The Right Way To Think About BPM Technology

Derek Miers
CEO, BPM-Focus
+44-20-8742 8500
miers@bpmfocus.org
Background

Introduction

Compelling Motivation

Overlapping Categories

Process Spectrum

Iterative Methods

BPM Suite Components

Agility

Evaluation

Standards

Extras

IT since mid 70’s

Process since 84

BPMG, BP Trends & OMG

Product Architect

Analyst 92

End-users

Showcase

Suites Report

BPMI Co-Chairman

Marketing

Business

Scenarios

Value Chains

Usage

Architectures

Strategy

Intro

Perspectives

Process Engine

OO Repository

Model = System

Architectural Level

Modelling & BPMS

Advisory

Workshops

© BPM Focus
About BPM Focus

Introduction

Compelling Motivation

Overlapping Categories

Process Spectrum

Iterative Methods

BPM Suite Components

Agility

Evaluation

Standards

Extras

© BPM Focus
A BPM Definition

- Business Process Management is primarily a business philosophy
  - About *people*
  - The way they work *together* (their business processes)
  - The *performance* objectives that these processes underpin
- At the same time, it is about the *technology* used to make this vision a reality
  - Systems implementation is highly iterative (not waterfall)
- It is a way of running the business (a mind set) that continually drives performance improvement
  - A *Journey*, not a *Destination*
Why Firms Are Doing It

Source: BPMF Analysis of over 100 BPM Projects
Concerns & Opportunities

Opportunities for Improvement?

- Automate non-value adding, repetitive steps in back office
  - Integrate front & back office
- Enhance Customer Service
  - Employees with more time for customers
  - Focus on higher value activities
- Channel integration
  - Consistent processes, integrated across digital and physical channels
- Work items handled multiple times
  - Move to once and done
- Role Rationalization
  - Combine overlapping roles
  - Reduce hand-offs & Risks
- Better Manage Exceptions
  - Begin with the happy path and major exceptions
  - Use iteration to handle exceptions
- Integrate Data & Documents
  - Process coordination mechanisms

Areas of Concern?

- Current infrastructure
  - Scalability of current network
- Legacy system integration
  - Needs to leverage existing IT Assets
- Multiple overlapping categories
  - Conflicting terminology
  - Marketplace confusion
- Relating real requirements to potential solutions
  - You can do anything with this product
  - Similar offerings
- Standards conformance
  - But do you really understand the implications of standards?
- Political games of big vendors
- IT change and business change are co-dependent
  - Requires close coordination
  - Support for Process Lifecycle
Multiple Overlapping Categories

Introduction
Compelling Motivation
Overlapping Categories
Process Spectrum
Iterative Methods
BPM Suite Components
Agility
Evaluation
Standards
Extras

© BPM Focus
How A BPM Suite Works

BPM Applications
- Custom User Interfaces
- Templates & Frameworks

Multi-Channel Portal
- Portal
- Mobile
- Call Centre
- In Store

Composite Processes
- Target Engage
- Record Audit
- Order Cash
- Recruit Onboard
- Cust Req Resolution

BPMS Platform
- Security / Directory
- Process & Rules Engine
- Integration Layer

Process Components
- CRM
- HR
- ERP
- SCM
- Finance
- Legacy

Role Binding
- Customer
- Employee
- Manager
- Auditor
- Partner
- Supplier
Differing Interpretations

- **Introduction**
- **Compelling Motivation**
- **Overlapping Categories**
  - **Process Spectrum**
  - **Iterative Methods**
- **BPM Suite Components**
- **Agility**
- **Evaluation**
- **Standards**
- ** Extras**

**Vision**
- Satisfying Customers
- The Value Proposition
- Customer Relationships
- Satisfying The Boss
- Politics
- The Status Quo

**Procedures**
- Speed
- Quantity
- Control

**Process**
- Look For A Path

**Functions & Activities**
- Drill Down

**Organisation**
- Derived From
- Support

**Capabilities & Behaviour (i.e. Roles)**
- Mixes Both

**Process (Purpose)**
- Implementation
- Over Time

© BPM Focus
In a process driven production environment, the large majority of real work goes into handling exceptions.

