



IS BPM THE BUSINESS?

What is business process management and – more importantly – how can it help your business? **Dan Mulgrue, Rashid Khan, Jeff Kristick and Christopher Preston** explain...

Dan Mulgrue, Director of the WorkPoint product group for Insession Technologies, has spent the past five years focusing specifically on the business process management space. His market experience and product knowledge have led to many successful WorkPoint implementations across the globe. Rashid Khan founded Ultimus in 1994 using his own start up finances. He has leveraged his entrepreneurial prowess to build Ultimus into a successful global enterprise. Jeff Kristick is a Director of Product Marketing at TIBCO Software Inc., a business integration and process management software company whose award-winning BPM solutions have been deployed at over 800 customer sites with over 500,000 users. Christopher Preston has more than 18 years of experience in BPM, workflow, imaging, content management and the web. He currently directs strategy and vision for FileNet's BPM and eForms business and related marketing activities.

BPM. Has been enjoying something of a revival. To what do you attribute this renewed excitement and activity?

CP. Technology innovation, 24/7 self-service, global competition: the complexity of managing a business today could not have been imagined 20-30 years ago. Now more than ever, companies are looking to fine-tune operations to not only cut the fat, but ensure continued growth and market share by executing flawlessly, anticipating and responding to change, and mitigating risk. To that end, there has been a great deal of emphasis on the processes that guide how companies deliver goods and services and, in turn, BPM, which automates, integrates and optimizes these processes.

In recent years, powerful process analytics and simulation capabilities have also been added to BPM solutions, helping companies monitor and predict the impact of events (positive or negative, internal or external) and enact the best process to either cap-



italize upon or mitigate those effects before they occur, as opposed to merely reacting to these events after the fact. The significance of this is clear – organizations can take advantage of windows of opportunity and identify issues before they become problems, ensuring operational excellence, better decisions, and thereby improved corporate performance.

JK. From the business perspective, external pressures like competition and regulatory compliance are driving this renewed focus on process. Organizations are turning to improving and standardizing processes as a source of competitive advantage and as a driver for improvements across the enterprise. Processes define how organizations do business, how they deliver products or services and how they interact with customers; support their corporate strategies; and enable them to react to change more rapidly.

From a technology perspective, the BPM technologies on the market have matured. Process management theory is not a new concept, but the ability to use technology to manage by process has really come of age. BPM technologies are really suites of tools, and those tools have reached a point where organizations can utilize them to automate end-to-end processes in an efficient and effective manner.

RK. Companies have begun to realize that enterprise applications like ERP and CRM are also silos. These silos do not address cross-functional business processes very well. Processes that are necessary to serve customers at speeds demanded by internet-age consumers cut across enterprise application and departments. In addition, in the face of downsizing and globalization, BPM has become the one essential technology to enable companies to deliver more with less in a competitive environment where global value chains are a rule rather than an exception. These factors have led to the resurgence of BPM, and there is no looking back.

BM. How can BPM help executives quickly respond to increasing competitive pressures and changing customer demand?

RK. When looking at BPM, it is critical that executives recognize that there are two parts that go hand-in-hand: a business-focus built around processes; and technology that enables those processes to be modeled, automated, managed and optimized more easily than is possible with traditional development tools or customization of packaged applications.

With that understanding, BPM can be applied to capture the work processes of an organization, improve them and monitor results. The easiest way to think of a process is as a series of related tasks performed by people or systems that combine to address a business need. By breaking a process down into tasks and rules that drive how work flows between tasks, it is much easier to adapt the process (by changing rules or adding steps) than is possible with traditional applications, where this information is often buried in a very complex multi-function system.

Similarly, with BPM, visibility into process activity is inherently increased. BPM systems automatically track process execution and activities – providing clear evidence of what is happening at any point in time. Through straightforward analysis of this information, executives can identify changes in demand or efficiency breakdowns and address them quickly and easily.

DM. The ability of any executive to respond quickly and efficiently to changing business demands is critical to their company's very existence. BPM products allow companies to define and deploy their critical processes and business rules in a graphical format, not hard coded in the application layer. As a result, designated employees, managers and executives have a single graphical view of their business, and can

make meaningful changes to critical processes and business rules on the fly, in real-time, via point-and-click. This results in both a competitive advantage and greater customer satisfaction.

