

Deploying BPM in the Cloud Has a Silver Lining

Austin Rosenfeld

...And with today's commodity prices, that is a good thing. I.T. Infrastructure has been commoditizing for about 10 years, ever since Linux started taking the market share from proprietary (and expensive) server operating systems. With the rise of open-source software, other core infrastructure components such as web and application servers and even databases have gotten to the point where free or nearly free products are feature-set competitive with the old guard. The latest commoditizing technology is cloud computing. The cloud, and more specifically the Software as a Service (SaaS) model that the cloud enables, eliminates the need for many companies to buy servers and pay for the associated maintenance in order to use a specific application.

The traditional model of I.T. infrastructure was for an organization that needed to use applications to own farms of servers and constantly patch, fix, and back them up. External hosting offered a minor improvement, outsourcing the maintenance of the servers and applications, but still left the organization paying the same amount for software licenses and in some cases owning the same number of servers. With the rise of virtualization, that server space could often be consolidated onto a smaller number of machines, but the organization still had to license all the enterprise software to run on these servers, often still paying licensing fees for each server CPU used, because software vendors have been slow to adopt their licensing models to account for virtualized, "fractional" CPUs that are shared among multiple applications. With the SaaS model, software vendors encapsulate the application, the server, and all associated infrastructure, running in the cloud, and license it for one low monthly fee per user, regardless of how many physical resources they consume.

So why move BPM to the cloud? The most obvious reason is that BPM Suites are very expensive technology. With licensing, maintenance, and infrastructure costs, the five-year TCO can easily exceed \$1,000,000, before paying developers to automate anything. While there is often ROI to be had even at this price point, a cheaper approach makes that ROI much more achievable. As an added bonus, SaaS funding generally comes out of the operating budget, whereas the large investment in an in-house system is a capital expenditure, though individual company accounting rules may vary.

A typical usage pattern for the first year of BPMS ownership is what I call the "walk-before-you-run" approach. A single project team starts with developer-only access to the BPMS, with a handful of business users logging in occasionally for oversight. For the first few months, the I.T. department orders and configures the servers while a nervous manager or director figures out how the stakeholders are going to adjust to the new paradigm. Even the first production project deployment usually only touches a small number of users while everyone determines whether the technology really lives up to its marketing hype. Only after a few successful "pilot" projects does the typical CIO have the confidence to start using BPM to tackle broader, mission-critical processes. All the while, the ROI clock is ticking on that \$1,000,000.

Consider the economics of the walk-before-you-run approach in the cloud. The software is already configured on single-purpose servers. The initial managers and development team can experiment with the technology and prepare the same demos for stakeholders at under \$50 per man-month. When the pilot project goes live, the users access it through the same web interface, whether it is in the organization's basement or a warehouse in Timbuktu (O.K., the cloud probably isn't in Timbuktu). Total "I" on which to get an "R": Not much.

As BPM usage increases in the organization, SaaS costs scale linearly or better. When an additional process is automated in the BPM suite, the company incurs the same per-head costs for the new users that need access to the cloud. Existing users do not have additional costs, so once each user is using the system for one process, he or she can participate in unlimited additional processes at no additional cost. Contrast this model with the in-house approach. Most vendors charge a per-user fee even for in-house usage, on top of the CPU-based licensing, maintenance, etc., so the cost scale still has a linear component. The real wild card, though, is

that added projects and users are a drain on system resources and could eventually put you over the tipping point for needing to purchase another CPU's worth of licensing, likely with a six-figure price tag.

I.T. infrastructure costs have been commoditizing for years as hardware has become faster and cheaper and competitive open-source solutions have emerged for various layers of the enterprise stack. The latest incarnation of this creative destruction is the SaaS model, enabled by cloud computing. BPM suite vendors are leveraging this technology to offer tremendous value, which means it might be time for your organization to take a fresh look at the BPM value proposition as a whole.

Austin Rosenfeld is the founder of Macedon Consulting, Inc. Previously, he was a product architect at Appian and ran the BPM consulting practice at Amentra. For more information on how cloud computing and SaaS can help your organization leverage BPM, contact austin.rosenfeld@macedonconsulting.com.

BPTrends LinkedIn Discussion Group

We recently created a BPTrends Discussion Group on LinkedIn to allow our members, readers and friends to freely exchange ideas on a wide variety of BPM related topics. We encourage you to initiate a new discussion on this publication or on other BPM related topics of interest to you, or to contribute to existing discussions. Go to LinkedIn and join the **BPTrends Discussion Group**.