



**bizagi**

AgFirst Farm Credit Bank

WfMC BPM Excellence Awards

2014 Winner

# **AgFirst Farm Credit Bank, USA**

## **Category: Adaptability and Agile Business Practices Nominated by Bizagi, United Kingdom**

### 1. EXECUTIVE SUMMARY / ABSTRACT

AgFirst is part of the national Farm Credit System, the largest agricultural lending organization in the United States. With assets of more than \$27 billion, AgFirst provides funding and financial services to 19 farmer-owned financial cooperatives in 15 eastern states and Puerto Rico. These cooperatives, operating as Farm Credit and AgCredit agricultural credit associations (ACAs), offer real estate and production financing to more than 80,000 farmers, agribusinesses and rural homeowners.

Every Association has independent governing processes and business rules, based on its respective product portfolio. So while much of the processes are similar, there are key differences in the data they collect, and the rules they follow.

As the premier technology service provider for its affiliate Associations, the AgFirst technology division is often tasked with developing custom solutions to automate key business processes. Historically, the Microsoft InfoPath platform has been used to develop these solutions. Examples of these solutions include:

- Loan transmittal.
- Loan treatments.
- Loan accounting.
- Task management and tickler systems.

However, in 2012, it was apparent that the InfoPath platform was no longer sufficient to handle the growing complexity of business processes. Additionally AgFirst's challenge was not to build 19 different systems, but to deliver a solution based on the core business logic that could be quickly adapted to the needs of other Associations.

As a result, AgFirst launched an effort to select an enterprise class platform to replace its legacy InfoPath solutions. After an in-depth selection process, that included onsite proof-of-concepts, AgFirst chose a BPM solution.

BPMS delivered on this challenge, transforming AgFirst's loan approval process in just 16 weeks. AgFirst's impressive commitment to agile working methods enabled the project to progress quickly and get results fast, delivering subsequent processes in half the time.

Whether making changes to the process flow or simply to the user interface, the ability to start small, scale fast and adapt quickly has been key to the success of the overall project. The move to BPM has transformed how the Loan Transmittal process is handled. AgFirst can now handle more loans, more accurately, whether it is from their desktop or from their mobile devices. Embedded business rules, tight integration and centralized documentation ensure that the process is regulated and streamlined. And for the first time, ACA management has the baseline metrics they need to monitor, measure and improve performance. In short, AgFirst has been able to use the BPM tool to create solutions quickly and be agile enough to customize it for their customers.

## 2. OVERVIEW

*“Our decision to choose BPM was a strategic move to deliver agility within changing market conditions. Above all we wanted to be able to create solutions in a short amount of time.”*

Bala Sivankoil, Director of Application Development

In just 16 weeks, AgFirst defined, implemented and delivered a complete Loan Transmittal process. Careful selection of the pilot project has enabled the bank to deliver value and achieve benefits fast. Second processes were delivered in half the time, and subsequent processes in a matter of weeks. Processes are consistent and streamlined: double keying of data has been reduced considerably, Key Performance Indicators (KPIs) are embedded, and a full scale rollout is under way.

This is backed by impressive dedication and strong sponsorship from AgFirst’s key stakeholders. Together, its staff, management and Project Team have steered its BPM initiative through large change in record time and overcome significant cultural challenges. Now, BPM is seen as a powerful way to automate business processes.

## 3. BUSINESS CONTEXT

As the technology service provider for 19 different, but similar Associations, a key opportunity for AgFirst is to be able to share and reuse business solutions. For example, if an appraisal request program was created for one Association, it was very important to show others how the solution worked and to be able to quickly copy and modify the solution to meet the unique business needs of other Associations.

However, it was very challenging to share and reuse best practices when developing business solutions. For example, a solution that automated the loan transmittal for loan officers and processors would require a great deal of business logic coded in InfoPath forms. In order to share these business processes, a manual effort was required to document them using Microsoft Visio. This created two significant challenges:

1. It was difficult to ensure that the Visio document accurately reflected how the code actually worked.
2. It was a completely manual effort to reuse a business solution. This would require the developer to copy and paste code.

These challenges posed by the underlying technical platform were hampering AgFirst's ability to add value by sharing and reusing business solutions across its District Associations. Furthermore, AgFirst was unable to deliver these legacy solutions on mobile devices.

