

BPM and Beyond

The Human Factor of Process Management

November 2008

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Executive Summary

This report demonstrates that Best-in-Class companies are working to build an information culture around Business Process Management (BPM) usage. This culture delivers capabilities to a wider audience and addresses the human factors driving the relationship between process management and operational performance. Leveraging a wide range of organizational capabilities, Best-in-Class companies were able to drive marked improvements in customer service and process waste reduction. This report is based on feedback from 232 end-user organizations worldwide.

Best-in-Class Performance

Aberdeen used three Key Performance Indicators (KPIs) to distinguish Best-in-Class companies from Industry Average and Laggard organizations:

- **Operating cost.** Best-in-Class companies drove a weighted average 26% year over year reduction in operating cost compared with a 15% increase for Laggard companies
- **Customer responsiveness.** Best-in-Class companies achieved a weighted average 41% year over year improvement in customer responsiveness - four times the improvement of the Industry Average
- **Process efficiency.** Best-in-Class companies achieved a weighted average 41% year over year increase in process efficiency - measured as a reduction in the number of manual steps in key business processes - five-times the increase of all other companies

Competitive Maturity Assessment

Survey results show that the firms enjoying Best-in-Class organizations are:

- **75% more likely** than Laggards to have clearly defined and documented business processes
- **Almost twice as likely** as Industry Average companies to measure end-to-end process cycle times
- **Four-times more likely** than all other companies to leverage Business Activity Monitoring (BAM) tools

Required Actions

In addition to the specific recommendations in Chapter Three of this report, to achieve Best-in-Class performance, companies must:

- Implement training programs for BPM use
- Create and maintain a human skills database
- Establish a BPM center of excellence

Research Benchmark

Aberdeen's Research Benchmarks provide an in-depth and comprehensive look into process, procedure, methodologies, and technologies with best practice identification and actionable recommendations

"BPM automation and workflow allow Fuji Xerox to run lean outsourcing operations for our customers with low cost, high quality and efficiency, complete audit and security as well as help customers become part of the workflow and use all its benefits. We successfully apply it for document processing in both back and front office operations, including accounts payable, accounts receivables, asset management, HR, applications and claims processing. To use the complete BPM-platform potential we integrate it with full scale call centre infrastructure for inbound and outbound client communication, workforce schedule management tools, and internal Customer support structure."

~Olga Esina,

Regional Technical Manager,
Business Process Services,
Fuji Xerox Global Services

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Table of Contents

Executive Summary.....	2
Best-in-Class Performance.....	2
Competitive Maturity Assessment.....	2
Required Actions.....	2
Chapter One: Benchmarking the Best-in-Class	4
Making the Case for BPM.....	4
The Maturity Class Framework.....	6
The Best-in-Class PACE Model	7
Best-in-Class Strategies.....	8
Chapter Two: Benchmarking Requirements for Success	10
Competitive Assessment.....	10
Capabilities and Enablers.....	11
Chapter Three: Required Actions	16
Laggard Steps to Success.....	16
Industry Average Steps to Success	17
Best-in-Class Steps to Success.....	18
Appendix A: Research Methodology.....	20
Appendix B: Related Aberdeen Research.....	22

Figures

Figure 1: Driving Performance with Converged BPM	4
Figure 2: Barriers to a Formal BPM Strategy.....	5
Figure 3: Top Pressures Driving a Focus on Process Management	6
Figure 4: Best-in-Class Strategic Actions for BPM	8
Figure 5: Top Performers Focus on ROI.....	9
Figure 6: Best-in-Class Performance Management Capabilities	13
Figure 7: Organizations Seek an Integrated BPM Approach	15
Figure 8: Best-in-Class Leverage BPM Strategies with More Organizational Departments	19

Tables

Table 1: Top Performers Earn Best-in-Class Status.....	7
Table 2: The Best-in-Class PACE Framework	7
Table 3: The Competitive Framework.....	11
Table 4: The PACE Framework Key	21
Table 5: The Competitive Framework Key	21
Table 6: The Relationship Between PACE and the Competitive Framework	21

Chapter One: Benchmarking the Best-in-Class

Making the Case for BPM

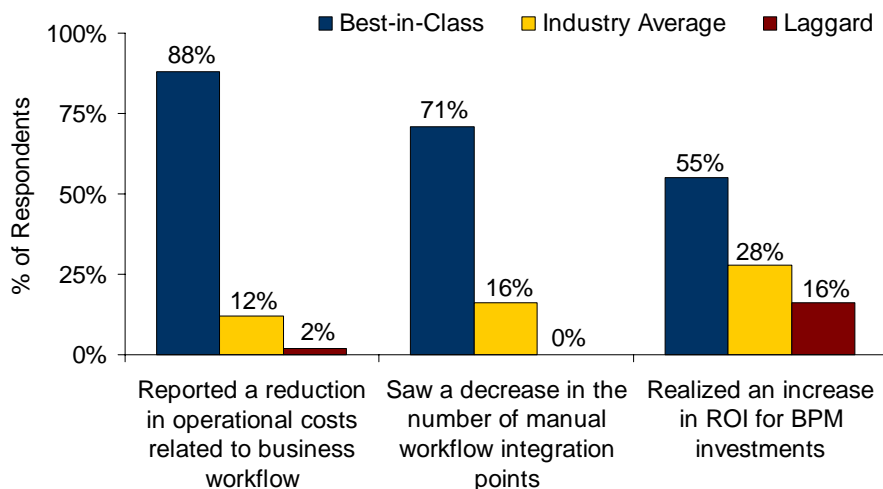
The growth in the use and applicability of enterprise software has generated productivity and efficiencies for many companies. However, as a common side effect to this expansion, some organizations are left with a confusing web of heterogeneous systems, and as a result have little or no visibility into their business processes. As a result of this lack of visibility organizations struggle to identify and eliminate process waste and unnecessary operating cost. To combat these issues, many companies turned to the integration capabilities of Business Process Management (BPM) tools. Aberdeen's May 2007 study, [Aligning IT to Business Processes: How BPM is Complementing ERP and Custom Applications](#), revealed that 70% of Best-in-Class organizations had the ability to integrate systems possessing critical data or information, confirming the importance of back-end integration. This first wave of BPM tools provided sorely needed integration but were costly, resource intensive, and not for the technically faint of heart.

