

# BPM

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## SPECIAL REPORT: BPM AND SAAS

Everyone's talking about Software as a Service these days, and business process professionals are no exception. This issue of ebizQ's BPM Quarterly examines the marriage of BPM and SaaS, a union that offers both attractive benefits and significant challenges. Part I of our special report examines some remaining concerns about pairing BPM with SaaS; Part II offers expert advice on making a successful match. Also included: An update on a popular modeling tool, Business Process Modeling Notation (BPMN), and our BPM Digest, a collection of tips, insights and resources. Read on!



# BPM Digest

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## OUTLOOK

### FORECASTS FOR BPM'S FUTURE

**RESEARCHERS AND** analysts have plenty of prognostications about what's on the horizon for BPM. Following are a few key predictions.

**BPM and customer service:** Forrester Research Senior Analyst Kate Leggett says companies should expect to see growing use of BPM for standardizing approaches to customer service, streamlining training, ensuring compliance and reducing costs.

**BPM and social networking:** Forrester Senior Analyst Clay Richardson forecasts increased use of BPM teams using social-networking approaches to deliver improved process experiences all along the value chain—to employees, part-

ners, suppliers and customers alike.

**BPM and specialization:** Gartner Research Director John Dixon and Vice President David McCoy predict that organizations will increasingly see the value of certifying profes-

### Gartner predicts dramatic growth in the use of graphical business modeling by 2014.

sionals' BPM skills—but that such credentials won't factor heavily into hiring decisions until about 2015.

**BPM and context-aware computing:** Gartner's McCoy says that context-aware computing principles—such as presence, historical pattern analysis and emotion detection—will increasingly reinvigorate “com-

modity" processes that are commonly perceived as having low value. He expects that the approach will be used to rejuvenate at least 25% of such processes by 2015.

**BPM and process models:** Gartner also predicts dramatic growth in the use of graphical process modeling. Specifically, Gartner projects that "40% of business managers and knowledge workers in Global 2000 enterprises will use comprehensive

business process models to support their daily work by 2014, up from 6% in 2009."

**BPM and the long term:** Gartner Research Vice President Jim Sinur expects that, during the next decade, BPM will continue delivering savings for relatively low investments, reach more SMBs, improve workforce management and drive both innovation and improvements in quality. —ANNE STUART

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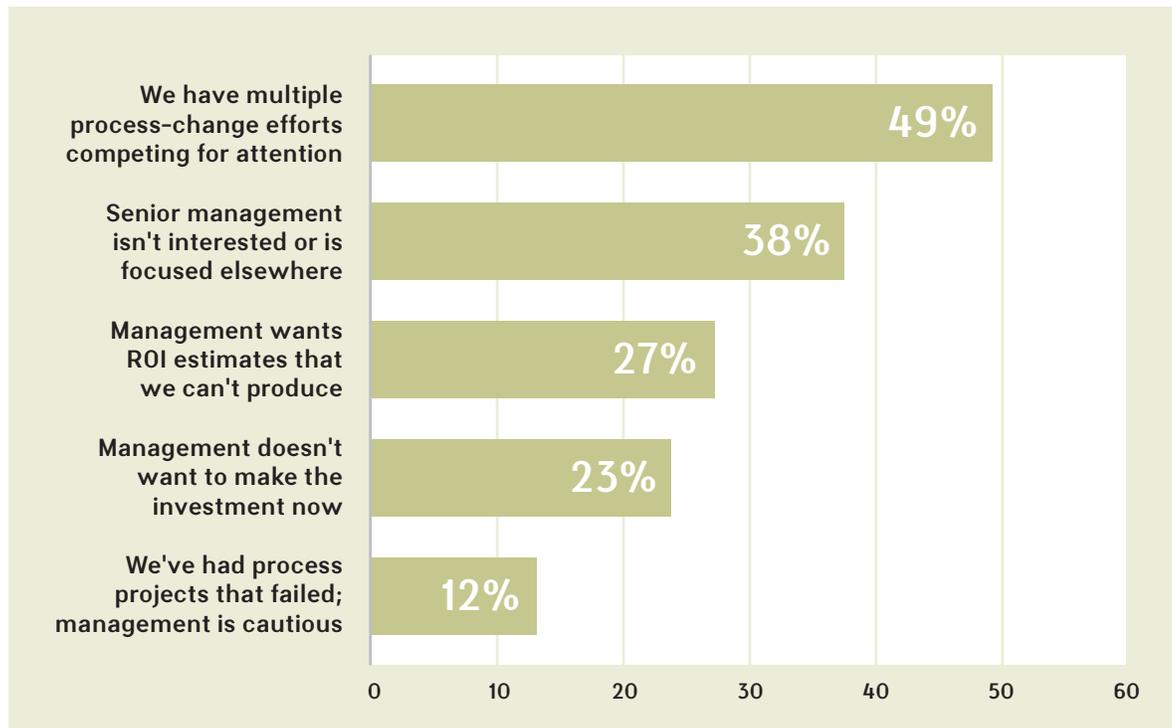


