

## I D C   D A T - A - G L A N C E



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### **Business Process Management – Business Flexibility enabled by SOA**

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*Business process management (BPM) is a business discipline that identifies, measures and improves processes to achieve operational efficiencies. Service-oriented architecture (SOA) is a technology framework that allows for flexible process implementation and management on the system level. In combination, BPM and SOA enable organisations to be flexible, agile and responsive to changing market conditions. Hence, BPM and SOA offer a competitive edge in increasingly challenging market environments.*

*BPM in combination with SOA has become a powerful partnership for many businesses as it manages and aligns the behaviour of people and systems which improves the relation of process outcomes to business goals .*

#### **Market Trends**

- Volatile economic conditions and an uncertain future require that companies have the capability to rapidly respond to market changes - changing offers to customers, negotiating new terms with suppliers, and adjusting compensation incentives to employees – via extended and enhanced business process capabilities.
- BPM and SOA investments continue to drive growth in the integration and process automation software market. IDC forecasts this market to grow at a 2007 - 2012 Compound Annual Growth Rate of 8.1% to reach an ANZ value of US\$120 million in 2012.
- BPM has been known to and adopted by businesses for some time. However, while traditional BPM solutions are centred around process automation, modern technologies provide an integrated circle of a broader spectrum of BPM tools such as process identification, measurement and improvement that enable ongoing process optimisation.
- Processes intellectual property (IP) has become a strong differentiator and success factor of BPM implementations. Fuelling the demand for IP is the perseverance by businesses for microvertical-specific solutions that can only be developed with deep understanding of industry-specific processes.
- BPM in combination with SOA has become a powerful partnership for many businesses as it manages and aligns the behaviour of people and systems which ensures that business goals are supported by process outcomes. A flexible IT "services" infrastructure increases the flexibility and autonomy of business users to orchestrate and optimise their process schemes by leveraging and reusing existing service assets.

## Market Accelerators

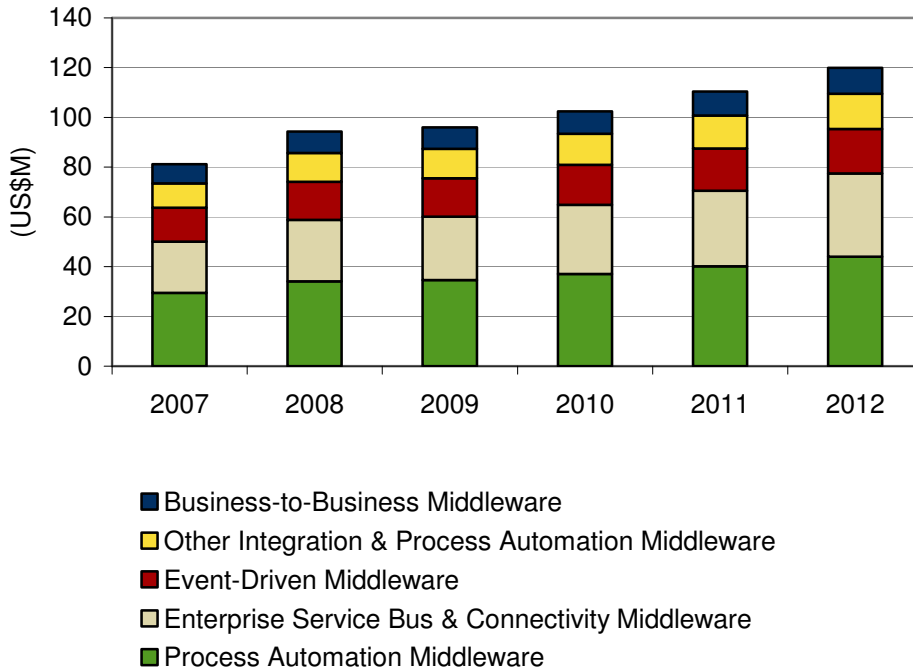
- BPM and SOA penetration is driven by the large and enterprise organisations but a growing number of successful case studies and the availability of flexible entry point solutions is generating broader interest from the mid-market.
- Mid-market adoption is further fuelled by the next generation of packaged applications with many of the characteristics of applications built on a BPM suite. These applications provide functions such as forms, workflow, task management, business activity monitoring (BAM), and real-time access to information.
- Continuous adoption of SOA provides a flexible framework for newly created and redesigned business processes. While SOA and BPM are not dependent on one another, the business value increases when used in conjunction.
- Although enterprise applications have been widely adopted by organisations of all sizes and industries, challenges remain to break down the physical and logical constraints of process alignment between the business organisation, technology and the industry characteristics. While BPM and SOA address these challenges individually, the combination of both bridges the gap between process management and process execution in a one plus one is greater than two type manner.

