



Getting Started with Business Process Management

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INTRODUCTION

The set of ideas, tools, and techniques that deal with business processes, known in short as Business Process Management (BPM), has been around for a couple of decades. Even though forward-thinking professionals in business and IT recognize the importance of BPM, it does not get the mainstream attention it deserves. Large-scale ERP and client/server implementations absorb the attention of IT departments and distract the innovators. The underestimation of the importance of integration in connecting end-to-end business processes, coupled with proprietary application architectures, continues to make it difficult to realize the promise of BPM.

In the last couple of years, there has been an increasing recognition of the role played by integration, enterprise service-oriented architecture, and mature process management platform in creating agile business processes that confer competitive advantages. Companies are realizing that functional excellence and product commoditization are not sufficient to ensure customer centricity and innovation. Visionary executives consider the set of integrated capabilities that deal with the full lifecycle of business processes as the key to an accelerated evolution towards process maturity.

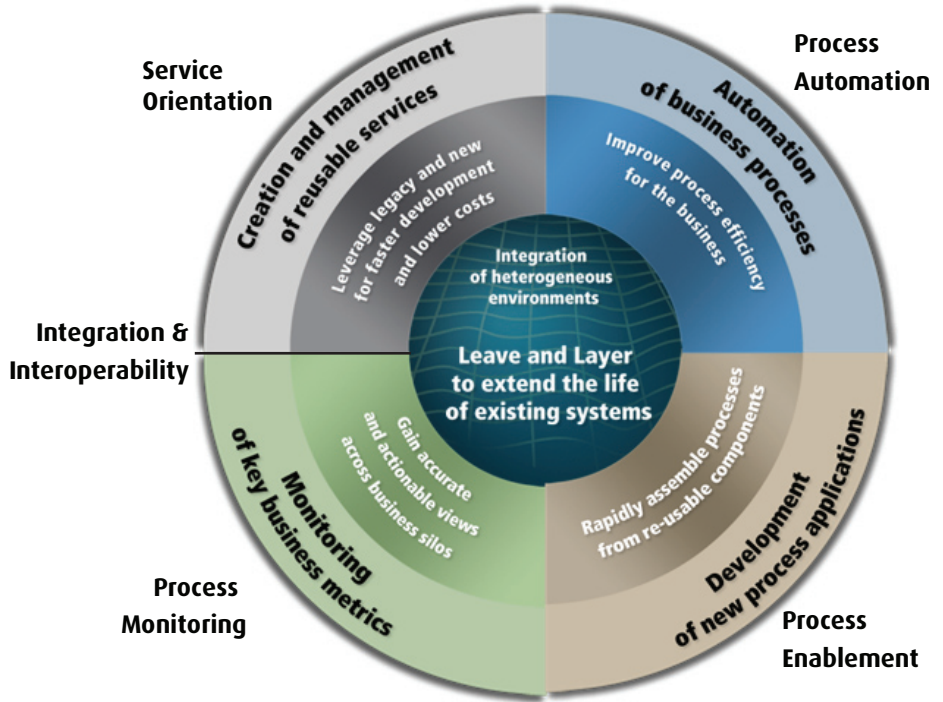
Two of the major roadblocks to adopting and implementing BPM are the lack of understanding of BPM, and not knowing how to get started. Understanding and implementing need not be sequential activities. It is critical to get started with BPM, since adoption and implementation will continuously enhance understanding. Most important, companies that make a beginning will realize that BPM's expense and risk are several orders of magnitude lower than traditional IT development. In this whitepaper, you will learn about the different entry points for BPM, ways of ramping up process initiatives, organizational and cultural challenges that BPM practitioners face, and the critical success factors for BPM.

