

White Paper

The Business Process Landscape in the 21st Century

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Over his career he has managed a vast number of Telecoms, IT, Business and Consulting projects and programmes, and the associated global cross functional teams, with a strong track record of results. Mike is a specialist in many aspects of information technology, including infrastructure, architecture, systems development, business processes, service management, policies and standards, leadership, governance and management.

Business processes in the 21st century are getting more airtime in corporate hallways and boardrooms across the globe, than ever before. From start-ups to mature organizations, from enterprises seeking to optimize existing product delivery to those targeting entry into new regulated markets, the art and science of business process is making its way onto virtually every agenda. In fact neglect to consider business processes in your future thinking, and not only can it break an opportunity, but an entire business too.

One doesn't need to look far to see the modern power of technology and its influence on bringing businesses processes to life. Nor does one need to search high and low to find one of the many process maturity models embedded into globally accepted and dominant frameworks or standards, like ITIL (IT Infrastructure Library), albeit perhaps arguably CMMI (Capability Maturity Model Integration), which was the 'original'. It's the information age; information is everywhere, and where information goes, so too does business process.

And whilst one cannot deny existence of the odd extinctive practice of using cigarette packs and napkins to document even the most core of processes in a business, fortunately in the contemporary world there are business processes languages – yes languages. Languages that are both informal and formal, available at one's fingertips to blueprint even the most complex, or simple processes around.

Of course this hasn't always been the case, and despite the evolution of business processes being traced back to the Industrial Revolution

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of the 18th century, it is only in the last 50 years or so that a deeper understanding of the value of these processes to the business has emerged, and with that the ways and means to optimally design, deliver and manage them.

Today though, we're in the 21st century and the landscape of business processes is not only an evergreen and intriguing one, but an important one for any organization to have in its knowledge base. After all, what is Business Process Modelling Notation (BPMN), or Business Process as a Service (BPaaS), and can business processes really contribute to the competitive advantage of the organization...?

Business Processes: Real Value for your Enterprise

The answer is yes. But what are exactly are business processes, where did they come from and why do we need them...

Definitions for business process abound, with Wikipedia telling us that:

“A business process or business method is a collection of related, structured activities or tasks that produce a specific service or product (serve a particular goal) for a particular customer or customers. It can often be visualized with a flowchart as a sequence of activities with interleaving decision points or with a Process Matrix as a sequence of activities with relevance rules based on data in the process.”

en.wikipedia.org/wiki/Business_process

Whereas Gartner, in its renowned IT Glossary, simply states the following -

“An event driven, end-to-end processing path that starts with a customer request and ends with a result for the customer. Business processes often cross departmental and even organizational boundaries.”

www.gartner.com/it-glossary/business-process

However, these common definitions aside, one of the most informative, comprehensive and relevant definitions for business process comes from Rummler & Brache (1995)

“A business process is a series of steps designed to produce a product or service. Most processes (...) are cross-functional, spanning the ‘white space’ between the boxes on the organization chart. Some processes result in a product or service that is received by an organization’s external customer. We call these primary processes. Other processes produce products that are invisible to the external customer but essential to the effective management of the business. We call these support processes.”

(Source: Improving Performance: How to Manage the White Space in the Organization Chart, 2nd Edition, Geary A. Rummler, Alan P. Brache)

Rummler & Brache's definition introduced the concept of more than one type or classification of business process, distinguishing between 'primary' and 'support' processes and advocating the notion that only primary business processes directly created customer value. In fact many drew parallels between their definition and Michael Porter's value chain model (below), which divided the activities of the organization into primary and secondary.

