BPM Strategy:
A Practical Guide for Optimizing Your Business

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September 2010
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A company that understands the value of concentrating on its essential skills will opt out of developing its own enterprise software, such as CRM, and instead install a commercial system to record its transactions. Regardless of who provides the CRM system, one question remains: Where does a company manage its processes and business rules? The answer, all too often, is that business rules reside in small, disperse developments that extend the original functionality of the system, a situation which frequently results into growing maintenance costs and into the proliferation of procedural documents that are usually disconnected from the operation and offer only marginal benefit. CRM faces another set of issue around managing errors because it usually traverses more than one system and interacts with personnel across the enterprise. Errors in the data keep clients waiting, foster bad impressions of the company, require operations support for tracking down problems, and burden developers with fixing a system-wide issue.

The purpose of implementing BPM is to simplify process management by shining a light on understanding the current status of the business, all from the same point. This is achieved by separating the process management tasks from the applications layer where transactions occur, and even separating it from the data integration layer. BPM is a solution that provides both the discipline for business process modeling and optimization, and the enabling technology. By technology we mean tools used to develop and simulate processes and business rules in design time; tools to execute processes with the ability to handle versions and application of governing criteria in execution time; and tools for activity monitoring capacity. When an organization embarks on the BPM adventure it should take into account certain people, processes and technology to ensure the implementation is successful.
Market Trends

Before we explore BPM further, it’s worth noting that process engineering (PE) predates software engineering. PE is best known in the manufacturing sector, but in recent years the services industry has adopted it for collaboration among work teams. In the mid-90s, work flow tools grew in popularity, which helped with collaboration. In the late 90s, the first business process management work was launched as a discipline, but without the support of tools. In 2000, the first BPM tools arrived but were very focused on system integration processes capable of modeling flows, executing them and integrating with applications with very basic process monitoring capabilities. It wasn’t until the mid-2000s that the first BPM tools appeared, allowing integration of applications and teams into the process flow, so that more complex processes could be orchestrated through various systems and with better monitoring capabilities. In the late 2000s BPM suites debuted, enabling integration of various applications for specific purposes within the discipline, such as Business Activity Monitoring (BAM), Business Rules Management (BRM) and tools for the design and development of process flows.

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Fig. Adaptation of the Gartner BPM evolution report

BPM can be defined as a structured approach that uses methods, policies, metrics, management practices and software tools to create, administer and continually optimize business activities and processes. To speak about BPM is to talk about a discipline that
covers everything from process design to optimization, enabled by technology. The right environment for BPM and BPMS suites occurs when process discipline is crossed with SOA technology, and the data integration approach is replaced with a process integration approach.

**Service Oriented Architecture (SOA).** The SOA concept has developed over many years, but it wasn’t until the era of Web Services (WS) that software suppliers really began to pay attention to SOA. Today SOA can dispense with WS. The approach of the service oriented architecture, principally because of its intention of aligning technology with business, has led to this evolution of BPM processes. SOA is now a more sophisticated and refined proposal than it was in the beginning. Its purpose is systems design and there are numerous organizations that are working jointly and contributing in their fields of expertise; therefore, we can find a variety of definitions as a reference, but all of them say it contributes strategic, long-term benefits in the return on investment (ROI) in IT. The W3C consortium defines SOA as distributed systems architecture with characteristics such as an orientation to messages, granularity, orientation to networks, neutral platform, logic vistas and orientation to description. Clients have created the following criteria for hiring a BPM team and undergoing a BPM project: Agility, Cost containment (ROI), Reduction of time to market and bring Strategic approach.