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## Biggest BPM challenges

For many organizations, gaining widespread support for BPM remains a struggle, according to a survey of 264 business and IT professionals. Asked to identify major challenges to their BPM efforts, respondents replied:



NOTE: TOTAL EXCEEDS 100% BECAUSE RESPONDENTS COULD CHOOSE MULTIPLE ANSWERS. SOURCE: "THE BPTRENDS SURVEY REPORT: THE STATE OF BPM 2010." THE FULL REPORT IS AVAILABLE FREE AT [WWW.BPTRENDS.COM](http://WWW.BPTRENDS.COM).

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**TIP**

## OVERLOOKED OPPORTUNITIES

**MORE THAN** two-thirds of 500 companies surveyed consider BPM important, according to research by the Association for Information and Image Management (AIIM).

Curiously, though, nearly as many say they have only actually tackled about 20 percent of the processes that might benefit from improvement initiatives.

What’s the reason for the disconnect between belief and execution? In some cases, experts say, it indicates that managers may be simply

overlooking some areas that are ripe with potential for successful process improvement—including some that don’t necessarily require massive investments. Examples of often-overlooked areas that may be good candidates for BPM initiatives include:

- Expense reporting
- Travel booking
- Employee time tracking
- Accounts payable
- Customer orders
- Registration or application forms
- Complaint processing
- New employee “on-boarding”

—A.S.

## Strong BPM commitment

Most companies remain deeply committed to process improvement, according to a BPTrends survey of 264 business and IT professionals. Asked to gauge their companies’ current involvement in BPM, respondents replied:



SOURCE: “THE BPTRENDS SURVEY REPORT: THE STATE OF BPM 2010.” THE FULL REPORT IS AVAILABLE FREE AT [WWW.BPTRENDS.COM](http://WWW.BPTRENDS.COM).

# DO SAAS AND BPM BELONG TOGETHER?

The union of BPM and Software as a Service offers attractive benefits for businesses, but the approach faces significant challenges on the road to widespread adoption. Part I of this special report explores some remaining concerns and risks.

BY ALAN EARLS

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**"IF YOU FOLLOW** the Software as a Service (SaaS) market, the fundamental value proposition is the economics," says Jeffrey M. Kaplan, managing director of the THINK-strategies consultancy.

The economics take two forms: first, the cost savings associated with SaaS solutions, and, in addition, the ROI. That's because you can gain value from SaaS applications more quickly than through traditional on-premise deployment, Kaplan says. In fact, SaaS may even generate unanticipated value.

As an example, he cites a kind of crowd-sourcing phenomenon—as each customer suggests improvements, everyone who shares the SaaS benefits from the advice. Kaplan says there may be ways to share insights as well—especially with BPM: "To optimize a business process, it is very likely you would want to be able to leverage the best practices of third parties," he says.

