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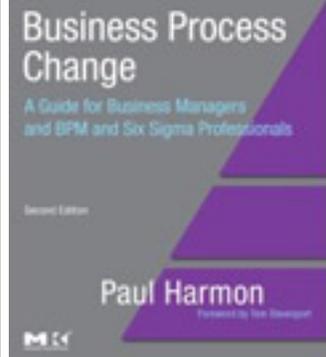


BPM at the end of 2007

BPTrends has just completed our annual BPM Market Survey and we plan to publish the results in February of 2008. We asked the same basic questions we asked in early 2006, and we will compare what companies were doing in early 2006 with what they are doing today. As a broad generalization, things are much the same. While the overall interest in BPM continues to grow, the types of BPM initiatives being implemented by companies are basically the same. More companies are using BPMS products today than in early 2006, but not many, and most companies are still looking at BPM to deliver process redesign and improvement.

If we consider the vendors that make up the BPM software market, the most notable issue in 2007 is the number and types of acquisitions. In April, Software AG bought webMethods. In May, TIBCO bought Spotfire, a BI vendor. Then, in June, IBM bought TeleLogic (which had acquired Popkin in 2005). In August, Metastorm bought Proforma. In September, SAP announced it would acquire Business Objects and IBM bought Cognos. And, this month, Metastorm announced that it has agreed to acquire Process Competence, a European process consulting company. Clearly, there has been quite a bit of consolidation in the BPM market. On the other hand, there are still over 100 vendors in the process market, more are joining every month and we are still a couple of years from a mature market characterized by 3-5 dominant vendors.

2006 was the year in which everyone realized that BPMS and SOA were flip sides of the same coin. In a similar way, 2007 was the year



everyone recognized the important relationship between BPMS and Business Intelligence (BI) and Tom Davenport contributed to our understanding of the relationship between BPMS and BI with his great book, *Competing on Analytics*. We may not be certain about what the ideal BPMS suite will include, but the functionality and requirements continue to become more complex and comprehensive.

If we could all agree about what constitutes the BPM market - or what a good BPMS tool should do - the vendors would probably be doing a better job of creating the products that practitioners want. In fact, there is little to no agreement regarding what is needed or wanted. When we ask what companies are trying to do, what technologies are most important to them, or where they've had success, we get a long and varied list of responses ranging from business process architecture, process modeling and balanced scorecard, to SCOR, Lean, Six Sigma, process redesign, BPMS, BI, ERP and process outsourcing. BPM isn't one thing; it's a whole collection of initiatives and techniques being used to help companies deal with change.

The great majority of users want improved processes. Their interest in new processes ranges from processes that change the way the company does business (discontinuous innovation) through major redesigns to streamline global supply chains, to Lean Six Sigma initiatives to improve the way routine processes function. For those interested in process redesign and improvement, in most cases, software isn't too important. (Most are using modeling tools, but a large number are satisfied with Visio.) They are more interested in education and training and getting help with process improvement projects.

A significant and growing segment of the user community is interested in process architecture issues. They want to understand how their processes are tied together throughout their organizations, how they are aligned with corporate strategies and how they

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are linked to performance measures captured in systems like various scorecard systems.

Only a relatively small percentage of the market is interested in creating BPMS applications. This isn't to say that the BPMS vendors aren't doing well, but they are succeeding by selling software to IT groups that use it to build workflow and integration applications that they could just as well have been built in the Nineties. Most of the applications are impressive and valuable, but few come close to the ideal espoused in Smith and Fingar's book on BPM. They are NOT systems designed for business managers to enable them to control their business processes in a more efficient manner.

There were lots of conferences on BPM in 2007 and we expect to see even more in 2008. But, even here, there is no agreement on what BPM is or what the practitioners are looking for. As a consequence, there are lots of small BPM conferences. The largest BPM conference this past year was Gartner's spring BPM conference - which placed the emphasis on BPMS as an IT initiative - and drew about 1,000 people. At least three Six Sigma conferences, however, were larger than the Gartner BPM event.

Meantime, the interest in business process continues to grow. More people attended BPM conferences in 2007 than in any previous year. Dozens of new books have been published and membership in BPTrends continues to grow.

We wish you all a very peaceful, warm and happy holiday season and look forward to continuing to provide you with information on developments in business process in 2008.

Til then.

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