

View Point



Role of BPM in Business Transformations

Using the potential of the BPM platform to strategically transform the Business Operations

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Today we see a large focus and drive emerging in form of business transformation programs to establish agility in business operations. Ability of the enterprise to remain responsive to change stimulus and to be able to deal with the change in cost effective manner has become the key to business success. This is reflected in most of the business transformation program charters.

One of the reasons of failure of business transformation programs in past is that such programs have been primarily technology driven IT initiatives without much contribution from business. BPM brings unique blend of business platform and IT platform that can not only be leveraged to bring business transformation at enterprise scale but also help the organization manage business operations more efficiently in ongoing manner. Aim of this viewpoint paper is to articulate how BPM can play highly critical role for enterprise business transformation programs.

Inside a Business Transformation

Business Transformation is not about making changes in the organization at astronomical scale. Instead, it is about achieving astronomical business results through strategic alignments, rationalizations and essential renovations. Such Business Transformation allows enterprise to revitalize the foundation capabilities that are fundamental to business operation effectiveness, both in the business platform as well as the IT platform.

A robust Business Transformation Program will have very well defined measurable business goals. Such goals are typically defined based on the understanding of state of maturity of existing enterprise capabilities to support the business operation requirements as well as the strategies for future business growth. Some of the most common business goals that are driving business transformations today are:

1. Bringing competitive differentiation through enhanced value experience for customers
2. Reducing the overall cost of business operation
3. Globalizing the business operations
4. Eliminating the root-causes of business innovation bottlenecks
5. Rationalizing and re-engineering existing operational eco-system

Variety of issues, which contribute directly to transformation objectives such as listed above, can be addressed through Business Process Management. Some of such case studies across different verticals illustrating the situation are show cased below.

Insurance:

A leading Insurance company with a global presence has several disconnected commission systems operating within the company. The top management was constrained due to lack of integrated view of operations. The business processes were subject to frequent changes and modifications. These changes were driven by changing business requirements, functional additions and regulatory compliance. Regulatory compliance ensured that operational processes are able to align with new reporting regulations by Securities & Exchange Commission. The client's subsidiaries' had made extensive independent investments to integrate with brokers and customers through web services with incongruent approaches. There was a lack of consistency in managing complex cross-functional processes. Specific pain areas identified are improving effectiveness of the GAAP reporting methodology implementation of a management reporting framework aligned on product lines

Retail:

A leading chain of retail department stores was constrained by lack of an integrated view of dealers and partners. It was caused by disparate processes across the various departments - Sales, Account Management, Contract Management, Order management, Service Management and Billing. Constraints in collaboration across functions led to data redundancy and absence of "templatised" processes in activities. This prevented quick on boarding of new partners. Lack of streamlined processes led to operational inefficiencies in key business processes.

Utilities:

The Client is a leading utility company that has millions of business and residential customers over a large region. The top management required clear visibility across energy procurement process, consumption computation, bills generation and settlement of charges and outstanding. The client wanted to enhance its customer service by providing agents with real-time customer information. The client's business processes and information systems had to be integrated with other partners in the supply chain.

This necessitated the improvement of the impact traceability of new business policies. The drive to consolidate as a consequence of deregulation is leading to mergers and acquisitions. Hence the standardizations of indigenous processes between disparate systems has become necessary.

In a nutshell, the potential problem areas that make BPM a promising investment for clients looking for business transformation are:

- Lack of visibility of end-to-end business process life-cycle
- Lack of integrated business activities across end-to-end business process operation

- Frequent need of “total reconstruction” type of approach to deal with business changes
- Lack of business value/goals in IT delivery
- High cost of business process changes
- Lack of effective integration between inter-enterprise business processes and intra-enterprise business processes

BPM as a unique business-IT integration platform

BPM brings strong opportunity for Business-IT alignment. It empowers the enterprise business processes through value propositions directly aligned to business objectives (as opposed to technology objectives). BPM is unlike traditional IT initiatives that deliver information system functionality that may or may not have relevance for business. BPM is always a business initiative driven by key business performance indicators and is implemented on a technology framework. For such an initiative, business analysts and business owners across the enterprise need to form a team. The BPM technology team will need to work directly with this team to deliver the results.