As BPM technology grew in accessibility, more solutions arose that could provide not only integration capabilities but address workflow management issues as well. Aberdeen's September 2007 report, [BPM Convergence: Workflow and Integration Meet in the Middle](#), demonstrated the tangible benefits to be achieved through a converged BPM solution (Figure 1).

Fast Facts

- ✓ Best-in-Class companies achieved a weighted average **53% improvement in process consistency**, - as measured by the number of defects in key business processes - compared with:
- ✓ An 13% improvement for the Industry Average
- ✓ A 13% decline for Laggards

Figure 1: Driving Performance with Converged BPM



Source: Aberdeen Group, September 2007

Recently, in order to gain even better visibility into their operational processes and deliver that visibility to the key business decision makers, organizations are now looking to a new generation of BPM solutions that strip away the need for programming expertise and make BPM deployment

far more palatable to a broader range of enterprises. Espousing the convergence of knowledge sharing, workflow management, and analytics, the new generation of BPM tools expands beyond the IT user and enables business users to better understand and manage their business processes.

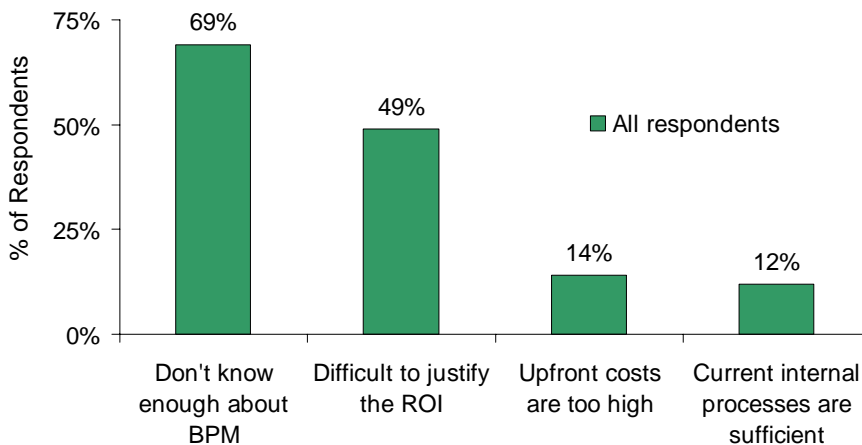
The Challenge of Process Management

Despite the purported usability of these next generation BPM tools, many organizations are still quite reticent to deploy a formalized solution. Aberdeen's September 2007 BPM report, [BPM Convergence: Workflow and Integration Meet in the Middle](#), focused on the convergence of integration and workflow management functionality. At that time, 57% of survey respondents felt that the biggest challenge of implementing BPM was the difficulty of getting buy-in from the business stakeholders. This highlighted an issue of perception in the BPM world. While the IT managers may have seen the value in deploying these solutions, the business users were not yet convinced. One of the most frequently espoused notions in the IT world is the need to 'align IT with business.' Without a solution that speaks the language of business, and without a clear value proposition that the business decision makers can truly wrap their minds around, achieving this alignment is all the more difficult. Current research shows some lingering sentiment that falls in-line with the challenges of a year ago. Of the companies without a formalized BPM strategy, the barriers to adoption are still heavily centered on knowledge and expertise (Figure 2).

Fast Facts

- ✓ **43%** of Best-in-Class companies have the ability to customize BPM reports & forms to fit their company brand and strategy
- ✓ **16%** of all other companies report having this capability

Figure 2: Barriers to a Formal BPM Strategy

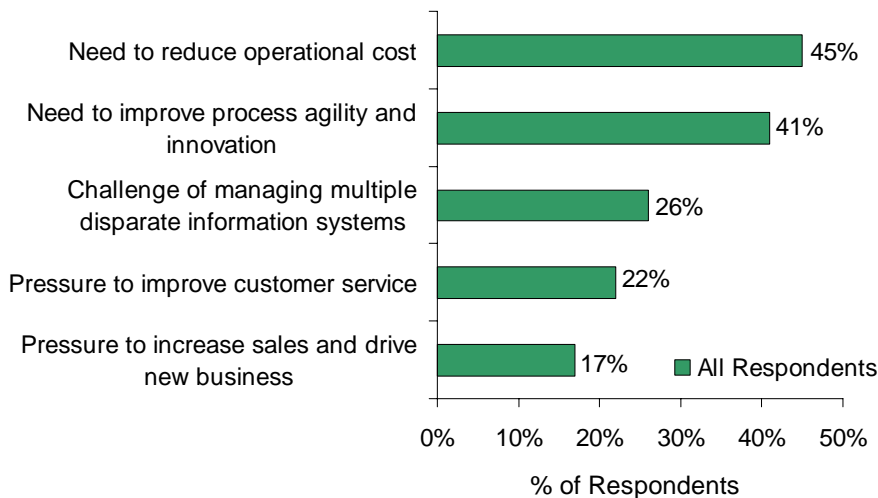


Source: Aberdeen Group, November 2008

Interestingly, while many of these solutions carry with them a significant price tag, "upfront cost" came out as a minor issue when compared with the top two most prevalent factors listed above. The biggest challenges remain understanding the BPM tool and developing a plan to leverage the investment to solve multiple business problems rather than as a point solution for a single IT issue.

The bulk of survey respondents face an onslaught of business challenges that drive them to invest resources in a process management strategy. Particularly in light of today's volatile economy, many organizations are looking to trim the fat off their operations and drive out any unnecessary cost. The research validates this notion by revealing that cost reductions are absolutely top of mind for business executives looking into BPM initiatives (Figure 3).