The strategy consists of delegating specific responsibilities on different layers, and grouping systems by function so that the same activities are not carried out in two different parts. For example, systems dealing with security (Identity and System Access) need to be grouped on one layer so that all the other systems delegate these responsibilities to the systems found in the security layer. A Reference architecture is used in order to organize responsibilities in service oriented architecture must include the basic components of business processes, integration, data layer, portal and collaboration.
**Enterprise Service Bus (ESB).** This component of SOA architecture is in charge of mediating communications between applications, guaranteeing the delivery of messages and supporting a broad range of technologies and protocols, so that it becomes a key component for simplifying the ecosystem. Just like BPM, ESB supports open integration functionalities and provides the functionalities common to SOA applications.

ESB provides support for Web Services integration based on:

- Basic standards (SOAP, WSDL, UDDI, WSDM);
- Complementary advanced standards (WS-Security and WS-I Basic Profile, WS-Policy, WS-Addressing, WS-Coordination, WS-Business Activity)
- Adaptors to extend interoperability to a legacy platform without Web service support (JDBC/ODBC database connectors and SAP/Siebel Business Applications)
- Different integration platforms (Request/Reply, Asynchrony, Publish/Subscribe)
- MOM (Message Oriented Middleware such as JMS).

ESB also supports data transformation (XSLT), provides routing based on message content or title, allows construction of composite services enabled through real-time flow, maintains a
Business Process Management (BPM). BPM is a management practice that provides a process environment for running a company in order to improve agility and operating performance. BPM is a structured approach that uses methods, policies and metrics, practice management and software tools to continually manage and optimize an organization. These are the same business rules that become an important asset of this philosophy and are administered with a business rules engine (BRM). In addition, BPM contains services that enable business professionals and IT analysts to collaborate in transforming and improving business processes. BPM services, including business activity monitoring (BAM) and executive terminal services, operate both independently and integrated with protocols open to other BPM.

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<th>Capability</th>
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<td>Modeling</td>
<td>Tools non-developers use to model business processes and to end, making the rules, roles, and sequence of activities explicit in structured diagrams.</td>
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<td>Simulation and Analysis</td>
<td>Tools those same users are provided to compare current key performance indicators (KPIs) with projected improvements using simulation analysis, improving the accuracy and effectiveness of the project before it is passed to developers to implement.</td>
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<tr>
<td>Design and Implementation</td>
<td>An integrated set of software tools that IT and developers use to link activities in the model with different IT systems.</td>
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<td>Execution</td>
<td>An engine that automates the process by executing the model, monitoring KPIs and other metrics continuously, and providing real-time alerts and remediation actions to users when those metrics begin to go off track. Executing the model means automating the human workflow, integrating disparate business systems, and enforcing business rules that ensure compliance with policies and best practices.</td>
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<td>Interaction</td>
<td>Web-based workspace that allows administrators and process owners to manage deployed processes, help end-users manage their activities, and displays KPIs and performance metrics to process owners. Also, allows integration to common environments end-users interact with, including email and desktop productivity tools.</td>
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<td>Measurement</td>
<td>Key performance indicators as the business analyst defines in the process model are monitored and recorded by the execution engine. Alerts can be sent on KPI thresholds and dashboards can display aggregate KPI information to assist analysis and decision-making.</td>
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<tr>
<td>Monitoring and Auditing</td>
<td>As processes run in the execution engine, it collects and archives comprehensive data that can be used for real-time monitoring and for auditing of processes executed in the past.</td>
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Fig. BPMS Capabilities (Source: Gartner Group).
Enhanced Telecommunications Operation (eTOM) is an initiative of the Telemanagement Forum (TMF), which is an association comprised of various telecommunications companies and providers that have developed a common framework that allows them to describe business processes required by a service supplier company, particularly a Telco, so that they can have a common vision.

Register for eTOM at the official TMF page (www.tmforum.org). eTOM members receive updated documentation, training references and other resources as well as the following benefits:

- Access to information libraries and resources focusing on transforming the Telco businesses and becoming a leader in the market.
- Access to world class courses and training in eTOM and NGOSS
- Being a part of a global community that focuses on maximizing the presence of your trademark

For those companies participating in eTOM, it is like a map that will guide them to a set of processes and provides a neutral viewpoint regarding internal reengineering needs, partnerships, alliances and, in general, business and work relationships with other companies.