The Elements of BPM

Business processes originate with the customer, traverse various functional departments of the company, and flow back to the customer. In this journey, the processes rely on both systems and people for handling business transactions. To the extent these processes are successful in their goal of delivering value to the customer, they are essentially customer-centric value chains. BPM therefore deals with both process improvement and operational excellence. It plays a role in the various phases of project lifecycles (such as requirements gathering, modeling, analysis, design, improvement, development, and deployment), as well as in the post-project phases of processes (such as control, monitoring, maintenance, and management of business processes). A true BPM platform¹ handles not only the components of business engineering such as modeling and analysis, but also the components of software engineering such as integration, connectivity to existing IT infrastructure through adapters, and enterprise-class middleware management. Human-centric workflows that seamlessly integrate with system-centric processes must support the role played by people in business processes.

In order to support both process improvement and operational management, it is essential that the various capabilities of BPM form a set of cohesive tools for modeling, analysis, workflow design, user-interface design, governance, and metadata. A

¹ Throughout this whitepaper, the phrase 'BPM platform' stands for the technology components of BPM, the organizational structures that facilitate BPM, best practices, and methodologies.



BPM platform that has a strong integration infrastructure moves processes from design to automation with minimum code and manages their run-time infrastructure. This facilitates rapid implementation of process improvement projects.

1. Process Enablement: The process-modeling environment helps business analysts and process experts document, model, and improve business processes. A process repository allows process designers to quickly reuse and modify existing processes to create new processes. The development environment allows architects to link process steps to technical services, to connect them to existing third-party applications, or to create new services.

2. Process Automation: Technical architects and developers can use the integrated development environment to compose existing services or build new services to implement the improved process. The process server and integration server manage the run-time environment of processes. This provides users the capability to run what is modeled ('What You Model Is What You Run').

3. Process Monitoring: Key performance indicators (KPIs) reflect business and operational metrics. Users can define them either in the modeling environment or in the Business Activity Monitoring (BAM) environment. The BAM capabilities allow users to monitor these KPIs in real-time. Com-

plete drill-down of KPI trees, linkage with underlying business processes, trend analysis, comparative analysis, alerts, and run-time configuration are available. BAM also includes predictive analysis and patented fingerprinting to enable proactive, case-based exception management.

4. Governance: Design-time governance supports process improvement projects by promoting reuse, implementing controls over creation of reusable processes or services, and managing IT assets. Run-time governance ensures that process applications follow security and architecture standards. It also monitors SLAs and identifies remedial action in case of service degradation. Change-time governance allows rapid but controlled changes to business processes or their underlying services through composition, configuration, and customization.

5. Integration Infrastructure: Service-oriented architecture and integration infrastructure implement the four main process capabilities, contributing to rapid development. This infrastructure includes middleware services and adapters that connect to third-party applications.

Challenges to BPM Adoption

One of the biggest challenges for companies struggling with BPM adoption is that they do not know where to begin. Lack of visibility into business processes and lack of knowledge of their business operations causes this uncertainty. The governing processes that capture process knowledge and maintain it are either non-existent or poorly managed. In addition to the usual challenges of change management, adopting BPM presents many challenges that are the

result of misconceptions. Described below are some of the more common of these misconceptions:

1. BPM is a packaged application. BPM usually does not directly provide domain-level functionality offered by commercial off-the-shelf (COTS) applications, such as risk management, general ledger, or customer service. Instead, it provides the tools to model processes that flow across multiple functional applications, and the tools to manage their execution. If a functional application that implements a process does not exist, the BPM platform provides the development environment to create such an application. While most third-party applications are restricted to functional domains, BPM can play the role of a cross-functional process bridge to create end-to-end, dynamic processes.

2. BPM is considered very expensive. When compared to ERP and client/server implementations, BPM is not only relatively inexpensive, it is also less risky. The BPM platform facilitates the creation of a common, shared model of the business, as well as providing metadata management functionality. This minimizes gaps in communication and misunderstanding of requirements. The BPM platform also decreases implementation time by providing a development environment that minimizes custom coding and facilitates reuse of previously built processes and services. Besides preventing requirements from becoming obsolete and reducing scope creep, the shorter duration of projects maintains high momentum and enthusiasm. By closely mapping business requirements to IT services, improving communication, and reducing time-to-implementation, BPM reduces the overall risk of the project.