Figure 3: Top Pressures Driving a Focus on Process Management



Source: Aberdeen Group, November 2008

In a receding market, process agility is also an objective that many organizations strive for. In order to leverage business opportunities with a short window of execution, an organization must be able to adapt their processes quickly and efficiently. While driving new business and developing customer relationships will always be primary focuses, companies are now faced with an unforgiving business landscape that necessitates cost reduction, and process efficiency.

The Maturity Class Framework

Aberdeen used three key performance criteria to distinguish the Best-in-Class from Industry Average and Laggard organizations:

- **Operating cost.** Weighted average year over year reduction in operating cost
- **Customer responsiveness.** Weighted average year over year improvement in customer responsiveness - measured as decrease in response time to customer service requests
- **Process efficiency.** Weighted average year over year increase in process efficiency - measured as a reduction in the number of manual steps in key business processes

"We have a three-pronged approach to BPM that includes process mapping, process optimization through lean Six Sigma, and investment in the right enabling technologies. Our approach focuses on increasing capacity and reducing process waste in order to drive revenue enhancement and cost reductions. Through this approach we've been able to achieve anywhere between a two-fold and ten-fold decrease in cycle times of some key processes, often leading to seven figure cost reductions."

~ Lean Six Sigma Master Black Belt,
Major US Oil & Gas Company

Table 1: Top Performers Earn Best-in-Class Status

Definition of Maturity Class	Mean Class Performance
Best-in-Class: Top 20% of aggregate performance scorers	<ul style="list-style-type: none"> ▪ 26% weighted average Y/Y reduction in operating cost ▪ 41% weighted average Y/Y improvement in customer responsiveness ▪ 41% weighted average Y/Y increase in process efficiency
Industry Average: Middle 50% of aggregate performance scorers	<ul style="list-style-type: none"> ▪ 5% weighted average Y/Y reduction in operating cost ▪ 11% weighted average Y/Y improvement in customer responsiveness ▪ 12% weighted average Y/Y increase in process efficiency
Laggard: Bottom 30% of aggregate performance scorers	<ul style="list-style-type: none"> ▪ 15% weighted average Y/Y <i>increase</i> in operating cost ▪ 2% weighted average Y/Y <i>decline</i> in customer responsiveness ▪ 10% weighted average Y/Y <i>decline</i> in process efficiency

Fast Facts

Top Five Best-in-Class BPM vendor selection criteria:

1. Demonstrated success in similar projects
2. Proof of concept to demonstrate feasibility
3. Ability to deliver rapid implementation
4. Domain expertise
5. Commitment to customer service

Source: Aberdeen Group, November 2008

The Best-in-Class PACE Model

Using BPM solutions to achieve corporate goals requires a combination of strategic actions, organizational capabilities, and enabling technologies that are summarized in Table 2.

Table 2: The Best-in-Class PACE Framework

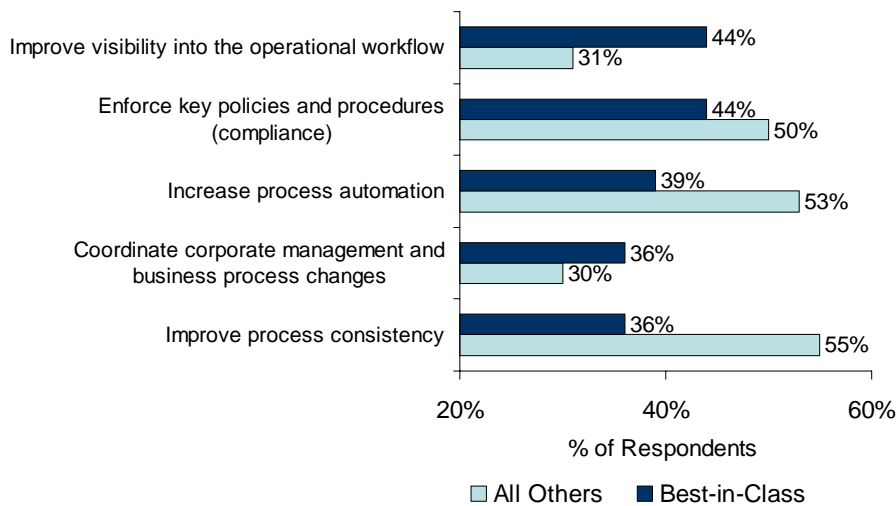
Pressures	Actions	Capabilities	Enablers
<ul style="list-style-type: none"> ▪ Need to improve process agility and innovation 	<ul style="list-style-type: none"> ▪ Improve visibility into the operational workflow ▪ Enforce key policies and procedures (compliance) 	<ul style="list-style-type: none"> ▪ Clearly defined and documented business processes ▪ Well defined inventory of existing applications ▪ Process in place to configure business reporting ▪ Company-wide established 'information culture' ▪ Staff dedicated to BPM deployment and ongoing management ▪ Policies to prioritize key enterprise applications 	<ul style="list-style-type: none"> ▪ Formal BPM applications / platforms ▪ Middleware solutions (EDI, XML) ▪ Composite application development tools ▪ Stand alone BI tools (e.g. dashboards, scorecards) ▪ Data warehousing ▪ Information Technology Service Management (ITSM)

Source: Aberdeen Group, November 2008

Best-in-Class Strategies

In order to address the challenges listed in Figure 3, Best-in-Class companies have developed a holistic strategy for BPM that crosses a wide range of areas. While the Industry Average and Laggard companies are focusing their efforts in a few areas such as process consistency and automation, the Best-in-Class have prioritized five strategic actions with nearly equal weight (Figure 4).

