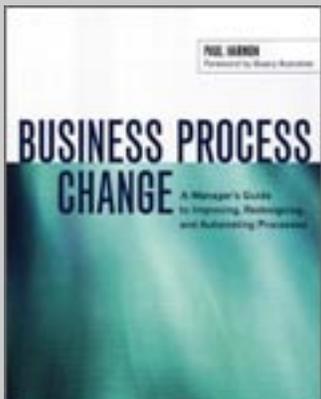


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Business Performance Management Keeps Evolving

In July of 2004, I wrote a newsletter on Business Performance Management, which I termed "the other BPM." I did that, at the time, because there was some confusion about the precise meaning of the two alternative uses of BPM. At the time, we suggested that while neither could be precisely defined, as a generalization, Business Process Management referred to a wide variety of business process change technologies, while Business Performance Management referred, more narrowly, to the use of technologies to facilitate the monitoring of business process performance. There are certainly exceptions to this generalization, but as time has passed, it has, overall, remained an accurate distinction.

The organization that uses the term "Business Performance Management" most frequently is the BPM Forum [1]. Here is the general description they have on their website (www.bpmforum.org):

Why Business Performance Management (BPM)?

Advancing performance accountability across the organization is one of the most pressing strategic imperatives and topics of concern in executive office suites, boardrooms, regulatory groups and financial institutions. The Forum is a premier membership organization for BPM practitioners, innovators

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and influencers committed to improving financial management, planning practices, operational effectiveness and ROI across large organizations.

A quick glance at the website and the companies involved with the BPM Forum suggest that this is largely a vendor-based consortium focused on promoting the use of Business Intelligence, Data Warehouses, and Decision Support technologies. In a similar way, there is a business performance magazine (BPM) (www.bpmmag.net) and a Business Performance Management Summit, which is being held this year, on October 30-31, in Greenwich, Connecticut. (www.bpmmag.net/summit/index.html)

Put a different way, the Business Performance Management groups seems to be focused on what Gartner would call Business Activity Monitoring, or BAM.

A subtler distinction involves the audiences that the two different groups of vendors are focused on. Broadly, the Business Process Management vendors are focused on IT groups - on process automation and on the departmental level. The Business Performance Management vendors, on the other hand, are focused on the executive level, and on providing data that executives can use to make corporate decisions.

From the earliest days, Business Process Management gurus and suite vendors have claimed that BPM Suites should not only support process modeling and runtime execution, but should also support process monitoring and executive dashboards.

When you examine most of the BPM Suites currently available, you find that most only provide information about the specific process being executed. In other words, if you were to build a process application with a BPM tool, you would be able to monitor information



about the flow of units through the process, or determine how many units Bill and Jane processed, but you wouldn't be able to generate the kind of high-level summaries that senior management would need to determine if the supply chain process was really moving goods and services around the world, as required.

The exceptions to this generalization are companies like TIBCO and IBM that have always incorporated Business Intelligence and Data Warehouse elements into their BPM offerings. This enables them to combine specific process data with data from warehouses and apply Business Intelligence (BI) techniques, like data mining, to provide senior managers with information for high level management dashboards. A quick look at the latest version of IBM's WebSphere BPM suite provides, in our opinion, a good example of the direction that the BPM market is headed. The WebSphere BPM suite isn't an easy product to quickly understand or deploy, combining, as it does, modeling, process execution management, Business Intelligence and Data Warehouse elements. But, it provides the strength and breadth to scale to the kinds of problems companies are going to want tackle in the near future.

In the course of 2006 there have been a number of acquisitions among the vendors usually associated with Business Performance Management. Business Objects acquired SRC. Cognos acquired Adaytum. Lawson acquired ClosedLoop. Actuate acquired Performancesoft. And, Microsoft acquired ProClarity. We believe that this activity represents the beginning of a transition in the BI and Data Warehouse market. We suspect that the major players in the Business Performance Management market have decided that they need to become involved in the Business Process Market. Thus, as consolidation increases in the Business Process Market, we fully expect to hear about more deals that involve process vendors acquiring BI or Data Warehouse vendors, or vice versa. In all likelihood, these vendors will position their mergers in terms of Service

Oriented Architectures (SOA), which is the current focus of most of the high tech companies. The result, however, is that we will see a gradual merger of the two BPMs, resulting in products that can combine the strengths of both approaches.

This gradual merger makes perfect sense. As companies learn to use Business Process Management tools, they will naturally expand their ambitions, moving from automating and managing smaller departmental systems, to larger, enterprise process systems. One can easily imagine that large corporations will eventually want to have their global supply chains managed by BPMS. By the same token, as large BPMS applications are created, they really will become integrated into the real time management processes of large organizations, and they will require the tools and techniques that the Business Performance Management vendors currently offer.

It will take time. So far, really good BPM case studies have been hard to find. We fully expect, however, to begin to encounter some really impressive BPM case studies in 2007. And, that, we expect, will begin a more rapid expansion of the BPMS market, as companies begin to experiment with just how much value they really can get out of automating the runtime management of large, distributed, corporate processes. That, in turn, will require really complex and sophisticated BPMS suites that combine process modeling, process runtime execution, business intelligence, data warehouses, and sophisticated executive dashboards.

Put a different way, as Business Process Management applications grow in size, they will need to combine with Business Performance Management technologies and will want to target the same decision makers.

So, whatever it is called, whether Performance or Process, expect BPM to become more sophisticated and complex in 2007 as a wider variety of vendors undertake mergers to

create the more comprehensive BPM tools that customers will increasingly demand.

Till next time,

Paul Harmon

[1] The BPM Forum (a performance group) should not be confused with the BPM-FORUM, www.bpm-forum.org a professional group focused on processes with chapters in the Netherlands, Belgium, Australia. and Poland.

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