
BPM is Growing Into a \$5 Billion Industry. Are You Growing With It?

An Overview of Leading Business Process Management Practices and Technologies

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Executive Summary

Business Process Management (BPM) is growing into a \$5 billion industry as a result of today's complex global business environment. Many firms have gone back to the drawing board to look for new and innovative ways to improve their operations through BPM. In this white paper, we will discuss the ways BPM improvements are helping companies thrive, including increasing productivity by over 20%, meeting the needs of over 65,000 employees, and increasing the bottom line. It is estimated that upwards of 35% of companies are using advanced BPM technologies. The BPM software industry is being led by six technology providers and some of the world's leading companies are leveraging their offerings to meet business goals. Are you?

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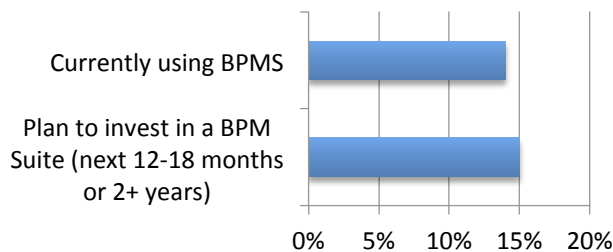
BPM Market Analysis and Competitive Landscape

In today's competitive business environment, the line between success and failure has become increasingly thin. In order to achieve organizational goals and truly thrive in the twenty-first century, businesses are seeking out new ways to develop agile and responsive organizations. BPM tools provide companies with the knowledge and data necessary to continually optimize the way they do business.

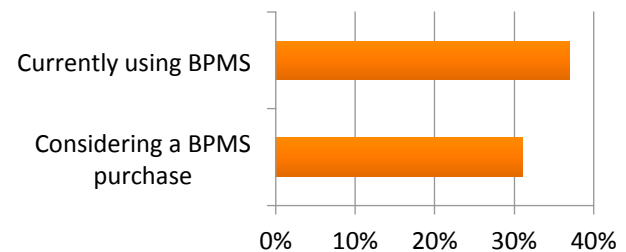
This interest in agility and data has helped develop the BPM market into an industry that generated between \$2.8 and \$4.9 billion dollars in 2013. Firms seeking out powerful analytics and management tools are estimated to have spent an average of \$200,000 to \$300,000 on BPM Suite (BPMS) software in 2013 alone. This year, between 7,000 and 17,000 firms are estimated to adopt BPMS technologies.

The following graphs show BPMS market usage and future spending plans per firm from two recent industry surveys.

PEX Network's Future of Process Excellence 2013 Survey



BPTrends' The State of Business Process Management 2012



BPMS adoption has been driven by a number of key business developments including increased merger activity, new stringent regulations, and changing consumer demands.

Mergers: The acquisition of a competitor, supplier, or start-up can energize a firm, bringing larger scale, exciting synergies, and new technologies to the table. Despite these benefits, many firms fail to initially realize the full potential of an acquisition. BPM however, can help firms take stock of their new strategic ally in the context of larger organizational goals and maximize their contribution right away. In the context of a manufacturing business, BPM software could be used to model the flow of components from a new acquisition to the standing business and identify potential issues and areas for improvement.

Regulations: An increasingly strict regulatory environment has strained the resources of even the strongest business. The strategic use of BPM can help organizations monitor and ensure compliance. BPM can create actionable process systems that can be adjusted to meet

regulatory demands. In addition to the promotion of systems of compliance, BPM suites enable managers to leverage data and analytics tools to carefully monitor potential problem areas and document any issues that may arise. Should disputes arise, the tracking of business processes provides the detailed record necessary to pinpoint issues.

Changing Consumer Demands: Business process management offerings can help teams quickly model, test and apply key changes in the face of shifting consumer needs. As more and more downstream component providers find flagging loyalty on the part of upstream firms, the ability to quickly adjust to consumer desires is an increasingly important skill. BPM can shorten the learning curve and help businesses deliver agile solutions in unforeseen circumstances.

