# The Consumer Has the Technology
# The Market Has the Process

## Chris Potts

### Introduction

*The rapid consumerization of the IT[1] market means that specialists in Business Process Management (BPM) and Enterprise Architecture (EA) need to collaborate like never before. While EA and BPM are different disciplines, both must provide coherent leadership to executives on how best to innovate, on the most valuable changes to invest in, and how to fully exploit those investments. Where executives' decisions are based on 'legacy thinking', BPM and EA must influence them to think differently. This Article explores the implications for EA and BPM together, of the consumerization of IT.*

### BPM and EA: Overlaps, Contrasts and Collaboration

In June 2011 an innovation took place in London involving both BPM and EA. Their two conferences[i], that had previously been run separately, were co-located and co-ordinated. As a result, the people who set the conference agendas took a careful look at the overlaps and contrasts between the two disciplines.

The timing of this innovation couldn't have been better, as seismic developments in how IT is exploited and delivered are asking fundamental questions of both BPM and EA. Although neither EA nor BPM is specifically about IT[2], both are impacted by IT-related developments. This is because, for nearly sixty years[ii], IT has been increasingly integral to the structures of enterprises and of markets, and to the end-to-end processes of doing business. Nowadays, IT is commonly to referred to as 'all-pervasive'.

With the consumerization of IT, and the push to a 'cloud' model for IT delivery, the IT market is in a strategic inflection of the kind Andy Grove described in Only the Paranoid Survive[iii]. Some of the questions this inflection poses are undoubtedly unique to either EA or BPM, but one in particular is central to both: who, in reality, now has the process?

Processes are at the heart of the overlap between BPM and EA, but with a different perspective in each case. BPM is primarily about flows, while EA is primarily about structures. BPM is naturally concerned with the end-to-end performance of processes, while EA is concerned with the enterprise's holistic performance as a complex structure[iv], and the structural role that processes play. How processes inter-relate - 'Processes Architecture' - brings together the EA and BPM perspectives, and this is where executives can naturally expect coherent and collaborative leadership from their BPM and EA specialists.

In 2012, the EA and BPM conferences are being co-located again, and will no doubt explore further the contrasts and overlaps between the two disciplines. And, by then, we will all have another year's experiences of the seismic changes taking place in IT, together with their implications for markets, processes and enterprises, now that the consumer has the technology.

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[1] Information Technology
[2] Authors note: Enterprise Architecture is considered here to be different from IT Architecture. Both are valuable.

## The Consumer Has the Technology

When EA and BPM were first conceived, only enterprises had IT. Consumers interacted with enterprises, and with each other, in person, with fixed-line telephones, and by letter. Enterprises used IT as tools to improve their internal processes and their interactions with consumers. In effect, the enterprise had the process, and consumers appeared in it.

Today, the IT market has consumerized. Enterprises - indeed entire markets - are starting to experience the consequences. As well as consumers having smartphones, tablet computers, laptops and desktops, in their homes IT architectures are appearing that connect together all of those devices, plus others not traditionally considered to be IT.

In my home, for example, I have just replaced an ageing HiFi receiver with a new one, that came with a network connection as standard. So I plugged it in and started to explore what I could do. Now, without going anywhere near it, using remote control Apps on my iPad, I can seamlessly switch between streaming music from an iMac over our wireless network, to using Spotify over the internet, to watching films and on-demand television in surround sound with our main television as the monitor. I can tell my Facebook or Twitter friends what I am currently listening to or watching, and as a result might influence their buying choices.

As we consumers are finding out what we can now do with IT, we are shaking up markets and redesigning processes. What has happened to the market for recorded music is an early example. As a result some established enterprises have struggled, while others are managing to adapt. Some new enterprises and business models have emerged.

If enterprises still see IT as tools to support their internal processes, consumerization represents a rude awakening. Now, consumers use IT to shape their own experiences, lives, relationships and markets. IT is already deeply integral to market ecosystems, and can only get deeper. From both EA and BPM perspectives we need people to recognise that businesses designed on a principle that 'the enterprise has the process' are increasingly vulnerable. Now that the consumer has the technology, the market has the process.

