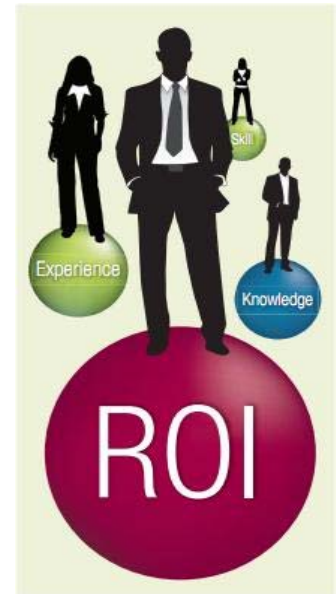


# Business Enterprise Architecture ROI

## Overview

Three areas of improving ROI are 1) doing things cheaper, 2) doing things faster and 3) doing things smarter. Measuring ROI of complex business components may be very complicated so we look for simple silver bullets where combinations of doing things better may be a better practice. Doing the right thing usually has positive unintended consequences. Usually, ROI is measured not in one single area but in a combination of areas which may improve the overall business capability to grow revenues and increase market share. ROI may be measured by increasing:

- Revenues
- Customer retention
- Core Competencies
- Business Processes efficiency
- Portfolio Management
- Time to market
- Business flexibility
- Business operations
- Competitive advantage
- Improved corporate governance



The following incorporates a discussion concerning benefits of the Business Enterprise architecture framework and service offering. The framework enables organizational and operational effectiveness to be achieved in a number of domains and functional areas.

## The ROI of Integrated Management Frameworks

- Financial
- Compliance
- Legal
- Risk
- Human Resources
- Manufacturing
- Other Best Practice Frameworks
- Retail
- Customer Relationship Management
- Business Process Management
- IT Operations
- IT Governance
- IT Architecture

## Excellence in Practice

### **AmerisourceBergen**

#### **USA. Silver Award, North America**

#### **Nominated by Metastorm, USA**

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#### **6.1 Cost Savings**

*As part of the business case for BPM at AmerisourceBergen, the company focused on hard dollar benefits in terms of:*

- *Lower headcount.*
- *Fewer disputes.*
- *More accurate pricing.*

*Now BPM delivers significant cost savings to AmerisourceBergen. Total benefits across the enterprise are tens of millions of dollars each year. Return on Investment (ROI) is achieved in as little as three months after each process going live.*

#### **6.2 Time Reductions**

*BPM provides AmerisourceBergen with:*

- *Faster turn-around times realization.*
- *More efficient and accurate record tracking.*
- *Contract changes are loaded in minutes, rather than hours.*
- *The ability to effectively balance resources.*

#### **6.3 Increased Revenues**

*BPM is enabling AmerisourceBergen to increase revenues in several areas. For example, automating the accounts payable process has improved reconciliations from 20% a month to 70% a month—thus driving significant revenue growth for that department.*

#### **6.4 Productivity Improvements**

*Examples of productivity improvements at AmerisourceBergen include:*

- *Greater transaction transparency.*
- *Greater management visibility into key performance indicators.*
- *An online audit trail of all activities.*
- *Improved accuracy.*
- *Increased accountability on the part of employees.*
- *Streamlined work allocations.*

## **Lincoln Trust Company, USA**

### **Gold Award, North America**

#### **Nominated by Lincoln Trust Company, USA**

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#### **6.1 Cost Savings**

*We have calculated a year one ROI of 120% and an overall cost savings of \$2.2M.*

#### **6.2 Time Reductions**

*We have decreased process cycle times in some areas by up to 75%.*

#### **6.3 Increased Revenues**

*Increased revenues have been difficult for us to measure, but we've seen a positive impact in our ability to attract and retain profitable customers.*

#### **6.4 Productivity Improvements**

*The fact that LTC is able to process 75% of our process volumes prior to a divestiture with 25% of the original staff has been directly attributed to our BPM implementations. Quality control processes, which are critical in our audit-intensive business, are standardized and enforced through automated decision rules in our processes so that we no longer need to fear whether or not we have properly followed our operational controls in place.*

