

Measuring success



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Belgian Ministry of Finance

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Cabinet Minister
Mr. Didier Reynders

Employees
~30,000

2006 Budget
~ € 1.6 billion

ROI Study Highlights

- 173% ROI
- 31% IRR
- 750% improvement in claims treated
- 50% reduction in days spent preparing judicial file

Strategic Benefits

- Increased transparency and accountability with optimized process
- Improved visibility, complete file history online

Study Scope

- 4 tax regions
- Claims administration (reclaims, quick wins and contentious files)

Belgian Ministry of Finance improves claims processing and communication with FileNet solution — realizes 173% ROI

Executive Summary

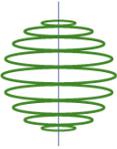
The Belgian Ministry of Finance (BMoF) is one of the largest federal public service organizations within the Belgian Government. BMoF is responsible for tax administration and claims processing for Belgium's 10 million+ citizens. This enormous responsibility is further complicated, when you factor in BMoF's task of aligning the interests between law and compliance to serve citizens and policy makers.

In 2002, BMoF realized it was time to do things differently. Facing an ever increasing backlog of tax reclaims, fragmented across multiple tax regions and with limited visibility into the process, resolution or citizen communication, BMoF knew there had to be a better, more efficient way. The physical aspect alone of creating and moving citizen files through the process made it quite difficult for BMoF to track — file location, status, resolution or volume of claims. This ever increasing problem was further complicated by new legislation and restructuring ("Copernicus Project") mandating that the taxpayer be placed in the center of the process. Historically, BMoF had been a very decentralized organization, which resulted in the unique treatment of each case by location, constantly 'reinventing the wheel' without the benefit of organizational learnings. This required BMoF to rethink their process and approach, causing them to develop a holistic, innovative solution, whereby BMoF could 'digitize' its workflow; thus increasing visibility, transparency and accountability along the entire end-to-end process.

In searching for a solution, BMoF turned to FileNet, a proven partner used elsewhere within the ministry and its partner, Getronics, to develop a complete integrated solution for tax administration. Working with FileNet and Getronics, BMoF outlined a detailed step-by-step process, looking at how to remove bottlenecks, improve business processes and the underlying activities by integrating content with other applications. BMoF's strategy was to pilot the solution in two regions and then roll it out across the country. With the FileNet solution, BMoF is now better able to manage the complete information lifecycle, eliminating double coding, while collecting new statistics that allows BMoF to manage claims as a group. This new approach presents BMoF with opportunities to learn from claim filings, creating better alignment between legislation and compliance and meeting the needs of the citizens.

The FileNet solution includes imaging, content management and process management all in a secure and timely system. By scanning paper documents, BMoF is now better able to route and distribute the work, while improving reporting, security and management of citizen files. Furthermore, the 'digitization' process now provides BMoF with a platform for collaboration and learning across the organization where previously everything was treated as a unique and local issue.

By using the FileNet solution, implemented and customized by Getronics, the Belgian Ministry of Finance has reduced operational costs, improved claims processing, and increased its visibility to better align the interests law and compliance resulting in a Return on Investment (ROI) of 173% in 5 years.



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“One of the primary advantages of FileNet is the speed of communication and the standardized document files using the templates ”

— Marianne Balleux
Director, BMoF

Operational Challenges

- **Fragmented View:** The physical nature of paper-based files did not allow for timely or effective communication between regions, tax departments or citizens
- **Backlog and Delays:** Tracking (misplacing or sometimes losing) physical files caused multiple delays in answering claims (sometimes taking 6 months to process) resolving litigation or distributing work
- **Reporting and Analysis:** The double-keying, manual intensive, paper process, limited BMoF’s ability to conduct detailed analysis or reporting. There were only 10% of the cases processed in a time frame of 6 to 9 months.
- **Ineffective Managing Process:** No visibility of incoming claims and no agility or continuous process improvement causing poor planning and ineffective management of scarce resources

Business Challenges

Prior to investing in the FileNet platform, BMoF had limited visibility into the number of incoming claims. Managers were constantly having to monitor workload and redistribute cases, further complicated by the delays and backlog caused by the manual, paper-based and physical routing of files. This cascading problem, further challenged BMoF in answering inquiries from citizens, let alone meet new legislation requirements like the Copernicus Project.

