportunity to uncover new ways to delight and retain existing customers, rise above the competition, and grab new market share. At the same time, economic conditions have imposed increased burdens – most notably, constrained human and capital resources, and more stringent regulatory accountability. These issues will continue to confront financial institutions for the foreseeable future.

Both seizing opportunity and overcoming on-going challenges will require financial services executives to examine and improve the underlying processes that drive the business. Process improvement efforts lead to new levels of visibility into how effectively (or not) the business functions in meeting customer and market requirements. Based on that insight, new and optimized processes that drive business performance can be implemented.

Two fundamentals are required for high-value and rapid process improvement within financial services organizations: effective Business Process Management (BPM) as a leadership discipline, and powerful yet easy-to-use BPM suite software to actualize that philosophy in business policies and procedures. A focus on process efficiency and adaptability allows financial institutions to streamline transactions, efficiently develop new products, and provide flexible customization capabilities for customers. BPM software creates the next-generation technology platform required to execute on a process-oriented strategy.

According to Forrester Research analyst Jost Hopperman, “Tomorrow’s platforms need to help firms quickly add a new channel or class of mobile devices, establish true cross-channel capability, and support new target geographies on short notice. Future platforms must also help firms change a financial services product or support an entirely new class of products while also supporting end-of-day processing in real time and coping with the latest set of new regulatory requirements.”¹

When Hopperman talks about new platforms to “manage cost, support flexibility, and reduce time-to-market,” he is essentially describing a BPM platform. He continues that financial firms “want forward-looking technology and architecture — as a tool for flexibility — to improve business process automation, help cope with regulatory changes, and provide real-time views into information.”²

The remainder of this paper will examine how BPM software helps financial firms optimize their processes and respond quickly to market changes, and why global industry leaders rely on the Appian BPM Suite to create the adaptable infrastructure they need to drive transformation and growth.

DRIVING END-TO-END TRANSFORMATION

An advanced BPM suite can help uncover new avenues for accelerated growth, increased efficiency and competitive differentiation in the wake of the financial meltdown. But BPM is not only useful for breaking out of the pack. Today, it is also a critical “must-have” to avoid being pulled backwards by sluggish performance, poor customer service and regulatory red tape.

¹ Forrester Research, “Financial Services Firms Again Seek To Renew Their Application Landscape,” Nov. 8, 2010

² *Ibid.*

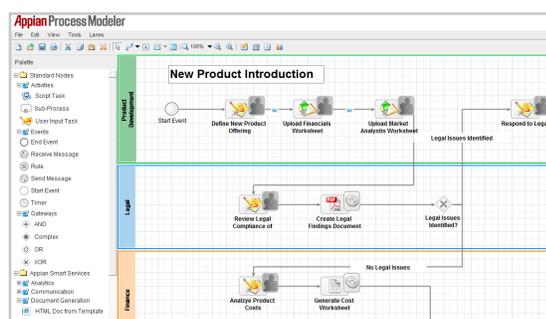
Sean O'Dowd, Capital Markets Research Manager at international analysis firm IDC Financial Insights, puts it this way: "In the heat map of securities and investment firms there are areas where stumbling because of inefficient IT systems or processes can spell disastrous consequences, competitively or in serving high-value customers."³

BPM software creates an agile organization that drives the up-side while preventing the "disastrous consequences" by optimizing the business from end to end across a spectrum of core processes, including:

■ New Product Introduction (NPI)

Delivering new products to market is the life-blood of competitive differentiation and marketshare in financial industries. Financial services organizations must constantly innovate their offerings to attract fickle customers and support cross-sell and up-sell growth strategies. BPM aligns the many moving parts of research & development by enforcing a rigorous, disciplined and policy-based process. It speeds process hand-offs between individuals and teams, and maintains development schedules through alerts and escalations. It also increases effective collaboration through real-time presence and easily accessible trails of associated notes and documentation.

NPI is an excellent "test case" for BPM. Using a BPM suite providing full modeling and execution in the cloud, an NPI process can be up-and-running very quickly. Universal browser access to the full BPM suite enables all process participants to engage easily, and if the suite supports easy migration from the cloud to on-premise, the initial NPI application can ultimately be brought behind the fire-wall as a comprehensive BPM program develops.



