# The State of the BPMS Market

BPM became a hot term in early 2003. BPMI was founded in 2002. Smith and Fingar wrote *Business Process Management* and I wrote *Business Process Change* in 2002, and both books were published in early 2003. There were no BPM conferences in the US in 2002 and few in 2003. Similarly, in 2002, there were only two or three vendors promoting themselves as BPM vendors and there were several business process modeling vendors whose origins were in CASE and the Business Process Reengineering movement of the early Nineties.

Today, the number of vendors claiming to offer BPMS products is probably over 100. There have been more than 10 BPM conferences so far this year and I've lost track of the number of books that have been published, with BPM or Business Process in their titles.
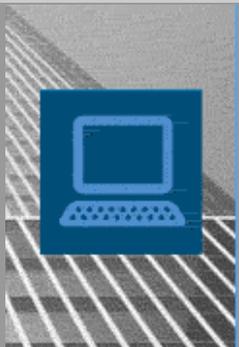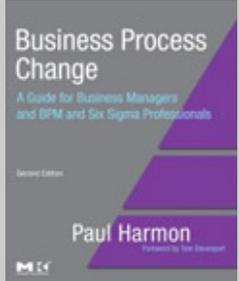
Clearly, BPM is doing well. Now, if everyone agreed on what "BPM" means we could move to the bar and celebrate. Unfortunately, some people use BPM to mean a generic approach to redesigning business processes. Depending on whom you talk with, BPM can mean Six Sigma, Balanced Scorecard, SCOR, process redesign, or identifying business managers to manage processes. And, of course, it can also mean using ERP software to automate processes, or it can mean using a BPMS software product to manage the runtime execution of a business process. Taken as a whole, there's a lot going on in the world of business process management, and many different BPM initiatives that have been successful.

In this Advisor, I want to focus on just the BPMS market. In other words, I want to consider how rapidly companies are buying BPMS software products and what kinds of successes those companies are having as they seek to develop and deploy BPMS applications.

Even this narrower question is hard to answer because there is a great deal of confusion about what a BPMS product is or what a BPMS application should seek to accomplish. If we define BPMS very loosely to include any product that supports Workflow development or Enterprise Application Integration (EAI), then the BPMS market is doing very well, indeed. The leading BPMS vendors are having a very good year. The major platform vendors, like IBM, BEA, Oracle, SAP and Microsoft are all expanding their BPMS offerings and ramping up their marketing and sales efforts.

The greater interest in BPMS is reflected in the fact that there is quite a bit of consolidation going on. This occurs as leading vendors buy other vendors in an effort to create more comprehensive product offerings. Here's a quick, and probably incomplete, list of some of the acquisitions that occurred in the last few years.

- 8-07 Metastorm (Workflow) buys Proforma (BP Modeling)
- 6-07 IBM (Platform) buys TeleLogic (BP and UML Modeling)
- 5-07 TIBCO (EAI-Workflow) buys Spotfire (BI)
- 4-07 Software AG (Platform) buys webMethods (Documentation)
- 8-06 IBM (Platform) buys Filenet (Documentation)
- 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 Issac (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)

If you talk with the leading BPMS vendors, they will tell you that BPMS has crossed Moore's Chasm - that BPMS has moved beyond the Early Adopter phase and is being embraced by major Early Majority companies. I've visited or talked with a half dozen BPMS vendors in the past three months, and I'm of a mixed mind about this claim.

It is clear that the BPMS vendors are building great applications and that they are building them for companies that everyone would agree are among the Early Majority. In that sense, BPMS is a success and is rapidly gaining ground. There is a real problem with this analysis, however. If you look at the actual applications that have been built, they are impressive EAI or Workflow applications, but they are applications that could have just as well been built in 2001. In other words, they are IT applications, built by IT developers to solve an automation challenge.

Perhaps it is fair to say that the interest in BPMS has pushed the Workflow and EAI markets into high gear, but I'm not convinced that it has done the same for the BPMS market, yet.

Maybe I'm being too picky about what I term a BPMS application. I'm certainly using a narrower definition than Gartner or Forrester. I imagine a BPMS application to be the automation of a business process. Further, I imagine that business people get together and determine that they want to automate the management of a business process and then work with IT to develop an application that will ultimately help the business management team control the day-to-day operation of an important process. In other worlds, I discriminate between applications that automate some portion of a process and applications that give process managers real day-to-day control of their processes. My ideal BPMS application is a worldwide supply chain that is controlled by the SVP of operations. Each hour, the SVP can see what is happening with the flow of parts, products and services throughout the supply chain, and he or she can intervene when something starts to go wrong or when something needs to change.

Don't misunderstand. I have seen some great Workflow applications and some really impressive EAI applications over the course of the summer. Some of them truly deserve to be called BPMS applications. Most, however, didn't involve business people and don't really support business people. They fall closer to a Nineties definition of EAI or Workflow. The best of the BPMS tools are quite capable of creating true BPMS applications. At the moment, however, in my opinion, those tools are being used by IT people to create powerful IT applications that don't involve business managers in a way that I think is required in order to realize the real benefits that many of us believe BPMS can deliver.