BPMS Usage Across Industries

BPMS technologies are used across industries and by companies of various sizes. The following are current trends revealed by recent BPMS industry research:

- The largest industry users of BPMS solutions are Manufacturing, Financial Services, Energy, and Telecommunications.
 - Over the next two years, Government, Healthcare, and Financial Services are looking to invest in BPM at higher rates than most other industries.
 - Larger companies are currently using BPMS solutions at higher rates while smaller companies are expected to make future investments at higher rates.
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BPM in Action: How Top Companies Get Results

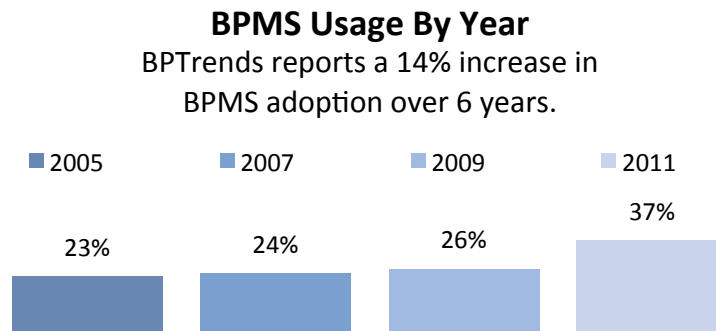
From auto manufacturers to Internet retailers, BPM is implemented with great success across industries. Here are a few examples from leading organizations.

Company	BPM Focus	Results
Amazon.com, Inc.	Automate financial operations including payroll, payments, and accounting	<ul style="list-style-type: none"> ■ Migrated BPM to the cloud ■ Reduced time spent maintaining financial processes ■ Maximized profits, reduced errors, and eased compliance
Enterprise Rent-A-Car	Create operational efficiency and customer service through social business, mobile access, and cloud capabilities	<ul style="list-style-type: none"> ■ Efficiently fulfilled product/service requests for 65,000-plus employees ■ Increased managability of the request services system ■ Minimized human error by reducing manual inputs
Toyota (subsidiary Toyota España)	Manage and control internal environmental best practices with less manual effort and fewer resources, striving to have all dealers in Spain achieve ISO 14001 environmental certification	<ul style="list-style-type: none"> ■ Intranet created through BPMS allowed dealer network to more effectively obtain certifications ■ Low total cost of ownership for BPMS compared to other tools ■ Project was recognized by the Spanish ministry of industry and won an economic award

<p>Farmers Insurance Group</p>	<p>Focus on business flexibility, productivity, and quality through creating a single integrated technology solution</p>	<ul style="list-style-type: none"> ■ 20% reduction in average handling time for claims calls ■ New revenue sources through unconstrained M&A strategy ■ Enhanced customer experience indicated by a 6% increase in quality scores
<p>United States Department of Energy Loan Programs Office</p>	<p>Improve efficiencies and provide greater transparency by transferring a manual, paper application process to a Web-based, automated format</p>	<ul style="list-style-type: none"> ■ Greater than 65% reduction in evaluation time for loans ■ Web-based system can easily adapt to new requirements ■ Security features, ensuring only appropriate reviewers can access files

Historical Trends and Growth Rates of BPMS Adoption

Although industry research varies from around 15% to 35% for current adoption of BPMS technologies, a consistent historical growth trend for BPMS adoption presents itself across industry data.



- According to Gartner, BPMS software revenue grew at double-digit annual percentage rates between 2006 and 2010, then slowing to 9.7% in 2011.
- From 2009 to 2010, the Association for Information and Image Management saw around a 6% increase in BPMS adoption.

The following graph from Indeed.com displays the growth and decline trends of job postings containing the term “business process management” from 2006 to 2013. Organizations decreased BPM job postings by nearly 50% at the onset of the economic recession in 2007. Since then, BPM job postings have returned to pre-recession levels with a slight decreasing trend over the last two years.



