

BPM that DOES something . . .

A White Paper

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1. Definition of Terms

- 1.1. **Business Process** – a series of actions, tasks, and events, which can be performed by people, machines, or automatically, through the passage of time i.e. it is what has to be done to achieve a desired result within the business, and which will probably cross traditional departmental boundaries. Organisations work can only work through processes.
- 1.2. **Business Process Management (BPM)** – a systematic approach to the management of an organisation through processes; the ‘ownership’ of those processes by senior line management; the on-going activities to analyse, and improve those processes; the restructuring of classical functions and departments to streamline those processes; and the provision of effective support through technology to those processes.
- 1.3. **Business Process Analysis (BPA)** – the formal analysis of the organisation’s processes to identify problems and inefficiencies. Usually performed by **Business Process Analysts** (also abbreviated to BPA).
- 1.4. **Business Process Automation (BPA)** – the implementation of software systems that control and monitor the business processes. As the same acronym is used to represent Business Process Analysts and Business Process Analysis, confusion often results. As a result, most people now refer to this topic as **ABP** (see next definition).
- 1.5. **Automated Business Processes (APB)** –the provision of software solutions that specifically address the control and support of Business Processes. These automated processes will provide all work allocation and control, automatic escalation and warnings, direct feeds to / from legacy and historic systems, and control to passive systems.
- 1.6. **Agile Business** - a term that is becoming widely linked to the result of implementing BPM. In today’s environment, time, sequence, deadlines, escalation and compliance are all “mission critical” factors in the agile business and delivering that competitive edge.
- 1.7. **Legacy Systems** (sometimes called Historic Systems) - those existing software solutions that remain critical to running the business. Most will be data-centric and passive.
- 1.8. **Enterprise Resource Planning (ERP) Systems** – monolithic software systems that attempt to control all aspects of the organisation. Most have developed from manufacturing control and planning systems, and have expanded to cover other parts of the company. They usually provide a very comprehensive database that contains all the organisation’s key data, but can frequently be very cumbersome to use. In many cases, the organisation must change the way it works in order to meet the needs of the ERP system, as this is simpler than changing the ERP system to meet the needs of the organisation.
- 1.9. **Passive Systems** – those systems that are probably excellent at processing transactions but which rely completely on external controls in the business to know when and how to use them. They take no account of ‘time’ – what needs to be done by when.
- 1.10. **Active Systems** – those systems, which are totally time-based and therefore are built to support processes. They are required to support the agile business, and will probably be developed using Automated Business Process software.
- 1.11. **Process Documentati on** – diagrams that show the flow of business processes, and, in some case, how they interact. Unfortunately, too often they only show the ‘correct’ path through the process, and ignore those paths needed if errors occur.

- 1.12. **Modelling** – the mapping of theoretical process flows so that users can examine alternative potential solutions.
- 1.13. **Simulation** – the testing of those theoretical processes by putting example data through them and evaluating the results. This can be very useful in determining process capability, and that all possible routes are indeed provided.
- 1.14. **Process Engine** - proprietary software which both runs and monitors ABP applications.
- 1.15. **Graphical Process Designer (GPD)** - a graphical template that, through simple “drag and drop” technology, enables the very quick design and build of ABP applications.
- 1.16. **Process Objects** – re-useable process elements (forms, tasks, calculations, interfaces, etc.) that will be common to many processes and functions, departments or industries. Complete processes may themselves be regarded as ‘process objects’, and used either as sub-processes to more major processes, or transported across different organisations to provide common functionality.
- 1.17. **Dash Board** – a real-time picture of business performance fed by the automated business processes
- 1.18. **Integration** – the linking of passive legacy systems to provide support to the ABP applications. As ABP applications are developed, the amount of integration required should be just that required for that specific application, and thus integration activities (and costs) are minimised. Then, as the business requirements change, many changes will be incorporated solely in the ABP applications; other changes may require new interfaces to be made available. This approach has the advantage that it insulates end-users from those legacy systems – the processes as seen by the users will not change as the underlying technologies change.
- 1.19. **Enterprise Nervous System (ENS)** – a phrase used by Gartner to represent all aspects of information flows within the organisation.

2. Introduction

- 2.1. This paper is written from business experience and with a business perspective to give both the background as to why Business Process Management (BPM) may just be a change for the better and why some industry analysts in the sector are even calling it a “revolution”. It is written acknowledging that the current approach to IT cannot carry on as it is, with poor value, with too many horror stories of failed projects, and with cost and time overruns. Much of this has been caused by the gulf between the requirements of the business and IT’s ability to deliver what is required in the required timescales. But now technologies are in place that mean that business can and should gain the true benefits of utilising BPM.
- 2.2. During 2002, most gurus and industry commentators have picked up on BPM but already it has become a confused message. There has been little to clearly explain to the beleaguered businessman (who at the end of the day pays) what this actually means to his business and how to start gaining real benefit. It is the objective of this paper to address these issues in simple and clear terms and show that BPM is not only a fundamental change in software delivery, it brings to the business person the ability to influence dynamically how the business is managed.

