

January Sponsor



The Year Ahead

Business Process is a term that means very different things to different people, but regardless of how one defines it, most of us involved in business processes agree that 2006 was a very good year and 2007 looks to be even better. We talked to a wide variety of vendors and consultants and, with few exceptions, they reported that 2006 was their best year in several years. This indicates that companies spent money on business process tools and consultants, and it is, therefore, likely that they spent money on internal staff and projects, and that they are probably preparing to spend more in 2007. Almost everyone we talked with was anticipating more work in 2007.

When we asked why companies were spending money on business process development, the responses varied. The most commonly expressed opinion was that business and technological change and global competition were driving leading companies to invest an unprecedented amount of time and money in internal reorganization and development focused on improving their business performance. Mergers and acquisitions and outsourcing were cited as examples of business change that is driving internal reorganization. Beyond these drivers, respondents cited many more specific drivers, including new technologies, like BPMS software tools and performance monitoring systems.

To provide a general context for understanding and describing the BPM market, we'll review the BPTrends pyramid and consider developments and trends at the enterprise, process and implementation levels.



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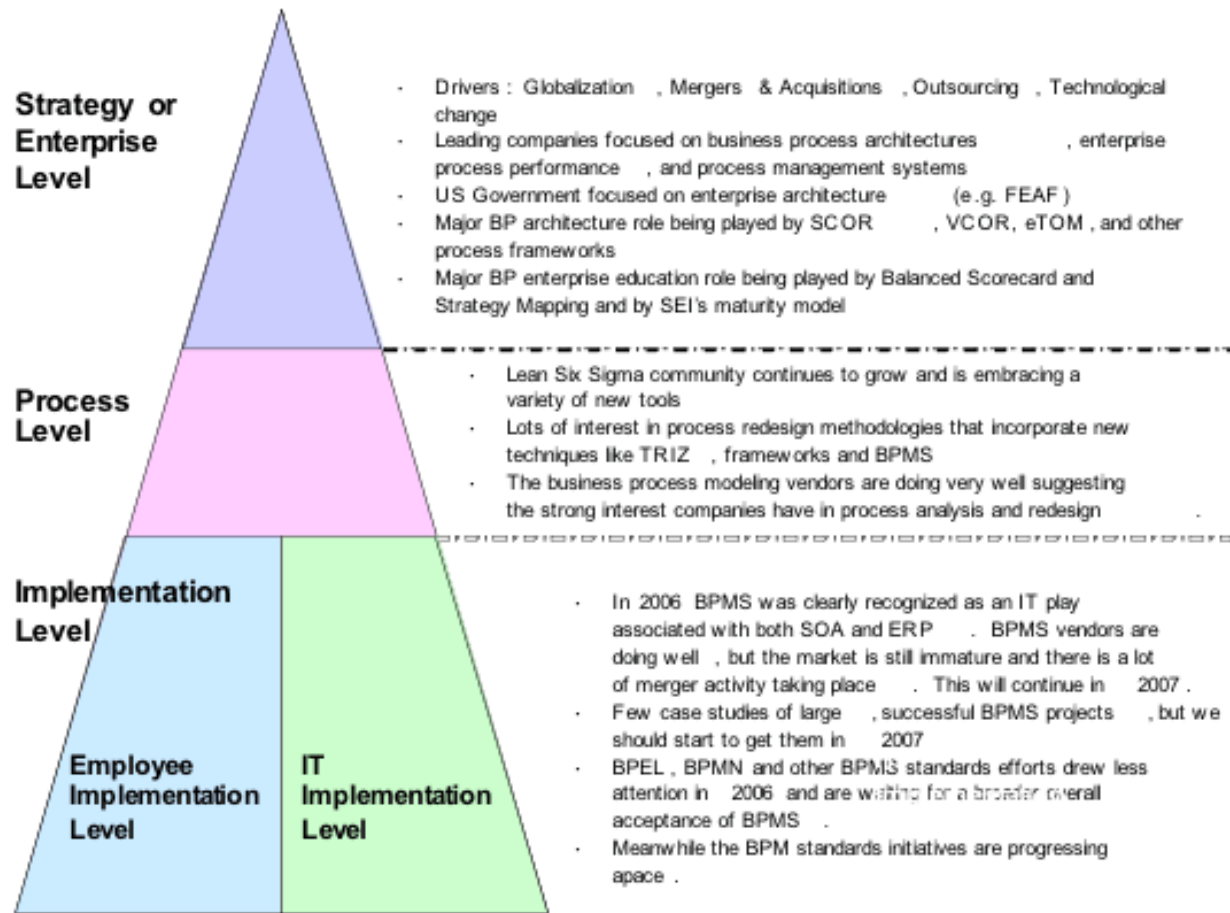