The eTOM business model (framework) is used to carry out the mission of executing business operations processes. eTOM does not solve strategic problems or proposals such as how to address the target clients of a service supplier, identify which market segments should be covered by a service provider, decide what the vision, mission, etc. of a service provider should be. eTOM is more of a business process framework, which constitutes only one part of the model or strategic business plan of a service provider.

eTOM has had various publications since its first edition in 2001, however we can say that the level 0 figure has not changed much, but rather contributions have been made at the detail and libraries level.

- eTOM Publication 1.0 is an overview of the work direction, according to the TM Forum tradition of TM.
eTOM Publication 2.0 reflects the contributions of members and other participants. The key objective of eTOM Publication 2.0 was to stabilize process definitions and their hierarchy.

eTOM Publication 3.0 presents an eTOM Business Processes framework approved by members. This version introduces new concepts such as the NGOSS (New Generation OSS) model, the shared data model (SID) and the systems framework that will be used to guide future development priorities.

The 7.x Publication introduces perspectives for the automation and alignment of NGOSS to topics such as SOA and ITIL and additions to the Neutral Architecture.

eTOM expands on TOM to become a total business framework and addresses the repercussions and impact of eBusiness. Clear is its orientation towards process automation from auto-sale through shopping carts in portals, to self-management of additional services, self-provisioning, electronic credit card charge, and electronic invoice, minimizing human intervention where this does not add value for the client.

Fig. eTOM business model for Telcos (Source www.tmforum.org)
**Problems**

**Complex developments for simple changes.** If the “core” business of a company is something besides software development, the decision to buy or build a major system such as a CRM or an ERP usually is decided as a “buy.” But even when a company installs standardized software, a key question remains: Where should a business’s most important asset -- its business process operations – be administered? For too many organizations, business process operations are spread out and reside in disparate transactional systems and administered through numerous applications and process flows. Over time the repetitive maintenance process of these systems creates components that are increasingly more complex, which is why “simple” changes in business logic often translate into increasingly more complex development projects and, therefore, are more costly and time-consuming.

![Organizational Units](www.sap.com)

*Fig. Example of process flows among applications (www.sap.com)*

**Long time-to-market.** Money is lost when there is a long time-to-market, mainly in the case of products that depend on systems for marketing. Some companies that evolve their offering
at an accelerated market rate need to invest the IT time in adapting systems, so that they are absolutely situated in the critical path of the plan for output to the market. Nothing is earned for each day the competition has a product or service the company does not have and which it is able to offer, and nothing is earned by that which the competition does not yet have.

**High probability of error and its associated costs.** Integral business processes (from start to finish) usually cross more than one system and interact with personnel from across the enterprise. Integrating these processes requires a good portion of code and process documents. Error detection is much more difficult when processes aren’t integrated, which forces a business to develop mechanisms that report or carry out compensatory tasks for the business processes. The common outcome to dis-integrated business processes can be disinformation, inconsistency in the data, and the inability to notify the client about errors. The problem becomes more serious when an error in the process flow occurs on the boundary between applications, and the party responsible for this has not been defined.

*Fig. Variety of errors occurring in process flows (www.sap.com)*

**Loss of agility to respond to changes and business questions.** An organization that evolves in a very competitive environment needs to be agile, and IT must provide efficient technological support so that when the business needs data or a change in the process, IT can provide it in a timely manner, ensuring business continuity and good decision-making.
**Operating and maintenance costs.** There are usually two reasons for iterative maintenance of non-standard code used to expand the functionality of applications:

- To expand the functionality of necessary transactions not included in box software
- To expand functionality to control procedural integration and the associated business logic.