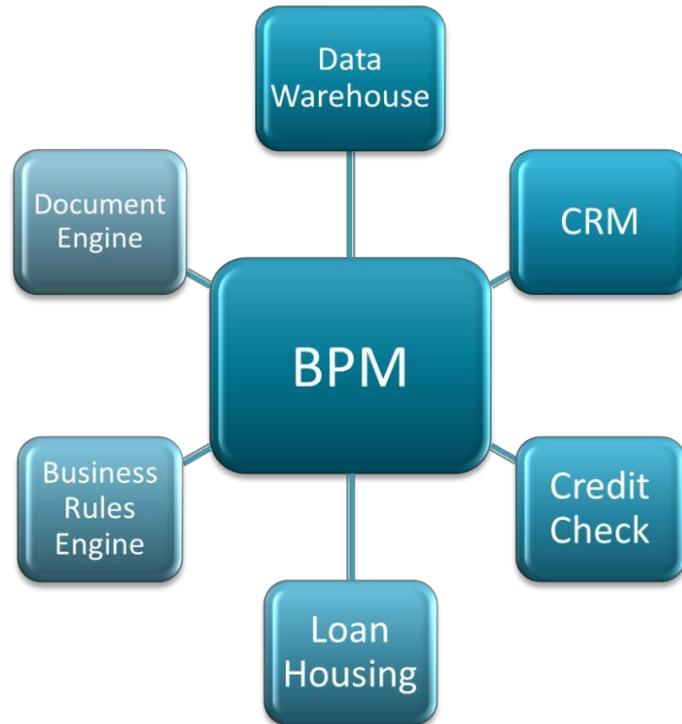
## 4. THE KEY INNOVATIONS

### **4.1 Business**

BPM has "changed the game" for the AgFirst services teams. Key innovations the platform has delivered include:

- **Improved business partner engagement.** Using the BPM modeler, solution architects can collaborate with business users to design intuitive process models. These models have two significant benefits. First, they form the basis of a "self-documenting" system. The process model (the documentation) is what actually drives the system. Second, these models can easily be shared and reused when doing similar solutions for other District Associations (see figures a and b).





**Figure c – BPM Integration with other backend systems**

Other innovations that the BPM platform has delivered include –

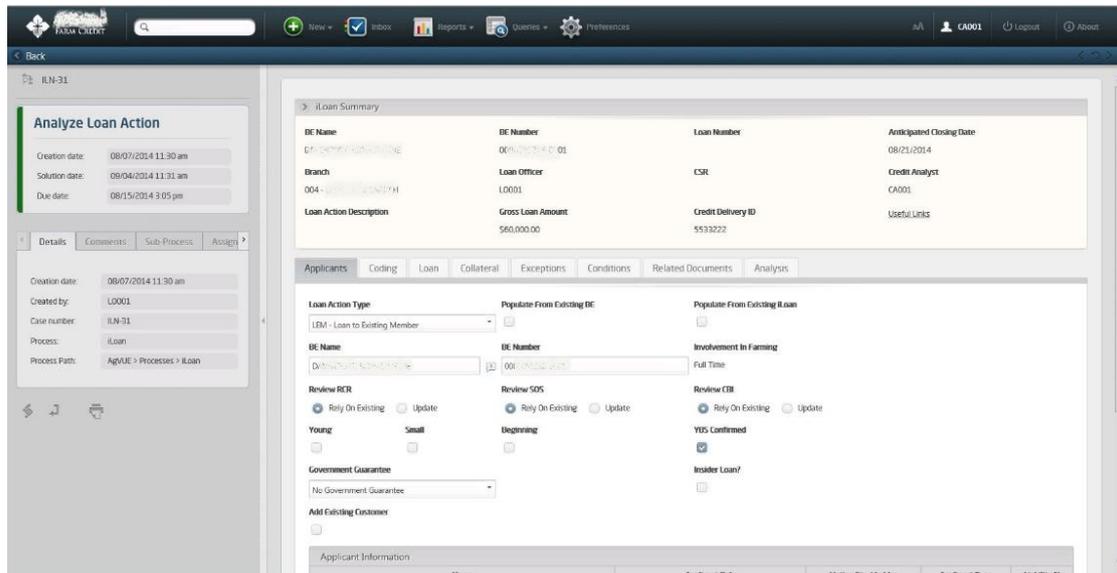
**Adaptable process model** – The ability to make changes, even late in the process development, has been key to user acceptance.

*“Midway through the project, our customers came to us with suggestions to change the user interface substantially. In any other system we’ve used, the answer would’ve been a definite “no way”. But our solution allows us to make these changes quickly and cost-effectively.”*

Bala Sivankoil, Director of Application Development

**Ability to add more processes quickly** – the system’s adaptability and reuse capabilities has enabled AgFirst to create new processes and roll them out fast. Ag-First added Assets Management, Loan Insurance Tracking and Asset Value estimation processes within the first 8 weeks of implementing Loan Origination.

**Mobile solution** – Enabling Loan Analysts to review and approve loan applications on the move has removed bottlenecks within the approval chain. AgFirst’s 75 users can now start to work more productively around the clock no matter where they are located.



**Figure d - Loan Transmittal Application using BPM Tool**

## 4.2 Case Handling

AgFirst asked the vendor to deliver a full working Proof of Concept, which they did in 1 week. The next step was to define the case template. Five key stakeholders from different business roles at the ACA came together in a process workshop where process owners were appointed to manage the requirements gathering and process design.

