

FORTUNE

A stylized globe with a network overlay of white lines and red dots. The globe is divided into orange and blue sections. Several business icons are scattered across the globe, including a person walking with a laptop, a person sitting at a desk with a laptop, a person walking with a laptop and briefcase, a person sitting at a desk with a laptop, and a person sitting at a desk with a laptop and a document.

Business Process Management

The next big thing in business, BPM can turn a slew of suppliers into a cohesive whole by automating just about everything a company does.

It is a well-worn maxim these days that no company is an island, but the cliché leaves unanswered questions on how to connect them with bridges of business—or at least regularly scheduled ferries of commerce. The simple truth is that no firm can afford to go it alone today with its own raw materials, in-house production process, and exclusive distribution system. With partners and suppliers spread out over the four corners of the earth, most large companies—and not a few smaller ones—find themselves with global design, supply, and logistics chains stretched to the breaking point. Business process management, or BPM, is the link that can connect these isolated islands to make the world a smaller place.

If the object of the 19th-century robber barons was to build vertical monopolies and control entire industries, and the 20th century spawned diversified horizontal conglomerates, then the start of the 21st century is the age of the scattered corporation. With in-house operations, an assortment of partners, and an army of suppliers often separated by thousands of miles, what's a poor CEO to do? "BPM provides the glue to bind it all together,"

Business process management saves U.S. firms \$117 billion a year on inventory costs alone.

explains Eric Austvold, research director at AMR Research. "It provides a unified system for business."

This new and exciting technology has the power to integrate and optimize a company's sprawling functions by automating much of what it does. Depending on how it's counted, BPM sales range from \$8 billion to

\$19 billion a year, and are growing at about 20% to 25% annually. The results speak for themselves, with BPM routinely cutting costs by between 7% and 8%, saving U.S. businesses \$117 billion dollars a year on inventory costs alone, according to The Yankee Group. Defense contractor Lockheed Martin recently used a BPM system to resolve the differences among hundreds of businesses that it acquired, unifying them into a whole and saving \$50 million per year by making better use of existing resources and data.

Still, only about one in eight companies uses a running BPM system, while one-third are either in the planning or building stages. Oddly, nearly 20% are either not interested or don't think this technology applies to them. "Our most significant hurdle in the market," muses Anthony Parkinson, president and CEO of Insession Technologies, a provider of BPM software, "is convincing this segment that BPM should be a high priority, due to the significant return on investment. After our clients install our WorkPoint solution, we usually hear, 'How could I ever have gotten by without this?'"

The Adaptive Enterprise

Sure, BPM cuts the costs of doing business, but it goes beyond that to make the company flexible in a changing world, creating the closest thing to an adaptive enterprise. If, say, a typhoon off the coast of the Philippines threatens freight shipments in and out of your factory, a well-thought-through BPM system can reschedule production runs, reroute deliveries, or even shift the work to a plant out of harm's way.

BPM is the key to the success of corporate high-flyers such as Wal-Mart and Dell, which collect, digest, and utilize all sorts of production, sales, and shipping data to continually hone their operations. When a Dell system is ordered online, rather than waiting for a human to get the ball rolling, a flurry of electronic traffic flows back and forth between

suppliers to make sure every part arrives within a few hours and that the computer's assembly, as well as software loading and testing, are scheduled. The production scheme runs like a well-oiled clock, so customers get their computers quickly and Dell can bill them on shipment.

Considering the alphabet soup of available data—including business intelligence (BI), enterprise resource planning (ERP), customer relationship management (CRM), and other systems—"There's no shortage of information," advises Jeanne Baker, director and chair of the industry support group Business Process Management Initiative (BPMI), and vice president of technology at Sterling Commerce. "In fact, companies are flooded with information," she continues. "The challenge is to make sense of it all. How you leverage the value chain is the true competitive advantage in the 21st century."

Setting up a BPM infrastructure in a FORTUNE 500 company can keep it a step ahead of the competition, cost a total of several million dollars, and take the better part of six months to implement. When it works, every participant—human, mechanical, or electronic—has a role to play in a finely scripted operational ballet choreographed by the BPM system. It all starts with defining how the "business does business," as BPMI's Jeanne Baker puts it. "If a company doesn't know where it is, it can't move forward. It's impossible to predict the future if you can't see the present."

