

# White Paper

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## **Case Management Automation**

### **Facilitating Compliance**

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## Introduction

The two most common benefits of automating a business process with technology are faster output and lower costs. Because automation usually removes the risk of human error—computer systems are executing tasks and making decisions—the odds are greater that a process completes accurately. Just as important, it is much easier to audit and track the workflows and tasks within the process. The ability to complete all steps of a process more quickly and do so in conformance with the rules that govern it highlight a third benefit of automation: compliance.

Despite these benefits, a large subset of business processes, often referred to as “cases,” is still not automated. The lack of automation is primarily due to the fact that case-based processes involve human decision making. These human judgments, usually made by subject matter experts (doctors, loan officers, social workers, etc.), cannot be done by a computer. What many do not realize is that a case also incorporates several intertwined workflows that generate information used to make the decisions as well as post-decision tasks that have to be completed. Right now, case components and monitoring of human input are created and performed manually, making it very hard to identify and correct mistakes. As a result, dealing with audit requests is nearly impossible—case-based processes are usually guided and governed by several external (regulatory) and internal rules.

There is a significant opportunity for organizations to extend automation efforts to case-based processes—not only because it will help ensure better, more informed decision making even as caseloads increase, but because it will also facilitate compliance with security, record retention, standard operating procedures, and a host of other mandates. This paper discusses how the intersection trends in case-based processes and compliance are making automation a requirement, not a luxury. It also highlights the tasks within a case that can be automated and the compliance implications of doing so. Lastly, ESG outlines some of the compliance benefits when automation is achieved as well as the pitfalls organizations may encounter if they continue to rely on manual efforts to deal with a growing number of case-based processes.

## Case Work Patterns and Compliance Trends

### Unpredictability Defines the Category

The term “business process” is a catch-all phrase used to describe work patterns that achieve specific outcomes. There are horizontal processes that apply to almost every organization, such as accounts payable or on-boarding a new employee, and there are those that apply to specific industries, like admitting a patient or student or requesting a new mobile phone service. The general differences amongst business processes are the rules and policies which govern them, how decisions are made within the context of these rules and policies, and how exceptions to the rules are handled.

Case-based work patterns are knowledge-intensive processes that usually incorporate several interrelated tasks and workflows. In its simplest form, the term “case” is derived from historical work patterns where information was gathered and placed within a file folder and, at some point, a subject matter expert or “case manager” made a decision based on the information. While the characteristics of a case remain the same, many now include some form of digital information and collaboration, there are more tasks and decisions be made, and the outcomes—such approving a loan or insurance claim, treating a patient, and fulfilling a record request—have greater consequences. The information component of today’s cases is being generated by both analog and digital sources (Web forms, faxes, images / videos, etc.) with e-mail as the primary means of internal and external communication. The “case folder” of today is mostly a mere logical representation of the collected information and is more like likely to reside on a file share or PC than in filing cabinet.

Typical case-based processes are:

- **Service requests** (account opening, new product, etc.) where a constituent is asking for the organization to take action in a specified period of time.
- **Complex applications** that require reviews and approvals (claims, grants, loans, scholarships, etc.).
- **Interdepartmental workflows** that involve collaboration and approvals (employee hiring/dismissal, change of benefits, etc.).

In all of these scenarios, information must be gathered from several stakeholders and analyzed—and people must make decisions based on this information. The human judgment element introduces a level of unpredictability and thus the path a case takes to completion will always be uncertain. In some cases, a decision will dictate that more information be gathered before a final outcome can be determined, triggering additional data collection workflows. Other situations may be more straightforward where a decision simply requires an individual be notified that an outcome (such as an application approval/denial) has been reached.

### Requirements Complicate Case Work

A case-based process is governed by rules that dictate:

- What information has to be collected during the case.
- When a decision can be made (what information is required, what is optional, etc.)
- What type of decision (approval /denial, diagnosis, etc.) has to be made.
- Who is authorized to make the decision.
- What happens (notifications, additional tasks, etc.) after a decision is made.
- What happens after a case closes (information retention/destruction, notifications, new processes, etc.).

