Business Integration: Does the Left Hand Know What the Right Is Doing?

by Steven E. Arbogast and by Navin Prakash

A blue-chip company with thousands of employees must painstakingly keep track of all the benefits its workers receive. No small task, this requires extensive record keeping and highly integrated software systems. Health insurance is particularly important, especially for workers who have serious medical conditions or whose family members have such conditions. Poorly integrated systems can thus cause a medical dilemma. Even a clerical error can begin a problematic domino effect.

Large companies that have been around for decades face a particularly troubling challenge: archaic, paper-based systems must be modernized without losing important information in the process. This transformation often takes place as new employees are entered into computerized systems. Years ago, it was not at all uncommon for a person to work for the same company their entire career. Today, such loyalty is the exception, not the rule. High turnaround puts added pressure on human resources departments to make sure their records are always up to date.

Meanwhile, most companies aggressively shop for the best insurance package, often resulting in renegotiated policies or new insurance vendors altogether. Insurance companies are constantly changing their policies as they assess risk, market conditions and competition. Advances in medicine and healthcare occur daily, which must also be taken into account by all parties involved.

Mergers and acquisitions pose another world of challenges. When two companies merge, or as smaller companies are absorbed by larger ones, a whole host of systems must be integrated. The process rarely goes smoothly, and something is always lost in the shuffle. That puts the onus on employees to check and double-check that their benefits are intact and in order.

Of course, employees should only be reasonably expected to verify their information every so often. Everyone is busy these days with real work - and poring over insurance documentation can hardly be called an enjoyable pastime. This is especially true in an age when license agreements for free software would take hours to read (should anyone actually deign to do so). However, lest you place too much faith in the processes, personnel or integration efforts at your company, consider this somewhat hypothetical anecdote:
A long-time employee of a blue-chip company has a daughter who needs medical attention. The situation isn't urgent, but something must be done. He checks his insurance documentation (provided by his company) and sees that his deductible is $250 - the correct amount, as he recalls, a price he can handle. He double-checks the amount of money paid into the account each month, and it is the $300 he remembered. Everything seems fine.

Two months later, a bill arrives in the mail. According to the insurance company's records, the man's deductible is $1,000 - an amount he cannot handle at the moment. On top of that, the insurance company's system says that only $200 per month had been going into his account. Where was the other $100 going? And why was the deductible wrong? Good questions! How long this disparity had existed was also a question that begged investigation.

So, the employee began his hunt for truth and reconciliation. He called the insurance company directly to get detailed documentation on his policy, including date of effect, deductibles and monthly investment. Once armed with all appropriate documentation, he presented his case to HR. Several phone calls and two in-person meetings resulted in frustration: nobody knew what had happened. Since the company had switched insurance policies twice in the past 18 months, it was difficult to determine when the error might have taken place. How many people had been affected, he wondered.

An expert in systems integration, he figured something had been lost in the shuffle from one policy to the next. However, there were layers of personnel in between the employee-HR touchpoint (an HR manager) and the people who appreciate such integration-related information. Luckily, this employee had contacts in both departments. He alerted these colleagues to his problem, the situation with his daughter and gave his theory about when something may have gone awry.

No dice. After several weeks of follow-up calls and e-mails, no one seemed to have made any progress. HR was in the middle of a reorganization due to a recent acquisition, and the integration team was heads-down in dealing with the financial side of that process. One employee's concerns about a discrepancy in policy didn't seem to cause any sense of urgency in the enterprise - even though he explained that integration-related issues tend to cause problems in droves, not isolation.

Several weeks later, after a few more heated conversations with the integration department and a little name-dropping, someone in IT figured out that yes, during the second insurance-policy switch, a host of information had been lost. The data mappings had been off when employee information was imported into the new insurance system, and though some employees were affected more than others, the problem was fairly widespread. A quarterly report had yielded some startling numbers, and the employee's concern had finally bubbled up to the appropriate parties. Someone put two and two together, and the situation was ultimately resolved.
Such lack of integration causes all sorts of issues, not the least of which involves an employee receiving inaccurate coverage. Other problems include excess work for both the HR department in question and the insurance company. This was not just lack of systems integration; this was also an operations disconnect, a process error. And, while some might just call it a data quality area, it represented a lack of effective integration across company lines: two organizations working together on serious business, but not on the same page.