Once analyzed, documented, and coded in BPM software, a company's processes can start becoming optimized. "You want to architect BPM so that it is not just answering today's business process problems, but can grow," offers Sam Starr, CEO at Sterling Commerce, a Business Process Integration vendor owned by SBC Communications. "We're in an era of opportunity where growth is back on the CEO's agenda." Cost cutting and lay-offs are giving way to business collaboration. "Eight of the top ten initiatives on CEOs' plates

occur outside of the four walls of the enterprise," Starr adds. "Software that cuts across the complexity of multiple vendors and channels enhances the business."

Take Leica Microsystems, for example. The billion-dollar maker of precision optical systems may have had its own house in order, but it didn't work well with outsiders. All incoming documents had to be manually entered into Leica's SAP system to be processed, slowing orders to a crawl and all too often adding errors to the process. More than just the lost time and money to make it right, every mistake risks losing a customer to a more nimble and accurate competitor. Sterling's Gentran Integration Suite helped Leica reduce processing time from days to hours by automating entry, but the real payoff is that the final product is exactly what the customer ordered.

The key was Sterling's MESA (multi-enterprise services architecture) approach that chews through data from a variety of sources in a variety of formats in real time. "Leica was looking for a tighter relationship with its partners," adds Sterling's Starr. "Gentran allows greater and greater levels of collaboration and orchestration."

Breaking the Language Barrier

In addition to being able to work securely with a multitude of suppliers, business process management needs to rely on the use of accepted tools, components, and languages—like BPML, EDI, and RosettaNet—under the surface in order to architect process management. "Without a common language to do business, we might as well be talking past each other instead of to each other," observes BPMI's Baker. In an ideal world, the machines whirl along, grabbing data from here and there, while analyzing the firm's current status and forecasting its near-term prospects.

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The Meaning of Management

Making sense of these top BPM terms is essential to understanding how things work, and making them more efficient.

BPM—Business process management is the ability to define how a business, including all its partners, operates. It draws on data from a variety of sources to streamline operations.

BPEL—Pronounced "Bee Pell," BPEL is a standard language for defining business processes so that they can be automated and exchanged between business.

BPML—Business process modeling language is an XML-based Web-page language that tries to standardize how businesses operate and interact with each other.

EDI—Electronic data interchange allows computers to talk directly with each other and share relevant data, like invoices and orders.

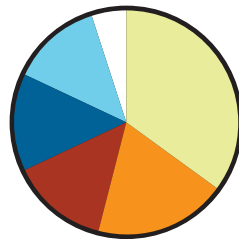
RosettaNet—Named after the Rosetta stone that helped French linguists decipher Egyptian hieroglyphics, this consortium of the top IT companies has created a series of translators so that different machines and software can efficiently interact.

Value Chain—Sometimes called a supply chain, it is the partnerships and collaborations needed to design, build, and ship a product to a customer without having to do it all by yourself. It generally involves many companies separated by hundreds or thousands of miles.

XML—Short for extensible markup language, this web-based protocol allows a wide variety of data to be transmitted between computers.

This exciting technology is the glue that binds a far-flung enterprise.

BPM: Who Has It and Who Wants It?



- 35%—*Exploration phase*
- 19%—*Planning & design phase*
- 14%—*Construction phase*
- 13%—*Deployed*
- 14%—*No plans*
- 5%—*Does not apply*

Source: The Data Warehousing Institute

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With the help of RosettaNet, a consortium of 500 of the top IT companies, the barriers of language can be broken down, creating the closest thing to BPM Esperanto. Named for the Rosetta stone that was instrumental in translating Egyptian hieroglyphics, each potential miscommunication has what the group calls a partner interface process, or PIP. These PIPs convert each transaction into a Web-centric XML-based conversation that both computers can understand and use.

Using the Web to work better with its suppliers helped a FORTUNE 500 transportation company get out from under a billion-dollar mountain of paperwork. The firm, which has \$12 billion in annual revenues, used thousands of companies to repair track, supply food, and perform environmental cleanup, but every job previously required a stack of documents to authorize the work, spell out the requirements, and arrange payment.

Drowning in paperwork, the company's contract services department turned to Insession to automate the company's Byzantine contracting process with a unified web interface.