Crafting the Vision for FileNet

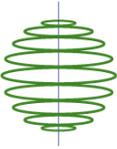
As a governmental agency, BMoF is always struggling to serve two masters — policy makers that run and govern the Ministry and the citizens that elect them. Historically this model put BMoF in the middle, never fully satisfying either party. With the FileNet solution, BMoF envisioned a solution as the backbone in managing the complete information lifecycle. BMoF imagined an enabling solution that would allow it to optimize its processes and activities, while integrating with other applications, departments and regions. BMoF further anticipated opportunities to leverage statistics and reporting to share best practices across the organization, reducing overall work. BMoF believed it would be possible to group claims and take a single action — not possible before the FileNet solution. As the solution is rolled out across the entire country, BMoF expects the real benefits are still yet to come, when they are able to align interests between law and compliance across the entire country and citizenry. In its new role, BMoF will be able to bridge the gap between the needs of the citizens and the policies causing claims.

Finding a Better Way

Historically, as volume of paper increased, processing of the incoming paper based claims slowed and the corresponding issue-resolution time continued to grow. BMoF realized that the volume of paper was just unmanageable and the organization was drowning under a sea of physical content. To solve this problem, the BMoF turned to automation. FileNet successfully addressed the need of BMoF by providing a solution capable of organizing incoming paper, digitizing the documents via scanning from which electronic case folders could be created; most of them at the time of receipt. These electronic folders then become the basis for resolving the cases, which were routed electronically to the appropriate agent based on his availability and workload. Previously, the files were sent by courier or wheeled about on carts. This new approach greatly reduces overhead and provides BMoF with a reliable centralized solution connecting all processing centers.

Aligning Collaboration and Knowledge Sharing

A cornerstone of the successful implementation of the new processing model was the formation of a strong project management team capable of solving any problems. BMoF and Getronics formed a unique team with extensive tax experience combined with the required technical skills. Flexibility and systematic testing of capabilities helped overcome all uncertainties resulting in additional analysis and testing which extended the pilot phase of the project. The collaboration model between BMoF and Getronics, which included extensive knowledge transfer from the beginning, was crucial to the success of the project. As a result, significant strides have been made in workflow and process mapping technologies in order to increase the quality, accuracy and efficiency of content-based business processes. Finally, the presence (during the whole of the project) of a stable, single point of contact between BMoF and Getronics contributed to the stability within the project team.



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“With FileNet, we can follow-up on each file, quickly respond to citizen calls, and even connect them directly with the agent handling the case at that particular time”

— Anemie Clasen
Inspector at Antwerp, BMoF

Selection Criteria

- **Proven Vendor:** FileNet was already successfully being used elsewhere within the Ministry
- **Modularized Approach:** BMoF wanted a partner that would help it ‘pilot’ the automated solution in two regions and then quickly scale it across the country
- **Holistic, Integrated Solution:** BMoF required a partner that could provide a comprehensive solution including imaging, content management, workflow and templates. The goal is to achieve consistency, while improving communication and learning from analytics and statistics reporting

Deliverables

- **Integrated Document Management System** (imaging, storing, filing, managing and securing)
- **Workflow for improved visibility, management and productivity gains**

Proven Vendor

In FileNet, BMoF found a proven partner solution, which was being used successfully by many other departments and governments. This solution was able to meet all of BMoF’s requirements by providing an integrated solution unlike the fragmented alternative solutions offered. The ECM system from FileNet is a robust business process management based solution enabling the automation of BMoF processes and hardware compatibility and connectivity with other applications databases and systems.

Modularized Approach — Reliability, Flexibility and Adaptability

The implementation of the solution, initially to two regions, in two different pilot phases, before going “live” helped elevate the strengths of the solution, i.e., the reliability, flexibility and adaptability of the solution. Now with everything in place, and a national deployment, the system becomes a pipeline of information flowing from one processing center to another based on workload and skill level. With greater reliability and performance, FileNet becomes the backbone of how claims are being handled, providing global reach and unparalleled availability

