A BPTrends Report

The State of Business Process Management 2012

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Introduction

This report summarizes information provided by 399 respondents who participated in our BPTrends survey in the fall of 2011. The report analyzes the responses and compares them with the responses from the three previous BPTrends surveys that were conducted in 2005, 2007, and 2009. We hope this survey will provide benchmarks that the Business Process Management (BPM) community can use to gauge the evolution of BPM.

The respondents to this survey are members and/or readers of BPTrends and reflect the perspectives of a broad base of business managers, BPM consultants, BPM practitioners, and business analysts from a broad cross section of international organizations interested in BPM.

Given the size and diversity of the respondents, we believe this is the most comprehensive and representative overview of how organizations understand BPM, what BPM activities organizations are currently engaged in, and what BPM activities organizations are planning for 2012.

BPM has been a hot business topic since 2003. Most people think of it as the logical continuation of the interest in business processes that started in the Eighties and reached a crescendo in the mid-Nineties with Six Sigma, Business Process Reengineering, Workflow, and ERP software. Because of its extensive roots, and because there are several new approaches included in today's discussions of BPM, it is difficult to develop a clear definition of BPM. Like any phrase that is comprised of familiar words and embraced by a number of different communities – including executives, business process consultants, business analysts, Six Sigma practitioners, business architects, CIOs, and software developers – the phrase *Business Process Management*, or *BPM*, means different things to different people. There's little we can do to force uniformity on such a diverse and rapidly changing practice but we can identify the different ways the term *BPM* is used and report on the goals of each of the different groups using the term. To minimize confusion, we wrote multiple-choice questions and tried to provide precise descriptions in an effort to assure that everyone understood the choices

Throughout this Report, we use a number of terms we assume are familiar to most readers. Specifically, we have assumed readers are familiar with the way BPTrends classifies business process software products with (1) Carnegie Mellon University's Capability Maturity Model Integration (CMMI) which identifies five process maturity levels, (2) the BPTrends BPM Pyramid that describes processes in terms of three levels within an organization – the Enterprise Level, the Process and the Implementation Level, and (3) Geoffrey Moore's way of classifying the development of technology markets. For readers who are unfamiliar with any of these terms and concepts, we have included explanations in *Appendix I, Concepts Used in this Report.*

We are grateful to the many BPTrends members and visitors who participated in the Survey. Without the many respondents who took the time to fill out our Questionnaire, we couldn't have produced this Report. For our part, we have reported and summarized the data as accurately and fairly as we could. We also want to thank Paul Heidt for his work producing the tables included in the report and Carolyn Potts for her editorial contributions.

As always, we welcome your comments and suggestions regarding this Survey as well as your suggestions for topics and issues you would like to see included in future reports.

Finally, we hope this Survey Report will provide readers with insights that will suggest new ideas for future developments in your own organizations.

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Executive Summary

This is the fourth comprehensive BPM market survey that BPTrends has undertaken. In the first Survey Report in 2005 we established the basic trends in the process market and we have continued to track and report on them in our 2007, 2009 and in this, our 2011 Survey Report. This has been an interesting time to observe the market. In 2005 there was great enthusiasm for a variety of process change initiatives. By 2007 the US saw the beginning of a financial crisis that became a major recession in 2008 and economic activity as been depressed ever since. The recession has slowed economic activity in some parts of the world, like the United States and Europe, while other areas, like China, Australia, and Canada, have remained relatively unaffected. These conditions make it difficult to separate trends in BPM from alternations that resulted from changes in the economy that have little to do with BPM.

However, it is clear from the data gathered in 2011 that there is a change taking place in the BPM market. For the first time since we began gathering data, there are clear indications that some organizations are becoming more mature in their approach to process work. At the same time, it is clear that a transition has occurred in the Business Process Management Suites (BPMS) market and that process management software is more widely used today than it was two years ago.

In 2011, as in all years that we have surveyed organizations, the dominant concern is to reduce costs by making processes more efficient. Companies continue to spend money on BPM initiatives precisely because they hope that investments in process work will enable them to become more efficient and productive.

There are, of course, many different ways to approach process improvement. Some focus on Six Sigma or Lean and hope to achieve incremental improvements in specific processes. Others invest in automation in hopes of long term reductions in labor costs, and still others invest in major process redesign efforts or in management initiatives designed to better coordinate all process efforts. Broadly speaking, investing in better coordination and management of process work has been on the rise, while incremental approaches are slowly declining, or at least being integrated into larger, organization-wide BPM initiatives..

Google provides a very nice research tool, called Google Trends, which you can use to see how two or more terms compare in search results on Google (the top set of trend lines) or references in news stories (the bottom set of trend lines). Pictured below in Figure 1 is a "search" on Google Trends on four terms: BPM, Six Sigma, Lean Six Sigma, and Business Architecture. As you can see, BPM is holding it own both in terms of Google searches and as a news topic. Six Sigma, on the other hand, has been slowly declining as a search topic, and hasn't been getting nearly as much attention in new press releases. Lean Six Sigma and Business Architecture are barely noticeable in either case. Keep in mind that we are dealing with very large numbers and while there are actually quite a few searches on Lean Six Sigma, the total simply doesn't rise to the volume of BPM or Six Sigma searches.

The trends pictured in Figure 1 reflect our own data. Organizations continued to be interested in BPM throughout the recession and, more important, they continued to invest in process projects, especially those that seek to coordinate and manage organization-wide process efforts. The market hasn't grown much during the recession, but it has held its own, and has very gradually improved.

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Figure 1. A comparison of BPM and other disciplines on Google Trends. [1]

When we undertook the BPTrends survey in 2009 we knew we would get results that reflected the general business slowdown, and we tried to temper our remarks in the 2010 Survey Report to avoid turning a slowdown into a trend. That position is well justified as we look at this year's data. As a very broad generalization, we had about 300 respondents in 2005 and about 399 in 2011. In 2007 and 2009 we had about 250 respondents. Most of the indices in 2007 and 2009 showed the process market slowing down or standing still. The 2011 data, by contrast, indicates that the market for BPM is growing.

In 2005 28% of all respondents said their executives regarded BPM as a major strategic commitment. In 2007 it was down to 26% and in 2009 it was down to 19%. This year it jumped to 31%. As we said, it is as if 2007 and 2009 didn't happen. In 2011, across the board, we see more interest in BPM in all areas of the world.

In 2005 respondents were overwhelmingly from North America and Europe. In this year's survey we have significant groups of respondents from Europe, North America, and South America, and growing groups of respondents from Australia and the Middle East. Clearly the interest in BPM is spreading around the world.

What is much more exciting is the increase in process maturity. We judge process maturity by using an approach originally developed by SEI at Carnegie Mellon University called the Capability Maturity Model (CMM). An explanation of this approach is provided in Appendix I for any who may not know of it. We ask a number of questions each year to help us gauge the process maturity of respondents' organizations. In each question, we ask about a particular type of process work and ask if the organizations ever do it, do it occasionally, frequently, or every time. We assume that organizations that undertake certain process tasks more frequently are more mature.

Figure 2 summarizes organizational activities in a variety of process areas as reported in 2009. The same diagram for the years 2005 and 2007 showed almost no difference. In almost all cases, respondents said their organizations were undertaking process work O*ccasionally*. Thus, in each of the earlier reports, we concluded that most organizations were CMM Level 2 organizations and we did not see any evidence that this was changing.

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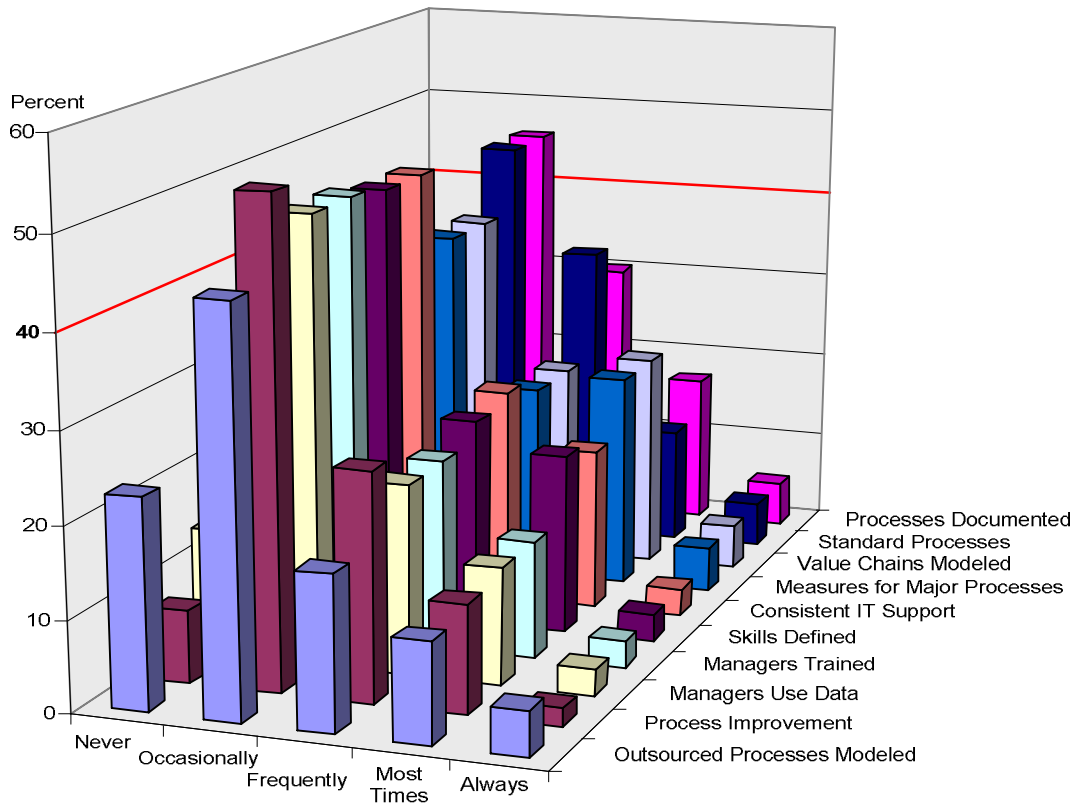

Figure 2. An overview of how often organizations were undertaking various types of process work in 2009

Now look at Figure 3! Note that in Figure 2 some columns rose just under 50%. In 2011, however, the highest columns rise up to just under 40% reflecting the shift from *Occasionally* to *Frequently*, etc. The bars representing *Occasionally* on Figure 3 are considerably lower, and most of the responses of *Frequently* and *Most Times* are all slightly higher. The responses to *Always* are significantly higher. There has been, in other words, a real change in the process market over the course of the last couple of years. More companies are reporting more frequent process activities. On average, companies are becoming more mature and they aren't doing more of just one or two specific things, but are increasing their activities in a wide variety of areas.

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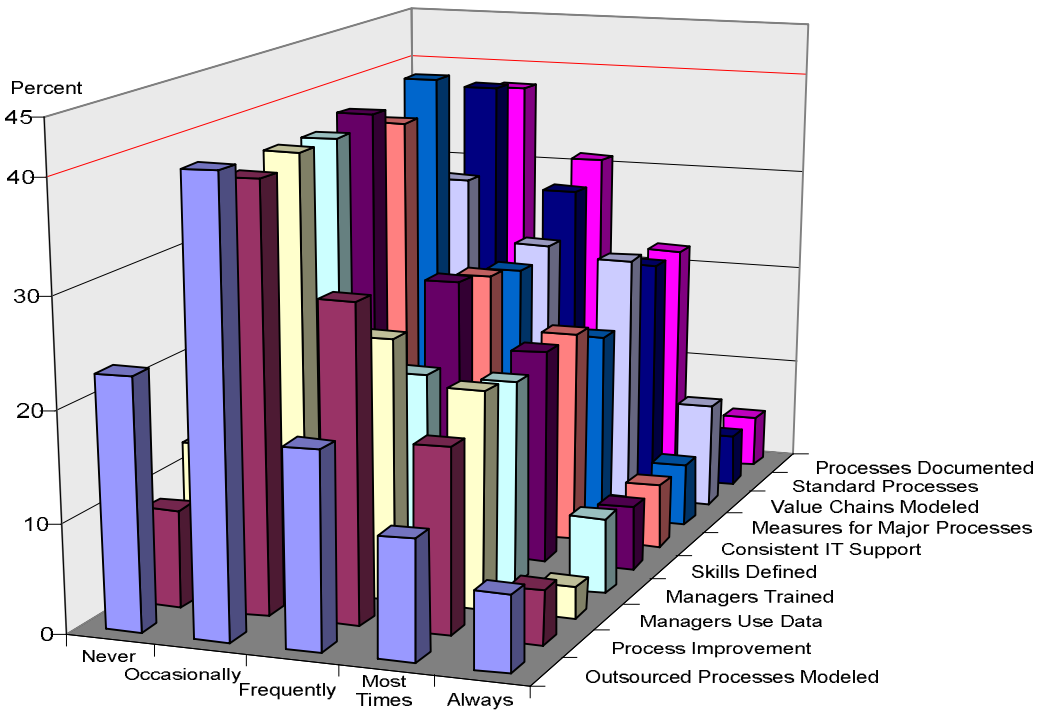

Figure 3. Summary of process activity data for 2011.

For many, BPM has always been strongly associated with BPM software. It isn't a tight or necessary conjunction: One can do process work without considering BPMS tools and many do. On the other hand, nearly everyone appreciates the idea that it would be convenient if a process manager, say a supply manager at a large organization with worldwide supply lines, could look at a computer screen and get an up-to-the-moment summary of where things are in the supply chain and where any bottlenecks or quality problems are developing. Similarly, anyone involved in finance can appreciate how a loan committee would like to be able to make adjustments in loan rates or charges, quickly, without having to request that IT reprogram software systems. In essence, these are the promises that BPMS vendors have been offering since they became active in 2003.

The problem with any new technology is that it takes time to incorporate it into applications that deliver measurable improvement. Thus, there have been claims from vendors and reports from early adopters of both early successes and of failures and, gradually, a track record has emerged. BPMS has been a difficult technology to assess because it has mutated as it has developed. What began as workflow soon incorporated business rules, process modeling, business intelligence, and process mining. Simultaneously, the technology shifted its infrastructure from a client-server based to an SOA or cloud-based technology. The rapid evolution of BPMS products and the many vendor acquisitions have made it difficult for organizations to evaluate the functionality and the benefits of the various tools. As a direct consequence of both the recession and the rapidly changing BPMS offerings, most companies have not rolled out large scale BPMS implementations, choosing, instead, to experiment with a variety of tools from different vendors.

We have often observed that many organizations purchased BPMS tools long before the organizations were mature enough to use the tools effectively. An organization needs to understand and redesign its business processes so they are reasonably efficient before it can benefit from automating them. In the worst case, some BPMS vendors repeated the mistakes of some ERP vendors and encouraged organizations to "pave cow paths" when they would have been better off advising them to wait to automate until they had explored the possibility of "creating freeways." As

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a result, time has been wasted, some experiments have been unsuccessful, and the market, as a whole, has not developed as fast as the BPMS vendors had hoped.

