KPMG

The BPM-O story: creating opportunities for KPMG with IBM Business Process Manager

Overview

The need

KPMG decided to offer UK banking clients a quick-to-deploy, end-to-end solution to meet their post-financial-crisis regulatory needs – so it needed to find a way to deal with continual business change.

The solution

KPMG selected IBM® Business Process Manager and enhanced it by developing an optimizer application. This combined "BPM-O" solution improves speed to market for both solutions and change.

The benefit

Business analysts can harness their subject-matter expertise, and create new business processes 80 percent faster with BPM-O than they could with a more traditional BPM programmer skillset.

Banking in crisis

Following the financial crisis, the UK banking sector was faced with a tidal wave of regulatory change. The banks were front-page news on an almost daily basis. Headlines screamed how bank staff had mis-sold Payment Protection Insurance (PPI) and Interest Rate Derivative products to customers. Most people with mobile phones were receiving SMS from claims management companies, offering to help them recover their PPI money from the banks.

Financial regulators were carefully scrutinising the actions banks were taking to remediate these issues, as well as introducing tighter "know your customer" and anti-money laundering regulations. In addition, new regulations such as FATCA began requiring banks to report to US authorities about their US customers.

Banks suddenly found themselves in a situation where these issues needed to be addressed concurrently, and within tight deadlines. The potential size of customer payouts and regulatory fines was at a level which meant these issues were regular boardroom-level agenda items, so the stakes were high.

KPMG sees its role as working with clients to solve the business challenges of the day – and the IBM solution is a key enabler. "The feedback that we've had from our banking customers has been really astonishing – we've had banking clients ask us to implement this solution throughout their organisation. And that's exactly what we want to hear from our customers," says Natalie Semmes, Partner at KPMG.
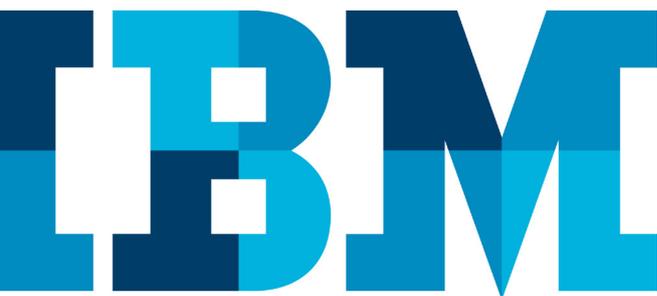
Solution components

Software
- IBM® Business Process Manager

The immediate response of most banks to such time-critical and unforeseen needs was to build pop-up operations. These were supported by spreadsheets and small databases, and employed significant numbers of temporary staff. However, the situation demanded a more strategic response to ensure the right customer outcomes, repair reputation and manage regulatory exposure.

An idea for a new business

KPMG felt that the traditional consulting toolkit could only partly address the issues that the banks were facing. For Natalie Semmes, Partner at KPMG, this represented both a challenge and an opportunity.

She explains: "We decided to create a customer relationship centre, known as 'K-CRC'. This would provide a centralised solution that could help the banks address this plethora of issues in a way that was scalable, repeatable and controlled. This would enable us to truly offer to take the problem off our clients' hands."

The K-CRC business model would see KPMG delivering a completely different client solution by combining robust, enterprise-class case management technology with:

- KPMG regulatory subject-matter expert knowledge
- A secure KPMG data centre for hosting the solution
- An efficient and effective operational delivery capability.

At the time, no "big four" professional services firm had launched such an ambitious undertaking. KPMG backed this strategy by investing GBP4 million to get the business up and running.

Selecting the right technology platform

To find the right technology to support the K-CRC, KPMG ran a traditional selection process. It used the Gartner Magic Quadrant to identify several business process management (BPM) solution vendors, and then assessed them against key criteria.

A particular requirement was the ability to orchestrate the complex interplay of internal bank and external customer events. For example:

- Managing communications through all channels (including calls, email, SMS and written correspondence)
- Guiding processes through very complex end-to-end workflows
- Managing not only the customers' data but also all the documentation associated with their case.

Discussions were quite advanced with another vendor when the IBM Business Process Manager sales team were introduced. It was immediately clear that the IBM team was as much interested in the KPMG business vision as they were in a transactional sale. This marked IBM out as a more strategically aligned business partner.

"We needed a solution that had the right delivery capability," says Natalie Semmes. "But it is not just about getting a new process up and running – it's about managing that process over time, and making sure it can scale to support potentially thousands of users at any given time.