JK. Imagine a company in the consumer finance business. They specialize in mortgage refinancing, which is a highly competitive market with significant external forces. They need to be able to react to competitive pressures and also changing demands. They need processes that can adapt to changes like rate changes or approval thresholds, as well as a system that is auditable and finally, one that can scale to meet customer demand. BPM tools can help create a process-oriented system to address these requirements: one that spans front office and back office operations and provides visibility into process performance and maximum flexibility in changing the process and its associated rules.

BM. BPM inevitably leads to significant changes in company culture. Why is change management important to help BPM implementation go smoothly? And how can firms successfully measure, monitor and evaluate the results?

JK. BPM is more than just technology. It requires the management theory of process, and also the change management associated with implementing the technology and process changes. Business processes represent the way an organization does business, and those processes include people. A process can involve claims adjusters, call center agents, sales people, or just about anyone in the organization.

For these individuals to be successful in their job they need to understand the process, their roles in the process, and be properly trained with respect to both. As processes change, communication becomes critical and change management becomes paramount to the success of BPM.

DM. Implementing a new BPM project can affect the total organization, including the human and cultural aspects. These changes can be unpopular, which can have negative impact on the BPM project, and therefore change management is a critical component of the long-term success of the firm. When people participate in defining the firm's change objectives, they will be committed to ensure the project will be successful. Success criteria can be measured and monitored using results of KPIs that are tied to the overall strategy of the organization.



“The ability of any executive to respond quickly and efficiently to changing business demands is critical to their company’s very existence”

Dan Mulgrue

CP. Change management is critical to the success of BPM applications and is often the most overlooked aspect in a system deployment. The reason why it is so important is that BPM makes a tremendous and positive impact in transforming how companies do business. BPM impacts companies not just from a technology standpoint, but also from an organizational, cross-functional and business opportunity perspective. Therefore, it is critical that BPM projects have the endorsement/sponsorship of senior executives to help align the various groups involved and champion the overall initiative.

The first step in measuring, monitoring and evaluating results is to have an understanding and agreement of key performance objectives (KPOs). These can include such strategic goals as increase productivity by 20 percent, reduce costs by 30 percent, increase service by 25 percent, etc.

Next you need to determine the leading indicators that directly impact these KPOs, known as key performance indicators (KPIs) – such as cost per transaction, average cost, average cycle time, etc. Once defined, businesses can establish performance benchmarks tied to these KPIs and also establish an understanding of corporate performance against these metrics today.

Surprisingly, most organizations don't have the visibility of how they are performing against such KPIs. BPM can provide the critical visibility to analyze how a company is performing against agreed upon benchmarks as well as identify the sources of impediment. Once the root causes of potential processes are understood, changes can be quickly made to the overall business process.

BM. Conforming to compliance regulations – whether they relate to Basel II, Sarbanes-Oxley or others – is an essential part of BPM. Why is this so important, and how can firms ensure that their business processes are compliant?

DM. The advent of Sarbanes-Oxley and Basel II has turned the spotlight on corporate governance compliance, and BPM is the ideal technology to provide the solution. BPM provides enterprise-wide visibil-

ity of business processes, giving organizations more control over their core functions. By taking advantage of process modeling, analysis and improvement features of BPM products, regulation compliance throughout the company can be defined and documented. Enforcement of these critical regulations is achieved when these processes are orchestrated, automated, and executed through the feature functions of BPM across the enterprise.

RK. The basis of any compliance requirements is to establish a foundation around what is known in the ISO9000 world as “say what you will do, and do what you say”. When addressing compliance activities, this is extended to include “say that you will do what the regulations require, and do what you say”. BPM is critical to this.

First, with BPM, processes are described and documented in detail – enabling you to “say what you will do”. A key side benefit of this documentation is that it can be shared with all employees, creating a valuable training and communications tool. Second, with automation, the BPM system can enforce rules and process flow – ensuring that you “do what you say”. Third, quality BPM systems track process activity – creating audit trails that can be used to document compliance with regulatory requirements. This information can be used both by internal auditors and external parties to assess the effectiveness of processes and controls for any compliance effort.

CP. Over the past few years, a host of high-profile cases involving corporate governance and compliance have brought about increased scrutiny in regulatory oversight. While each mandate has its own specific requirements, all have a common denominator: The need for greater visibility and control of processes and content to lower business and financial risk.

Enforcement of policies and standard operating procedures is essential for compliance. BPM helps companies establish, control and manage their business processes to ensure enforcement, operational control and accountability.