Figure 4: Best-in-Class Strategic Actions for BPM



Source: Aberdeen Group, November 2008

Fast Facts

✓ **38%** of the Best-in-Class are using BPM for customer case management

Compared with

✓ **27%** of Industry Average companies

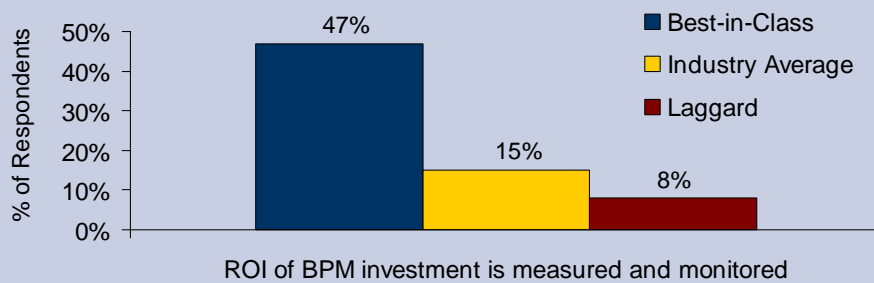
✓ **20%** of Laggards

End-user interviews have revealed that many companies are aware of issues that exist in their key processes. They understand that there is process waste that needs to be addressed and eliminated, but they don't know how much, or where to start. In other words - they don't know what they don't know. Best-in-Class companies understand the value of having visibility into their workflow in order to identify which elements are unnecessary and where steps can be taken. Another issue that arises frequently is the challenge of supporting process changes with the appropriate management resources. As BPM tools become more usable and applicable to business decision makers, the issue of process ownership needs to be clearly delineated. Best-in-Class companies are taking strides to allocate the appropriate management resources to new processes as they arise.

Aberdeen Insights — Strategy

The business adage "you can't manage what you don't measure" is very much applicable to the world of process management. In light of the barriers to adoption depicted in Figure 2, many companies struggle to justify the often substantial cost of a BPM solution, particularly smaller companies. While ROI can be seen as somewhat of a fuzzy - or often poorly defined term, there are a plethora of ways to measure BPM deployment success, depending on the industry and usage of the BPM tool. Logistics companies can more efficiently route delivery vehicles to save time, reduce staffing requirements, and save gas. Financial institutions can improve the turnaround time on mortgage and loan applications to drive more throughput. Whatever the method, it behooves an organization to measure the tangible return they're getting on their process management initiatives, and Aberdeen's research shows that Best-in-Class companies are far more likely than the Industry Average and Laggard companies to measure the ROI of their BPM investment.

Figure 5: Top Performers Focus on ROI



Source: Aberdeen Group, November 2008

If BPM is deployed to solve one specific business problem, it can be effective in achieving its purpose, but in order to leverage that investment to drive more business value, the adoption and usage of the tool will typically need to expand to multiple areas of the organization beyond just a project level. Best-in-Class companies enable this expansion by measuring ROI and validating the benefit of the solution to a broader audience within the organization.

One of the deployment methods coming to the forefront is Software as a Service (SaaS), a method that allows companies to offload the platform and infrastructure management challenges of a BPM implementation. This also provides a means by which companies can rapidly deploy capabilities while spreading the minimal upfront costs over time. Best-in-Class companies are more than twice as likely to be taking this approach today.

In the next chapter, we will see what the top performers are doing to achieve these gains.

Chapter Two: Benchmarking Requirements for Success

The selection of a BPM solution and its integration with existing business applications and information systems plays a crucial role in the ability to turn these strategies into profit. The following case study illustrates how one company was able to drive substantial process efficiencies and realize six-figure cost reductions through the use of BPM.

Case Study — Concur Technologies, Inc.

As the world's leading provider of on-demand Employee Spend Management services, Concur Technologies is constantly searching for innovative ways to increase the quality and efficiency of its services. Because companies of all sizes depend on Concur, the company understands the vital importance of effective business process.

Concur sought a solution that would streamline its business processes and reduce operating costs by improving internal controls and providing enhanced visibility and actionable process analysis. Concur's customer implementation and support processes were not delivering the level of cross-departmental visibility and governance that Concur desired. The lack of a central source of information on procedures inhibited Concur's success with process standardization and scalability, and also created the potential for information staleness. After an extensive search process, Concur selected a BPM platform that provided the ease of use necessary to achieve its goal of overall process maturity.

"BPM enables Concur to easily increase the efficiency of our processes in response to the demands of our clients, increasing the quality and effectiveness of our services," reports Cristen Rankin, Business Process Analyst at Concur. Since deployment, Concur has implemented 48 managed processes with their BPM platform and has seen an average reduction time for process completion of 20%. Most importantly, Concur estimates that their BPM platform has delivered an annual cost avoidance of greater than \$700,000. Measurement and management of interactions between humans, between systems, and between humans and systems, has always been a part of the company's structural DNA, and now that measurement can be conducted seamlessly using BPM.

Fast Facts

- √ Best-in-Class companies achieved a weighted average **44% reduction in application development time**, compared with:
- √ An 11% reduction for the Industry Average
- √ A 16% increase for Laggards

Competitive Assessment

Aberdeen Group analyzed the aggregated metrics of surveyed companies to determine whether their performance ranked as Best-in-Class, Industry Average, or Laggard. In addition to having common performance levels, each class also shared characteristics in five key categories: (1) **process** (the approaches they take to execute their daily operations); (2) **organization** (corporate focus and collaboration among stakeholders); (3) **knowledge management** (contextualizing data and exposing it to key stakeholders);

(4) **technology** (the selection of appropriate tools and effective deployment of those tools); and (5) **performance management** (the ability of the organization to measure their results to improve their business). These characteristics (identified in Table 3) serve as a guideline for best practices, and correlate directly with Best-in-Class performance across the key metrics.