## 4.3 Organization & Social

AgFirst's ACA loan officers and analysts had no previous exposure to application development using BPM tools. However, the vendor's free process modeler was critical as a medium of communication between them and the developers. Their input into the business process model and seeing it come alive in the modeler were important factors in getting their buy-in.

*"The important thing for our users is that they now have everything in one place and benefit from looking at the same version of the truth."*

BPM has had a positive impact at management level too. *"Committee Members are now notified when their sign off is needed and can now sign off Loan Approvals remotely either using a desktop or through their mobile devices – this gives them tremendous flexibility. And with more tech-savvy employees and customers, mobility is now a must to stay competitive."*

Bala Sivankoil, Director of Application Development

- User and business acceptance has put in place the foundation for an IT Center of Excellence combining a mix of internal and outsourced staff. The vendor's training services and quality documentation have significantly lessened the learning curve, enabling all involved to build familiarity with the system and implement change quickly.

## 5. HURDLES OVERCOME

AgFirst's move to BPM has not been without its challenges. The leap from their current methods to a regulated administration created a few challenges for both

staff and management. Their previous solution, while not entirely streamlined, afforded users to make more subjective decisions. In order to create a BPM solution, all business rules had to be quantified and documented.

These challenges have been addressed by the dedication of AgFirst's BPM Project Team. Taking time to walk staff through the interfaces has paid off, as has getting the business involved in process discussions.

### **5.1 Management**

One of the concerns was that some of the users wore multiple hats while in some cases users within the same group worked slightly differently. This presented a challenge, which the BPMS addresses by providing a simple way to delineate roles and allowed for users to be in multiple roles. Management also saw that the process was self-documenting and enabled them to have a visual view of their Association's business process.

### **5.2 Business**

One of the requirements in the process was to be able to measure various performance metrics that would give management an indication of how efficient the process was and how quickly the customer was being served. It was also important that such metrics would be used to improve the business process.

### **5.3 Organization Adoption**

Right from the beginning of the BPM project, AgFirst made all attempts to get buy-in from key stakeholders at the ACAs. This helped immensely to convince all users that this was important for the whole organization to use this solution consistently.

## **6. BENEFITS**

AgFirst's solution has been live for three months. The baseline metrics related to process performance are in place, and will be measured at frequent intervals. However, the specific goal of the project was not to save time or money. Instead, the focus was finding a cost-effective solution that could be delivered quickly and would increase data quality and reduce risk.

Some key metrics are:

1. Average number of loan transmittals per month – **65**
2. Average duration of closed cases is **12.5 days**. This exceeded ACA's expectation of 20 days
3. **97%** of the loans were analysed within expected durations in the last 3 months
4. **100%** of the request for information from Loan Approvers was completed on time in the last 3 months.

### **6.1 Cost Savings / Time Reductions**

The goal of the solution was to create consistent processes, reduce the risk of errors and to be able to process more Loan Transmittals without increasing staffing.

### **6.2 Increased Revenues**

This is not a goal of the project and will not be measured.

### **6.3 Quality Improvements**

Automation using BPM has resulted in consistent process that reduces the risk of errors by reducing rekeying of data and bringing all information necessary to make decisions in one place.

## 7. BEST PRACTICES, LEARNING POINTS AND PITFALLS

### **7.1 Best Practices and Learning Points**

- ✓ *Appoint one of the vendor's development team to work on-site during the development stages to speed up delivery time.*
- ✓ *Involve stakeholders in the process discussion early and allow plenty of time for feedback*
- ✓ *Prepare to overcome misconceptions about KPIs; explain the benefits of process measurement.*
- ✓ *Ensure the solution supports single and multiple delineation of roles; this provides governance but also flexibility for employees.*

### **7.2 Pitfalls**

- ✗ *BPM technology alone cannot bring fast results. Process discussions with the right people are essential.*
- ✗ *Don't take the vendors' word that they can do the job. A proof of concept is necessary.*
- ✗ *Make time to walk stakeholders and users through the interface. A visual view of processes will hugely increase their acceptance.*

## 8. COMPETITIVE ADVANTAGES

AgFirst's BPM solution has delivered immediate short-term advantage. In 16 weeks, the bank has transformed the quality of loan transmittals it offers to customers. The ability to define, deliver and adapt processes very quickly has allowed the momentum to continue: a third and fourth process have been deployed in 25% time of the first.

Longer term, AgFirst plans to 'ramp it up' across several additional associations within the next 6 months.

