BBC, Las Vegas, November 2013

The State of Business Process Management

Paul Harmon
Executive Editor, www.bptrends.com
Author, Business Process Change
Chief Methodologist, BPTrends Associates
Three Jobs, Three Newsletters and a Website

• Xerox Corporation
• Geary Rummler - Praxis
• Harmon Associates 1971-2001

• CASE (Process Modeling)
• Enterprise Architecture (Business Architecture)

Moore’s Technology Lifecycle

Innovators
- Companies created to bring new technologies to market

Early Adopters
- Companies that pursue new approaches aggressively to gain early advantage

Moore’s Chasm

Early Majority
- Companies that wait for a new approach to prove itself and then move quickly
- Many new approaches prove too difficult to use relative to their benefits and simply disappear

Late Majority
- Companies that wait until the new approach is well established and there is lots of support

I’ll Consider Two Questions

- Consider two questions:
  
  Has BPM been adopted by the Early Majority?
  
  and
  
  Has BPMS been adopted by the Early Majority?
  
  I’ll throw in some comments on other more specific technologies along the way
2013 BPTrends Initial Survey Results

1. Which of the following best describes your organization’s understanding of BPM (Choose one)?

- A top-down methodology designed to organize, manage and measure the organization based on the organization's core processes 30.51%
- A systematic approach to analyzing, redesigning, improving and managing a specific process 31.53%
- A cost-saving initiative focused on increasing productivity of specific processes 18.31%
- A set of new software technologies that make it easier for IT to manage and measure the execution of process workflow and process software applications 9.15%
- Other 10.51%
Business Process Practices Today

- Work Simplification
  - Ford – Continuous Production Line
  - Taylor – Scientific Management
  - 1900

- Quality Control, Six Sigma, Lean
  - WW II – Production
  - First Computers
  - Outsourcing
  - Internet
  - 2000

- Information Technology

- Business Management

- Business Process Management

- BPMS

- Present
All These Practices Are Coming Together

**Lean** – This activity doesn’t add any value

**Decision Management**
- This activity involves a decision. We should specify the logic involved

**Human Performance Technology**
- The person doing this activity should be performing better

**IT**
- Could this activity be automated, in whole or part?

**Feedback**
- Create an explicit approach to monitor outcomes and adjust other activities as needed

**Six Sigma**
- Is quality of output acceptable and consistent?

**Automated Process Management (BPMS)**
- Could this entire process be made more efficient if a manager could monitor and control the workflow better?
The Business Process Maturity of Organizations

CMMI emphasizes that organizations evolve through a series of sequential stages, acquiring different capabilities at each stage.

Level 1. No Organized Processes
- Cultures of Heroes

Level 2. Some Organized Processes
- Processes are Improved at the Work Group or Departmental Level

Level 3. Most Processes Organized
- Processes are Organized and Redesigned at the Enterprise Level

Level 4. Processes Are Managed
- Processes are Measured and Managed Systematically

Level 5. Processes Continuously Improve Processes
- Process Teams Continuously Improve Processes

Most organizations are between 2 and 3. Only about 5% of today’s companies are at Level 5.

Software Engineering Institute (SEI)
@ Carnegie Mellon University
How Have We Evolved Since 2002?

The Problems
- Harmon – Business Process Change
  - Burceon - BPM
  - www.pbtrends.com ABPMP
  - Vom Brocke – Roseman Handbook
    - on BPM
  - SCOR, eTOM, ITIL
  - Model, Improve Business Processes
  - Emphasis on Services rather than Manufacturing

Rummler – Ramias
  - White Space Revisited
  - Decline of 6 Sigma; Rise of Lean/TPS
  - BPM & Balanced Scorecard
  - BPM CoE Management
  - Emphasis on Complex, Dynamic Processes

Bell – Run, Grow, Transform
  - EA’s Seek to Define Business Architecture
  - Transformation

The Technology
- Smith-Fingar
  - BPM: 3rd Generation
  - ERP
  - Workflow/ EAI Control of Execution
  - Pi Calculus
  - BPMI/BPML
  - BPEL
  - BPMN-1
  - Workflow buy EAI & Vice Versa
  - Workflow/EAI buy Modeling Tools

Harrison-Broninski
  - Human Interactions
  - Business Services

Von Halle – Goldberg
  - The Decision Model
  - Process Mining
  - Decision Management

Davenport – Analytics at Work
  - BPMS buy Data Mining Tools
  - BPMN-2
  - Case Notation

Fischer – Taming the Unpredictable

The Bus / Platform
- Client Server
  - The Web/ XML
  - Service Oriented Architecture

- Smart Phones
  - iPads
  - Cloud, Social Media
  - Big Data

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The Problems Organization’s Face

- The Rise of the Global Economy
- Intense Competition and Oversupply in Many Industries
- The Growing Third World Middle Class
- Outsourcing and Virtual Organization Structures
- Creating the Global Company
- Dealing With Changing Technology
Business Change is Unrelenting

Units shipped
In billions of 2006 US Dollars

- **CD**
  - Each format's highest selling year is labeled.
  - $2.9 (1978)
  - $5.9 (1988)
  - $15.8 (1999)

- **8-Track**
  - $2.9 (1978)

- **Cassette**
  - $8.5 (1978)

- **LP Album**
  - LP Single

- **1967** First year albums outsell singles.
- **1979** Sony introduces the Walkman.
- **1981** MTV launches.
- **1983** CDs begin selling in the U.S.
- **2001** XM Satellite Radio officially launches nationwide; Apple introduces the iPod.