Figure 1. Some developments in 2006 and some trends for 2007

The Enterprise Level

The enterprise level is interesting because it has the greatest potential for influencing significant change in a company's overall performance, but, in reality, only a few leading companies are active in the creation of business process architectures, business process performance measurement systems, aligning business process managers and functional managers, and with the creation of BPM groups that can prioritize, manage and coordinate all the business process change initiatives across the enterprise. That said, leading companies that are engaged in enterprise level activities are generally large organizations that are spending significant sums and employing the leading business process consultants to help them become more process centric.

The US Government's enterprise architecture initiatives have provided quite a bit of work for process consultants. Initially, the enterprise work was primarily focused on analyzing and aligning IT resources (al la Zachman), but in 2006, several government projects launched more sophisticated efforts that put more emphasis on their business process

architectures. A leading driver in this area is the Supply Chain Council whose SCOR methodology is very popular among several government logistics organizations. Anyone working with SCOR gets a quick education in exactly what a good business process architecture can do for an organization.

Overall, process frameworks got a lot of attention in 2006 and will get more in 2007. The SCC is moving to extend SCOR to support other value chain processes. The Value Chain Council has completed their VCOR framework and has begun to promote its use. The TeleManagement Forum's eTOM continues to be popular with Telecoms, ACORD is working on a process framework for the insurance industry, and ITIL and COBIT are getting lots of attention from IT organizations. Using a process framework to reduce the time required to develop process architecture and performance measurement systems is an idea whose time has come.

The Balanced Scorecard folks continue to do more with strategy and to incorporate more processes in their models. SEI has generalized its maturity model to support process improvement, and the OMG is considering an alternative Business Process Maturity Model standard. All of these initiatives encourage executives to think of their organizations in process terms.

The Process Level

The Lean Six Sigma community continues to grow. It is probably growing faster abroad than it is in North America, but that may change as the Lean Six Sigma leaders get more engaged in BPM and SCOR initiatives that will provide Lean Six Sigma practitioners with powerful new tools that will extend what Six Sigma practitioners can do for their organizations. Expect a variety of new Six Sigma initiatives in 2007.

At the same time, lots of work is being done on more general process redesign methodologies. Examples include Geary Rummler's latest PDL methodology, Martyn Ould's RIVA, Jeston and Nelis's BPM methodology, and BPTrends Associates new methodology, developed in collaboration with Roger Burlton, a well-known BPM thought leader, author and consultant. Lots is happening in the business process change market and process redesign methodologies are evolving to support the use of new techniques. In some cases, the changes derive from the need to support processes implemented by knowledge workers, while, in other cases, the new methodologies are designed to support innovation techniques like TRIZ, the use of process frameworks, or the analysis and design of applications based on BPMS products. Expect to read a lot more about business process methodologies in 2007.

In 2006 the Business Process Modeling vendors did very well - better, relative to their size, than the BPMS vendors. This reflects the fact that most companies are taking a long term view of process change and investing in process redesign in preparation for process automation. This pattern will continue in 2007, although we expect that the leading BPMS vendors will experience increased growth in 2007, as well.

