A guide to Business Decision Management

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Introduction

Business Decision Management (BDM) is a process or set of processes designed to improve and streamline operational decision-making in a business. Gartner defines it as “the discipline of designing and building systems that make structured decisions, where 'decisions' are determinations of courses of action”.

The objective of BDM is to improve the decision-making process of an organization by using any and all information at its disposal. The more all known scenarios, conditions and risks are taken into account, the more precise, consistent and transparent your decisions will be.

At a more detailed level, BDM offers a number of potential improvements:

• Increasing the use of sophisticated decision-making, leading to more automation
• Enhancing the clarity and transparency of business policies and rules and providing the ability to share them among multiple applications and processes, for improved consistency
• Auditing decision-making processes, ensuring a solid foundation for optimization of decisions as well as compliance with corporate and regulatory/legal requirements

Use of BDM results in many benefits, including:

• Faster time to market with policy and other changes to Business Logic
• Quicker response to market changes
• Lower operational risks and their financial impact (less fraud, compliance fees, write-offs …)
• More consistent interfaces with customers and partners
• More efficient allocation of staff, time, equipment and other resources, to better support operational processes
• Higher levels of customer support

BDM complements a host of business disciplines including:

• Business rules engines (BRE) and management systems (BRMS)
• Business Process Management (BPM)
• Predictive analytics (modeling and big data mining)
• Artificial intelligence (AI)
• Business intelligence (BI)
• Continuous improvement (kaizen)

BDM considers decisions reusable assets with the option for technology to be inserted at key decision points – for full, partial or no automation – depending on user requirements. The past few years have seen financial service organizations, banks and insurance companies integrating decision-making software into their business process systems and customer-facing applications. BDM is especially suited to high-volume decision-making because automation allows for more efficient, informed and consistent responses to events.
There are a number of different approaches used to apply BDM principles. In general, these follow three steps:

1. Decision identification and modeling using either open standards such as Decision Model and Notation (DMN) or proprietary approaches
2. Development of a Decision Service that automates all or part of the decision model produced in step 1
3. Ongoing monitoring and management of the decisions taken using the decision model, to keep the business rules and predictive analytic models used, up to date

BDM often involves the use of A/B testing and experimentation as well.

**BDM may be right for you**

In many companies, thousands of decisions are made every day (e.g., to provide a customer with an accurate quote). Even if such operational decisions are relatively low-impact on an individual basis, when they occur in high volumes they collectively become as important as strategic and tactical decisions taken at the corporate level. BDM enables decisions to be carried out quickly and efficiently – and to be automated wherever possible.

To deliver results, decisions need to be accurate, reliable and fast. As such, BDM is especially concerned with the planning and preparing of the decisions that are made frequently (e.g., what price to offer or whether to accept or reject an application).

A further BDM benefit is the standardization of the decision-making process across the organization. By tracking all decisions all the time and assuring that they meet the same criteria in every instance, not only are processes streamlined but customer service levels can also be met.

So, if your company...

* Needs to implement policy changes quickly
* Would like total visibility, transparency and consistency regarding how and why decisions are being made
* Undertakes projects requiring Business Logic, rules and decision-making models (e.g., transformation)

– then BDM is a must.

To succeed with BDM, you would need a:

* Process for capturing Business Logic
* Formalized, standard and easy-to-understand repository of your entire set of current Business Logic
* Business Change Information (BCI) process, which facilitates how a particular change influences current Business Logic decisions and impacts analysis
* Way to transform the model into executable decisions
* Means to monitor decision execution
Implementing BDM with Sapiens

We address these criteria by providing you with a single software solution and implementation approach for formalizing and capturing the decision-making process, featuring tractability of the procedures at every step along the way and the ability to automatically create executable rules from decisions.

Sapiens' DECISION formalizes and automates the progression from information to decision to operational rule process, while forcing adherence to standard and normalized structure. The Decision Model (TDM) is becoming one of the major standards for decision management and is the basis for DECISION – creating rule structures which are simple to understand, communicate and manage.

TDM – A proven methodology

The Decision Model (TDM) ensures that Business Logic – the set of an organization's policies that are converted into a vast amount of operational rules – is created in a formalized and manageable way. It also enables the ability to easily understand, trace, audit and facilitate the critical process of managing change in ever-changing competitive and regulated markets.

TDM enables business users to take full control of the entire process of decision management, allowing them to easily develop and deploy new policies and methodologies for optimal decision-making. It is a highly cost-effective means of Business Logic notation, harvesting, maintenance and management, promoting a higher level of Business Logic understanding and simplifying corporate business processes.
Contact us

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