

SNAPSHOT MONEYGRAM INTERNATIONAL moneygram.com**Headquarters:**

Dallas, Texas

Industry:

Financial services

Employees:

2,500

Revenue:

US\$1.17 billion in 2010

Oracle products:

Oracle E-Business Suite

J. LUCAS WIMERExecutive Vice President
of Operations and
Technology**Length of tenure:**Two years as executive
vice president, after two
years of consulting with
MoneyGram**Education:**MBA from the
University of California's
Anderson Graduate
School of Management**Personal quote/mantra:**"Technology doesn't
get implemented
without business
sponsorship. We don't
buy and implement
software without a
non-IT person being
a sponsor."

ON THE MONEY

Cash transfer powerhouse **MoneyGram** combines Oracle technology and process improvements to maintain its global edge.

BY ALAN JOCH

Need money fast? If you're like millions of people across the globe, the first place you'll turn to is MoneyGram. The 72-year-old firm ranks among the largest money transfer businesses in the world, with 256,000 partner agents ranging from Walmart in Cincinnati, Ohio, to tobacco shops in Paris, France, where customers can send and receive money. "Our secret sauce is the ability to connect two points around the world to make sure the money moves from here to there in minutes," says J. Lucas Wimer, executive vice president of operations and technology at MoneyGram.

To make that happen, an automated financial management system provides the IT muscle to complete hundreds of thousands of transactions each day and ensure that all the big-box stores, banks, regional retailers, small shop owners, and other customer-facing MoneyGram agents receive proper financial settlement and commissions for each money transfer.

Widespread automation—a recent innovation at MoneyGram—is a key part of senior management's response to the competitive pressures and market opportunities faced by many global enterprises. Outdated systems had required a growing use of spreadsheets and high-touch, manual processes to cal-

culate payments and close the books each month. Although these tools successfully supported double-digit growth over many years, the complexity and lack of scalability started creating constraints. MoneyGram managers couldn't act as fast as they wanted to address changing market demands, add new products, or serve the sales team. And the lack of a central data storehouse for business information made it difficult for staff to create reports, analyze market opportunities, and spot bottlenecks in the system.

Things are different now. Globalized processes are straight-through, standardized, and require minimal manual touch. Almost all financial calculations and postings are automatic, thanks to a new implementation of Oracle E-Business Suite and the Oracle Incentive Compensation module. "From back-office operations to frontline agent servicing, we have greater efficiency and control, with less effort and more flexibility throughout our organization," says Pauli Kennelly, director of financial systems at MoneyGram.

But MoneyGram didn't just undergo a technology transformation. Management paired the implementation with sweeping cultural changes throughout the organization—changes that built a framework for continuous improvement in business



J. Lucas Wimer,
Executive Vice President
of Operations and Technology,
MoneyGram



Founded in 1940 as a small money transfer business, MoneyGram is now the world's second-largest money transfer company.

processes. "In the end, we created a more effective service model for our customers that allows us to take cost out of our operations and improve our process cycle times," explains Ted Hill, senior vice president, global services and operations, at MoneyGram. "We're doing things faster, and we're much more responsive to market demands."

Global Currency

The business challenges that MoneyGram's managers face are hardly unique. They mirror the concerns of other global organizations that achieve high levels of growth despite hard-to-manage, siloed business processes; extensive software customizations; and work-arounds that are hard to scale and update for continued growth.

As global competition continues to intensify, top global companies require an IT infrastructure designed for quickly bringing new products to customers, reacting decisively to pricing pressures, and nimbly meeting the unique needs of local markets and regulators.

Prior to the start of the company's ambitious modernization project (completed in 2010), Wimer recalls asking himself, "How do I know that everything is working as planned when we're serving all these countries with all these products in a high-risk industry?" Shared concerns like these convinced the senior management team to take a new look at MoneyGram's business processes



and the legacy technology environment, which was dominated by proprietary and often redundant business applications.

The planning team was a diverse collection of business and technology leaders, including Wimer, Hill, Kennelly, and MoneyGram's chief financial officer, controller, treasurer, and head of sales. "The involvement of all of those people in every step was critical," Wimer says. "This was by no stretch an IT-run, IT-only project."

The top managers soon realized they also needed to orchestrate a series of changes to key business processes and started by asking some hard questions: How should we define accountability within global processes? How do we build service-level agreements between business teams? How do we help staff see how their impact on business processes resonates with coworkers upstream and downstream?