Table 3: The Competitive Framework

	Best-in-Class	Average	Laggards
Process	Clearly defined and documented business processes		
	70%	58%	40%
Organization	Staff dedicated to BPM deployment and ongoing management		
	53%	37%	29%
	Company-wide established 'information culture'		
	57%	32%	30%
Knowledge	Human skills database		
	47%	28%	21%
	Well defined inventory of existing applications		
	70%	48%	45%
Performance	Ability to measure performance against defined Service Level Agreements (SLAs)		
	40%	35%	23%
	Ability to measure end-to-end process cycle times or organizational process improvements		
	47%	28%	15%
Technology Enablers	Business Activity Monitoring (BAM)		
	41%	14%	11%
	Knowledge management tools		
	52%	46%	36%
	Composite application development tools		
	47%	20%	17%
Business Intelligence tools (e.g. dashboards, scorecards)			
	75%	62%	51%

Fast Facts

- √ **50%** of Best-in-Class companies have the ability to personalize applications by individual, role, group, or department
- √ **25%** of all other companies report having this capability

Source: Aberdeen Group, November 2008

Capabilities and Enablers

Based on the findings of the Competitive Framework and interviews with end users, Aberdeen’s analysis of the Best-in-Class demonstrates that successful deployment and use of BPM solutions and strategies depends on a combination of specific capabilities and technology enablers. Aberdeen's

research has identified several capabilities that Best-in-Class companies leverage in order to achieve their process management goals.

Process

In today's competitive landscape, excellent business processes serve as the engine of a top performing company. The key processes that matter most to a company need to be efficient, adaptable, and perhaps most importantly, clearly defined. One bad link in a process workflow can lead to significant amounts of wasted time and effort. Having clearly defined and documented business processes helps avoid this waste and promotes smoother and more agile processes. According to the research, 70% of Best-in-Class companies reported having these well defined and documented business processes, making them 75% more likely than Laggards to utilize this crucial capability. With a lucid view of their key business processes, Best-in-Class organizations were able to reduce the number of manual steps and drive substantial improvements in automation.

Organization

One important qualitative notion that has arisen through end-user interviews is that the ability for BPM to permeate the organization and drive value to multiple areas of the business is heavily dependent upon organizational culture. Whether bad processes are just ingrained into the core of an organization or employees simply don't understand or appreciate the benefits of information visibility, too many companies fail to actively build a BPM strategy into their culture. Once the concept has proven out, and employees understand how to use the solutions to shore up their business processes, often the functionality will spread like wildfire throughout the organization. At the end of the day, this type of culture enables substantially higher returns on BPM investment. Best-in-Class organizations recognize the importance of generating this 'information culture' as the research shows that they are 80% more likely than all other companies to have established this type of culture. Additionally, when it comes to managing a BPM implementation and its ongoing management, dedicated resources become an important part of eventually driving this culture of BPM usage. The data shows that Best-in-Class companies are 83% more likely than Laggards to leverage a dedicated staff for BPM deployment.

Knowledge Management

Several prior Aberdeen benchmark studies have quantified the notion that companies are dealing with an abundance of disparate data sources and applications. Whether brought on through acquisition or rapid organizational expansion, many companies are left with a complex heterogeneous IT infrastructure. Understanding the key applications that drive value to the organization is critical to prioritizing and demystifying that infrastructure. Aberdeen's research shows that 70% of Best-in-Class companies have a well defined and documented inventory of the corporate applications that matter the most. Additionally, when it comes to managing

Fast Facts about SaaS Deployment

√ **10%** of the Best-in-Class are using a SaaS (on-demand) BPM suite

Compared with:

√ **4%** of Industry average companies

√ **3%** of Laggard companies

"We came to BPM because (from a security perspective) BPM provides another great security attribute for policy enforcement within our OpenPMF model-driven security product. We needed to leverage our vendor's tech support to get the solution working, but they knew exactly what we had to do, and it's worked quite well."

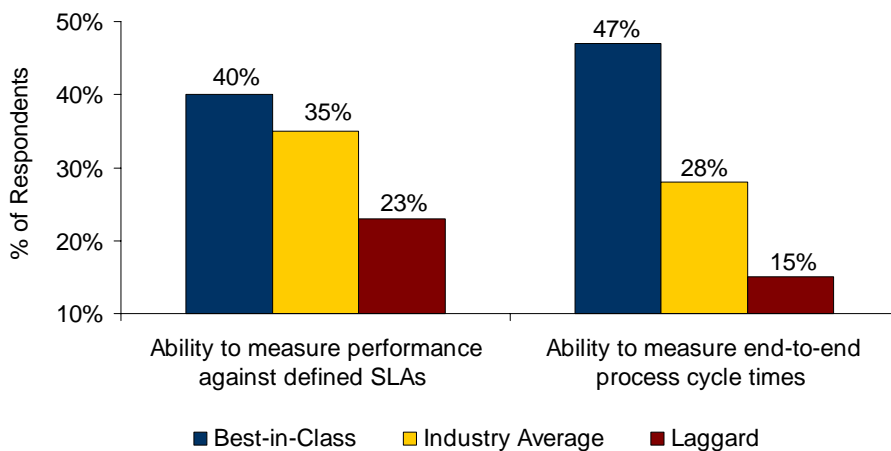
~Ulrich Lang,
CEO,
ObjectSecurity

the IT infrastructure, the key business processes, and the applications that enable more efficiency, there are a broad array of organizational competencies and skills necessary to get the job done. Understanding the company's technical capability, management experience, and domain specific expertise is an important first step towards better allocation of resources. Survey findings reveal that Best-in-Class organizations are 85% more likely than all other companies to utilize a human skills database as a tool for better understanding of their organizational capability.

Performance Management

Not all BPM solutions are created equal, and not all promise the same types of capability, nor do solution providers' promises all get delivered. Depending on the makeup of a company, the needs for information availability, user access, and overall performance can be wildly varied. This variability necessitates well defined Service Level Agreements (SLAs) that dictate how the solution is expected to perform. Establishing these SLAs is important to smoother implementation of a BPM solution, but the critical factor is the ability to measure and monitor performance as compared to the SLAs in place. Best-in-Class companies are almost twice as likely as Laggards to measure and monitor these SLAs against actual performance (Figure 6).

Figure 6: Best-in-Class Performance Management Capabilities



Source: Aberdeen Group, November 2008

Another essential element of process improvement involves measuring end-to-end process cycle times. Similar to the findings shown in Figure 5, a lack of visibility into how the business is operating and performing is a major roadblock to improving efficiency. The data shows that Best-in-Class organizations are more than three-times as likely as Laggards to measure their end-to-end process cycle times and other performance improvements thus paving the way for the substantial process efficiencies reported above.