Data from our 2007 and 2009 surveys support this assertion. There has been gradual growth in BPMS sales, but there has not been a surge. In 2011, however, we think we detect the beginnings of a significant increase in sales. Consider the answers to two questions.

In 2005 and 2007, when we asked what BPM software tools organizations were using, Process Modeling tools outpolled the use of BPMS tools. This year, for the first time, BPMS tools were listed as more valuable.

When we asked what BPM products organizations were using, respondents said they were benefiting from the use of a BPMS suite, as follows:

2005	**2007**	**2009**	**2011**
23%	24%	26%	37%

And, when we asked what BPM products organizations were considering purchasing, the responses reported the following with regard to BPMS

2005	**2007**	**2009**	**2011**
11%	25%	21%	31%

In both cases there seems to have been a sea change. Some of this change is the result of the fact that most BPMS tool vendors have either developed or acquired a Process Modeling Tool and have integrated it with their BPMS tools. In other words, some of the BPMS purchases may, in fact, simply be modeling tool acquisitions. In any event, organizations that are using BPMS seem happier with the results, and more organizations, perhaps based on those results, are planning to invest more in BPMS this year.

As with process maturity, we suspect that not all organizations are embracing BPMS, but that a leading group has worked steadily at it, achieved results, and is now prepared to invest more. If this trend continues for another two years, then BPMS will truly cross Moore's chasm and will begin to become a mainstream technology that large numbers of organizations will need to embrace to remain competitive. By the same token, although there is always a lag between the purchase of the tool, the development of the application, and the results, we fully expect to hear quite a few exciting case studies reporting major gains resulting from BPMS deployment in the next two years.

The changes in the BPM market, however, are much broader than the sharp uptick in BPMS use. BPTrends often uses a pyramid to describe the BPM activities at the Enterprise Level, the Process Level, and the Implementation Level. Figure 4 describes the various activities and levels where respondents expect to see more spending in 2012. The percentages in black represent the responses from the 2009 Survey and the percentages in red represent the responses from the 2011 survey In some cases the numbers stay the same from 2009 to 2012, and in a few cases, they drop – but in some areas, they jump. Importantly, the area where we see the most activity is at the enterprise level. The core idea behind BPM – that organizations ought to coordinate their process efforts and manage processes as an asset - is catching on. To support these efforts, companies are developing the business tools they need – things like a business process architecture, business process measurement systems, and business process governance systems – to do Business Process Management on an enterprise scale.

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As with maturity, we are not suggesting that all organizations are rushing to invest in a process architecture. Instead, a modest number of organizations, probably mostly organizations that were already interested in becoming process-focused, are investing in the future and by significantly improving their process management capabilities.

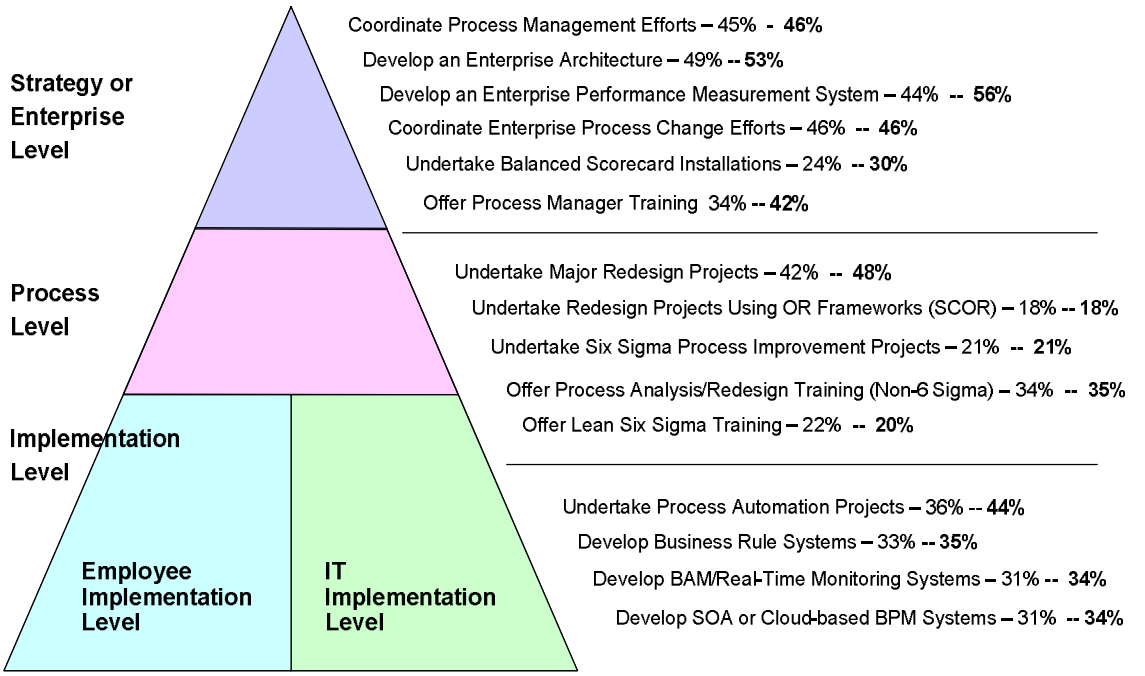

Figure 4. Respondents indicating where their companies will be doing more in 2012

The 2011 survey covers a wide variety of process concerns in more detail than we can go into in this overview. The bottom line, however, is that the 2011 survey reveals that the BPM market is moving and that, for the first time since we began doing surveys in 2005, some organizations are showing a sharp increase in process maturity. At the same time, a significant number of organizations are planning on increasing their investments in BPMS products to develop organization-wide architectures and performance measurement systems to better control their process efforts.

It's probably too early to be sure that the recession is really ending, but it certainly feels like the recovery is underway in North America. We expect that there will be quite a bit of growth in BPM in 2012 and fully expect the over the next several years, organizations throughout the world will have used Business Process Management techniques and technologies to achieve significant improvements in productivity and growth.

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[1] Google Trends provides a check to assure that the trend lines reflect the topic being searched. The letters attached to the BPM trend line provide references to specific stories in which the term BPM is used. All refer to stories that involve Business Process Management. We tried to examine "Lean" as a stand-alone term and found that we could not. A search on "Lean" pulled stories on a wide variety of topics, few of which were related to "Lean" as it is used in the BPM or TPS communities.

Note: In compiling totals for the Figures representing Respondents' answers, we rounded the total percentages to 100%, even though in some instances the percentages added up to 99% or 101%.

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How Organizations Understand BPM Today

We began our survey by asking all respondents to tell us how they understood the term "Business Process Management," how they would characterize their organization's current interest in BPM, and what they thought was driving BPM at their organizations.

The Meaning of BPM

People use the term "BPM" in many different ways. Some use BPM to refer to "Business Process Management." Others use BPM to refer to "Business Performance Management." Some use BPM to refer to a general approach to the **management** of process change, while others use it more narrowly, to refer to the use of software techniques to control the runtime execution of business processes.

To better understand how our respondents use the term, we asked them to choose among four options, or to suggest an alternative to the four options we presented. (See Figure 5.)

Which of the following best describes your organization's understanding of BPM? (Choose one)	2005		2007		2009		2011	
A top-down methodology designed to organize, manage, and measure the organization based on the organization's core processes	141	40%	110	40%	93	36%	164	41%
A systematic approach to analyzing, redesigning, improving, and managing a specific process	93	26%	79	29%	88	34%	108	27%
A cost-saving initiative focused on increasing productivity of specific processes	41	12%	36	13%	33	13%	58	15%
A set of new software technologies that makes it easier for IT to manage and measure the execution of process workflow and process software applications	56	16%	26	9%	22	8%	50	13%
Other, Please Specify	22	6%	23	8%	23	9%	19	5%
Total	353	100%	274	100%	259	100%	399	100%

Figure 5. How organizations understand BPM

There has been no significant change in how respondents answered this question over the course of the past eight years. It looked in 2007 and 2009 as if those who thought BPM was a software technology (what we would term BPMS) had dropped a little, but this year, with more respondents, the results often look closer to the results we obtained in 2005 than to those we obtained in 2009.

We suspect the return to the 2005 pattern reflects the fact that we have more respondents from countries outside Europe and North America, and that many of the respondents from those areas are newer to BPM and initially learned of BPM (and BPTrends) from BPMS vendors, who almost invariably use BPM and BPMS as synonyms. In spite of a slight increase in those who think BPM is a software technology, 41% of the respondents believe that BPM is a top down methodology to organize, manage, and measure an organization's process efforts – and that belief has remained consistent throughout the life of the survey.

Table 1 looks at some subpopulations of respondents to see how they answered this question. Consider the percent of each subpopulation that thinks BPM is a Top-Down Management approach. In each case compare the percent of a particular group of respondents with the average of all respondents provided at the bottom of each column.

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Respondents	Top-Down Approach to Managing Process	Systematic Approach to Process Redesign	Cost-Saving Initiative for Specific Processes	New Software for Managing Process Execution
North Americans (103 total resp.)	39%	26%	20%	9%
Europeans (145 total resp.)	46%	25%	11%	15%
South Americans (62 total resp.)	38%	37%	5%	18%
Respondents who have taken survey before (98 total resp.)	50%	30%	9%	9%
Executives & business or line managers (92 total resp.)	46%	20%	12%	15%
Organizations that think BPM is Strategic (121 total resp.)	55%	23%	5%	12%
IT employee responses (57 total resp.)	48%	23%	7%	18%
From companies with a major commitment to BPMS software (121 total resp.)	51%	18%	8%	18%
ALL Respondents in 2011 (459 total resp.)	**41%**	**27%**	**15%**	**13%**

Figure 6. Analysis of how various subgroups responded to the question about how they understood the term BPM

Respondents from organizations that think BPM is strategic are most likely to think that BPM is about management. They are closely followed by organizations that have made a major commitment to BPMS software. Europeans, business executives and IT employees are also likely to say that BPM is a management concern. At the same time, South Americans, business executives, IT employees, and companies with a major commitment to BPMS software are also slightly more likely to say that BPM is a new type of software.

Overall, these responses are what we would expect. IT and BPMS vendors have tended to use BPM and BPMS as synonyms, and many who are introduced to BPM by a software vendor tend to think of BPM as a software methodology or product. On the other hand, once organizations have explored BPM enough to make a commitment, even to BPMS application development, they are more likely to think of BPM as an approach to process work that emphasizes a top-down focus on identifying and managing all of an organization's process initiatives.

In the *BPTrends Business Process Modeling Survey,* published in December of 2011, we looked at the process modeling market in depth. One of the interesting conclusions was that the same teams do not usually do process modeling and application development - 65% said separate teams did process modeling and application development, while only 36% said that the same teams did both. This underscores a point that we have tried to emphasize for some time. In most large organizations, between Six Sigma, Lean, Reengineering, Business Analysis, and BPM, the people doing the redesign work are not the IT developers who are focused on automating processes with applications (ERP) or BPMS software. Moreover, these business-oriented process analysts and designers often use different tools and methodologies from those used by BPMS or software analysts. Anyone who thinks of the BPM market as an extension of IT is missing a lot of opportunity for process improvement and certainly has a limited view of the market. This is not to suggest that all IT employees fail to understand this: In fact, some of the best business process redesign work that does not involve automation or BPMS is undertaken by teams located in IT groups. More broadly, however, there tends to be a split, with respondents from IT taking a more technical view of what

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process work is about, while respondents from business management tend to take a much broader view.

Clearly those who think that BPM is strategic to their organization -- and they include both IT and business executives -- are much more likely to take a broader view.

Europeans, as a whole, tend to be a little more systematic in their approach to business change than North Americans. American organizations are often more likely to try to move quickly to gain a competitive advantage from new technologies. Europeans are likely to take more time studying a new approach and then deciding to move only after they see a real solid advantage. In this case, we suggest that Americans have been ahead in adopting BPM and that, now that the Europeans are committing in a big way, they are doing so, not because they see BPM as new software or a new approach to process work, but because they see it as a comprehensive, integrated approach to managing their organizations.

The real, important conclusion about the meaning of BPM, however, is that people differ and that one group thinks BPM describes a systematic approach to managing and improving specific processes while another larger group considers BPM to be a top-down, organization-wide approach to process management. Only a few think BPM is a software technology, but that group has remained constant over the past eight years and seems likely to continue to do so. Anyone writing or talking about BPM needs to keep in mind that he or she is addressing a diverse audience and needs to carefully define how he or she intends to use the term BPM.

The Current Interest in BPM

We asked all respondents to describe their organization's current interest in BPM. If one looked at the 2009 results, one might have been inclined to suggest that BPM was becoming less strategic, but the 2011 results suggest that was a fluke, or a result of the recession, and that, today, companies are more likely than ever to have made a strategic commitment to BPM.

How would you characterize your organization's current interest in BPM? (Choose one)	2005		2007		2009		2011	
Major strategic commitment by executive management	92	28%	70	26%	50	19%	121	31%
Significant commitment to multiple high level process projects	77	23%	64	24%	86	33%	116	30%
Initial commitment to limited number of mid- or low-level projects	77	23%	69	25%	77	29%	101	26%
Exploring opportunities	68	21%	63	23%	42	16%	47	12%
No interest	19	6%	6	2%	7	3%	6	2%
Total	333	101%	272	100%	262	100%	391	100%

Figure 7. The current commitment of respondents' organizations to BPM

When one looks at an analysis of the various subpopulations, the only one that really stands out is that business people are much more likely (48%) to think BPM is a major strategic commitment. This probably reflects the fact that business managers who took the time to take this survey did so because their organizations have made a major commitment to BPM. Business managers who think that BPM is an IT concern probably did not bother to take the survey.

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Business Drivers of BPM

A **business driver** refers to a situation, strategy, or goal that motivates management to support business process change. Historically, the two leading drivers of business process work have always been:

(1) the need to save money
(2) the need to improve an existing process or to create a new business process.

Other important traditional drivers are

(3) improve customer satisfaction
(4) improve organizational responsiveness
(5) improve business coordination and control.

More temporary, ad hoc drivers can be

(6) compliance with new regulations like Sarbanes-Oxley and IT upgrades
(7) one-time events like a merger or acquisition.

In 2005 we asked respondents to choose THE single major driver. In 2007 and 2009 we asked respondents to choose the major drivers and let them choose more than one.

