

Vitens, the Netherlands

Public Sector- Utility

Nominated by You-Get, the Netherlands

Executive Summary / Abstract

With over 5M customers, Vitens is the largest water company of the Netherlands, with the goal to be the best service provider of the Netherlands and additionally have the lowest integral costs per connection.

The Customers department of Vitens, responsible for all communication (including invoicing and collection) realized that the key in achieving this lies in more efficient and effective business processes, and entered into a partnership with You-Get, the BPM partner.

Vitens implementation followed the BPM Maturity Model steps, in combination with proven Best Practices.

The starting point has been the business processes documentation and optimization, followed by a BPMSuite automation project (IBM BPM) and completed with an organization structure adjustment. First the organization is made process aware, then (to secure the proactive and continuous improvement of the processes) Process Improvement teams and a BPM CoE (Center of Excellence) has been set up, including defined KPIs.

At that point the connection was made between business and IT (including integration to SAP) by developing an innovative process application in a BPMSuite, providing real-time visibility of the process performance.

Vitens now has a flexible and efficient matrix organization, with real-time process monitoring and continuously visible process performance, and is working towards all end-to-end processes being visible, in control and continuously improving.

Results:

- Go-Live within budget and planning;
- almost 20% in FTE Reduction;
- Huge Reduction of Handover Moments;
- Work in progress: from 5 months into daily/weekly stock;
- Transaction time Reduction from, for example, 4 min to 20 seconds;
- 40% Reduction in number of Transaction activities;
- Complete customer centric / focused organization;
- Process is leading, not system;
- Knowledge / decisions inside BPMSuite (BPMS), not inside employee heads.

1. OVERVIEW

The Challenge

Vitens wants to be the best service provider of the Netherlands and additionally have the lowest integral costs per connection. Vitens realizes that the key in this lies in more efficient and effective business processes, and looks for a partner specialized in setting up, implementing, analyzing, automating and improving of Business Process Management projects.

The approach

Vitens has followed the steps from the BPM Maturity Model, in combination with proven Best Practices, in order to come to the most optimal results. The starting point has been the guidance, management and education of the business and afterwards automation with the support of a BPM Suite.

Step 1: Process Aware

The first step taken by Vitens is to make the organization process aware instead of system and department oriented. Vitens has created a process organization that is fully deployed with own employees. The expressed and proven commitment of both management and employees is crucial for the success of the project. Next to the process organization also a process architecture has been created. With these process organization and –architecture as a basis, the core processes have been described in this phase. Companywide training was a significant part for the success of this first step.

Step 2: Process Improvement

The next step was to secure the proactive and continuous improvement of the processes within the Vitens organization. To come to process improvement, Process Improvement team have been established and a BPM Center of Excellence has been set up. KPI's have been defined within Vitens, building a bridge between strategy and processes. This makes the organization aware and focused on the improvement of its processes.

Step 3: Process Focused

The third step Vitens has made is the step towards a process focused organization. In this step Vitens has made the connection between business and IT by deploying a BPMSuite. This BPMS provides real-time visibility of the process performance and in each defined process step the processes can be improved quickly and pro-actively. By means of training and workshops the organization now is completely transformed into a transparent organization where cooperation and process focused way of working is leading.

Step 4: Process innovative

With the implementation of automated processes for the customer processes, the Vitens organization now is set up flexible and efficient. Processes are monitored real-time and the performance of the processes is continuously visible. By now the process teams have become autonomous and self-controlling, and they analyze the process performance for ways of optimization. The BPMSuite will also be deployed for the other primary business processes.

This is the situation that Vitens is currently in. The next and final step is the step towards a Dynamic Business structure. This step will make a completely mature BPM organization out of Vitens.