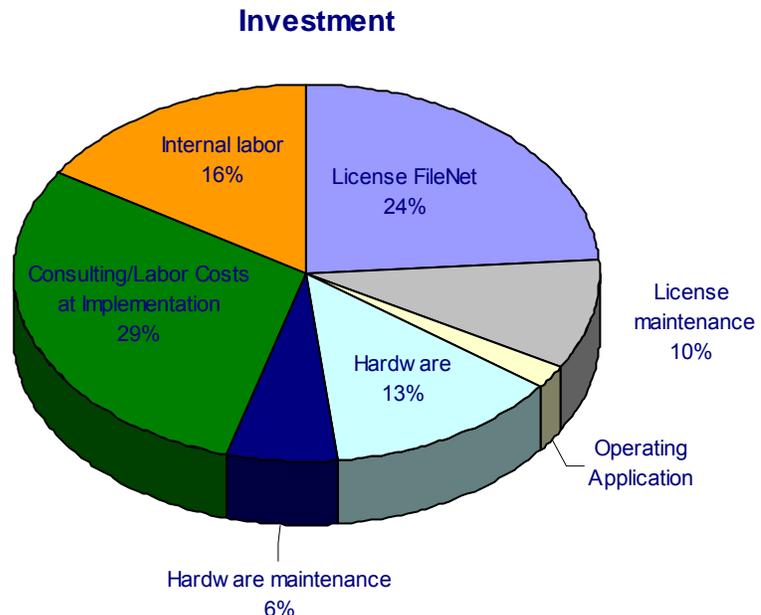
Holistic Integrated Solution

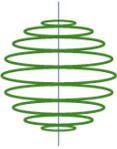
The comprehensive solution has provided the standardization of document files, providing greater ease in consulting and bundling similar cases between regions and controls, while increasing taxpayer’s quality of service, and the integrity of reports by providing decision uniformity via the use of templates. By maximizing security and guarding taxpayer’s sensitive data, BMoF is now ready to expand FileNet’s footprint to include:

- Issuance of statistics on the business process management model
- More functional capabilities (search functions, by criteria, etc)
- Ability to follow up through to the court decision at the end of the business process management model

Quantifying the FileNet Investment — Costs

The composition of BMoF’s investment is depicted in the following illustration with the bulk of the cost driven by the resource costs (e.g., internal labor and consulting services).





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Political Benefits

- Improvement in policy decision making and policy formulation:**
 The e-design of Belgian administrative agencies leads to more efficient and effective policy implementation, as well as democratic accountability
- Simplification of tax procedures:** Technology enables tax problems to be identified, addressed and consequently minimize the problems which all public entities are well known for that: the level of bureaucracy
- Transparency in tax laws & compliance requirements:** Establish sustainable economic environment which is conducive to investment and constitutes fertile soil for attracting foreign capital

Business –Social Benefits

- A “fair” tax treatment environment:** The ability to bundle similar cases improve consistency in decision making, treating all taxpayers equally
- Taxpayer takes the center stage:** Based on the “Copernicus project”, the taxpayer gets a single point of contact within BMoF, with customized and integrated multi-channel service
- Improving the image of the Ministry and integrity of employees:** In a new enhanced image and a friendlier environment, proud agents are able to quickly and correctly serve the taxpayer
- FileNet as an efficient and necessary solution** for the establishment of the e-Government value chain

Cost break-down

Total Labor Costs (46%): Comprises the bulk of BMoF’s investment covering the labor component; internal and consultant full-time equivalents (FTEs) as follows:

- External Resources / Consultancy (30%):** Encompasses all non-BMoF external resources used; for analytics, project management, training, testing, documentation and application development and maintenance
- Internal Resources (16%):** Internal BMoF resources who worked on the FileNet implementation project, fully dedicated; ranging from 4-5 FTEs between 2004-2007

Software License & Support (35%): Covers license acquisition costs, on-going annual support costs as well as operation application costs as follows:

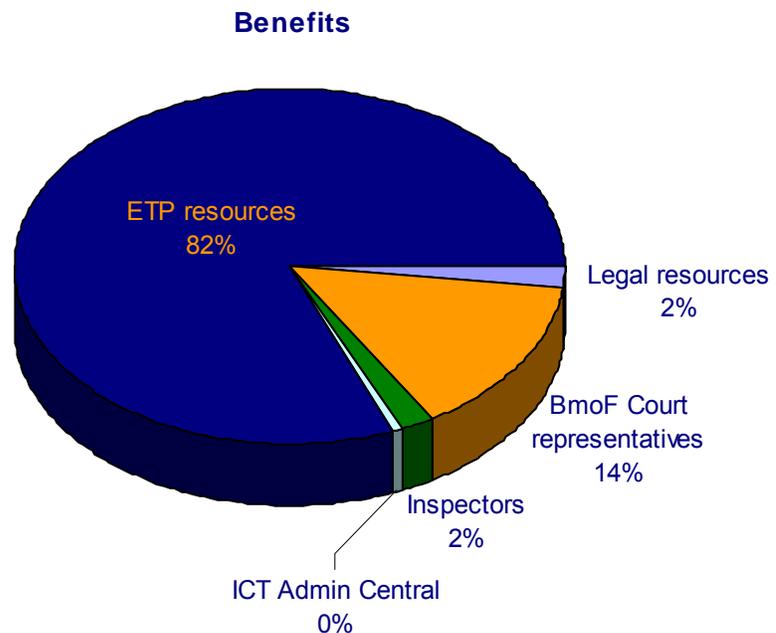
- License and Support (33%)
- Operation Application Costs (2%): includes Oracle License, Windows Server and maintenance