Effective regulatory compliance is about automating the entire records management lifecycle process, and enforcing consistent compliance and records management policies throughout an enterprise. To do this, records management must be paired with BPM to automate key processes to ensure compliance. If you have no way of enforcing records management, you can't be compliant.

Records management delivered within a BPM context also delivers substantial return on investment through reduction in corpo-

rate risk, lower operational costs and improved productivity, in addition to automating the management of a growing amount of content throughout organizations.

BM. What factors should companies take into consideration when choosing software and providers – for example, time and implementation constraints, security issues, support? What are the pitfalls that should be avoided?

CP. The financial strength of a software provider is paramount, as is customer support. Choose a vendor that offers an enterprise-ready framework for the management of both processes and content. Preferably, one that offers a single repository architecture for managing process and associated content, electronic mail and records, throughout the complete lifecycle of a document – from creation through final disposition. This is important as all processes involve content – content that provides the context for processes key to decision making.

Since we are looking at a pervasive technology that will be leveraged for a variety of applications in the enterprise, it is important that companies select a BPM platform that is high performance and highly scalable – able to support thousands of users and millions of transactions.

JK. The key factor a company must understand first and foremost during the selection process is: what are the key drivers for this project? I am not talking about a list of technology requirements or features and functions. I am talking about the business reasons for wanting to undertake a BPM project or initiative.

Is the company facing competitive pressure that is driving an increased focus on customer satisfaction and customer retention? Does that pressure mean they need to improve the way they process orders or resolve service requests? What are the key processes, and who owns them? Those are the most important factors and those factors will ultimately drive the technical requirements.

“To be truly effective, BPM software must address the entire lifecycle of processes – from modeling to automating to managing to optimizing”
Rashid Khan



Most BPM vendors offer comparable functionality and all the bells and whistles in their products. There are some requirements that are essential such as, support for standards, an open and flexible platform, a scalable and reliable product suite, and a vendor that is financially viable and able to provide the level of support and services required. Companies should think of their BPM technology provider as a partner, and they should pick a partner that has done it before and demonstrated success with their customers.

DM. It's important to select a product that adheres to your current platforms, databases and technology strategy. But it is also vital to choose a product that will be flexible and open to meet the ever-changing needs of IT, and protect the company's technology investment.

Product support is a critical issue that deserves due attention. Will your BPM solution be deployed in a mission-critical business environment? If so, 24/7 support with aggressive response timeframes will be something to look for. Is the product support timely, helpful and does the vendor provide the needed solution to your issues? The support received in the product evaluation process is usually indicative of post-sale support. Will support be available in the future when it's really needed?

In regards to company stability, we view this as a major consideration. We have seen a number of ISVs leave the BPM space for various reasons such as acquisition, bankruptcy, etc. This affects future product support, development, bug fixes, enhancements, new product releases, licensing and a host of other issues. Whatever the reason, it's usually not a good scenario for the licensee. A strong company with market leadership and a mature product should be a key factor in the decision process.

RK. To be truly effective, BPM software must address the entire lifecycle of processes – from modeling to automating to managing to optimizing. There are many products on the market that are marketed as BPM that only address one part of the lifecycle (e.g. modeling tools). While they can be useful, they do not provide the full value of a lifecycle solution.

Your BPM software must also be independent of applications and offer support for cross-functional teams – BPM, more than any other effort, requires on-going coordination between business and IT.

Many studies have shown that the biggest ROI for BPM projects has typically come from automating manual processes that involve people. Workflow between people sounds very simple, but the nature of human work and the frequency of job changes, vacations, work conflicts, and other situations makes this much more complex than



“Companies should think of their BPM technology provider as a partner, and they should pick a partner that has done it before and demonstrated success with their customers”

Jeff Kristick

meets the eye. Great BPM projects excel at human workflow features, offering deep capabilities to handle most situations and exceptions in a straightforward manner.

Finally, the effectiveness of a business is driven by how quickly it can adapt its processes to changing market conditions. BPM Systems must support this with features that enable rapid change.

When looking for providers, focus on experience, services capabilities, and solid financials. These criteria will definitely enhance your probability of success with BPM projects.

BM. As IT and business practices evolve, how is BPM likely to develop over the next few years and what new technologies are in the pipeline to

facilitate this? What are you getting excited about?