Kaplan readily acknowledges that, right now, those additional BPM-SaaS benefits are more theoretical than demonstrable. But he predicts that BPM-SaaS marriages will

**GARTNER ANALYST MICHELE CANTARA SAYS MANY COMPANIES WANT TO TAKE ADVANTAGE OF SAAS AND THE CLOUD FOR A SIMPLE REASON: "IT WILL DEFRAY THEIR CAPITAL COSTS."**

become more commonplace in the coming years as organizations become comfortable with SaaS and with the idea of aggregating business information. Likewise, Kaplan believes that, moving forward, businesses will be interested in gaining

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greater access to the kind of aggregated information that's part of the inherent potential of SaaS.

This, he says, hints at the concept of Data as a Service (DaaS), in which raw data is brought together and packaged and priced as a secondary product. Data from multiple sources, but often generated through the primary application that the vendor has to offer, becomes a resource in its own right.

So far, says Kaplan, most SaaS vendors have been focused on just winning and retaining customers. As a result, they've had to wait for a critical mass of customers and a sufficient amount of data before they could even begin to suggest this secondary benefit. "Now that they have reached that threshold and have demonstrated that they can securely handle the individual data of specific users and aggregate that data in a way that doesn't violate trust, they are starting to experiment with ways to generate meaningful benchmark statistics," Kaplan says.

### FORECASTS AND TRENDS

In the view of Forrester Research analyst Clay Richardson, the future for SaaS BPM is bright—just not *that* bright. He still sees a lot of concern about risk and perceived risk, adding that most of the SaaS BPM activity he has seen is "try before you buy"—that is, situations in which companies are leveraging SaaS as a set of

training wheels. "After that testing period, most companies still seem to want to bring BPM in-house," Richardson says.

Regardless of whether data aggregation and sharing will be a sub-

**"TO OPTIMIZE A BUSINESS PROCESS, IT IS VERY LIKELY YOU WOULD WANT TO BE ABLE TO LEVERAGE THE BEST PRACTICES OF THIRD PARTIES."**

—JEFFREY M. KAPLAN  
Managing Director,  
THINKstrategies

stantial part of BPM-SaaS, Gartner analyst Michele Cantara says it's clear that many companies want to take advantage of SaaS and the cloud. There's a simple reason for such strong interest: "It will defray their capital costs," she adds.

"One of the trends we see is the use of BPM platforms in a Platform as a Service or cloud services model as another deployment option," Cantara says. There are still concerns about data location issues, which are becoming increasingly complex, particularly if you take into account a lot of the country-specific laws about data location, she continues (a concern that Richardson echoes.) "It is easy to say 'I could

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have all those benefits from sharing resources,' but it's hard to actually do it and figure out how to be in compliance," Cantara explains. In fact, it's easier to have a dedicated

## FORRESTER ANALYST CLAY RICHARDSON SAYS MOST OF THE SAAS BPM ACTIVITY HE'S SEEING INVOLVES COMPANIES LEVERAGING SAAS AS A SET OF TRAINING WHEELS.

environment. In either case, she says, there are attractive savings—or at least the avoidance of capital expenditures that the cloud offers.

There are fewer concerns when companies choose to put the development and test environment for their BPM platform in the cloud, which obviates the need to buy hardware or pay for maintenance. However, Cantara acknowledges that

such situations are really just dedicated test environments. "They may be sharing the cloud infrastructure, but that's it," she says. "They don't have to buy machines or put in software infrastructure, but they aren't sharing data with other companies, so that gets around data-privacy issues."

Cantara says SaaS BPM has particular advantage for smaller companies, especially in terms of costs. "For larger companies, they are still interested in doing this, but we have found in some cases the solutions end up getting funded from line-of-business budgets rather than IT," she says.

In fact, she says: "We just finished a survey with 600 responses for companies doing BPM, and 66 percent of the time they were funding from the LOB."