Accelerate new product introductions and grab the competitive advantage. Appian BPM Suite includes an easy to use modeling tool for rapid business process development.

■ Customer Acquisition

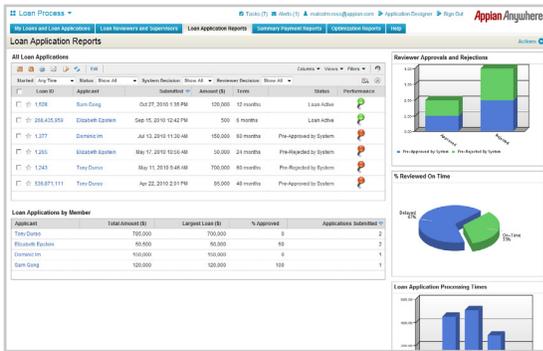
Success in this arena requires getting an appropriate product in front of the right customer at the right time, without breaking the bank. BPM software can provide integrated analytics combined with an optimized process framework, that enable customer acquisition campaign managers to make better, faster decisions that increase outcomes.

In addition, demographic trends clearly show that new customers are increasingly available through mobile and social media channels. Forrester Research states, "Financial service firms are waking up to what many channel champions have known for years — the Web is where it is at. While offline channels will always have a role to play for consumers who desire face-to-face relationships, the Web is fast becoming the front door to almost every type of financial service interaction — both sales and service."⁴

A BPM suite that supports popular mobile devices and interoperates with social technologies like Facebook and Twitter makes these emerging acquisition avenues easier to tap.

³ IDC Financial Insights Homepage - <http://www.idc-fi.com/home.jsp>

⁴ Forrester Research, "Trends 2010: North American Retail Banking eBusiness and Channel Strategy," Feb. 5, 2010



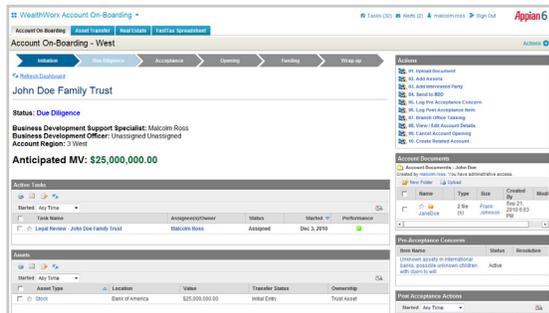
Make better, faster decisions with integrated analytics and tools designed for the Web and social networking.

■ **Customer/Asset On-boarding**

A firm’s processes for Customer and Asset On-boarding are critical – not only for efficiently ramping new customers to profitability, but increasingly to deal with stringent compliance requirements. New communications channels have made strict enforcement of on-boarding policies more difficult to maintain. New regulations related to Know Your Customer (KYC) and other risk management requirements are creating a more complex on-boarding scenario. Inefficient or incomplete processes in this arena increase the risk of non-compliance. They also create negative customer perception.

In talking about the financial services customer experience, research firm Gartner states: “This core topic covers what the industry used to categorize as the ‘front office.’ However, that label was itself symptomatic of a failure to be truly customer-centric. That failing is more acute than ever as firms [have recently] focused on cutting expenditures and raising the efficiency of internal operations, leading them to neglect the customer experience.”⁵

A BPM suite can drive a customer-centric on-boarding experience that creates a strong positive first impression. Visibility into activities and their status can be shared not only with employees to increase efficiency, but directly with customers as well, bringing them into the process and keeping them informed of any information they need to supply, next steps, and ultimate resolution. A BPM technology platform with natively-integrated content management also provides an accurate and readily-available audit trail for real-time reporting purposes, complete with all documentation and associated process data around decisions, discussions and hand-offs.



Smoothly on-boarding customers while analyzing risk and ensuring compliance is required in today’s fast-paced and ever changing business world.