By far the largest amount of business process activity is still focused on business process change projects. Leading companies may be focused at the enterprise level, but most companies are still focused on the practical problems of improving specific processes as they automate activities for the Web, install ERP applications, deal with outsourcing and mergers and simply improve key processes to keep up with the competition.

The Implementation Level

While BPMS vendors had a good year in 2006, they will have a better year in 2007, although this is still an early adopter market and we don't expect any really major expansion in the BPMS market before 2008. The whole BPMS market started around 2003 and consisted of lots of EAI and workflow vendors jumping on the idea of a more comprehensive BPM automation effort. In 2003, lots of folks got excited about the idea that BPMS products would allow business managers to control updates to software elements supporting their processes. Within a year, there were well over 20 vendors competing for everyone's attention. By 2006, nearly everyone realized BPMS was an IT play, and that, at best, it would be years before business managers would see tools they could use independent of their IT groups.

There was significant consolidation in the BPMS market in 2006 and there will be even more 2007. In the meantime, companies are still trying to figure out exactly what these new products can do. And, for their part, the vendors are merging and acquiring one another in an effort to create the best possible total package. The realization that BPMS are really IT tools that embrace SOA and will be used with ERP applications has led to a general realization that BPMS will be more complex and take longer to evolve than everyone had originally anticipated. Watching large vendors like Microsoft, IBM, BEA, Oracle and SAP feel their way in this emerging market should convince observers that the market is large and interesting, but that the development of mature products will require some additional time.

There haven't been many interesting case studies published describing how large companies used BPMS products to develop large scale process management applications that made or saved them significant amounts of money. There have been some successes, but the companies with the most interesting BPMS applications aren't talking yet. Again, this is typical of an early market and it is another sign that the real surge in this market is yet to come. We expect that some interesting case studies will be published in 2007, and we expect to see a real surge in BPMS in 2008.

In 2005, BPMN received a lot of attention and the merger of BPMI and the OMG was big news. In 2006, we heard less about BPMN, which is being revised at the OMG. In a sense, BPMN has always been tied to BPEL and other BPMS initiatives, and interest in those technologies underwent a major transformation in 2006. In essence, 2006 is the year that everyone learned that BPMS and SOA were two sides of the same coin. Moreover, as everyone seems to agree that SOA will take longer, BPEL and BPMS are now also being viewed within a longer timeframe.

Another sign that BPMS is still in an early phase is that BPM conferences continue to proliferate. In a similar way, the number of books written about various aspects of business process change is expanding exponentially. Obviously, there are still lots of business people who are interested in simply learning what BPM is all about. In 2006, there were some 12 BPM conferences in the US. And, there were even more Six Sigma conferences. There will be a similar number of conferences in 2007.

The largest BPM-IT conference in 2006 was Gartner's BPM Conference and the Gartner BPM Summit in 2007 will probably draw about 1000, making it the show to go to if you want to learn about BPMS, SOA and other IT related initiatives in business process change. Shared Insights' BPM conferences, which BPTrends co-produces, are smaller, but they draw many of the business managers who want to learn about BPM. ISSSP and IQPC probably offer the best Six Sigma meetings in the US, and the OMG's BPM conference, Think Tank 2007, scheduled for July in the San Francisco Bay area, will be the place to be if you want to learn about evolving BPM standards.

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We launched BPTrends four years ago, in January of 2003, and we have been scrambling as fast as we can ever since. We have built our membership to 20,000, broadened our reach internationally, solicited and extended our contributors to include the leading thought leaders in BPM and expanded our content to include over 500 articles. In the first part of 2006 we were averaging 1 million hits a month. Today we are averaging over 2 million and the number continues to grow. We continue to be impressed with the wide variety of interesting BPM initiatives that our sponsors, authors, members and readers are engaged in. We thank you all for making 2006 our best year ever and we look forward to an even more exciting year of growth in 2007.

Till next time,
Celia Wolf and Paul Harmon