Extreme Competition

Peter Fingar
Executive Partner
Greystone Group

pfingar@acm.org

Latest book:
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The Business Process Platform in the Sky

This Column is adapted from the new book, Dot.Cloud: The 21st Century Business Platform, Meghan-Kiffer Press, March 2009 (www.mkpress.com).

BPM will no doubt become BPM as a Service (BPMaaS). This trend could be similar to what client/server is to IT, where the IT staff has choices over what is to be handled by the server versus the client. By embracing "the Cloud" (Cloud Computing infrastructures, platforms, and services), a company can have choices over the best way to implement and manage Private, Public, and Collaborative process types, some being handled by industry-specific Business Process Utilities (BPUs). With the rise of Business Process Outsourcing (BPO), it's reasonable to expect the BPU to capture the economies of scale for commodity processes, e.g., human resources and multi-company processes such as customer relationship management and industry specific supply chain management. As the business world continues to move toward mass customization, business processes could increasingly be accessed through BPUs offering the same core services, *yet* uniquely customized, all the way down to the process instance, for multiple clients.

Of course, "core" business processes will always be Private,
as they embody the unique competitive advantage of a company.

Yet Private doesn't necessarily mean a company has to have its own hardware and software infrastructure in-house. Private processes could be wrapped in a veil of powerful security mechanisms in the Cloud.

"Situational business processes," whose unintended contexts may draw on a given company's core processes, could become the norm, and they must be managed as diligently as all other mission-critical business processes. In addition, the data behind the processes must be handled with great care, and that's why companies are paying attention to Master Data Management (MDM). MDM involves methods and techniques used to ensure that master data, as contrasted with transactional data, remains consistent across computer applications and Web services. In the past, various departments of large companies often maintained their own master data, creating inconsistency problems. For example, when a given department made a name change for a woman getting married, other departments still had the maiden name. As companies embrace cross-departmental BPM and adopt service-oriented business models, MDM is absolutely essential.

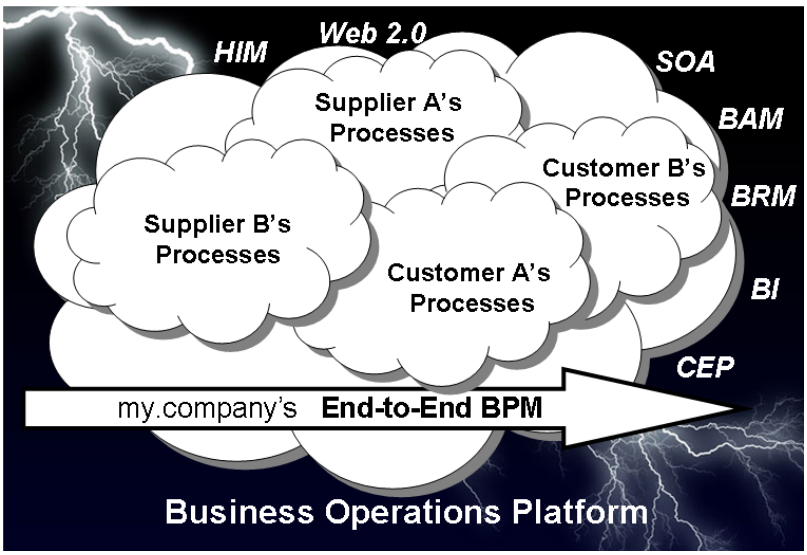
We can safely conclude that Cloud Computing isn't just for the construction of virtual supercomputers for scientific and research purposes, but that it's also for dealing with the realities of today's dynamic value delivery systems, social networks, and complex business ecosystems. Already, Cloud Computing appears to be leveling the playing field for many business start-ups, avoiding the need for enterprise IT investment altogether. But, as even the largest of companies begin to tiptoe to the edge of the new *cloudy* business ecosystem to conduct business, the need for BPMaaS will become more and more apparent.

As competition has evolved from company vs. company to supply chain vs. supply chain, and now on to choreographing *networks* of trading partners, the action is outside any one company's firewall – It's in the Cloud.

