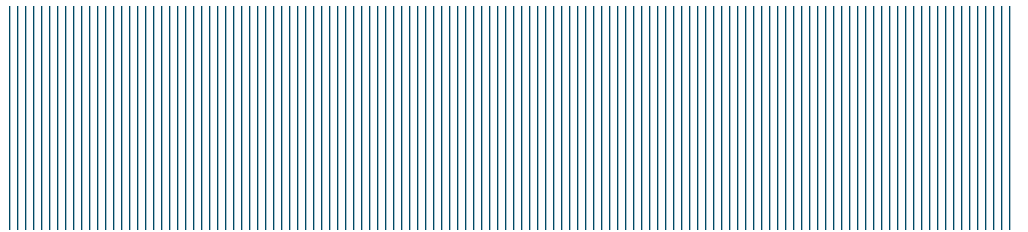


# BPM Basics:

What you need to know about  
Business Process Management



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## Executive Summary

Workpoint LLC has prepared this document to help both business and technology executives learn the essentials of business process management (BPM). This guide discusses the benefits of BPM and identifies the essential criteria that a BPM solution must possess to properly meet business needs.

Using BPM, businesses can address shortcomings of existing enterprise processes and systems. BPM enables end-to-end business process automation and management across the enterprise, coordinating all aspects of processes—people, resources and tools—into an efficient whole.

## BPM: Past, Present and Future

Business processes are hardly a new concept. The notions of business processes and business process re-engineering (BPR) can be traced back to as early as the 1920s, when they were known as “methods and procedures analysis—always searching for new ways of restructuring workflows or improving business organizations.”

Business processes have existed for decades, but the BPM technology we know today initially evolved in the 1980s, when desktop computing was introduced. Word processing and spreadsheet applications provided a solid means for organizations to improve and measure individual processes. As technology advanced, LANs and WANs were established, and traditional business applications began to become distributed and were moved off the mainframe to client/server environments. Thus, companies began to focus on how specific applications could improve team or department productivity.

Since those days, organizations have implemented several new applications, leading to a situation where legacy and home-grown systems reside on a variety of platforms (UNIX<sup>®</sup>, Microsoft<sup>®</sup> Windows<sup>®</sup>, mainframe, etc.) with different architectures (green screen, two-tier, three-tier, Web-based, etc.). Such disjointed systems and applications created the need to link departmental systems. BPM was born from this need to streamline internal processes and connect internal and external tasks.

By addressing end-to-end processes, BPM involves multiple departments, applications and users effectively removing the inefficient silos within the organization. BPM manages the efficiency and effectiveness of business processes throughout an organization, which helps employees, as well as customers, partners and suppliers. BPM helps organizations to manage their end-to-end processes ensuring that corporate goals and strategies are being met. BPM not only promises to improve the processes of today, but because of its adaptable and flexible technology, it also ensures a smooth transition for the inevitable changes of tomorrow.

## How BPM Differs

The term business process management and the acronym BPM have been used for many years, representing everything from process modeling, to process re-engineering, enterprise application integration, workgroup systems and workflow. BPM has evolved from a number of technology precursors. Some of these technologies include the following:

### **Workflow**

Workflow is the automation of a business process, in whole or part, during which documents, information or tasks are passed from one participant to another for action according to a set of procedural rules. Early workflow systems were designed to manage document processing.

### **Document Management**

Document management solutions route vital business documents, but they lack the ability to create complex, non-document-related processes.

### **Enterprise Content Management (ECM)**

ECM solutions help manage and leverage content throughout an organization. The next generation of document management solutions provide simple workflow functionality, but they do not address the business process, only the document process that may cross multiple departments.

## **Enterprise Application Integration (EAI)**

EAI is the unrestricted sharing of data and business processes throughout an organization's networked applications or data sources. Early EAI systems were positioned at the data level and did not contain any workflow functionality.

## **Enterprise Resource Planning (ERP)**

ERP is a business management system that integrates all facets of the business, including planning, manufacturing, sales and marketing. The management of multiple workflow engines, one for each ERP application, became too complex for many organizations implementing the system.

## **Customer Relationship Management (CRM)**

CRM entails all aspects of interaction that a company has with its customers.

Although all of these solutions provide value, none are designed to address the big picture. In other words, they lack the capabilities to create, manage and improve business processes on an ongoing basis. Comprehensive BPM solutions not only incorporate the technologies mentioned above, but they also have the ability to link processes to an organization's overall business strategies.

## **BPM in Action**

BPM gives organizations more visibility and control over their core functions. It provides the necessary process visibility so management can make informed business decisions. Ultimately, BPM gives organizations the power to monitor, manage and quickly manipulate processes in response to changes in strategy as well as in the market. Here's one scenario that demonstrates why this is so important:

A retailer has an issue with a shipment. For one reason or another, it can't be delivered (e.g., a wrong address or the customer refuses the order). The shipment company tries to deliver the package several times before it finally sends the product back to the retailer. As a result, the retailer incurs hundreds of dollars in restocking and reselling costs.

A BPM solution with active process monitoring would have allowed the retailer's customer service representative (CSR) to intercept the shipment once it became distressed, identify alternative opportunities for delivery, and re-route the product to another destination. Not only does this save the retailer the costs associated with inventory, logistics and product returns, but it also gives it control over how distressed shipments are managed.