3. BPM is used only for process modeling. While the process modeling and analysis capabilities of BPM can be used standalone, it is more beneficial to use the full BPM capabilities to translate models into executing processes, and to manage their ongoing operations. Moreover, BPM makes it possible to create a “round-tripping” environment, feeding the data from the executing process back to the underlying process model for future analysis and improvement.

4. BPM is an all-or-nothing proposition. Unlike ERP implementations that do not return a single dollar until a full implementation is complete, an incremental implementation of BPM provides benefits from day one. For example, by using a BPM modeling tool, business analysts can create standards-based process diagrams that can be stored, shared, governed, analyzed, and implemented. These can be done much more efficiently than by using Visio or PowerPoint, since a BPM platform offers an integrated repository, change management, and reporting. The activity of modeling itself is very efficient within a BPM environment. The BPM platform displays different views of the same process model to accommodate the different phases of the project life-cycle.

5. BPM is the same as Enterprise Application Integration (EAI). Traditional EAI is limited to addressing issues of transaction and data integration without a focus on the overarching business process. Since functionality is delivered through applications, EAI remains a critical cornerstone of process maturity. It is, therefore, a necessary but not sufficient condition for process integration. BPM, however, is a framework for business process integration. As EAI is to applications,

BPM is to business processes. BPM adds a higher-level of integration capability to enterprise integration. In this sense, BPM does not replace EAI, but extends it to a higher order of abstraction.

6. BPM has no hard ROI². BPM is not the same as a COTS³ application, or a regular IT development project. Companies that are used to performing cost-benefit analysis using traditional ROI models need to make provisions for BPM in their ROI calculations. Within projects, BPM's value is in making the project more efficient (for example, by decreasing the time to gather requirements, translating them into specs, developing new processes, and promoting reuse). Within operations, BPM's value is in providing a superior operations management capability. Combining these two value propositions contributes to true business agility.

7. BPM is a project. The implementation of BPM happens through one or more projects, but BPM itself is a process infrastructure. It not only provides the tools to manage a process improvement project, but also to manage business processes continuously.

8. BPM causes loss of control over operations. This is a serious issue for senior executives who have a need to control their business processes and their enterprise architecture. These executives are naturally afraid of having their employees change executing processes on the fly with no authorization or control. While BPM technology does allow for easy changes to processes, a complete BPM platform such as webMethods' Fabric 7.0 provides a well-integrated change management capability to ensure

2 ROI: Return On Investment

3 COTS: Commercial Off-The-Shelf (application or system)

strong access control and dependency analysis. Through design-time, run-time, and change-time governance, BPM improves visibility both into project lifecycles and into business processes, thereby increasing control without increasing bureaucracy.

9. BPM causes disruptive change. There is a lot of truth to the idea that BPM involves a radical re-thinking of business processes. It implies a move away from a function-centric organization to a process-centric organization. Process centricity forces executives to tie accountability, compensation, performance evaluation, and business metrics to complete business processes. By ruthlessly exposing waste and inefficiencies, BPM may threaten the corporate status-quo. However, there is a vast difference between adopting a process mindset and achieving process-centricity. The actual transformation of a company into a process-centric organization can happen gradually. Change agents must not underestimate the resistance to change. They must employ appropriate risk mitigation and change management strategies. They must give the employees enough time for consolidation, absorption, and training at every stage.

A lack of understanding of BPM gives rise to these myths and misperceptions. The absence of consistent definitions or standards also hinders potential corporate champions for BPM. A phased implementation of BPM and the assistance of a BPM solution provider will help overcome these challenges.