*Our service level agreements (SLAs) with our internal and external clients are now built into the process so that business units now have the ability to reallocate work load volumes to ensure these important agreements are met.*

## **Migros Bank, Switzerland**

### **Gold Award, Europe**

#### **Nominated by Action Technologies Inc., USA**

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### ***BENEFITS***

*Until recently, process improvement implementations across all business areas were not affordable for mid-size companies. However, mid-size companies have to enforce compliance rules and have to fulfill legal requirements to the same degree as large companies. Most early process improvement attempts at mid-sized companies were dropped after facing high costs and lengthy lead times, resulting in not having a business case for most processes with lower volumes.*

*The same reasons drive large companies to implement the high volume - low value and very rigid processes first, struggling to produce good business cases for the remaining processes with lower volumes but often bearing high values. However the major part of operational risks can be easily shown to be associated with processes needing very high **flexibility** and covering high values*

(enforcing compliance rules in supporting collaboration of **knowledge workers** and decision makers with a complete audit trail).

### 7.1 Cost Savings

Throughout this report, **benefits resulting from reduced rework, increased customer satisfaction, and organizational restructuring** have been mentioned. None of these benefits are included in the calculations that follow. It is likely that, as documentation of these additional benefits is completed, an additional white paper will be submitted to the Workflow Management Coalition, documenting the above-mentioned economic benefits.

The business case presented here focuses entirely on economic benefits from cost savings in process design and implementation costs.

The Net present value (NPV) of the Migros Bank Workflow initiative amounts to two million CHF on a three years basis. Net Present Value	2006	2007	2008
Investment - CHF	1'076'000	741'000	188'000
Opportunity cost savings - CHF	326'000	1'659'000	2'812'000
CHF	-750'000	918'000	2'624'000
Present Values - CHF	-681'750	758'268	1'970'624
NPV 2006-2008 - CHF	2'047'142		

## Our Business Process Transformation Success

- Directed engagement team efforts in a business process optimization and costing standards development project for EI DuPont yielding annual corporate savings of \$75 million for the financial transaction processing and budget, planning and forecasting divisions covering an annual budget of \$750 million.
- Instrumental in assisting GE Financial Assurance in a financial process and technology transformation during an interstate relocation of its reinsurance division to maintain uninterrupted financial operations which yielded cost savings of 35% Engagement activities focused on planning, budgeting, analysis, controllership and all related accounting and financial information reporting functions and processes.
- Directed 28 successive engagements relating to information technology design, selection, evaluation and implementations for AARP relating to membership, operational and financial processing environments.
- Directed engagement efforts in a business process improvement effort for One Beacon Insurance The project yielded a 30% reduction in costs through implementation of more effective business processes and internal control systems.
- Instrumental in assisting NY Citibank CIO office for Global Asset Management division to improve a business process that was fined \$6 million for non-compliance. Directed, resourced and delivered a comprehensive business process reengineering project. Created and delivered business process modeling workshops for 38 staff to take immediate ownership and accountability for continual

Business Process Improvement in the day to day operations. Process improvement and cause of missing metric that lead to fines was solved.

- Facilitated team efforts to ensure business processes improvement initiative for renewal of Student Aid loans management branch of BC Ministry of Education. The project streamlined the existing business process and IT environments by reducing gaps, eliminating redundancies creating efficient and effective workflow while migrating clients from legacy computer systems to more advanced management of business processes and loan delivery systems.
- Reduced SG&A expenses by at least 25%-30% for clients by delivering new/improved processes and related enabling technologies within operations focusing on sustainable repeatable business processes. notable clients Unilever, Lincoln Financial, New York Times, Amerisource Bergen.
- Directed 6 successive engagements relating to information technology Enterprise Architecture process redesign, selection, evaluation and implementations of computer of the shelf solutions for Rogers Wireless Telecom hardware and software Engineering division. Improved re-useable assets and contracting process for purchasing agents and engineers.