A BPM solution delivers the right information to the right people. This level of control brings cost savings, revenue generation and improved customer service. Moreover, BPM technology is flexible and can easily be used by non-technical business people. In fact, BPM allows IT staff to focus on their own projects while putting processes back into the hands of the business.

Evidence is pouring in that BPM delivers cost benefits while reducing error cycles, increasing value and enabling differentiation. A recent survey cited many benefits of BPM, including the following:

- A reduction in time for process completion
- A reduction in the number of steps
- A reduction in error cycles
- Automation of administrative tasks
- A reduction in the number of workers required

*Source: Gartner Group*

## Where to Start?

The BPM market is very competitive, with several vendors offering unique solutions. Some basic starting points can help organizations define their specific BPM needs:

### **Gather Information**

Start by acquiring a comprehensive view of the company's processes. While gathering information, it's important to recognize the difference between processes and activities: An activity can be considered a function of a task or transaction; a process is a series of activities. For example, completing a loan application is a process; running a credit check is one activity in the total process.

In addition, contact various departments, such as finance, customer service and human resources to gather the necessary information. Although this will take some time and effort, attaining a clear understanding of the rules and processes within each of the organization's departments is a critical first step.

### **Determine the Most Important Processes**

BPM is more effective if users understand the importance and purpose of each process. Seek both technical and business users' perspectives to define the most critical processes and applications within the company.

### **Define High-Level Requirements**

Use the information acquired in the previous steps to focus on the processes and applications that are closely tied to the organization's mission and strategies. Defining high-level requirements first will better position organizations to find the BPM solution that best fits their needs. Once these elements are defined and the selection of vendors is identified, an organization can progress to the minute details and requirements.

## Standards for Selection

With so many BPM vendors on the market, organizations are bombarded with a variety of solutions—all possessing a number of features and functions. Undoubtedly, this can become confusing and overwhelming. During the selection process it is helpful to keep a simple standard in mind: A complete BPM solution is designed to address the entire process life cycle, including people and technology. Based on this principle, Workpoint LLC offers a set of standards that organizations should evaluate when considering BPM solutions.

### **Scalable, Highly Available Architecture**

Since many BPM solutions have evolved from desktop document management solutions, few are designed with enterprise scalability in mind. Whether implementing a BPM solution to solve a specific need in one department or as an enterprise standard, organizations should always consider scalability. The best solutions will not only scale across multiple nodes, but also survive the failure of nodes when deployed in a cluster.

### **Graphical Tools**

Graphical tools are designed to analyze, model and define processes. Such development tools (which can include a screen designer) deliver executable processes that are linked to business rules. These tools also provide an intuitive interface for business and IT users to create processes and monitor the state of active process instances. These tools should provide both a design-time and runtime view of the business processes for real time visibility.

### **Facilitation of Human and Automated Activities**

A BPM product selection team should carefully consider a solution's ability to perform fully automated activities. The best solutions will empower invocation of virtually any existing system or database in the enterprise. The system should also enable both push and pull capabilities for interacting with other enterprise systems. Furthermore, a comprehensive BPM solution should offer the ability to assign activities to the organization's various staff resources.

## **Dynamic Portal**

True enterprise-class BPM solutions provide a dynamic front-end portal. This feature not only provides a simple way to deploy a user-facing application, but it also empowers dynamic integration with business applications for live content and context information. A portal also provides insulation from future changes to back-end systems, as it can be pointed to new applications at any time.

## **Knowledge Base**

A knowledge base holds the history and definitions of all processes. The knowledge base should be deployed in a relational database, and an organization should be able to run custom queries against the database tables in real time. Ultimately, the knowledge base provides an audit trail of historical information and is invaluable to users in ongoing process improvement.

## **Real Time Activity Monitoring**

A comprehensive BPM solution should have the ability to continually monitor process activity in real time. Such capabilities allow users to instantaneously make changes. Furthermore, the BPM solution should have a visual display so that users can easily see the status of a process. Users can then drill down into the historical information provided in the knowledge base to see the details of actions performed.

## **Integration with Existing and Custom Front-End Applications**

Many departments or enterprises already have front-end applications implemented. In these instances, the BPM system should facilitate invocation of the runtime engine via programmatic application program interface (API) calls or Web services calls. The best solutions will expose the entire API set, including everything from process creation to all business functions and monitoring capabilities.

## **Flexible Platform Support**

In today's IT environment, many companies maintain a mix of computing platforms and databases. That's why a truly cost-effective BPM system will use an organization's existing IT infrastructure. Additionally, companies universally report that when a BPM system is acquired for just one department, the company quickly grasps the value provided by the system, and other departments move to use the system as well. So, even if considering a single department procurement, organizations should consider whether the solution could be used effectively by other departments or at an enterprise level.

## **Ease of Use and Broad Technical Support**

Many technology solutions are geared toward IT developers and the IT group. In addition, development, deployment and management of sophisticated technology often requires extensive training or IT expertise. If a BPM vendor doesn't have the proper support team in place, organizations may be left in the dark when it comes to implementation. Although a good BPM solution should be easy to use and allow anyone (even those with very limited IT experience) to use the product, organizations should be able to call the vendor's support team any day, at any time.

## **Conclusion**

BPM has gained attention in recent years because of its ability to deliver business benefits relatively quickly. However, with all of the technologies available to enterprises today, purchasing decisions can be challenging.

This white paper has provided the information a business needs when selecting a BPM solution. As you move forward with your initiative, use this information to determine what BPM features are necessary for your company.