

IASA/NOLAN TECHNOLOGY SURVEY

BUSINESS PROCESS MANAGEMENT

PROCESS MANAGEMENT WARRANTS MORE COMMITMENT

INTRODUCTION

IASA and the Robert E. Nolan Company are conducting a series of surveys exploring the use and effectiveness of technology in the insurance industry. The second survey in the series, titled "Business Process Management," was conducted in April and May of 2007. This document summarizes the survey findings. A full survey report will be available in July 2007.

For this survey, IASA and Nolan invited approximately 790 senior technology and financial executives of IASA member firms to participate. A total of 99 responses were received.

SURVEY HIGHLIGHTS

- Most respondents (88%) think of BPM primarily as a set of management practices, rather than only as software. This is an encouraging finding, indicating that respondents understand the broad scope of BPM.
- Few companies (22%) have dedicated staff assigned to a BPM function. This may reveal fragmented process management programs or perhaps a lack of company-wide commitment to ongoing process improvement and process automation. Thus, there may be significant operational improvement opportunities for those carriers who have not kept pace with contemporary process management practices and systems.
- Just 20% of responding companies own and use BPM software. Further, 75% of respondents do not feel that BPM software is important to running their business. This suggests that the insurance industry has not yet embraced BPM technologies on a widespread basis. That said, numerous contemporary insurance software systems incorporate elements of BPM technology, most notably workflow. Thus BPM-like system features may well be in use but are not identified as such.
- Though only 20% of respondents are using BPM software, around 60% believe that notable BPM successes have been realized in Claims, Underwriting and Policy Administration operations. This implies that successful process management programs are in play within core functional areas, though not all such programs are supported by BPM technology.
- Respondents are split evenly among those who do and do not conduct process improvement or redesign prior to automating processes.
- When asked to characterize their company's process analysis capabilities as an element of BPM, 83% of respondents reported having either no analysis tools, or using manual techniques for process analysis. While 46% feel analysis is an important BPM functionality, two thirds are not satisfied with the effectiveness of their capabilities in this area. This suggests that at least some companies could realize greater process effectiveness by improving their process analysis capabilities and toolsets.
- Most respondents (75%) think workflow is an important BPM functionality, but 57% either have no capability or only a manual workflow capability, and 46% are not satisfied with their capabilities in this area. Once again this may be masking the inherent workflow capabilities of modern insurance automation systems. Nevertheless, this points to the need for greater penetration of workflow systems, and more effective implementation of those systems.
- Only 7% of respondents have formally measured the benefits of implementing BPM. This is a clear indication that Return on Investment is not being used as a measure of success of BPM. It may also point out an opportunity to use strong ROI analysis as a way of promoting the adoption of BPM practices and technologies.

SUGGESTED ACTIONS

- Process owners and stakeholders should learn more about BPM practices and technologies. Improve process analysis competencies. Develop business cases that demonstrate the benefits of BPM and raise the interest level in process management.
- Functional leaders should collaborate to initiate and promote enterprise-wide business process management initiatives.
- More companies should undertake process redesign before automating processes to avoid "paving the cow path."
- As with any significant efforts, BPM initiatives should include steps to formally measure and sustain benefits.

