AUTHOR
Paul Harmon
Executive Editor
Business Process Trends

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Business Activity Monitoring

There is a lot of talk about Management Dashboards or Business Activity Monitoring (BAM). The first term has been around longer, but the latter comes from Gartner and seems to be more popular among vendors at the moment.

No matter which term you use, the idea is to create graphical displays of business processes and provide real-time data to show how the processes are functioning. Imagine, for example, a diagram of your company's supply chain. If you click on any specific activity on the diagram, you get lists of current inputs, current inventory, employees present or current outputs. You are also shown any qualitative measures being recorded, such as rejects, or defects. In some cases, you may also get alerts to warn you that shipments are behind and that an activity will stop functioning in 30 minutes for lack of parts.

IT managers have always monitored the flow of messages between software components. Every Enterprise Application Integration (EAI) vendor provides an interface for IT managers to allow them to monitor how the EAI system is coordinating application integration. They do it simply to assure that the software systems are running efficiently. Network management systems also monitor the flow of information between systems and platforms. Similarly, industrial companies have used real-time monitoring systems for years to manage complex manufacturing processes, like refineries and chemical plants. Unlike these systems, which provide real time information to technicians or operators, BAM systems are designed to provide real time information to business managers.

To be useful, BAM systems need to provide information that is organized and summarized in ways that business managers will understand. To assure that BAM systems can organize information in a useful manner, vendors will probably rely on graphical models of the business process. Some systems will simply report on measures obtained from automated sensors, but the more sophisticated systems will use knowledge about the process to reason about consequences. Thus, for example, if the system knows that operation X requires 200 parts per hour to function correctly, and the actual flow of parts to operation X falls below 200, the system will generate an alert for a manager and project when operation X will cease to function. In other words, BAM will need to combine a detailed knowledge of how a business process should function, with real time monitoring techniques and a graphical interface to create displays that business managers will find easy to understand.

A few large companies have hand built BAM applications on top of their existing process management or workflow systems to explore the value of this approach to monitoring and managing processes.

Most companies don't have their processes organized in sufficient detail for BAM. Nor are most companies currently prepared to invest the resources required to create these sophisticated systems. Thus, at the moment, BAM is more a concept than a reality and it will be a few years before it is widely used at most companies.

A wide variety of vendors are preparing to offer BAM products. ERP vendors like SAP and PeopleSoft are preparing to offer BAM products that will sit on top of their current offerings. Similarly, Systems Management vendors like Tivoli, and EAI vendors like Tibco, WebMethods and Vitria are all offering new BAM products. Data Warehouse and Data Integration vendors like Informatica and Business Objects are also in the game. Microsoft has announced plans to include BAM functionality in its BizTalk, Content and Commerce servers that will be delivered as part of its Jupiter project in 2003. IBM recently bought a process modeling vendor, Holosofx, which has a BAM capability and has announced that it will use Holosofx as the foundation for a series of "vertical management dashboards" - presumably, industry specific BAM products. One way or another, you are going to hear a lot more about Business Activity Monitoring in 2003.

A quick glance at some of the early offerings suggests that most are still too oriented toward IT managers and aren't friendly enough, or process-oriented enough, to be truly useful for business managers. This will change in the years ahead as companies develop more accurate and detailed descriptions of their business processes. Richer business process descriptions, with explicit business rules, will make it easier to create much more powerful BAM applications.

BAM is just one step toward the currently popular idea of a real-time enterprise. One way or another, business managers will gain better control over the minute to minute operations of their processes and, simultaneously, the ability to make instantaneous changes in how processes are working. Managers who run large chemical processes have had this ability for some time. Expect to see something similar for retail processes, supply chain processes and marketing processes in the near future.

We will continue to watch as the market for BAM tools develops. Watch for a BPTrends Case Study on how Intel is using BAM in a new supply chain system it has developed.

Till next time,

Paul Harmon