An Overview of BPMS Technology Providers

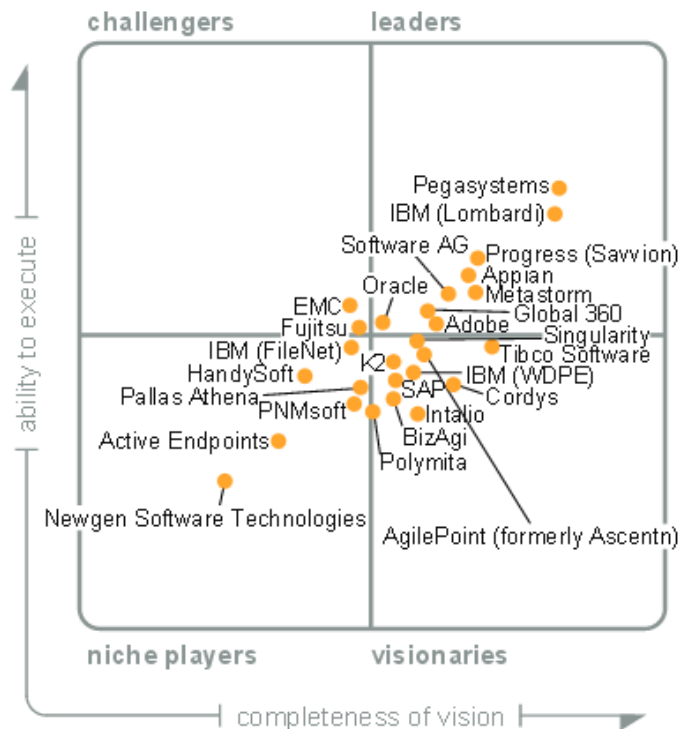
On a broad level, BPM technology providers fall into two main categories:

1. **BPM Product Providers** - Offers options from a collection of products for BPM capabilities which may be added on to legacy systems and implemented by individual business units.
2. **BPM Suite (BPMS) Providers** - Offers an integrated BPM suite solution that enables organizations to scale business processes across the enterprise.

Currently, there are 91 business process technology providers listed on the website BPM.com. Although, numerous products exist on the market, mergers and acquisitions have consolidated the market from around 150 providers in 2006 to around 25 major players in 2011. Further, the research firm Gartner reports that around 70% of the BPMS market is controlled by just 10 vendors alone.

So who are the top BPMS vendors?

Competitive Positioning in the BPMS Technology Market



As of October 2010

Source: Gartner (October 2010)

The chart above (Gartner’s 2010 “Magic Quadrant for Business Process Management Suites”) compares leading BPMS vendors across four market categories.

To provide a better understanding of the leading vendors, below is an overview of the only six BPMS providers to all appear on product comparison reports from three major analyst firms: Forrester, Gartner, and MWD Advisors.

Company	BPM Suite	Summary of Additional Products
IBM	IBM® Business Process Manager	Dozens of product offerings for: <ul style="list-style-type: none"> ■ Business monitoring ■ Industry process accelerators ■ Operational decision management ■ Process automation and integrity ■ Process discovery and design
Oracle	Oracle Business Process Management (BPM) Suite 11g	Oracle Process Accelerators for BPM: <ul style="list-style-type: none"> ■ Provides industry-specific best practices in addition to Oracle BPM Suite ■ Horizontal process accelerators support processes common in most organizations and can be modified
Pegasystems	Pega BPM Build For Change®	Additional products link to BPM platform: <ul style="list-style-type: none"> ■ BPM, CRM, Case Management, Decision Management, Salesforce.com Extender, SAP Extender ■ Enabling technology for mobile, social, and cloud

<p>Software AG</p>	<p>webMethods BPMS</p>	<p>Add-ons to webMethods BPMS:</p> <ul style="list-style-type: none"> ■ Model-to-Execute ■ webMethods Business Rules ■ webMethods Communicate ■ webMethods Content Service Platform ■ webMethods Optimize for Process
<p>Tibco</p>	<p>TIBCO ActiveMatrix® BPM</p>	<p>Integrated products include:</p> <ul style="list-style-type: none"> ■ TIBCO ActiveMatrix® Decisions used to capture/model decision-making logic ■ TIBCO Nimbus® for process management ■ TIBCO ActiveMatrix BusinessWorks™ used to develop services, automate processes, and integrate applications
<p>Appian</p>	<p>Appian BPM Suite</p>	<p>Optional products:</p> <ul style="list-style-type: none"> ■ Cloud BPM ■ Mobile BPM ■ Social BPM

