Improved Customer Service Levels by Streamlining Merchant Boarding Process for a Payment Processing Major

A Case Study on SoftPath Technologies' BPM Solution

This is a case study on how SoftPath Technologies' team streamlined Merchant Boarding process of a Payment Processing company.

Client

Company
U.S. based Payment Processing Company

Industry
Banking, Financial Services

Business Unit
Merchant Services – Merchant Boarding

Executive Summary

The client is US based and an electronic payment processing unit of a leading bank with diversified financial services. The payment processing unit initiates, captures, authorizes and settles electronic payment transactions as part of integrated cash management solutions for financial institutions, merchants and consumers all over the world. The client operates three primary business services – Merchant Services, Financial Institutions and Card Services.

The Merchant Services group of the client serves over 1,50,000 merchants with debit and credit payment processing. The client currently processes annual credit and debit card volume of nearly $250 billion.

The standard Merchant Boarding process is initiated when a deal is approved by Underwriting and continues till the merchant is active or the deal is cancelled. The standard merchant boarding process includes AMEX, Customizations, Deployment, Installation and Activation. Business rules guide a deal through different steps of the process to the final step of Activation or Cancellation. In addition, all activities of each deal are tracked and monitored by the client's home-grown business process management system.

Challenges

- *Slower 'Merchant Boarding' process*
- *Frequent manual or technical errors*
- *Low visibility on the status*
- *No escalation mechanism in case of delays and impediments*

Business Challenges

With a huge volume of merchant base and constantly increasing rate of new merchants boarding the client's business, the Operations team was finding it challenging to keep in pace with the business objectives.

Some of the limitations with the existing process were:

- *The entire process involved numerous manual tasks.*
- *The Operations team used emails/spreadsheets and Access database to maintain the records.*
- *Human or Technical errors were frequent.*
- *Delays were common and there was no escalation mechanism for the delayed response.*

Desired Objectives

- *Streamline end-to-end merchant boarding process*
- *Reducing the merchant boarding process time from 2 weeks to 2-3 days.*
- *Creating the built in notification / escalation mechanism in the process*

SoftPath Technologies' Approach

- *Process Discovery using IBM® Blueworks Live®*
- *Functional and Technical Gap Analysis*
- *Integrating client's Web Services Infrastructure with BPM Tool*
- *Iterative BPM implementation using multiple playbacks*
- *Training client's Business & IT teams*

The existing merchant boarding procedures were not meeting the demands of the business. With the new targets set and the business growth projected over the coming years, the client decided it was time to streamline its end-to-end operations and maintain the highest levels of industry best practices. It was very important to address the demands of 'Customer (Merchant) Satisfaction' and 'Ability to Activate newer revenue streams at a faster rate'.

The client turned to SoftPath Technologies in implementing a BPM solution for their *Merchant Boarding* process. The primary objectives of the new solution was not just to have an *automated* solution to expedite the merchant boarding process but to also gain *improved visibility* in identifying and addressing the bottlenecks. Using its BPM professionals, SoftPath Technologies completed this reengineering project, reasonably on schedule, enabling the client a smoother transition.

The Resolution

SoftPath Technologies' technical team worked with the client's project team assigned for taking this initiation to completion. The client's team was rightly balanced with a Project Manager with 3 IT Engineers and 2 Senior Business Analysts working full time and other identified IT and Business Analyst staff working on a need basis.

Here is the high-level summary of the approach followed by SoftPath Technologies' team in implementing the desired BPM solution.

Process Discovery using IBM® Blueworks Live® (Through collaboration of Business and Technical teams)

The knowledge transition sessions from the Business Analysts played a key role. After the necessary training on the tool, the integrated project team was able to complete the Process Discovery in approximately 6 weeks. This helped the client's team get a better understanding of the targeted process which in turn, helped them provide more fine-grained requirements on the business processes by making them more participative in the overall process discovery and modeling.

Migrating to IBM® Lombardi®

Over a period of 3-4 weeks, the team got a good handle on more precise requirements and what the targeted system would be. The Process Discovery and Modeling done on the cloud-based Blueworks Live was then imported to IBM Lombardi® to start a full fledged BPM implementation.

Integrating WebServices infrastructure

webMethods® was identified as the tool for integrating client's Web Services infrastructure. webMethods® was in turn integrated with IBM Lombardi to leverage most of existing IT investments, while at the same time improvising the Business Processes.

Iterative implementation with multiple playbacks

The implementation followed an iterative development ensuring a smoother transition from the existing systems. The iterative implementation, using multiple playbacks, helped address the execution gaps by providing quicker feedback from the Operations Team.

Transition to Client's team

After the successful implementation and stabilizing activities, SoftPath Technologies' team ensured the necessary knowledge transition was done to the client's Business and IT teams on Process Discovery, Modeling, Implementing and Deploying the BPM processes.

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It was very important to engage the client's team in the Process Discovery phase with hands-on contribution from them. This not only helped the SoftPath Technologies' team in achieving the objectives of the Process Discovery phase, but also helped the overall project execution by enabling the client's team understand and gauge how the BPM solution could transform their existing processes. This, in turn, helped them provide requirements, in more suitable form, for the next phases of the project.
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Implementation Challenges

- Frequently changing business rules
- Missing documentation on Business Processes implemented in the legacy systems
- Identifying the new deployment requirements

Challenges Encountered during implementation

Drastic business rule changes proposed by business during the playbacks

During the initial iterations, it was noticed that the Operations team was coming back with frequent business rule changes to the requirements. This was addressed by including the Operations team who were hands-on with the business operations, early in the iterative development. The feedback of the Operations

team on the Process Discovery and Modeling enabled the implementation team incorporate necessary customizations and support for various business variables.

Understanding the Shipment and Delivery notification mechanism; Understanding the Database schema and connectivity

The Shipment and Delivery notification mechanism was implemented in the back-end Mainframe systems. Also, the DB2® database implemented significant business logic in its Schema/MDS (Meta Data Services) and OLAP (On-Line Analytical Processing) functions. Getting handle on these technical aspects was challenging than planned as there was lack of comprehensive technical documentation. This required identifying and working with the IT staff managing these systems and a few hands-on experiments in the test environment. This was necessary to design the integration with the BPM system.

Defining Production Deployment Requirements

With a lot of reengineering done, the deployment requirements needed a revisit to make the best of the new BPM solution and meet the desired objectives. This included deriving optimal Cluster requirements and Resource pool sizes (Database and JMS) etc, balancing between the Application Performance and Operational Effectiveness.

Achievements

- Accelerated Merchant Boarding process through automated infrastructure
- Increased business resiliency through proactive error handling and notification mechanism
- Stronger technical infrastructure to align Operational Capabilities with Business Strategies
- Improved customer service levels

Outcomes Achieved

The client met the primary objective of streamlining their operational procedures of *Merchant Boarding* process and created the ability to keep in pace with the currently planned Business Strategies and Objectives. Further, the client also added the ability of *translating* their Business Objectives into clearly visible Operational Objectives for future growth through this "*one-time*" initiative and strict implementation of the same.

--- End of Case Study ---

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