

Harmon on BPM Paul Harmon

2014

For the first time in several years I am feeling enthusiastic about the new year. First, sources like the *Wall Street Journal* and the *Economist* seem convinced that the recovery – in both North America and Europe – is real and picking up speed. More important, everyone I know is suddenly talking about having work.

Thus, for the first time in several years I am happy to suggest that 2014 is going to be a good year for BPM. Companies are beginning to expand and that, in turn, means there is a growing demand for help in creating new business processes. And that, in turn, means that internal BPM groups and external consultants will be busy.

In this preview of 2014 I want to suggest some of the things we can expect in the coming year. To do that, let's begin with a quick glance at Figure 1, which provides a historical look at the BPM scene. Figure 1 is a diagram that I have been playing with for the last couple of years. The key idea behind this figure is that the world of process change is hard to understand, in large part, because so many things are changing at once. In the top row I consider business problems – things organizations are trying to accomplish. In the middle row I consider the business process technology that is available to help solve business problems. In the bottom row I look at the opportunities or constraints that technology systems and platforms provide those who want to develop business process applications. In the course of the last decade there has been significant change at all levels.

Business Problems

In 2002 when www.bptrends.com was launched (the same year I wrote the first edition of my *Business Process Change* book) business people were primarily concerned with using ERP applications to improve the automation of processes and the capture of information about processes. Few companies were really enthusiastic about ERP and most had had significant problems implementing tailored ERP processes, but, if one could afford the painful transition, ERP provided better information than was previously available with the hand-built, one-off applications that most companies used. Today, while most organizations are still struggling with ERP, leading organizations are moving rapidly toward BPMS applications that provide much more flexibility. They can not only model the processes the organization wants to use, but they can provide good data on process execution and significantly reduce the time required for changes when they become necessary. In many cases the BPMS application encapsulate ERP applications within, making it possible to get the

benefit of a standard solution where it's appropriate, but to still have a tailored solution when it better reflects how your organization works.

Another good example is the gradual transition from a focus on the analysis of procedural business processes to A FOCUS ON more dynamic business processes. Most companies know how to model processes that function, in essence, like a production line, and always do the same things in the same order. Today, however, a growing number of companies are tackling processes, like providing hospital customer service, or arranging for a consulting project, that require an entirely different approach to modeling.

