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## Business Process Trends in 2005

We observed a number of interesting trends emerging in the world of Business Process and Business Performance Management in 2004. In this BPTrends Advisor we discuss some of the most significant trends of the past year and predict some of the major developments we expect to see in 2005.

We began planning Business Process Trends in the summer of 2002 and launched the BPTrends website in January of 2003. At that time, the business community was still recovering from a recession and most organizations were being very cautious about how they spent their money.

Concerns about redesigning and improving business processes began in the Eighties and enjoyed huge attention in the mid-Nineties when Business Process Reengineering was the rage. By the end of the Nineties, however, most companies had shifted away from BPR and were concerned with other aspects of business process change. By 2002, however, lots of new ideas were starting to excite business managers, some derived from older business process concerns and some stimulated by new technologies, like the Web and the Internet, that were forcing companies to reconsider how their core business processes were organized.

Here are three indices of growth in the business process change market: (1) In 2002 there were no general purpose US conferences on BPM. In 2003 there were two US conferences on BPM. In 2004 there were at least 6 BPM conferences. At the moment, we know of at least 8 BPM conferences scheduled in the US in 2005. (2) During the same period the number of vendors that said they were selling a BPM product went from a few to over a hundred. (3) From launch in January 2003, BPTrends has grown from 0 to 18,000 members with 1,500,000 hits in November, 2004. Clearly there is a growing market for information, products and services relating to business process change.

Just the other evening we spoke with a group of business managers and one of them commented that she didn't understand it - suddenly everyone was talking about business processes. Some of the excitement around business processes is probably a result of marketing folks jumping on the latest hot thing. Much of the enthusiasm, however, is the result of an

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emerging consensus that business processes provide the best general way of thinking about a number of key management issues and the best general way of organizing a number of technology initiatives. However you define business process, 2004 was a boom year and 2005 promises to be even better.

So, what's likely to happen in 2005? We expect leading companies to become more organized about their business process efforts. An increasing number of companies will establish groups or executive positions to assure that Six Sigma, Balanced Scorecard, Process Redesign, and BPM Systems development are coordinated, and more companies will establish education programs to assure that middle managers know how to manage processes effectively.

There will be more emphasis on business process architectures and business performance measurement. Leading companies will want to assure that their core processes are measured and that all of the appropriate data is assembled for senior managers in a timely fashion. Companies are embracing processes, in large part, as a more efficient way of coping with change. To achieve this, companies need a clear map of their existing processes and accurate measures to pinpoint what's working and what needs improvement.

At the moment, those interested in using high-level business frameworks are limited to the Supply Chain Council's SCOR and the TeleManagement Forum's eTOM. We predict this will change in 2005 and that a complete value chain framework will emerge and gain acceptance.

Process redesign and improvement will continue to grow in importance. Consultancies that help companies redesign processes will have plenty of work. At the same time, Six Sigma will continue to be adopted by new companies. Meanwhile, human performance technologies and knowledge management systems will continue to be integrated into sophisticated business process packages. We predict that programs that combine Six Sigma, Lean, HPT, and BPM will become increasingly popular in 2005.

BPM Systems will also continue to gain in popularity in 2005. As reports of successes grow, the interest in BPM systems development will swell. At the moment there are more than a dozen companies competing to be the leading BPM Suite vendor. In 2005 that picture will become complicated by the growing presence of BPM Server vendors like IBM, Microsoft and SAP. New vendors will enter offering BPM Suites that sit on top of BPM Servers, and the existing vendors will add new features. Eventually, there will be a shakeout, but it probably won't happen in 2005. More likely the market will continue to grow and the shakeout will begin in 2006.

Meanwhile, software technologies are changing rapidly. The IT

community has been transitioning from distributed middleware architectures to service oriented architectures and that transition will continue and expand in 2005. As standards that have been in committee during the past two years are finally released, they will be integrated into existing BPM products and software applications, resulting in a host of new possibilities. At the same time, the OMG's Model-Driven Architecture (MDA) will continue to gain acceptance, making it easier to align software development with business process models.

This list only provides a quick overview of some of the trends we have observed in 2004. There are many others that haven't been quite as visible in 2004 that will probably rise to prominence in 2005. The most important trend, at the moment, is that company managers are more open and flexible regarding process change than they have been in the recent past. The hysteria over dot.com companies has come and gone, but the continuing effect of the Internet and the Web remain. Customers continue to buy more online and companies continue to find new ways to organize business processes that take advantage of email and web portals. The increased willingness to employ technical people who live in widely dispersed locations, and the growing tendency to outsource to companies that lie half way around the world, are just some of the process changes made possible by newly evolving technologies. Anyone who is following the development of service based technologies knows that still more dramatic changes are on the way.

Many senior executives have not yet embraced Business Process Management, but they have come to accept that change is unrelenting and that today's processes are going to have to change dramatically to serve the company of tomorrow. This, in turn, means that companies that want to survive will need to get better at adapting to change quickly. Companies will need improved means of assessing the impact of mergers and acquisitions and the pros and cons of outsourcing significant company processes. Managing a company in terms of departments and divisions no longer provides the kind of flexibility executives require. Increasingly, managers need to be able to decompose their organizations into processes that operate as standalone units that take resources from suppliers and turn them into products for customers. Process orientation is the only management strategy available today that offers executives the kind of power and organizational vision they need to create winning companies. However they choose to identify it, executives will continue to embrace a process approach to managing their businesses.

2005 is going to be a boom year for everyone engaged in helping companies and managers identify, analyze, redesign, improve, automate and measure business processes.

BPTrends is committed to continuing to provide managers with relevant and timely information regarding the methodologies, technologies and best practices available to drive the transition

to a more process-centric company.

Best Wishes for a Peaceful, Hopeful, and Joyous Holiday Season.

See you next year.

Celia Wolf and Paul Harmon

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