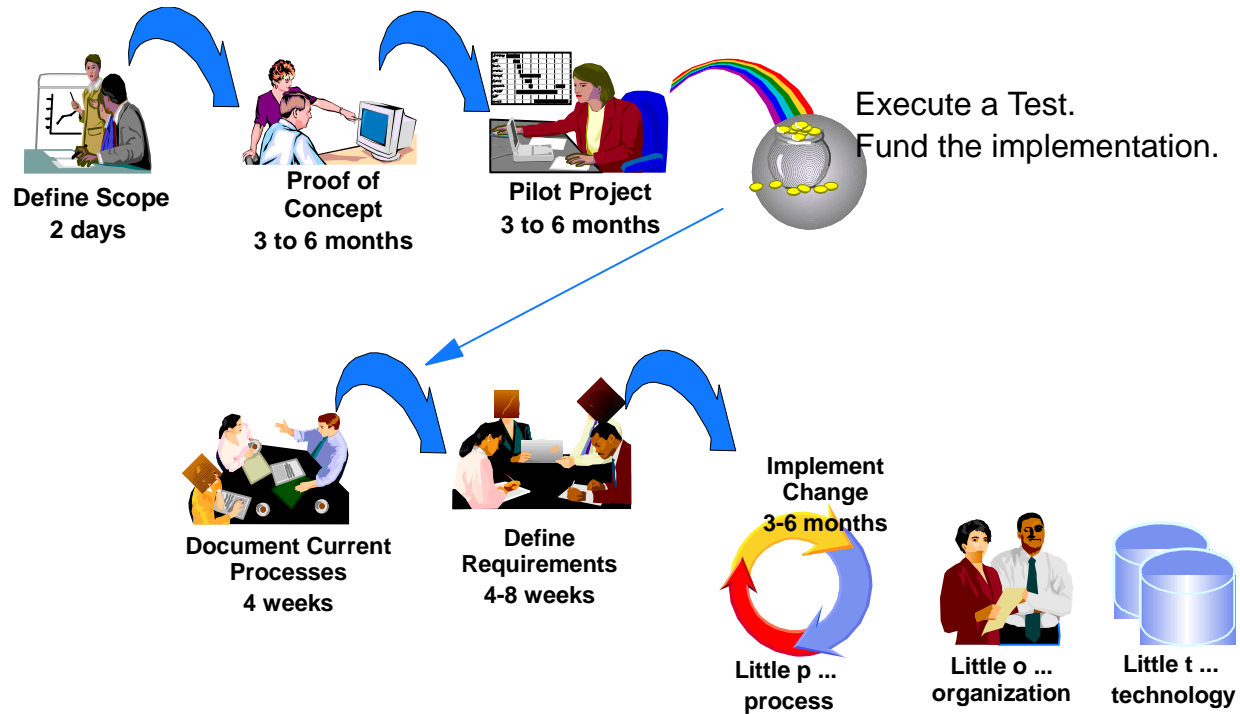


makeplain™

Fraud Pilot Approach

return on intelligence™



Within 12 to 18
months...
increase
shareholdervalue



- Step 1 - 3 to 6 months
 - Scope:
 - Execute a proof of concept using historical claims data, historical known fraud cases, and SIU fraud indicators
 - Objective:
 - To estimate the magnitude of the fraud that occurred retrospectively
 - Prove the power of advanced analytics to find known and unknown fraudulent claims.
 - Prove the value of sophisticated IBM Entity Analytics Solutions to detect identity related fraud and to discover organized fraud networks

- Step2 - 3 to 6 months
 - Scope
 - Validate all the claims that were identified as potentially fraudulent in the proof of concept
 - Score incoming claims with the analytical models that were developed in the proof of concept
 - Review existing technology and business processes and make recommendations for improvements that would enable internal staff to use analytical approaches to augment existing SIU methods
 - Objective
 - Recover paid out claims and stop a portion of incoming claims from being paid out that otherwise would have been. Have a "real" magnitude of the opportunity for fraud recovery and savings. Recover more dollars than the cost of the pilot

- Step 3 – 3 to 6 months
 - Scope
 - Put into production the validated analytical models
 - Make technology and business process changes required to enable the company to achieve the fraud savings found during the pilot on an ongoing basis for all incoming claims in the scope of the original work
 - Objective
 - Recover more fraud than the technology infrastructure and business process changes cost on an annual basis

- Step 4
 - Repeat the approach for other parts of the business that were not included in the original proof of concept

- Business oriented approach will ensure that the technology and process change costs are smaller than the fraud savings opportunity
- Minimal upfront costs to test the feasibility of fraud detection methods
- No upfront technology infrastructure costs
- Risk sharing opportunity minimizes methodology and implementation risk