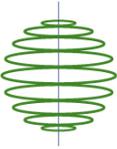
Hardware and Maintenance (19%): Includes Proliant servers, Kodak Scanners, HP rewritable optical disks and maintenance cost.

Quantifying the Benefits from the FileNet Investment

Thoughtware Worldwide, LLC.’s analysis showed that BMoF’s investment in FileNet has delivered significant productivity gains and sizeable headcount benefits. BMoF has been able to achieve actual labor reduction, as well as headcount avoidance. Headcount avoidance is the value BMoF realizes from increased productivity requiring fewer headcount, thus BMoF is able to use natural attrition to ‘right-size’ its workforce, where in the past in would have had to replace the positions and headcount.

The following illustration represents the key economic benefits, contributing to the ROI of 173% realized:





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“FileNet helps us greatly in looking up files, meeting deadlines and researching why cases are being held up

— Marc Bressinck
Manager, Central
Administration
BMoF

Strategic Benefits

- **Automate and Optimize Processes:** New processes enabling the agency to facilitate faster, and more accurate processing and substantially reducing cycle-time for claim decision
- **Improve Visibility, Balance and Control:** Agency can plan more efficiently, since the number of incoming inquiries are known thus they can better allocate resources. Also, FileNet’s workflow provides balance (there is an alert function for request of information, red days, etc) and better control of the file (because of the use of the template
- **Improved Search Function:** BMoF can now find old files, by day, month, year, agent, etc.
- **Build Accountability:** System enables channeling of documents based on the type of the profile (department manager, user, etc) and assignment of responsibilities

Quantitative Benefits achieved from FileNet investment

BMoF is embracing methods and technologies that enable them to perform their task faster, with greater efficiency and in a more cost-effective manner. By implementing the FileNet solution, using the integrated workflow, BMoF is realizing not only greater overall efficiency but also superior accuracy in its business process which translates into a resource productivity gain of approximately 20 FTEs annually.

The time preparation for a contentious file to end up in court has decreased enormously, almost by 50%, delivering enormous benefits, since all documentation is now available on screen and there is no need to circumnavigate and gather all related documents. Furthermore, legal resources have decreased due to fewer cases ending up in court. In the future, with the implementation of FileNet solution across all of Belgium, the gains for legal resource representation will greatly increase as BMoF will have the ability to bundle similar cases and use just one court decision.

Lastly, efficiency gains are coming from eliminating the time inspectors spend in generating statistics from the old system, Belconet. On average, each inspector needs at least 3 days per month to generate the greatly needed statistics. With the new FileNet solution statistics will be generated automatically, so inspectors can solely focus on better serving the taxpayer.

Strategic Benefits

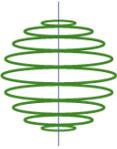
In today's business world content is considered as a competitive asset and need to be available to all users across the organization in order to improve efficiency and critical business processes. In that context, automation and optimize processes are enabling BMoF to deliver faster, more accurate and improved processing capabilities that substantially reduce the cycle-time for claim decision.

The new solution has also improved visibility, where now BMoF can plan more successfully, since the numbers of incoming inquiries are known. It can also allocate scarce resources more efficiently, with uniform distribution of workload and greater utilization. Uniform distribution means that each case is treated in a more equitable manner; thereby mitigating legal or civil action. When a tax claim reaches a predefined maximum time without any action taken on it, an alert function automatically goes into effect (red day). Then the agent accountable for that specific file is responsible for servicing the complaint within the time limits.