Rather than communicating by fax, phone, and the mail, contractors now go to a secure website to see what the company wants done, bid for jobs, schedule the work, and get paid. By spelling out in advance what is required, the program integrates outsiders into the company's operations, making for a more cohesive operation. "WorkPoint allowed them to rationalize its contractors and make the most of what they could do for the company," says Mike Sander, director of WorkPoint operations at Insession. "The contracting process is now streamlined." Since the BPM system was installed, contracting at the company has doubled to over \$2 billion, yet the contracting department has a smaller staff, and has already saved the company over \$15 million.

With a tight grip on how modern firms operate, what could possibly be next? Taken to its extreme, the next development in business process management philosophy could be the creation of virtual extended enterprises. These companies take outsourcing to an extreme—they won't directly design, make, sell, or ship anything as much as organize and orchestrate others to bring a product to market quickly at a reasonable price. In this coming age of the virtual corporation, all it will take is a good idea, the right partners, and an advanced BPM system to make it work. "It is a logical evolution of BPM," concludes Baker.

—Brian Nadel

WorkPoint® Advantage

1488



empowering business to optimize change

Leveraging Business Process Management (BPM) and Business Rule Engines (BRE)

Business Process Management (BPM) and Business Rule Engines (BRE) are invaluable technologies that help automate and improve the processes and rules that companies rely on to operate successfully. Independently, BPM and BRE increase enterprise agility and efficiency, enabling you to refine procedures and react immediately to emerging market trends. Incorporating BPM and BRE suites together offers users the best of both worlds.

WorkPoint Advantage – BPM and BRE

WorkPoint Advantage from Insession Technologies is a robust BPM suite that offers an intuitive rules engine, the ability to automate tasks, optimize resources and manage human and automated processes across the enterprise. Its platform and database independence, flexibility, extensibility and scalability are the result of over a decade of dedicated development and customer deployment.

A business process is any activity that occurs within a company. Processes can involve customer support, supply ordering, product delivery, and countless other items that are used to run a business. They generally require action from numerous internal and external people and range from very simple requests completed in seconds, to complicated processes that span days or even months.

Business rules are the guidelines and conditions that govern processes. Companies face up to thousands of decisions every day. Ensuring quality decisions from sales, customer service, and support personnel is often a disconnected, highly manual and expensive process. By encapsulating, packaging, and deploying the business rules and decision logic that make a company unique, a rules engine empowers entire organizations with best practices for key business decisions.

WorkPoint Advantage incorporates a next generation business rules and decision management system that effectively automates and optimizes complex business decision processes for front office applications. Until now, these applications have been virtually impossible to automate because they were highly interactive, complex and constantly changing. However, with BRE businesses can quickly and efficiently institutionalize front office decision making best practices across the enterprise, thereby delivering consistent, guided, and interactive decisions, the right way, every time. Using WorkPoint Advantage, key business changes and decision criteria are captured in real-time, checked for accuracy, are 100% accurate, and are deployed up to 90% faster than current practices.

The Best of Both Worlds

The in-depth process orchestration, integration and monitoring capabilities of BPM draws on the ability of the rules engine to handle very complex logic while eliminating the errors often involved in scripting those rules. This results in simpler process definitions, less coding and the ability to respond immediately to changing business requirements. The combined solutions allow IT staff to focus on other projects while the power of decisions are placed in the hands of those who need it.

Business processes and business rules are inherently linked in running an organization. Coupling BPM and BRE technology offers efficiency and cost savings to the enterprise, which helps you stay ahead of the competition. Your organization relies on business rules and processes every day—look to Insession Technologies for the complete solution that automates those underlying processes and rules that help make your business successful.



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A Complete BPM Solution With My Guarantee

WorkPoint®—a product you can count on, from a company you can depend on. With so many Business Process Management products on the market, making the right decision for your organization can prove extremely challenging.

That's why I want to simplify the process for you— I am so confident that you will be satisfied with WorkPoint that I guarantee it. It's a promise I stand by, and I know it's a decision your company will be happy with.

Tony Parkinson, President & CEO
Insession Technologies



For 15 years, organizations across the globe have depended on Insession Technologies for the technology solutions they need to drive their businesses forward. Over 370 customers—spanning multiple industries—stand by our products. We're convinced you will too.

To learn more about our BPM guarantee, and to hear what our customers are saying about WorkPoint, visit www.workpoint.com or call 800.755.1596.



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