Step 5: Dynamic Business structure

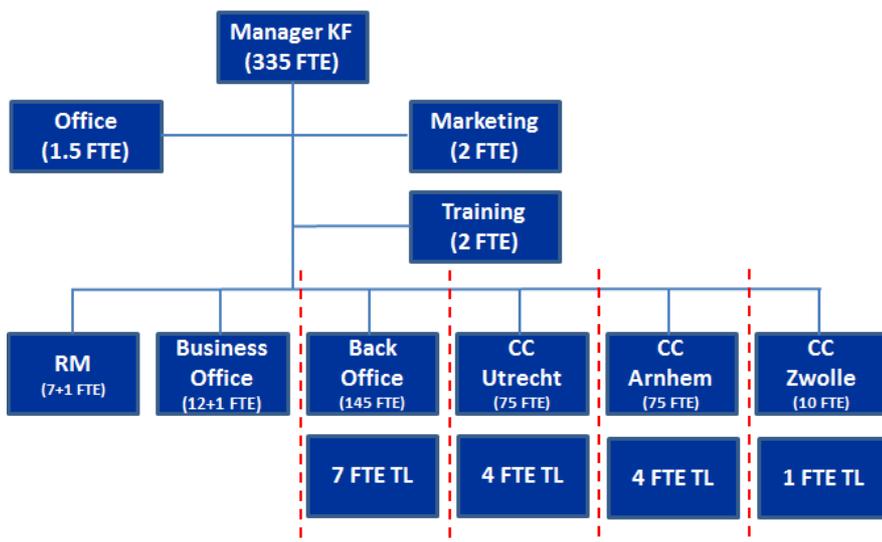
The ultimate goal of Vitens is to develop into a Dynamic Business structure. At that moment all end-to-end processes are visible and in control. The complete business structure (organization, processes, IT, etc.) is focused on been able to apply fast and continuous process improvements into the full process chain. The business culture has developed into a Dynamic Business structure entirely focused on continuous improvement.

Conclusion

Because of the chosen BPM total approach, in which BPM has been implemented in every thinkable aspect and at every level, together with employees, process managers, management and the right external parties, this BPM project has become an enormous success and exceeded the results of the ambitious business case agreed at the start of the project.

2. BUSINESS CONTEXT

Together with our BPM implementation partner You-Get a consultancy advice and report was setup, including a preliminary business case. One of the key advices from the report is, separate from the tooling, to start with focusing on the methods, techniques, standards and governance regarding BPM. First a method needs to be formulated and formalized on architecture and processes, and afterwards a tool should be selected that fits this method. Conclusion from the report was that within Vitens there is certainly BPM knowledge available, but at that moment it lack coherency in that knowledge.



The initial organization is depicted above. The size of the organization was 335 FTE, and set up along functional and geographical lines, with multiple team leaders (TM). The management numbers and layer are relatively big.

The maturity of the organization was largely in line with the lowest level in the model, i.e. conscious of inefficiency. However because of a lack of process awareness there was not enough insight where these inefficiencies were.

There was no clear and concise process architecture, and the processes were only partly documented but not in a uniform way, and not integral based on an architecture.

Vitens had some sort of 'local hero' culture, with improvement initiatives depending on individual actions. The work was also department orientated, the end-to-end process was not managed.

On top of that there was a lot of everyday hectic, with a SAP implementation and M&A activities.

3. THE KEY INNOVATIONS

3.1 Business

Since Vitens is a public utility company, the rates towards the end customers are regulated, and cannot be raised. The BPM(S) implementation project and activities have been made possible because of cost reductions coming out of the BPM projects.

One of the key innovations is that the uniformity in the processes (and with that the way of working, methodology) leads to a bigger uniformity towards the end customer. This is done by means of fixed templates for customer communication in writing.

The key result is that, guided by First Time Right / First Time to Fix principles, the entire end-to-end process can now be overseen, managed and controlled by one single employee. This leads from a quality and efficiency perspective to more insights and therefore more control on backlog and executed work: lower backlogs and shorter throughput time, and with fewer errors and waste because of the uniformly documented processes.

Another business innovation is the blending of activities, this leads to a better way of servicing the customers from a quality and time perspective.

3.2 Case Handling

Before the project

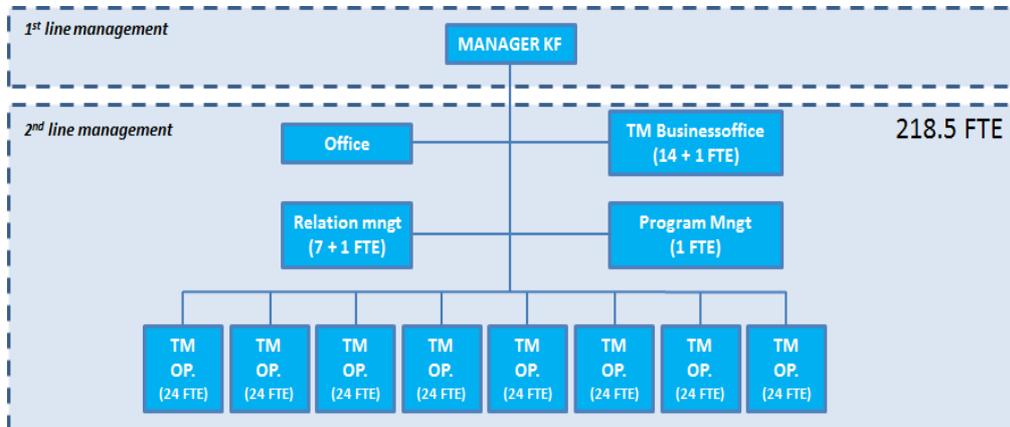
Customer cases were handled without any uniformity, and without documented end-to-end processes, with SAP as the leading system. SAP is not a process-oriented system, the employee needs to decide him- or herself how certain items are handled, but then limited by the system boundaries. Since the employee decides every step in the process to be followed (i.e. which SAP transactions need to be executed in which order), a customer case cannot be supported by the system from start to finish.

