

Are All BPM Solutions the Same?

By Alan Trefler

Synopsis: Applied properly, BPM technology can directly support customer-facing processes, provide process improvements, and yield a strong ROI.

Business process management (BPM) is gaining traction as a potential solution to the integration problems that have prevented companies from responding quickly to shifting market demands and from gaining a deep, enterprise-wide view of their customers. As with most technical terms, however, BPM covers a wide range of technologies and vendors. Some address the whole problem; some address the pieces. This article offers an all-encompassing description of BPM and the essential qualities companies should look for when they're evaluating BPM vendors. Business-level users will learn

- How BPM technology can directly support customer-facing processes, from the executive suite to the front lines.
- How to ensure their BPM vendors' products meet the full range of their needs and aren't point solutions in camouflage.

Technology users will learn

- That it's vital to choose BPM products that have integrated process and practice control.
- How BPM solutions can relieve IT staff of routine tasks by empowering business line managers to change technology-based procedures in response to shifting market and customer demands.

An understanding is emerging that use of BPM software increases productivity and reduces operating costs. Sound familiar? It ought to. These are the same benefits that have been touted by vendors of EAI, ERP, and CRM, and virtually every other enterprise software system. These enterprise applications haven't always lived up to expectations, so how can users be sure that BPM will be different?

BPM technology is partly comprised of existing, proven concepts and technologies, such as workflow and integration. In addition, BPM delivers tangible benefits today, whereas it often took a long time for companies to reap benefits from other enterprise technologies in their early stages.

Many vendors are new to the BPM space, giving the impression that the technology is new. Some aspects of BPM, such as real-time connectivity, are relatively new, but these newcomer vendors have only a handful of customers and aren't yet proven in the marketplace. There are BPM vendors who have a credible list of customers, but only because they recently acquired a BPM technology. In such cases they may maintain their integration perspective and lack the sufficient depth of understanding of BPM. Finally, there's another set of BPM vendors that have been providing solutions that simply automate workflows.

Users can have difficulty determining which offering best suits their needs. Consider customer and analyst recommendations as well as which vendor's technology is advanced enough to make process automation simple. The fundamental test of advanced BPM technology, and where all buyers should start, is whether it combines process and practice in a single, tightly integrated package.

Process and practice are the yin and yang that drive business. Process is how people and systems interact to do work. Practice is the corporate policies and guidelines that define and drive decisions. A BPM system that doesn't combine process and practice is like an ERP system that doesn't integrate manufacturing, accounting, and inventory. It cannot give senior managers and executives a cohesive picture of company operations. Similarly, a BPM system that doesn't combine process and practice cannot give line-of-business managers the control and responsiveness they need to accommodate shifts in market conditions and customer demands.

Process and practice are so intertwined that if a company doesn't buy a product that integrates them, the company will inevitably have to find a way to do it themselves. Considering the complexity of even smoothly executed enterprise software projects, few companies want to add another layer of integration. Moreover, multiple vendors inevitably mean that when a problem arises, one will point the finger at the other, delaying the resolution time.

All BPM solutions are not alike. Many vendors either process or practice, but few do both. BPM vendors have recognized this need, and the market is consolidating as process and practice vendors merge and acquire each other. Even so, newly acquired or merged companies need years to fully integrate their products. A mature integration of process and practice will serve companies better than focusing on one or the other. It's the difference between strategic and tactical.

Integrated processes and practices indicates that an organization focuses on customers rather than transactions. Empowering managers to change process and practice across all channels of communication (e.g., call centers, Websites, etc.) lets them actively monitor work in near real-time. That means the ability to meet service-level agreements, correct bottlenecks, address staffing issues, and report on progress.

With integrated processes and practices, work done on the front lines conforms to corporate policies because process and practice rules work parallel in the same system. That closes the traditional gap between strategic planning and tactical execution. Companies can more easily optimize operations, cut costs, earn customer loyalty, and comply with evolving government regulations. Those are the competitive advantages companies have always hoped for from their technology investments, but have not been able to, largely because of the division between process and practice. True BPM delivers on that promise.

Business Rules: The Brain of BPM

Organizational processes require rules to determine what, when, where, and why the processes will be developed, implemented, modified, and measured, and who will determine them. The person involved in a process may change, but their role is consistent, thanks to the rules that state the path the process should take. For instance, rules associated with a purchase order (PO) process can be created so that POs can be generated at all organizational levels. Approvals, however, are contingent upon varying conditions, such as a requirement for a signature by senior staff if the dollar amount exceeds a certain threshold. Key differentiating factors for today's BPM solutions include how well they can apply these rules, customize or specialize them, and easily let business users or technicians change them.

