



The Case for Business Process Management

A Metastorm White Paper

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Executive Summary

All organizations have competition on some level, so they need to follow sound business principles to maintain their base of customers or constituents. As part of this, they incorporate technology to increase efficiency and competitiveness, but they must balance the benefits of technology with accompanying restrictions. For nearly two decades, business and public service organizations have responded to market and constituency demands by embracing a number of efficiency-enhancing tools designed to improve processes and the products delivered by those processes. Each has exhibited shortcomings and inflexibilities that have limited their usefulness.

Business Process Management (BPM) technology is a new approach to efficiency, business agility, and mission advancement. It extends the capabilities of past business process solutions and overcomes their shortcomings by automating people-intensive and paper-based processes that divert employees from their higher value activities. Flexible, scalable and compatible with legacy systems, BPM is a platform from which 1) process-centric applications are developed and refined, 2) logical and physical extensions are created to existing enterprise systems, so organizations can leverage existing IT investments, and 3) organizations achieve short-term and continuous return on investment.

In this document, BPM is defined and distinguished from its technological predecessors. There also are guidelines on typical BPM features and classifications, as well as implementation details.

Challenges and Opportunities

Historically, businesses have met competitive challenges as the low cost provider, through product differentiation or by seeking a niche market. These historical competitive strategies still apply with today's business and public service organizations, which are increasingly under pressure to improve efficiency and competitiveness with decreasing amounts of resources.

How are they doing this? Business Process Management (BPM) technology, which is helping organizations face two distinct but related pressures: the need to eliminate unproductive costs through improved efficiency, and the desire to allow flexible processes that are more responsive to changing market and customer requirements. Even competing as a low cost provider doesn't just mean dropping price at the expense of profitability; it means wringing efficiency from back-end processes so that lower production costs are reflected in a lower price.

With the Internet and related technology, organizations across all industries and endeavors have new tools to facilitate efficiency. The widespread adoption of intranets, extranets and the Internet is allowing companies to redefine the nature of their relationships with every constituency – employees, customers,

citizens, suppliers, partners, prospects and government and regulatory agencies. No longer does it have to be a patchwork of complex approval procedures, lost contact information and unfulfilled requests.

Historical Attempts at Operational Efficiency

In the past two decades many organizations have adopted means intended to increase efficiency through management of increasingly complex business processes. One such technology first designed in the early 1980s is workflow. The limits of its architecture have become well known: it routes files around an organization, and while it expresses some visibility into the process, it is usually from a system perspective, not a people-focused one.

Other technologies have included packaged enterprise applications such as Enterprise Resource Planning (ERP) and Customer Relationship Management (CRM) systems. These approaches led companies to realize that most of their processes are not well documented. These systems manage only certain essential business processes (typically involving materials resource planning, financial reporting, sales force automation and purchasing). They do not allow easy communication between distinct data resources on an array of heterogeneous systems, both within and external to the enterprise. And, their machine-to-machine orientation leaves out the key decision-making component: people.

All Global 5000 firms and large-scale government agencies have some form of enterprise software. They invested heavily in these technologies in terms of initial cost, implementation, upgrades and staff training. And while these technologies are pervasive in organizations, and are effective at providing best practices in data delivery and distribution, they have not kept up with the requirements of contemporary organizations. Relatively few staff use them, leaving many others to muddle through the manual, day-to-day manual processes. Thus, these enterprise systems don't exhibit uniqueness or provide a competitive advantage.

BPM Benefits: Efficiency, Agility & Control

Traditional organizational silos have reporting and budgetary hierarchies that hinder efficiency because review, evaluation and approval of basic requests go through multiple levels. BPM transcends these boundaries with automated processes that supply the right people with appropriate information at the time required, in order for them to make the most astute decisions. And because processes can be modified easily, benefits including the ability to manage organizational change, continuous improvement and high return on investment can be realized quickly.

With these capabilities BPM picks up on operational efficiency where earlier technologies leave off. It extends workflow beyond departmental document routing and approval by providing users a rapidly

developed, complete application for accomplishing their tasks. And BPM broadens the capabilities of disparate, data-centric enterprise applications with fast and flexible synchronization of data between applications, within the enterprise, and outward to partners, customers and other audiences.

Key Features of BPM

BPM is an integrated platform within the IT framework for the design, development, deployment and optimization of applications that automate processes. Within this environment there are several features that distinguish BPM:

- **A Focus on People-Intensive Processes.** Because it takes people to make decisions at some point in a process, BPM orchestrates both complex people-system interactions, and intensive people-people relationships. BPM is the platform where these crucial relationships are optimized, monitored and controlled. As a result, BPM enables organizations to make far better use of the skill, talent, and capability of their staff.
- **Customization by multiple user groups.** Non-technical users participate in process design and modification, while application developers and network administrators drive the application development, deployment, integration and adherence to standards. The benefits of this approach are twofold: knowledge and process methodologies get out of individuals' heads and are diffused throughout organization, and applications stay closely aligned with business requirements.
- **Flexibility.** BPM solutions enable process originators to routinely incorporate into the process feedback from within and beyond the enterprise with minimal interruption of process flow. Because of its capability for rapid application development and refinement, BPM allows continuous improvement of processes in accordance with changing business requirements.
- **Technological superiority.** For developers, BPM offers sophisticated application interfaces and Web concepts to support and enable the extended or virtual organization, and data sharing and coordination with other applications. For example, the collaborative task- and event-driven features of BPM solutions complement the messaging, data and news streams already incorporated into portals.

