How BPM Impacts Consulting Services

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A few months ago, I had the opportunity to spend time with Howard Smith, author of *Business Process Management – The Third Wave*. Smith and other visionaries foresee a future where Business Process Management (BPM) techniques and technologies underpin most companies. Howard and I had many interesting discussions. Having spent 15+ years as a management consultant and systems architect myself, the discussion that intrigued me the most was "how the adoption of BPM will impact the consulting services industry." *Refer to the sidebar for a high-level description of "how does BPM work?"*

Fueled by the economic downturn and cheap offshore labor, there has been intense downward pressure on consulting fees. While commodity skills have suffered the most, subject matter experts (e.g., management consultants, industry experts, architects) have not suffered as badly because they have very specialized, non-commodity skills. In effect, the consulting services market is separating into two tiers: specialized subject matter experts and commodity-IT labor. So, how might BPM better support these two groups?

Let's start with the subject matter experts (SME). Customers hire SMEs because they bring intellectual capital in the form of best practice processes and procedures. Additionally, customers have become very savvy and demanding. For example, providing generic "order-to-cash process" best practices is not enough – one of my customers requested best practices for the order-to-cash process for an energy company that uses SAP's financial modules. In response to these types of requests, consulting firms have launched knowledge management initiatives designed to capture and catalog such "process intellectual capital." BPM can augment these knowledge management initiatives by providing a tangible, precise, standard notation for expressing best practice processes.

Using a business process management system, or BPMS, a consulting firm could download a digital library of best practices into a customer's BPM execution tool of choice. Using best practices as a straw model, the consulting firm could quickly customize the process to fit the customer's unique situation, run simulations on expected process performance, tune the process, and have a prototype available in under a week. This approach could greatly reduce the cycle time for business process redesign and improvement projects. And, of course, such work would be conducted in a collaborative fashion with the customer. In fact, a consulting firm could establish a collaborative environment for a customer and their business partners (e.g., suppliers, service providers, their customers, etc.). Such a collaborative environment would support design, deployment, maintenance, analysis, and optimization of business processes that span a customer's value chain. Additionally, the consultancy could provide the environment as a secure managed service, leveraging economics of scale by spreading the cost of the BPM infrastructure (intellectual capital, hardware, software, and people) across numerous customers.

BPM holds equal promise for commodity-IT labor services. Increasingly, commodity-IT labor is being performed offshore, supporting activities such as applications development, applications portfolio maintenance, and business process outsourcing (BPO). For any one who has every worked with an offshore company, it takes months and several projects before a workable communications process is achieved. Many times the process hurdles are never overcome, resulting in failed projects and costly over runs. These offshore firms will benefit greatly by leveraging BPM.

- Most offshore firms have rigorous processes and procedures that they follow. Most times customers demand modification to these processes. Offshore firms would be well served

to implement their standard processes using BPM systems. As part of the pre-engagement model, the firm would work collaboratively with the customer, reviewing the base processes and procedures and modifying them accordingly. This allows the customer to understand the impact of their application and process customization requests and provides the offshore firms a detailed and documented understanding of the customer's requirements. In effect, this creates a "process factory" that will allow the offshore firm to support variations for each customer in a scaleable, cost-effective manner.

- Once the processes are established, a "process portal" would be created. The portal would adapt itself to each user's role, presenting different views and capabilities. Customers can submit service requests and track status, offshore resources will work tasks related to the requests, offshore managers will monitor progress and be altered to problems, customer executives could be given a real-time dashboard to measure service-levels, etc. The result is "process transparency" that fills the communications void that often plagues offshore relationships.
- Customers expect services firms to continue to improve delivery models and reduce costs over time. Information captured via the process portal will provide insights for continuous improvement and provide a basis for measuring improvements over time.
- Many customers have established their own program management offices (PMO) and use their own software to track services requests. For these customers, integration with the offshore firms process portal is required. Fortunately, one of the strengths of BPM systems is integration, at the level of business processes or as discrete "Web" services. The portal can expose the process information to the customer's tool-of-choice, providing the process transparency required to effectively manage the relationship.

Quite apart from the market for new "BPM" products and services, adoption of process-centric methods, accelerated through the use of BPM tools, will be a differentiator in many service industries. The firms that do it well will grow their customer base and become highly efficient and profitable.

