

Business Process Management: The Need Of The Hour

As businesses grow, so do their processes. And in order to keep pace with the time and to help the business with the relevant information, it is a must that the business processes present in the organisation cater to the present day requirements and deliver the desired results. Organisations use Business Process Management (BPM) to improve the effectiveness of their core operations by coordinating interactions between systems, business processes, and human resources. The underlying principal of BPM is to bring processes, people and information together. Research and analysis firms see BPM as one of the most important business drivers in the near future. This article delves into BPM from a professional perspective.

Time undoubtedly is the most precious element in the present day business world, the importance of which need not be overemphasised. All of us would prefer to have much desired information at our fingertips. No wonder that the desired information will only be at our fingertips if we have assimilated the data arranged logically at a place that is easily accessible. Accurate processes and methods which best suit the user would form an inseparable part of a system which would help in either getting the information of a particular function used by the people associated with that function or by other people in the organisation, or outsiders.

As businesses grow, so do their processes. In order to keep pace with the time and help the business with the relevant information, it is of utmost importance that the business processes that are present in the organisation cater to the present day requirements and deliver the desired results. To fulfill this need of updated business processes one might look up to Business Process Management software to realise the business process goals.

Business Process Management (BPM) can be defined as a set of activities, which organisations can implement to optimise their business

use BPM to improve the effectiveness of their core operations by coordinating interactions between systems, business processes, and human resources. Core BPM processes include financial and operational planning, consolidation and reporting, analysis, and monitoring of key performance indicators tied to organisational strategy.

BPM software helps to improve the efficiency of the daily business operations, processes and procedures. It can help reduce costs across all aspects of a business with its capabilities to integrate and monitor your current applications, systems and processes.

BPM tools have business rules embedded in the process. Participants in a process are required to follow these business rules in order for a given transaction to move forward. Compliance with the policies of the company and government regulations thus becomes easier to enforce and manage. With BPM's strong reporting and tracking capabilities, managers at all levels now have a tool by which to develop performance standards and the metrics by which to measure success. The net result is better information upon which to base decisions.

Research and analysis firms are forecasting that BPM will be one of the most important business drivers of the near future. It is reported that there is a significant increase in customer demand for BPM products, with numbers having grown seven-fold since 2004. Projections



- CA. Amit Samaddar

(The author is a member of the Institute. He can be reached at samaddar_amit@yahoo.com)

suggest that revenue in licensing for BPM will grow from \$700.3 million (USD) in 2005 to \$1,053.0 million (USD) through 2008.

In order to use BPM effectively, organisations must not focus exclusively on data and data management, but adopt a process-oriented approach that makes no distinction between work done by a human and a computer. BPM not only involves managing business processes within the enterprise but also involves real-time integration of the processes of a company with those of its suppliers, business partners, and customers; thus looking at business automation horizontally instead of vertically.

A BPM solution has six components:

- **Integrated Design Environment (IDE):** This is used to design processes, rules, events and exceptions. Creating a structured definition of each process is very important to any business and the IDE enables a business user to design all processes with no help from Information Technology.
- **Workflow:** This is the communication infrastructure that forwards tasks to the appropriate individual.
- **Process Engine:** The process engine of a Business Process Management solution keeps track of the states and variables for all of the active processes. Within a complex system, there could be thousands of processes with interlocking records and data.
- **Integration:** Integration of web services is critical to BPM, as business processes will require data from disparate systems throughout the organisation.
- **User Directory:** Administrators define people in the system by name, department, role and even potential authority level. This directory will enable tasks to be sent automatically to the defined resources.
- **Reporting/Process Monitoring:** It enables users to track the performance of their current processes and the performance of personnel who are executing these processes.

The underlying principal of BPM is to bring processes, people and information together.

Historically, we have noticed that in order to automate a particular process in any organisation we generally would either buy some off-the-shelf solution or might even get some solution developed by a team of technical people. There are certain inherent drawbacks, which we face while following this path. In most of the cases it is seen that packaged solutions do not serve the purpose in its entirety. Though the other variety, which is developed by the technical team, may meet the present day requirements, but over a period of time both the varieties of the products would have outlived their lives and may no longer be serving the business process goals. This is primarily due to the fact that with the lapse of time and the growth of business, there has been a change in the business environment and thus the software that we have is a misfit to the current requirement. In such a situation we generally go back to the beginning of the cycle and again get some boxed solution or have to re-engineer the existing software to meet the current requirement.

This not only puts the investment in the software to a high risk of early obsolescence but also forces one to incur some latent costs from reduced efficiency in the system, resulting in process goals not being realised.

With BPM software you may enjoy the flexibility, ease of use, scalability, and cost savings that you can achieve from implementing BPM Software in your environment today.