Digital
- $1.7 (2006)
- $0.7 (2004)

Music Video
3D Printing Will Revolutionize Manufacturing

Think about eliminating inventory while being able to print any auto part needed, anywhere in the world, at any time.

This version costs about $1,500.

A Printed Audi
3. How would you describe the overall focus of your organization at this time (Choose one or two)?

- Major strategic commitment by executive management 20.41%
- Significant commitment to multiple high level process projects 31.97%
- Initial commitment to limited number of mid or low-level projects 33.33%
- Exploring opportunities 10.88%
- No interest 3.40%
28. What business process initiatives are underway in your organization this year (Check all that apply) ?

- **Development of an Enterprise Process Architecture** 30.15%
- Development of an Enterprise Process Performance Measurement system 20.22%
- **Coordinating Enterprise Process Change efforts** 26.10%
- Coordinating Enterprise Process Management efforts 21.69%
- Process Manager training 20.59%
- **Major Process Redesign projects** 32.72%
- Redesign projects with Frameworks (SCOR, ITIL) 8.46%
- **Six Sigma Process Improvement projects** 22.43%
- **Major Process Automation projects** 20.22%
- **Process Analysis & Redesign training (Non-6 Sigma)** 23.53%
- Lean Six Sigma Process Modeling and Redesign Training 18.75%
- Other, please specify 8.46%
### 2013 BPTrends Initial Survey Results

#### 32. Which of the following best describes your job function (Choose one)?

<table>
<thead>
<tr>
<th>Job Function</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive (CEO, COO, CFO)</td>
<td>8.96%</td>
</tr>
<tr>
<td>Business or Line of Business Manager</td>
<td>15.05%</td>
</tr>
<tr>
<td>Process Practitioner</td>
<td>11.11%</td>
</tr>
<tr>
<td>Lean/Six Sigma Practitioner</td>
<td>3.23%</td>
</tr>
<tr>
<td>Business Analyst</td>
<td>14.34%</td>
</tr>
<tr>
<td>Business/Process Architect</td>
<td>17.92%</td>
</tr>
<tr>
<td>IT Manager</td>
<td>6.09%</td>
</tr>
<tr>
<td>Human Performance Practitioner</td>
<td>0.36%</td>
</tr>
<tr>
<td>BPM Student</td>
<td>0.36%</td>
</tr>
<tr>
<td>BPM Consultant</td>
<td>12.54%</td>
</tr>
<tr>
<td>Other</td>
<td>9.68%</td>
</tr>
</tbody>
</table>
The Problems Process Managers & Practitioners Face

- Identifying, Defining and Modeling Processes
- Whether to Use Existing Frameworks if Available
- Transformation vs. Incremental Improvement
- Decline of 6 Sigma & the Rise of Lean
- The Emphasis on Services Rather Than Manufacturing
- Modeling Client Processes
- Modeling Multi-Company Supply Chains
- Integrating BPM and Balanced Scorecard
- BPM Center of Excellence Management
- The Emphasis on Complex, Dynamic Processes (Case Management)
- The Nature of a Business Process Architecture
# How Have We Evolved Since 2002?

<table>
<thead>
<tr>
<th>The Problems</th>
<th>The Technology</th>
<th>The Bus / Platform</th>
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Big Data |
| SCOR, eTOM, ITIL | Emphasis on Complex, Dynamic Processes | |
| Model, Improve Business Processes | | |

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BPEL
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- Case Notation
- Workflow buy EAI & Vice Versa
- Workflow/EAI buy Modeling Tools
- BPMS buy Business Rule Automation Tools
- BPMS buy Data Mining Tools

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Technologies BPMS Vendors Must Deal With

- ERP
- Workflow & EAI Management
- Modeling Business Process Problems
- BPMN (Too IT Oriented)
- Business Rules/Decision Management
- Analytics, Data Mining and Big Data
- Adaptive Case Management
- Process Mining
- Business Process Architectures
- Managing Process Measurement
- Providing Process Managers an Element of Control
24. What BPM products and services is your organization currently using (Choose all that apply)?