After the project

The processes have been documented and based upon that the new system has been built up. The system supports the required process completely and therefore enforces a process oriented way of working towards the employee: the BPMS implementation acts as a layer in between the employee and SAP, with the employee working according to the documented process in BPMS, and BPMS arranging the underlying SAP actions (in the right order and proper way).

Every customer case now triggers the right process and shall be managed and handled according to that predefined process. This leads from a transaction-driven system to a real process-driven system.

3.3 Organization & Social



The picture above shows how the Vitens organization is now setup, with equally sized Operations team, all with a team manager (TM), capable of self-controlling within a team the entire process, and thus – with scaling up and down teams - bringing a lot of organizational flexibility and agility into the organization.

To achieve this, the commitment and day-to-day involvement of the senior management of Vitens has been crucial for the success of this project.

For the employees themselves the biggest change is that there is a lot less focus on system knowledge, and a lot more focus on process knowledge. The teams are really self-controlling, and each person has the knowledge, ability and opportunity to initiate process improvements. This can be done via process improvement teams and the also for the purpose of this project created Center of Excellence (CoE).

The scope of the CoE is the content-driven competence over the processes, as well as the authority to (initiating) process changes in the BPMS system and implementation of new processes. This entails the competence of the complete PDCA (Plan-Do-Check-Act) cycle applicable to the business processes, including the supporting systems. The biggest challenge was the alignment between CoE and line organization, this challenge was mainly covered by putting the right roles into the CoE and communication. This also applies to the self-controlling and – supporting teams, who also have their presence in the CoE.

4. HURDLES OVERCOME

The most important hurdle to overcome was creating a firm level of commitment towards BPM within the entire Vitens organization. This has been realized and covered by focusing on management level commitment, communication and training.

4.1 Management

The commitment and day-to-day involvement of the senior management of Vitens has been crucial for the success of this project. BPM has been embedded in the strategy and as a means to achieve long-term goals. This includes connecting organizational goals to BPM goals (with specific targets on cost savings and ‘tilting’ the organization towards process oriented).

4.2 Business

An important business hurdle to overcome was the difference in approach to the new way of working for the Frontoffice (FO), compared to the Backoffice (BO). It was easier for the FO, since the delta as well as the variety on additional activities was less than with the BO people. Especially the direct customer-engagement aspect for BO was a new experience. This has been covered by focusing on soft skills, communication and training.

4.3 Organization Adoption

Also from an organizational adoption perspective, the topline management commitment and sponsorship from day one has made all the difference.

The IT department was used to being in the driver seat, especially with the big influence the IT driven SAP implementation projects taking place. The move for the IT department from driver seat towards a role of being an enabler for the business, has been crucial for the success. The continuous focus on active involvement of IT and in a joint effort moving away from the “SAP unless” mentality was pivotal.

From a people and organization perspective, certainly regarding the CoE implementation and set-up of the process teams, it has been very important to encourage as much as possible all the different people to participate and let them hear their voice.

Also making the results visible as soon as possible, in order to continue to show successes, have contributed largely to the success of the project. A continuous flow of organized communication around this was used to achieve this.

5. BENEFITS

5.1 Cost Savings / Time Reductions

- An FTE Reduction of 17% (the BPMS project itself leads to a reduction of 52 FTE, from 300 FTE to 248 FTE);
- 1 person can do entire case management: transfer moments between departments or people / teams are hardly needed anymore;
- Significant reduction in the number of Transaction activities;
- 5 months of backlog reduced to a daily backlog;
- Transaction time has been reduced from an average 4 min to 20 seconds;
- Less manual activities;
- Reduction of “Swivel chair” waste: no need any more to operate different systems;
- ICT reduction: less SAP investments and a lot less tailor-made work.