## 9. TECHNOLOGY

- AgFirst Farm Credit Bank selected BPM platform to model and automate the business processes. They used BPM Process Modeler to design and document all aspects of the loan Approval process, BPM Studio for automating the processes and lastly BPM Engine to deploy them.
- The BPM Studio enables AgFirst to be agile and make changes fast to the unique processes of each Association. It also allows AgFirst to integrate their processes with four key IT systems including CRM, Document Management and a Credit Checking service, making full use of BPM system's powerful Service Oriented Architecture (SOA) capabilities such as web services, data virtualization and replication.
- BPM tool is an integrated Suite which enabled AgFirst to manage the complete process cycles. It is agile enough to support changes in business and market conditions and it is robust and multifunctional to support mission critical operations and organizational growth.
- The unique benefits delivered as a result of BPM tool's unique architecture enable AgFirst to process loans faster without having to increase headcount. In addition, the optimal mobility offered by BPM tool allows AgFirst Loan Officers to process loans on their mobile phones and tablets.

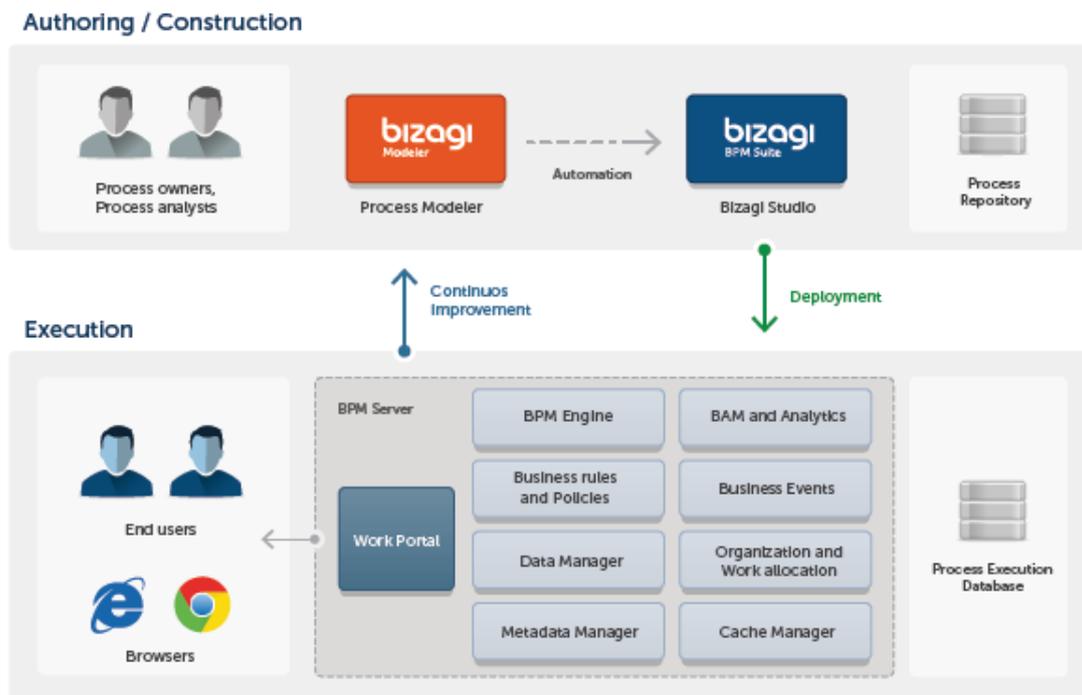
## 10. THE TECHNOLOGY AND SERVICE PROVIDERS

AgFirst selected Bizagi BPM solution to model and automate their business processes. Because the Bizagi Modeler can be downloaded for free, users at AgFirst were able to learn the system prior to embarking on the project. The Bizagi website

also offers a comprehensive self-service program that includes e-learning, training courses and videos, enabling the learning curve to be significantly shortened.

Bizagi Modeler is an intuitive drag and drop application which can also be used to generate process documentation. AgFirst used Bizagi Studio to automate their processes, turning their process models into executable applications. With Bizagi it is very easy to move from process modeling to execution, without the need for technical knowledge, so the system is often used by Business Analyst and business line managers.

Bizagi offers a complete solution which includes design and implementation of the process workflow and automation of processes. As Bizagi offers an integrated BPM Suite, AgFirst was able to manage the complete process life cycle without any other additional or external tools. The platform has the flexibility and capability of integrating and automating several processes at the same time, thereby creating a robust system that can be easily adapted to business growth as more and more processes are automated.



**Figure e – Bizagi Platform Architecture**

Bizagi BPM solution is a modern business collaboration tool for faster process automation. Its built-in functions, ease of use and flexibility makes it the ideal BPM platform to deliver faster results. The tool has most of the common and recurring requirements in process automation pre-built. These include:

- Control and visibility
- Alarms and notifications
- Performance analysis and reporting
- Auditing and traceability
- Workload routing and balancing
- Mobility
- Integration APIs
- Corporate features (multi-tenancy, BPMN process engine, multiple language support, time-zones, long lasting process transactions, enterprise data model, among others)