Any enterprise business transformation initiative that has low involvement and ownership from business is less likely to succeed. BPM provides a platform where both Business and IT teams join hands toward agreed business results. The business has to take the lead and IT has to support it through BPM technology excellence. Through such integrated effort between Business and IT, BPM can create definitive business values such as:

- Providing a uniform, scalable and integrated platform (a business function motherboard) that can bind diverse business capabilities (typically implemented by business applications) in more meaningful and manageable fashion
- Bring end-to-end visibility to business operations both in terms of regular business events as well as exception events
- Provide capability to configure the business process flow as well as business rules dynamically without needing to have large footprint of IT change
- Tighten the value-chain of business across business partners by leveraging the strength of BPM and extending the view of business process outside the enterprise as well
- Delivering the real-time business intelligence through monitoring of business events and real-time business process analysis
- Deliver the ability to deal with complex business vents through systemic understanding of dependencies between seemingly unrelated events to bring predictive view of the business

In general, we expect that BPM will deliver the business value system that EAI could not. Deliver in traditional model because of significantly lacking business perspective and missing support from business community. Not only that, BPM will also be able to position both SOA and EAI in right perspective within organizations. This will ensure that expectations from each of the capabilities: BPM, SOA and EAI, is set correctly so that business results are achieved successfully.

Figure 1 below illustrates how BPM as a platform can be architected at high level to deliver the expected benefits.

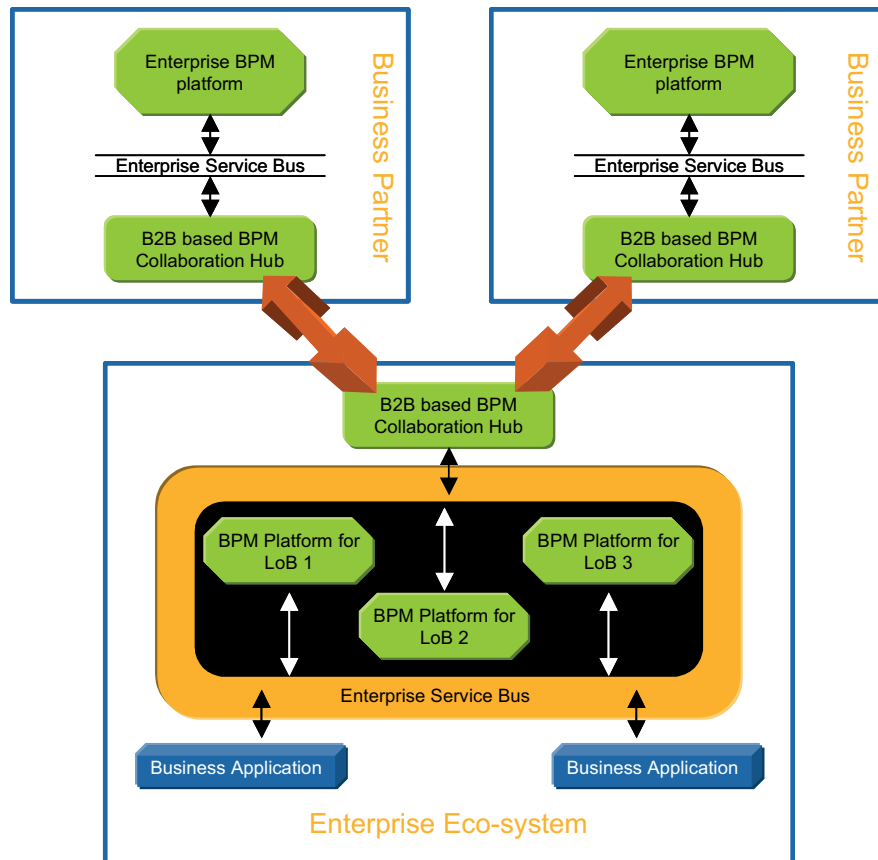


Figure 1 – BPM based business eco-system

Realizing the Business Transformation with BPM

Business Transformation may have multiple components in its scope depending on the drivers and the transformation strategy. Business Transformation often include some pure IT transformation type of scope (for example application rationalization, infrastructure consolidation etc). However enterprises should adopt BPM-based strategies to increase the returns from the investments in large business-focused transformation programs.

There are multiple facets of BPM that play key role in realizing (completely or part of it depending on the scope of the business transformation) the Business Transformation. Key levers of BPM that enterprises can exploit to get better business impact from Transformation initiative are highlighted below.