Entry Points for BPM Adoption

There are two main entry points for BPM adoption. One is the project-mode, where the emphasis is on improving an existing process or

building new functionality into existing applications. The other is the operations-mode, which focuses on the monitoring and managing of business processes. Of the two, the project-mode of BPM adoption is the more well known approach. However, using BPM to gain an understanding of business operations can be very effective when a company has very little visibility into its existing processes. To bring both approaches into a common methodology, the concept of a Process Improvement Lifecycle or Project Implementation Lifecycle is used. A Process Improvement Lifecycle is useful in the context of a formal process improvement framework such as Six Sigma, Lean, or TQM (but it need not be restricted to a formal process improvement methodology). The Project Implementation Lifecycle is useful in the context of traditional systems development in IT. In reality, both lifecycles overlap considerably, the difference being in the tools and techniques used to address the problems. Project teams can employ BPM concepts and tools at each of the phases in both lifecycles.

The Process Improvement Lifecycle has all the elements to successfully initiate, manage, and implement all types of projects. This includes projects that do not follow a strict process improvement methodology. The BPM platform supports the project initiation phase through process visibility and process analytics; these capabilities allow a process improvement team to select and prioritize processes for improvement. The BPM platform supports project management by offering a shared repository for processes, services, knowledge artifacts, and by providing project governance. The BPM platform also facilitates project imple-

mentation by providing an integrated development environment for various roles within the project, such as business analysts, process experts, domain experts, architects, UI designers, workflow designers, developers, and business users.

The process improvement framework also provides capabilities to manage processes. This includes a run-time infrastructure to manage process execution, as well a real-time operational business intelligence capability so that operations personnel can monitor and control processes. By linking BAM data to process models, the BPM platform exposes business processes and higher-level business metrics to the users. This allows the executives to make strategic plans based on business scorecards and process capabilities.

One common integrated lifecycle, therefore, acts as both the Process Improvement Lifecycle as well as a Project Implementation Lifecycle.

The Project Mode of BPM Adoption

BPM allows companies to focus on projects that can add significant value to the business. These include projects to decrease human intervention, eliminate waste, increase capacity, reduce cycle time, eliminate variance, minimize defects, ensure compliance, and manage enterprise risk.

A Process Improvement Lifecycle (Fig. 2) most commonly begins by identifying a business process that needs improvement. Process analysts use process modeling, process simulation, and process analysis capabilities of the BPM platform to capture the as-is process and to specify improvements that result in the creation of the to-be process. Process improvement experts employ specialized analytical techniques from Six Sigma and Lean to identify defects and inefficiencies in the as-is process.

All members of the project team can leverage the full information specification capabilities of the BPM platform to attach various categories of information to the process model,

such as process steps, decision points, business rules, transaction volumes, probability distributions, and services. Additionally, they can also link various knowledge artifacts to process steps, such as standard operating procedures,



The Operations Mode of BPM Adoption

An alternative entry point that is equally powerful is to first gain visibility into existing business processes. A critical starting phase for process improvement is the discovery of the current state of business processes. Lack of real-time visibility into the activities and errors that occur in day-to-day operational processes hamper operations managers. Data that is not provably definitive, complete, or current hampers senior executives in their decision-making activities. While process improvement methodologies are a powerful way to tackle waste and inefficiencies in business processes, challenges remain. It can be difficult to select processes for improvement and to identify the process steps to improve.