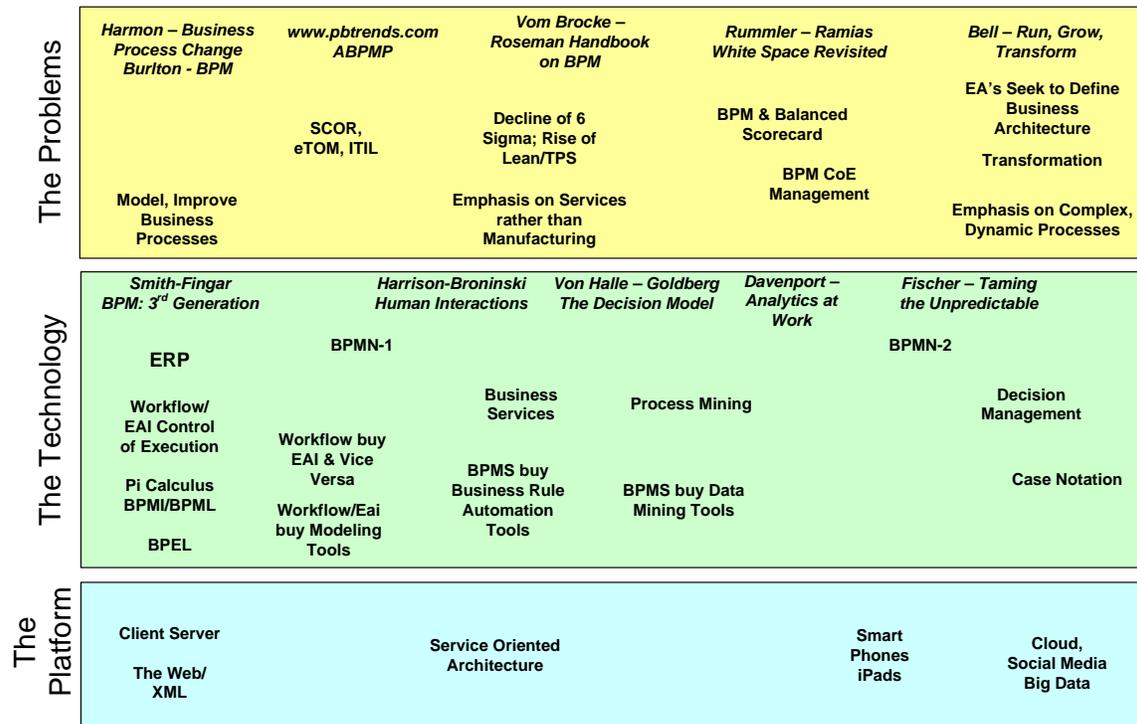


Figure 1. Business Process Change

Technology Problems

BPM Software vendors are struggling to incorporate new technologies into their products to better support new business process modeling concerns or that offer companies new ways to do things. Case Management and Process Mining are good examples. In the first instance, vendors are working to devise standards and develop software tools that can handle dynamic business processes. In the second instance, vendors are offering tools that can help business managers see the actual flow of work and more easily identify bottlenecks or return flows of all kinds.

Platform Problems

Finally, the underlying technology is changing as well. In 2002, when BPTrends launched, most software vendors offered software tools that were based on a client-

server architecture, and smart phone apps were a dream confined to a few technology visionaries. Today, most software vendors are rushing to bring out cloud-based versions of their products, and apps that will allow business managers or employees to access their process information via their ipads and smartphones.

Most business people don't yet realize the power of cloud computing, but I can give one simple example. Formerly, when a BPMS vendors called on a client, the vendor had to close a sale before the customer could begin to load a version of the vendor's software on a company machine. Today, vendors are quick to grant prospects access to their tools, via the cloud, assuring that a would-be process team can be using BPM software on the same day the vendor calls on the prospect.

Trends for 2014

With this overview in mind, I asked myself what I thought the dominant themes of 2014 would be.

Keep one qualification in mind: Its one thing to talk about exciting new developments and another thing to spend a lot of money or time on some new technology. Thus, for example, if you look at the latest BPTrends Survey, you find that lots of people say their companies are interested in case management, but only a few say that their companies are actually implementing process redesign projects that involve case management. Organizations explore new ideas long before they commit to spending money and implementing them. 2014 will be the first year that most companies have considered real expansion for a while. Most will have a backlog of things that they feel they should have done in the past 3-5 years and will decide to start on it in 2014. It will probably be another year or two before most companies begin to really focus on undertaking exciting new projects.

Many companies will probably want to revise business processes to take advantage of the new types of social media. In the last few years, while the recession has slowed many companies, consumers and employees have embraced smart phones and a variety of digital pads. Five years ago, only something like 4% of Amazon users downloaded books for Kindle. Today, well over 50% buy Kindle books. Many business processes will benefit by allowing customers to access an organization's services via social media. Similarly, many processes will be made more efficient by allowing employees to access or receive messages via pads or smart phones. Indeed, having an App that lets people interact with your website is already a hot item that many companies are pushing.

While most companies in the US have been trading water, or working to cut costs, the price of energy has fallen steadily. New technologies for getting oil and gas out of the ground promise to make the US a net exporter of energy in the next few years, and that, in turn, will lead many companies to rethink the economics of doing certain tasks within the US.

Similarly, the cost of labor in popular outsourcing markets, like India and China, has continued to rise, rapidly, and many US and European companies are reexamining whether certain tasks should remain outsourced, or should be brought back home.

At the same time, 3D printing is advancing very rapidly and promises a major rethink of manufacturing and inventory practices at major organizations throughout the world.

Without continuing, it should be clear that lots has happened in the last few years while most European and North American companies have resisted expending money on new process redesign efforts. 2014 should witness the beginning of a surge of energy to update many practices in those areas.

At the same time that business needs have evolved, software technologies for supporting business process development have consolidated and become more effective. IBM spent several years acquiring BPMS vendors, but in the past three years, has settled on the design it wants to use and has consolidated its various products into one well integrated package. The other major BPMS vendors will not be far behind. In other words, just as organizations are ready to begin a new round of process change, a few large BPMS vendors are ready to provide sophisticated support.

Cloud computing, Big Data, and Analytics also promise to contribute to more sophisticated and flexible process applications and tools.

Analyzing business processes to save money is often necessary, but the approach is well understood and pretty mechanical. Thinking about how to use new techniques to respond to new customer needs and creating new business processes is a lot more fun. I believe that 2014 will be the beginning of a business expansion that will become more variant as time passes and I look forward to it with considerable excitement.



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