

How 'Agile' Is Your Business?

Business Activity Monitoring (BAM) Promises Agile Operations, Better, Faster Decisions



Automated Business Solutions

The evolution of computers and departmental applications from mainframes to client/server architecture to the Web causes ever-growing volumes of business data to spread across multiple data sources. Consequently, most businesses have vast amounts of detailed data stored in multiple disparate database applications, electronic documents and files. While this evolution has delivered many benefits, it has also created some daunting challenges. One of the more considerable challenges lies in being able to locate specific, relevant, actionable information and make it available to the people who need it, when they need it. In a nutshell, this challenge provides a basic description of an emerging technology solution known as Business Activity Monitoring (BAM), a term originally coined by research firm Gartner in 2002.

The Problem:

Businesses operate in complex environments where people react to changing business conditions, hopefully when information becomes known to the right person. Too often people learn about changes, revenue opportunities or problems after the critical window of opportunity for proactive or well-timed management has passed. People generally need specific

information that is tracked in any number of applications including Accounting, CRM, HRIS, web apps, Distribution etc. Delivering traditional reports from one or many of these systems simply magnifies information overload and exacerbates decision latency. Most businesses are entangled in a “data rich – information poor” situation. This results in wasted time, wasted effort, lost business opportunities, angry customers and other undesirable outcomes.

“When something happens to a car, an alarm goes off. It doesn't wait two weeks. How many business processes have a similar degree of urgency about potentially devastating process breakages?”

David McCoy – Gartner

Information possesses a higher value the earlier it is made available to the right people. The right information at the right time provides the opportunity to assess events and create informed responses which enhance revenues and/or avoid costs. Traditional reporting solutions often contribute to information overload and decision latency. Business people at almost every level of responsibility need timely,

relevant information so they can perform tasks, resolve customer issues, make timely decisions about changing business conditions and comply with corporate governance initiatives.

The Solution:

The WorkWise BAM solution offers a platform that delivers intelligent alerting, data integration and process automation capabilities that effectively addresses these and other problems.

In a report covering various facets of Business Intelligence, leading research firm Gartner Group acknowledges the progressively more important role of automated business event monitoring and alerting in order to maintain competitiveness. This area of business intelligence, known as "Business Activity Monitoring" (BAM), incorporates technology that provides organizations with timely awareness of business events and transactions. BAM enables employees and management to be informed with relevant information they need to perform their jobs, to respond to business problems before or as they occur, and to make better informed decisions.

The WorkWise platform can monitor databases, files, directories and FTP sites for defined conditions, exceptions and other criteria. When the monitored condition is encountered, actions are initiated to automate and respond in accord with user

defined business rules. A response can be to send notification via email, pager or cell device, kick-off a new computerized task, update and deliver reports, and integrate data between disparate applications. WorkWise can analyze business processes and deliver performance information relating to daily or other periodic financial performance, customer profitability measurement, cash flow projection, supplier performance measurement, corporate governance compliance, the potential uses are extensive.

The WorkWise BAM system can automate alerting, business process automation and data integration across departments to enable more agile, efficient business operations.

TEN BUSINESS USES FOR BAM

1. Generate alerts to employees about changing business conditions
2. Update data between back-office accounting and front office CRM, HR and Payroll systems
3. Create automatic audit trails of specific business activity
4. Create and refresh data marts used for performance analysis
5. Automatic refresh and distribution of report files based on a schedule or on database values / thresholds
6. Flow data between back-office accounting and web-side / ecommerce apps
7. Generate inventory and RFID alerts to maximize inventory efficiency
8. Run programs using scheduled execution
9. Automate delivery of electronic invoices to customers via email
10. Automate multi-level approval workflows

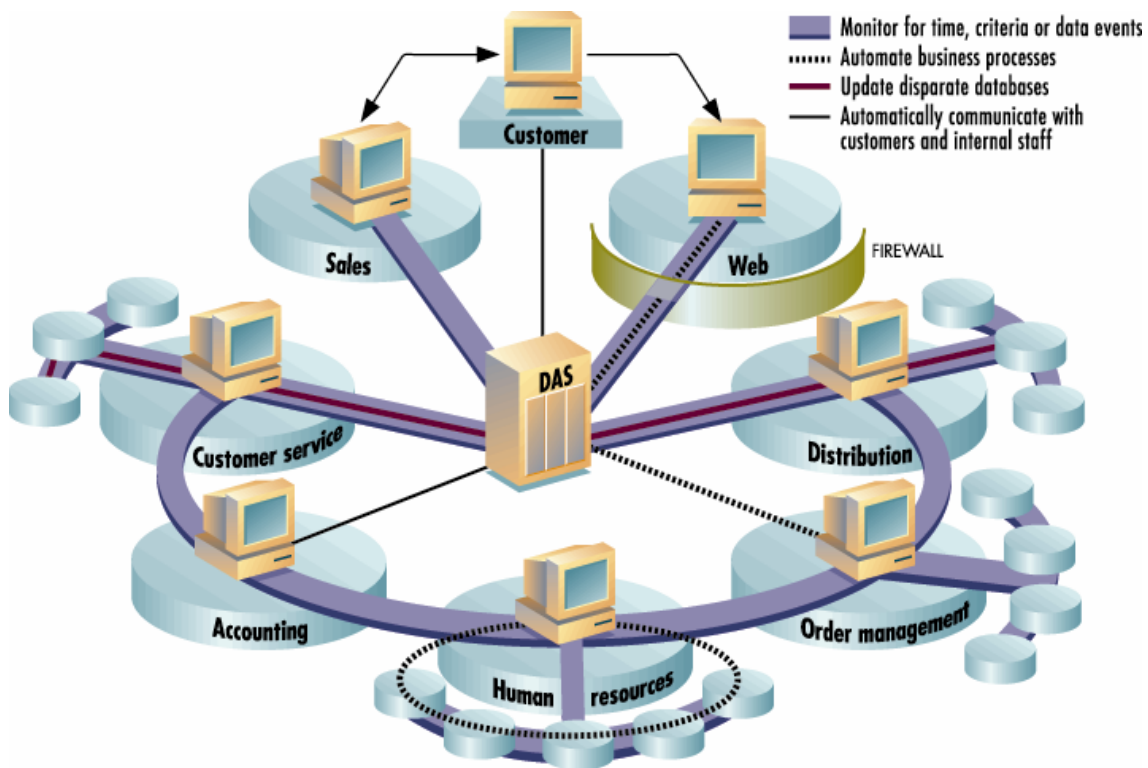
David McCoy, a VP at Gartner has suggested an analogy - "When something happens to a car, an alarm goes off. It doesn't wait two weeks. How many business processes have a similar degree of urgency about potentially devastating process breakages?"