⁵ Gartner, “Key Issues for Banking and Investment Services, 2010,” Feb. 3, 2010

■ Compliance & Risk Management

Touched on above, compliance and overall risk management are an increasing burden for financial organizations. Again citing Gartner industry research: “Risk management and regulatory compliance are the key drivers for IT spending within the banking and investment services industry. Since the global financial crisis, governments have urged more regulations to improve the governance of firms, and to better manage the operating risk associated with lending and trading practices. . . Business requirements for transparency and customer service will remain primary drivers for creating an agile and responsive risk management strategy.”⁶

Given the flood of regulations that started with Sarbanes-Oxley and Basel II, and that continues today with Know Your Customer (KYC), Anti Money Laundering (AML), and Combating Financial Terrorism (CFT) legislation (and undoubtedly, more to come), it is no surprise that Forrester Research would predict: “This year the financial service industry will sleep with one eye open waiting for new regulations to surface.” Forrester continues that as a result of man-power dedicated to compliance, “Responding to new regulations also hampers institutions from delivering initiatives already underway, further clogging development queues.”⁷

A BPM platform can improve a financial firm’s ability to prove compliance and manage risk by providing visibility into process efficiency and variability. In addition to the real-time and comprehensive reporting discussed earlier, BPM also enforces process consistency and gives assurance that all proper procedures were followed and completed appropriately.

The screenshot shows a web-based form titled "Risk Assessment Screening Form" within the "Applan Anywhere" interface. The form is divided into several sections: "Project Details" with fields for Name, Project ID, Manager, Sponsor, Project Category, and Asset Value; "Project Timeline" with Start and Delivery dates; and "Evaluation Finding" with a checkbox for CSIS requirements and a "Send to CSIS" button. The interface includes navigation links like "Tasks", "Alerts", and "Sign Out".

Improve your ability to prove compliance and manage risk by providing visibility into process efficiency and variability.

■ Financial Case Management

Financial organizations are finding that the concept of case management is a powerful approach for improving individual customer interactions, and optimizing value across the lifetime of a customer relationship. The successful resolution of a customer support issue or closing a sales opportunity can be accelerated if all pertinent interactions and documentation are easily accessible via a case folder. Likewise, new opportunities to surpass a customer’s service expectations, or up-sell new financial products can be surmised by analyzing aggregated data across all cases in a given customer’s portfolio.

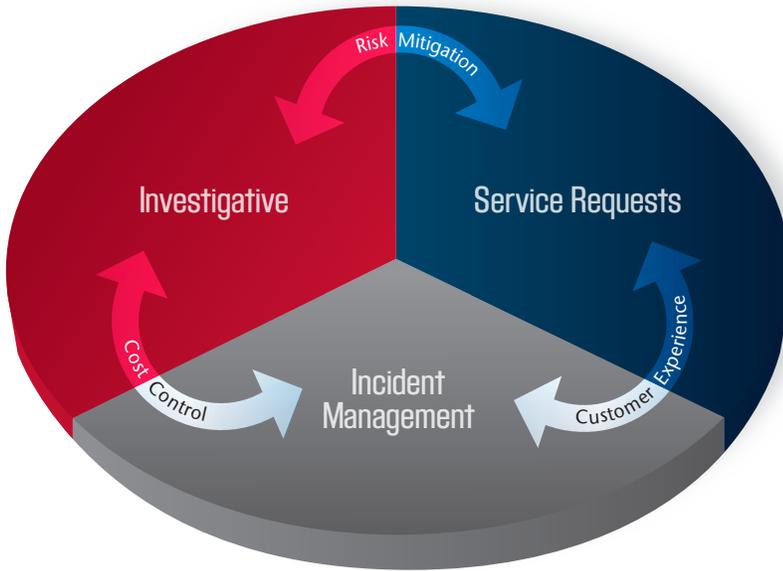
The key is in the integrated capabilities of the underlying technology platform to support a high-quality experience while providing a holistic view of the customer for the organization. According to Gartner, “Success hinges on the integration of business processes with data, and the use of business intelligence to deliver the personalized face and consistent information customers now only associate with direct human contact.”⁸

⁶ Gartner, “Key Issues for Banking and Investment Services,” Feb. 3, 2010

⁷ Forrester Research, “Trends 2010: North American Retail Banking eBusiness and Channel Strategy,” Feb. 5, 2010

⁸ Gartner, “The Evolution of Online Commercial Banking,” April 29, 2010

A BPM platform with an integrated content management system can enable Financial Case Management by creating an “electronic briefcase” that integrates all customer interactions and related documents across all products. Alert and escalation capabilities in the BPM platform can help keep all customer-impacting processes moving in accordance with set thresholds and KPIs. Comprehensive analytics and reporting capabilities can deliver a view of the customer across all products and interactions, enabling the positioning of additional products and services.