These rules are likely to be determined by a combination of external mandates (government, industry specific laws, etc.) and internal requirements (governance and best practice policies). Examples of the former include: HIPAA, a U.S. based health care regulation that dictates information privacy, security, and retention rules amongst other requirements, and BASEL II, a European banking regulation designed to introduce minimum capital funding and supervision to the international financial system. There are many other examples such as the Freedom of Information Act (FOIA) that U.S. Government agencies must follow, several directives from the Financial Services Authority (FSA) that apply to U.K.-based financial firms, and Japan's Financial Instruments and Exchange Law (Japan's version of the U.S. Sarbanes-Oxley Act). From an internal perspective, many organizations have standard operating procedures in place to ensure a process results in the best outcome for itself and a client. As an example, a publicly-traded regional bank may require a team of loan officers to approve any commercial loans over a certain amount as part of diligence to mitigate any shareholder risk resulting from unsupervised lending procedures.

### Unique Challenges Create Risk

A case-based outcome cannot be considered successful if all of the rules are not followed. Any type of non-compliance can result in a broad range of negative consequences. For example, if a decision such as a medical diagnosis is made with incomplete information, the consequences impact an external constituent—in this situation, a patient. There are others, such as lending money to an unqualified applicant, that will reduce a financial services institution's revenue. And there is the possibility of penalties and fines if an organization improperly shares confidential information or fails to meet a specific regulatory mandate.

The possibility of non-compliance expands as caseloads increase and tasks are completed manually. Overburdened case managers are more likely to make mistakes or may actually intentionally skip certain tasks just to keep up. Regardless of whether they are intentional or accidental, these errors are very hard to identify and correct, creating a high probability that cases are completed without complying with the rules that govern it. As such, the outcomes of these cases are likely to create more risk than reward.

## Investing in Case-based Process Automation

### Commit to a Discipline

ESG believes that the number of business processes that can be considered cases, as well as the volume of them (the number of individual cases), are likely to expand as more manual work patterns are defined, regulatory and governance requirements dictate more formalized handling of certain organizational tasks, and organizations find new ways to leverage information to generate revenue and reduce costs. As this occurs, organizations will most certainly find ways to automate a majority of the tasks within a case; the opportunity lies in how. It would be very easy for an organization to invest in discrete solutions which facilitate one portion of a case. As an example, to control a website form where a client service request will be captured, it makes sense to deploy an enterprise content management solution to ensure the latest version of the document is always online. If the organization will accept the same form by e-mail, it is logical to deploy an information capture solution to automate data entry tasks.

The downside to the “one-off” case-based automation is a lack of integration. Internal IT departments are likely going to have to build connection points at logical parts in the process so the solutions all work together. From a compliance standpoint, each system must be audited and there will still be a reasonable amount of risk at process transition points. Organizations should be thinking about automating case management holistically to minimize the amount of technology needed to reduce costs and improve process cycle times. Once again, compliance requirements are much easier to address when there are fewer moving parts.

### Identifying the Compliance Impact

#### *Accuracy*

When case-based processes include manual, intensive tasks such as data entry or sorting physical (paper) content, there is a higher probability of an error. There is also the chance of fraud where someone intentionally enters in the wrong information (such as the amount of an insurance claim), hoping that it will go unnoticed. It is hard to determine if a particular error will be material to the overall case; it is much easier to assume that better, more informed decisions will be made if case managers and subject matter experts are presented with accurate content.

#### *Completeness*

Case judgments are optimized when decision makers have access to complete information. Automation enables notification mechanisms to assure content creators or submitters that information is complete before it is transitioned to the next phase of the process. Also, there are fewer change decisions and overall process cycle times are reduced if incomplete content is recognized and resolved immediately. It is also easier to prove that decisions are based on the right information because preventative measures are part of the automated case management platform.

#### *Timeliness*

Some case-based processes, including many within the public sector (investigations, mediation, etc.), have to be completed within a certain timeframe. Without automation to continue moving a process forward, there is a risk that key deadlines will be missed. Decision makers unaware that they need to take action, lack of communication between content creators and submitters, and, as mentioned, inaccurate or incomplete information can delay key workflows and tasks within a case-based process.