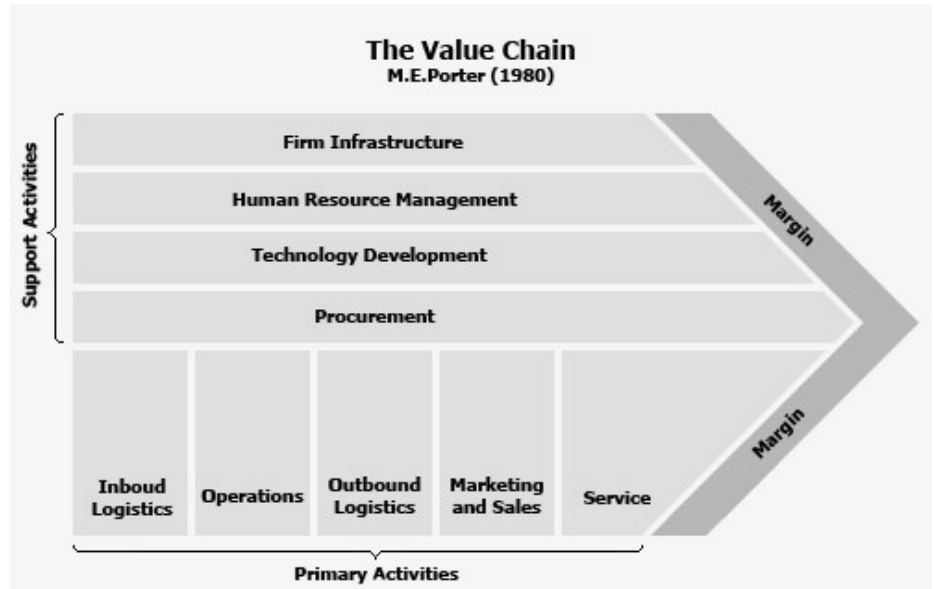


Figure 1 (<http://robflint.co.uk/valuechain.jpg>)

Building on this, even in the present day, most enterprises and contemporary thinking share a common view that three types of business processes typically exist within an organization:

- Management Processes
 - o These business processes are concerned with the overall Governance and Management of the organization as an entity, and are typically generic across industry sectors. Examples include Corporate Governance processes and Strategic Management processes
- Core (Primary) Processes
 - o These business processes are directly concerned with the production of the enterprises product or service, and it's delivery to the market or customers. They are typically unique to industry verticals. Examples include New Product Development processes and Manufacturing processes
- Support (Secondary) Processes
 - o These business processes are indirectly concerned with both the Management and Core processes, providing support to each of these, and are typically generic and common across any industry. Examples of these include Human Resources processes and Financial processes

Surprising to many though, is where and when business processes first started to come to light – the Industrial Age of the 1700s. Yes, it was over a quarter of a millennium ago! The focus back then was largely limited to specialization and division of labor, task productivity and reducing costs. One of the most well-known and fascinating descriptions of business process from that 18th century came from Adam Smith, articulating the production of a pin in a pin factory:

“One man draws out the wire, another straightens it, a third cuts it, a fourth points it, a fifth grinds it at the top for receiving the head: to make the head requires two or three distinct operations: to put it on is a particular business, to whiten the pins is another ... and the important business of making a pin is, in this manner, divided into about eighteen distinct operations, which in some manufactories are all performed by distinct hands, though in others the same man will sometime perform two or three of them.”

(Adam Smith 1776)

This was perhaps the start of businesses realizing that they could derive increased value, and even competitive advantage, by changing their production (business) processes for products and services. Most of the changes back then were industrial in nature, centered on mechanizing, standardizing and controlling the activities of a business process – often yielding significant productivity and cost efficiencies.

Fast forward two centuries and enter the dawning of the Information Age, where technology became the preeminent process driver and business processes shifted through phases of innovation, re-engineering and on to a state of kaizen – or continuous improvement – from the 1950s up to the new millennium. Today, as exponential technology advancements enable and drive business process transformation interminably, so too is the converse true, where the demand for relentless organizational re-invention to satisfy business needs drives the development of technology and solutions for business processes. In the world of today the thirst for better, cheaper, faster and adaptable business processes grows unabated, as enterprises look for every opportunity to get and stay ahead (of the pack), in a global market place. And these opportunities are not limited to the core (production) business processes, but extend to support processes and management processes too.