5.2 Increased Revenues

Since Vitens has a regulatory assigned geographic area in which the services are delivered, it is not possible to grow the number of customers based on services. The customer base is fixed (over 5 million customers), as well as the rates towards these end customers. Therefore the project has no impact on revenue or top-line growth.

5.3 Quality Improvements

The most important quality improvement is the switch from functional case management to a process driven case management, making it possible for one person to manage the entire case end-to-end. This is supported by the complete 'tilting' of the Customer & Invoicing organization (refer to 3.3), making the process leading instead of the system, and focusing on getting the knowledge into the BPMS instead of in the heads of people.

The project has led to less manual activities, less tailor-made work and a substantial reduction of "Swivel chair" waste (i.e. no need any more to operate different systems), all greatly contributing to improvement of the quality.

6. BEST PRACTICES, LEARNING POINTS AND PITFALLS

6.1 Best Practices and Learning Points

Over the last years, Vitens and You-Get as BPM partner have built up a lot of experience in business process management. The complete approach with all its dimensions have been optimized with best practices, developed during a large number of projects.

- ✓ *Continuously emphasize BPM is a means to come to efficiency, quality improvement and cost savings. Not a goal in itself.*
- ✓ *Successful implementations and improvements come from a continuous iteration and process adaptation.*
- ✓ *Not only keep an eye on current requirements and wishes, but also anticipate on needs of next years and/or iterations.*
- ✓ *Get beforehand a firm commitment from the business and its stakeholders.*
- ✓ *In the steering group all departments need to be represented.*
- ✓ *Make sure Senior Executive level and management truly understand capacity and capabilities BPM, as well as implications on strategy and management.*
- ✓ *There must be consensus on the business strategy and project priorities.*
- ✓ *Controlling and commenting on process performance is one of the key management disciplines.*
- ✓ *Setting up a communication plan as part of change management strategy early in the project, continuously checked.*
- ✓ *Setting up a clear plan to roll out new documentation (training on new processes and procedures of the business).*
- ✓ *A clear test strategy with clearly defined test expectations (incl agreed test scenarios set up by the business) must be available before start test.*
- ✓ *Vitens needs to have multiple moments (pre-defined in project phasing and planning) to assess and decide on project and approach.*
- ✓ *Operations and/or process team need to balance activities in the CoE.*

- ✓ *Good and integrated planning for complete roadmap. Ownership and direct involvement of project / steering group.*
- ✓ *Connect process team members per process to each developer. Escalation to process manager and business project manager. Eventual clarity on scope through RFC procedure.*
- ✓ *Tight control on scope. Starting point are approved requirements documents. With deviations or disagreement use change procedure, to be judged on time and budget.*
- ✓ *Develop in different work environments and import per process in test environment. Then proper regression testing on newly imported functionality.*
- ✓ *Phased implementation BPMS and direct controls on performance during Build.*
- ✓ *Early monitoring and proper implementation of technical application operations. Proper decision making process for web services change control.*
- ✓ *Thorough preparation including clear agreements and rules throughout the entire business are crucial for the success.*
- ✓ *Evaluation moments at the right time in the projects are very important to keep control on direction, scope and momentum of the activities in the project.*

6.2 Pitfalls

With the before mentioned best practices approach there has also been a continuous learning curve of topics and items to be improved, or not completely judged to the proper value. This has led to a number of potential pitfalls concerning the introduction, maturity growth and implementation of BPM, of which the prevention is a key part of the best practices approach.

Generic

- ✗ BPM becomes a goal in itself.
- ✗ Assuming first time right. You cannot create a perfect system in the first iteration, continuous improvement is the way.
- ✗ Omitting to keep an eye on the future wishes, functionality and only focusing on the here and now of a fitting BPM solution.
- ✗ Not following up on the improvement potential achieved or within reach, will leave the organization otherwise with a lot of open ends and unfinished activities.

Governance

- ✗ Assume without checking that the business is committed to the project.
- ✗ Certain business sections are not represented in the steering group.
- ✗ Understanding of Senior Executive level and management of capacity and capabilities BPM.
- ✗ indistinctness or disagreement on the business strategy and project priorities.

