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What's Happening With BPMS?

The Business Process Management (BPM) market can be a confusing place. Some people think that process management is about process analysis or process management practices. Others think that BPM means Business Process Management Systems (BPMS), and they are eager to determine what tools are available for BPMS development and what experiences companies have had trying to field BPMS applications.

In this BPTrends Advisor, we want to address the issue of BPMS. Our vision of the near future is that it is inevitable that companies will become more and more automated. BPMS tools provide an ideal approach to organizing automation efforts in a way that will empower senior managers to monitor what their companies are doing and, then, when necessary, to change the way their companies operate. We are confident that most large and mid-size companies will be dependent on BPMS applications by 2020. Similarly, we are convinced that the use of BPMS will make future companies more efficient, more flexible, and much more productive. BPMS will underlie the extensive outsourcing that will characterize companies and allow senior managers to manage the widely distributed services they will need to coordinate to provide products and services for their customers. In a nutshell, we are very upbeat about the future of BPMS.

At the same time, we know that the current BPMS products are still evolving and that strategic BPMS applications have yet to be developed. BPMS, today, is as much a vision of what will happen, as it is a reality. Today's tools combine workflow and software integration engines with process modeling environments. Most are moving toward SOA, but few have a solid SOA platform. Most provide some monitoring capabilities but few have the business intelligence capabilities they will need to do the kinds of things most companies desire. The BPMS market is in, what Geoffrey Moore would call, the Early Adopter phase. The companies currently exploring BPMS are doing just that - exploring. They have yet to determine exactly how they will use the technology or what will be involved in creating large, strategic applications. Most companies are still installing ERP applications and few have considered what will be involved in moving to an SOA environment.

Just as important, and limiting, most companies do not understand their business processes well enough. Most have done some process work and understand their core processes reasonably well, but they don't begin to understand them as they will need to if they are to implement them in a BPMS environment. Most do not understand their support and management processes and how they interact with core processes to achieve their business goals. At the same time, businesses keep evolving and most large companies are trying to make decisions about what to outsource and what analytics will be required to manage the resulting distributed organization. Many process consultants would advise, as we would advise, that companies focus on redesigning and improving their existing processes and organizing their process performance measurement and management functions before they invest much effort in automating their existing processes. We are not suggesting that companies shouldn't do some experimentation to learn about the nature of BPMS, but, in the long run, they will have a better BPMS experience if they clean up their processes and develop a good business process architecture before they attempt to automate the day-to-day execution of those processes.



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For most companies, focusing on understanding and improving existing processes will take a few years and that time, in turn, will allow the BPMS vendors and the Early Adopters to work out exactly how BPMS will be best used when it is ready for prime time, a few years from now.

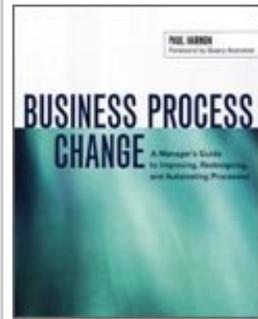
About this time, in 2006, we wrote an Advisor on BPMS and pointed out how consolidation was increasing. Here's the list we published then, with the addition of a few new acquisitions. (We highlighted the new acquisitions in bold.)

- **4-07 Software AG (Platform) buys webMethods (EAI)**
- **11-06 IBM (Platform) buys Filenet (Documentation)**
- **6-06 EMC2-Documentum (Documentation) buys ProActivity (BPMS)**
- 3-06 BEA (Platform) buys Fuego (BPM engine)
- 12-05 Intalio (BPM Engine) buys FiveSight (BPEL)
- 10-05 Metastorm (Workflow) merges with CommerceQuest (EAI)
- 9-05 Fair Isaac (Rules) buys RulesPower (Rules)
- 7-05 Seagull Software (Middleware) buys Oak Grove Systems (BPM engine)
- 6-05 Sun (Platform) buys SeeBeyond (EAI)
- 4-05 TeleLogic (Modeling) buys Popkin (BP modeling)
- 6-04 Oracle (Platform/Database/ERP) buys Collaxa (BPEL)
- 6-04 TIBCO (EAI) buys Staffware (Workflow)
- 4-04 Adobe (Documents) buys Q-Link (Workflow)
- 9-02 IBM (Platform) buys Holosofx (BP Modeling)

Clearly, the consolidation continues, and just as clearly, it is too early to tell who is going to dominate the market. As we've already noted, we expect the BI and Analytics vendors to join the fray and that, in turn, will lead to some additional acquisitions as companies try to assemble the right component products.