"With just about any technology implementation project, you need to start with a view of how you want your process to evolve," Wimer says. "You need to understand this before you begin to implement a software solution—and in some cases before you pick your software or decide if you even need new software."

Once the planning team began answering the business-process questions, it was able to tackle the technology piece of the modernization puzzle. "We needed a robust, resilient technology infrastructure that allowed us to grow without adding a dollar of cost for every dollar of revenue," says Wimer, whose position at MoneyGram gives him responsibility over both the business and IT operations.

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The committee chose Oracle E-Business Suite because of the platform's current capabilities and Oracle's history of expanding and improving the application's reach. The managers also wanted a platform with effective software development tools to handle the select customizations they knew would be required to meet some unique business needs and to integrate the solution with MoneyGram's proprietary agent and back-office processes. "Oracle easily rose to the top, given the breadth of the application suite," Wimer says.

The full Oracle E-Business Suite implementation that launched in September 2010 also included the Oracle Customers Online module for viewing, creating, and managing customer information. The operational streamlining touched most parts of MoneyGram's back-office operations to process more transactions, simplify settlements with agents and billers, pass through information to MoneyGram's general ledger, and bring new partners onboard at a faster rate.

"Commissions are a critical piece for driving profitability for current and new products," Wimer says. "The complete Oracle implementation addressed many facets at once and ultimately changed at least 25 percent of our transactional infrastructure."

Business Process Alignment

To reach their project goals, MoneyGram managers made some fundamental changes in staff responsibilities. The biggest was to redefine the corporate culture so staffers would be more attuned to each step in the business processes they were a part of, rather than just their own narrowly defined job functions. In addition, employees would be responsible for identifying ways to continuously improve processes to better serve customers and agents.

One of the most obvious signs of this change was the creation of a group of managers called global process owners (GPOs). Each GPO is responsible for the performance of an individual process, including such areas as financial settlement, cash management, credit processing, risk and compliance technology, customer onboarding, and data warehousing.

To succeed with the sweeping changes, each GPO had to define the current state of his or her respective process as well as future optimally performing end states. "We made GPOs responsible and accountable for the decision-making surrounding their individual processes," Hill says. "We also required them to work together to make sure they fully understood how their processes would impact each other, especially as they refine and make changes within the processes."

Finally, GPOs also defined how to measure process success and gather performance data to show incremental improve-

ment. "All of our GPOs are becoming much more in tune with the performance of their organizations," Hill adds. "Once they understand performance, they can establish their service levels and then start holding each other accountable. And that starts to create an environment for continuous improvement."

GPOs remain an integral part of MoneyGram's operations. They continue to work closely together and provide a concrete symbol of the company's commitment to being a process-centered organization. "There are no more curtains here," Hill explains. "Everybody knows how everybody's doing, and that's good for a high-achieving company that's focused on improving operating performance in the back end of the business. And that translates into a better experience for our customers."

MoneyGram's top management also established two layers of accountability above and below the GPOs. Underneath is a collection of subprocess owners (SPOs), who manage day-to-day activities and problems. Together GPOs and SPOs are directly involved with moving MoneyGram from its old, siloed departments to cross-functional work groups that collaborate closely and develop a long-range view of business activities. "Because the company has a global system with global processes, changes reverberate throughout the system," Kennelly explains. "The old siloes are gone. Even employees who don't have direct customer contact are constantly thinking of end users, and they are moving from simple problem resolution to active planning."

Coordinating across GPOs and SPOs is a new operations person who oversees all these activities and provides ongoing management. "I picked someone in operations, not from technology, to lead this effort," Wimer says. "While technology organizations often do have the rigor and discipline to be that kind of leader, I think it's stronger to have an operational person outside of IT taking ownership so there is a balance of responsibility and a segregation of duties in overseeing technical work."

Backed by a cultural and managerial perspective that embraces both business and IT imperatives, the Oracle E-Business Suite platform is supporting the staff changes and delivering important benefits in the first year of its implementation, according to MoneyGram executives. At the top of the list was the company's automated framework for managing agent commissions. MoneyGram staffers must track a wide variety of commission plans that have been adapted for all the various points of sale throughout the world. "Previously, we had only a few standardized commission plans," Wimer says. "All that customization highlighted the limitations of our legacy system, which couldn't automate all the variations."



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MoneyGram Exploits the Flexibility of Oracle Incentive Compensation

An important component in MoneyGram's efficiency effort is Oracle Incentive Compensation, an enterprisewide application designed to automate the process of designing, administering, and analyzing variable compensation programs, including transactional pay-for-performance incentives. Organizations use Oracle Incentive Compensation to align sales activities with business objectives to motivate workers, such as sales representatives, as well as third-party agents. With Oracle Incentive Compensation, enterprises can model what-if scenarios to optimize incentive programs.