In 2011, as in all previous years, the major driver was the "need to save money by reducing costs and/or improving productivity" followed by the "need to improve management coordination or organizational responsiveness." Unlike 2009, however, there is not so much emphasis on management coordination and responsiveness in 2011. (See Figure 8)

What are the major business drivers causing your organization to focus on business process change? (Choose one or more)	2005		2007		2009		2011	
Need to save money by reducing costs and/or improving productivity	111	33%	152	56%	153	58%	216	57%
Need to improve existing products, create new products, or enter new lines of business to remain competitive	64	19%	97	36%	65	25%	106	28%
One time event (merger or acquisition)	7	2%	11	4%	14	5%	15	4%
Government or business risk management(Sarbanes-Oxley, ISO 9000)	37	11%	46	17%	37	14%	50	13%
Need to improve customer satisfaction to remain competitive	64	19%	102	37%	85	32%	117	31%
Need to improve management coordination or organizational responsiveness	77	23%	138	51%	119	45%	146	38%
Need to improve management of IT resources (ERP applications)	31	9%	53	19%	46	18%	63	17%
Other, Please Specify	31	9%	31	11%	19	7%	15	4%

Figure 8. Business drivers causing organizations to focus on business process change

A quick review of the various subgroups of respondents didn't produce any surprises. The percentages for 2011 might go up or down one or two percentage points, but everyone largely agreed that their first priority was to save money and their secondary priorities were increasing management coordination and improving customer satisfaction, as they were in 2009. Companies may be

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recovering from the recession but they are still feeling the effects and are more interested in saving money than acquiring new companies or creating new processes.

Companies with a strategic commitment to BPM were more likely to focus on the need to create new products, improve the customer experience, or to create new processes, but that is to be expected.

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Process Maturity

We asked respondents to tell us how their organizations performed a number of business process activities, ranging from process documentation through modeling and process management. In each case, we asked respondents to tell us whether their organization *Never* did it, did it *Occasionally* (1-30% of the time), did it *Frequently* (31-60% of the time), did it *Most Times* (61-99%), or *Always* did it (100% of the time).

We asked these questions because we wanted to get an idea of where most organizations were in mastering and performing common business process activities. We set the questions up to suggest a maturity scale, like CMMI. If organizations "Never" performed common BPM activities, we assumed they were immature organizations that weren't focused on processes. If organizations "Frequently" performed most of the common business process activities, we assumed that would suggest they were between Level 2-4 on a CMMI scale. If organizations performed most of the activities *Most Times*, we assumed that would suggest that they were between Level 3-5 on the CMMI scale. (For those unfamiliar with the CMMI maturity scale, it is described in Appendix I.)

We will consider each part of the question independently and then consider the overall results.

Are Work Processes Documented?

We asked if work processes were documented and kept up to date. Any organization that undertakes a process redesign or an ISO 9000 certification effort must create some kind of process documentation. Only companies with a real commitment to processes, however, have a system that consistently maintains process documentation. We weren't surprised that most respondents had some kind of process documentation. (See Figure 9.)

Are business processes documented and kept up to date? Please indicate your organization's overall level of performance. (Choose one)									
	2005		**2007**		**2009**		**2011**		
Never (0%)					7	3%	10	3%	
Occasionally (1-30%)	148	46%	149	55%	119	46%	147	38%	
Frequently (31-60%)	80	24%	66	24%	79	30%	119	31%	
Most Times (61-99%)	77	23%	38	14%	44	17%	86	22%	
Always (100%)	14	4%	11	4%	12	5%	21	5%	
Total	319	97%	272	100%	261	100%	383	100%	

Figure 9. Work processes are documented and documentation is kept up to date

The answers to this question begin a trend that we will see repeated in several of the subsequent questions. Compared to past years, and even when compared with 2005, more companies are doing things *Frequently, Most Times*, or *Always*. It may not seem like much of a difference, but as we look across all the responses, at the end of this section, we see a definite trend toward more maturity.

As a generalization, European companies have better documented processes than their North American counterparts, which makes sense as Europeans have adopted ISO 9000 – requiring process documentation - in a much more systematic way than North American organizations. Similarly, in almost all cases where we are asking about maturity, organizations that think BPM is strategic are much more likely to be doing whatever we inquired about.

Do Units That Perform Similar Activities Use Standard or Similar Processes?

Many large companies perform similar processes throughout a variety of different divisions, business units, or geographical units. For example, all sales units have processes for documenting the existence of a prospect, or keeping track of customers and pending orders. Obviously, efficiencies can be achieved if all of these similar processes are consistent. Thus, it would be good if every unit

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or division within the organization gathered the same information on customers and entered it in the same way in the same type of database. It would mean that employees would be more inter-changeable, that enterprise information would be more consistent, and that the organization would only need a single instance of an Enterprise Resource Planning (ERP) application, worldwide, to support customer information entry.

Unfortunately, many organizations have been created via mergers and acquisitions, and the processes performed in specific units reflect the historical origins of the units. Thus, large organizations typically end up supporting a variety of different way of performing the same tasks. Most process-focused organizations, as they move from CMMI Level 2 to CMMI Level 3, undertake a major effort to standardize common processes throughout the organization. For some organizations, the establishment of standard business processes becomes a major driver for process change, especially when pursued in conjunction with an effort to standardize on a single instance of ERP throughout the organization. (See Figure 10.

Do units that perform similar activities use standard or similar processes? Please indicate your organization's overall level of performance. (Choose one)								
	2005		2007		2009		2011	
Never (0%)	19	6%	17	6%	6	2%	20	5%
Occasionally (1-30%)	153	47%	124	46%	120	46%	148	39%
Frequently (31-60%)	80	24%	79	29%	90	34%	109	29%
Most Times (61-99%)	63	19%	47	17%	33	13%	81	22%
Always (100%)	13	4%	5	2%	12	5%	18	5%
Total	328	100%	272	100%	261	100%	376	100%

Figure 10. Are similar processes throughout the company performed in a similar way?

Once again, we see that there has been a subtle shift and that fewer organizations are saying *Occasionally* and more are saying *Most Times*. Once again, with the exception of those organizations that have made a strategic commitment to BPM (*Most Times* = 37%) there are no significant variations among the various subpopulations on this question.

Are Standard Process Models Defined for Each Major Process?

We asked respondents if they had defined the high-level processes that make up their major value chains. Typically, organizations start defining processes at the departmental level (CMMI Level 2). It's only when process becomes an enterprise concern, at CMMI Level 3, that companies begin to think in terms of value chains, of the major processes that make up each value chain, and of aligning and streamlining the flow of high-level processes across departmental boundaries. It often occurs as part of an enterprise-wide business process architecture initiative. (See Figure 11.)

Are process models defined for the major value chains in the organization? Please indicate your organization's overall level of performance. (Choose one)								
	2005		2007		2009		2011	
Never (0%)	64	20%	30	11%	25	10%	34	9%
Occasionally (1-30%)	106	32%	118	44%	102	39%	115	31%
Frequently (31-60%)	72	22%	63	23%	58	22%	94	25%
Most Times (61-99%)	66	20%	46	17%	62	24%	90	24%
Always (100%)	19	6%	13	5%	13	5%	36	10%
Total	327	100%	270	100%	260	100%	260	100%

Figure 11. Does the organization have standard process models for each of its value chains?

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Once again, in 2011, "Occasionally" is down and "Most Times" is up a bit. In this case, "Always" has doubled. Figure 12 shows how some different subpopulations responded to this question.

Respondents	Never (0%)	Occasionally (1-30%)	Frequently (31-60%)	Most Times (61-99%)	Always (100%)
North Americans (103 total resp.)	13%	35%	25%	23%	3%
Europeans (145 total resp.)	5%	25%	27%	28%	15%
South Americans (62 total resp.)	4%	30%	32%	23%	11%
Respondents who have taken survey before (98 total resp.)	11%	28%	31%	24%	6%
Executives & business or line managers (92 total resp.)	6%	24%	25%	38%	8%
IT employee responses (57 total resp.)	8%	36%	25%	24%	7%
Organizations with a major commitment to BPMS software (121 total resp.)	0%	19%	17%	36%	28%
Organizations who say BPM is a strategic concern (106 total resp.)	3%	15%	27%	36%	19%
AVERAGE of ALL Respondents in 2011 (399)	**9%**	**31%**	**25%**	**24%**	**10%**

Figure 12. Analysis of how various subgroups of respondents answered re. process models for value chains

Notice that, once again, Europeans are more likely to say they *Always* have and maintain value chains. Similarly, organizations with a strategic commitment to BPM, or a commitment to BPMS, are very committed to value chains.

Are Standard Measures Defined for Each of the Major Processes?

We asked participants if their companies had standard measures defined for evaluating the performance of value chains and major processes and subprocesses. Most companies have a set of KPIs (Key Performance Indicators) that are used to evaluate corporate performance. Too often, however, their performance metrics are not related to specific value chains or business processes but simply assigned to functional units. In these instances, a change in a KPI does not automatically suggest which value chain or process should be examined or which processes need improvement, whereas in a process centric organization the KPIs are specifically designed to measure the performance of business processes. (See Figure 13.)

Are performance measures defined for evaluating the success of all major processes and subprocesses? Please indicate your organization's overall level of performance. (Choose one)	2005		2007		2009		2011	
Never (0%)	64	20%	30	11%	25	10%	37	10%
Occasionally (1-30%)	106	32%	118	44%	102	39%	153	42%
Frequently (31-60%)	72	22%	63	23%	58	22%	90	24%
Most Times (61-99%)	66	20%	46	17%	62	24%	65	18%
Always (100%)	19	6%	13	5%	13	5%	23	6%
Total	327	100%	270	100%	260	100%	368	100%

Figure 13. Does the organization have standard measures to evaluate the performance of major processes?

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Figure 13 is an exception to the general pattern and shows a growth in *Occasionally*, but little in *Frequently* or *Most Times*. This is consistent across all the major subpopulations we examined with the expected exception of organizations that are strategically committed to BPM, which are much more committed to measurement.

Is Support Provided by Automated Applications Consistent with the Processes?

We asked how well the existing software applications supported the company's processes. In an ideal world, business people would define the best possible processes and then IT would create tailored applications to support those processes. In the real world, processes are constantly changing and applications that are purchased from vendors are difficult to tailor to align with a specific organization's way of working. Thus, in many cases, employees find themselves "fighting" the software applications that are supposed to help them. For example, we have seen many situations where sales or service people try to enter data, find the system won't accept it. and proceed to get around the problem by entering the data in some other way. (See Figure 14.)

Is the support provided by automated applications consistent with the defined processes used by the organization? Please indicate your organization's overall level of performance. (Choose one)	2005		2007		2009		2011	
Never (0%)	25	8%	26	10%	20	8%	33	9%
Occasionally (1-30%)	136	42%	139	51%	124	48%	146	39%
Frequently (31-60%)	106	33%	61	23%	62	24%	94	25%
Most Times (61-99%)	46	14%	38	14%	47	18%	76	20%
Always (100%)	13	3%	6	2%	7	3%	23	6%
Total	326	100%	270	100%	260	100%	372	100%

Figure 14. How well does the existing software support processes?

The pattern suggests a slight improvement over both 2005 and 2009, with a significant uptick in organizations that report that software supports their processes *Always*. There were no major differences in how respondents from different geographical regions or functional role answered this question, although both organizations that think BPM is strategic (*Always* = 11%) and organizations with a major commitment to BPMS (*Always* = 31%) report that they are significantly better at this.

We suspect that the sharply higher response among companies committed to BPMS is important. Many organizations that have made a major commitment to BPMS have used it to tailor or extend ERP applications to make them align better with organizational practices and we believe that the success of this effort is exactly what is being reported in this instance.

Are the Skills Needed to Perform the Tasks Defined and Documented?

We asked if respondents' organizations had defined the tasks needed for major processes, and then defined the skills needed for specific jobs to assure that people were being hired or trained to perform the requisite tasks. It's one thing to define the activities that need to be performed. It's another thing to define exactly what knowledge and skills are required to perform the activities. The latter requires a system of job definitions or job models that are created by practitioners knowledgeable in human performance. It requires that the tasks be carefully analyzed and that the human activities be precisely specified. If the human task is manual, then a step-by-step description of the work is required. If the task is cognitive, then a description of the knowledge and business rules required to make decisions is often required. If the task requires a coordinated decision, then a description of all who must participate in the decision must be provided.

This kind of human performance analysis has been well defined in more operational areas and is usually done precisely in manufacturing jobs. It is harder to do in more complex jobs where more knowledge and greater flexibility is required. Some analysts refer to these more complex jobs as "knowledge work" and propose that new technologies are needed to define human performance

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requirements in these areas. Examples of knowledge work range from sales activities and customer service through jobs like new product development and software systems development. It is easy to specify the broad, high-level activities that need to occur, but hard to define exactly what specific steps need to be followed, as they vary greatly, depending on the specific circumstances the employee faces. Some have argued that these tasks are better conceptualized in terms of rules that constrain actions rather than as step-by-step procedures. In any case, we would expect manufacturing companies to have well-defined employee job descriptions, and we would expect service industries and organizations to be less likely to have well-defined job descriptions. (See Figure 15.)

Are the skills needed to perform the tasks in the major processes defined and documented? Please indicate your organization's overall level of performance. (Choose one)								
	2005		2007		2009		2011	
Never (0%)	27	8%	23	9%	14	5%	28	8%
Occasionally (1-30%)	103	32%	139	51%	125	48%	152	41%
Frequently (31-60%)	96	30%	60	22%	61	23%	97	26%
Most Times (61-99%)	84	26%	41	15%	53	20%	73	20%
Always (100%)	12	4%	7	3%	9	3%	22	6%
Total	322	100%	270	100%	262	100%	372	100%

Figure 15. Do organizations have descriptions of the skills required to perform processes?

In this case there appears to be little progress, at least if you compare 2005 and 2011. Many organizations that have put considerable effort into aligning processes and IT have put less in defining how people must perform if the process is to succeed. Interestingly, organizations that report they have made a major commitment to BPMS software report that they are much more likely to have done this *Always* (22%). This undoubtedly reflects the fact that many BPMS tools provide workflow capabilities that require the developer to set tasks for employees and to determine when the employee has completed the task. Europeans are a little better than North Americans and both are better than South Americans. And, those with a strategic commitment to BPM do much better.

Are Managers Trained to Do Process Redesign and to Manage Processes?

We changed this question in 2007. In 2005 we asked if the company provided training in redesign and project management. In 2007 we asked if managers were trained to do redesign and to manage projects. Thus, it probably isn't fair to compare the results between the two years too closely. From 2005 to 2009 the broad pattern has remained the same. At first glance it is hard to be sure anything has changed in 2011 – especially compared with 2005. (See Figure 16.)

Looking at various populations, its clear that Europeans are more likely to have managers trained *Most Times* (20%) or *Always* (18%). Eighteen percent of companies that have made a strategic commitment to BPM say they *Always* have their managers trained. North American organizations, on the other hand, only report that 4% *Always* have managers trained in process

Are managers trained to analyze, design, and manage business processes? Please indicate your organization's overall level of performance. (Choose one)								
	2005		2007		2009		2011	
Never (0%)	42	13%	55	20%	36	14%	70	19%
Occasionally (1-30%)	121	37%	135	50%	127	49%	150	40%
Frequently (31-60%)	96	29%	48	18%	55	21%	73	19%
Most Times (61-99%)	54	16%	30	11%	35	13%	55	15%
Always (100%)	15	5%	3	1%	8	3%	28	7%
Total	328	100%	271	100%	261	100%	376	100%

Figure 16. Are managers trained to analyze, redesign or manage processes?

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Does Your Organization Have Process Managers Who Are Responsible for Processes?

This year we asked a new question to probe the nature of process management in a bit more depth. We asked what kinds of "process managers" organizations had. We were interested to know whether companies had value chain managers, if they had managers for subprocesses within a division, or if they had managers for even smaller processes.