3. Background

- 3.1. Some 25 years ago, computerisation became endemic in all aspects of business life. During this period the IT specialist emerged, talking a different language to the business executives, and resulting in that business person losing control as to what the IT system would provide. Businesses and their people had to conform more and more to the way the system worked. Some of the fundamentals as to how the business worked best were lost, but perhaps we received compensation by the speed of processing data. In this period, the early dream of the paperless office just never materialised; in fact, it probably became worse!
- 3.2. In the eighties and nineties, many of the business gurus (Michael Hammer and James Champy in particular) started to push the message about the importance of improving business processes to maximise efficiency and remain competitive. This became the Business Process Reengineering (BPR) initiative and was all excellent advice, but the difficulty was that it was often seen to “battle” against the rigid computerisation, which was emerging. And then came Enterprise Resource Planning (ERP) systems, which almost administered the death knell to any hope of significant advance in achieving these goals.
- 3.3. The research note published by D McCoy of Gartner in April 2001 concluded: “Enterprises should begin to take advantage of explicitly defined processes. By 2005, at least 90% of large enterprises will have BPM in their ENS (Enterprise Nervous System) (0.9 probability). Enterprises that continue to hard-code all flow control, or insist on manual process steps and do not incorporate BPM’s benefits, will lose out to competitors that accept BPM.” Over the past year, almost all industry analysts have now acknowledged BPM’s arrival. David Butler of CSC Research Services goes even further: “Most technologies have only an incremental effect on the way we do business. But occasionally, a new technology creates a fundamental change. The Internet was one. We believe that BPM is another.” Delphi, in their report BPM2002, describe BPM as: “on the cusp of revolution” and: “is quickly emerging as the moniker for the next Killer App in enterprise software.”
- 3.4. So how does a business, scarred by early experiences with reengineering projects, constrained by hard-coded legacy systems, desperate to become ‘agile’ in order to survive, actually move forward? How can it become more efficient, more flexible, more

reactive and, above all, more responsive to changing customer needs, the changing marketplace and increasing competition?

4. How to Approach BPM

- 4.1. So what exactly is BPM? In its most conceptual form, BPM is the belief by top management that the only way to manage their organisation successfully in the 21st century is through processes and not through classical functional departments, and the consequent implementation of this concept throughout the organisation. Unfortunately, it is a phrase that, over time, has been used to represent any or all of concepts, initiatives, tools and technologies, and so confusion reigns supreme. Many organisations will say that they are committed to BPM, yet their definition of what it is will vary tremendously, as will their demonstration of that commitment.
- 4.2. To some, BPM means the formal analysis of their business processes, although this is more usually referred to as BPA (Business Process Analysis), but the BPA acronym is also used by other organisations to mean the people who perform this analysis (Business Process Analyst) and to yet others it means Business Process Automation. To some organisation, BPM means the documenting of their processes; to some it means that they use modelling and simulation tools; to some it means they use simplification and reengineering methodologies, so let us look at these in a bit more detail.
- 4.3. Many organisations have been approaching BPM through extensive use of process documentation, and this is reinforced by their desire for certification to ISO 9000 standards (or equivalents). Much of that documentation exists only in ring binders, to be brought out and proudly displayed to the certifying examiners. There is, of course, no guarantee that the process are actually followed, so random sampling is used to check. Similarly, there is a regular update cycle (usually just before the examination visit), so the documentation is fundamentally static – it is not updated as and when the processes actually change. Unfortunately, many organisations stop at this point, and so that the real benefits to the business from all that analytical work are very restricted.
- 4.4. Some organisations go a stage further and use processing modelling and simulation tools. Comprehensive ‘maps’ are drawn that show the complete hierarchies of how all processes fit together. Some of the process diagrams will represent the ‘as is’ situation, while others represent ‘what could (or should) be’. This allows simulations to take place – complex mathematical models are built to simulate what would happen if these ideal processes were actually followed. And often, decisions are then taken to change the way the organisation works to take advantage of these theoretical benefits.
- 4.5. However, to achieve any of the above, new departments are created to do the analysis and to build the simulation models, and large amounts of time, effort and money expended. The organisation has now a number of theoretical solutions and benefits. But has anything really changed? The underlying problem still exists – how does the organisation change the way it actually works?

5. The Solution.

- 5.1. There is an alternative approach; one which provides the documentation to meet ISO requirements, one which allows modelling and simulations to take place, and yet one which delivers live application solutions **AT THE SAME TIME**. If the organisation adopts an Automated Business Process (ABP) approach using effective software support tools, the process application is built quickly and easily. ABP ensures that the most effective use is made of people and technology through the right processes. The organisation can ensure that any regulatory or compliance requirements are built in. Users can then test

that system for acceptability, usability and suitability, so the modelling and simulation are provided as part of the acceptance testing. Since users will normally have been involved in the definition phases, user acceptance issues are minimised. Documentation is produced automatically, and, by definition, exactly matches reality. And as soon as the system goes 'live', the organisation knows that all employees are following the correct process. Thus the theory and the practice are the same.