**IN PART II:** Experts offer advice for successfully combining SaaS and BPM. ■

**Alan Earls** is a journalist specializing in business-technology issues. He's based near Boston.

# BPM AND SAAS: TIPS FOR A MORE PERFECT UNION

In Part II of this special report, experts offer advice for successfully combining BPM and Software as a Service. **BY ALAN EARLS**

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**SOFTWARE AS A SERVICE** BPM can be implemented in two ways, says Sandy Kemsley, an independent BPM consultant. The first is the process-modeling side, which was the first to get traction in the market. The second—and, in Kemsley’s view, “more interesting”—is the collection of BPM SaaS variants that allow you to execute on the Web.

In either form, SaaS BPM is worth looking at, Kemsley says. And for most organizations, the opportunity to offload hosting responsibilities represents an opportunity. “People make a big deal of it when a SaaS company has down time, but internal data centers aren’t up 100 percent of the time, either,” she notes.

The economics are compelling, too: “It’s the same as any other software market. The cost of SaaS is lower, especially for small and medium-size businesses,” she says. What’s more, small and midsized

businesses often couldn’t afford BPM at all before SaaS became an option. Of course, she acknowledges, if you really grow usage, at some point the subscription costs of SaaS will become oppressive, meaning that it may make more sense to bring BPM in-house.

## ADVICE FOR AVOIDING SAAS ANXIETY

“Many organizations are just plain nervous about SaaS,” Kemsley says. However, SaaS companies base their reputations and business models on keeping customer data safe and secure. For publicly held companies, she says, there’s little danger of one individual taking steps that would endanger the company’s ability to meet its commitments. If you’re looking for a gradual ramp-up to BPM, you may want to consider a company that offers both hosted and non-hosted SaaS BPM.

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Also, look closely at service-level agreements (SLAs) and other agreements. Some SaaS BPM agreements are month to month, but some involve longer-term arrangements. “Be sure you understand the terms and how those terms might change if the company is purchased,” Kemsley advises. And, she adds that if you find a SaaS company with a good reputation, you probably don’t need to worry much.

Jeffrey M. Kaplan, managing director of the THINKstrategies consultancy, agrees that the decision is mostly a matter of sourcing. “There is a proliferation of players and vendors trying to jump in,” he notes.

### CRUCIAL CONSIDERATIONS

IT and business decision-makers need to think about three things, he says. First, they must consider the fundamental functionality that they need. Second, they must consider different vendors and specific application areas, Kaplan says. It’s important to make sure vendors have the basic capabilities they need and the financial viability to survive, because evolving markets often go through a shakeout. Finally, they should see how far the SaaS vendor has gone in terms of having the vision to understand the future benefits that SaaS can deliver.

To that point, Kaplan delivers a

warning: Make sure the application is built for SaaS. “Many established software vendors have been bastardizing SaaS by simply hosting their apps in a single instance approach,” he says. However, that approach means it may not scale economically. As a result, every time the vendor rolls out enhancements, it must adjust every customer. In addition, he says, “they aren’t going to be able to reap the additional benefit of being able to aggregate data across the customer base.”

The result? “Those companies are going to suffer and fall further behind while those SaaS BPM vendors that have architected a more robust approach, a multi-tenant architecture will be in the best position to capitalize on this,” he says.

Forrester Research analyst Clay Richardson believes that most organizations should expect to end up with a mixed on-premise/off-premise model. “With some processes, it makes sense to go to the cloud, but others you will want behind the firewall,” he says. That model gives IT a lot of leverage, because IT team members aren’t on the hook to deliver—they just need to provide the guidelines. “In the long run, beyond three to five years, we see companies overcoming the perceived risk of SaaS BPM,” Richardson predicts. But for now, he says: “It’s best to take a segmented approach.” —A.E.

# THE RISE AND RISE OF BPMN

Here's a look at the evolution of today's dominant tool for business process modeling, Business Process Modeling Notation, with an update on the latest version and a list of resources for learning more. **BY ALAN EARLS**

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**THE PROCESS MODELING** world has a long and somewhat arcane history, rife with half-forgotten acronyms and buzzwords. Arcane or not, what's clear is that process modeling standards have only grown more important over time, as business analysts and IT analysts and architects have sought tools that could enhance their ability to create models and build systems and processes.

