

# Nine worst business processes revealed

Submitted by: Pirate Communications

Tuesday, 12 April 2005

---

Business process management leader Pegasystems provides basics to avoiding pitfalls

Cambridge, Mass., April 12, 2005 - Pegasystems Inc. (Nasdaq: PEGA), the leading provider of smart, rules-based business process management (BPM) software, revealed the nine worst processes carried out by organisations when they are limited by practices that do not take into account customer or organisational needs. Paradoxically, in some cases, the worst processes then become fixed through inflexible, hard-coded programming in technology that was originally designed to enhance their operations.

This top-nine list of failing processes was derived from Pegasystems' observations of a range of organisations around the world. They are, in no particular order:

1. Compliance: with increasing regulation around issues such as fraud, terrorism, Sarbanes-Oxley, data protection, and quality-management systems, processes must be more consistent and traceable than ever before. With ad hoc processes managed in various locations, unintended non-compliance can occur as efforts to keep employees up-to-date lag ever changing regulations.

2. Opening accounts: even within the same organisation the processes for opening a new account or service can vary significantly for different types of accounts, even though the same information will form the basis of each application. With too much time spent duplicating efforts, not only is there a potential for inaccuracy, but also this can cause a customer relationship to get started on the wrong foot.

3. Event-driven marketing: organisations have huge amounts of relevant information, yet can fail to offer customers services when opportunities arise. A classic example of this is the way financial institutions handle account closings, allowing customers to simply churn between institutions. This is particularly pertinent when organisations have set business objectives to cross-sell more products to their customers or increase customer retention.

4. Sorting out the front office: many customer interactions are dictated by the processes that sit behind the front office rather than being dictated by the customers' needs. This could mean wading through forms or not being able to get basic account information via websites. Customers are increasingly looking for easy-to-use, "24/7 access" with processes that can cope with multiple points of access seamlessly: through a local branch, via a call centre and/or over the web.

5. Getting real benefits out of business process outsourcing: business process outsourcing is becoming increasingly common for large companies and the government sector. The existing solution of exporting jobs and processes lock, stock and barrel isn't working as promised. Bottlenecks and pitfalls in processes have simply been exported to countries with cheaper manpower which means that companies struggle to realise anticipated savings.

6. Enabling contingency processes: most systems and processes are designed to function in a certain way, which is great when the system is dealing with standard situations. However, what happens when things go outside the process scope like misdirected baggage on a flight or online hotel systems that do not allow

for non-standard reservation requests. In order to provide truly excellent customer service a system needs to be flexible.

7. Product configuration: sectors such as financial services have a lot to learn from the manufacturing sector. For example, some cars can be made in any number of combinations. What if other sectors' products and services could be customised to fit each individual client? It would allow the customer to build products online and reduce front-office resources.

8. Complaints tracking: complaints are often the most useful source of feedback for a company, in addition they are also an opportunity to cement the client relationship by providing a successful resolution to problems. However there is a small minority of 'professional complainers' and it may be that the cost of servicing these individuals is more than their value as a customer. Retailers have already started to look to exchange information about complaints; there is a wealth of information that business units within financial institutions could exchange internally which is not being done at the present time.

9. Competitive response: financial institutions are constantly competing on interest rates and other terms. For instance, credit card competitor actions can often be quickly uncovered when customers pay off card balances with a rival's check. Having systems in place that identify and then respond using business intelligence is a simple way to further ensure customer retention.

Laurent Lachal, senior analyst at Ovum, the analyst and consulting company said, "Business process management (BPM) is a state of mind, a process-oriented way of thinking about existing IT systems, and of procuring, designing, building and integrating new systems. Implementing BPM requires addressing methodology, or the business approach, first; architecture, the mixing of business and technology issues, second, and finally, if and when required, to start thinking about BPM in terms of actual products and technology standards.

"Many of the processes listed here demonstrate that there is some very basic work to be done before implementing BPM. Companies need to think outside their usual box, be systematic in their approach and look at processes from internal and external customers' points of view."

David Wells, vice president Europe at Pegasystems, added, "Over the past 20 years working with many of the world's leading organisations we have witnessed both best and worst practice and seen the tremendous benefit organisations unlock when they create a cohesive approach both at a technological and cultural level towards business process management.

"Delivering efficient and effective services to customers is a key concern for all major companies, and in most cases it really is not that difficult. However, organisations have a long way to go in order to reach that goal. Getting the systems and processes right is critical, but not that hard to do with the right technology."

ENDS

Pegasystems Inc.

Pegasystems Inc. (Nasdaq: PEGA) provides software to automate complex, changing business processes. Our business process management (BPM) solutions provide organisations with the agility critical to managing growth, productivity and compliance. Our solution unifies pure-play BPM software with a sophisticated Business Rules Engine to drive business effectiveness. This patented technology enables organisations to "build for change" and overcome the execution gap that occurs as evolving business objectives outpace the ability of business systems to respond.

Pegasystems' BPM suite offers standards-based technology built in a rapid-solution development environment. Our BPM solution combines the capability to solve a full range of business process challenges with the opportunity to utilise existing technology investments. By enabling business process responsiveness, Pegasystems makes it easier for people and systems to work together.

Pegasystems' award-winning BPM suite is complemented with best-practice solution frameworks based on more than 20 years of experience helping Fortune 500 and other leading corporations in the financial services, insurance, healthcare, manufacturing and government markets.

Headquartered in Cambridge, MA, Pegasystems has regional offices in North America, Europe and the Pacific Rim. For more information, visit [www.pega.com](http://www.pega.com).

For information, contact:

Jeremy Payne  
Marketing director, Europe  
Pegasystems Inc.  
+44 (0)118 651641  
[jeremy.payne@pega.com](mailto:jeremy.payne@pega.com)

Alex Crawshaw  
Account manager  
Pirate Communications  
+44 (0)20 7297 3355  
[alex@piratecomms.com](mailto:alex@piratecomms.com)