Trends In BPM Technology And The Future Of Process Management

Over the past five years, BPM providers have significantly improved their offerings to give businesses the tools they need to thrive in the coming years. Moving forward, we believe that BPM suites will feature stronger social and analytical tools, while a movement to the cloud will enable executives to manage processes on the go. Five key areas to watch in the future of BPM are social, mobile, analytics, the cloud, and intelligent BPM.

Social BPM: Social media technologies have already connected users from around the world--but what can they do for your business? The future of BPM will leverage social applications to better connect businesses with both their customers, and their own employees.

With more and more customers utilizing social media as a key channel to engage with businesses, companies need solutions that can effectively manage and improve these interactions. Through the utilization of BPM suites, firms will find the tools they need to proactively respond to customer feedback, improving customer retention and satisfaction in the process.

In addition to improving communication with customers, social applications promise to enhance collaboration within a business. The addition of wikis and enhanced communication suites can allow employees to share ideas and communicate with ease. Eliminating roadblocks to the spread of information, social BPM will help businesses communicate process changes, new initiatives, and gain employee buy-in more quickly.

Mobile BPM: Business users are increasingly leaving the desk behind and working on the go. In the future of BPM, users will be able to manage processes and improve business outcomes from a plane, coffee shop, or train just as easily as they can in the office. Native applications for tablets, smartphones and personal computers will free professionals from a set location and allow them to easily track processes on the go. Through the use of secure Virtual Private Networks, employees can access the analytics and information they need at home or out in the field.

BPM Analytics: The monitoring services offered by BPM suites create a vast trove of data for users. With the rise of 'big data' software analytic tools, BPM users can now drive deep into the data and unlock valuable insights. Through the use of improved data analysis programs, BPM suites will assist professionals in the key areas of customer relations and risk management.

Utilizing data based extrapolation, BPM software can now identify and segment customers. This results in improved advertising targeting, personal customer service and even predictive manufacturing (as software predicts customer needs before they arise).

High-powered analytics tools can additionally be used to model potential business outcomes and predict potentially problematic complications. In the case of manufacturing for example, programs assessing and predicting machine wear can preempt employees to replace more quickly degrading parts--saving businesses from costly recalls. Programs designed to calculate risk can be used to inform and improve employee decision making by standardizing acceptable risk levels and streamlining processes.

Cloud BPM: Cloud based internet infrastructure has drastically altered the ways we do business today by giving companies access to the power and performance of high quality hardware and software at a fraction of its former cost. The movement of BPM software from localized servers to the cloud continues to have a significant impact on the success of BPM initiatives by lowering entry costs, empowering mobile devices, and increasing software agility.

The high initial cost of servers and software is one of the greatest impediments to the use of BPM in many companies. By reducing the fixed costs of BPM software, cloud BPM is likely to widen the field of businesses utilizing the technology, while allowing businesses to easily scale in services and software as they find necessary.

With BPM in the cloud, professionals will be able to easily sync data and access the tools they need on the go. With more power in-hand, mobile employees will be able to utilize BPM resources when and where they need them.

In a rapidly changing business environment, corporation's needs are more fluid than they are fixed. Cloud based software allows the easy and immediate application of the tools you desire. The on-demand nature of cloud-based software will allow firms to tailor their tools to each task at hand.

Intelligent BPM: Currently capturing over 60% of BPM Software Suite market share, Intelligent BPM (iBPM) packages offer improved analytics, event processing, and business rules management. Intelligent BPM suites are increasingly tailored toward facilitating human-centric processes while still providing the software and hardware solutions professionals need. Intelligent suites can provide rules based guidance by learning user processes and making recommendations due to those processes. iBPM will facilitate the decision making of professionals in the field by providing the information they need.

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