The increased transparency for quality and reporting also enables BMoF to channel the documents based on the type of the profile and assignments of responsibilities. The systematic creation of a single unique number per taxpayer, help avoid mix up files with different departments. Finally, with the FileNet Solution, tax agents have now on screen the taxpayer’s complete history, with every piece of correspondence is tracked and reviewed.

Business Benefits

With FileNet, BMoF is able to serve the citizens more efficiently without creating any backlogs of claims. The agents provide improved reporting that is more accurate and consistent. With fewer human based mistakes, which is translated into faster claim decision. Now the taxpayer is informed and knows exactly where the claim is, and who is handling it. And most importantly the level of coherence and consistency in decision-making has reached unparalleled levels.



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BMoF Vision for FileNet

- **Use FileNet as the backbone for managing the information lifecycle**
- **Use FileNet as an enabling solution** to improve business processes and activities, integrating content with other applications, such as ERP, CRM and other critical systems
- **Expand FileNet footprint to include:** Issuance of statistics on the workflow; More functional capabilities (search functions, by criteria, etc)
- **Follow up through to the court decision at the end of the workflow**
- **Remove double coding and increase process optimization**

Obstacles to fully realizing the value of FileNet

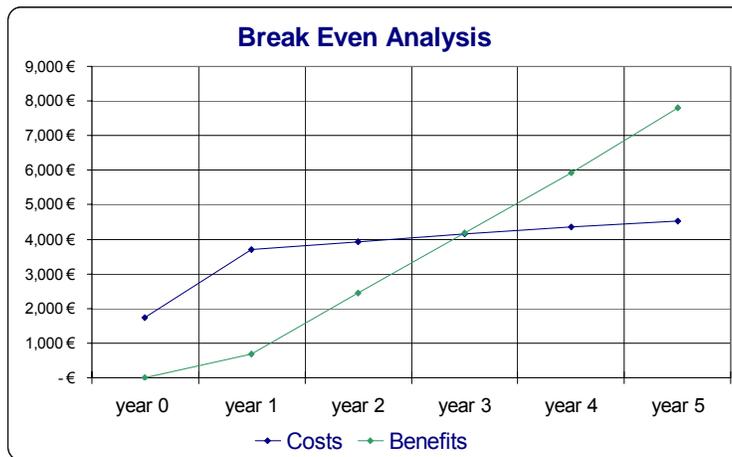
- **Use of Legacy Systems:** Belconet increases workload due to the need of double coding. Belconet serves all the regions, directories and departments and produces statistics. When all regions adopt the FileNet solution, Belconet will be decommissioned
- **People skills** – The requirements of the new systems were different than the requirements of the previous manual-based system. People are still reluctant to embrace the new technology. Workflow is fairly new and employees are faced with digital information for the first time. The new responsibilities are creating a large learning curve
- **Moving from features to functions to capabilities:** Up to this point, training focused on teaching the features of the solution and how to handle the various screens. Employees are also challenged in adopting the use of templates, where previously the agents specialized in one tax type now they have to be educated in numerous taxes and functions.

Technology Benefits

Consolidation onto a single, global integrated system will reduce BMoF's systems integration costs. Also, improved Security is preventing unauthorized access to documents and provides further protection to sensitive taxpayer data through encryption and firewalls technologies. Finally, increased flow of information with increased system and data availability, quality and reliability will allow all regions to operate from a single source and format. The IT will be able to focus on further increasing automation in a standardized development environment – improving code, maintenance, support and resource utilization

Market Catalyst that Drive Change to Serving the Customer

The BMoF vision was to put the taxpayer in the center of the universe and to improve taxpayer service by increasing the responsiveness to taxpayers needs in a more efficient and cost effective way. With the FileNet solution, the automated and optimized tax processes enabled BMoF to facilitate faster and more accurate processing of tax claims, while reducing significant backlogs. The need for human intervention in routine daily decisions is now reduced, eliminating cost, human errors and the ability for BMoF to reallocate scarce resources to other areas.