Does your organization have managers who are responsible for processes? (Choose one)	2005		2007		2009		2011	
Mangers. resp. for value chains							71	19%
Mangers resp. for major processes within divisions							121	32%
Managers. resp. for specific processes							102	27%
All managers trained to think as process managers							48	13%
Other							40	10%
Total							382	100%

Figure 17. What are an organization's process managers responsible for?

We were impressed that 19% of the organizations in the survey had value chain managers, and even more impressed that so many organizations had managers within divisions who were responsible for specific processes, major or otherwise. Note that we forced organizations to choose only one so that we could see where respondents would place their emphasis. In hindsight we might have allowed multiple responses here, as several organizations pointed out, in *Other* that they supported multiple types of process managers, and had both value chain managers and managers responsible for specific processes.

We have always thought that assigning process managers was the key to becoming a process-centric organization. At the same time, in our experience, it's the hardest thing for companies to commit to. In the abstract, everyone agrees that if your organization is serious about using processes to get results, someone has to be responsible for getting those results. Organizations without process managers too often find that, when something goes wrong, no one is responsible. On the other hand, organizations are very committed to the departmental management structure that most managers "grew up" with and any change in that approach is usually fiercely resisted.

Europeans were much more likely to have managers responsible for major processes within divisions, but not value chain managers. Companies with a strategic commitment to BPM were more likely to have process managers in every category.

Do Process Managers Use Performance Data to Manage Processes?

Continuing to focus on managers, we asked if the managers at the respondents' organizations used performance data to manage their processes. Implicitly, this assumes that the processes are monitored and that the data is organized in a manner that can support decisions. In most companies this kind of data is more common at the lower levels of the organization and less likely to be available at higher levels. Thus, for example, supervisors usually monitor the performance of workers and can usually point to specific instances where employees succeeded or failed to perform specific activities. The problem becomes more complex as one looks at higher-level managers who, in effect, manage other managers. Higher-level managers can only manage their subordinates using process performance measures if their subordinates are assigned responsibilities for specific processes and know what measures are used to evaluate the success or failure of the process.

In CMMI terms, this question probes the extent to which the company is moving from CMMI Level 3 to Level 4 and is focusing on measuring and managing processes in a systematic manner. (See Figure 18.)

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Do process managers use performance data to manage their processes? Please indicate your organization's overall level of performance. (Choose one)	2005		2007		2009		2011	
Never (0%)	42	16%	42	16%	36	14%	48	13%
Occasionally (1-30%)	129	48%	129	48%	127	49%	147	40%
Frequently (31-60%)	58	21%	58	21%	55	21%	90	24%
Most Times (61-99%)	36	13%	36	13%	35	13%	75	20%
Always (100%)	5	2%	5	2%	8	3%	12	3%
Total	270	100%	270	100%	261	100%	372	100%

Figure 18. Do managers use performance data to manager their processes?

Here we see a rather dramatic change. Those who only *Occasionally* use metrics to manage processes are down significantly, while organizations are much more likely to do it *Frequently* or *Most Times*. Clearly, organizations have been working on process measurement; except for the subpopulation with a strategic commitment to BPM (*Most Times* = 37%, *Always* = 6%), none stands out.

Are Process Improvement Programs in Place to Maintain Processes?

Broadly, there are two aspects of process change – **process redesign** that reorganizes broken or deficient processes and generates new, more effective processes, and **continuous process improvement** that incrementally improves existing processes. Some would argue that the natural lifecycle of a process involves an initial redesign effort to assure that the process functions as it should in the context of the larger process of which it is a subprocess, followed by continuous process efforts to refine the design and assure that the process continues to be as efficient as possible. Many companies rely on Six Sigma or Lean initiatives to manage continuous process improvement.

Are process improvement programs in place to identify and improve problems and defects? Please indicate your organization's overall level of performance. (Choose one)	2005		2007		2009		2011	
Never (0%)	43	13%	35	13%	21	8%	34	9%
Occasionally (1-30%)	107	33%	117	44%	138	53%	143	39%
Frequently (31-60%)	112	34%	63	24%	64	25%	107	29%
Most Times (61-99%)	51	16%	43	16%	31	12%	63	17%
Always (100%)	12	4%	8	3%	6	2%	17	5%
Total	325	100%	266	100%	260	100%	364	100%

Figure 19. Are process improvement programs in place?

We do not assume that everyone who answered this question (Figure 19.) distinguished between **redesign** efforts, which are more extensive, and **process improvement** efforts, which are more narrowly focused. In any case, the responses in 2011 look a little better than in 2009, but not much better than 2005.

Do Major Process Models Include Activities Performed by Outside Vendors/Partners?

We also asked respondents if their organizations modeled processes that included activities performed by outside vendors or partners. Many of the BPMS vendors, and the currently popular Service Oriented Architecture (SOA) vendors, are focused on helping companies create distributed or virtual business processes. Most companies have processes of this nature. Consider, for example, an organization's credit card approval process. The credit card system is undertaking steps in the overall purchase process – specifically, to approve the credit card and to approve the charge.

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In more complex or more integrated processes organizations will probably want to know the major steps in the external process so they can track the progress of that process. For example, they might want to know if the package is still at the warehouse, or if it is on a truck being delivered. Increasingly, companies are going to model large-scale processes, like supply chains, and want to understand not only their own processes, but the processes of their partners and suppliers. (See Figure 20.)

Do major process models include activities performed by outside vendors/partners? Please indicate your organization's overall level of performance. (Choose one)	2005		2007		2009		2011	
Never (0%)	81	25%	60	22%	61	23%	82	23%
Occasionally (1-30%)	115	35%	125	46%	115	44%	151	41%
Frequently (31-60%)	72	22%	50	19%	44	17%	65	18%
Most Times (61-99%)	40	12%	26	10%	28	11%	41	11%
Always (100%)	18	6%	8	3%	13	5%	25	7%
Total	326	100%	269	100%	261	100%	364	100%

Figure 20. Do companies model processes that include partner or supplier activities?

There seems to be no shift from 2009 to 2011. Companies may want to know about how their outsourced activities fit with their own, but those that really want to know presumably already do and the rest aren't making much progress.

An Overview of Organization Maturity Today

As we commented when we started to consider this set of questions, we asked the questions in order to get respondents to define the overall maturity of their organizations. We wouldn't want to claim that our series of questions was the equivalent of a comprehensive CMMI audit. On the other hand, we did design this set of questions to test a number of key items that are associated with specific levels in the CMMI model. (See Appendix I for a quick overview of the CMMI levels.)

We expected most companies to be CMMI Level 2 companies, and the data for 2005, 2007, and 2009 suggest that's exactly what they are. We assume that all the attention on process in the past 4-5 years has led lots of companies to increase their efforts to become Level 3 companies and we see signs of that. Figure 21. shows how we summarized the respondents' answers in 2009. We could present similar charts for 2005 and 2007 and they would all look essentially the same.

The first thing to notice about Figure 21 is that the right hand set of boxes remain uniformly short. Only 3-5% of the respondents said that their organizations are "Always" doing these things. This matches CMMI data that suggests that only around 3-5% of the organizations studied could be said to be fully mature Level 5 organizations.

Second, the broadest pattern, which has most organizations only "Occasionally" doing any of the tasks, also still holds true.

Then, look at Figure 22. Note that in Figure 21, the highest columns rose to a little under 50% while in Figure 22, which reports on 2011, the columns rise to a little under 40%, reflecting the shift from *Occasionally* to *Frequently*, etc. The bars representing *Occasionally* on Figure 21 are considerably lower, and the responses of *Frequently, Most Times*, and *Always* are all significantly higher. It was sometimes difficult to detect when we looked at the specific answers, but when we stand back and look at all the maturity data, summarized in one place, the shift is rather dramatic. There has been a real change in the process market over the course of the last two years. It might not impress you as you look at the responses to any of the specific questions in this section, but when you look at the results, as a whole, more companies are reporting more frequent process activities.

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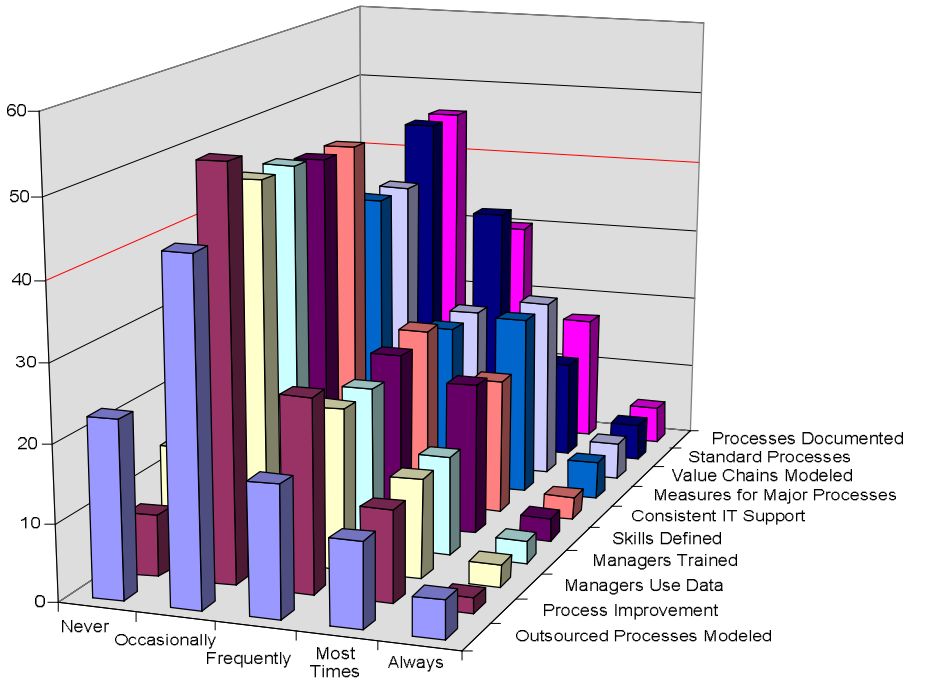

Figure 21. An overview of how often organizations are undertaking various types of process work, circa 2009

On average, companies are becoming more mature. Moreover, they aren't just doing more of one or two specific things, but are increasing their activities in a wide variety of areas.

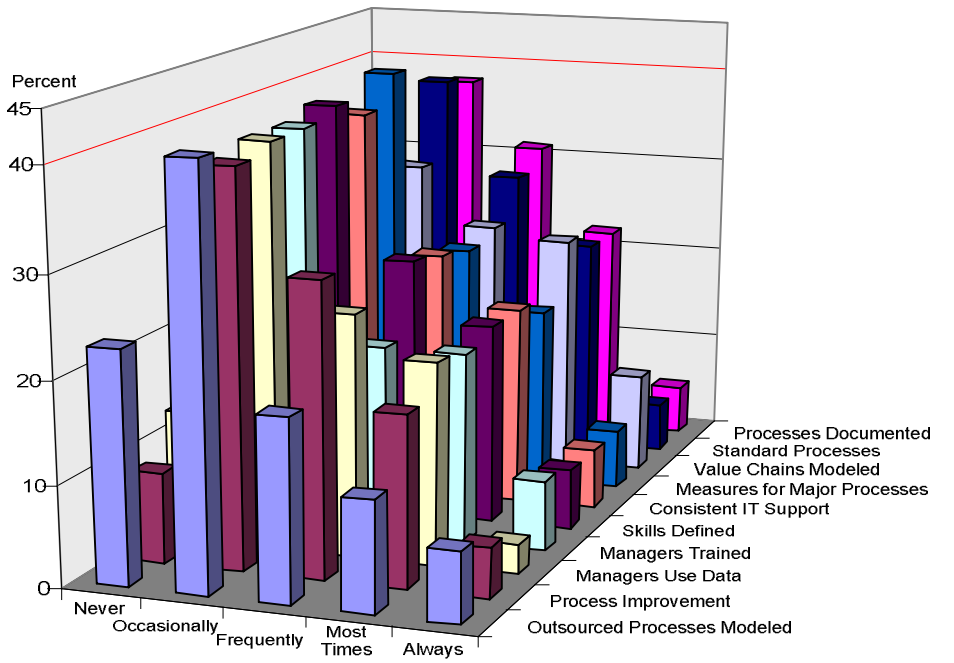

Figure 22. Data for 2011

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We have reproduced the same 2011 data below, as Figure 23.

	Never	Occasionally	Frequently	Most Times	Always
Processes Documented	3%	38%	31%	22%	5%
Standard Processes	5%	39%	29%	22%	5%
Value Chains Modeled	9%	31%	25%	24%	10%
Measures for Major Proc.	10%	42%	24%	18%	6%
Consistent IT Support	9%	39%	25%	20%	6%
Skills Defined	8%	41%	26%	20%	6%
Managers Trained	19%	40%	19%	15%	7%
Managers Use Data	13%	40%	24%	20%	3%
Process Improvement	9%	39%	29%	17%	5%
Outsourced Proc. Modeled	23%	41%	18%	11%	7%
Average for 2011 Survey	**10.8%**	**39.0%**	**25.0%**	**18.9%**	**6.0%**
Average for 2009 Survey	9.7%	46.1%	23.9%	16.5%	3.9%

Figure 23. Questions about the prevalence of specific organizational activities

When you look at the figure, it is clearer that, although most organizations still say they *Occasionally* do most of the process activities, and almost similar numbers say that they *Frequently* do things, the real difference is in those who say they *Always* do it. This suggests that it isn't so much that most organizations are getting better, but rather that a few organizations are getting much better, and *Always* do things in a mature fashion.

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BPM Spending

How Much Are Companies Spending on BPM?

We asked each survey participant to estimate how much money his or her organization was spending on business process work. In 2011, as in past years, more than half the respondents said they were spending less than $500,000. In addition, you can see that there has been an overall decline in how much organizations are spending on BPM. The decline has not been precipitous; some companies have managed to avoid cuts, but most companies have responded to the economic slowdown by cutting spending and BPM has not been exempt. (See Figure 24..)

How much would you estimate your organization will have spent on business process analysis, process management, monitoring, redesign, and improvement in 2011? Include BPM management, Lean Six Sigma, process automation, and overhead staff. DO NOT include outsourcing or ERP software and implementation costs. (Choose one)								
	2005		2007		2009		2011	
$0-$500,000	185	57%	136	51%	136	54%	212	63%
$500,000 to $999,999	50	15%	42	16%	38	15%	53	16%
$1 million to $5 million	63	19%	55	21%	52	21%	41	12%
$5 million to $10 million	10	3%	10	4%	9	4%	15	4%
Over $10 million	16	5%	18	7%	11	4%	9	3%
Over $50 million			5	2%	7	3%	4	1%
Total	324	99%	266	100%	253	100%	334	100%

Figure 24. How much organizations are spending on BPM

Three of the 4 companies that said they were spending over $50 million were companies that said they had a strategic commitment to BPM. One of them was a company that said it was committed to BPMS. One was from Europe and 2 were from North America. Of the 9 companies that said they were spending over $10 million, 3 were from North America and 3 were from Europe.