A common mistake in attempting business integration is the propensity to begin with systems integration, instead of focusing first on overall process integration. This happens for any number of reasons. Systems integration is more tangible and better understood by IT personnel. People tend to go with what they know, so IT is often eager to jump into something they understand, rather than wade through the politics of egos and hidden agendas. By focusing on systems integration first, however, time and energy will likely be wasted, as business processes may need to change, which often result in further alterations to the systems integration processes.

The best way to achieve effective integration is to first define how the business itself will be integrated and later look at how the systems will be tied together to meet the new needs of the business. This can involve segments or individual departments within the overall business or looking at the end-to-end set of functions, including connections to vendors and channel partners. Regardless, the priority should always be to define the integrated business model and let the systems integration work follow.

Many companies and executives are challenged by the thought of first integrating their overall business processes. There is confusion about what an integrated business model looks like, what the value is and whether or not the business model integration comes first or the integrated systems model comes first. If the systems model drives the integration and operations of the business, then it is highly unlikely that the business will ever achieve optimal operations, if for no other reason than lost time.

Ideally, a business model can and will have multiple views; e.g., business processes, organization, strategies, policies, business rules, data and information needs, technology views and systems architecture views. Integration within and across these views gives the company management the ability to understand change impacts across multiple areas, whenever one area changes.

For instance, business processes will be mapped and integrated so that interactions between the processes are clear. Likewise, multiple layers or levels of process definition can be integrated so that from the highest level of process definition to the lowest level, all can be connected and viewed through simple drill-down or drill-up approaches. Additionally, the business process views, data/information views and systems architectures can be integrated so that it becomes clear which data is used by what process, and which systems automate certain processes.
Why do so few companies have such integrated business models? It takes commitment, time and a financial investment to develop such integrated business models. Many managers don't want to spend the time or make the financial commitment. Where is the pain when they do not? The pain will normally be in their gross dissatisfaction with the information systems architecture, its limiting factor on how the business is operating or can operate and the fact that they can't get adequate business intelligence from their information systems to understand how the business is actually operating.

Today's effective systems architectures are service oriented, event driven and aligned with life cycle support processes. An integrated enterprise or specific business area model including integration with the systems architectures, provides a number of benefits:

- The ability to adapt to changes in business conditions more rapidly and allow business users to be closely involved with (and in some cases, even own) changes in business processes;

- The ability to reduce the amount of time spent developing custom code and complex applications, using business processes to assemble applications rather than requiring the use of declarative programming;

- Significant cost savings over time, as more of an organization's existing investments in technology and systems are leveraged rather than replaced.

If the left hand is to know what the right is doing, there must be applications integration, process integration and thus total business integration. The success of any business today depends on its ability to adapt to rapid change. Based on Winter Green Research, the integration market is worth more than $7.3 billion today. The Hurwitz Group has created the EAI market segmentation to define the differences between the approaches of the current EAI solutions, giving most importance to business process integration.

When an enterprise embarks on a series of integration efforts, there are some key items to consider:

- Success in a business and application integration endeavor depends a great deal on clear articulation of business goals, strategies, policies and rules.

- Integration needs to be viewed as a strategic initiative. It will require buy-in from top management. Without top management's commitment, integration projects/efforts inevitably die, sometimes quickly, sometimes slowly.

- Don't model the business just for the sake of modeling. Build the model and then use it as an active, important asset of your business.

- Make technology choices only after the business knows what it wants and how it wishes to operate.

- Collaborate with employees, partners and customers. You may be surprised by the good ideas and information you get.

Highly competitive market conditions have made it imperative that managers are armed with the information required to make intelligent decisions and respond quickly. They
must have an integrated model; they must understand it; and the information systems running their business must support the business model. Only then can management possess the business intelligence enabling quick, effective decisions. More importantly, changes in the business can be made just as quickly.

Model your business and make sure it is an integrated model. The information systems architectures, designs and technologies will follow. The business model becomes your road map. Without such a guide, running the business is like heading out on a road trip without a map: any route will do, but you may never reach your destination.

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