



CASE STUDY: CO-OPERATIVE BANK

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BPR without the pain?

Has the UK-based Co-operative Bank cracked affordable business process re-engineering? IBS senior consultant, Don Brownlow, looks at what has been achieved and at the tools on offer in this space

For those organisations that need a quick tactical solution to automate an operator intensive process but don't want the overhead costs of a fully-fledged enterprise application integration (EAI) tool, then possibly one of the more straightforward tools may provide a satisfactory solution.

The Co-op Bank, part of the UK-based Co-operative Financial Services group, has been conducting an ongoing business process automation (BPA) programme that uses such an automation tool. The programme started around 18 months ago with a pilot and continues to the present time with new processes being identified and automated. The programme may have contributed to the bank's claim that 69 per cent of its staff are customer facing.

The bank wanted a tool that would not only decide what processing steps to use in a given situation (a rules engine) but one that would then run the appropriate processes, taking actions itself including interfacing with other systems to obtain data or send transactions. However, it didn't want the overheads of a full EAI tool because the processes to be automated were fairly simple ones and would not have provided an economic return if an expensive solution was used.

The bank chose Blue Prism's Automate, a basic BPA tool that has been around for about five years. Although in principal it is similar to other fully-blown EAI tools, Alastair Bathgate, managing director of Blue Prism, says the company has targeted 'the other end of the telescope' – the much smaller, niche 'local process environment'. He feels that the comparison to the larger international tools is a 'horses for courses' issue where full EAI tools are more strategic, more expensive and possibly more suited to the customer database and business application layers, whereas Automate is a more tactical solution that is targeted at the simpler user interface or operator process replacement environment. 'It is not open-heart surgery,' says Bathgate, for

which the larger EAI systems may be appropriate, but a smaller, local first-aid 'sticking plaster' for applications where users need the flexible automation of front office processes that can be implemented inexpensively and quickly.

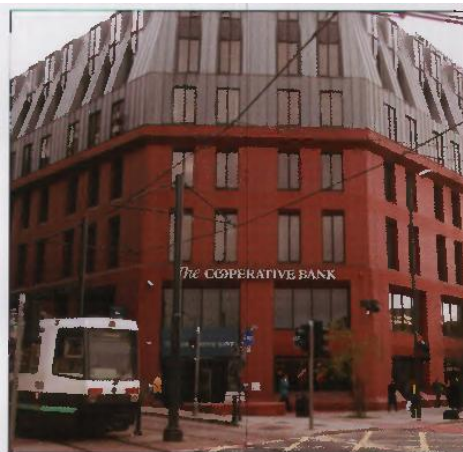
At the Co-op Bank, there were originally ten processes identified as candidates for automation. Using the Automate product, the first process, a lending collections review process, took 50 days from the project kick-off to the go-live date, but according to Joanne Masters, business systems manager at the Co-op Bank, the time is reducing for each new process that is completed. The automated process now decides automatically whether to issue letters to customers, whether to clear funds down from other accounts and confirms that all legal checks have been done – all of the processes that the operator would have done manually.

Another process that was tackled in the Co-op Bank's programme, a direct debit cancellation process, took 44 days from beginning to end, including testing and implementation and 15 days taken for technical development. The automated process has improved customer service to the point that if a customer tells the bank before 3pm to cancel a direct debit that is due to be paid the following day, then it can guarantee that it will not be paid.

Another area of improvement was the process for 'pulling' cards and PINs. When a customer now calls to say that a card has not arrived, the operator sends an email which then triggers an automated process that blocks the card, issues a new one, stops the PIN being mailed (if not already done so) and updates the account accordingly. Masters says that, 'We can, hand on heart, say that it is definitely blocked. We have done that for you and we will issue you another one today.'

According to Masters, 'The development

costs at the beginning of the programme were quite high but they have reduced because a lot of our activities are repeat activities. We can change the order of steps in a process or delete a process.' The automation cycle begins with business analysts creating a business process map, and designing the process flow with Blue Prism



staff. The bank specifies the screens that the process is to interact with and other systems that it is to access for data. The test and implementation stages follow usual industry practices.

Blue Prism's first application was in December 2001 at a large UK high street bank to automate funds transfer on a 'right of set-off' basis. This occurs when a loan is in arrears and the right of set-off allows the bank to take funds from other accounts of that customer. The system searches for other customer owned accounts, checks the credit balances and then performs the transfer from the deposit account to the loan. It was during the development of this that Blue Prism initially built the application logic, then the rules engine, followed by the flowchart engine, the run-time environment and audit trail facility.

Other processes that have been automated at the original development partner's building society subsidiary include the

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processing of on-line loan applications from potential customers. These previously went from the internet front-end to a 'human firewall' which provided a degree of security between the internet and the back office data processing applications. Seven or eight staff re-keyed the data from the internet and made a basic decision (based on credit bureaux enquiries) to either offer a loan, decline or refer the application to a loan officer. Re-keying problems and the decision making process meant that sometimes the building society did not provide a response for a couple of days so it was losing customers. The automated system replicates the previously process, completing screen inputs in the back office system automatically and processing the application based on the credit bureaux response.

An alternative approach to that of using workstations to replicate manual processes is to re-engineer the human operator's workflow to reflect 'real-life' customer facing situations. The re-engineered processes will incorporate transaction calls to legacy systems in the most appropriate places in the overall transactional sequence.

Operators in real-life situations often need to access multiple legacy systems or the same system multiple times to provide

an accurate response to customer queries. This access of multiple sources of information is sometimes referred to as the 'swivel chair' approach.

There are several suppliers that provide tools that help to re-engineer workflow processes. One such is dual US and Netherlands-based Seagull Software. Its tool allows banks to keep their existing legacy systems intact but to redesign the workflow performed by users. According to Stephen Tickhill, UK and Ireland VP at Seagull: 'The legacy systems were designed to do specific tasks but those may not fit in with the sequence of the operator's workflow. As a result, operators may have to go to system A and then system B and so on to answer a customer query. Often, operators are locked into the way the legacy systems operate rather than the most efficient way to provide the service.'

An example of this comes from an (unnamed) large insurance company where the legacy claims processing system ('I-90' – based on an IBM iSeries) provides specific claims functionality. The call centre manager wanted to speed up call handling. The workflow was redesigned and presented to the operator as a GUI rather than specific green-screen code, making it easier to work with and requiring less training. The workflow steps were rearranged and calls to

the legacy system were made at logical process points rather than the 'swivel chair' approach. The redesigned system connected to the legacy system at the 'wire level', with the result that the legacy system did not require modification. The vendor claims that operator productivity went up by over 350 per cent. The project took 14 weeks.

Another company, aligning itself to providing call centre staff with consolidated information sourced from multiple systems, is Jacada. Its Fusion range enables call centre desktops to log on to multiple legacy systems to extract and consolidate customer data onto call centre operator's screens in the sequence in which they work. There is a part of the company's offering that provides some desktop automation that enables a server to 'drive' a workstation to replicate an operator process or to provide form completion capability. Baloise Assurances in Luxembourg and Mi Casa in Venezuela have implemented parts of the system.

The two facets of operator automation – either the use of a workstation to replicate existing operator functions or the redesign of the human operator workflow with non-intrusive access to existing systems – may help banks to achieve a degree of efficiency without having to take the significant risk of replacing legacy systems. **6**