Response to the Worldwide Financial Downturn

This is a question we asked for the first time in 2009. The responses underscore the old adage that business process work is recession proof: In good times companies spend to get into new businesses and in bad times they still spend on processes to save money.

As you can see below, 29% of our respondents said their companies cut back but most continued their BPM efforts. More to the point, 35% of our respondents said that their organizations did not cut back on their BPM spending. (See Figure 25.)

We talked with a number of people at major software integrators and they consistently said that their major projects were still on track. Apparently, most companies did not try to scale back major, ongoing projects. We also know that many BPM projects were placed on hold. In other words, companies continued what they were doing, but many held off making new commitments. Similarly, BPM training and conference attendance dropped dramatically in early 2009 due to company-wide reductions in travel and training budgets. Overall, however, we believe that most organizations maintained their BPM efforts and will be ready to scale up their efforts in 2012 when budgets begin to increase.

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Every company has responded to the worldwide downturn of the last few years. How would you describe your company's response – as far as business process initiatives are concerned? (Choose one)										
	2005		2007		2009		2011	
We cut back sharply, as a result of the economic downturn, and there's no end in sight					25	10%	25	7%
We cut back sharply, but now are beginning to become active again					30	12%	41	11%
We cut back, but have continued BPM efforts					75	29%	108	30%
We cut back, but are now beginning to accelerate again					19	7%	25	7%
We didn't cut back our BPM spending					90	35%	130	36%
Other, please specify					21	8%	30	8%
Total					260	100%	359	100%

Figure 25. Response to financial downturn

North American companies were much more likely to have cut back, while European and South American companies did not cut back nearly as much. South American companies were much more likely to report that they are now accelerating again.

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Corporate BPM Activity Today

We asked a number of questions to gain insight into what organizations were doing to improve their business processes. Several questions were asked about process activities that occurred at the Enterprise, Process, or Implementation Levels. These questions rely on a common BPTrends classification. If this classification is unfamiliar, you can review it in Appendix I. In a similar way, in discussing software products being used in support of BPM efforts, we often rely on the categories we defined in the BPTrends Software Tools Classification. The BPTrends Tools Classification is also described in Appendix I for readers who might not be familiar with our approach to defining this rather confusing marketplace.

The Overall Focus of Organizations at This Time

We asked this question for the first time in 2009. The choices ranged from department efforts through to enterprise wide process management efforts. As you can see in Figure 26, in 2009 the largest number of respondents were either working to improve a specific departmental process or focused on incrementally improving existing processes. Both are compatible with companies trying to save money. On the other hand, in 2011, more organizations report that they are working on automating processes and on redesigning enterprise wide processes, and there has also been a slight up-tick in the number of companies that say they are focused on enterprise-wide process management systems.

How would you describe the overall focus of your organization at this time? (Choose one or two)	2005		2007		2009		2011	
Focused on improving specific departmental level processes					84	32%	108	28%
Focused on automating departmental or enterprise wide processes					59	23%	122	31%
Focused on incrementally improving existing processes					84	32%	128	33%
Focused on redesigning enterprise wide processes					64	25%	72	18%
Focused on defining an enterprise wide process architecture/ measurement system					47	18%	62	16%
Focused on defining an enterprise wide process management/ governance system					44	17%	80	20%

Figure 26. Overall focus of organization at this time

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Figure 27 shows how some of the various subgroups of respondents answered this question. Respondents could choose more than one answer, so the numbers don't total 100%.

Respondents	Improving Specific Dept. Processes	Focused on Automating Dept. or Ent Processes	Incremental Improvement	Redesigning Enterprise Processes	Defining an Ent.-wide Process Arch.	Defining Ent. Process Governance
North Americans (103 total resp.)	37%	20%	38%	20%	17%	18%
Europeans (145 total resp.)	23%	34%	29%	18%	12%	25%
South Americans (62 total resp.)	20%	41%	41%	17%	20%	14%
Respondents who have taken survey before (98 total resp.)	36%	29%	26%	20%	22%	26%
Executives & business or line managers (92 total resp.)	19%	29%	30%	11%	18%	26%
Organizations who say BPM is a strategic concern (106 total resp.)	20%	38%	25%	21%	21%	32%
IT employee responses (57 total resp.)	30%	41%	36%	18%	21%	27%
Organizations with a major commitment to BPMS software (121 total resp.)	8%	44%	36%	26%	21%	18%
Overall	**28%**	**31%**	**33%**	**18%**	**16%**	**20%**

Figure 27. Analysis of how various subgroups of respondents answered

First, notice that respondents who said their organizations' executives had a strategic commitment to BPM also said that their organizations were more committed to a focus on enterprise processes (38%) and on defining an enterprise-wide process governance system (32%). Interestingly, respondents from the computer/consulting industries and those who said their organizations had a strong commitment to BPMS also were more likely to indicate a heavy commitment to enterprise work.

Notice, too, that in almost all cases, departmental redesign and continuous improvement were more popular focuses than a focus on automation. It is particularly noteworthy that respondents who said their organizations had a strategic commitment to BPM did not evidence a high focus on automation. We have argued elsewhere that organizations need to understand their processes before they are prepared to invest heavily in BPMS or other forms of process automation and, clearly, these numbers reflect that emphasis.

The Existence and Location of BPM Groups

We asked all respondents if their organizations had a Business Process Management Group (or Center of Excellence) to coordinate, train, and support business process efforts within the organization. We asked those that had a BPM Group to tell us where it was located. It's been our experience that organizations that are serious about enterprise level work – organizations moving from CMMI Level 3 to Level 4 – usually have their BPM Group at the enterprise level, reporting to a corporate level executive or to an executive level committee, like planning or strategy. Organizations that have their business process groups located in IT or Quality Control usually have a more limited perspective on BPM and are focused only on a part of the total BPM picture. (See Figure 28.)

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Does your organization have a group (or center of excellence) responsible for Business Process Management and, if so, where is it located within your organization? (Choose one)								
	2005		2007		2009		2011	
We do not have a formal BPM Group	110	34%	96	36%	86	33%	135	36%
Our BPM Group is at the Executive level	59	18%	36	13%	33	13%	67	18%
Our BPM Group is at the Divisional or Departmental level	63	20%	48	18%	46	18%	59	16%
Our BPM Group is located within IT	46	14%	44	16%	42	16%	56	15%
Our BPM Group is located within HR or Training	1	0%	3	1%	4	2%	3	1%
Our BPM Group is located within Finance	4	1%	7	3%	4	2%	13	4%
Our BPM Group is located within Quality Control	21	7%	16	6%	16	6%	17	5%
Other, Please Specify	26	8%	19	7%	29	11%	21	6%
Total	330	102%	269	100%	260	100%	371	100%

Figure 28. Where the BPM Group is located within the organization

As you can see by glancing at Figure 28, there really isn't much difference between the responses over time. One might see a slight increase in the number of BPM groups that report to executives rather than department managers, but it's a bit early to tell if this is really a trend.

This seems odd to us, as many of the process people we talk with seem to be focused on the problems of setting up a new BPM group or Center of Excellence (CoE) than on any other single issue. But the data suggests that the total number of companies with a BPM CoE has not increased significantly.

About a third of the respondents said they do not have a BPM group or CoE. Of those having a BPM group, most report the group is located at the executive level, at the departmental or divisional level, or in IT. This overall pattern is reflected by all the respondent subgroups, except for companies with a major strategic commitment to BPM, and almost a third of those respondents indicated that their organizations are much more likely to have a BPM CoE at the executive level.

Use of BPM Strategy and Planning Consultants

In an effort to gauge the market for BPM consulting we asked a series of questions about how respondents would use outside consultants if they had the money to hire them. In the first question we asked about the uses they might make of a consultant at the enterprise level. Indirectly, this question asks where companies think they have problems that are beyond existing, internal expertise.

Broadly, in 2011, as in years past, respondents divided their needs relatively equally among strategy, enterprise process architecture, enterprise measurement, and coordinating and managing. They were slightly less likely to spend their money on improving process governance than on the other three areas, but not by much. (See Figure 29.)

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If your organization could hire outside consultants to help with your BPM strategy and planning, where would you focus their efforts? (Choose all that apply)	2005		2007		2009		2011	
Defining the relationship between Strategy and Process	134	43%	125	47%	101	40%	147	43%
Developing an Enterprise Process Architecture	122	39%	121	45%	91	36%	133	39%
Developing an Enterprise Performance Measurement system	115	37%	98	37%	103	41%	119	35%
Coordinating and managing your Business Process Management projects and programs	101	33%	100	37%	88	35%	123	36%
Other, Please Specify	33	11%	30	11%	33	13%	33	10%

Figure 29. How respondents would use consultants at the enterprise level

There were no significant variations from the general pattern shown in Figure 29 when we examined the various subpopulations.

The Use of Consultants at the Process/Project Level

We also asked respondents to tell us how they would use outside help if they could hire consultants to help them at the process level. (See Figure 30.)

If your organization could hire outside consultants to help with BPM projects, where would you focus their efforts? (Choose all that apply)	2005		2007		2009		2011	
Process Manager training	116	37%	121	45%	97	38%	144	41%
Balanced Scorecard	69	22%	64	24%	56	22%	78	22%
Process Redesign projects	111	35%	114	43%	105	41%	121	35%
Using BPM Frameworks (SCOR, ITIL)	87	28%	64	24%	60	23%	68	19%
Six Sigma Process Improvement projects	55	17%	59	22%	39	15%	43	12%
Process Automation projects	94	30%	86	32%	72	28%	117	33%
Process Analysis and Design training	136	43%	115	43%	105	41%	133	38%
Business Process Outsourcing	23	7%	23	9%	19	7%	29	8%
ERP support for BPM	40	13%	32	12%	30	12%	60	17%
Linking Knowledge Management and BPM	89	28%	94	35%	69	27%	83	24%
Other, Please Specify	21	7%	18	7%	29	11%	25	7%

Figure 30. The use of consultants at the process level

Once again, our respondents have chosen more or less the same options in 2011 as they chose in 2009. As in the past, help with Process Manager training, Process Automation projects, and Process Analysis and Design training were the most popular.

As in the past, help with Six Sigma and BPM Frameworks continued to show a decline, and help with ERP support for BPM got a slight up-tick.

The Use of Standard, Enterprise-wide Business Process Methodologies

We decided to add a new question this year to explore the nature of methodologies that organizations are using. To start off, we simply asked whether the organization used a standard, enterprise-wide methodology or a variety of approaches. Standardization on a process methodology

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is usually associated with a growing process maturity and a significant commitment to organization-wide work.

Does your organization have a standard, enterprise-wide business process methodology? (Choose one)	2005		2007		2009		2011	
No, we have many different methodologies							104	28%
No, but we are considering standardizing on a single process methodology							118	32%
Yes, we have an enterprise standard process methodology							151	40%
Total							373	100%

Figure 31. Does your organization have a standard, enterprise-wide BP methodology

As you can see, 40% of the respondents report that they have a standard, enterprise-wide process methodology, and another 32% suggest that they are considering standardizing.

Dominant Process Methodologies

In a second new question about methodology, we asked respondents to characterize their organization's dominant BPM methodology. Respondents were asked to choose only one of three possibilities, because we wanted to know if respondents thought their dominant process methodology was a top-down, bottom-up, or a methodology focused on process automation. This three part distinction seems to best describe today's process methodology market, although there are some methodologies that attempt to cross the lines and include techniques from other areas.

Broadly, **top-down methodologies** begin by asking what the organization ought to be doing. This usually includes a description of products, value chains, and customers' needs. Having defined goals, a top-down methodology proceeds to work down to find out what elements support goals or where the worst problems lie.

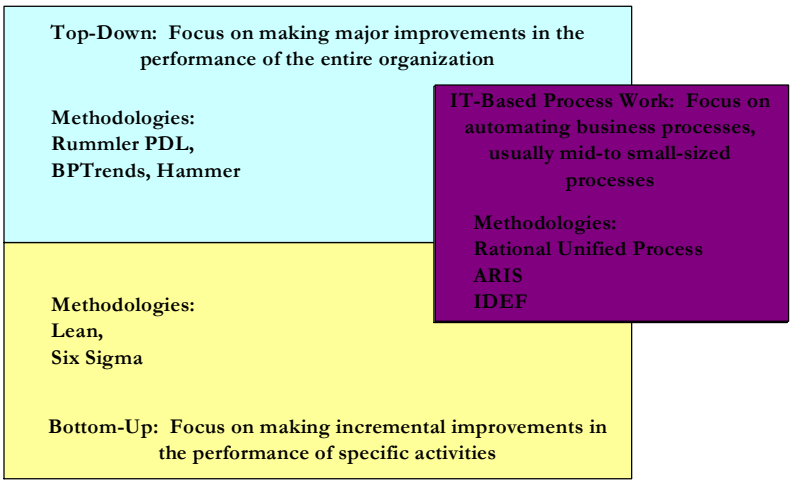

Figure 32. Types of business process methodologies

Bottom-up methodologies begin by identifying specific problems and then setting out to improve specific processes. This approach is often combined with incremental improvement and in some cases with employee teams that are responsible for incrementally improving processes.

IT-based methodologies focus on automating business processes.

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Any one of these approaches can be combined with others. Lean is a good example: Most think of it as a bottom-up, incremental approach, but it also incorporates a top-down approach - enterprise-wide modeling.

How would you characterize your organization's dominant process methodology? (Choose one)										
	2005		2007		2009		2011	
A top-down methodology focused on major process change							88	24%
An incremental methodology focused on continuous process improvement							179	48%
A software methodology focused on process automation							82	22%
Other, please specify							22	6%
Total							371	100%

Figure 33. Characterize your organization's dominant process methodology

As you can see by glancing at Figure 33, almost half the organizations report having an incremental methodology and being focused on continuous process improvement. This could be a proprietary approach, but it most likely means either Six Sigma or Lean.

Process Methodologies Used Today

In the third new question about methodology, we asked respondents to indicate which of several popular process methodologies they used. They could choose more than one, so this question asks about any and all process methodologies the organization uses.

Ignoring proprietary methodologies for a moment, and in keeping with the fact that most organizations report using their own methodology and an incremental approach to process improvement, the leading methodologies that respondents said they were using are Lean, Six Sigma, and Lean Six Sigma. (Note in passing that some Lean practitioners object to having Lean grouped with Six Sigma while Six Sigma practitioners are inclined to group the two approaches.) A quick glance at the number of Lean and Six Sigma books sold, compared with BPM books sold, suggest that there is a much larger market for Lean and Six Sigma books. Even when an approach is slowly declining, if it starts from a large base, it remains the most popular approach for quite awhile.

The BPTrends Associates (BPTA) methodology, like Rummler (PDL) and Hammer methodologies, is a top-down approach that begins with an overview and then drills down. We checked the overlap between the BPTA, Rummler, and Hammer approaches, and there isn't much. Thus, if you add those respondents who say they used any of these top-down approaches, you arrive at 23% of respondents. In other words, in this survey, about the same percentage of respondents picked a top-down approach as picked Six Sigma.