- **Extension of enterprise applications.** BPM is a fourth layer in enterprise architecture, with traditional data, application and presentation layers representing the other three. While the latter has become a set of commodities, BPM is the layer that defines organizational uniqueness. As a result, it allows organizations to derive the value they expect from data-centric ERP and CRM systems. BPM manages relationships between those applications and across company boundaries by extending them with process flow, integration and user interface capabilities.

PRESENTATION LAYER	A commodity, since all user communities use only a small number of PC-based or Web-based interfaces. These interfaces are supplied by two major vendors.
PROCESS LAYER	Generally minimal or entirely missing from most enterprise applications, the process layer allows organizations to express unique strengths.
APPLICATION LAYER	Companies select from a limited group of vendors or vertical market-specific, niche suppliers to provide ERP and CRM solutions.
DATA LAYER	Efficient data management is supplied by three major vendors that provide the same general functionality.

Figure 1 . Enterprise Application Architecture

BPM Classifications

BPM implementations generally fall within one of three classifications. On one level, BPM involves the replacement of manual processes connected with individual, internal functions within the organization. These applications are easy to deploy, foster favorable opinions about the technology for more extensive implementations, and create a more immediate return on investment. Sample applications are:

HR related - leave and travel request approval, job posting, timecard processing, updating personnel information, benefits administration, performance review

Customer service related - order tracking, problem reporting, help desk

Financial management related - purchase order, invoice approval

With more sophisticated implementations in the second classification, BPM further decreases overhead and enhances decisions across the enterprise. Processes are more complex and involve customers, citizens or partners. Typical applications are:

- HR related – employee recruitment and setup
- Customer service related – correspondence management for governments to interact with constituents
- Financial management related – invoice management, capital expenditure approval

In the final classification, even more complex BPM implementations support mission-critical functions that bring out the organization's uniqueness, thus providing competitive advantage.

The BPM Solution Platform

Comprehensive BPM deployments undergo the following four phases.

Process Design and Simulation

Designed for business managers and requiring minimal training, this step allows graphical mapping of an ideal process, including initial interface requirements for data capture and reporting, the definition of roles and responsibilities, and documentation of integration requirements. The process design is tested for performance and resource availability, and refined as necessary until a satisfactory design is achieved.

Process Development and Application Integration

Developers take the ideal model from the process designer and add the required application integration, enhanced interface designs and refined role definitions. Developers also establish connectivity with enterprise directories, links to databases, other BPM solutions, or third party applications, such as security systems or document repositories. Typical application development time ranges from a few days to a few weeks.

Process Deployment and User Interaction

In this functional phase, BPM applications manage access, user interactions and third-party integrations. Other components provide services and integration with existing infrastructure - Web servers, databases, messaging systems, portals and other client access options.

Process Maintenance and Administration

Once deployed, BPM solutions generate information about the performance and content of the automated process through management reports and consoles. This instant feedback enables process adjustment according to changing environmental conditions. Administrative components allow for maintenance and housekeeping tasks such as adding users, re-assigning folders, or suspending or deleting processes.

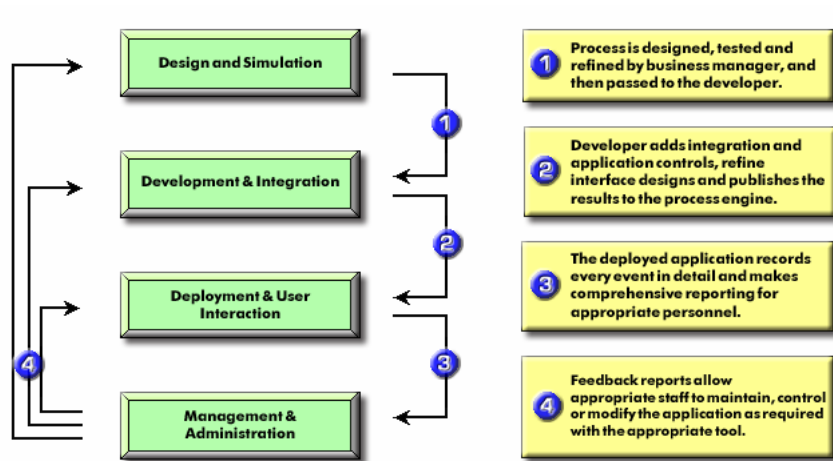


Figure 2. The BMP Solution Platform

About Metastorm

As the leading provider of business process management software for automating, managing, and controlling processes, Metastorm is the only company helping organizations achieve Enterprise Process Advantage™ - a heightened level of business performance resulting from increased process efficiency, control, and agility. With a focus on complex, human-centric processes that are unique to their organizations, Metastorm's 700+ global client base in manufacturing, financial services, business services, healthcare, and government are achieving rapid ROI and unique process advantage in customer service, supply chain operations, risk management, and internal operations. More information about Metastorm is available at www.metastorm.com.



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