- **75-80%** Straight Through follows the happy path. Requires interaction with end-users.
- **15-18%** Collaborative. Requires collaboration of parties to resolve exceptions.
- **2-4%** Ad hoc. Requires interaction with end-users.
- **1-2%** Truly unique problem or exception.

Distribution depends on nature of work and culture.

Opportunity for cost/profit & differentiation.

Limitation of packaged applications (SAP/Siebel/etc).

Custom Extensions.

© BPM Focus
A Broad Range Of Tasks

**Corporate BPM Steering Group**
- Gain Executive Sponsorship
- Develop Multi-Year Road-Map
- Develop Organizational Framework For Change
- Agree Governance
- Measure & Contrast
- Ensure Business Commitment
- Develop Change Program Capabilities
- Oversee Individual Change Programs
- Review, Re-plan

**BPM Center of Excellence**
- Evaluate & Select Methodologies & Tools
- Agree Language
- Understand Business Big Picture
- Develop Corporate Process Architecture
- Appoint Global & Local Process Owners
- Global v Local Guidelines
- Train & Develop Specialists
- Rationalize Metrics
- Support Individual Change Projects

**IT Department**
- Understand New Technology Capabilities
- Assess BPM Modeling Tools
- Assess BPM Suites
- Develop Conceptual Process Architecture
- Ring-Fence Legacy Applications
- Develop Library of Integration Components
- Develop Library of Process Components
- Develop Prototypes
- Support Individual Change Projects

**Individual Change Projects**
- Scope Project
- Re-engage Affected Managers & Execs
- Understand Process & Interactions
- Develop Alternative Scenarios
- Redesign Around Corporate Architecture
- Develop Solution
- Deploy & Roll-Out
- Work On Culture
- Train Workforce
- Implement
- Adapt, Adapt, Adapt …

© BPM Focus
Think Big, Start Small - Iterate

Business Units

Initial LOB Rollout

First Iteration

Second Iteration

Business Area 2

Business Area 3

Time
Analytics Development

View of quarterly work volume processed, broken down by mortgage product line.

KPI View Panes

<table>
<thead>
<tr>
<th>View Pane Name</th>
<th>View Type</th>
<th>Chart Type</th>
<th>Update</th>
<th>Delete</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alerter View</td>
<td>Alert</td>
<td>Table View</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan Activity over Time</td>
<td>Multi-KPI Series</td>
<td>Line Chart</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Approves by Provider</td>
<td>Snapshot</td>
<td>Pie Chart</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Requests by Car Model</td>
<td>Snapshot</td>
<td>Pie Chart</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan Activity</td>
<td>Snapshot</td>
<td>Horizontal Bar Chart</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan Activity Statistics</td>
<td>Snapshot</td>
<td>Bar Chart</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan Activity Performance</td>
<td>Snapshot</td>
<td>Radar Chart</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan Activity Gauge</td>
<td>Snapshot</td>
<td>Gauge Chart</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average Times</td>
<td>Multi-KPI Series</td>
<td>Bar Chart</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan Requests Trend</td>
<td>Actual/Target</td>
<td>Bar Line Chart</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan Requests Analysis</td>
<td>Cause/Effect</td>
<td>Table View</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Multiprocess Invoicing Dashboard

Invoices by store location

Invoices by Payment Type

Invoices total by Customer and Payment Type

Source: FileNet/IBM

© BPM Focus  Source: Oracle

Source: Oracle

Source: Fuego/BEA

Source: Lombardi
BPMS Driving Transformation

Introduction

Compelling Motivation

Overlapping Categories

Process Spectrum

Iterative Methods

BPM Suite Components

Agility

Evaluation

Standards

Extras

© BPM Focus
Enabling Agility …

A Range of Possibilities

- Complex Content Development
  - Involves managing the lifecycle of critical documents where the routing, participants and results are not predictable a priori, independent security model

- Ad Hoc Collaboration
  - Threaded discussion groups, shared white boards, content management capabilities, independent security model