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Do you use any of these process methodologies? (You may choose more that one)	2005		2007		2009		2011	
Lean							93	27%
Six Sigma							78	22%
Combined Lean Six Sigma							91	26%
Rational (or similar IT-based methodology with process elements)							40	11%
Business Rule Methodology							49	14%
BPTrends Associates Methodology							34	10%
Rummler/PDL Methodology							18	5%
Hammer Methodology							28	8%
Framework Methodology (SCOR, eTOM)							42	12%
Consulting Company Methodology (CSC's Catalysis)							17	5%
CMMI Methodology							56	16%
Our organization has its own methodology							148	43%
Other, Please Specify							38	11%

Figure 34. Some specific methodologies used by organizations

Process Standards

Anyone who deals with commodity items is helped by standards. Imagine if every hardware vendor created a unique type of screw head and you had to buy a different screwdriver to deal with the screws on each different piece of hardware you acquired.

Which of the following process standards is your organization interested in adopting? (Choose as many as apply)	2005		2007		2009		2011	
ARIS EPC (Notation)							52	14%
ISO 9000	142	49%	104	40%	89	36%	144	39%
IDEF (Notation)							17	5%
Sarbanes-Oxley	131	45%	86	33%	74	30%	46	13%
CMM/CMMI	82	28%	73	28%	75	30%	62	17%
BPEL	68	23%	67	26%	49	20%	43	12%
XPDL			15	6%	16	6%	19	5%
BPMN (Notation)	65	22%	106	41%	126	51%	219	60%
UML (Notation)	96	33%	78	30%	59	24%	52	14%
OMG Business Process Metamodel	28	10%	19	7%	18	7%	18	5%
OMG Business Rules Metamodel	12	4%	10	4%	14	6%	13	4%
OMG Business Process Maturity Model			28	10%	35	14%	20	5%
OMG Model Driven Architecture (MDA)			21	8%	18	7%	13	4%
Other, Please Specify	60	21%	61	23%	48	19%	54	15%

Figure 35. Standards companies are using

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Any company that has used a new software product and then, subsequently, decided to switch to another product and found that everything had to be redone - since there was no way to move data from one tool to the other - would have preferred that vendors conformed to common data representation standard. The problem in an emerging market, however, is that everyone needs to agree on what's important and how best to represent things before anyone is ready to define a standard. It's that way, at the moment, with business processes. Every user would like common data representation and software standards, but most users are still trying to determine what standards they want or need. Meantime, different vendors are promoting their own standards, hoping that others will rally round and agree to their standard.

Some process areas have remained remarkably free of formal standards. There are no formal standards in the Six Sigma area, for example. (If pressed, we might say that the ASQ provides a Six Sigma standard, but few Six Sigma vendors would agree.) A Black Belt means different things to different groups, and everyone seems to get along with this lack of precision.

Software vendors, however, need more precision, and there have been a number of standardization efforts launched to spell out process-related software standards. Most are still in committee. We asked companies what standards they were using, involved with, or interested in, and we suggested a wide range of options. We added some new standards in 2011 to capture items that companies have referred to in past surveys under "Other" to make the list more comprehensive.

The most impressive pattern shown in Figure 35 is the growing importance of the OMG's Business Process Management Notation (BPMN). Other OMG standards have attracted little interest from process people, but BPMN is not important to more than half our respondents. Interestingly, BPEL, a standard approach for moving from a process description to code, has lost support since 2005. Other OMG standards, like their maturity model (BPMM) or their Business Process Metamodel, have failed to attract much interest.

We suggest the lack of more interest in BPEL is a result of the fact that BPMS software tools have become a moving target and that most companies haven't adopted them, or are using them for different purposes. Meantime, BPEL was slow to offer a comprehensive solution and few vendors have fully implemented it. For whatever reason, interest in the standard has declined in recent years.

BPM Products and Services Currently Being Used

We asked respondents to tell us what business process products and services were currently being used at their organizations, and we have summarized their responses in Figure 36. In this case we asked companies what they were actually doing, as opposed to what they might like to do if they had some additional money to spend on consultants.

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What BPM products and services is your organization currently using? (Choose all that apply)	2005		2007		2009		2011	
Graphics Modeling tool (Visio, PowerPoint)	247	77%	199	74%	183	70%	257	71%
Repository based Modeling tool (ProVision, MEGA, Casewise)	122	38%	85	32%	104	40%	97	27%
BPM Suite that can manage the runtime execution of a business process	74	23%	64	24%	67	26%	135	37%
Tool for managing a Rule-based process or application	56	17%	50	19%	46	18%	71	20%
Process Monitoring/BI tool that can feed information to an executive dashboard	58	18%	65	24%	67	26%	87	24%
Training in Process Strategy, Architecture or Performance	56	17%	44	16%	47	18%	46	13%
Training in Process Analysis and Design	107	33%	82	31%	89	34%	111	30%
Training in Process Redesign and Improvement methodology	78	24%	65	24%	74	28%	73	20%
Training in BPM Systems	47	15%	38	14%	48	18%	73	20%
Attendance at BPM Conferences	99	31%	94	35%	91	35%	99	27%
Other, Please Specify	23	7%	26	10%	19	7%	31	9%

Figure 36. Process products and services currently used by companies

For awhile it seemed as if companies were moving away from the simpler graphic modeling tools, like Visio, and toward repository tools like ProVision and Casewise. This year, however, responses suggest that something else is happening. To understand this year's results, keep in mind that many of the popular process modeling tools have been acquired by the BPMS vendors. ProVision was formerly a stand-alone process modeling tool, which was acquired by Metastorm, a BPMS vendor that was in turn acquired by OpenText, a large content management company. Thus, two things have happened. Many of the smaller companies, specializing in process modeling, are battling for a share of the declining process modeling environment, while other companies that were already using established tools, like ProVision, now find themselves using a BPMS environment. (In many cases the BPMS vendors sell the process modeling tool separately, but customers usually move up to the BPMS suite, even if they are only using the process modeling portion of the larger package.

At the same time, however, it is fair to say that BPMS vendors are selling more products. They have struggled for several years to prove their worth. In the 2005-2009 timeframe, most companies acquired one or a few units to explore the value of BPMS solutions. The sharp jump in BPMS use from 2009 (26%) to 2011 (37%) is dramatic.

Finally, add one more consideration: We have more respondents this year than we had two years ago, and many are probably new to BPM. Thus, we have added respondents who are just starting to climb the process learning curve and have not yet decided on a more sophisticated modeling tool for enterprise work. If you only look at respondents who have taken the survey in the past, just 12% use a simple graphics modeling tool.

Figure 37 looks at how some subpopulations respond to this question.

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Broadly speaking, Europeans have always taken modeling more seriously than North Americans, especially managers. Thus, we see more North Americans using simple graphics tools like Visio, and more Europeans using more sophisticated modeling tools. And, government and military organizations and those with a strategic commitment to BPM are more likely to have an interest in Repository modeling tools.

Interestingly, respondents who have taken the survey before are considerably more likely to go to a BPM conference. Respondents who come from organizations with a strategic commitment to BPM say their organizations are most likely to be interested in training in a process redesign or improvement methodology. Large companies are also more interested in methodologies. Respondents from companies that have a major commitment to BPMS are much more likely to want training in BPMS software. Companies from the finance industry also have a heightened interest in BPMS training.

Clearly, as organizations become more mature they develop different needs and buy different products and services to support their evolving requirements.

Respondents	Graphics Modeling	Repository Modeling Tool	BPM Suite	Rule -based Mang Tool	Monitoring/BI Tool	Training --Ent Arch.	Training – Anal & Design	Training – Redesign & Improve. Methodology	Training -- BPMS	Attendance BPM Conf
North Americans (103 total resp.)	79%	33%	24%	22%	28%	19%	36%	33%	20%	38%
Europeans (145 total resp.)	64%	53%	27%	17%	27%	19%	30%	29%	20%	33%
South Americans (62 total resp.)	65%	51%	26%	26%	26%	26%	42%	31%	19%	49 %
Respondents who have taken survey before (98 total resp.)	57%	57%	38%	20%	33%	20%	37%	34%	25%	37%
Executives & business or line managers (92 total resp.)	71%	39%	29%	26%	26%	21%	26%	29%	13%	53%
IT employee responses (57 total resp.)	68%	47%	28%	29%	18 %	17%	36%	29%	18%	17%
Organizations with a major commitment to BPMS software (121 total resp.)	70%	44%	37%	33%	26%	19%	26%	26%	23%	47%
Organizations who say BPM is a strategic concern (106 total resp.)	20 %	11 %	40 %	11 %	20%	26 %	29 %	32 %	32%	34 %
Overall (399 total resp.)	**71 %**	**27 %**	**37 %**	**20 %**	**24 %**	**13 %**	**30 %**	**20 %**	**20 %**	**27 %**

Figure 37. Analysis of how various subgroups of respondents answered

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Which Tools Are Most Valuable?

In 2007 we shifted from simply asking what business process tools were being used, to asking which specific business process tool was most valuable to each organization. In 2005, respondents could choose multiple responses, thus the number totaled more than 100%.

When you compare 2011 to 2009 you notice the slight but continuing decline in respondents who say graphics tools are most important and a significant jump in the number who say that BPMS suites are the most important. (See Figure 38.)

Which of the following software tools have been most important to your business process management efforts in 2011? (Choose one)	2005		2007		2009		2011	
Organizational Modeling environment	37	12%	13	5%	9	4%	16	4%
Graphics tool (Visio, PowerPoint)	133	42%	83	31%	70	27%	108	29%
Process Modeling tool (Casewise, IBM Modeler, ProVision)	122	39%	63	24%	70	27%	62	17%
Business Rules tool	30	10%	5	2%	6	2%	12	3%
Repository	41	13%	11	4%	16	6%	15	4%
BPMS Suite or execution environment (Workflow, EAI)	64	20%	34	13%	41	16%	102	28%
Simulation tool	34	11%	8	3%	8	3%	6	2%
BAM/Real-Time Process Monitoring tool	23	7%	3	1%	4	2%	11	3%
Performance Metrics tool/system	51	16%	22	8%	18	7%	11	3%
Other, Please Specify	21	7%	22	8%	13	5%	24	7%
Total	556	177%	264	100%	255	100%	367	100%

Figure 38. Which software tools are most valuable

Once again, as we have already emphasized, most of the repository-based process modeling tools that were popular a few years ago have been acquired by BPMS vendors. Thus the reported increase in the perceived value of BPMS tools - from 16% in 2009 to 28% in 2011 - may simply relate to the fact that more organizations are now doing process modeling in BPMS suites. It may not indicate that companies are committed to creating runtime applications in BPMS tools. However, clearly, the use of BPMS products among Early Adopters is accelerating.

The BPMS Market

We asked respondents to tell us what specific BPMS products they used. In 2011, as in 2009, the most widely used BPMS tools were the tools sold by the major platform vendors, including IBM, Oracle, Software AG. and SAP, which is to be expected. What is more interesting, however, is the degree to which a large number of diverse vendors continue to remain in the market. In spite of considerable consolidation, there are still many small to mid-size vendors who are successfully introducing, promoting, and selling BPMS products. However, of the approximately 30 additional vendors identified by respondents, none had a large enough percentage of respondents to make a valid factored analysis. One other point of interest is that there are no significant differences between the tools being used by Europeans and those being used by North Americans.

To understand the results of questions about BPMS, one needs a basic understanding of the history and evolution of the BPMS market. BPMS is a specific class of software that has evolved rapidly since about 2003. The best way to understand the impulse that got many organizations interested in

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BPMS is to read *Business Process Management: The Third Wave* by Howard Smith and Peter Fingar (Meghan-Kiffer, Tampa, Florida, 2003). This book argued that the Internet and XML protocols and a new software modeling language (Pi Calculus) made it possible to create workflow applications that business managers could monitor and update on a daily basis. In essence, BPMS applications were to usher in a new era of automated business process management that would make companies much more agile as they struggled to respond to changing customer demands. We believe that this vision will eventually be realized, although, as with other visions of this kind, there are a lot of details to be worked out in the process.

In the years immediately after 2003, a wide variety of vendors began to offer BPMS products. Some emphasized their ability to link existing software applications together, or to make those (mostly ERP) applications more flexible. Others emphasized their ability to provide good human interfaces for labor intensive processes, or to support the use of business rules in cases where decisions were important. Still others emphasize their ability to monitor process events and provide support for managerial decisions to correct processes that moved off target. Most large organizations began to experiment with these tools, but quickly realized that (1) they would need tools that did all of these things, and (2) capabilities of the tools would need to be tightly integrated and have good interfaces if business managers were to use them effectively. To solve this problem, large vendors began to acquire other vendors, hoping to acquire the technologies needed to create a comprehensive business process development and management platform.

During this same decade, while the vendors were acquiring modeling, rules, and BI vendors to incorporate into their BPMS offerings, the busses on which software operates have evolved, from server platforms, to Service Oriented Architectures (SOA) to Cloud environments that maintain the basic software on some Internet server independent of the user. Each of these changes has led the larger vendors to undertake major changes in their software offerings. Between the major changes required to integrate diverse technologies like process modeling, business rules, workflow, and BI, and the total rewrites required to support different busses, all BPMS products have remained works in progress. This has certainly confused potential clients and delayed adoptions as organizations wait for the market to settle down.

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Figure 39 provides an overview of some of the acquisitions that have occurred and suggests some of the dominant players in the current BPMS market.

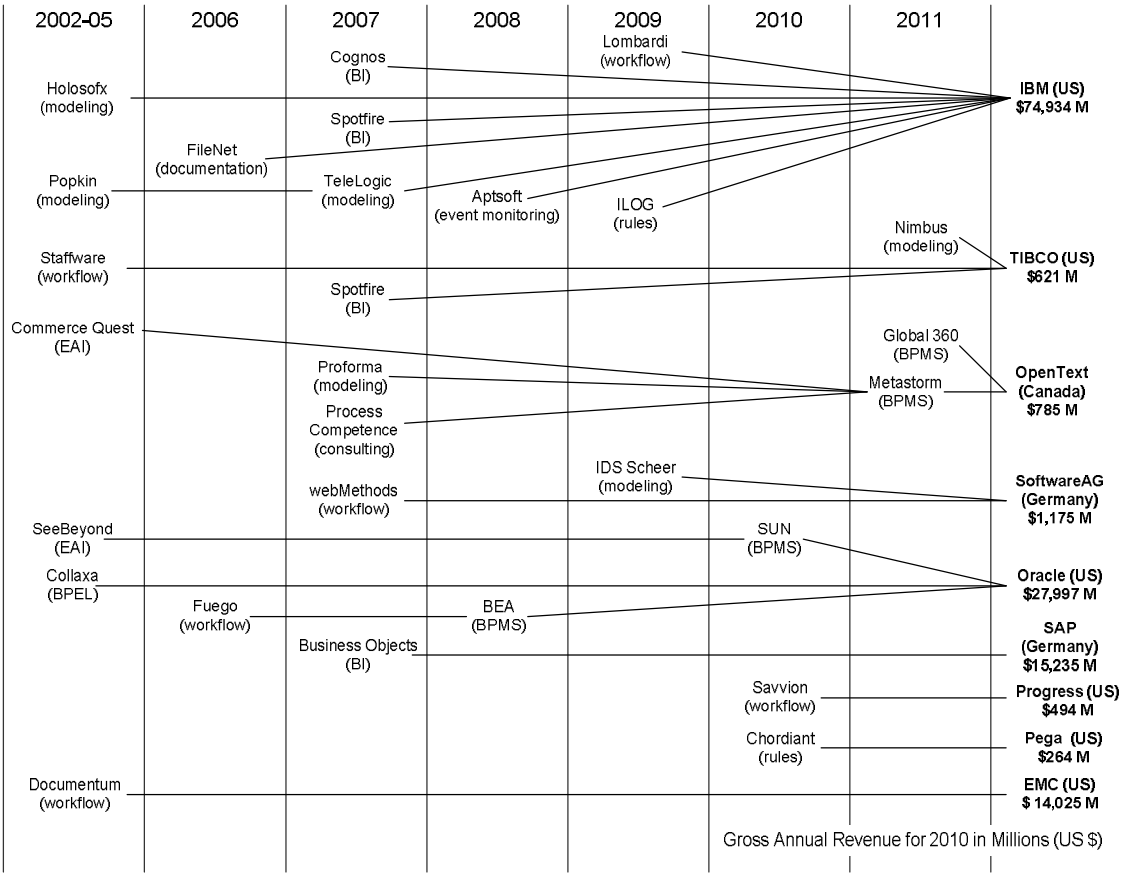

Figure 39. An overview of the acquisitions and mergers that have occurred in the BPM marketplace since 2002.