- 5.2. From experiences gained internally and with our clients, a key feature of ABP applications is the fact that the whole production and time cycles to delivery of complete working applications are greatly reduced compared with classical developments, normally to less than 50% and, over time as a library of process objects are built up, frequently as low as 25%. Because good ABP systems (and Procession in particular) do not require custom coding, application developments stay with the business, either through business analysts or the people that know the business best. Thus the gap between businessman and the IT department (and which has been the cause of so much grief) is at last bridged.

6. Where to from Here?

- 6.1. In the early days of BPM acceptance, organisations will have three avenues to explore. They are not mutually exclusive, but provide different emphases dependent upon the circumstances.
- 6.2. A Strategic Decision to adopt BPM – this is a discussion required at Board/senior management level. This will initially be an educational exercise and best guided by independent expertise. This is not new and there are many experienced people able to provide such advice, which may include a selection of 'best of breed' as well as identifying those critical processes with direct impact on business agility. Whilst the actual application development is now clearly a business issue, it is important that IT remain in support with their primary emphasis in the infrastructure (internal/external networks, security etc.).
- 6.3. Tactical implementation – some external consultancy in the early days may be helpful to bring best practice to solutions. The "working process" changes can be as simple or radical as required. With the passage of time, more of these dynamic changes will be implemented by the business units themselves.
- 6.4. Existing project/problem – here a 'quick win' solution is needed. We have found with a number of clients that, while initially appearing a very novel and unorthodox approach, the mapping out of a high-level process solution usually demonstrates the relevance of an ABP solution. Then the building of an ABP application provides a very rapid and inexpensive solution to the problem.

7. Implications for Buyers

- 7.1. The arrival of ABP with its attendant technologies and support brings a different dimension to management decision-making to drive the organisation forward using 21st century technology.
- 7.2. Costs and time of implementations are considerably reduced, with the result that the forward planning of new projects involving software support must be reassessed. Where these projects have timescales of many months (or even years), the software development can be reduced to possibly 30% of classical timescales, and, because ABP supports incremental development, tangible results can often be achieved in weeks.

- 7.3. The flexibility that comes with ABP allows easy customisation, and enables an enterprise-wide rollout taking account of local practices, language and currencies, thus further reducing the cost and timescale of large projects.
- 7.4. Planning units using “modelling” tools, such as Visio and Aris, can be significantly reduced or redeployed to produce an actual application, which can be tested in real working conditions. The solution can be quickly changed as required.
- 7.5. IT departments, freed of the development of some software applications, can either be reduced or redeployed to those critical technical areas where their expertise is best exploited e.g. procurement of appropriate hardware, security networks, database management and support in the deployment of the process-focused solutions. The need for hard code programmers is greatly reduced.
- 7.6. The emergence of a new “Process Manager” as a full time management appointment for larger companies must be avoided. Each and every line manager should be taking total responsibility for the processes under their control. Just think for a moment about the number of organisations during the last decade that appointed a Total Quality Manager, and how that single appointment stifled the acceptance of TQM as a tool in that organisation – quality became ‘someone else’s job’.
- 7.7. Compliance is a major issue for many companies and is no longer confined to the financial services sector, as Directors of US companies reporting to the SEC now know. ABP brings the comfort in critical process areas that not only are they designed to ensure compliance but the in-built audit trail of who did what, when and for how long will quickly pick up things going wrong.
- 7.8. The real time moving picture (the Dash Board) of the key elements enables faster and more informed decisions, thus producing more reliable information to investors. The agility provided by ABP can be then harnessed for better forecasting – external financiers are unforgiving with unpleasant surprises!

8. Conclusion

- 8.1. 2002 has seen Business Process Management rise to prominence and the IT supply industry is attempting to ‘jump on the band wagon’. The reality is that this focus is not new and, as indicated in this paper, that same industry was responsible for the very fundamentals of how businesses run being subjugated to the computer system. The BPM movement now brings the business influence back to life, to bring about the agility required to remain competitive and not be left behind as communications bring suppliers and customers closer together.
- 8.2. Much play has been made of technology such as XML being the agreed standard communication language and in years ahead, it may well be so. So what? XML of itself does not deliver any business benefits. It must take second place to getting the organisation’s processes correct and delivering quick benefits to the organisation.
- 8.3. The clear winner in all this is you, the customer. The losers will come from an industry that is currently going through the biggest shake up ever seen, and the implementation of BPM technologies as described above will both accelerate this and presage even more pain across the IT industry. Size will be no respecter of survival, and during 2003 these survivors will become evident, as will the losers.
- 8.4. The final piece of advice for senior management is to ask the right questions about your processes; if your suppliers do not provide the delivery as described in this paper, move on – you cannot afford to be left behind.

8.5. HEALTH WARNING - The IT industry is clever with its marketing words. Unlike the Financial Services sector (in which the author of this paper was a practitioner), it has no regulator and therefore its claims require careful evaluation. Care is needed that customers are not buying a 'cobbled together' offering that really does not deliver future-proof 21st century technology.