Figure 1 provides an overview of the situation, as I see it. I would say that EAI, Workflow and Process Modeling products have all crossed Moore's Chasm and are being used to create powerful applications at early majority companies.
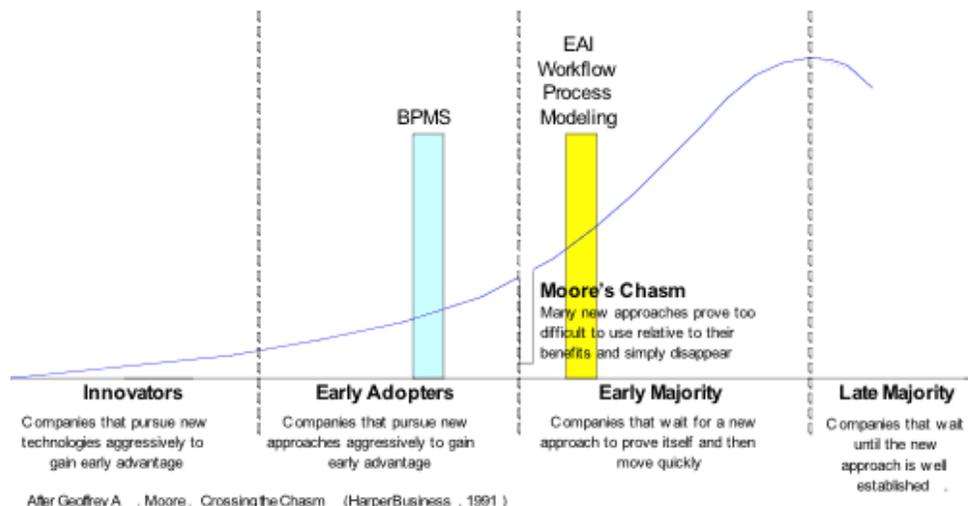


**Figure 1. Moore's Technology Adoption Curve, BPMS, and EAI, Workflow and Process Modeling.**

In my opinion, however, most companies have yet to understand the real power of BPMS. Some are exploring BPMS, and some Early Adopters are building very exciting applications. In another year or two I think we will see a new set of BPMS applications that will integrate business process, IT, and process management in a more comprehensive way than most of the early "BPMS" applications do today.

Having offered that opinion, let me go on to consider two other aspects of the current BPMS market. At the beginning of 2006, I predicted that 2006 would be the year that everyone realized that BPMS and SOA were two sides of the same coin. I believe that insight is now firmly established and we can observe the growing implications of that insight this year. The good news is that SOA conferences are excited about BPM and BPMS vendors are excited about SOA. The bad news, at least from the perspective of those of us who want BPMS to embrace business managers and focus on business processes, is that SOA tends to encourage the BPMS platform vendors to conceptualize BPMS more narrowly, as an IT market. In 2003 and 2004 most of the platform vendors were uncertain how to position their BPMS offerings. Today, they seem to be focusing on selling BPMS as a front-end for SOA. They are telling IT architects that SOA (and BPMS) is the next wave in software architecture. Obviously, there's nothing wrong with this, but if it is taken to the extreme, it ignores the business managers and the business process side of the equation and focuses on infrastructure and on developing software applications as they were developed in the Nineties. I suspect that SOA is a major driver for much of the current interest in BPMS, but I fear it is driving BPMS toward becoming a software play and reducing the impact it will ultimately have on business process management.

On the other hand, earlier this year I suggested that 2007 would be the year that people realize that you need to combine Business Intelligence (BI) technology with BPMS to create platforms that can provide the kind of support senior business managers will need if they are to really manage processes with BPMS. That prediction also seems to be tracking very well. Of course, some leading vendors, like IBM and TIBCO, have been promoting this idea for some time, but lots of other BPMS vendors are now looking for acquisitions to strengthen their own BI capabilities. To maintain its lead, TIBCO recently acquired Spotfire, a BI package that will allow them to generate very nice performance monitoring interfaces for business managers. Similarly, Microsoft has just announced the inclusion of PerformancePoint Server in Office to upgrade its BI capabilities, and SAP has been promoting its latest BI improvements. Unlike SOA, which tends to make BPMS more technical in nature, BI tends to support the development of better management interfaces, and, ultimately, will result in tools that are better at supporting business managers as they seek to monitor and control their processes.

Stepping back, I suggest that most companies do not yet have a very clear idea of what to expect from BPMS. IT departments are using BPMS tools to create predictable applications, while business people have yet to figure out exactly how a BPMS application might empower process managers and lead to significant new jumps in productivity. Meanwhile, most BPMS vendors are still working to create packages that will integrate all of the various technologies that companies will need to create truly exciting BPMS applications.

The BPMS market is doing well, but the best days are yet to come.

Till next time,

Paul Harmon