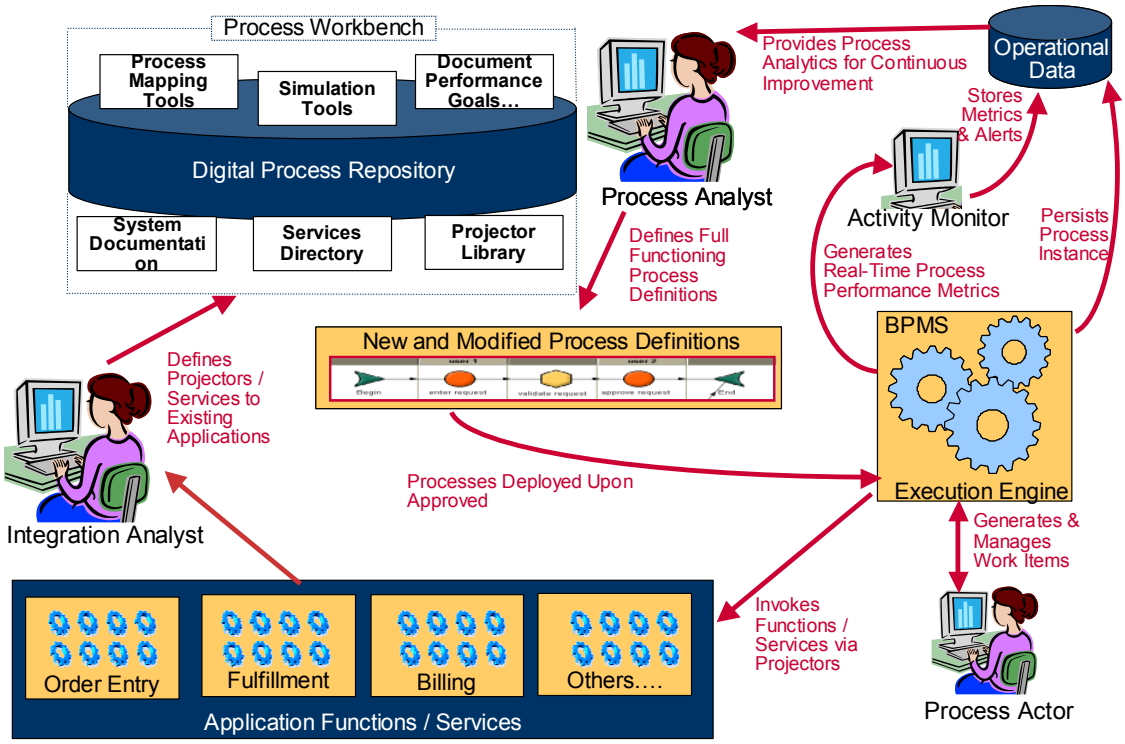
Within the industry I know best, the IT Services Marketplace for Global 5000 firms, BPM has the power to separate winners from losers. Just as in manufacturing where productivity was transformed through the introduction of Computer Aided Design and Computer Assisted Manufacturing (CAD/CAM) tools, BPM tools provide a direct path from IT system design to execution to operations. More significantly, BPM closes the loop between process design and process optimization, allowing the consultant to integrate continuous improvement, with continuous change, with continuous learning. As the firm's process repository grows, they are creating, even without knowing, what I call "actionable knowledge." In the highly competitive consulting services marketplace, BPM provides knowledge management on steroids!

Side Bar

How does BPM work?

For those of you new to the concept of a business process management (BPM), think of it as the seamless amalgamation of business process modeling, integration, and workflow technologies. BPM allows business analysts to model an end-to-end business process (both manual and automated steps), consolidate processes that span existing applications, and deploy end-to-end processes with little (if any) programming. Once defined, a business process management system (BPMS) then manages the execution of process instances, with customization as required. In effect, a BPMS separates "business process" into its own layer of software-enabled management, allowing the business to quickly reconfigure and adapt processes. In contrast, current generation applications embed business processes within rigid software code and database tables, making process change complex and costly.

The following diagram outlines the key concepts of BPM.



1. Working with business managers, the business analyst designs business processes. Business process information is digitized in a format that is easily understood by both business and technology users. This "digitized process information" becomes the "process execution instructions" used by the BPMS. No translation into coding languages, such as Java, is required. Think of the BPMS as a process virtual machine.
2. Once the process requirements are understood, an integration analyst will work with the business analyst to identify integration points to existing applications. In many cases, "projectors" will already exist that expose the required integration points. When a projector does not exist, the integration analysts build new projectors using BPM tools. In many cases, existing IT assets (even to fine grained objects or services) are made

available to the BPMS via 'projectors' so that process designers can include them in end-to-end process models (Step 1) with no involvement by "IT technicians." Thus, there is no need to map processes to integration points, the process definition is always ready for testing and subsequently deployment.

3. Once tested, the process design is migrated into an execution engine (a.k.a., a BPMS). The BPMS understands the process notation, and manages the routing and execution of business processes via a "process portal." The execution engine manages the entire end-to-end business process – both manual and automated steps. It provides an audit trail, or lifecycle, over the execution, providing the information required for process analysis, business activity monitoring (BAM), and business performance management via "process dashboards."
4. Process actors utilize the process portal to display new work items. The BPMS presents screens related to each process step, allowing the process actors to complete their tasks. Screens are customized to each process actor, so they only view and enter information relative to their specific task. More senior users are allowed to interact with processes in more advanced ways, for example, to resolve exceptions.
5. As process instances are worked, an activity monitor will provide real-time alerts to anomalies that might occur (e.g., a process taking too long). Business managers can be immediately notified and corrective action taken.
6. Lastly, metrics and detailed process information are stored for later analysis by business managers and analysts in order to identify future process improvements. As improvements are conceived, the analysts can run simulations to validate the designs before deployment. The detailed information provided via the BPMS enables closed-loop continuous process improvement.