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Business Process Utility: Accelerating Change Through Standardization

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Business Process Utility

As the economy wanes, companies search for new ways to tighten their belts without losing their competitive edge. Although Business Process Outsourcing (BPO) has enabled numerous corporations to reduce costs while keeping service levels high, others are looking for even faster and cheaper transformation. As a result, many companies are exploring the value of Business Process Utilities, or BPU, a new delivery model for BPO in which companies trade customization for accelerated implementation and cost savings.

In a traditional BPO agreement, a provider takes over a business process and works with its customer to design process transformation through the implementation of new technology, the centralization of resources and the use of global delivery. Each outsourcing arrangement is unique, and customization is essential to the success of the engagement.

Conversely, in a BPU agreement, the solutions provider delivers a standardized, best-practice model, typically driven by Internet technology, and applies it to the process. Instead of taking over the function and transforming it according to a customized agreement with the client, the provider delivers the same standardized process to multiple clients, using its own technology and best practices. This solution takes advantage of economies of scale to lower costs almost immediately, without the lengthy transition times associated with some BPO engagements. It does this by using a one-to-many concept, with limited customization options. Often, transaction pricing is used in a BPU engagement, allowing clients to pay for the business service as they would pay for a utility, such as the phone.

Although BPU is an outstanding alternative that can deliver great benefits, it's not designed to be a blanket solution for every company or every type of process. It's an alternative with both advantages and compromises.

To BPU or Not to BPU: That Is the Question

The decision to employ the BPU model doesn't rest solely on the shoulders of the chief technology officer. It requires a discussion among all the business stakeholders within a company to determine whether the customization of specific processes provides a competitive advantage. The question becomes: "If we perform this process in exactly the same way as our competition, will we lose a market differentiator?" It all comes down to a matter of cost versus customization.

The more repetitive and independent a process is from an organization and its core competencies, the most easily adaptable it is to the BPU model. These are the processes that can be taken and handed off to the third-party vendor, in a chunk, relatively easily. One outstanding example is payment services.

Although the BPU model has recently emerged as an outsourcing trend, ACS has been delivering a form of BPU for the past 20 years through our student loan initiative. Here, we employ standardized practices to help financial institutions increase their student loan revenues, while delivering a full range of services and capabilities to support lenders, schools and borrowers.

The Web-based solution begins with an industry-leading, online loan origination with electronic signature capabilities, a process that makes applying for a student loan not only convenient, but also secure. We automate application acceptance and review, document collection, funds disbursement and disclosure. Along the way, we handle borrowers' questions through our call centers and Web-based tools, and we collect payments throughout the course of the interaction.

In this instance, these institutions used BPU to provide best-practices loan servicing to their clients. They focused their efforts on creating profitable loan packages, building relationships with universities and the community, and strengthening their brand. They realized savings and gained quality without maintaining a unique process.

The Drive Toward Standardization

In some instances, a customized solution can be replicated and transformed into a BPU offering. Such is the case with ACS's electronic toll project for the State of New Jersey. Originally, ACS was called in to fix the troubled project, in which customers experienced long waits, erroneous violations and billing errors, while the State suffered from extensive cost overruns. In this case, ACS delivered to New Jersey a feature-intensive solution that had previously been developed for other toll agencies that had the same types of needs.

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In response to an industry-wide requirement, ACS created Vector, our standardized, integrated toll collection and management application. This complete, “ready for implementation” solution supports all aspects of electronic toll collection, including installation and integration of the lane-capture system, as well as the account maintenance, transponder distribution and replacement, customer service and violations processing. In essence, it takes the State out of the toll-collection business.

This comprehensive product, based on an open architecture platform, is flexible, expandable and scalable – so it can be implemented for projects of all sizes. The back-office component includes fee collection, violations management, and a complete customer-care component with live Customer Service Representative (CSRs) and self-service options on secure Interactive Voice Response (IVR) and Web-based systems. Although the system was originally designed to collect E-ZPassSM transactions, it has now been standardized to support several other electronic toll collections programs, as well as non-toll transactions ranging from airport parking to transit fare-collection systems.

Today, using the Vector platform, ACS processes nearly 50 percent of all toll-collection transactions in the United States, accounting for \$3 billion in toll revenue each year. In each instance, it has enabled states to reduce costs and increase service levels by “handing off” the operation to an independent resource.

Healthy Returns to Healthcare

The BPU model is also ideally suited to the complex needs of the healthcare industry. For example, in the Medicaid market, ACS offers best-practice solutions that inform members and providers of benefit eligibility, adjudicate claims, process payments, and provide a medical home for population health management to ensure access to quality care while controlling the healthcare spend.

At the core of the solutions is a modular, highly configurable, service-oriented architecture application that is designed to enable clients to adopt it in whole or in part. The same kind of pressure that the public healthcare sector faces, namely reducing costs and controlling the healthcare spend, is being felt by private healthcare providers and the insurance industry. These same BPU models can be adapted for the commercial healthcare sector as well.

The fact is, BPU isn't limited to one type of industry or one size of company. The fastest adoption has come from the mid-market – companies that don't have scale but need the cost and time advantages that BPU delivers – and from very large entities that have scale and are offloading processing that may be mission-critical but aren't core to their business to realize reduced costs.

A Smarter Means of Workforce Education

People development is essential for retention and corporate excellence, but maintaining a skilled educational development staff is a luxury few entities can afford. ACS's e-Learning, hosted and delivered through an unlicensed Application Service Provider (ASP) model, enables companies to deploy an accessible learning platform to a global workforce easily and cost-effectively. These modular applications can be easily integrated within each client's technology platform and, because more than 40 percent of ACS's e-Learning applications are designed using SOA, they can be mixed and matched to suit specific corporate initiatives, and then added to and altered as these needs change. Since ACS's e-Learning platform integrates well with other technologies, employees can plan for performance development and training programs simultaneously, providing a more cohesive, more effective process.

Companies receive best-practice processes and experience without supporting a specialized staff, and they have a single point of accountability for results. Their employees continue their development and retention increases, and the “best of the best” get even better.

Staying at the Forefront

Although firmly committed to providing BPO to those clients who prefer a more customized solution, ACS is taking several steps to stay at the forefront of the BPU trend. We have consolidated our application delivery methodology within a single service center, where we can fine-tune our best practices and make sure these are rolled out in a consistent manner.

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In addition, ACS is delving into the needs of the specific vertical markets we service to develop standardized BPU offerings that are more focused on these industries' specific needs. In essence, this action allows ACS to service these industries in a more customized manner but still deliver a standardized solution.

We continue to bring in subject-matter experts because there are many things that technology can't solve without intricate knowledge of the business process. Finally, we're continuing to explore the globalization of our delivery. ACS was a pioneer in globalization, long before the terms "near shore" or "offshore" became part of the outsourcing vernacular. We continue to invest heavily in our service centers around the world so we can bring additional cost efficiencies to our BPU arrangements, as well as to our traditional BPO.

Today, companies are looking for new ways to reduce costs and quickly streamline operations. For repeatable, non-core applications, externalization through BPU is an emerging alternative to more-traditional outsourcing solutions. ACS is poised to provide our clients with the combination of solutions they need to stay competitive, reduce costs and deliver results.

You can learn more about us at www.acs-inc.com.