A the same time as the consolidation shown in Figure 39 is taking place, there is also a continuing split in the vision that vendors and users have for BPMS. Many are still inspired by the vision Smith and Fingar proposed and hope to create a process environment that business managers can use to manage their own business on a daily basis. As the larger vendors have acquired other companies they have necessarily created more complex tools that are really programming environments only suitable for software developers.

Thus, as the major vendors have acquired and struggled to integrate the large process programming platforms they are creating, new vendors have entered the market and are offering tools that are easier for business managers to use. Creating such a tool is no easy task – it may be impossible – but it continues to inspire new entries to the business process software market and that, in turn, keeps the market dynamic. Thus, even though most of the leading BPMS vendors that existed in 2005 have been acquired, dozens of new vendors have announced new products and the field remains crowded. Figure 40 provides an overview of the divergent goals that continue to characterize the BPMS market and pictures some of the changes in the market that have made the development of a single comprehensive tool very difficult.

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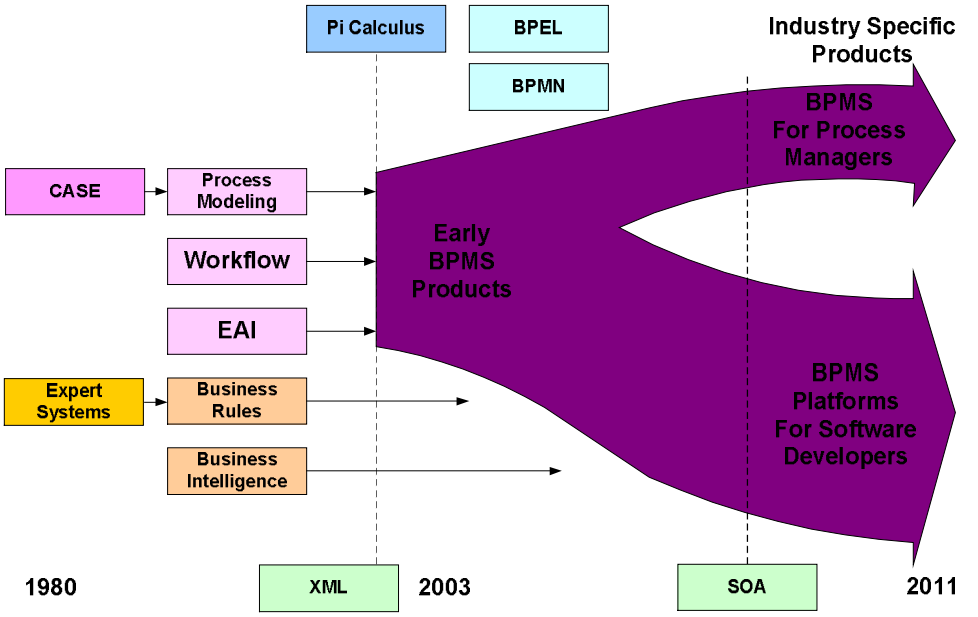

Figure 40. The split in the BPMS product market.

If you keep these two strong trends in mind – consolidation and the split between BPMS as a programming environment and BPMS as a business manager's tool, – you will understand why it is difficult to summarize the results at this point in time.

The Use of BPMS Applications

This is a new question that we asked to learn more about why BPMS tools are being used.

If your organization is developing applications using a BPMS product, indicate why you are using it. (Check all that apply)	2005		2007		2009		2011	
We have only done 1 or a few apps to explore the technology							31	12%
IT is using BPMS as a better way to develop software							79	31%
Business people are using BPMS to develop apps							45	17%
We use BPMS to define our business processes							118	46%
We use BPMS to make our ERP applications more agile							56	22%
We use BPMS to monitor existing processes							83	32%
Our BPMS applications automate complete processes							87	34%
Our BPMS applications support employees in performing processes							85	33%
Other, Please Specify							34	13%

Figure 41. How organizations are using BPMS software products.

Notice that, although more companies say they are using BPMS products, most suggest they are using the tools to define processes and not to automate or manage the execution of the processes. Keep in mind that leading BPMS vendors have acquired most of the leading process modeling tools. Thus, it isn't surprising to find that companies that have always used a stand-alone modeling tool for

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process modeling are now using the BPMS product that incorporates the stand-alone modeling tool but are only using the tool for process modeling. This, in turn, has probably increased the number of respondents who said they are using BPMS tools, and may or may not suggest that BPMS, as broadly conceived, is gaining ground. Obviously the BPMS vendors hope that once companies model their processes they will proceed to use other features of the BPMS product to monitor and update the process, and they very well may. We will want to watch this closely in the years ahead.

A few years ago, we might have suggested that half of the BPMS applications being developed were being done to make ERP more agile. Awkward ERP implementations were an early consideration that drove lots of companies to explore BPMS. Notice, however, that only 22% of our respondents suggest that their company is using BPMS to improve ERP. More are focused on developing new applications - applications to monitor processes as they are executed, and supporting employees in the performance of their jobs. (Business rule tools are often used for decision support.)

We suspect that the BPMS market will continue to grow – that companies have considered their options and decided the tools are valuable. We are less clear on how the tools will be used or who will use them. We will continue to track this in future surveys.

What Business Process Initiatives Are Underway Today

To determine what kinds of business process efforts companies are currently engaged in, we asked respondents to choose from a wide variety of BPM initiatives. Notice that in 2011, as in 2009, the largest number of respondents said their organizations were working on the development of an enterprise process architecture. This has been consistent since we first started to do this survey. (See Figure 42

What business process initiatives are underway in your organization this year (2011)? (Check all that apply)								
	2005		2007		2009		2011	
Development of an Enterprise Process Architecture	135	42%	111	43%	95	37%	126	38%
Development of an Enterprise Process Performance Measurement system	79	25%	66	25%	63	24%	79	24%
Coordinating Enterprise Process Change efforts	86	27%	81	31%	84	33%	88	26%
Coordinating Enterprise Process Management efforts	79	25%	76	29%	72	28%	88	26%
Process Manager training	60	19%	58	22%	63	24%	79	24%
Balanced Scorecard	79	25%	57	22%	36	14%	73	22%
Major Process Redesign projects	123	38%	93	36%	94	36%	104	31%
Redesign projects with Frameworks (SCOR, ITIL)	43	13%	31	12%	34	13%	28	8%
Six Sigma Process Improvement projects	69	21%	66	25%	55	21%	61	18%
Major Process Automation projects	83	26%	71	27%	60	23%	92	27%
Process Analysis and Redesign training (Non-Six Sigma)	85	26%	52	20%	56	22%	64	19%
Lean Six Sigma Process Modeling and Redesign Training	48	15%	56	22%	45	17%	59	18%
None of the above	35	11%	18	7%	24	9%	22	7%

Figure 42. Activities in which companies were engaged in 2005

Once again we see a pattern that suggests that 2011's respondents are more like 2005's respondents than 2009's respondents. We suspect this is a result of the fact that we have a larger mix of respondents new to process work. In 2011, the largest group said they are interested in developing

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an enterprise process architecture. The second largest group is interested in major process redesign projects. Given other indicators that suggest that most companies are between CMMI Levels 2 and 3, we see this as an indicator that many companies are at least interested in moving from CMMI Level 2 to Level 3. On the other hand, given the complexities of the BPM market, most companies may be firmly at Level 2, in terms of business process redesign, but are engaged in ERP installations that are leading them to focus on an IT architecture.

SOA and Cloud Computing

This is another new question that we added in 2009. We asked respondents to describe how important SOA and Cloud Computing were to their business process efforts. Note that we did not ask whether or not companies were using SOA or Cloud Computing, but focused only on whether or not they were using these technologies in conjunction with their process work.

In spite of all the vendors' promotional efforts, we assumed that most companies weren't ready to use SOA or Cloud Computing in conjunction with their process projects. (These same companies might be using SOA or Cloud Computing for some other purpose, however, but we are only focused on companies that are using these new technologies in conjunction with process efforts.)

As you can see in Figure 43, the largest number of respondents (28%) are not too concerned about SOA or Cloud Computing. Forty-five percent are either not interested or just beginning to explore SOA or Cloud Computing.

At the same time, 10% (down from 15% in 2009) indicated that SOA was very important to their process efforts and 5% said that Cloud Computing was very important. In other words, following Moore (See Appendix I), we would say that Cloud Computing was just coming out of the labs, and had yet to prove that it can cross Moore's chasm – at least relative to process work. SOA seems to be further along the adoption curve and is probably in the process of crossing the chasm and being explored by the early majority. But neither is widely used by BPM practitioners today and vendors will need to continue to promote both technologies if they are to become a key part of BPM.

The vendors are talking quite a bit about BPM and SOA, and even more recently about BPM and Cloud Computing. How important is this to your organization? (Choose one)										
	2005		2007		2009		2011			
We are doing process work and are not too concerned about SOA or Cloud Computing					81	32%	99	28%		
We are beginning to explore SOA or Cloud Computing					58	23%	93	26%		
We are using SOA in conjunction with some of our BPM projects					39	15%	55	16%		
We are using Cloud Computing in conjunction with some of our BPM projects					11	4%	39	11%		
SOA is very important to us					37	15%	34	10%		
Cloud Computing is very important to us					13	5%	19	5%		
Other, please specify					18	7%	15	4%		
Total					257	100%	354	100%		

Figure 43. Process work and SOA or cloud computing

BPM practitioners have been overwhelmed with the new terms and technologies introduced in the last decade. Initially, BPMS tools were XML based tools that included modeling, EAI, and Workflow. No sooner did most process practitioners begin to master these terms than BPMS was expanded to include Business Rules, and then Data Mining and Business Intelligence. Within the past 3 years, the BPMS tool set has expanded to include SOA, and within the past two years the

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vendors have begun to promote Cloud Computing. When you consider that most companies are still trying to model their core processes, this onslaught of technologies, one after another, has been a bit overwhelming and we aren't surprised that most companies are uninterested in trying to master the newest additions to the BPMS mix. In fact, it's surprising that as many companies have embraced SOA, given how new it is.

What Is Your Biggest Challenge As You Seek to Gain Widespread Acceptance for Business Process Efforts at Your Organization?

We also added a question to the 2009 survey to inquire about obstacles to wider acceptance of business processes within organizations. We were actually surprised at the responses to this question. Although we have had people remark on the confusion generated by competing process efforts fighting for attention, we did not expect it to emerge as the leading obstacle to gaining process acceptance. The answers in 2011 were very similar to those in 2009. We were not surprised that 37% of the respondents said that senior management wasn't interested or was distracted. Given the economic downturn, senior executives can be excused for being focused on external events and on finances and the economy.

Moreover, we suspect that the downturn had something to do with the fact that many management teams were calling for action to reduce costs and that several different groups – from Six Sigma to Process Redesign, to IT were suddenly offering solutions. But that nearly half our respondents highlighted the problem of competing process change initiatives strongly underscores what should be the major Business Process Management message – that processes are an asset and should be managed or at least coordinated by a single entity. (See Figure 44.)

What obstacle or challenge do you face as you try to gain widespread acceptance of business process efforts at your organization? (Choose one or more)								
	2005		2007		2009		2011	
Senior management isn't interested or is focused elsewhere					98	38%	126	37%
Management wants ROI estimates that we can not produce					69	27%	79	23%
We have multiple process change efforts competing for attention					126	49%	143	42%
We have had process projects that failed and management is cautious					30	12%	41	12%
Management does not want to make the investment at this time					60	23%	74	22%
Other, Please Specify					39	15%	34	10%

Figure 44. Challenges to widespread acceptance of process efforts

There are only a few organizations that have gone so far as to establish a Chief Process Officer, but many have established Business Process Management Centers of Excellence (BPM CoE) and many more are talking about BPM and putting a major emphasis on the centralized management of the organization's process initiatives. If the lack of such central coordination is really the major problem that half our respondents' organizations face, then we can expect that centralization is going to become a growing issue in the near future.

Doing ROI on small projects is usually easy, so the fact that 27% say they have trouble with ROI suggests that they are concerned with larger process projects. Process redesign projects that introduce new technology are always hard to cost accurately, since the organization isn't sure exactly what it will cost to get the technology implemented. Harder, however, are process management projects, like an effort to establish a business architecture or a BPM CoE. Clearly, neither of these management initiatives generates any profit in its own right. One doesn't create a process architecture to make money; one creates it to provide tools and data one can use to improve process management. It's very like creating an accounting system. The accounting system doesn't create

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value, but it's a necessary tool required to manage the finances of the company. Senior management of a startup would never argue about the costs for developing an accounting system because they know it is required. Executives often argue about the costs of process architecture work because they don't realize that they need an accurate description of all their processes as part of an ongoing effort to gather good data on how processes are performing. Thus, in a real sense, selling the idea of enterprise process work is tightly integrated with how well senior executives understand and value processes.

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Plans for the Future

BPM Products and Services Being Considered for the Coming Year

Earlier, we asked what products and services respondents were currently using. In this section we report on questions designed to determine what respondents plan to do in the future. In Figure 45 for example, we asked what products or services their organizations were likely to purchase in the coming year. .