- 173% ROI
- 31% ROI
- Payback within 36 months
- 4.57€ Million Investment
- 3.78€ Million Net Savings over 5 years vs. former solution

FileNet Qualitative Benefits

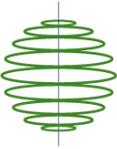
Beyond the financial returns, the Thoughtware Worldwide study uncovered a number of *operational* and *technological* benefits resulting from the FileNet solution:

750% Increase in Files Treated Within 6 Months

The number of files treated within 6 months has dramatically changed resulting from the imaging, workflow and policy administration

Files treated within 6 months





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FINANCIAL MEASUREMENT EXPLAINED

ROI (Return on Investment)

- Quantifies how much profit or cost savings will be achieved as a result of the investment
- Discount any future costs/benefits by the Weighted Average Cost of Capital (WACC)
- WACC is an average cost of capital using a combination of equity and debt borrowing
- Demonstrates the overall value of an investment; e.g., is breakeven achieved (100%) or is positive value achieved (101%+; investment plus value)

WACC (Weighted Average Cost of Capital)

- $WACC = E/V \times Re + D/V \times Rd \times (1-Tc)$
- Re = Cost of Equity
- Rd = Cost of Debt
- E = The market value of the firm's equity
- D = The market value of the firm's debt
- V = E + D
- E/V = Percentage of financing that is equity
- D/V = Percentage of financing that is debt
- Tc = The corporate tax rate

IRR (Internal Rate of Return)

- Discounted cash flow is a measure of valuation and investing. IRR is the true interest yield of investment
- Net benefits restated as an interest rate
- IRR demonstrates how quickly an investment

About the Value Measurement Series

This study is one of a series of investigations into the business value companies have derived from their investment in FileNet solutions. It is intended to serve business executives and managers who are evaluating FileNet solutions to improve the way they operate their business leveraging technology.

This case study was commissioned by FileNet, and is based on original research and analysis conducted by Thoughtware Worldwide, LLC., an independent research and consulting firm. Thoughtware Worldwide's research included on-site interviews with members of Belgian Ministry of Finance's management team and reviews of the organization's financial and planning documents.

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For more information about this study, please visit ThoughtwareWorldwide.com or contact your local FileNet office.

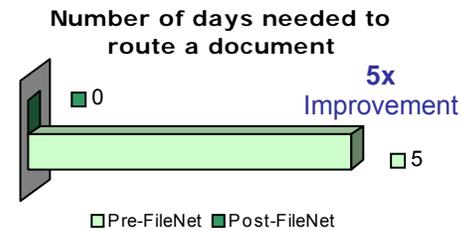
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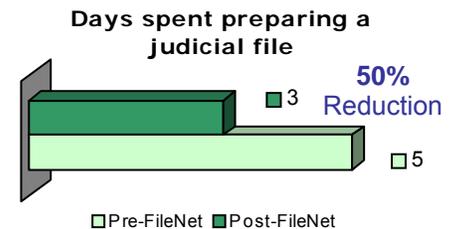
100% Improvement in Claims Routing

With FileNet, claims move from registration to inspection immediately, where it used to take an average of 5 working days



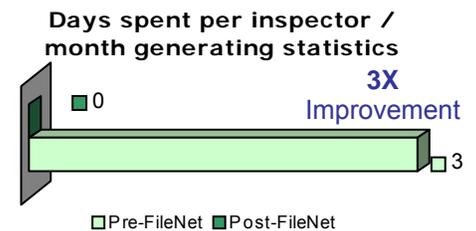
50% Reduction in Judicial Preparation Time

Using FileNet, preparation time of a specific claim to be reviewed by a judge has decreased by 50%. Before FileNet it took on average 5 working days — now it is less than half that and there is still room for further improvement



100% Improvement in Time Generating Statistics

FileNet's built-in statistics reporting provide Inspectors with 3 more working days per month that used to be spent compiling data and producing reports, now performed by the system automatically



Future Opportunities for FileNet

Leveraging its successful implementation of FileNet, the following areas are identified as additional opportunities for BMoF to be harvest value:

Increase taxpayers choices

Leveraging the existing FileNet solution, offer taxpayers the opportunity to log on via internet, enter their number and track where their claim is in the process

Search by criteria

Search by different criteria (e.g., type of complaint) to find out decisions made for similar cases. Also, re-using content can provide more efficient work processes—eliminating the need to keep reinventing the wheel"

Extend the FileNet Solution to the other regions

"Economies of scale" will prevail, adding more economic and social value. It is still in the early stages of value realization, with the true impact to come when all regions are using the FileNet solution

Use of FileNet and statistics to formulate more coherent tax policy

FileNet generated statistics will help identify the strengths and weaknesses of the existing tax policy and will help increase tax harmonization across the regions