Areas Of Usage

BPM can be implemented in any operation where there is a process and some activities are involved in that process. All one has to do is to sequentially define the activities within the process. Just as in the manual environment a person initiates a document and then the document moves along the desired path from person to person, so also in the BPM an individual initiates an electronic document and then the document flows along the desired path till it

reaches a natural closure. Let us understand this with the help of an example. Suppose one had to apply for leave. In the normal circumstances he would fill up leave application form and then send it to his superior for approval. In the BPM environment also the leave application form is filled up and on completion the document automatically moves to the superior. Some good BPM products also have the facility to send an alert to the superior that a leave application has come into the inbox of the superior and needs some attention. The superior approves/rejects the leave, and then intimation goes automatically to the applicant as well as the personnel department for necessary action.

Some simple examples of BPM tasks that an organisation could perform include:

- Travel Requests and Expense Reports
- Leave Application Process
- Purchase Requisitions and Orders
- New Accounts and Credit Authorisations
Sales Orders
- Human Resource Management
- Time Sheet Management, Payroll and Associated Accounting.
- Inventory Management
- Bill Payments and Associated Accounting

Today, almost all entities spend significant resources on communication through email, and the ability to attach Word and PDF documents has certainly been an improvement over sending hard copy documents by mail and fax. Email, however, is only a partial solution. Emails facilitate quick communication, but the information they contain still needs to be filed and stored for later use. The options for storage are (a) users can create electronic files within their email program, and (b) print out the emails and file them with the other related paper documents. Neither of the solutions is efficient enough. Better information delivery can be achieved by unifying the worlds of document processing and transaction processing. Some good BPM products provide unified document repositories and transaction databases that could be accessed with Internet and web browsers from any location, thus

lowering the cost of retrieving information in a timely manner.

BPM technology has emerged and matured over the last three to four years. There are many leading vendors providing BPM Solutions across the globe and they offer a wide range of products. Some of the leading vendors include BISIL, DynaFlow Modeling and Workflow Solutions, Fuego, Metastorm, TIBCO Software, Ultimus, etc. According to some experts, preparation by the customer is a key factor before the purchase or request for purchase of software. It is suggested that companies should engage in a detailed study of their requirements and compare it with the services provided by the product before the purchase, since the match of the requirements to the functionality of the solution is the key to success.

Benefits Of Using BPM

The benefits of using BPM are numerous. The electronic system being in place results in the organisation having a very well defined set of rules within which it has to operate. In the absence of any ambiguity, documents flow along the pre-defined process and reach the destination much faster thereby achieving much more in a lesser amount of time and resulting in increased efficiency. What makes BPM technology attractive is its ability to map, configure and deploy business processes without the need to write custom software code.

Supporting the changing business environment and remaining competitive is one of the biggest challenges faced by organisations today. Changes in competitive factors ultimately result in changes in business rules. Frequent changes to business rules increase the cost of maintenance, enhancement and customisation — a problem seen across verticals. This calls for flexibility in administration and maintenance of applications and real-time responsiveness to changes in business requirements. The biggest advantage of BPM is that there is no need to re-engineer the process in order to incorporate changes into the system. This is due to the fact that the process is pre-defined with specific activities and only the changed

part may be incorporated into the system and also that there is no scope of something falling through the cracks.

Age-old practices, incongruent systems, isolated implementations, and paper are some of the worst obstacles to achieving success with business process improvement initiatives. The first step of integrating these information silos and filling functionality gaps is perhaps the most significant one to move towards a whole new level of process improvement. This is not easy, but there are some strategies available with BPM technology that will make it easier to achieve this goal.

Any delay within the process can be easily traced and snags in the process may be rectified instantly.

Information is available to the user at the fingertips and one need not wait for information to be prepared. Some good software companies make this facility available, which generates reports very quickly.

Though an entirely paperless environment is still not acceptable to some of the statutory authorities, a huge amount of reduction in the usage of paper would lead to a major saving in cost, apart from the storage and retrieval problems.

Over the period of time with the change in the business environment and requirements some changes are bound to happen in the process. Some good software provide the facility to the user to make the changes by a simple drag and drop feature in the process.

Thus one does not have to wait for a long time to get the changes incorporated and also does not have to go through the process of evaluation of a new software or for that matter also does not have to generate a new piece of code with the help of technical people. It is quite heartening to note that there is some good software, which provides the facility of incorporating these changes by the end user himself through some simple user-friendly interfaces, where technical knowledge is also not required.

Interfacing with the outside world is another key feature that some good BPM software provides. They allow you to fetch data from the outside world, process it internally and use it for internal purposes. Some software products provide the facility of external users to log onto the system through the Internet and transact, for e.g. customers from different places placing the order through the Net.

All of these are quite significant when taken as a whole across all functional areas within an organisation, the potential responsiveness to the information consumer and cost savings are huge. Some good BPM tools also provide the necessary features that make data interchange with other databases and legacy systems quite easy. This means that different databases and application systems can now interact between themselves. As a result, the potential for business process improvement and increased information consumer responsiveness with the advent of BPM technology has never been greater. □