True BPM solutions need to go beyond the generic rules associated with departmental, document-centric processing. Such traditional workflow solutions merely receive and route work around the organization and perhaps report on it. Real BPM is more inclusive than EAI's system-to-system rules associated with data movement. For BPM solutions to be effective, they must have rules superimposed over the applications so that, as processes begin, advance, and conclude, any associated process executes, too.

If the BPM application presents the PO for approval and identifies a discrepancy in a shipping address, an overall rule set can kick off another process to check for the right one. Once the new address is confirmed, the decision to update the information (and the task of actually updating it throughout all databases) occurs, eliminating even more unnecessary steps.

Properly deployed BPM accommodates the needs of users, not just systems and data. BPM is best suited for such processes because there are often many variables when people are involved. People come and go and change roles within departments, so organizations need to have the flexibility to modify processes quickly and easily without complex reprogramming. With rules placed over applications, users with appropriate authority can change multiple processes, which keeps processes in lock step with changing business conditions.

A true BPM solution accommodates change. It also resolves not only the "how" of updating an address throughout the organization, but also the other critical elements, such as

- "Where" the approvals and changes are routed
- "When" the changes are required
- "Who" can change and/or approve them.

BPM solutions can provide the process improvements and ROI that transcend the departmental or business unit level.

According to analyst Eric Austvold of AMR Research, keeping the process separate from the logic of rules is ideal because the smaller amount of coding means fewer complications and faster implementations.

"With a federated rules technology in a separate repository, your repository of master policies can be used in every application," he says. "Because it is application-agnostic, BPM then becomes the glue that holds the applications together."

Using the example of customer loyalty programs offered by airlines, Austvold cites how rules dictate the foundation of customer relationships. "Gold" customers rate certain levels of benefits and prompt certain questions (i.e., process flows), whether the interaction is online, via phone, or in person:

- Are first-class upgrades automatic, or should the customer be asked?
- Is there an expedited baggage claim process for gold members?

For other customer levels, such as "titanium," there are other process flows that show how to interact with that higher level of customer.

How important is it to distinguish between process and process rules? Gartner Group weighs in with its assessment of the business rules engine (BRE) market, saying that about a third of today's BPM vendors have some form of a BRE. And that number is growing.

Customers: The Ultimate Endorsement

Obtaining the ability to deliver exceptional customer service in a commodity business is what led American National Insurance Company, with \$10 billion in assets, to choose a combination of a BRE and BPM. Under the old system, the insurer's customer service representatives could not predict customer questions. They would respond to an inquiry such as a claim, by going down a specific pathway in the legacy system to find the details of the policy coverage, then exit that system and go into another to get the necessary data about the claim.

With a BRE/BPM blend, much less time is spent with callers. The customer service representatives can populate their screens with data from all systems, so they can predict inquiries and respond right away to tangential or unrelated ones.

"Customer service is the differentiator in insurance today, so process and performance in the department are key," says Gary Kirkham, vice president and director of the planning and support division. "With BPM, we can take an average person and enable them to perform at the level of the best person because we capture in code the best practices of the organization. And thanks to the business rules, we know who the caller is and can provide information regardless of who the agent is, so the rules let us execute the way we want to do business.

"Equally important is deploying process applications that measure performance so we can conduct continuous improvement. It's the only way to thrive in the 21st century."

Conclusion

Given the common needs for compliance, efficiency, and cost reduction, BPM can hardly be categorized as a technology in search of a problem. It's an established technology that's solving problems today and is poised to solve many more tomorrow. Even when deployed in conjunction with a BRE, BPM isn't all things to all organizations. It won't replace CRM or ERP, for example, but it can add enormous value to these systems and others by linking them through fluid, people-based processes. When powered by a sophisticated, built-in rules engine, it can help users manage and change complex business processes right from their desktops, thereby greatly improving flexibility, competitiveness, and ROI.

The challenge for users is knowing what they want a BPM system to do (beyond process automation), and then choosing a supplier whose technology matches the organization's viewpoints on process design, modification, measurement, and tangible benefits. As AMR Research's Austvold puts it, regarding alignment of process definition and vendor selection, "Have an 'outside-in' perspective where customer needs dictate process flows. This maintains process fluidity and execution."

About the Author

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