## **Our Financial Process Success**

- Directed engagement team of 35 consultants in the definition of new financial and operational business processes and reporting requirements for all major services sectors of the General Services Administration in Washington DC. 5million.
- Directed a complete financial transformation and installation of new financial and business processes and related enabling technology systems for the prestigious Valley Forge Military Academy reducing overall SG&A costs by more than 25% annually.
- Developed the complete structural blueprint and market repositioning for financial services, manufacturing, leisure and entertainment and technology clients.
- Directed and engagement for Prudential Financial to install financial planning, budgeting and forecasting procedures which in turn increased profitability 20%-30% assisting the client to expand operations into new markets and products.
- Directed and managed a financial and operational due diligence engagement for a \$100 million capital purchase transaction of a complete real estate portfolio for Brandywine Real Estate Investment Trust generating a 20% reduction in the purchase price.
- In CFO capacity, negotiated with lenders to allow for the restructure, extension and acquisition of a \$2.5B debt portfolio which provided the company with an additional \$100M in working capital in challenging times to sustain operations.
- In CFO capacity, successfully leased over 7.5 million square feet of commercial office and retail space during adverse industry conditions to increase and maximize working capital requirements.
- Directed an engagement for Walters Kluwer to perform a financial management oversight project involving numerous account reconciliations for financial statement account balances and a financial process and controls transformation effort. The end result was an overall working capital savings of \$10 million annually, a complete reconciliation of outstanding account balances for year-end purposes and the development of new policies and procedures.

## Our Risk Management and Compliance Success

- Directed engagement team efforts to ensure business processes, controls and technology were optimized within a JD Edwards systems installation for American Financial Realty Trust, a major Pennsylvania REIT. The project streamlined the existing business process and IT environments by reducing gaps, eliminating redundancies creating efficient and effective workflow and internal controls between functions, reducing corporate overhead expenses by more than 25%.
- Lead a forensic financial and operational improvement audit that embarked the Trump Organization to recoup nearly half or \$5 million of the \$10 million in excess charges in pre-opening costs from corporate shared services operations with Harrah's Marina.
- Testified as an expert witness and dismissed a \$6 million class action law suit for a Major Philadelphia Financial Institution concerning alleged overcharges to bank depositors.
- Directed numerous engagements involving forensic and reconstructive accounting efforts, the preparation and review of financial forecasts and projections, operational business strategies, development of business plans and complex financial models for financial services, insurance, manufacturing, real estate, health care and leisure and entertainment industry clients.
- Directed and managed the comprehensive planning and execution of financial audit engagements for real estate, construction, entertainment and gaming and financial services industry clients.
- Directed an engagement for AIG for the complete reconciliation of reinsurance account balances with actual reinsurance treaty documents and business process improvement of reinsurance processes. The engagement resulted in saving the client \$20 million in potential reinsurance payouts.
- Directed an engagement involving the reconciliation of all outstanding financial account balances and financial transformation of all underlying processes and controls for an international UK group involved in the manufacture and distribution of printing machinery. The engagement resulted in the implementation of more efficient and effective account reconciliation processes, policies and procedures and identified over \$25 million in annual savings opportunities on a \$150 million SG&A budget.
- Directed engagement efforts in the development of more efficient and effective financial control and reporting policies and procedures for AMBAC Financial and Integra Life Sciences resulting in a more efficient financial close process reducing the close process from 10 days to 2.5 days.
- Directed and managed a CFO assist engagement for Henkel Corporation providing more efficient and effective corporate financial planning, budgeting and internal control management reporting functions for an extended 14 month period.
- Directed engagement efforts in providing internal audit co-sourcing services in the planning and execution of various financial, operational and IT audits for Jefferson Health Systems, Keystone National Bank and other real estate, construction and financial services clients. The

operational and performance improvement reviews for business processes and IT resulted in enterprise cost reductions of more than 20% of the original budget.