- Project Collaboration
  - One off projects, collaborate toward a common goal, ad hoc processes; repeatable elements → reuse, yet requiring subtle adaptation; independent security model also required

- Customer Contact Center
  - Unpredictable customer interactions drive the process; 80% of calls are WISMO

- Case Handling
  - General blend of the two ends of the process spectrum; incorporates many aspects of the categories above
Case Handling Approaches

- Document-centric Case Handling
  - Manage simple processes, attach documents into a folder
  - Process changes little if at all, all context is buried in documents

- Constraint Based
  - Do anything you like except … goal oriented, work backwards

- “Design Time” Case Handling
  - Parent process, invoke selected procedural fragments
  - All cases share the same set of procedural models
    - No instance specific changes
    - Significant flexibility is still possible with careful design

- “Runtime” Case Handling
  - Suitably authorized users evolve how work is handled
  - Develop new procedural fragments, alter existing cases
    - Cases have their own procedural models (based on initial template)
    - Instance specific change possible
    - Controls required to ensure efficiency
  - Potentially, enables personal process fragments
BPMS Evaluation

Introduction

Compelling Motivation

Overlapping Categories

Process Spectrum

Iterative Methods

BPM Suite Components

Agility

Evaluation

Standards

Extras

© BPM Focus
A Different Way To Run Vendor Selection

Introduction

Compelling Motivation

Overlapping Categories

Process Spectrum

Iterative Methods

BPM Suite Components

Agility

Evaluation

Standards

Extras

- Long term success relies on business driving the change
  - Requires “wow” factor
  - Demonstrate the power and benefits of the rapid iteration and short delivery time scales
  - Select a tactical project to prove to the business that BPM projects are achievable
- Avoid the check box RFP
  - Especially around standards
- Build RFP around realistic business process scenario
  - Project tightly scoped
  - End-user adoption the primary goal
- The intention is to learn
  - Develop skills and expertise
  - Grow organizational competency
  - Do not attempt to boil the ocean at the outset

- Identify target process - choose something with
  - Impact
  - Low complexity
  - Low level of maturity
- Think Big, Start Small - Iterate
  - 20% that gives 80% of value
  - Understand the process
- Having defined the core 20%, select 3 or 4 leading vendors
  - Invitation to build (in a week)
- Assess against realistic scenario
  - Change the situation during demonstration
  - Adapt on the fly without closing the browser
**BPM Standards Overview**

- **Compelling Motivation**
  - BMM – BA-Motivation
  - SBVR Part I – BA-Vocabulary
  - SBVR Part II – BA-Governance

- **Process Spectrum**
  - BPMM – BP-Maturity Model
  - BPMN – BP-Notation
  - BPDM – BP Semantics
  - BPRI – BP-Performance
  - OSM – BA-OrgStructure
  - PRR – BA-Rules

- **Iterative Methods**
  - WfMC
    - Wf-XML 2.0 (ASAP)
    - XPDL
  - OASiS
    - BPEL (SPEL)
    - ebXML, BPSS, CPA, CPP
  - W3C
    - WS-CDL

© BPM Focus
**BPDM – BP-Semantics**

- **Shared** vocabulary for process modeling concepts
  - “universal syntax” of process
  - Translation to-from other notations & execution
- **BPMN Serialization**
  - Supporting the future development of BP-Notation
- **Orchestration & Choreography**
  - Process & Interaction - Common Behavior Model
  - Abstractions – Course Model, Composition Model
  - Composition and Decomposition or Interaction & Process
- **Facilitating a separation of concerns**
  - Interaction Patterns without committing to Implementation
  - “What” versus “How” - Roles, Responsibilities & SLAs
  - Business level encapsulation (service orientation)
  - Facilitates evolving, permeable organizational boundary
BPM is about people, their processes and performance objectives - Technology is just an enabler
BPM Suite covers multiple overlapping categories
Process Spectrum – from Procedure to Practice
  - Balance Efficiency with Agility, Evolution & Innovation
  - Trick is to support the top of the pyramid

Think **BIG**, start **small** – iterate often
  - Take time to understand the process from the outside in !!
  - Contrast different perspectives - ring fence the 20%
  - Repository based approaches can derail projects