- Graphics Modeling tool (Visio, PowerPoint) 68.73%
- **Repository based Modeling tool (ProVision, MEGA, CaseWise)** 35.74%
- **BPM Suite that can manage the runtime execution of a business process** 24.05%
- Tool for managing a Rule-based process or application 12.03%
- Process Monitoring/BI tool that can feed information to an executive dashboard 13.06%
- Training in Process Strategy, Architecture or Performance 13.75%
- **Training in Process Analysis and Design** 31.27%
- Training in Process Redesign & Improvement methodology 24.40%
- Training in BPM Systems 13.40%
- **Attendance at BPM Conferences** 28.18%
- Other, Please Specify 8.25%
The Maturity Required for Effective Tool Use

Level 5. Processes Continuously Improved
Level 4. Processes Are Managed
Level 3. Most Processes Organized
Level 2. Some Organized Processes
Level 1. No Organized Processes

Organizations

Analytics Tools
BPMS Suites or Platforms
Simulation Tools
More Sophisticated Process Redesign Methodologies
Repository Based Process Modeling Tools
Small Scale 6 Sigma Projects
Simple Modeling Tools (Visio)
Platforms and Infrastructure BPMS Vendors Must Deal With

- Client Server
- The Web and Various Protocols (XML)
  - Intelligent Internet
- Service Oriented Architecture
- Smart Phones, iPads and Social Media
- Cloud, Social Media
  - Analytics and Big Data
Signs of BPMS Progress

- BPTrends has done surveys every other year for the last 8 years
- In the Fall of 2011, we saw the first uptick in corporate interest in BPMS products and applications
- We estimate that the market for BPM and BPMS is growing at about 15% a year – not exciting compared with several other IT markets, but still progress
IBM’s Provides Another Example of BPMS Progress

- 2002-05: Holosofx (modeling)
- 2006: FileNet (documentation)
- 2007: TeleLogic (modeling)
- 2008: Cognos (BI), Spotfire (BI), Aptsoft (event monitoring)
- 2009: Lombardi (workflow)
- 2010: ILOG (rules)
- 2011: IBM
IBM’s Latest Overview of Their BPMS Product

<table>
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<tr>
<th>IBM Business Process Manager (A Process execution environment based essentially on Lombardi and Events software)</th>
<th>IBM Operational Decision Manager (A business rules environment based essentially on ILOG and Analytics software)</th>
<th>IBM Case Manager (A combination of elements from Filenet, Lotus and ILOG that manage dynamic cases and collaboration)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>IBM Blueworks Live</strong> (A cloud-based process modeling and simulation environment derived from Lombardi)</td>
<td><strong>IBM Business Monitor</strong> (An environment for creating and executing dashboards that monitor processes)</td>
<td></td>
</tr>
</tbody>
</table>
So, What About BPMS...

BPMS has not passed Moore’s Chasm yet – it has yet to establish itself as a viable technology

- **Innovators**
  - Companies that pursue new technologies aggressively to gain early advantage

- **Early Adopters**
  - Companies that pursue new approaches aggressively to gain early advantage

- **Early Majority**
  - Companies that wait for a new approach to prove itself and then move quickly

- **Late Majority**
  - Companies that wait until the new approach is well established and there is lots of support

Moore’s Chasm

Many new approaches prove too difficult to use relative to their benefits and simply disappear

BPM Acceptance is Harder to Define

Process Modeling Tools

BPMS Suites
Acceptance of Some Specific Approaches

- Process Automation (Software, Databases, ERP)
- Process Improvement (Lean, Six Sigma)
- BPMS (Software Managed Processes)
What Has Held BPM & BPMS Up?

- It isn’t one technology, it’s a whole group of technologies, and some have been around for a long time.
- We aren’t so much engaged in establishing a technology as we are in creating a platform that BPM managers and practitioners will use.
- BPM people keep changing the business processes they are concerned with.
- BPMS people keep adding new technologies to the mix, making BPMS ever more complex.
- Platform vendors keep changing the hardware and the infrastructure that the BPMS platform will need to sit on and support.
The Chasm I Worry About Most...

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Most organizations are Level 2, moving toward Level 3 – and many fail to make the transition

The Process Maturity Gap
- Organizations that don’t make the transition to Level 2
31. What obstacle or challenge do you face as you try to gain widespread acceptance of business process efforts at your organization (Choose one or more)?

- Senior management isn't interested or is focused elsewhere 48.15%
- Management wants ROI estimates that we can not produce 28.89%
- We have multiple process change efforts competing for attention 50%
- We have had process projects that failed and management is cautious 16.67%
- Management does not want to make the investment at this time 23.70%
- Other, please specify 9.26%
What’s Required for BPMS to Prosper?

• Companies need to embrace the business process perspective, which is different, entirely, from companies having an interest in BPMS

• BPMS vendors need to get better at promoting a process perspective

• If companies become interested in working on their business processes, they will then adopt BPMS

• Meanwhile, BPMS needs to create 2-3 really great success stories – they need, for example, for a major company to create a worldwide supply chain that is entirely monitored and managed from a BPMS application running on a supply chain manager’s desk
The Future of BPM and BPMS

• I believe that BPM and BPMS have already done a lot to get business and IT people talking
• Some elements of BPM are across the chasm and some aren’t
• I’m convinced that BPMS will cross the chasm and that in the not to distant future large organizations will routinely use BPMS applications to manage their major business processes
• But it won’t happen automatically – it will only happen if BPMS applications deliver real value to business process managers
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To contact me...
pharmon@bptrends.com