This whole process is taking longer than it would normally take in a new market because most of today's BPMS vendors are not start-ups. Most of the pure-play BPMS vendors have already retired from the market. BPMS combines workflow, modeling, enterprise application integration, document management, and business rules, and there were already successful vendors in each of those markets. In effect, BPMS has moved the leading vendors in each of those earlier markets into a common market. Since these vendors were already well organized and making money, they have staying power. Thus, the current struggles to define the "perfect" BPMS tool.

Stepping back a bit, it has been obvious to some of us for awhile that, ultimately, the BPMS market will be dominated by the platform vendors. Almost all of the leading BPMS tool vendors already run on top of either the Microsoft or the IBM platform and let the platforms provide most of their integration functions. The platform vendors, in turn, are still feeling their way in the BPMS market and are just beginning to understand what kind of BPMS platform will be required. Thus, for example, SAP announced NetWeaver over two years ago, but has barely begun to market it. Similarly, Microsoft and IBM each suggest they are interested, and keep making presentations, but clearly haven't arrived at their final platform configurations or ramped up their marketing efforts. Figure 1 suggests how we expect the BPMS market to evolve and suggests a timeline, which is probably optimistic.



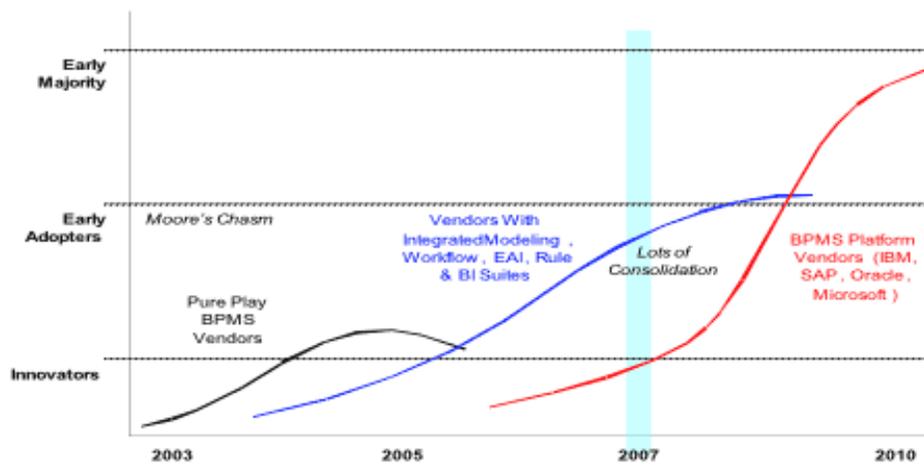


Figure 1. The evolution of the BPMS market.

We expect that the current field of vendors will continue to consolidate and that today's popular vendors will acquire more capabilities and become better integrated. At some point in the near future, we expect that IBM, Microsoft, SAP and the other platform vendors will arrive at a clearer idea of what a sophisticated BPMS platform will look like and they will begin to enter the BPMS market in a more aggressive way. Meantime, they will continue to acquire BPMS vendors that offer capabilities they decide their BPMS platforms will require. When the platform vendors begin to make their presence felt, the current crop of BPMS vendors will be put under a lot of pressure and the weaker vendors will be squeezed out. On the other hand, once the leading platform vendors become aggressive, the BPMS market will begin to move beyond the Early Adopter phase and Early Majority companies will begin to have the confidence to become actively involved and will acquire tools and begin application development.

The point, however, is that at the moment, things are still percolating, and it will be awhile yet before the BPMS market starts to boil. When it does, lots of companies are going to want to start automating their business processes with BPMS software and using the resulting applications to manage the day to day operations of their global supply chains and their customer relationship management systems. To be ready to take advantage of BPMS when it is really mature and ready to be used, however, those companies have got to begin TODAY to define and refine their existing business processes. That work doesn't require BPMS products. It requires business modeling software, business process architecture teams, BP centers of excellence and Six Sigma teams. That work can be done today and can generate huge savings if it is done with vigor and verve. It will lead to immediate results and it will, at the same time, prepare your company for BPMS in the near future.

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Till next time,

Paul Harmon