## Adoption Trends

- Contrary to the traditional approach of process automation, where the business stakeholders outline the process requirements and IT implements and moves on to next project, BPM requires tight collaboration between the business, IT, and its stakeholders throughout the project and beyond. In many cases when there has been a lack of ongoing collaboration this misalignment has become the breaking point for ongoing process improvements and hence successful BPM and SOA implementations.
- Strong early adoption –has allowed "visionaries" to enjoy tangible and intangible returns on their initial investments which lead to expansions on original pilot projects across a broader range of business processes. More pragmatic and risk averse organisations are also embracing trial projects as they can leverage a growing pool of case studies, best practice benchmarks and solution portfolios.
- The key success factors for BPM projects include the identification of core processes as suitable BPM entry points, tight collaboration of business and IT to break the isolation of business and system behaviours and alignment of policies and measurement metrics across technical and business project teams. In addition, it is essential to have strong support from executive sponsors as projects span across a broad range of functional groups and change management require top-down guidance.
- Compliance and governance obligations are growing drivers of BPM initiatives as the aspects of measurement and monitoring improves process transparency which enables organisations to audit, report and document business process activities.
- A 2007 IDC survey on BPM purchasing drivers identified three leading patterns of adoption drivers which include customer centricity (i) to improve the delivery of products and services; (ii) non defined initiatives which can be marked as knowledge acquisitions as organisations acknowledge the importance to become more process centric; and (iii) case management solutions as a subset of customer satisfaction solutions.

**FIGURE 1**

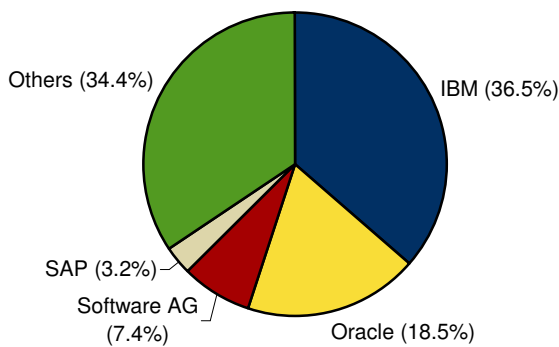
Integration and Process Automation Middleware ANZ: Forecast by Category 2007 - 2012



Source: IDC Semi-Annual Software Tracker 1H 2008

**FIGURE 2**

Integration and Process Automation Middleware Market ANZ: Vendor Market Share 1H 2008



Source: IDC Semi-Annual Software Tracker 1H 2008

## ABOUT THIS ANALYST

*Ullrich Loeffler is Program Manager for IDC's software research unit in the Pacific region. In his role, Ullrich is responsible for management, coordination and further development of the software research programs across Australia & New Zealand.*

*In addition, Ullrich analyses the market for Information Management Solutions. His responsibilities include conducting vendor, business partner, and end-user studies and producing knowledgeable insights and analysis into dynamic and coherent information environments. This comprises all components of dynamic infrastructure, information and application platforms.*

*Ullrich is also a regular speaker at IDC and industry events across Australia and New Zealand and he is frequently quoted in IT and trade publications throughout the Asia/Pacific region.*

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