#### *Security and Privacy*

There is a high probability that case-based processes will involve confidential, non-public information that must be properly secured in conformance with industry (PCI, HIPAA, etc.) and government (European Union Privacy Act, etc.) regulations. Automating case management introduces auditing and tracking opportunities to determine who had access to specific information and what actions those individuals took during the process. Automation also

reduces the number of employees that need to interact with the data, mitigating the risk of a breach. Organizations can also put in controls such as additional approval levels when case content is designated “confidential” and a task involves sharing this information with an external constituent. This situation occurs frequently in government record requests—a case manager has to ensure that a record containing sensitive data is only being shared with the record owner.

With auditing and the ability to manage confidential information uniquely, automation makes it much easier to prove the authenticity and integrity of the content. This is helpful when organizations need to respond to audit or legal discovery requests and prove a record is an “original” that has not been altered or tampered with.

### ***Seamless Retention or Disposition***

The entire contents of a case or a subset of documents may be subject to record retention regulations including SEC Rule 17a-3 (financial services), 21CFR Part 11 (pharmaceutical manufacturing), and HIPAA (health care). When a case is completed or reaches a certain stage, the pertinent information must be kept for a specified period of time. There are also some rules, including privacy mandates, that dictate when certain case data, usually personally identifiable information, can be destroyed. Rather than hope that an individual case manager applies the appropriate retention or disposition policies, an automated case management solution can establish them ahead of time and then enforce them when triggered. Configuring these rules within a system as opposed to relying on already overburdened case managers removes a significant compliance risk.

### **Maximize Human Resources**

People are always going to be involved in case-based processes because they have the expertise needed to make decisions. They do not need to be involved in gathering, routing, and communicating all of the information necessary to make that decision. When a computer system handles such tasks, there is less chance that they, and the workflows associated with them, are ignored or forgotten. In many situations, automation of tasks within a case-based process allows the system to become the case manager and improves adherence to policies and procedures by relieving each stakeholder from needing to understand the entire workflow.

### **Finding the Right Solution**

Tools exist to manage many of the discrete tasks and workflows involved in a case. Content management solutions help control document versioning and workflow and many of these systems integrate with capture solutions to ensure a document or form can be introduced to a workflow coming from any format (paper, e-mail, Web, fax, etc.). Business Process Management suites, complete with process automation and rules engines, allow users to graphically design the path of information from beginning to end and subsequently manage it. E-mail and other communication applications are commonplace within companies already; the challenge, as mentioned, is that all of these components are rarely on one common platform to facilitate case management.

Rather than buying separate solutions for every process, ESG recommends adopting a case management platform that combines the strengths of business process management, transactional content management, and enterprise content management with collaboration tools. Doing so ensures that organizations can automate case-based process tasks and workflows without having to perform custom integration or development. In turn, this automation delivers inherent compliance capabilities and mitigates the risk that case rules will be forgotten or ignored.

To ensure that organizations can move away from manual operations, they should ensure their application or development platform has the following:

- **Integration with paper-based processes** including image capture, digitization, and file conversion capabilities to bring all case-related content onto a common platform. This provides flexibility in transitioning existing processes into more modern data formats and removes the need for immediate paper-based process changeovers.
- **Content management** including tools to manage secure document access as well as encryption, digital shredding, and support for electronic signatures when required. The ability to maintain version control and set and enforce retention and disposition policies is critical to help improve information accuracy and address regulatory and legal concerns.
- **Collaboration functions** that incorporate role-based access security to facilitate interaction among all stakeholders and decision makers involved in a case.
- **Integrated routing and communications tools** to notify and remind all parties of actions that need to be taken, the overall case status, and the ability to track decisions made. Getting information where it needs to be when it's needed is the crux of case management. It is also important to let those that must interact with the information do so in a simple and intuitive manner.
- **Tracking, auditing, alerting, and reporting capabilities** to provide visibility into the case environment, including configuration of alerts for rule violations, process bottlenecks, and status changes.

## The Bigger Truth

It is very easy to focus on the productivity enhancements and cost reduction opportunities when investing in a case management automation strategy and supporting platform. However, the compliance benefit resulting from decision makers having timely access to complete and accurate information and the ability to configure and enforce retention and disposition policies cannot be ignored. Automation also introduces the possibility to track and audit case-based processes, simplifying compliance reporting. The compliance benefit can be measured in risk mitigation (fine/penalty avoidance) and operational savings (resulting from not needing a staff to regularly audit the processes)—both of which should be more than enough motivation for a company to accelerate, not just consider, case management automation.



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