

Chase Manhattan Uses Simulation to Improve Their Business Processes

Vertical

Genre

Client

Author

Manufacturing

Pharmaceutical

Healthcare

Portfolio

Logistics

Financial

Government

Business

Case Study

Project Review:

White Paper

Technology Overview

Chase Manhattan

Luis Guerrero
Chase Manhattan

Chase Manhattan, a leader in the financial services industry, is a \$336 billion institution. They are committed to understanding their customers, delivering integrated solutions to meet their needs, and nurturing existing relationships. With over a 200-year history behind it, Chase is striving to improve its services throughout the world.

This application story focuses on how Chase Manhattan Bank is using process simulation technology to improve the way it is managing its businesses. It will focus on the business applications that have been modeled and how this technology has fundamentally changed the way certain business areas manage their environment. The Chase Manhattan Bank has also developed a graphical front-end user interface to the simulation tool, ServiceModel, to be used by business analysts to provide decision support services for their areas. The objective for the development of this front-end was to mask the complexity of using simulation technology from the end user.



The Challenge

When Chase was merging with Chemical Bank, it was able to use simulation technology to bring the business practices together. Simulation is a technology that has been accepted throughout a good portion of the bank. Specifically, Foreign Exchange, Commercial Paper and Global Trade models have been built with ServiceModel.

In Foreign Exchange, ServiceModel was used to validate assumptions about the business. IDEF notation was used to capture the static map of the environment. IDEF enables you to focus tightly on the controls which were key to the mapping of the context of a merger. With simulation the bank was able to look at the merger implications of the foreign exchange departments of the two banks. This allowed Chase to examine “what if” scenarios about the business in preparation for the merger with respect to volume convergence.

In the Commercial Paper environment the objective of the study was to bring over a new book of business and to plan for an adequate staffing model. Senior management liked the graphical animation. For instance, when you increased the volume, the simulation would show a build up in the queue. The results from this project showed that the bank would be able to handle the increase in volume with fewer resources than originally expected, thus realizing savings on direct expenses.

The Global Trade modeling and simulation project’s objective was to provide decision supports services for the deployment of a new application to 31 different countries. The project team created a standard operation model of how the processes were currently managed. Simulation against this baseline will enable the bank to evaluate staffing models for new deployments as well as the cost consequences of doing business in other countries.

The Benefits

Simulation gives us the ability to analyze the impact of business process changes on performance indicators prior to actual implementation. It also gives us the power to enhance risk and control analysis and calculate associated costs. Using simulation technology, The Chase Manhattan bank is able to enhance customer service levels through improved efficiencies. An added benefit is the ability to visualize graphical representation of proposed business and technology solutions. The models also serve as a repository of process documentation.