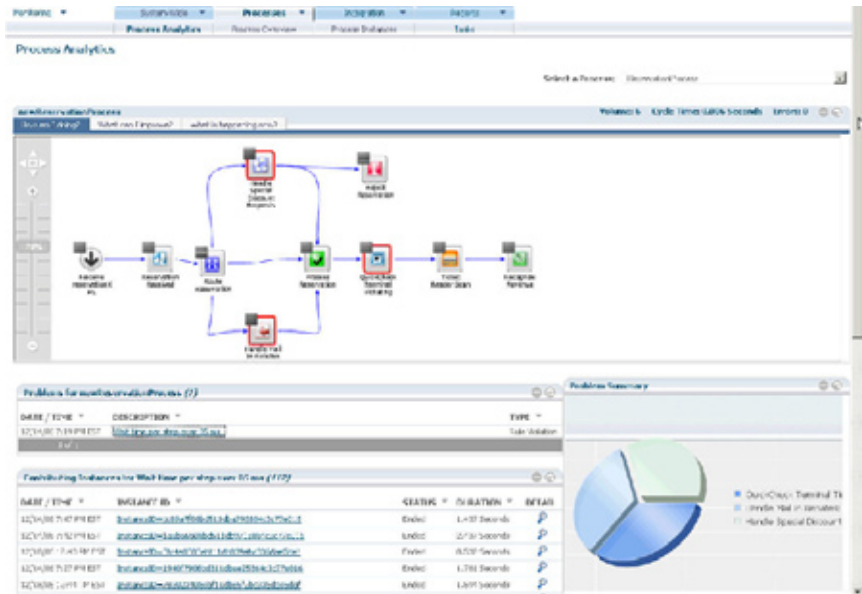


Fig. 3: Business Activity Monitoring Dashboards

Business activity monitoring (BAM) supports this alternative approach by providing the following capabilities:

- real-time visibility into business processes through dashboards and reports
- integration with business intelligence solutions for deeper functional analysis
- monitoring of processes to ensure their stability and adherence to defined control parameters (for example, upper and lower control limits within a Six Sigma framework)
- detection of developing errors and abnormalities through predictive analytics and case management
- notification and escalation of process control violations

definition, monitoring, and management of key performance indicators

Fig. 3 shows a set of BAM dashboards that display rule violations, slice-and-dice functionality, business metrics, comparative analysis, trending, and linkage to business processes. A company may use BAM purely for managing the business operations with no emphasis on improving them in the beginning. However, as the company achieves excellence in managing its operations in real-time, it can then re-focus on process improvement. These BAM capabilities (available through Fabric 7.0) are flexible enough to either jump-start the process improvement lifecycle or to manage the business processes.

First steps

A principled approach to BPM adoption helps practitioners assess the right strategy for infusing BPM into their organizations. The oft-

neglected assessment of corporate culture is a very important first step, since that determines how successfully the company can accept change.

The culture of the company, which may fall anywhere between the extremes of a very bureaucratic organization to a freewheeling, unstructured company, influences the adoption strategy. The problem with highly formal organizations is not that the senior managers are averse to change, but that change can happen very slowly. While the inertia to change can be very frustrating, large companies that are well-managed allow their employees some leeway in experimenting with new ideas. Perhaps such flexibility exists with in one or two departments. It is important to scout out some of these quick adopters and demonstrate BPM's benefits dramatically with a pilot project. The barriers to conducting quick proofs-of-value or pilot projects are much smaller in companies that encourage innova-

tive thinking. However, even in these companies, BPM must make a quick and dramatic impact, simply because it is competing for attention with many other innovative ideas.

Following the initial step of assessment of the corporate culture, it is critical to find either one executive sponsor or a small group of people who understand the importance of mature processes and who are willing to experiment. Constant communication, continual learning, and networking with external BPM professionals are all essential steps. The right technology partner will also be able to help. Without the support of such a BPM support group, it is easy to give in to inertia and lose momentum.

The next step is to select a point of entry. This is not a trivial task. Too often proposals for new process improvement projects face rejection because the business is struggling with the current broken processes, and they have no time to consider process improvement proposals. Such a situation is tailor-made for introducing business activity monitoring solutions. Even though the implementation of BAM is a project in itself, it resonates better with the operations team due to its focus on providing visibility, control, and management of business processes, rather than improvement of upstream processes. BAM addresses the immediate pains and inefficiencies of operations departments that are struggling with constantly putting out fires. It frees up their attention enough to think about fixing broken processes. BAM is especially useful in an organization that follows a formal process improvement methodology such as Six Sigma, as it readily provides operational data that drives the measurement of defects as well as the analysis of root causes of defects.

Alternatively, BPM can tackle an existing critical problem. Since BPM is a far-reaching and widely applicable set of ideas and tools, this ap-

proach is not as difficult as it sounds. Indeed, companies have used BPM to manage even some of the more unusual initiatives such as mergers, acquisitions, regulatory compliance, training, and knowledge management. A good technology partner or product vendor can apply their broad expertise to help make a compelling business case in these situations.

