



Extreme Competition

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Latest book:
*Dot.Cloud: The 21st
Century Business Platform*
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Enterprise as a Service (EaaS) – That’s where BPM Comes In

This Column is adapted from the forthcoming book, Enterprise Cloud Computing, www.mkpress.com/ecc.

If you have an email account with Yahoo, Google, or Hotmail, or if you have a blog or an account with Facebook, congratulations, you are a pioneer and early adopter of cloud computing! But now let’s talk about “enterprise cloud computing,” as contrasted with those examples of “consumer cloud computing.”

Cloud computing is all the rage these days and one of the most hyped terms to come along in the past decade. What is it? That depends on who you ask. It seems almost any form of information technology has been rebranded as cloud computing – if it has anything to do with the Internet. The term is interpreted as broadly as the term “computing” itself. The literature on the topic is exploding, and cloud computing has stirred the imagination of pundits, commentators, and analysts.

With so much hype surrounding cloud computing, and with 40 different definitions coming from 40 different experts who are asked what cloud computing is, I’ll not add to the fray in this column. But no-nonsense business executives responsible for the success of their organizations need a baseline definition devoid of bias. So, let’s turn to the Information Technology Laboratory of the National Institute of Standards and Technology (NIST), an agency of the United States Department of Commerce. The NIST Cloud Computing Project has posted its working definition of cloud computing. Computer scientists at NIST developed the draft definition in collaboration with industry and government. It was developed as the foundation for a NIST special publication that will cover cloud architectures, security, and deployment strategies for the federal government.

Cloud computing is a model for enabling convenient, on-demand network access to a shared pool of configurable computing resources (e.g., networks, servers, storage, applications, and services) that can be rapidly provisioned and released with minimal management effort or service provider interaction. This cloud model promotes availability and is composed of five essential *characteristics*, three *delivery models*, and four *deployment models*.

But wait, cloud computing isn’t a “thing:”

- It’s not a new technology.
- It’s not a new IT architecture.
- It’s not a new methodology.

“What the hell is Cloud Computing? I have no idea what anybody is talking about. I mean it is really just complete gibberish. It’s insane.” – Larry Ellison, CEO, Oracle Corporation, September 2008.

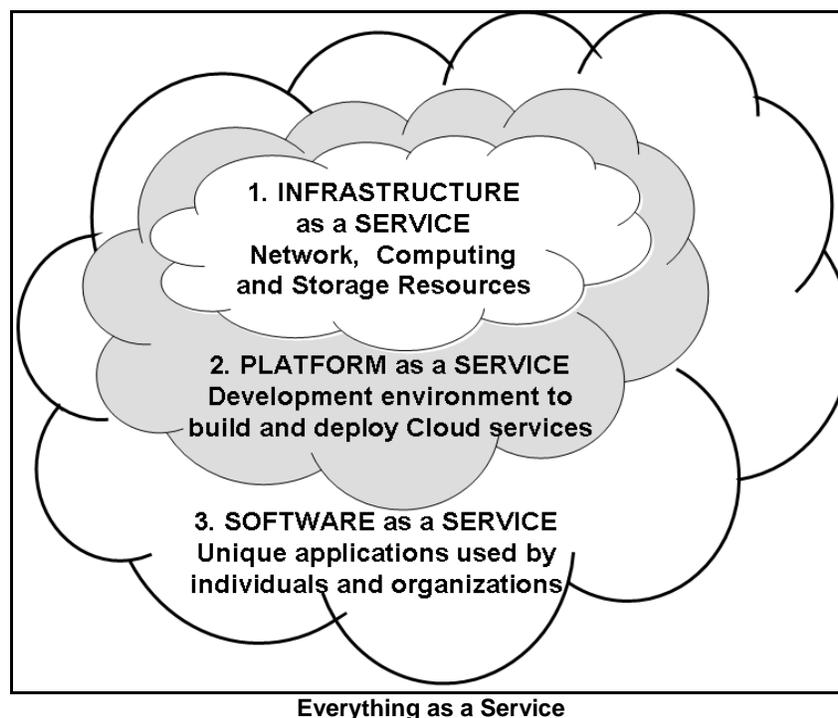
The big deal is that cloud computing is a disruptive *delivery* model. It’s an economic, not technological, shift!

The whole concept and language used for cloud computing essentially relates to supplying “Everything as a Service.”

NIST describes three *delivery* models:

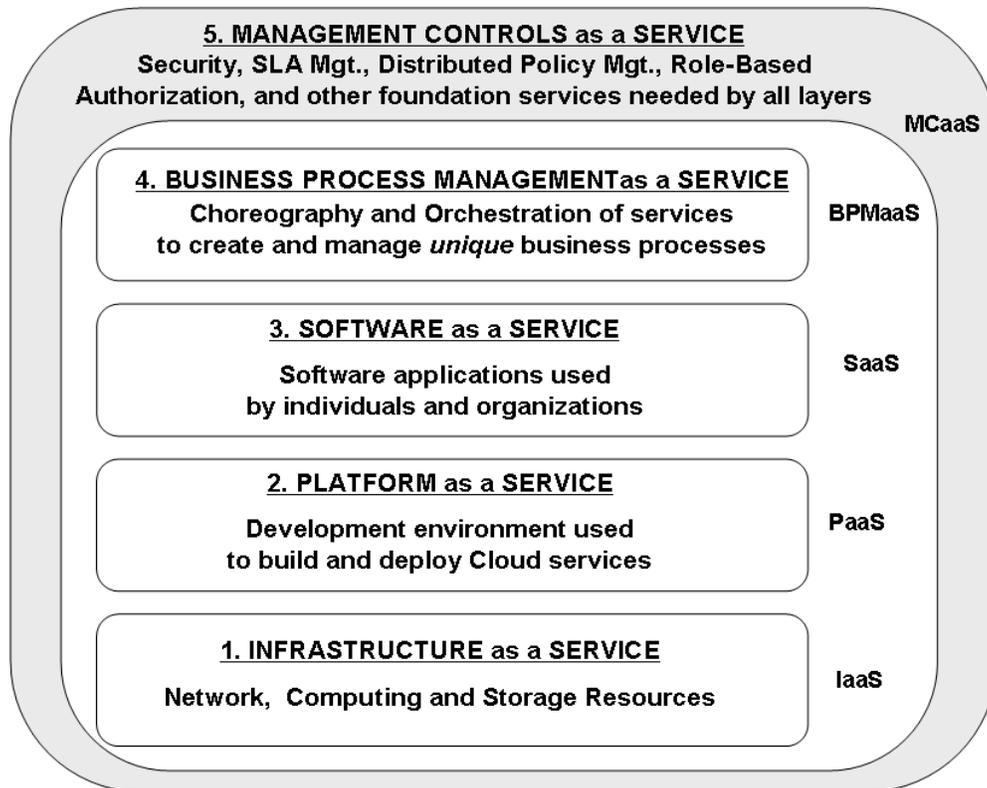
- Infrastructure as a Service (IaaS) – the raw computing and networking resources
- Platform as a Service (PaaS) – services for developers to build new applications and services
- Software as a Service (SaaS) – applications and business tasks rendered as services

Taken together, these are often referred to as the SPI stack, and the book, *Enterprise Cloud Computing*, elaborates on each.



But wait!

There’s more to the three Software-Platform-Infrastructure (SPI) layers that NIST addresses when it comes to **enterprise cloud computing**.



Expanded Delivery Model

Business Process Management (BPM) as a Service (BPaaS).

Sometimes referred to as Process as a Service (PaaS), or Business Process as a Service (BPaaS), BPM services represent the highest level in the Cloud services hierarchy (while Management Control as a Service surrounds all other layers). BPaaS provides the complete end-to-end business process management needed for the creation and follow-on management of unique business processes.

What's the difference between SaaS and BPaaS? There's much more with BPaaS. With SaaS offerings, a company is buying "same-old" packaged software (though initially configurable), and the "much more" goes far beyond canned "business software as usual" being put online. It goes on to creating unique business processes designed for unique and specific purposes to link together multi-company value delivery systems that in the past weren't feasible or economical to join together. Call them "collaborative, situational business processes" if you like. Fortunately, those "canned SaaS applications" can become "participants" in unique end-to-end business processes that deliver business innovation on demand to create competitive advantage.

BPaaS is all about the complete orchestration and management of business processes, and puts business people in charge of their processes.

BPaaS is what sets "enterprise cloud computing"
apart from "consumer cloud computing."

What's a business process? As clearly defined in the book, *Business Process Management: The Third Wave*, "A business process is the complete set of transactional and collaborative activities

that bring value to customers.” Unique business processes are how companies differentiate themselves, and are thus paramount to the enterprise use of cloud computing. Because the typical end-to-end business process involves over 20 companies in any given value chain, multi-company BPM is essential to gaining and maintaining competitive advantage. Bringing BPM capabilities to the Cloud enables multiple companies to share a common BPM system and fully participate in an overall end-to-end business process. BPMaaS covers the full lifecycle of business processes, from their conception, design, implementation, and optimization. This foundational component of enterprise cloud computing places the emphasis on “on-demand” business processes so that processes can be changed on the fly, in real time.

BPMaaS may be implemented as a form of Business Process Outsourcing (BPO) with the functionality centered on a particular industry. Such “vertical” implementations would embody ontologies, master data management, and core business processes unique to a given industry. Such implementations would most likely be carried out in Community Clouds where a group of companies share a group firewall.

On the other hand, BPMaaS can be implemented as a “horizontal” Business Operations Platform (BOP) that has a business process management system (BPMS) at its heart. This is similar to PaaS, but rather than programming tools being accessed, the BPMS is being accessed for full process lifecycle management and specific process services such as process modeling with BPMN and business activity monitoring (BAM).

Takeaway.

It is indeed BPM that sets enterprise cloud computing apart from consumer cloud computing. So, if you thought BPM was fading away in deference to SOA, cloud computing, and other buzzwords, think again. “Enterprise as a Service” and the Service-Oriented Enterprise are all about BPM moving from departmental silos to enterprise-wide orchestration, and on to the entire multi-company value delivery system – in the Cloud.

What's the big deal? Competitive advantage in the 21st century.

Author

Peter Fingar is regarded as one of the original promulgators of business process management since the publication of his 2002 book, *Business Process Management: The Third Wave* (Meghan-Kiffer Press). As a former CIO and college professor, Peter has been working at the intersection of business and technology for almost 40 years. His latest book, *Dot.Cloud: The 21st Century Business Platform Built on Cloud Computing*, is a best seller, and the Chinese edition has just been released from Beijing. He has joined force with Jon Pyke, founder of the Workflow Management Coalition (WfMC), and Andy Mulholland, Global CTO of Capgemini, to pen the highly anticipated book, *Enterprise Cloud Computing: A Strategy Guide for Business and Technology Leaders* (May, 2010). Peter delivers keynote talks across the globe and is speaking this year in Asia, Europe and the Americas (www.peterfingar.com).