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## THE BUSINESS PROCESS MARKET

The term *business process* has different meanings for different managers. Most choose a perspective that is most useful for their specific purpose. For some, *business process* refers to an approach to strategic or management consulting. For others, it suggests business process modeling, while for still others it refers to the use of packaged ERP or CRM applications. Some use the term to describe a methodology like the Supply Chain Council's SCOR, while others use the term to describe Six Sigma initiatives. BPTrends uses the term in a broad, generic sense, to include all of these different perspectives. We want to provide our readers with an overview that embraces all of the different, narrower perspectives.

To help establish a broader perspective on business process change, we are planning to develop a market estimate for the size of the entire business process market. In the course of the next few months BPTrends will be developing a financial model and estimate of the size of the market for business process products and services.

Having done market estimates for other markets, we can tell you that it isn't an easy or a completely accurate process. It is easy to get information about vendors that are publicly traded and that specialize in business processes change; they describe themselves as business process vendors and they publish quarterly reports. It's much harder to get information about the many newer companies that aren't public. Similarly, one is reduced to some fancy guesses when one tries to determine how much of the revenues of an IBM, Accenture, or Microsoft is derived from business process related sales. Large companies report their total income, but they generally don't categorize and report their revenues and earnings in terms relating to business processes. With a little patience and some detective work, however, we hope to assemble a reasonably accurate overview.

In the interim, we thought readers might be interested in a very general overview of the business process market as we see it today.

Business process change companies usually do better than other consultants, no matter the economic climate. In good times, companies invest in business process software and consulting to realize new opportunities. In bad times, the same companies invest in business process software and consulting to cut operational costs and to figure out how to execute processes with fewer employees. This isn't to suggest that most business process companies haven't done less well in the last 24 months than they did in the preceding months. It's simply to say that the demand for business process products and services hasn't dropped as precipitously as the demand for products and services in many other markets.

Let's consider some of the different segments that comprise the

overall business process market. These are the same segments we use when we analyze the core business activities companies engage in during business process change efforts.

**BP Strategy and Architecture.** The consultants and vendors in this segment focus on helping companies establish goals, and help with aligning business processes to corporate goals. They also help companies create and maintain business process architectures. The leading players in this segment include companies like McKinsey, Accenture, IBM Global Services, Computer Sciences Corp. (CSC), and a variety of more specialized vertical market players. Business process modeling tools are increasingly used to store architectural information.

The TeleManagement Forum and the Supply Chain Council (SCC) are consortia that specialize in helping Telecoms and companies developing supply chains, respectively. Each offer architectural approaches and in each case there are consultants and tool vendors that offer special products to help companies apply these approaches.

**BP Redesign and Improvement Vendors.** The players in this segment offer consulting services and software tools to assist companies in the analysis of business processes, and the redesign and improvement of those processes. They include Modeling, Rule and Simulation vendors. All of the companies listed in the Strategy and Architecture section also provide services in this niche. In addition, consultants like Hammer & Company, Performance Design Labs, and various Six Sigma consultants offer redesign consulting. There are about 25 companies that offer tools especially designed to model business processes, including companies like Popkin Software, Proforma and IDS Scheer. SCOR modeling vendors like Mi Services' Easy SCOR and Protéma are niche modeling specialists. In addition, there are companies that specialize in helping companies develop business rules or to simulate business processes. Companies like Blaze, Business Rules Solutions, and Gensym are examples of companies in these niches.

**BP Automation Vendors.** The players in this segment include consultants and software modeling vendors who help companies automate business processes or activities. They offer tools that allow companies to model software designs (Rational, TogetherSoft, CA's COOL products, Microsoft's Visual Studio), workflow vendors (IBM's MQSeries, Fujitsu, FileNET, HandySoft, Savvon), enterprise application integration vendors (IBM's WebSphere, TIBCO, SeeBeyond), packaged application vendors (SAP, PeopleSoft, Seibel, i2), component and MDA vendors (Iona, Adaptive, IO Software, IBM), and BP outsourcing vendors (Unisys, EDS) and consultants. New companies selling XML business process modeling tools have recently appeared in this space.

This is a large complex niche that will probably need to be subdivided, although many products offer multiple capabilities, so it is often hard to classify specific vendors. In an effort to describe one subset of these vendors, we will be publishing a Technical Brief, *The*

*Size and Shape of the Packaged Application Market, in April*

The Object Management Group (OMG), the Workflow Management Coalition (WfMC), and a host of other Internet and software standards groups like OASIS and W3C are all organizations established to work with BP Automation vendors.

**BP Human Performance Improvement Vendors.** Most of the companies in this segment are consultants that help clients deal with employee issues associated with business process change. Some help with job descriptions, employee feedback, and a host of other issues related to assuring that employees implement processes effectively. Most of the large consultants mentioned under Strategy and Architecture are active here. In addition, there are a number of well-established consulting groups like Performance Design Lab (PDL) that have always specialized in this space. Similarly, there are companies specializing in change management, performance measurement, and process management that are included in this category. The International Society for Performance and Instruction (ISPI) is an organization established to serve vendors focused on this market segment.

**BP Management, Measurement and BP Deployment.** A wide variety of consultants help companies with management problems. Some, including those we have mentioned under Strategy and Human Performance Improvement, also help managers create, change and manage ongoing processes. Some help establish goals for managers and some help organize process management teams. Others help with measurement and benchmarking issues, while still others work with managers to deploy and manage newly changed processes. There are a variety of software products that facilitate the management and measurement of automated systems or packaged applications. The latest software tools in this category are often called BAM (Business Activity Management) tools. Other vendors provide benchmarks for industries or processes. Six Sigma consultants are also especially active in this segment, assisting managers in the measurement and control of specific activities.

Over the course of the next few months we will refine our definitions of each market segment and niche, and collect data on the companies operating in each. Later this year we hope to offer an initial estimate of the money that companies are spending on business process change, and how it is being allocated among the various segments making up the business process change market. Once we have established a baseline, we will then begin to track the market and offer yearly projections about the growth of various segments of the business process market.

Till next time,

Paul Harmon