Fortuitously the landscape of business process in the 21st century is a burgeoning integration of languages, methods, techniques, tools and ultimately solutions to suit the needs and demands of the modern enterprise – not only enabling opportunities but creating them. When we talk of languages in this context, these are business process modelling languages, which include:

- Business Process Modelling Notation (BPMN) – an open standard graphical representation for specifying business processes in a business process model
- Unified Modelling Language (UML)
- Business Process Execution Language (BPEL)
- Business Process Execution Language for Web Services (BPEL4WS)
- YAWL (Yet Another Workflow Language)
- WF—nets
- Event Driven Process Chains (EPCs)
- Petri-Nets
- Role Activity Diagrams (RADs)
- Ads
- State charts

Modern literature suggests that these business process languages be labelled to denote formality, informality and executable characteristics.

- Formal languages – those with clear, well-define and unambiguous semantics allowing for analysis
 - (Examples: Petri nets, Turing machines, Markov chains)
- Informal languages – those which are higher-level, with less defined semantics not allowing for analysis or direct execution.
 - (Examples: BPMN, UML)
- Execution languages – detailed, structured technical languages for implementation and enactment.
 - (Examples: BPEL, BPEL4WS)

The contemporary business processes domain has matured and strengthened, arguably a coming of age, becoming ingrained into increasingly popular and utilized approaches, frameworks, standards and practices like:

- COBIT5 and ITIL 2011 with their processes for the governance and management of Enterprise IT, Process, and IT Service Management respectively
- Total Quality Management where process quality is directly proportional to the quality of the product or service
- Six Sigma and Lean Management with their foci of eliminating costly process deviations and waste reduction in business processes

In the world of information and technology systems, the informal business process languages of BPMN (now version 2 being BPMN 2.0) and UML are by far the most widely used and accessible. Unfortunately proprietary execution languages are the order of the day from most software vendors, with their own custom developed semantics, but this doesn't mean there aren't best practice based business process solutions out there from leading global software companies, like Orbus Software.

BPMN 2.0 Business Process Model and Notation Level 1: Descriptive

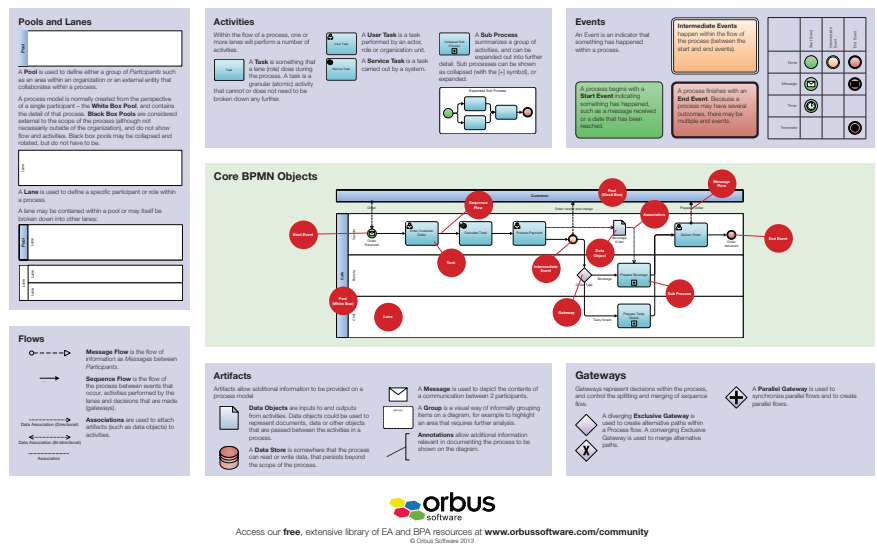


Figure 2 www.orbussoftware.com/media/705221/bpmn-poster.jpg

There is in 2015 an abundance of options for any organization wishing to analyse, design and implement new business processes, or make changes to its existing ones – and that pool is only getting bigger. It wasn't too long ago that enterprises relied heavily on specialist and somewhat rare technical based skills, usually supplied by external consulting type organizations, to embark on any such business process initiatives. When it came to employing external parties to

effectively manage certain business processes, choices were limited too, with really only the rudimentary of processes being an option. But all that has changed. The need for real technical skills in the business process dynamic, continues to diminish and there are growing numbers seeking and purporting the utopian state of 'codeless' business processes...