## The Market Has the Process

When you choose to go on vacation, you have the process. You create for yourself an experience using the opportunities on offer in the market. Various enterprises will appear in your process, for example as a result of their marketing or because you have used them before. Depending on the choices you make, some will get to contribute to your experience. How well they contribute will affect whether you choose them again.

Similarly, if you are an investor in enterprises, a regulator of them, a government passing laws they must obey, and so on, you also have the process. Again, an enterprise can appear in your process and make contributions, and may influence your choices.

Between consumers, investors, regulators, governments and others, the market has the processes in which your enterprise appears, and on which it success depends. Enterprises themselves have fragments of these processes. An enterprise's 'sales process' for example, is their fragment of a consumer's buying process. Other enterprises will have parallel fragments of the same process - which means the consumer can weigh up her choices and make her decisions. If her decision goes against your enterprise, that's the end of your involvement in the consumer's process.

While each enterprise designs unique ways of making its contributions to market processes, it is unlikely it will have unique internal processes. These are determined by the market(s) in which it participates. For example, if your enterprise is an airline, the internal processes you'll have are determined by the fact that you are in the air travel market, and by the geographic markets in which you want to appear.

With innovation and investment, your enterprise can influence market processes. Airlines are exploiting the consumerization of IT to change how they appear in the check-in process, which is leading to changes in the process itself. This may give an airline a competitive advantage,

although - according to Nicholas G Carr in Does IT Matter? - that advantage is unlikely to be sustainable[v].  When the market likes what an enterprise does, others usually follow.

The sustainability of both existing and new business strategies, and the models and scenarios they are founded on, is a vital area where EA and BPM now need to be providing executive-level leadership.  The consumerization of IT on its own would be enough to make this essential.  The IT supply industry's push into 'the cloud' makes it even more so.

## The Strategic Contribution of EA and BPM

Both BPM and EA are about the process of innovation - that is, the successful exploitation of new ideas.  They exist to provide executives and managers with leadership on the best ideas to invest in, the design and execution of those investments, and the delivery of value from them.  Crucially, both EA and BPM are about how people's individual ideas and investments collectively create a more coherent, higher-performing enterprise.

With a few exceptions, such as strategy, executives are expected to take a primarily functional view of the enterprise - e.g. Marketing, Sales, Service, Finance.  Specialists in processes and architectures, on the other hand, are bound to take enterprise-wide views of  flows and structures, respectively.  For the contributions of BPM and EA to be most valued requires them to reconcile for people, both practically and politically, the enterprise-wide and functional views.

As we have already witnessed in industries such as recorded music, the consumerization of IT has the potential to reshape markets in ways that threaten existing enterprises, however good their internal processes might be.   In parallel, 'cloud computing' is a more fundamental development than simply how your enterprise sources its IT.   The combination of consumerization and cloud could mean that some business models cease to be sustainable. If a consumer could get from the cloud some or all of what your enterprise has traditionally offered, what are the scenarios in which your enterprise still survives and thrives?

So, what do today's specialists and BPM and EA need to focus on with executives, to provide them with the leadership they need?  Here are three areas to consider:

1.    Promoting the strategic principle that 'the market has the process', with guidance on what this means in practice for the enterprise's strategies, innovations and investment in change. For example, make sure people first model the architecture of a market and its processes, before then designing your enterprise's unique contribution.