RK. The biggest benefit of BPM is that it gently forces more alignment between business and IT. This helps business understand IT better and vice versa. To continue down this path, technology must evolve to support this coordination. The most exciting technologies in this area are new Adaptive Discovery technologies that enable processes to be deployed without completely defining all possible routes and task recipients. This strikes at the heart of business and IT conflicts around detailed requirements gathering. For processes, this is often impossible – the requirements are constantly evolving. Enabling processes to be deployed that can learn, with expert direction, on the fly gets processes deployed faster than ever before. As the market evolves, we anticipate process technologies becoming more and more adaptive, shortening both deployment and change cycles.

Beyond the technology issue, the most exciting thing in BPM right now is the growing understanding of the value and need for independent BPM solutions. Process efforts got derailed in the 90s in the face of inadequate technology – that either did not have enough capabilities or was too rigid to support dynamic process change – and the rush to grow at internet speed.

With a renewed focus on efficiency, more and more organizations are recognizing the quality processes are the source of sustainable competitive advantage, and recognizing that independent BPM solutions – that link their people, systems, and applications in an organized manner – are the best way to manage processes through their lifecycle.

JK. BPM provides an opportunity for business and IT to work together more closely, and they must do so for it to be successful. Business owns the process and will be empowered to change and manage that process. IT owns the technology platform and the integration of the various technology assets.

TIBCO provides a suite of technologies that leverages the strengths of business and IT, each in its appropriate arena. This ensures that companies are successful with BPM, thanks to processes that reflect the expertise of both.

We are developing new technologies in the BPM and integration areas to further our leadership positions. We are investing our research and development efforts in extending our modeling and simulation capabilities, providing enhanced real-time monitoring and analytics, and also bringing complex event processing to BPM. We are excited about delivering the products and expertise that have enabled our customers to achieve real value and real returns.

CP. A comprehensive BPM solution includes a complete set of integrated capabilities offering process automation, application integration and optimization services. These features of BPM enable businesses to track, monitor and measure processes in real-time, and analyze and predict problem areas before they become critical.

A focus on process analytics enables BPM solutions to augment the planning and decision-making process via a more detailed view of process performance.

While being able to evaluate the impact of past performance is extremely valuable, the ability to assess the impact of future events can make the difference between a company's success and failure. BPM enables organizations to simulate or 'test-drive' processes prior to deployment. Here companies can take an 'as-is' way of running the business and enable more effective 'what-if' analysis, taking into account a wide range of scenarios. This allows organizations to determine the effectiveness of those processes up front, ensuring deployment of the best, most optimal processes to deliver maximum value to the organization and mitigate risks associated with untested processes. This also helps guide critical decision-making by helping organizations answer questions such as: What impact will an increase in processing volumes have on my operations based on a new product launch or sales campaign? How will this increase in the volume of work affect my cost per transaction, my processing cycle times and service level agreements? Should we shift work to other locations or look to expand operations?



“Effective regulatory compliance is about automating the entire records management lifecycle process, and enforcing consistent compliance and records management policies throughout an enterprise”

Chris Preston

The resulting process simulation shows how the process impacts the organization with regard to metrics such as cost, resource utilization, cycle time and service responsiveness. Through simulation, companies can find the process which results in the optimal balance of key performance indicators to best fit the situation at hand. And these new processes can be immediately put into action – enabling a company to quickly avert disaster or seize new market opportunities. In this way, organizations can use BPM as a strategic planning tool.

In the next few years, the focus of BPM will shift from simply managing the process to actually managing company performance. BPM will rapidly be integrated with other technologies that allow organizations to increase operational visibility and to react to business events in real time, maximizing operational performance and company value.

DM. We feel the next generation of BPM will be a combination of cross functional processes driven by process owners. The process owners will be similar to the Steering Committees of today, however they will be responsible for a business process that crosses multiple internal departments and external vendors.

The business process will incorporate the stovepipes of today into a cohesive streamlined process, which will give the firm an edge over their competition. To achieve this goal, the BPM vendors will be required to either build or partner with technologies that support a cross a functional organization.

Today, BPM technologies are stovepipe applications specific to the business analyst or the information technology developer. The BPM suite will need to be an integration of tools and technology that meet the needs of the new organizational structure. To achieve this vision, Insession Technologies is pursuing an integration strategy combining internal product development, sophisticated business rules engine functionality (BRE), and the best of breed process analysis – modelling – and simulation tools into our WorkPoint product suite. The result, we believe, will be industry leading BPM technology incorporated into a single product suite. ■