In addition to establishing a sponsor or corporate community of process-minded people and selecting an effective point of entry, a BPM champion can utilize the following techniques for special situations:

- Leverage existing integration infrastructure by extending it to include integration of business processes. This is most easily accomplished when the technical integration platform natively supports the higher level of process integration.
- Meld CPI1 and BPM into a concrete, company-specific process improvement lifecycle. In companies that follow a formal CPI methodology, BPM can directly support the documenting of current process models, aggregating data to support analysis of defects and detection of root causes, performing value-added analysis, defining process control limits, and managing process stability.
- The Project Management Office (PMO) can be an important ally for BPM practitioners. BPM projects require special deliverables and checklists to ensure adherence to best practices. Therefore, BPM practitioners should influence the PMO to update the project methodology to include process governance.

- Many of the larger companies have outsourced their business process operations, typically to an offshore partner. It is in the interest of the offshore Business Process Outsourcing (BPO) partner to leverage BPM to improve communication with their clients, maintain process quality, and use dashboards that reflect the business metrics of their clients. Both parties of the outsourced business operations need to have visibility to the same processes and metrics. Additionally, the onshore managers rely on timely notifications and escalations of process exceptions. BPM enables processes to execute seamlessly across geographic and organizational boundaries.

Taking Advantage of BPM's Flexibility

A complete BPM platform (such as webMethods' Fabric 7.0) offers tremendous flexibility for adoption, ranging from a phased implementation to an enterprise-wide rollout. Companies can choose which capabilities to adopt and which ones to defer. BPM has the capacity to support the execution of a range of critical projects, such as:

- new product introduction
- enterprise risk management
- employee onboarding
- claims processing
- loan processing
- order processing
- due diligence
- regulatory compliance
- training
- knowledge management

1 CPI: Continuous Process Improvement

For companies that struggle with lack of visibility into their business processes, business activity monitoring is a powerful solution. BPM's capabilities also complement and support formal process improvement methodologies. For companies that do not wish to adopt a complete process improvement framework such as Six Sigma, Lean, or TQM, BPM offers many of their benefits by providing strong governance and analytic capabilities.

Bringing all IT development under an overarching BPM platform confers the following benefits to the IT organization:

- flexible, rapid development and deployment in one unified platform
- reuse of existing IT assets
- scalable, enterprise-class platform
- change management
- integration-based infrastructure that allows third-party applications to be leveraged
- meet business demands quickly and easily
- self-service capability for business users (through governed configuration, customization, and composition)
- fast, iterative development, thereby decreasing project risk
- proof of the value of IT

Business users can look to a BPM platform to meet their operational, analytic, and process improvement needs. Specifically, they will realize the following benefits:

- communicate with IT and other business departments, based on a common shared model of the business
- specify project requirements through visual processes without the need to know the underlying IT systems

- obtain access to information that is meaningful and linked to business processes and business metrics
- share best practices in process improvement across the enterprise
- eliminate wasteful, non-value added work, and hereby concentrate on growth and innovation

Summary

Companies have no choice but to deal with business processes. However, they do have a choice of how to improve and manage them. They can implement business processes through passive technological osmosis that leads to a patchwork of processes that are imperfectly pieced together with point solutions, manual labor, and expensive ERP systems; or they can employ a reasoned, disciplined, and innovative approach that confers significant competitive advantages. BPM offers a very powerful set of capabilities that affect nearly all aspects of the business. The adoption of BPM is easy because it offers many alternative points of entry. It couples ease of implementation with low cost and low risk. BPM has the best risk-reward profile compared to traditional approaches to projects, process improvements, and business management. With the availability of webMethods' Fabric 7.0, which is a cohesive, complete, and enterprise-class BPM platform, this is a perfect time to get started with BPM. The critical success factors to getting started include conducting an assessment of corporate culture, finding a corporate sponsor, building a BPM support group, determining a point of entry for BPM, and leveraging existing special situations to infuse BPM.

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