Process is not Just Hot, It Seems to be Truly Sizzling Right Now

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After years of playing the poor relation to other technology trends, the process market is once again a hot topic as a result of new investments and the need to think before acting.

Over the last two years, things have heated up in the process world. In the words of Star Trek, its process but not as we know it! For the past 20 years, the process community has been dominated by technologies spawned by the "BPM the Third Wave," by Fingar and Smith on the one hand and the avoidance of technology by the traditional Six/Sigma Lean crowd on the other.

It is perhaps too early to say that we see a sea change, but it is right to say that these past two years has seen a coming together of the hitherto separate worlds. Partly this is driven by three technology changes that we explore below, and which between them have seen investors bet over $2.5bn on their success. Also, world events, regulations, and climate change require a fundamental rethinking of what and how we do business. Some cite the example of Digital Transformation. Still, it is more than that Digital is disrupting and enabling, but no longer can we separate the way we operate (process) from the how we operate (technology), and thus process ones again is starting to take center stage.

So, let's explore the three fundamental process technology changes that are happening today.

1) **Process Automation** – The level of interest and investment in process automation has reached levels never seen before. In the early days of BPMS, numerous small investments kick-started that changed the way we thought about developing applications. That interest in BPMS, although theoretically centered on Business Process, was really about new and different ways of building regular software applications. Today we see two "new kids on the block," and both are far eclipsing the levels of interest and investment in BPMS.

First out, we have Robotic Process Automation (RPA). It may be over-hyped and over-marketed. Still, when the top three players in the market Automation

Anywhere, Blue Prism and UIPath have raised over $1bn of investment in the past 18 months, you can be sure that investors see a real opportunity. With headline-grabbing ROI figures, a promise of quick and easy implementation, with little need for IT support, these vendors are rapidly increasing revenues and attracting customers. What is even more incredible are the valuations placed on such companies. As one analyst suggested to me, the valuations are such that typical merger and acquisition scenarios are no longer possible, and based on valuation alone, these new players are protected by valuation.

But, RPA is not the only technology available, new entrants and new interest in the Low or No-Code meant another $1bn+ was invested in this area alone, with OutSystems picking up $260m, and Mendix being acquired by Siemens for $730m. Compared to RPA, the Low-Code process automation market is behaving more regularly, with players like Microsoft weighing in and expected behaviors in mergers and acquisitions. However, what is really interesting in this sector is that companies like Salesforce and ServiceNow, also see that embedding low code workflow into their applications is a way to turn their platforms into even more valuable solutions for customers.

2) **Automated Process Discovery (APD)** - APD was seen as one of the capabilities expected of a BPMS solution, and many vendors included such this capability in their technology stack. While vendors such as QPR Software and Software AG took a different path, in 2004, these vendors started to promote and sell process mining outside of a BPMS, and both started with process mining for SAP systems.

Although these early process mining tools showed promise, they never really made significant headway into the mainstream, whether that was a functional issue, a marketing issue, or an investment issue we can't clearly tell. What we can see is that the recent entry into the market by Celonis, their inclusion in the SAP price list, their $340m of investment, and their seeming ability to rewrite history have changed things. Celonis has combined these things and made automated process discovery one of the hottest topics and again another process-related driver. (Note: rewriting history relates to constant claims of being first to market, creating a new sector, etc. – The fact is that Celonis did not create process mining, and were not the first to market, they were the first to truly successfully commercialize what others had failed to).

Other vendors such as Lana Labs, Minit, MyInvenio, and others have also picked up smaller investments (possibly in total around another $50-60m) as they too seem to expand and grow the automated process discovery market. While QPR, Signavio, and Software AG see Automated Process Discovery as part of a broader process analysis, design, and management paradigm with their offerings.

Automated process discovery is both a blessing and a curse. The ability to reverse engineer program logic and identify multiple paths through systems is beneficial. It can be used to understand variance, ensure compliance, and even be used to generate specifications when switching from one system to another. At the same time, it is a curse due to the marketing of the technology as "Business Process Mining" – Mining only accidentally discovers business processes if they were planned and implemented in the first place. It does not identify manual steps and sometimes struggles when processes span multiple systems. Some of the vendors are now

pronouncing process mapping dead because of mining. This type of silly statement does more harm than good, both mapping and mining have a role to play, and not all processes exist in systems. The world is not that simple, and for most real-world organizations, the need to combine mining with mapping and modeling is critical if you want to be sure that you are making or taking the right decisions for the right reasons.