A Business Operations Platform in the Cloud

In deference to plain speak, we can use the easy-to-understand term of a "Business Operations Platform" to signal the arrival of interacting business processes being managed in the Cloud, or, more precisely, Networks of Clouds or Interclouds. To construct a Business Operations Platform, what's needed are

- SOA (service-oriented architecture) for the design principles needed for software interoperability and mashups,
- Web 2.0 for Consumer IT levels of simplicity and social computing (the wisdom of crowds),
- BPM for complete lifecycle management of processes,
- BRM for business rules management,
- BAM for real-time business activity monitoring,
- HIM for human interaction management where commitment processing supersedes information processing,
- BI for business intelligence to refresh management dashboards with periodic snapshots of key performance indicators,
- CEP for complex event processing where low-level events (*noise*) in the Cloud can be detected and acted on when they reveal meaningful information.



Business events in the Cloud are like thunder and lighting. As shown in the figure above, when an "event" happens (lightning) – an order is placed, an order is cancelled, a supply truck goes into a ditch – all process Clouds hear the signal (thunder) simultaneously and adjust in real-time. In the latter case, where the supply truck goes into a ditch, dynamic Cloud Sourcing can be used to reach out to a web of alternative suppliers for immediate delivery. The many companies that make up a given value delivery system are synchronized to the point of unity, behaving as a complex adaptive system reacting to its environment.

Jon Pyke, CSO of Cordys and Chairman of the Workflow Management Coalition (WfMC), elaborates, "One architectural aspect of a BOP that is required to facilitate cross-organization BPM is support for thin browser-based clients and a usage model that is heavily geared toward

Internet-based distribution. It is the most efficient way to facilitate today's highly distributed and seldom co-located business environments.

"The Business Operations Platform externalizes the control of processes away from individual applications. It makes them equal peers, subjugated to the Business Operations Platform layer that controls the execution of the processes, the provision of services, and the delegation of tasks or activities to the individual applications according to their specific uses and needs.
"In order to do this well, the Business Operations Platform must be able to do the following:

- Manage applications in parallel as well as in series
- Manage people-intensive applications
- Decouple the process from the application
- Work both inside and outside the organization
- Be both continuous and discrete, and allow processes to change over time
- Put the process into the hands of the business user"

And so it is that the tide of history is shifting from an 800-pound gorilla in an industry setting "*the* process" in a given value chain to "on-demand processes" formed as multiple companies come together and swarm to seize an opportunity or thwart a business threat. No one company may be in complete control of the end-to-end process. No one process Cloud will dominate as multiple Clouds will themselves need to interoperate (the Intercloud) in order to support dynamic multi-company business processes.

As reported in the *Economist's* special report on Cloud Computing, "In the future, huge clouds – which might be called 'industry operating systems' – will provide basic services for a particular sector, for instance, finance or logistics. On top of these systems will sit many specialized and interconnected firms, just like applications on a computing platform. Yet this is only half the story. The cloud changes not only the plumbing and structure of firms and industries, known as the 'transactional layer,' but also their 'interactional layer,' a term coined by Andy Mulholland, chief technologist of Capgemini and author of *Mashup Corporations*. He defines this as the environment where all the interactions between people take place, both within an organization and with its business partners.

"Despite all the technology that has entered the workplace in recent years, so far this layer has not really changed. PCs certainly made people more productive, but most of their programs were not designed for collaboration. The enterprise applications they worked with were still centralized systems. And email has in some ways made things worse as the flood of messages takes up lots of time and attention."[1] Hello, business operations platforms.

Takeaway

Business process management (BPM) has been a major topic since around 2002. But early BPM initiatives were tactical, streamlining back office and departmental processes. But now, with the advent of business process utilities and business operations platforms in the Cloud, the scope of BPM will break out of individual companies and stretch across the entire multi-company value delivery system. That's when process management becomes strategic and unlocks doors to true Cloud-enabled business innovation. Caveat competitor.

As Derek Miers writes in his forthcoming book, *Achieving Business Transformation Through Business Process Management,* "Although there are no 'silver bullets,' business process management has become the equivalent of a 'golden gun.' It depends on where you aim it; which parts of the business you put under the microscope; and how you engage people on the journey." As the march of technological history continues, companies will no doubt need a golden gun as they make their way through the wilderness of unprecedented change in the Cloud.

[1] http://www.economist.com/specialreports/displayStory.cfm?story_id= 12411882