Oracle Incentive Compensation was particularly useful in helping MoneyGram address the complexities of legacy compensation programs that were created to pay agents—the independent businesses that MoneyGram relies on to deliver money to customers.

MoneyGram found Oracle Incentive Compensation flexible

enough to extend beyond its traditional role for determining and paying sales incentives. “We believe that we have customized Oracle Incentive Compensation in a way that it's never been done before,” says Ted Hill, senior vice president, global services and operations at MoneyGram. “We're using it to pay commissions in all of our business relationships around the globe.”

With about 256,000 MoneyGram agents around the world, executives estimate that the company is running one of the largest and most ambitious implementations of Oracle Incentive Compensation anywhere. Just as significant, Oracle Incentive Compensation is delivering a bottom-line benefit for MoneyGram, as well. The company now has a hierarchical commission structure in place to provide incentives for agents who increase transaction rates, which means that Oracle Incentive Compensation acts as a revenue generator, too.

Prior to the implementation of Oracle E-Business Suite's Oracle Incentive Compensation module, this meant manually directing several hundred commission plans using spreadsheets. Things are different now. Using Oracle Incentive Compensation to build a flexible commission model, MoneyGram financial managers have been able to automate more than 90 percent of those nonstandard plans. (See sidebar, “MoneyGram Exploits the Flexibility of Oracle Incentive Compensation.”)

The Oracle-based framework is also helping MoneyGram business managers deliver new products faster to maintain a competitive edge in a dynamic global market. In the past, if the executives wanted to introduce a regional innovation, such as depositing a money transfer to a bank account in cash or loading money onto a prepaid debit card, the process could take months to get all the financial pieces in place.

Since the Oracle implementation, the MoneyGram staff has cut the time needed for most new product introductions by about 40 percent, because one of the biggest challenges with new products is creating the back-end processes for ensuring that the new transactions are recorded and accounted for correctly. “Oracle now allows us to configure the processes, which often only requires the tweaking of a parameter by an end user or a technical person, instead of actual coding or software development,” Wimer explains. “That's where much of the time savings comes in. In some cases, we've taken months off the process, and equally important, we are far less likely to go to market with a product initially run by manual processes.”

Another big improvement is an enterprisewide repository of business information to help MoneyGram staff better serve customers and the thousands of agents that carry out money transfers. The centralization of data means that business information is up to date and readily available. “We collect more data and are able to produce more reports with a lot less effort,” says Jai Prakash, director of corporate business systems at MoneyGram. Reports that used to take 40 hours and three people to produce can now be done in 80 percent less time. “This means that we can use our people better—they can spend more time analyzing reports and less time putting them together. We have a higher quality of insight,” Prakash adds.

Other benefits include the cost savings and efficiencies of consolidating more than 40 legacy IT systems that are now being handled by an enterprisewide implementation of Oracle E-Business Suite. MoneyGram executives estimate that the company is saving millions of dollars by retiring several old systems as well as avoiding costs. For example, automating business processes means that the company can handle more transactions without having to hire additional staff. “Within a year of having implemented this suite, we believe that it has paid for itself,” Wimer says.

Change Management

The executives emphasize that success hasn't always come easily. Change management and acceptance of cultural changes required a lot of up-front work to help the staff understand and accept the ultimate goals. Education and training were key, and MoneyGram change agents used numerous Webinars and other tools to show employees how business processes were being altered. “We tried to provide as much information as we possibly could for the organization,” Hill says. “And then each individual department helped define requirements and promote user acceptance. So in the end, the organization was ready for the changes.”

The lessons learned from this ambitious effort will help smooth future efforts, the executives say. For example, now that the new settlement and commission solution is in place, MoneyGram staffers are ready to bring other business processes onto the Oracle-based platform, including electronic procurement capabilities and support for MoneyGram's retail operations.

“These projects are never easy, and, like most companies, MoneyGram has a lot of perfectionists in our IT and business departments who wanted things to work differently. So when you're going through something this big and complicated, it's always a bit messy,” Wimer concedes. “But we absolutely crossed the finish line, and now we're at a point a year in where people really can't imagine what it was like before this effort.” □

Alan Joch is a New England-based technology writer.

FOR MORE INFORMATION

Oracle Incentive Compensation

bit.ly/umsJr3

Oracle E-Business Suite

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