The origins of the dominant tool for process modeling notation, Business Process Modeling Notation (BPMN), lie with the Business Process Management Initiative (BPMI). The initiative was established in 2000 as a consortium of companies involved in e-business. BPMI aimed to promote the development of BPM; it also fostered development of XML-based Business Process Modeling Language (BPML) and Business Process Query Language (BPQL). Eventually, the BPMI effort also yielded the Business Process Modeling Notation,

which has since been adopted as a standard by the Object Management Group (OMG) and is now maintained by that group.

Bruce Silver, an independent consultant, author and BPMN specialist, says BPMN was first created to

**A "STABLE AND MATURE" VERSION OF BPMN—VERSION 2.0—WAS RELEASED EARLY IN 2010.**

provide notation for BPML. Since then, it's evolved into a more general modeling notation. Its first version, BPMN 1.0, was finalized in 2006; a minor update, BPMN 1.1, emerged in 2007. BPMN 1.2, which has achieved much wider use, was released early in 2009.

Jon Siegel, OMG's vice president for technology transfer, explains that the numbering system normally

reflects the practice of moving from alpha and beta versions to a more mature and stable version marked by whole number. However, in this case, Version 1.2 “was actually the more mature release,” he explains. A second “stable and mature” ver-

sion of BPMN—Version 2.0, with significant changes compared to the 1.2 version—was released early in 2010.

Along the way, BPMN also became known as “business process model *and* notation,” because OMG

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## → BPMN RESOURCES

**FOLLOWING ARE SOME resources for learning more about Business Process Modeling Notation (BPMN):**

### ONLINE RESOURCES:

- Object Management Group (OMG) BPMN home: [www.omg.org/spec/BPMN/index.htm](http://www.omg.org/spec/BPMN/index.htm)
- Additional OMG resources: [www.bpmn.org](http://www.bpmn.org)
- BPM Essentials (BPMN training): [www.bpmessentials.com/](http://www.bpmessentials.com/)

### PRINT RESOURCES:

- *BPMN Method and Style: A Levels-Based Methodology for BPM Process Modeling and Improvement Using BPMN 2.0*, by Bruce Silver (Cody-Cassidy Press, 2009).
- *BPMN 2.0 Handbook*, edited by Layna Fischer (Future Strategies Inc., 2010).
- *BPMN: Introduction to the Standard for Business Process Modeling*, by Thomas Allweyer (BoD, 2010).
- *BPMN Modeling and Reference Guide*, by Stephen A. White and Derek Miers (Future Strategies Inc., 2008).
- *The Microguide to Process Modeling in BPMN*, by Tom Debevoise and Rick Geneva (BookSurge Publishing, 2008).
- *The Process: Business Process Modeling Using BPMN*, by Alexander Grosskopf, Gero Decker and Mathias Weske (Meghan-Kiffer Press, 2009). —A.E.

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wanted to call attention to the standard's XML aspects, Silver says. BPMN 2.0 offers a standard XML schema for interchanging BPMN models that are executable or non-executable. "This is something the

## BPMN 2.0 OFFERS A STANDARD XML SCHEMA FOR INTERCHANGING BPMN MODELS THAT ARE EXECUTABLE OR NON-EXECUTABLE—SOMETHING MISSING IN THE OLD BPMN.

old BPMN did not offer," Silver notes. "That doesn't mean that vendors are actually supporting it yet. But, in principle, you now have an XML format to interchange between tools."

### BOTTOM LINE:

All these developments add up to momentum, although specifics are hard to come by. Gartner analyst David Norton says he doesn't have specific statistics about BPMN adoption, but notes: "Based on the calls I get, it's widely used and integral to the whole BPM stack." Norton says that translates into critical mass—and, in his view, that makes BPMN the de facto standard. —A.E.



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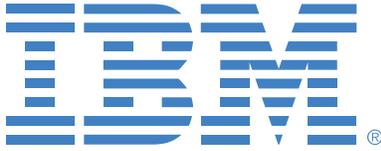
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