The second case generates and is responsible for a complex and difficult to maintain code. Why? Because there is nothing more critical than processes and business rules. As a result of the complexity, the equipment needed to support the operation becomes larger and more frustrating with each day.

**Lack of visibility of business processes.** When a central component does not exist for business process management, the monitoring functionality is dispersed in all the systems and there is no guarantee that users will have access to it. As a result, isolated monitoring developments are usually created to support the operation. In the end, organizations are ill-served when their business processes are locked in complex and unconnected silos that don’t give a complete view of important business variables. A company with business intelligence (BI/DWH) capabilities can analyze the past but it does little to understand the present.

**Poor visibility of accountability.** With functionality dispersed among various systems, the result can be poor visibility and eventually lead to bad decisions because accountability is not obvious and certain personnel can be overloaded with work.
Proposed solution

For many professionals, BPM is above all a management discipline, a way of thinking about the company in terms of atomic and dynamic work that is done to achieve the objectives the company has outlined for itself. Oftentimes, the activities included in the point-by-point processes cross the boundaries of various systems. This is why BPM is a valuable solution.

The ideas behind modern BPM are not new, although the term itself was not introduced until the 2000s. BPM follows the initiatives laid down throughout the decades of the 80s and 90s, including Total Quality Management (TQM), Business Process Reengineering (BPR), and Enterprise Resource Planning (ERP). These methodologies made an effort to improve all business performance through measurement, restructuring, automation and other techniques.

When an organization sets out on this adventure it must take into account certain considerations regarding the people, processes and technology to ensure the success of the implementation. The majority of these considerations are important because the BPM project must not be conceived to be just like any other IT project, and this is a consideration in itself.

In summary, some of the recommendations can be briefly stated as follows:

- Significant savings can be generated and success can be compounded using industry process "frameworks."
- Much money can be saved and success ensured by adequately handling change beginning with the project proposal. It should be noted that a BPM project is not a typical IT project for maintaining expectations and it is even better when businesspeople head up these initiatives.
- Selecting people for the team is very important. Not only should people who know the business be included, but people with process skills should also be involved.
- Do not make the mistake of blaming end users for unfulfilled promises.
- Success can be assured by selecting the appropriate BPM. The ownership cost variable should be studied in the process, but the approach should also be considered from the outset, so that there is a BPM with an approach to integration and processes, each with different characteristics.
- BPM’s potential can be maximized by incorporating a data integration bus (ESB).
- Make sure the organization has people with all the know-how needed to develop, operate and support the technologies involved.

The complete BPM implementation process should include all perspectives, technological, process and of course the personnel perspectives.

*Fig. Neoris Sustainable SOA framework (S2OA)*
What to look for?

A good BPM provider will become a trusted business partner with the capacity to integrate the necessary talents to establish a multidisciplinary team and experts in different technologies. The provider must have experience that it has capitalized into a work model, and because not all companies are equal, it must contemplate making the necessary adjustment. In summary the following should be sought of a BPM provider:

- That it be **experienced** in projects of this nature.
- That it can become a **business partner** with the capacity to organize a team of consultants with experience in the specific technologies of the business to generate a reliable diagnosis in a short period of time (days or a few weeks).
- That it has the **capacity** to give continuity to the proposals generated in the diagnosis and that it be able to set up multidisciplinary teams to achieve the principal objective. In addition, that it contribute **security** so that the project will not be abandoned and to support the management of the change needed.
- That the plan reflect the activities in each aspect: **people, process and technology**.
- That it have **alliances** with software and hardware suppliers from which to benefit.
- That it contribute a **practical vision** to the project and understand the value of aligning with best industry practices and agility so as not to uncover (and maintain) the black thread, with the advantage of adapting a work framework before developing a methodology in house.

As part of the scope of this document a little more detail will be given of the first or “diagnostic” phase.
**Specific Solution: Start with the appropriate assessment**

**Generating the assessment.** Some organizations have BPM implementation initiatives already underway. If this is the case, the recommendation is to generate a diagnostic based on a maturity model. This evaluation consists of interviews with the processes and technology teams to determine the level on which the organization is, so that plans can be made based on the initial status.