Robust BPM/BRM platform for the enterprise – a blueprint of enterprise-wide BPM platform that allows assembly of business processes. It also provides central wire-frame that drives where exactly point business function (as provided by business applications) fit in. Such a wire-frame reflects Functional Reference Model (FRM) of the industry business operation where technology specific solutions (like SAP, Siebel etc) can be plugged in agile manner to bring responsiveness to technology or business changes.

This platform will bring capability of centralized Business Rules Management (provided by the major BPMS vendors). The platform will have selective constraints that can be applied on the process activities. Similarly, it will allow modularizing of processes into “process elements” that can be shared across multiple processes/activities. This process elements repository allows integration of domain islands of expertise into composite processes. The process elements also allow the organization to adjust processes as per changing business needs in a modular manner.

One of the core propositions of such a platform is its ability to establish process governance through systemic automation. It is based on business activity monitoring and utilizes trigger based facilities to generate alerts, notifications, system actions or human tasks. This provides opportunity to monitor the events on the platform and improve the total process and the platform performance based on the feedback.

Making BPM work with SOA and EAI – Potential of a BPM platform becomes manifold when it is deployed in co-ordination with capabilities of SOA and EAI. In this case, each of the capabilities can perform to best of their potential. It means that SOA brings the vision of architectural template, which demonstrates how a service-focused business solution can be crafted on IT backbone. EAI, while complying with SOA, will bring highly effective service mediation and service provisioning capabilities within IT eco-system. Thus, BPM, while following SOA template for developing business process wire-frame, will shake hands with EAI to mediate and provision IT function services from application and data repository layer. When all of the three capabilities (BPM, SOA and EAI) work in absolute synchronization to perform their best, enterprises can focus the business transformation effort on careful instrumentation of strategic business operation improvements. This helps save lot of business man hours and dollars that are otherwise needed to prepare IT before meaningful work can be started.

Establishing BPM CoE to manage the complex transformation delivery demands – No Business Transformation program has been simple and is less likely to be simpler in future too. If an enterprise adopts BPM as a platform for Business Transformation, it will have many complex demands to manage. Because, by virtue of being a wire-frame of business processes, BPM platform becomes a central capability around which all business functions are deployed. To be able to successfully deliver the BPM demand within organization, enterprises will need to establish BPM Center of Excellence that delivers end-to-end BPM services. Some of key aspects of such a BPM CoE are:

- Key leadership roles both from Business as well as IT to create effective blueprints that can be used a standard template for developing business processes on BPM platform.
- Capability to deliver cost effective solutions through adoption of right set of tools, methods and best-practices
- Robust governance to drive and enable the successful adoption of BPM platform
- Engagement method through which users of BPM platform can quickly onboard the platform
- Technology excellence in the BPM product that delivers the BPM platform

Establish Process Metrics that reflect measurable business operation performance – Business Transformations can be successful only if they have measurable business goals. BPM platform provides robust capability and opportunity to design metrics based on Key Performance Indicators of the business operations. Such system-driven metrics capability can be used to monitor, assess and improve the business processes in continuous manner. Business Transformation Programs can leverage BPM platform to model their business performance improvement objectives through measurable metrics.

Separate the business flow logic and business application logic – One of the key objective of BPM platform is to separate out business function logic from business process flow logic. Traditionally both application logic as well as the business process flow logic is embedded inside the applications. Similarly, most of the core business rules are typically embedded inside applications. Therefore entire eco-system of business solution becomes highly rigid resulting in high cost of changes. Enterprises typically have very low visibility into business process flow and business rules. These are hidden inside applications and such eco-system poses great complexity when enterprises undertake Business Transformation initiatives. BPM platform provides capability to extract business process flow, mine business rules from point applications, and host both of these inside BPM layer. This way, all three – Business Process flow, Business Rules configuration and Business function logic can be deployed in loosely coupled manner and can be changed easily without impact unrelated components.

Conclusion

The Responsive Enterprise pursues competitive advantage by using BPM as an enabler for optimizing its critical business operations. This helps eliminate delays, provides instant access to information, and performs execution of the identified critical processes. Enterprises can adopt BPM as a platform that not only transforms IT service provisioning, but also allows easy configuration of business process components to instrument the Business Transformation related changes. Enterprises that are considering large scale Business Transformation programs should consider BPM as a core enabling platform. It can integrate all distributed Business Operation capabilities spread across various lines of business and make the process of business configuration more agile.

About the Author

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