Think differently
  - Train BPM Team, CoE & Users
  - Evaluate against project scenarios – avoid spreadsheets

Sophisticated BPMS required to support knowledge workers
  - Standard processes make most sense with Case Handling
  - Complex Document Management, Project Collaboration

Standards are important
  - BPDM – Enabling a 10x expansion of the BPM market
Additional Slides

From Making BPMS Work For You Session
Selecting The Initial Project

- Relatively low level of maturity – look for those processes where the tasks are poorly defined, or the flow of work is highly variable. It is much easier to improve a poorly understood process than one that is already carefully managed and measured.

- High Impact – look at the KBOs of the firm and assess whether an effective solution will produce a high return. This is a question of orientation. Processes that touch customers or suppliers are usually good candidates as they are often full of workarounds and inefficiency. Other clues are lack of management visibility or traceability of the work, where small errors can dramatically affect sales or profitability.

- Low complexity – identify situations where the complexity can be managed and bounded easily. Avoid sophisticated “end-to-end” processes. While a multi-faceted, inter-departmental scenario might create a bigger impact, these types of projects do not allow for quick iteration, extension, and ongoing improvement. These types of processes normally involve too many touch points and provide opportunities for political infighting, delays, and increased project risk. As a result, it is best to develop skills, expertise, and other BPM capabilities before focusing on the “big-bang” projects.
The SEI Capability Maturity Model

- Initial
  - Basic Management Control
- Repeatable
- Defined
  - Process Definition
- Managed
  - Process Measurement
- Optimized
  - Process Optimization

Local Measures Are More Appropriate
## Review Of Processes

<table>
<thead>
<tr>
<th>NO.</th>
<th>Q</th>
<th>Complexity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### CSFs

<table>
<thead>
<tr>
<th>PROCESSES</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Choosing The Right Project

Balancing Maturity, Impact and Complexity

CSFs Impacted

Process Maturity

1 2 3 4 5

6
5
4
3
2
1

© BPM Focus
Validating Project Selection

- Very often the initial target project is already identified
  - Selection exercise provides an opportunity to engage business decision makers
- A neutral mechanism that does not necessarily favor one area over another
- Allows key protagonists to discuss the issues and arrive at agreement
  - Establish and agree to priorities – which processes will be dealt with first and which parts of the business will be impacted
  - Helps managers look past the initial project
    - Prioritize a roadmap for the journey ahead
  - Helps avoid scope creep
  - The *discussion* is valuable - forces managers to sit down and consider the real state of their respective organizations
- Provides a method of ensuring the actions of the project team are aligned with business strategy
  - Allows them to understand how their work will impact the CSFs/KBOs of the firm
**Phase I – Initiation**

- Who has the vision of what is possible?
  - Does the sponsor really understand the strategy?
  - Has the sponsor internalized what is possible with a BPM Suite?
- Is the business really committed?
  - Where is the Steering Committee Roadmap
    - Does everyone understand the scope and intention
  - Are expectations over-inflated or hyped?
    - Primary aim to drive user adoption?
  - Often requires informed facilitator to help identify the common ground
- Is it the right project?
  - One that finds a balance between - Complexity, Maturity and Impact (single biggest source of failure)
  - Opportunity to gain business buy-in
- Who is going to “own” this project?
  - In the end-user department?
  - How will they evolve their organization to make most use of the capabilities of the BPM Suite?
- Business Case
  - Where is it? How does it link to Key Business Objectives and Money !!!
Phase II – Planning

- Is the scope realistic for the timetable?
  - Compare different high level perspectives (time-box work)
  - Contrast Orchestration (BPMN) with Choreography (RADs)
  - Have you locked down the core set of functionality that delivers the bulk value (20-80 Rule)?

- Team structure
  - Do you have the right resources available
    - Playing the right roles
  - Where will the resources come from (especially SMEs)?
    - Do they still have day jobs (& you need how much of their time?)

