

# Real-time analytics ensures firms comply and manage risk

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Insights Magazine

This is the regulation age. For healthcare and financial companies, this is the post-Great Recession, post-HIPAA, Obamacare age.

American companies are faced with rigorous regulations and government scrutiny. Compliance with federal law is now a permanent concern of healthcare providers, insurance companies, and financial firms.

A company that conforms fully to U.S. regulations can operate in the market with innovation and verve. Should an enterprise mismanage its administrative work, it could be burdened with fines and unfavorable press.

The sanctions can be severe. Some of the largest agencies in the healthcare field—CVS, Massachusetts General Hospital, Rite Aid—have been hit with fines exceeding \$1 million each for noncompliance with the Health Insurance Portability and Accountability Act (HIPAA).

Nastel Technologies' AutoPilot® software assists institutions with real-time analytics for application performance. The product is marketed to IT and administrative personnel of firms that must operate in fiercely competitive sectors and in accordance with U.S. law.

AutoPilot enables users to manage a diverse middleware environment through a single architecture. It presents users with a window through which they can monitor multiple processes across varied applications. AutoPilot analytics detect anomalies in these processes enabling professionals to handle complications before these problems can intensify and interfere with internal and legal obligations.

“In the area of compliance,” says Charles Rich, Vice President of Product and Marketing at Nastel, “we are providing deep visibility into a company’s IT infrastructure—distributed, middleware, mainframe—and we show all activities of the claims process. The importance is to catch early anomalies before they cascade into a much bigger problem. That reduces their costs, and in the context of healthcare, cost is something that is measured under compliance.”

Firms must meet the competitive demands of the market. Their workforces often process thousands of documents or inventory thousands of products at the speed of commerce. Healthcare and insurance organizations must process transactions at tremendous scale and across the expanses of multinational corporations. Compatible with technologies like Java, IBM WebSphere MQ, IBM WebSphere DataPower and IBM WebSphere Message Broker, AutoPilot provides the real-time “situational awareness” that IT staffs need, especially if they are managing technology throughout disparate business locations.

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### **Companies meet the obligations of HIPAA**

Enterprises like Blue Cross Blue Shield use AutoPilot to monitor performance and reduce risk. The volume of administrative tasks these companies face can drive up expenditures in terms of operating costs, staffing, and efficiency. Every customer request and every claim means money and time in execution.

The added obligation of compliance, though, demands that firms conduct extensive operations merely to manage information. Agencies can process droves of administrative documents and data points that are mandated by law. HIPAA, for example, requires companies to monitor employee access to patient records.

One of the central components of the claims process is the Electronic Health Record, which contains relevant patient information. “A lot of these companies are using us to monitor the movement of the EHR and make those available for the claims processing person. What they monitor is performance—this monitoring fits into application performance management—to make sure they run at a peak rate.”

“The companies have their own SLAs (service-level agreements), measuring how fast an electronic claim is processed. One firm had an SLA that required a claim to be processed in 60 seconds. The challenge in doing that is in having the right information at hand to complete the claim. The steady flow of the electronic health records, arriving at the claims processor, enables the SLA to be achieved.”

“In terms of performance, their administrative volume is increasing,” says Rich. “So they have to keep up with massive amounts of claims. Many of them have a rate they’ve established internally on how many claims must be processed internally.”

“We work with a lot of these firms to make sure they are able to meet through-put requirements. This provides better customer experience,” says Rich. When there is an issue, there are diagnostics to provide an assessment of the matter at hand, he continues.

With healthcare organizations so large and operating with diverse IT systems, the payer must find ways to manage disparate applications. “Risk is an interesting angle,” says Rich. “Managing the risk in deploying an application requires building bridges between IT and the business. You can look at software risk. If you don’t manage this risk, it can become quite costly. As testing and quality-assurance assessment of customized applications can quickly grow expensive.”

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Another risk can be incurred when too many expensive resources are required to resolve every IT issue. “The risk is in that these resources are needed elsewhere to grow the business. Instead, it’s all hands on deck keeping the business running. This happens because IT is running in a reactive mode.”

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## **Financial and retail firms pursue cash management, pricing, and compliance**

The global financial services industry also faces issues of compliance and performance. Regulatory bodies such as the G20 throughout Europe, Asia, and North America obligate firms to operate with transparency and accurate recordkeeping.

The Dodd-Frank Wall Street Reform and Consumer Protection Act, signed into law by President Barack Obama in 2010, brought sweeping changes to federal regulation of the U.S. financial industry. A range of alterations to executive compensation, trade transparency, and many other aspects of the financial sector have obligated firms to follow the intricacies of the law.

Regulation of swap trades—exchanges of cash flows held in the assets of two agencies—require Wall Street firms to report extensively on trading, an operation monitored in real-time by AutoPilot. “[Firms] had no real-time end-to-end picture of the lifecycle of a reportable trade. This is highly critical, as many people feel that trading these swaps is what brought on the big downturn of 2008.” AutoPilot can also monitor inventory, supply chain, and promotional operations. Rich explains a use case involving a large seller of electronic goods.

“They had a problem with their pricing information, which was established centrally,” says Rich.

Generated from this central point, pricing information was not reaching the company's retail locations, resulting in inconsistency across all sales channels. Problems arose in labeling, promotions, and price consistency across ads, store prices, and online prices.

The inconsistency caused a great amount of customer attrition. The company also faced problems with forecasting and inventory carrying costs as a result of lower demand due to the pricing issues.

“Through AutoPilot, they made sure transactions were consistent,” says Rich. “We also saw that there were unused or redundant MQ objects deployed. We helped them find those and reduce them—and their ongoing costs for IT.” Order abandonment rates—customers giving up on orders due to pricing inconsistency—dropped 35 percent after the implementation of AutoPilot.

“Analytics is the most important aspect of what we do,” says Rich. “You have the problem of a lot of data. The power of our solution is to make sense of high volumes of data. And provide the visibility required to make your business run faster.”