In the 21st century there's not a business process which isn't 'up for discussion' in terms of how it should be delivered, and by whom. Whether your organization is looking to make a go of it in-house or prefers the outsourced approach, the business process world is your oyster. With the rise of business process outsourcing (BPO) over the last couple of decades in particular, enterprises started to shift more and more business processes 'offsite'. Initially the business processes which were outsourced were predominantly Support services like HR, Payroll and the like. However organizations, driven largely by technology innovations, swiftly learned that some of their Core business processes, like Manufacturing, or Sales and Marketing, could also benefit from being delivered by external organizations and in turn add more value to the business this way.

Enter the Cloud, and the door to a whole new world of business process opened up. Take Business Process as a Service (BPaaS), for example, which Gartner defines as:

"The delivery of business process outsourcing (BPO) services that are sourced from the Cloud and constructed for multi-tenancy. Services are often automated, and where human process actors are required, there is no overtly dedicated labour pool per client. The pricing models are consumption-based or subscription-based commercial terms. As a cloud service, the BPaaS model is access via Internet-based technologies."

www.gartner.com/it-glossary/business-process-as-a-service-bpaas

Organizations now have a long list of service providers from which to choose or orchestrate solutions that are right for their business, their business processes – standalone, in-house, outsourced or in the Cloud. Business processes of the future are more engaging, more adaptable, more transparent and smarter than the ones of yesterday and even today. Tomorrow's business processes are less static and more valuable than ever, incorporating and creating trends and capabilities for:

- Process analytics
- Process Mining
- Structured and Unstructured Work
- Routine and Knowledge Work

- X-Mobile platforms
- Social integration
- Collaborative Process modelling (even Crowdsourcing for processes)
- Business Intelligence...

'Real time' is no longer bandied about as an empty Sales pitch promise, nor is business intelligence hogging the limelight independently, predictive analytics and the convergence of business process and business intelligence is here and it's only getting started... Imagine the value that that could bring to your Enterprise!

Conclusion

When it comes to looking for ways to do new or improved business, be it a software development company looking to enhance quality and agility of their software development lifecycle (SDLC), a manufacturing concern seeking to speed up the production of raw bolts for their motor vehicle customers or a prestigious auditing firm looking to increase margins on their professional services delivery – business processes are at the top of the pile every time.

Answering questions like “How are we going to develop this new product” or “How can we reach our new customer service goals”, businesses rely on processes day in and day out. From strategic management of the organization, to ensuring employees get their payslips on time, to operating the production line like a well-oiled machine – business processes are the veins and arteries of the organization, essential and critical to the health and survival of the enterprise.

In an increasingly competitive market, organizations are being continuously challenged to create and sustain competitive advantage, and differentiate themselves from their competitors even when their products or services are virtually identical. But how can you differentiate, how can you be better, faster, cheaper and more adaptable than the company next door. Simple – business processes.

By applying a continuous focus on their business processes, organizations are able to analyse, define, design and optimize the most effective and efficient ways to deliver products and services to both internal and external customers – whether the processes are delivered in-house or outsourced for delivery. And in so doing, they are able to provide ongoing assurance that all the activities in the organization, be they management, primary (core) or secondary (support), are contributing maximum value to the enterprise through business processes. With the advent of technologies like the Cloud, services like BPaaS and solutions like the iServer Business Process

Analysis Solution from Orbus Software, organizations have never been better positioned to bring their business processes into focus. Research from Accenture has shown us that there is a clear link between value-driven business process and the performance of the organization, and that business process management as a discipline is positioned to become an established management discipline to rival the likes of risk management, change management and project management.

Business processes have transformed from their inception during the industrial engineering era of the 1700s where cost and productivity was king, to the information, technology and service era of the 21st century where the customer is king, and adaptability, capability and real value to the organization are critical to the success and longevity of the business. The future of business process in the 21st century will no doubt see more new technologies, more service providers and more opportunities than ever before for organizations. The only real question is ‘Will your enterprise be ready to take advantage?’

Additional Reading:

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