- How will you engage the end-users into the program?
  - For each Role, identify “What’s In It For Me” (WIIFM)

- Communications strategy?
  - Set expectations low, over deliver
Phase III – Execution

- Having defined the core functionality required
  - How can you keep the scope locked down
    - Trapping new functionality as additions to the roadmap
    - Remember, next revision just around the corner
  - Each aspect regarded as a separate iteration
    - Set the order (Integration, Flow, User Interface, Metrics, etc.)
    - Rapid delivery and validation of each sub-phase

- How will you enhance the BPM team learning during implementation?
  - Before Action Review – After Action Review on each phase, each end user engagement, each new revision …
  - Develop individual capabilities and acumen – training!
    - Comparison of modeling approaches (BPMN, Role Activity Diagrams, Capabilities, Object State Transition Network)
  - Site visits
Phase IV – Activation

- Where is the training plan?
- How will each role be affected
  - “What’s In It For Me” - How is that communicated?
  - How is compensation going to re-enforce the desired behaviors
- When will you be back with the next major iteration?
  - How does this process fit in with a broader process architecture for the business?
- Who will manage the ongoing business change?
  - What is your strategy for growing the skills and capabilities within the business to do it themselves?
### Aligning Corporate Change Initiatives

<table>
<thead>
<tr>
<th>Vision</th>
<th>Skills</th>
<th>Incentives</th>
<th>Resources</th>
<th>Action Plan</th>
<th>Change Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vision</td>
<td>Skills</td>
<td>Incentives</td>
<td>Resources</td>
<td>Action Plan</td>
<td>Confusion</td>
</tr>
<tr>
<td>Vision</td>
<td>Incentives</td>
<td>Resources</td>
<td>Action Plan</td>
<td>Anxiety</td>
<td></td>
</tr>
<tr>
<td>Vision</td>
<td>Skills</td>
<td>Resources</td>
<td>Action Plan</td>
<td>Gradual Change</td>
<td></td>
</tr>
<tr>
<td>Vision</td>
<td>Skills</td>
<td>Incentives</td>
<td>Action Plan</td>
<td>Frustration</td>
<td></td>
</tr>
<tr>
<td>Vision</td>
<td>Skills</td>
<td>Incentives</td>
<td>Resources</td>
<td>False Starts</td>
<td></td>
</tr>
</tbody>
</table>

Source: Deborah Dahl – Chair, Clinical Innovation – Banner Health
Degrees of Impact

Minor Change
Moderate Change
Major Change
Radical Change

Source: Karrie Austin – Pfizer
### Degrees of Impact

<table>
<thead>
<tr>
<th>Degree of Impact</th>
<th>Process/Function</th>
<th>Organization / Motivation</th>
<th>Location</th>
<th>Data</th>
<th>Application</th>
<th>Technology</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complex</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Radical Change</td>
<td>New processes (process redesign)</td>
<td>Different Culture</td>
<td>Relocation of workers</td>
<td>New data mart or data warehouse</td>
<td>New application architecture</td>
<td>New technology types (imaging)</td>
</tr>
<tr>
<td>Major Change</td>
<td>Revised processes (process improvement)</td>
<td>Different jobs and organizational structure</td>
<td>Relocation of work</td>
<td>New data structure</td>
<td>New application</td>
<td>New products</td>
</tr>
<tr>
<td>Moderate Change</td>
<td>Revised activities in current processes</td>
<td>Different job content</td>
<td>New facilities</td>
<td>New entities</td>
<td>Enhancements to existing application</td>
<td>Same products increased distribution, capacity, workload</td>
</tr>
<tr>
<td>Minor Change</td>
<td>Support for existing processes</td>
<td>Different procedures</td>
<td>Changed use of existing facilities</td>
<td>Same entities, new attributes</td>
<td>Minor changes to existing applications</td>
<td>Same products, additional uses</td>
</tr>
<tr>
<td>No Change</td>
<td>No change to existing Processes</td>
<td>No change to procedures</td>
<td>No changes in use of existing facilities</td>
<td>No changes to entities or attributes</td>
<td>No changes to existing applications</td>
<td>No change to products or usage</td>
</tr>
</tbody>
</table>

Source: Karrie Austin – Pfizer