Obtain a comprehensive view of the customer across all products, services and interactions.

WHY APPIAN BPM FOR FINANCIAL SERVICES?

In order to be an effective driver of transformation, a BPM software suite must possess six key attributes:

- 1 Extreme ease-of-use:** Business users must be empowered to drive process improvement efforts without heavy reliance on IT. Otherwise, real-time process optimization will be dependent on IT response times.
- 2 Simple interfaces:** Leveraging modern social technologies provides a familiar experience that drives user adoption and improves effective collaboration.
- 3 Comprehensive functionality:** The suite must have native integration of all required components. If not, integrations, maintenance and upgrades will cause significant overhead.
- 4 Universal access:** Access to all suite components must be available through nothing more than a web browser, with no client-side downloads or plug-ins.
- 5 Native mobility:** To reach customers where ever they are, and to fully leverage the increasingly-mobile workforce, a BPM suite must support today’s most popular mobile devices.
- 6 Flexible deployment:** The cost and time benefits of cloud computing are impossible to ignore. With that said, financial organizations deal with highly sensitive data that they (or their customers) may want held behind a firewall. A BPM suite should offer both on-premise and cloud delivery, with easy migration between these environments as desired.

The Appian BPM Suite is the most advanced BPM platform on the market, delivering everything a financial organization needs to drive process improvement. Appian combines comprehensive capabilities with a simple and seamless user experience, universal access and flexible delivery on-premise or in the cloud. Using the best of social media interface design and native support for popular mobile devices, Appian extends process participation across the organization. Simple drag-and-drop modeling with zero coding puts the power of process improvement in business users' hands. Through easy migration of the entire suite between on-premise and cloud deployment, Appian delivers value more quickly, with no up-front cost and minimized risk. Appian's powerful native integration of process, analytics, BAM, content management, security, collaboration and more simplifies maintenance with no hidden license fees, a la carte components or complex integrations.

Leading financial services institutions around the globe trust Appian to drive their organizational transformation. Representative customers include AGF Trust, AXA Investment Managers, Breckinridge Capital Advisors, CIGNA Life Insurance New Zealand, Clayton Holdings, CME Group, Crawford & Company, Edward Jones Trust Company, EFG Financial Products, Federal Reserve Bank of New York, GenRe, Jordan Dubai Capital, Manulife Financial, Surrenda-link Investment Management, TransUnion Interactive, and more.

"WE SELECTED APPIAN AS OUR BPM PARTNER TO GAIN BETTER CONTROL AND MORE EFFICIENCY FROM KEY BUSINESS PROCESSES, IMPROVE COMPLIANCE INITIATIVES, AND SUPPORT OUR EFFORTS AT CONTINUOUS PROCESS IMPROVEMENT."

- John Jarrett, Director of BPM,
AGF Trust

CONCLUSION

Process improvement holds the key to competitive advantage for financial services institutions worldwide. BPM software enables fast and effective process improvement by creating an agile organization that can:

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Financial organizations that plan to modernize their infrastructure on an advanced BPM suite will be best-positioned to capitalize on new growth opportunities while overcoming on-going industry challenges. Those not currently planning such an infrastructure renewal should heed the advice of Forrester Research:

"Laggards, be aware that your application landscape more likely resembles an ancient edifice — a baroque castle — that has been repurposed over a long timeline than it does a purpose-built modern building. If you do not accept the renewal imperative, you may be putting your firm at a competitive disadvantage. . . For the majority of financial services firms, and in particular banks, the move away from vintage application landscapes is mandatory for them to again become or to remain competitive."

ABOUT APPIAN

Appian is the global innovator in enterprise and on-demand business process management (BPM). Appian provides the fastest way to deploy robust processes, collapsing time to value for new process initiatives. Businesses and governments worldwide use Appian to accelerate process improvement and drive business performance. Appian empowers more than 2.5 million users from large Fortune 100 companies, to the mid-market and small businesses worldwide. Appian is headquartered in the Washington, D.C. region, with professional services and partners around the globe. For more information, visit www.appian.com.

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