2.    Sharing and using a relatively simple mental model of how everything fits together, now that the consumer has the technology and IT is creating 'clouds'.  Here's the one that appears in RecrEation[vi]:
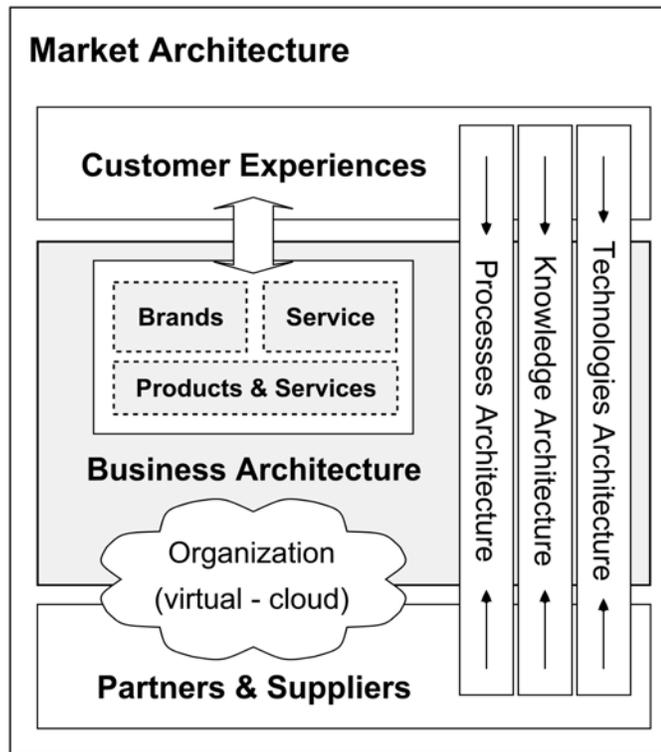
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3.     With corporate strategists, developing scenarios for: (a) what consumers might choose to do with IT that would impact your enterprise's strategies and business models; and for (b) how anything your enterprise offers might be taken into 'the cloud'.

Earlier in this article I quoted Nicholas G Carr, and his 2004 book 'Does IT Matter'.  In it, he described the biggest risk in IT management at the time as overspending.  Today, many executives still consider how much the enterprise spends on IT as the most significant IT-related subject to focus on.  However, the IT your consumers use does not come from your enterprise's IT spending.  As Joe Peppard  of Cranfield School of Management concluded in his paper The Pervasive IS Organization[vii] "most organizations are organizing and mobilizing their resources, both people and technology, in ways that almost guarantee that they will experience severe problems", and "IT is being managed based on legacy thinking".

Enterprise Architecture and Business Process Management are founded on strategic thinking, influence, innovation and leadership.  IT consumerization, and 'cloud', means that together BPM and EA need to guide executives away from legacy thinking about business processes, enterprise structures, and IT, and with that into a new level of appreciation for the contribution of BPM and EA to strategy formulation and execution.  Because, when it comes to strategy, executives have the process.

## Author

Chris is a hands-on corporate strategist, a mentor to CIOs, executives and Enterprise Architects, an award-winning speaker and a writer.  He specialises in strategies for investing in change and exploiting Information Technologies.  Called "the world's leading thinker on IT investments", he works with people around the world in a diverse range of industries, cultures and corporate strategies.

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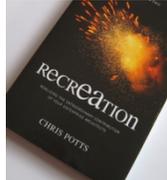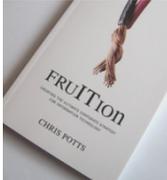
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## References

[i] See http://www.irmuk.co.uk

[ii] On November 29th, 1951, J. Lyons & Co. undertook the first full run of the Bakery Valuations application on the LEO 1 computer (source:  Wikipedia)

[iii] Only the Paranoid Survive.  Grove, Andrew S. Currency/Doubleday, 1996.
[iv] See "Using Structural Performance Ratios to Guide Investments in Enterprise Architecture" Chris Potts, Journal of Enterprise Architecture, November 2010, Volume 6, Number 4

[v] Does IT Matter?  Carr, Nicolas G.  Harvard Business School Publishing Corporation, 2004.
[vi] RecrEAtion.  Potts, Chris.  Technics Publications, 2010.
[vii] The Pervasive IS Organization. Peppard, Joe. Available at www.som.cranfield.ac.uk

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