



BPM: The Promise and the Challenge

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by *Laury Verner, Proactivity*

It's all about closing the loop from conception to execution and back.

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Solving Problems

Over the last decade, businesses and governments have been giving increasing attention to business processes—to their description, automation, and management. This interest grows out of the need to streamline business operations, consolidate organizations, and save costs, reflecting the fact that the process is the basic unit of business value within an organization.

The design and automation of business processes even warrants its own field of study, known as BPM (business process management). A quote from IBM Systems Journal sums it up nicely: "BPM technology provides not only the tools and infrastructure to define, simulate, and analyze business process models, but also the tools to implement business processes in such a way that the execution of the resulting software artifacts can be managed from a business process perspective."¹

The level of interest and the concomitant marketing hyperbole around BPM has reached a crescendo. As an example, Gartner announced that BPM "wins the 'Triple Crown' of saving money, saving time, and adding value." Is this promise being fulfilled? BPM does have the potential to deliver significant value, but there are missing elements that limit its effectiveness. Although BPM technologies are becoming more mature, many software developers and business analysts still find themselves asking the basics: What is it? And why should I care?

This article provides a high-level overview of BPM and where it is today and touches on some of the core technologies and standards. The focus is on four specific challenges facing BPM, which are aligned with the four phases of the application development life cycle:²

- *Discovery* refers to having an understanding about the current environment.
- *Design* involves the analysis of the current processes and the definition of future state processes.
- In the *development* phase the future state is implemented in technology, which may involve process automation using a BPMS (business process management system).
- The new processes are put into production in the *deployment* phase.

In each phase we explain the problem and explore its business and technical consequences.

HOW DID WE GET HERE?

Business process management is an old discipline that allows you to model the organizational structure, define the business processes, and show the interactions between them. It is traditionally taught in business schools and is put into practice with varying degrees of success. In the 1990s the work of Michael Hammer and James Champy,³ authors of the widely read *Reengineering the Corporation*, focused attention on business processes, both as a root cause of inefficiency and as the source of potential competitive advantage. They advised a deep and radical redesign of the business to root out waste and increase the focus on the customer. That was 10 years ago. What is different today is the novel use of computing technology to drive the analysis and automation of business processes.

In *Beyond Engineering*, a follow-up to *Reengineering the Corporation*, Hammer defines a business process as "a complete end-to-end set of activities that together create value for the customer."⁴ The notion of "customer" in this context refers to the recipient of the value provided, not necessarily a paying customer in a commercial transaction.

Innovations in technology such as XML, Web services, component-based development, and message-oriented middleware have fueled the current interest in BPM. Vendors have developed BPMSs that provide the fine-grained integration of systems and data needed to automate business processes. The BPMS links people and systems, manages information access and transformation, handles exceptions, and orchestrates the flow of the process.

Organizations are looking to BPM to help solve the following kinds of problems:

- A computer vendor, to be competitive, needs to cut its costs for fulfilling customer orders for PCs by 70 percent.
- A pharmaceutical company seeks to extend the patent life of its drugs by bringing new products to market one month earlier.
- A government agency forced to reduce staff by 30 percent must find a way to consolidate and streamline its unemployment benefits services.
- Company executives, personally accountable under the Sarbanes-Oxley Act of 2002 for their company's financial statements, need to understand and control the processes that result in these statements.

LAURY VERNER (lauryv@proactivityinc.com) is chief technology officer of ProActivity, a Boston-based company that develops software for business process analysis and design. Prior to that, Verner was a partner at Computer Sciences Corporation Consulting, specializing in application architecture. Verner has a Ph.D. from the Johns Hopkins University and a B.A. from the University of Pennsylvania.

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