Communication

- ✗ Not showing advantages of BPM at regular intervals.
- ✗ insufficient, inconsistent or untimely communication

Execution

- * Insufficient training on new processes and procedures of the business
- * Unclear or missing test-expectations and –scenarios.
- * Not enough go/no-go decision moments
- * Operations and Project work on 1 environment (technical and functional (application) operations).
- * Large project with many dependencies.
- * Indistinctness in design documents during Build phase.
- * Because of new insights during implementation (build) phase continuously new requests to or deviations from the scope occur.
- * Parallel implementation of processes in the development environment is risky.

Performance

- * Performance: Stability of infrastructure, BPMS, Performance
- * Performance: performance can decrease with too big web services.

7. COMPETITIVE ADVANTAGES

Since Vitens has a regulatory assigned geographic area in which the services are delivered, it is very difficult to describe the competitive advantage.

It is regulatory set how the water companies are benchmarked on peer-to-peer level, based on quality, price and performance. If Vitens is performing on these elements higher than average, the other water companies shall be stimulated to do it better.

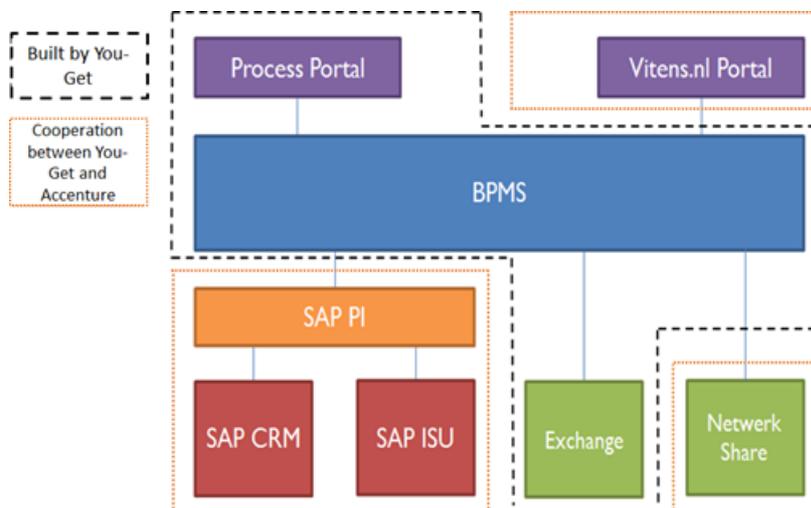
On an employee perspective the average Vitens employee has become a much more complete, flexible and involved person, making Vitens as a company much more agile and customer focused.

8. TECHNOLOGY

Below architecture brings the strong combination of Business Process Management (BPM) together with Services Oriented Architecture (SOA). BPM means the offering of the most optimal process towards the organization of Vitens.

This is done through the deployment of the BPMS of IBM. This product makes it possible to implement the optimal process, and offers functionality in the areas of process monitoring and control.

This is supported by SOA through distributed reusable services from underlying systems like SAP. The services are set up as modular as possible in order to be reused at different places in the process and even can be offered to other systems. For the SAP part the choice was made to use SAP PI as a connection between the BPM layer and the SAP service layer.



In essence the BPM product is connected to any system where – from an ideal process perspective – there is a need. This means that the BPM product is connected to other systems, like for example Exchange and a network share for file exchange. Also these systems are connected by means of reusable services, in this case developed in the BPM system itself (without an integration layer in between).

A future improvement on this could be the addition of a service bus (for example with IBP BPM Advanced), which means also the services for the non-SAP systems can be offered to other systems.

9. THE TECHNOLOGY AND SERVICE PROVIDERS

You-Get – BPM partner

You-Get is the BPM partner for Vitens. You-Get has advised and executed a BPM approach according to the in-house developed 360° Business Services Approach™.

In this approach a clear growth path is followed via different dimensions: process management, strategy, culture, organization, ICT and BPM Governance. This BPM approach is realized through iterations with support of advice, training, tools, best practice methodology and project management, and has been successfully applied by You-Get numerous times.

In the software track You-Get has eventually implemented the IBM BPM software (Websphere Lombardi Edition) with success.

IBM – BPMS / Service provider:

IBM has provided the BPMS software for the project implementation.

After pre-defined blocks of the project have gone live, IBM also has been involved in health checks of the full application, including tool kits. Within the health checks best practice follow-up and generic architecture and set-up have been checked. You-Get has taken the results of these health checks to incorporate these into the continuous cycle of process optimization and improvement.

Accenture – SAP implementation party:

Accenture is responsible for the SAP ERP system and software integration, implementation and support services to Vitens.