3) **Process Modeling** – Process Mapping or Process Modeling seems to have been around forever, and almost every process person has an opinion on how to do it when to do it (if at all) and how best to do it. One thing we can say for sure is that it is an area where people have predicting "vendor death" for as long as there have been vendors in the space! These past two years, though, have seen significantly increased interest in process modeling. As in the other two markets/trends above, we can gauge interest by levels of investment and M&A activity. Major moves over the past two years have seen Nintex acquire ProMapp, GBtec collect $60m investment, and Signavio receive a total of $195m investment. While compared to things like RPA, such investments may seem small, but in the context of the modeling market, these represent numbers significantly higher than has ever been invested before.

Part of the new interest in modeling is the recognition by investors that RPA has sometimes struggled to achieve enterprise scale. Low-code no-code is more reliant on well-understood processes, and as mentioned in trend 3, process mining requires a broader perspective to deliver full value. Unlike the early days of BPMS, these new process technology trends genuinely value having an underlying process model form which they can create systems, one that enables the testing of scenarios, and one that can help manage the variance and compliance issues. Added to this, so much of the discovery work and automation is being carried out by business people who understand the process, but don't understand (or wish to understand) systems speak.

Software AG and Signavio, in particular, are very active in combining modeling with mining and delivering value across the whole enterprise. Signavio is adding new clients at an estimated rate of over 300 per year, and it seems from both Software AG and Signavio that cloud-based systems have now totally eclipsed the perpetual license or on-prem software subscription model.

Another trend that is helping drive interest in process modeling is that of connecting customer experience with operational excellence, a topic we will explore below as we look at the non-technology factors influencing renewed interest in modeling.

Digital Transformation picks up all the headlines as the driver for change within an organization. But, such headlines mask the underlying reasons, and a focus on a pure digital transformation can cause organizations to fail. For many Digital Transformation is just about digitalizing what they currently do. This approach certainly drives process thinking, with organizations needing to capture and analyze processes before digitalizing them, often to reduce the need for humans or human intervention. However, digitalization is not Digital Transformation. The latter is about recognizing that the disruption digital is causing or the opportunities it presents require fundamental changes in the way we do business, the products or services we offer, and how we offer and deliver them to the market.

It is those who are recognizing and addressing these fundamental questions that will survive and thrive in the future, and for whom modeling and process is a key, but only one key for that success. These organizations also recognize that their efforts in Customer Experience and Operational Excellence are both missing the target. The CX teams are often very focused on buyer journeys and don't think about the other journeys customers go through, while the OPEX teams still seek to drive out cost/waste without regard for how it truly impacts the customer.

Combining Customer Journeys with Process Models provides a complete view of what is really happening from the customer point of view. It also enables us to understand better how we can do more to serve the customer and to ensure that our OPEX efforts are directed to deliver those experiences. In their upcoming book Gero Decker, Jim Sinur and Mark McGregor describe this new world as "Customer Excellence, The New Business Imperative." They argue that customers want great experiences every time they engage with your organization, regardless of the channel they chose to use, or the purpose for them engaging with you. Further, they argue that only by combining CX and OPEX can we understand and deliver those experiences, and that means completely redesigning our processes and also ensuring that everyone in the organization knows how those processes work and how they should behave.

In summary, Digitalization, Customer Excellence, and Regulatory change will disrupt every organization around the globe, and we may just not yet know how we will be disrupted. The more we understand about how we operate (process) and how people interact with us (journeys) then the better able we are to make the changes we need before it is too late. Once we know what we need to change and how, then applying new types of process automation and leveraging automated process discovery where appropriate can ensure we make the right decisions and apply them cost-effectively.

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A former Research Director at leading IT industry analysis firm Gartner, Mark has an extensive background in enterprise architecture, business process management and change management, having held executive positions with a number of technology companies. Since retiring from Gartner he now works as an independent consultant with clients such as Changepoint, Erwin, Mega, Planview, Signavio and LeanIX. Mark has authored or co-authored four books on business and process management, including "Thrive! How to Succeed in the Age of the Customer" and "In Search of BPM Excellence" and "People Centric Process Management. Widely respected for his knowledge and views on business change, he is the creator of "Next Practice" and has variously been described as a "BPM Guru", a "Thought Leader" and a "Master of Mindset". Mark is passionate about the people aspects of change, he has spent much of the last fifteen years travelling the world, learning, teaching and researching the cultural aspects of change and how executives perceive business and process improvement In this capacity he has literally taught hundreds of people and been fortunate to interview and interact with many CEO's. Mark holds certifications in Six Sigma, PRINCE2, Sales, Neuro-Linguistic Programming and Hypnosis! Mark suggests that it is the variety of his studies, which provide the depth he offers to his clients, in his words "It is the difference that makes the difference". Connect with Mark via LinkedIn: https://www.linkedin.com/in/markmcgregor.

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