

BPM A Global View

March 2005



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First, I wanted to thank the BP Trends team for inviting me to contribute to their Web site. In this quarterly column, I will share information and experiences on BPM that I have gained while traveling throughout the world.[1] BPM is gaining traction globally, and I have found interesting uses of BPM technology everywhere I go. To get things started, I think it is important to discuss some of the assumptions about BPM that are prevalent in the market, and the reality behind those assumptions.

When I started in the business in 1994, I thought that one of the major challenges BPM software vendors would face would be the varied customer requirements across industries and across countries. Customers and analysts in these markets often share this opinion. The reasons for this are fairly obvious:

- Processes are very different in different industries;
- Processes deal with people, supervision, policies, and customer interactions;
- The cultural differences between customers should have a major effect on process implementations;
- The differences in technology adoption rates in different countries would severely impact the timing for successful entry into new markets.

The confluence of industry-specific requirements and country-specific requirements, when added to the myriad other requirements of BPM solutions, would make the software extremely complex. Perhaps it was partly this logic that shepherded early vendors to focus on specific vertical applications in specific countries and regions.

The reality of BPM is very different. It turns out that BPM requirements are very similar across industries and geographies.

Process Uniqueness Does Not Drive Specialized BPM Requirements

It is true that business processes in each industry are very different from each other. Indeed, business processes in different companies within the same industry are also very different, and these differences are in many cases the source of competitive advantage or disadvantage. As a result, the basic value proposition of BPM software must be to enable companies to deploy business processes tailored to the specific needs of the company. The effectiveness of the software is measured by its ability to implement customer-specific business processes with the shortest time to value.

To be successful, BPM solutions have to provide increasingly powerful tools to let customers adapt the solution to their process requirements, rather than adapt their business to the requirements of the solution. If BPM solutions can actually deliver on this core value proposition, they can readily address the differences found in business processes in different industries.

Incidentally (and importantly), this is one of the major differences between BPM and other enterprise applications such as ERP and CRM. The latter applications provide solutions to specific problems, and these solutions include some pre-

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packaged business processes. Pre-packaged processes, at best, get companies to a playing field level with the competition, but do little or nothing to enable competitive advantage. To gain that, customization is required, but the cost to execute this, and manage the ongoing maintenance, is extremely high.

Cultural Uniqueness Does Not Drive Specialized BPM Requirements

As with process uniqueness, cultural uniqueness also does not drive significant specialized requirements for BPM software. Everyone likes to think that they are different, and in many ways they indeed are. However, when I listen carefully and peel through the layers, it turns out that their BPM needs are not very different after all. Customers throughout the world and in different industries want the same basic things from BPM:

- Flexibility
- Integration
- Support for complex user environments
- Security
- Scalability
- Exception Handling
- Low Total Cost of Ownership

At the heart of these requirements is flexibility. If the BPM software is robust and flexible, it can be used to address the requirements of different countries and cultures. The significant assumption is that the BPM software must be flexible. If vendors focus on enhancing flexibility and adaptability of their solutions, country or cultural requirements can granularly be accommodated. Indeed, if vendors listen carefully to such requirements, they can make their solution more flexible, thus enhancing the core value proposition for all their customers.

Technology Adoption Rates Do Not Have a Significant Impact on BPM Adoption

The other thing I hear often in foreign countries, when people talk to me as the CEO of an American software company, is that the adoption of BPM as a new technology lags behind the US. The German and the British say that they are 1 year behind the US. The Italians and Spaniards counter by saying that they are 1 year behind the Germans and the British in terms of BPM adoption, therefore 2 years behind the US. Latin Americans also feel they are 2 years behind the US. In Asia Pacific, one hears similar refrains, and the general perception is that technology adoption, and by extension BPM adoption, is 1-2 years behind the US.

Through all of this talk, I have developed a different opinion. The adoption of BPM is not driven or correlated with technology adoption. Instead, there are many other factors that influence BPM adoption, the leading one being *process orientation* or a business culture that is driven by process thinking. Some other important drivers are the importance of structure in the business culture, the stage of technology investments, and the global competitive environment and how it influences the investment thinking of company decision makers.



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If one analyzes each geographical region or country through this looking glass, one finds the BPM playing field more or less in the same state – at least in all the developed and rapidly emerging countries of the world. A lot of new technology is introduced in the US, and US companies are most willing to take a risk by adopting new solutions such as BPM. However, the US business culture is more ad hoc and less structured, as compared to Europe and Asia Pacific. By their very nature, most Americans do not like structure, and, by extension, processes.

In Europe, process culture is probably better developed than in the US. Remember that Europe had a major role in the development of ISO 9000 that brought the focus on processes to the forefront. Some of the early pioneers of workflow automation were based in Europe. This process orientation compensates for much of, or the entire lag in technology adoption.

The business culture in Japan and China is the most structured and requires many decisions, if not every decision, to be approved by a number of individuals as part of a process. The need to execute processes efficiently and consistently makes them amenable to BPM. The strong TQM/quality focus in Japan and the sheer need for efficiency further drives demand for BPM.

Finally, Latin America and the Middle East look up to the US as the role model. They seriously believe that for them to be competitive they must do what the US companies do, but even more and better. Many times I have heard executives of Latin American companies, which have already adopted BPM and have many processes automated, say wistfully that one day they will have as many of their processes automated as their US counterparts. The plain truth is that their US counterparts do not have most of their processes automated either!

The BPM Market is Global

The bottom line is that BPM is a global industry. Customers need the same things from BPM, irrespective of the language they speak or the industries they work in. The factors that drive the adoption of BPM are more or less at par in the developed and emerging economies all over the world. Given this, if we, as an industry, can continue to focus on delivering tangible value in reasonable time frames, then BPM will emerge as a significant industry that has the potential to be bigger than ERP and CRM.

Notes

[1] In this column I will use the acronym "BPM" to denote both the current genre of pure-play BPM products as well as workflow automation products that preceded them.