Fast Facts

✓ On average, Best-in-Class companies report that **45% of their workforce** uses the BPM solution

Compared with

✓ **35%** of the workforce for all other companies

Technology

Given the volume and complexity of data that many companies manage, generating the ability to measure and monitor the business is often not feasible as a manual undertaking. Several key areas of the business can be improved by scrutinizing KPIs through the use of some judiciously implemented technologies. Business Activity Monitoring (BAM) is a tool that promises this type of enhanced business visibility. The research shows that the Best-in-Class are almost four-times more likely than Laggards to utilize BAM tools. Following-up on the notion of improving culture, the ability for an organization to share information across departments is a key determining factor in their ability to spread BPM functionality to a wider audience in the organization. Best-in-Class companies are 44% more likely than Laggards to utilize knowledge management tools (such as employee portals, federated search tools, document/content management tools, etc.). Finally, the operational visibility that BPM solutions offer is merely the first step on the road to improvement. With a view of the KPIs that matter the most, the top performing companies are in a position to make well informed decisions in a shorter period of time. Business Intelligence (BI) tools enable the delivery of the right information to the right people at the right time, and therefore drive better and faster decision making. According to the research, 75% of Best-in-Class companies are using some form of BI, such as operational dashboards and scorecards, to harness their operational visibility, make quicker decisions, and generate marked reductions in operating cost and improvements in customer service.

Aberdeen Insights — Technology

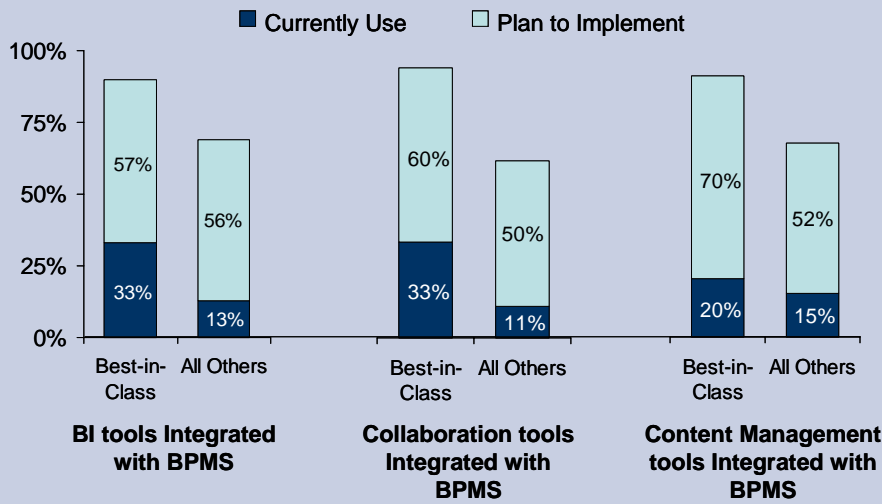
In certain large organizations, the management and optimization of key business processes can generate process efficiencies leading to cost savings on the order of millions of dollars. Getting to that point however, requires leveraging a solid foundation of organizational capability and a portfolio of technology enablers that can, at times, be overwhelming in scope. A best-of-breed approach to technology deployment can be appropriate if one or two point solutions are required. However, if process management is to truly pervade the organization and improve a wide range of organizational functions, best-of-breed implementations can lead to "stove-piped" applications that exacerbate IT complexity and ultimately impede the adoption of BPM across the organization.

The end user marketplace, perhaps in light of the caveats mentioned above, is showing notable momentum in the opposite direction - process management technologies integrated into one common BPM suite. The research reveals that a vast majority of Best-in-Class organizations (and all other companies to a certain extent) have either deployed or are moving toward this integrated approach to BPM (Figure 6).

continued

Aberdeen Insights — Technology

Figure 7: Organizations Seek an Integrated BPM Approach



Source: Aberdeen Group, November 2008

While the current integrated adoption at this point is relatively low, quantitative data and end-user interviews have revealed that many companies are looking for one common platform that is easy to use and understand; one that they can sell to upper management, and ultimately deliver to a broader array of end-users within the organization.

Chapter Three: Required Actions

Whether a company is trying to move its performance in BPM from Laggard to Industry Average, or Industry Average to Best-in-Class, the following actions will help spur the necessary performance improvements:

Laggard Steps to Success

- **Implement employee training programs for BPM use.** While several next-generation BPM solutions have made great strides in terms of ease-of-use, these types of technologies are not always intuitive for the average business user. In order to increase adoption of the BPM tools, the benefit of its use needs to be clearly communicated, and end-user training programs are a valid way of accomplishing this. The research shows that only one-quarter of Laggard organizations are leveraging training programs, less than half the rate of Best-in-Class companies. Through implementation of end-use training, Laggard companies will be in a much stronger position to spread adoption and ultimately deliver substantial business value through their BPM solutions.
- **Develop a method to measure end-to-end process cycle times.** The research has shown time and again that measurement is a crucial step in the road to process improvement. Regardless of industry, the ability to gain an understanding of where things have been, where things are, and where things need to be, is a determining factor in heightened performance. According to the research, only 15% of Laggard companies have this measurement capability, less than one third the percentage of Best-in-Class companies. Measuring these cycle times will enable much faster identification of process issues, particularly around wasted time and money, and position Laggard companies to squeeze more cost out of their processes and draw closer to Best-in-Class performance.
- **Examine Business Activity Monitoring (BAM) technologies.** Perhaps the most glaring common thread among Laggard companies is their lack of visibility and measurement capability when it comes to their operating processes. In many cases, this issue spans across the entire organization, and while certain processes can be viewed and measured with a manual approach, other more mission-critical processes can benefit from the technology enablement of a BAM solution. Aberdeen's research shows that only 12% of Laggard companies are currently leveraging BAM. While there is no one "cure-all" technology solution to the issues, by augmenting certain organizational capabilities around performance measurement, and through judicious use of certain tools like BAM, Laggards will be able to facilitate performance through enhanced visibility.