"Therefore a key criterion was our relationship with the vendor: it was a matter of selecting a partner that would join us on a journey and help us achieve the strategic outcomes we were striving to reach. IBM showed a real interest in our desire to create a new and unique business."

Building the business

KPMG was already providing regulatory advice to several clients, and when it introduced the concept of the K-CRC, a number expressed strong interest. When the K-CRC was launched, its first client saw the solution up and running for 300 users within just 12 weeks of the contract being signed.

To build the operation and configure the technology platform required incredible dedication and long hours of work from the newly formed K-CRC team. IBM also provided critical support to the K-CRC team in preparing the IBM Business Process Manager environment and tool configuration. As Natalie Semmes comments: "I've never seen a product delivered so rapidly."

"Using IBM Business Process Manager together with the toolset that we've built around it accelerates product delivery massively."

— Natalie Semmes, Partner, KPMG

A new business - a new challenge

At a stroke and as hoped, KPMG had created a business which was fundamentally different from more typical advisory-only offerings. K-CRC enabled the firm to deliver content-led solutions for clients.

In so doing, KPMG exposed itself to some of the challenges that its clients face every day. Business rules changed, and the need to adapt the underlying systems to support the change proved problematic. Even though the K-CRC was on a much smaller scale than the large retail banks, the challenge of getting KPMG IT to support a large volume of change requests was acutely felt. The lack of capacity to make change happen at pace from an IT perspective was constraining the new business. Change delivery cycles were too long, and the business was forced to make tactical operational changes in lieu. Again, KPMG recognised this challenge as an opportunity.

A series of strategic brainstorming sessions were held to identify ideas to resolve this problem. A number of alternatives were investigated, and finally a solution was agreed upon which would resolve the challenge. KPMG invested in developing an optimiser application to work in conjunction with the standard IBM Business Process Manager application.

The optimiser, which is known as "BPM-O", effectively enables trained business analysts, rather than BPM configuration programmers, to construct or change business processes and associated rule-sets, with very limited IT involvement. Plug-ins are installed for both Microsoft Visio and Excel, and all change is undertaken through those business-friendly tools.

"The combination of IBM Business Process Manager and BPM-O enables us to reduce the development time for configuring a business process by 80 percent," states Natalie Semmes. "The kind of complex process step that used to take a good BPM developer a week to complete now takes our business analysts half a day. The real advantage is that it no longer requires deep development expertise to develop sophisticated business processes."

In addition, IT has become a true partner to the business, since both the IT and K-CRC teams are working together on the same platform. IT is now seen as facilitating the work of the business, rather than inhibiting it through resource constraints or misunderstanding requirements.

Enabling business change

The first client deployment using IBM Business Process Manager and BPM-O went live in four weeks for 56 process steps, and the solution was quickly scaled to 1,400 business users. Change cycles for small changes were reduced to days, rather than weeks or more – and were driven by the business, not by an IT prioritisation queue.

Natalie Semmes explains: "Training our clients' business users is critical because it empowers them to to make a process do what they need it to do. Whether they need to make operational improvements or comply with new regulations or policies, IBM BPM helps them effect changes quickly."

Feedback from within KPMG and from its clients has been overwhelmingly positive.

"It has been really astonishing – we've heard our banking clients say that they've never seen a delivery like this before," says Natalie Semmes. "Some of them have asked us to implement IBM Business Process Manager throughout their organisation, because we have the expertise and they have seen how easy the software is to deploy. And that's exactly what we want to hear from our customers – we want to be able to help them with their business problems."

A solution for all seasons

The K-CRC, with IBM Business Process Manager as its cornerstone technology component, is now an offering which KPMG is taking to clients outside of the financial sector and outside of the UK.

Natalie Semmes concludes: "There are enormous opportunities for deploying K-CRC to help our clients. We can now implement practically any process for clients in any industry and in any geography, within a time-frame that previously would never have been possible.

"On top of that, we bring KPMG's unmatched subject-matter expertise in the areas that our clients require. This is where KPMG's brand adds significant value and always has done – and with IBM as a strategic technology partner, clients know that we have a first-class offering."

About KPMG

KPMG LLP, a UK limited liability partnership, is a subsidiary of KPMG Europe LLP and operates from 22 offices across the UK with approximately 11,500 partners and staff. The UK firm recorded a turnover of GBP1.8 billion in the year ended September 2013. KPMG is a global network of professional firms providing audit, tax, and advisory services. It operates in 155 countries and has 155,000 professionals working in member firms around the world.

For more information

To learn more about IBM Business Process Management solutions, contact your IBM representative or IBM Business Partner, or visit the following website: **ibm.com**/bpm

To learn more about KPMG, please visit www.kpmg.com