- Directed an engagement to optimize financial reporting controls testing through the use of monitoring controls for Unilever Corporation. The project yielded a 50% reduction in controls testing through the use of the new method.
- Directed engagement efforts in an enterprise risk management assessment and process installation for Sealed Air, a 3B manufacturing company. The engagement incorporated the definition of business drivers, risks and vulnerabilities, analysis of the corporate risk spend and baseline to industry as well as development of the overall risk strategy and impact on corporate strategy. The project culminated in the identification of more than 50 quick hit opportunities which had significant positive impact on corporate strategy and operations.

### **Our Human Resources Process Success**

- Conducted organizational redesign, market and financial feasibility engagements for high profile clients within real estate, gaming and leisure and entertainment industries.
- Directed engagement team efforts in the review, analysis and restructure of the corporate shared services division and implementation of key performance indicators for Glaxo-Smithkline covering a \$200 million budget which yielded annual cost savings of more than \$25 million.
- Directed numerous engagement efforts in multiple industries in enterprise wide cost reductions for business process and IT controls transformation projects including ICI Global, streamlining corporate operating and reporting controls spend by more than \$8 million in year 1 and \$7.5 million thereafter.
- Directed the development, review and analysis of shared services operations for L'Oreal corporate and divisional operations. Service level agreements and a complete set of key performance indicators and standards were developed for financial reporting, planning, budgeting and processing, with the overall project yielding a 35% reduction in corporate SG&A costs.

### **Our Portfolio and Project Management Success**

- Directed firm wide PMO, Project Management Organizations which enabled efficient interface and coordination with client executive management and consulting teams to ensure all projects were delivered on time and on budget. to ensure cost minimization to clients.

### **Our Manufacturing Process Success**

- Facilitated 25-30% reductions in overhead manufacturing costs and financial business process improvements through the elimination of redundant processes, delivering enabling technology, reduction of gaps and overlapping functions during a 7-year period for a variety of large Fortune 500 client engagements.

## Our Retail Process Success

- Directed engagement efforts in a business process improvement effort for Dollar Tree stores. The project yielded a 32% reduction in costs through implementation of more effective business processes over three years.

## Our Health Care Process Success

- Directed 14 successive engagements relating to Business Process improvement and increasing IT effectiveness by redesigning the Software Requirements and Software delivery process that affected multi-million dollar software development for McKesson Health Systems across the US and Canada. Enterprise Architecture process redesign, selection and evaluation and training on new tools and process. Savings of 40% in software delivery and time to market.

## Our Information Technology Process Success

- British Columbia Tourism Marketing Commission - Responsible for strategic, tactical and operations to deliver and rollout three year Strategic Enterprise Architecture business plan for start-up agency. Reporting to the CEO and Steering committee, prepared Business Case, managed successive Business Process Reengineering initiatives. Successfully rolled out reengineered systems and deployed new technologies for 3,000 staff and effectively deployed a 12 million dollar Enterprise Architecture for 14 distinct business areas over three years. Directed engagement team of 28 and achieved a very high success rate on time and on budget.
- Directed a complete business process transformation and installation of new financial processes and related enabling technology for British Columbia Government Agents. Business case to deposit annual revenue of 1.2 billion quicker from 3 days to close of day was successfully realized allowing greater leverage on investment for deposited revenues.

## Engagement Tactics

We partner with clients by providing highly experienced professionals skilled in various functional areas to meet your unique engagement requirements. Our professionals bring core methodologies, content knowledge and use of industry frameworks to each engagement. We are pragmatic and establish a "prove as you go" delivery to lower risk using the following phases:

**Rapid ROI Assessment** - Short term, high level engagement to assess organization readiness and potential quick wins by developing ROI statement.

**Proof of concept** - using candidate quick win Business Process Improvement

**Deep dive** - Engage our expert team and your internal resources to ensure that all benefits become part of corporate savings and culture going forward. This Phase would include Business Transformation for wider areas of Enterprise concerns.