Fast Facts

- √ Best-in-Class companies achieved a weighted average **43% reduction in the cycle time of key business processes**, compared with:
 - √ An 11% reduction for the Industry Average
 - √ A 4% increase for Laggards

Industry Average Steps to Success

- **Create and maintain a human skills database.** One of the hallmarks of a top performing company is the efficient use of human capital. Especially considering the landscape of the global economy, the ability to identify the right person for the right task comes at a high premium. The research shows that under one-quarter of Industry Average companies report having this repository of human skills, compared with twice that percentage for the Best-in-Class. Another gem of truth that came out of end-user interviews is that process waste doesn't always come in the form of wasted time or money, but rather in misalignment with the skills available and the task to be managed. In order to reach the vaunted mountain top of "aligning IT and business," well considered allocation of human capital is of paramount importance. With a human skills database in place, Industry Average companies will be in a position to understand their internal competencies and use them more efficiently to achieve performance.
- **Deploy cross-functional teams to test and expand the BPM solutions.** One of the themes that came out of this particular data set concerned the notion of point solutions versus enterprise-wide BPM deployments. While very few companies have the bandwidth and expertise to strive for an enterprise-wide BPM deployment at the outset, most have taken the strategy to deploy on a project or departmental level and expand the solution into other areas of the business. Achieving this goal is difficult without cross-functional representation to test and better understand BPM's applicability in their particular areas. The research shows that only 27% of Industry Average companies are utilizing these cross functional teams. By testing the solutions and demonstrating their functionality to a wider audience will facilitate a smoother expansion of BPM throughout the wider organization.
- **Leverage BI and analytical tools.** Monitoring and measuring drives heightened awareness and understanding of the business problems that need solving. Informed decision making is the next step toward improving some of the critical performance metrics measured in this study. Where the Laggards seem to be lacking in terms of measurement and visibility, the Industry Average can benefit from better analytics as a base for more timely decision making. The research shows some traction in BI on the part of the Industry Average, but they are still more than 20% less likely than the Best-in-Class to leverage some form of BI. The ability to access information and make decisions in a timely fashion is a vital part of organizational agility. Through the use of BI and other analytical tools, companies will find themselves more nimble and better positioned to react quickly to threats and opportunities.

Fast Facts

- ✓ **63%** of Best-in-Class companies have a process in place to configure business reporting
- ✓ **35%** of all other companies report having this capability

"We have more than 50 business processes that have been automated using BPM. Our experience with implementing / upgrading /automating new business process using BPM is getting better and better as our organization matures and the technology evolves."

~Venkatesh Yadav,

IT Architect,

Adobe Systems Canada

Best-in-Class Steps to Success

- **Establish a BPM center of excellence.** Considering how BPM is capable of seeping into the culture of a company and affecting numerous areas of the business - (i.e. sales, marketing, finance, IT, customer service, etc.) - having a cross-functional understanding of BPM needs and where the solution can best be used facilitates smoother implementation and more efficient use. A BPM center of excellence is an independent internal organization that represents all departments and focuses on increasing the understanding of the BPM system as well as training on the intricacies of its particular deployment. According to the research, only 30% of Best-in-Class companies reported having this capability. In order to maintain and improve their elevated level of performance, Best-in-Class companies can create a BPM center of excellence to communicate best practices for usage that is directly tied to company or function-specific data.
- **Improve real-time analytical capability.** Depending on the industry and company focus, real-time can vary tremendously across different companies. Real-time might mean within the hour to some companies, whereas real-time might be defined on a sub-second basis to others. Regardless of the company or industry, the ability to analyze critical information in "business-time" or "operational-time" is an important driver of better decision making, and therefore performance. Only 41% of Best-in-Class companies report having real-time or near real-time analytical capability. By managing their vital information, delivering it to the right people at the right time, and making informed decisions as a result, Best-in-Class companies will be in a position to maintain and perhaps even improve upon their current performance.

Fast Facts

- √ **54%** of the Best-in-Class are leveraging Information Technology Service Management (ITSM), compared to:
- √ **23%** of Industry average companies
- √ **17%** of Laggard companies

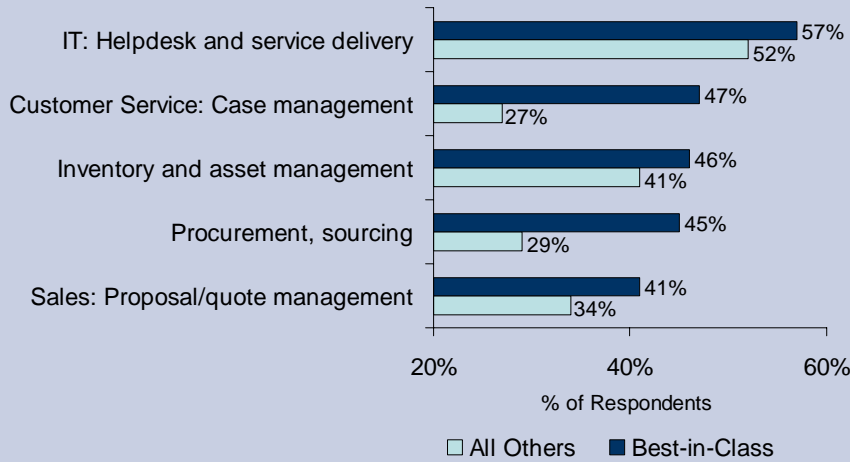
Aberdeen Insights — Summary

For some companies, the value of BPM remains hard to communicate. Tools, solutions, and strategies around process management can be challenging to implement without the proper knowledge foundation and business case in place. However, those companies that have implemented BPM successfully and produced demonstrable performance improvements are the ones that have spread its functionality throughout several areas of the business. Best-in-Class companies in particular have shown the broadest adoption of BPM within the organization (Figure 8).

continued

Aberdeen Insights — Summary

Figure 8: Best-in-Class Leverage BPM Strategies with More Organizational Departments



Source: Aberdeen Group, November 2008

The five business functions listed in the figure serve as a sample of the different uses of BPM functionality. Regardless of the types of technologies in use and the application of the technology, Best-in-Class companies have a common approach to BPM. This strategy encompasses a strong foundation of organizational capability to help measure, monitor, improve, and optimize their business processes for use in a wider range of applications across the company, ultimately leading to improvements in operational efficiency and substantial reductions in operating cost.



