

Case Study



RAISING PROCESS PERFORMANCE STANDARDS FOR FINANCIAL SERVICES INDUSTRY

iGrafx helps drive understanding of processes at Xchanging

The Story

From its foundation in 1999, Xchanging has been an ambitious, fast growing and internationally focused company. Becoming a publically listed (PLC) in only eight years, the company is now a FTSE 250 company employing more than 8,800 staff in Europe, the USA and Asia, and serving customers in 37 countries across the globe.

Xchanging, which is perhaps best known for its sponsorship of The Oxford and Cambridge Boat Race, is unique in the Business Process Outsourcing industry because it was founded to transform large organisations' back offices—the complex 'Cinderellas of business'—into new, highly efficient value-creating enterprises.

Handling mission-critical processing where there is high complexity and the potential for scalability, Xchanging applies a unique portfolio of reusable assets delivering procurement, accounting and settlement, customer administration and human resources (HR) services.

The company currently settles more than £60 billion of insurance transactions between more than 200 companies and manages over 250,000 claims a year, totalling £8 billion for the London Insurance Market alone.

It settles 2.5 million securities trades daily, totalling EUR 500 billion annually for the banking industry, sources £200 million of spend, and provides Human Resources services to over 250,000 customer employees and dependants.

A key tool in Xchanging's approach to Process improvement is the iGrafx Platform.

The Challenge

Xchanging has brought to the financial services sector the ability to achieve process performance standards previously seen only in world-class manufacturers (i.e. less than one percent error rate) and to do this with both rapid implementation and sustained improvement to secure exponential financial benefits.

"While many financial services businesses run process improvement, rationalisation and consolidation programmes, their process performance still won't be fully optimised," explained Paul Ruggier, Practice Director, Process competency, at Xchanging. "Process Xcellence", based on Lean Six Sigma, is one of seven competencies we call the DNA of our business and is a comprehensive programme of radical improvement underpinning everything we do."

All seven competencies have to be implemented simultaneously and interactively: Service, People, Process, Technology, Environment, Sourcing and Implementation. Xchanging starts by defining the customers and the services that they need, moves on to optimising the processes and then to automating them.

In order to do this effectively and understand how customers' businesses work, Xchanging needed a tool that would enable it to map multiple levels of processes, give it drill-down capabilities and offer the ability to simulate how changes would impact models.



The Solution

After going through a detailed selection process, Xchanging chose iGrafx to be the mapping tool of choice for its Process improvement competency. It selected the iGrafx Platform because it enables Xchanging's teams to quickly and easily understand the highest-level processes of a customer's business and its interaction with functions, departments, customers and suppliers—all mapped in 'swimlanes'—which is the vital first step in identifying key process improvement opportunities.

"iGrafx gives us the ability to understand exactly what's going on within a business by allowing us to map processes at multiple levels across a company, drill down into the data and re-engineer processes, which means we can deliver ongoing improvements and cost savings to our customers."

Paul Ruggier
Practice Director, Process Competency
Xchanging

"On all projects and contracts, the first thing we do is get a holistic view of the business—all in one place," explained Ruggier. The iGrafx Platform "means that maps can be quickly and easily developed, but also makes huge amounts of complex data easy to understand—we basically simplify complexity. This is something customers have rarely seen and is enlightening when they do."

These high-level tasks are then mapped to the level of detail to show re-work processes and non value-added work. It is at this level that projects are developed and delivered in order to ensure sustained process improvement.

"We then overlay the numbers from the business onto the maps, which helps us to spot the problem areas—basically where things go wrong or take a long time to execute—and then drill down into the processes to understand how they can be improved or remedied," said Ruggier.

The Benefits

When the Global Equities (GE) business unit of Deutsche Bank turned to Xchanging to help it resolve a number of issues concerning its backend system, the first step was to create an end-to-end map of the entire process, showing the interaction with Xchanging Transaction Bank (Xtb).

Xchanging's approach to selecting the largest opportunities for improvement was to look across the business at processes which pass through departments and functions rather than taking a narrow view of the processing of products within business areas. Waste and errors across these broad processes tended to be common, such as manual fax interfaces, redundant reconciliation and breaks in trade processing.

The 'Industry Map' set out the key steps in a logical flow, showing details such as who carried out each process step, what interfaces existed between different areas and the databases used. It differed from existing internal process maps in that it covered all stages of the process, across suppliers, service providers and customers.

The activities of customers, front office, middle office, interface management, custodian, and within Xtb settlements, Trade Processing, Static Data and Operations Control were also mapped.

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Paul Ruggier
Practice Director, Process Competency
Xchanging



"For the first time there was a top-level picture of how this part of the bank's business operated," explained Ruggier. "The map allowed teams both within the bank and at Xchanging to apply and interpret data to focus on improvement opportunities, identify potential projects and highlight areas where data was either not available or insufficient. It also gave a common view of the overall process and an understanding of roles within it—allowing us to see where improvements could be made."

The process improvements led to total savings of more than EUR 400,000 per year and a touch-time reduction of 60% from just one project. This improvement rate is similar for other, larger volume countries and is achievable without the need for any significant IT investment. Furthermore, the department has eliminated the handling of about 150,000 paper-based dividend advices and 100,000 credit advices annually and has been able to cut external supplier costs.

"Understanding exactly what's going on within a business, in terms of processes, is critical in order to drive efficiencies and achieve a programme of continuous improvement," concluded Ruggier.



**iGRAFX HELPED IDENTIFY
AND DELIVER MORE THAN
EUR 400,000 PER YEAR
IN SAVINGS AND 60%
REDUCTION IN OVERALL
TOUCH-TIME**



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