

The Agile Business White Paper

“Strategy, not ownership, will define the organisation of tomorrow.” Peter Drucker

The B2B revolution re-ignites

The Internet-driven B2B revolution that created so much excitement in the years between 1998 and 2001 has so far failed to deliver on most of the early promises. Some supply chains have been better integrated, some new e-marketplaces have been created, and millions have reportedly been saved through the introduction of, for example, e-procurement systems.

But bottom line improvements – in terms of efficiency, customer service, productivity, flexibility and profitability – have only been achieved on a piecemeal basis. There is a growing belief among B2B business analysts, and some software and services experts, that the relative failure of the B2B revolution is because the systems needed in the B2B world are too rigid, too expensive and too unresponsive to change.

In particular, the early B2B evangelists clearly underestimated the difficulties involved in the integration of different companies, different systems, different departments, different functions, different business processes.

This is the area that *The Agile Business* conference addresses. In what ways can current and emerging technologies be utilised to provide the flexibility and responsiveness that organisations need from information technology?

In particular, there are two emerging but interlocking technologies that specifically address most of the areas that have so far held B2B commerce back. These are web services and business process management systems. Arguably these technologies are each revolutionary and paradigm-shifting developments that will profoundly impact business organisation, enabling the promise of B2B technology to be fulfilled.

The Agile Business and web services

Web services are programs or services that can be invoked when needed from any location, internal or external, public or private. These services may be simple or complex, and may involve several different parties. They are incorporated as processes, or units of work, into a software solution.

Web services as a concept are not new. What is new is that all the standards used – the transport mechanism, the access routines, the directories, the way that information or services appear in programs or documents – are being agreed in advance. This will make all connections, ad hoc or semi-permanent, much easier to create and dismantle.

Why are web services so revolutionary? Because increasingly, businesses will be able to select partners and immediately engage with them, exchanging complex documents and interlinking their business processes by supplying them to each other as web services. They will, for example, be able to outsource many functions that, previously, would have remained in-house for reasons of cost or complexity or manageability.

The Agile Business and business process management

Web services can be viewed as software to carry out business processes that are invoked from across a network, such as the Internet. To most organisations, especially large, established ones, the business processes involved in, for example, dealing with customer enquiries are well-established and are built into the existing software architecture. Changing those processes to include other steps, or to eliminate existing ones, can be difficult.

In order for web services to fully participate in most enterprise architectures, the flow of processes will have to be re-written to include the extra services. They may again have to be rewritten when business processes change.

Business process management systems set out to solve this problem by giving organisations the freedom to quickly change their systems and their processes. They will be able to do this (very few are in use today) by separating out the process model from the actual processes. The process model, including how work flows through a business, can then be used to quickly change the workflow and the use or otherwise of business processes. This dramatically enhances the agility of the business.

A key requirement for both process management systems and web services is the use of standards. The goal is that small units of work needed to carry out business processes – for example, checking a currency conversion rate – can be picked up and plugged into a workflow system. It can equally easily be dropped out again.

This is why the *BPML.org (Business Process Management Initiative)* and the *WfMC (Workflow Management Coalition)* are so important, as are the many groups developing XML and web services standards.

Tying it all together: The technology

What technologies play a role in all this? Ultimately, almost all software that is involved in building and managing business application architectures. There are, however, some that are playing a key role:

- Business process management systems, or process integration systems
- Web services development/delivery platforms
- Integration hubs
- XML databases
- Workflow management systems
- Highly integrated applications
- Application servers, collaborative tools and portals

Tying it all together: The business implications

The business impact of all this is vast. There are three clear implications:

- The so-called friction involved in putting together, and in dismantling, business relationships, should be much less. This should improve efficiency in all business transactions involving disparate systems or partners.
- Business process outsourcing will become much more attractive and much deeper partnerships will become more common. Ultimately, companies will not own processes or own the software associated with them, but will use the best tools and systems they can at any given time.
- Applications will become much easier to build, as the adoption of standardised, component-based systems and services clears the path for ‘plug and play’ application development. Equally, process modelling will mean that systems are no longer developed; they are just changed according to the strategy. This will lead to cheaper software and, more importantly, much more *agile businesses*.

Although these changes are driven by technology, the implications are primarily mainstream business issues. The key factors in the adoption of B2B and Internet technology will not be technology at all, but the cultural and business issues – such as trust, security, quality and change management.