Appendix A: Research Methodology

Between October and November 2008, Aberdeen examined the use, the experiences, and the intentions of 232 enterprises using BPM in a diverse set of enterprises.

Aberdeen supplemented this online survey effort with interviews with select survey respondents, gathering additional information on BPM strategies, experiences, and results.

Responding enterprises included the following:

- *Job title / function:* The research sample included respondents with the following job titles: procurement, supply chain, or logistics manager (14%); business development manager (10%); operations manager (29%); IT manager or staff (24%); sales and marketing staff (8%); senior management (15%).
- *Industry:* The research sample included respondents from several industries. The industries with the largest response included: high tech / software (15%); IT consulting (15%); manufacturing (13%); financial services (9%); healthcare (7%).
- *Geography:* The majority of respondents (51%) were from North America. Remaining respondents were from the Asia-Pacific region (15%) and Europe (34%).
- *Company size:* Twenty-seven percent (27%) of respondents were from large enterprises (annual revenues above US \$1 billion); 33% were from midsize enterprises (annual revenues between \$50 million and \$1 billion); and 40% of respondents were from small businesses (annual revenues of \$50 million or less).
- *Headcount:* Thirty-three percent (33%) of respondents were from large enterprises (headcount greater than 1,000 employees); 37% were from midsize enterprises (headcount between 100 and 999 employees); and 30% of respondents were from small businesses (headcount between 1 and 99 employees).

Solution providers recognized as sponsors were solicited after the fact and had no substantive influence on the direction of this report. Their sponsorship has made it possible for Aberdeen Group to make these findings available to readers at no charge.

Study Focus

Responding executives completed an online survey that included questions designed to determine the following:

- √ The degree to which BPM is deployed in their operations and the financial implications of the technology
- √ The structure and effectiveness of existing BPM implementations
- √ Current and planned use of BPM to aid operational and promotional activities
- √ The benefits, if any, that have been derived from BPM initiatives

The study aimed to identify emerging best practices for BPM usage, and to provide a framework by which readers could assess their own management capabilities.

Table 4: The PACE Framework Key

Overview
<p>Aberdeen applies a methodology to benchmark research that evaluates the business pressures, actions, capabilities, and enablers (PACE) that indicate corporate behavior in specific business processes. These terms are defined as follows:</p> <p>Pressures — external forces that impact an organization’s market position, competitiveness, or business operations (e.g., economic, political and regulatory, technology, changing customer preferences, competitive)</p> <p>Actions — the strategic approaches that an organization takes in response to industry pressures (e.g., align the corporate business model to leverage industry opportunities, such as product / service strategy, target markets, financial strategy, go-to-market, and sales strategy)</p> <p>Capabilities — the business process competencies required to execute corporate strategy (e.g., skilled people, brand, market positioning, viable products / services, ecosystem partners, financing)</p> <p>Enablers — the key functionality of technology solutions required to support the organization’s enabling business practices (e.g., development platform, applications, network connectivity, user interface, training and support, partner interfaces, data cleansing, and management)</p>

Source: Aberdeen Group, November 2008

Table 5: The Competitive Framework Key

Overview	
<p>The Aberdeen Competitive Framework defines enterprises as falling into one of the following three levels of practices and performance:</p> <p>Best-in-Class (20%) — Practices that are the best currently being employed and are significantly superior to the Industry Average, and result in the top industry performance.</p> <p>Industry Average (50%) — Practices that represent the average or norm, and result in average industry performance.</p> <p>Laggards (30%) — Practices that are significantly behind the average of the industry, and result in below average performance.</p>	<p>In the following categories:</p> <p>Process — What is the scope of process standardization? What is the efficiency and effectiveness of this process?</p> <p>Organization — How is your company currently organized to manage and optimize this particular process?</p> <p>Knowledge — What visibility do you have into key data and intelligence required to manage this process?</p> <p>Technology — What level of automation have you used to support this process? How is this automation integrated and aligned?</p> <p>Performance — What do you measure? How frequently? What’s your actual performance?</p>

Source: Aberdeen Group, November 2008

Table 6: The Relationship Between PACE and the Competitive Framework

PACE and the Competitive Framework – How They Interact
<p>Aberdeen research indicates that companies that identify the most influential pressures and take the most transformational and effective actions are most likely to achieve superior performance. The level of competitive performance that a company achieves is strongly determined by the PACE choices that they make and how well they execute those decisions.</p>

Source: Aberdeen Group, November 2008

Appendix B: Related Aberdeen Research

Related Aberdeen research that forms a companion or reference to this report includes:

- [*BPM Convergence: Workflow and Integration Meet in the Middle*](#); September 2007
- [*Aligning IT to Business Processes: How BPM is Complementing ERP and Custom Applications*](#); May 2007
- [*Information Architecture Agility: Maximizing Business Benefit*](#); August 2008
- [*Business Intelligence Deployment Strategies*](#); April 2008
- [*Performance in a Service Oriented Architecture World*](#); February 2008
- [*Enterprise Information Integration: The Foundation for Business Success and Transformation*](#); January 2008
- [*Strong SLA Management Causes Increased Customer Satisfaction*](#); November 2007
- [*SOA and Web Services Testing: How Different Can It Be?*](#); August 2007
- [*ITSM: IT Transforms Itself into a Service*](#); August 2007
- [*SOA Middleware Takes the Lead: Picking up Where Web Services Leaves Off*](#); July 2007

Information on these and any other Aberdeen publications can be found at www.Aberdeen.com.

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