Example I

Consider the costs of slow reaction time in a manufacturer of automobile tires: their largest customer places an order for only half the forecasted quantity. How long should they wait before adjusting forecasts and production levels? Each hour could end up costing tens of thousands of dollars, not to mention the excess inventory expenses.

Example II

We all know that it is much easier to keep a current customer than it is to win a new one. Consider this scenario: A large manufacturer of copier equipment has a help desk for customers to call into. Customer ABC calls in with an error message on an outdated or discontinued piece of equipment. After the support call is complete how long should it take before a field sales representative or sales office contacts the customer about an upgrade? The longer they wait the less of a high priority the customer's copier support issue becomes. Situations such as this could add up to considerable amounts of lost opportunity.



An effective BAM solution can automate alerting, business tasks and database integration across departments to enable more agile, efficient business operations.

ROI Scenario

A 600 employee organization justified the purchase cost of the WorkWise BAM solution by demonstrating a 12 month ROI based on a single Alert notification. The BAM solution monitors the system for direct bank deposit activity and then automatically delivers pay stub information via email to employees who take advantage of direct deposit for expense advances and payroll. The purpose of the alert notification is to provide information about the direct deposit to the employees, automate the related work, and save the cost of postage. The ROI for this Alert was calculated on the postage cost savings alone, and ignored the additional savings of the labor involved to run reports, print pay stubs, stuff envelopes and apply postage. The actual ROI for this organization will be much more rapid than 12 months because of the multiple additional intelligent alerts and automated processes in use.

BAM solutions identify problems and opportunities on a timely basis, not days or weeks later and notify the right people. This is a scenario that most business managers only dream about – always being informed, 24 hours a day 7 days a week; enabled to manage by exception through timely access to critical business performance information. The business activity monitoring and notification solution not only raises corporate visibility of key business conditions, it also enables businesses to increase the ROI of their existing application investments.

Applying this technology to in-house systems will breathe new life into existing applications and increase access to operational data.

The ability to integrate data between applications as directed by user defined business rules enables companies to increase the quality and consistency of their operational data. For example, when an address, part number, SKU, retail price or other detail changes in the accounting system, the changed information can automatically be updated into the CRM system, eCommerce system or other application, eliminating double data entry, and the introduction of data errors. The automatic updating of specified data from one application to another eliminates mistakes associated with multiple data entry tasks and improves operational data quality and consistency.

BAM for Functional Area Applications

Monitoring business activity, generating alerts, automating business tasks and integrating data can have a wonderfully positive impact in an organization. The specific use of BAM solutions will vary from company to company. Never the less, there are a number of functions common among most organizations where alerts and automated processes will deliver great value. Organizations that focus on automating business tasks beyond the initial 'common' scenarios will realize greater value and return on their BAM investment.

Conclusion:

Gartner Group predicts that most organizations will eventually implement BAM systems to monitor business activity, generate notifications and automate business tasks. The rate of adoption will likely depend on BAM's perceived benefits, the available resources for implementing and maintaining the system and, of course, the cost involved.

Adoption has generally been slower in the small to medium sized business market where in-house IT resources are scarce and high ticket software purchases are difficult to justify. Increased competition is driving more rapid adoption in this sector due to the availability of powerful and flexible BAM systems suitable for larger organizations but affordable, easy to implement and maintain for small to medium sized businesses.

Contact [Mary Jo Geary](#) for more information about how you can integrate this tool into your various business management solutions. (651) 686-2986 x442.

Resources:

Gartner Group
Intelligent Enterprise Magazine
DM Review Magazine
Business Finance Magazine

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Functional Area Alerts and Automated Process Examples

Accounting: Electronic invoicing via email, PO approval automation, A/P check alert for over 'X' amount, 30, 60 & 90 day account past due alerts, customer credit status change alerts.

Payroll: W-4 change verification; direct deposit alert for payroll and expense advance, deduction goals met alert; overtime listing alert; voided check listing alert, on demand check alert.

Distribution: Cost variance alert, predict stock shortages and alert suppliers, alert suppliers of stock shortage, backorder and late delivery trends, stock monitoring for "Just in Time" warehousing, alert of upcoming safety and equipment inspections.

Human Resources: New hire alerts to notify IT, Operations, Payroll, Security, etc. to perform required tasks, I-9 form verification due alert, alert for performance reviews with optional form attached, personnel action notifications.

CRM: Alerts for: Sales opportunity over 'X' amount, support issue unresolved for 'X' days, sales reps pipeline is 'X%' below defined run rate, customer has not purchased in 'X' # of days, quote or proposal expiration approaching, customer buying pattern changes, top 20 customer opportunity, sales activity run rate below defined limit.



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