Following is an alternative for evaluating the BPM maturity status.

![BPM maturity model (source Gartner Group)](image)

**Planning**

Planning facilitates communications and sets the expectations of the interested parties regarding the vision of the BPM project. What is most important is that planning eases the project authorization process by demonstrating that the project contributes to managing the general content and business strategies. Some of the activities in this phase are:
• Identify the scope of the initiative
• Envision the project after execution
• Coordinate BPM project management
• Organize the project phases, activities and deliverables
• Attend to the follow-up initiatives: phases, results and benefits
• Ensure adequate follow-up of questions arising within each project
• Complete general follow-up tasks and activities
• Follow up on progress being made on the project
• Measure for results, outputs, benefits and value – both against the plan and measureable expectations
• Manage the scope – avoid impeding the scope but realize that some of the selections have their restrictions
• Take action to “direct” the organization of the project; eliminate obstacles; control critical success factors and the cost plan.

Identification of the business case. Before securing sponsorship, the BPM project management team must make the business case. If they can demonstrate how the BPM project will support the business strategy, top executives will be more inclined to support it. Communicate important information to the business people and those involved in the project related with the BPM. Offer clear recommendations for decision making. Explain clearly how success will be measured and how benefits will be proven. Quantify benefits in financial terms. Do a cost-benefits analysis, as well as an assessment of established financial objectives and quantifiers in non-financial terms. List those that are non-quantifiable or intangible benefits and the levels of the benefit, which can be subjective.

People

The mission statement is important because it clearly and concisely sets out the purpose of the project. The statement should incorporate relevant and quantifiable criteria for addressing concepts such as the goal, project expectations, profitability, interested parties, products / services, etc.
Change Management. The user is a key component to managing the change. Be sure to identify user strategy, state that each user has one or more “roles” or categories, and that each user is in one or more “work groups” to facilitate access control.

BPM Center of Competences. The project should be supported by specific measures related with the Competences Center: Effective criteria include Acceptance of the BPM, sponsors, formal structure of the organization, defined tasks and roles, responsibilities, processes for support and promotion of the effective use of the criteria.

Training, Training users in the preliminary phases and ongoing training activities must be considered.

Technology: In the first phase, the software that will be implemented for BPM should be evaluated and the functional requirements should be defined, as for example: understanding the business and functional requirements, defining the architecture scenarios, confirmation of the evaluation criteria.

BPM preparation and technical research: Define the reference criteria for the market. Prepare the supplier selection matrix, select suppliers, prepare the theoretical evaluation matrix, prepare RFI documents, define the criteria and weighting for the evaluation factors, provide support for sending invitations and the RFI to suppliers, and resolve doubts with suppliers. Also, provide support for demonstrations: execution, theoretical evaluation, selection of suppliers for the recommendation, definition of guidelines for the diagnostic, formal communication of the closing of the process, and review cost and support scenarios.

The next step: Do you need help in order to initiate or to continue your iniciative?

If you are interesting in finding out more about this solution in order to reduce your IT costs and the delivery time of IT solutions for your business, let us know and one of our business partners will contact you to discuss the benefits of this solution we have for you: info@neoris.com
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Neoris is a global business and IT consulting company that specializes in providing application outsourcing services and solutions and services in support of SAP applications. Neoris offers systems integration, custom application development, IT consulting, and software deployment and support solutions. The company is a leading provider of nearshore outsourcing services through a global delivery model leveraging six worldwide software development centers. In 2011, IAOP recognized Neoris as one of the best outsourcing service providers worldwide, and Global Services recognized Neoris as a Top Outsourcing Leader in Latin America. Headquartered in Miami, FL, Neoris has operations in the U.S., Europe, Latin America, Africa, and the Middle East.

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