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Keane White Paper

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# Five Myths About BPM

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And How to Avoid Them

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With BPM's potential to boost business growth, this management initiative holds great potential... and a few misconceptions.

## EXECUTIVE SUMMARY

Few initiatives represent as radical a shift in an organization's way of doing business as Business Process Management (BPM). With its potential to boost business growth, BPM is a management initiative that holds both great potential and some common misconceptions.

Through this paper we have identified five myths about a BPM program that when avoided ensure a smoother BPM implementation and better ROI for the enterprise.

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## Introduction

Few initiatives represent as radical a shift in an organization's way of doing business and its ability to grow as Business Process Management (BPM). With its promise to improve process efficiency, enhance customer satisfaction, reduce operational losses, and increase business growth potential, BPM remains one of the prevailing management initiatives in today's global market place. This fact is resonated by the estimate stating that by year 2017, the global BPM market will exceed \$5 billion.<sup>1</sup>

Implementing BPM is a major undertaking for an organization because it impacts both the business and technology aspects of an organization. It is different from other enterprise-wide initiatives because it is not something that is specific to a project or a program but rather marks a shift in the way of doing and supporting business. Because of its great enterprise-wide impact, a BPM implementation is usually received with either overexcitement or extreme pessimism. These extremes put the BPM program at risk because of unrealistic expectations or concerns associated with them, making it harder for the enterprise to yield the true benefits of a BPM implementation.

## The Myths

### We Do Not Need BPM

In today's global market place, the life span of operational best practices is short. Businesses therefore have to continuously adapt to volatile market needs. Because business processes are often created to suit short-term organizational goals, many organizations feel they do not need BPM.

BPM enables an organization to align its processes and technology around customer needs, such as creating an automated process that enables insurance customers to change their level of coverage. This approach generally means creating and managing processes across divisional and organizational boundaries.

By adopting a process-centric approach, enterprises ensure that multiple lines of business can collaborate to meet the needs of their customers. The ability to collaboratively do business, where multiple lines of business take advantage of each other's strengths, can open new avenues for business growth. For example, the account management and consumer services divisions can work together to offer automated bill payment services to customers who create new bank accounts.

A BPM implementation also ensures that a line of business has only one set of business processes and rules across the organization, enabling end users to provide consistent service to their customers. These capabilities greatly enhance customer satisfaction resulting in business growth.

<sup>1</sup> "Business Process Management (BPM): A Global Strategic Business Report," Global Industry Analysts, April 2011.

According to Gartner, "In the 2011 BPM excellence awards, organizations all saw dramatic cost savings, cycle time reduction, improved customer satisfaction, increased sales and/or increased value. For example: Lincoln Trust, a leading U.S. provider of trust and custodial services — including self-directed individual retirement accounts and open-architecture 401(k) plans — realized a first-year ROI of 120%, reduced cycle time on key processes of 50% to 70%, and a 90% decrease in customer complaints."<sup>2</sup>

From an IT perspective, the practice of having business logic deeply embedded inside core systems creates complex IT environments, making business agility difficult. A BPM implementation separates business logic from data, allowing both business and IT to evolve independently without adversely impacting each other. This enables organizations to respond more quickly to changing business needs. The separation of business logic from data also enables lines of business to consolidate core systems and implement operational "hubs," resulting in a consistent information landscape and greater customer satisfaction.

Senior leaders across multiple industries are increasingly recognizing the organizational benefits of BPM. Gartner's 2010 CEO and Senior Executive Survey showed that "56% viewed BPM as 'material to business growth' or 'a source of competitive advantage.'"<sup>3</sup>

### **BPM Is a Tool**

A common pitfall that enterprises fall victim to is the belief that a specific software vendor holds the key to all their problems. Oftentimes, after spending millions of dollars on a BPMS (Business Process Management

Suite), an organization finds itself completely unprepared for its implementation.

Implementing an enterprise-wide BPM means changing the way of doing and supporting business. In order for that change to happen, an organization must identify a clear strategy and goals for the BPM implementation. It must know the current state and nature of its business processes as well as the systems that support these processes. It must have clear plans as to how these processes and systems will evolve over time to reach the desired state.

Only after it performs a detailed analysis and identifies a clear strategy and road map, can an enterprise start looking for a BPMS that meets its needs. A successful BPM implementation stems from changed organizational behavior not from a specific tool. Although BPMS helps in achieving the goal of enterprise agility, BPM itself is a much broader discipline.

### **Big Bang**

Motivated by the enormous potential of a BPM implementation, most enterprises set very aggressive timelines ignoring the fact that thinking and implementing BPM presents a significant learning curve for both business and technology.

Common is the urge to take a big bang approach and optimize the most complex processes before the simpler, more reusable ones. Coupling complex processes with aggressive time lines often results in short-sighted and undesired compromises from both business and IT, prohibiting the goal of enterprise agility.

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<sup>2,3</sup> Gartner, Inc., "Hype Cycle for Business Process Management," July 2011.

To avoid this pitfall, initial BPM implementations should focus on identifying, improving, and implementing processes with lesser complexity but greater degree of reuse. This approach inherently breaks complex business problems into smaller, more manageable pieces making them easier to implement and maintain.

BPM in many ways means adopting a new culture inside the organization and like any major shift, it takes time.

### Get Set and Done

The promise of BPM is to create an agile enterprise that provides faster ROI by continually improving its processes and IT infrastructure. Enterprises most often ignore this fact by thinking of BPM as just another project with an end date. Yet, BPM involves continuous evolution of both business processes and systems long after the initial implementation project is finished.

While planning a BPM implementation, organizations must adopt a continuous evolutionary delivery model focused on delivering value through smaller, frequent releases rather than long and complex development life cycles. These small release cycles force an organization to modularize its processes and systems. This approach creates a foundation layer of processes and services that can be reused across a wider range of more complex processes in a “plug-n-play” fashion. This structure ensures that for any future business change, only the related “component” needs to be changed rather than changing the whole process/system, greatly enhancing the ability of an organization to respond to changing business needs ensuring faster time to market.

### We'll Cross It When We Reach It

BPM implementation programs tend to run for multiple years spanning multiple lines of business and involving multiple processes and projects. Because of its significant reach and exposure across the organization, BPM is also vulnerable to becoming an organizational quagmire.

Because of its evolutionary nature, a BPM implementation is highly dependent upon accurate record keeping for its success. Organizations that fail to acknowledge this fact end up with duplicative and disconnected work jeopardizing the very purpose of organizational reuse and agility.

To avoid this pitfall, it is imperative that organizations standardize their artifacts, conventions, and architectural principles before developing a BPM solution. Doing so assures the creation of an efficient, highly maintainable, and extensible product capable of supporting ongoing business needs for a longer period of time.

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## About the Author

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Mr. Muhammad Khurram Bashir Bhatti is a manager at Keane's BPM practice and leads Keane's Global BPM CoE. Mr. Bhatti has been part of BPM implementations across the globe and has worked in financial services, healthcare, insurance, asset management, and hospitality industries. He is particularly interested in the subject of enterprise agility through legacy modernization, SOA, and BPM.