What BPM products and services is your organization planning on purchasing during the remainder of 2011 or in 2012? (Choose all that apply)	2005		2007		2009		2011	
Graphics Modeling tool (Visio, PowerPoint)	50	20%	37	15%	38	16%	27	17%
Repository based Modeling tool (MEGA, IBM Modeler, ProVision)	58	23%	56	23%	49	21%	30	19%
BPM Suite that can manage the runtime execution of a business process	28	11%	61	25%	48	21%	46	29%
Tool for managing a Rule-based process or application	67	26%	37	15%	34	15%	23	15%
Process Monitoring/BI tool that can feed information to an executive dashboard	38	15%	56	23%	50	22%	26	17%
Training in Process Strategy, Architecture or Performance	55	22%	54	22%	43	19%	35	22%
Training in Process Analysis and Design	54	21%	70	29%	52	22%	39	25%
Training in Process Redesign and Improvement Methodology	70	27%	55	23%	45	19%	33	21%
Training in BPM Systems	42	16%	52	22%	49	21%	35	22%
Attendance at BPM Conferences	84	33%	97	40%	84	36%	39	25%
Other, Please Specify	32	13%	31	13%	41	18%	24	15%

Figure 45. Products and services companies are considering acquiring in 2012

As in past years, the items most respondents said they would purchase are BPM Suites, training, and conference attendance. Broadly the overall pattern remains largely the same as in past years, although there seems to be a significant increase in the number of companies that are considering buying BPMS products.

Keep in mind that 37% of our respondents in 2011 have already said that their company owns a BPMS product. This is about the same as in 2009, so there was less growth in BPMS during the last two years, but it seems that companies are now ready to spend more to acquire new or additional BPMS products.

As a broad generalization, large companies are more likely to acquire nearly everything listed in Figure 45 than small and midsized companies.

Areas in Which Companies Will Be Active

We asked all respondents to tell us what they expected their organizations to focus on in 2012. We suggested a number of activities and asked if their organizations would be more, the same or less active in that area than they had been in the previous year

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Please indicate whether you expect your organization to be more active, less active, or about as active in 2012 in each of the following areas:	2005			2007			2009			2011		
	More	Less	Same	More	Less	Same	More	Less	Same	More	Less	Same
Development of Process Architecture	167	30	121	151	9	104	125	21	107	195	38	132
	53%	9%	38%	57%	3%	39%	49%	8%	42%	53%	10%	36%
Development of Process Measurement System	167	30	121	147	10	104	123	21	111	203	35	122
	53%	9%	38%	56%	4%	40%	48%	8%	44%	56%	10%	34%
Coordinating Process Change Efforts	159	27	126	148	18	97	116	22	113	164	50	140
	51%	9%	40%	56%	7%	37%	46%	9%	45%	46%	14%	40%
Coordinating Process Management Efforts	165	27	117	158	18	84	115	23	115	172	42	144
	53%	9%	38%	61%	7%	32%	45%	9%	45%	48%	12%	40%
Process Manager Training	120	43	148	117	21	123	85	36	129	151	52	154
	39%	14%	48%	45%	8%	47%	34%	14%	52%	42%	15%	43%
Balanced Scorecard	86	50	170	82	35	139	60	28	161	105	66	176
	28%	16%	56%	32%	14%	54%	24%	11%	65%	30%	19%	51%
Major Process Redesign Projects	155	50	105	125	28	106	105	31	115	169	56	128
	50%	16%	34%	48%	11%	41%	42%	12%	46%	48%	16%	36%
Redesign projects using Frameworks (SCOR, ITIL)	79	55	159	52	47	145	44	57	141	61	72	204
	27%	19%	54%	21%	19%	59%	18%	24%	58%	18%	21%	61%
Six Sigma projects	76	73	145	56	54	140	52	48	142	67	76	181
	26%	25%	49%	22%	22%	56%	21%	20%	59%	21%	23%	56%
Major Process Automation Projects	136	44	117	112	30	109	89	38	119	153	53	145
	46%	15%	39%	45%	12%	43%	36%	15%	48%	44%	15%	41%
Process Training (Non-Six Sigma)	109	46	142	113	33	105	84	39	123	116	61	157
	37%	15%	48%	45%	13%	42%	34%	16%	50%	35%	18%	47%
Lean & Six Sigma Training	52	67	169	53	59	128	54	57	132	64	78	184
	18%	23%	59%	22%	25%	53%	22%	23%	54%	20%	24%	56%
Development Of Business Rules Systems	110	44	136	87	46	111	81	42	122	121	65	159
	38%	15%	47%	36%	19%	45%	33%	17%	50%	35%	19%	46%
Development Of BAM Or Real-Time Monitoring Systems	85	48	148	79	52	112	75	50	118	116	65	164
	30%	17%	53%	33%	21%	46%	31%	21%	49%	34%	19%	48%
Development Of SOA Or Cloud Use in BPM Efforts							93	37	115	119	80	149
							38%	15%	47%	34%	23%	43%

Figure 46. Areas in which companies expect to be active in 2012.
(Note that the top number in each column = actual number of respondents while the lower number = the percent of respondents selecting the option.)

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Note that in this case, since there are three possible responses per item, we have reported the absolute number of responses on the top line and the percent on the second line. (See Figure 46)

At a glance, it looks as if companies plan on being more active in a number of areas in 2012. We added one new item to the question in 2009 on SOA and Cloud Computing, and therefore have no data from earlier years on that item. We realize that the data in Figure 46 can be a bit overwhelming and have summarized the results below in Figure 47.

A Summary of Future Plans

First, as a broad generalization, from 30% to 48% of our respondents indicated that their companies are more likely to do more in 2012. More than half consistently indicated they will do at least as much or more than they did in 2011. There is no area in which a majority of respondents indicated that their company will be doing less. Figure 47 compares the various responses to highlight where respondents indicated their companies will be most active. In each case we show how many of the respondents indicated that their organizations will be doing more in 2012. In 2009 there was no single area in which more than 50% of the respondents said their organizations would be doing more. In 2011, the only two areas in which more than 50% indicated they would be doing more is in Development of an Enterprise Architecture, and Development of Process Measurement Systems. The other areas that came very close to 50% were Coordinating Process Management Efforts and Major Process Redesign Projects.

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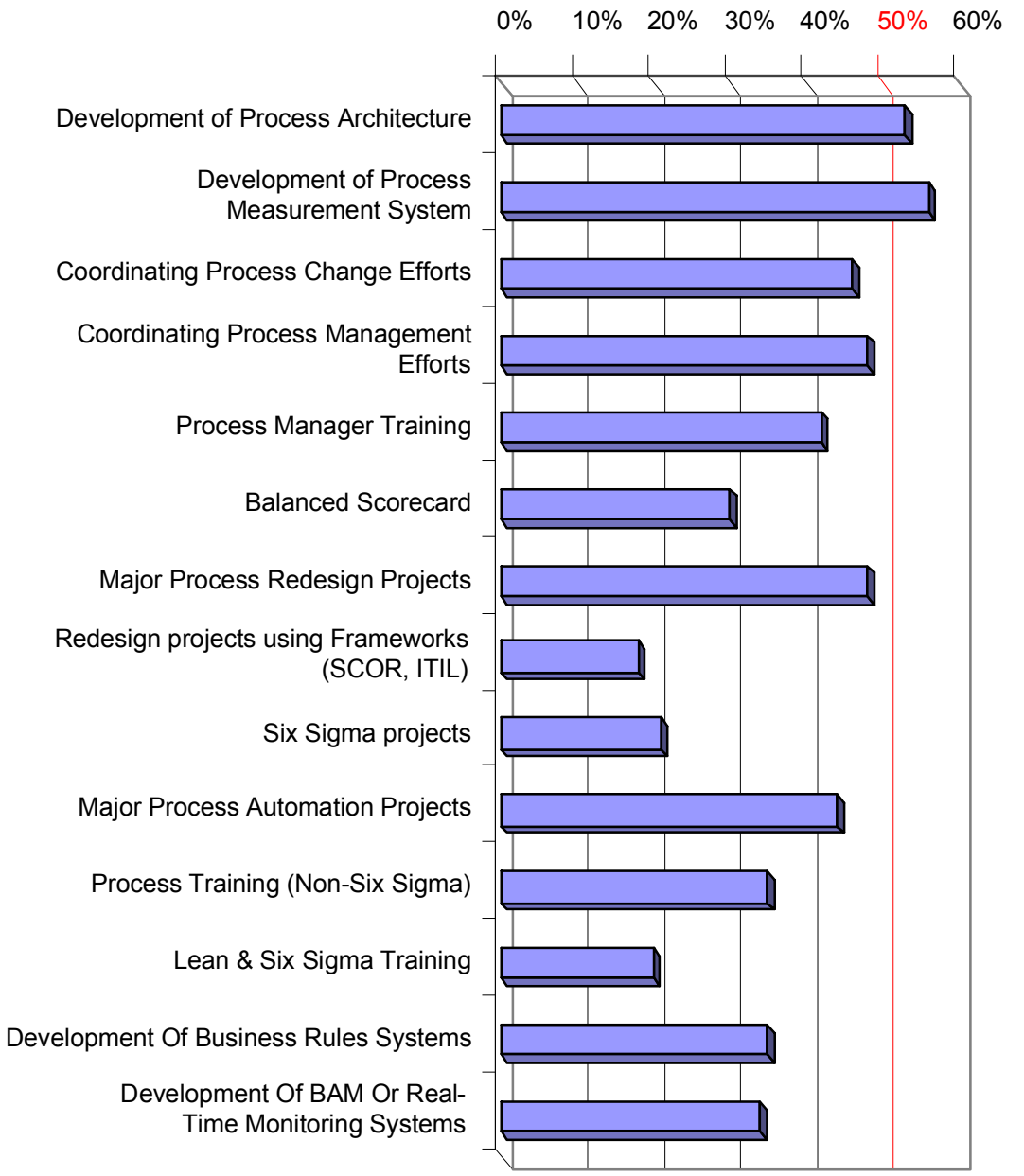

Figure 47. Areas in which respondents expect their organizations will spend more in 2012

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Methodology and Respondents

Methodology

BPTrends conducted this survey during October and the first part of November of 2011. Three earlier surveys, with similar questions, were conducted in the spring of 2005 and in the fall of 2007 and 2009. In all cases we sent an email to our membership inviting them to participate and posted a pointer on the BPTrends website to encourage participation from both members and site visitors. In 2011, 399 respondents completed the survey. In 2009, 264 respondents completed the survey. In 2007, 274 respondents completed the survey, and in 2005, 348 people completed the survey. In all these cases we had additional responses from people who looked at the survey and answered only a few questions. We have ignored these partially completed responses and report only on the responses of those who completed the entire questionnaire. Even then, the total responses to each specific question vary because some respondents answered every question while others skipped questions that didn't apply to their organizations.

This year, we are again including tables that provide the actual responses as well as the percentages. This makes it much easier to compare the responses from all four surveys. We hope you find this useful. We comment on statistical significance of the number of respondents to this report because we are concerned about the number of BPM Survey Reports that make broad generalizations based on 25 or 35 respondents. It's very hard to believe that a total of 30 respondents accurately reflects the general market for BPM. We are confident in our sample and in the broad conclusions we have reached, although we caution readers to keep in mind that even these conclusions are probably slightly skewed, since they represent the responses of managers and practitioners who are interested enough in business processes to be readers or visitors to the BPTrends website. We are reasonably happy with the response sets we got from Europe and North and South America and believe that the conclusions we reached represent valid generalizations about these geographical markets.

We avoid comparing response sets from Australia, the Middle East, Asia, or Africa. Although we received more responses from those regions than in the past, we still received fewer than 50 responses from any one of those areas. Thus, we are not confident that our sample adequately represents the typical position of business process managers and practitioners from those regions. We mention considerations like these in the Report in hopes that our readers will increasingly demand a higher standard from other analyst groups that make much out of data sets that cannot support the statistical conclusions or the comparisons their authors make.

In the some figures we have two columns for each year. The first column indicates the actual number of responses and the second number indicates the percent that chose that option. Since the absolute numbers of respondents differ slightly in the surveys, we believe it is best to focus on the percentages. Some questions, however, depend on earlier questions. Thus, in some cases we ask all respondents who have previously said they were using BPMS software to tell us how they are using the software. In this case, the total sample can easily be much lower than the total number responding to most questions, and the actual numbers can help readers check the sample size for any specific question.

As we look at the questions and answers, we do two different checks.

1. First, we ask how the complete 2011 responses compare with the response patterns of previous years. Is the market's overall response to the question different this year from past years, and if so, what trend seems to be present?

In the latest survey, for example, in answering the question: Which of the following best describes your organization's understanding of BPM? - 41% of the 2011 respondents said that BPM was a top-down methodology. In 2009, 36% said the same. In 2007, 40% said this, and in 2005, 40% said the same. If, in 2011, 33% had said that BPM was a top-down methodology, we might have mentioned

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the possibility of a trend. Looking at the results in 2011, however, we would say that our respondents, worldwide, have consistently maintained that BPM is a top-down methodology.

2. Second, we check to see how the complete 2011 responses compare with responses of selected subsets of the responses. For example, we check to see if respondents from North America answer differently from the whole, or if respondents in North America answer differently from respondents in Europe.

In the latest survey, for example, in answering the question: Which of the following best describes your organization's understanding of BPM? - 41% of the respondents, worldwide said that BPM was a top-down methodology while 27% said it was a systematic approach to analyzing and redesigning. When we isolate the responses of those from North America (the United States and Canada) we find that 39% say BPM is a top-down methodology while 27% say it's a systematic approach to analysis and redesign. The difference in this case isn't significant and we would either report no differences between the worldwide respondents and North American respondents or pass over it without mentioning it.

As readers, what you need to know is that we have examined all questions from both perspectives. We have compared this year's results with the results from previous surveys. We have also checked the following filtered results in each case:

- We compared the whole with responses from North American, European, and South American responses. We didn't have enough responses from other geographical areas to justify comparisons in those cases.
- We have compared all responses with responses from individuals who say they are business people, process practitioners, business analysts, business or process architects and IT consultants.
- We have checked responses from those reporting on their entire organization and those who report they are reporting on a division or a single business unit or function.
- We checked responses from those from large companies, medium sized companies, and small companies to see if any differ significantly from the whole set of responses.
- We have checked responses from individuals who say they work for Computers/Consumer Electronics/Software industries, from Financial Services/Insurance, from Government/Military, and from Professional/Business Services/Consulting to see if individuals from those industry groups vary significantly from the whole.

If we don't comment on a difference, you may assume that there were no significant differences in the response patterns. Whenever we found a significant difference using any of the filters we list above, we note it.

The other thing we always check whenever we ask a question that allows respondents to select "Other" is the nature of the "Other" responses. In most cases, even where there are quite a few of them, they don't form a pattern, but simply refer to unique or unusual terms for what is being discussed. Whenever there is a pattern, however, we report it.

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Job Title or Function

Each respondent was asked to describe his or her job or function within his or her organization. In the data pictured in Figure 44 we show how the respondents answered this question in each of the surveys.

Over the past five years a growing majority of our respondents identified themselves as Business Practitioners or Business Analysts. This year, to gain a little more information, we subdivided that category and asked respondents to choose among some new, more specific possibilities. (See Figure 48.)

Which of the following best describes your job function? (Choose one)								
	2005		2007		2009		2011	
Executive (CEO,COO,CFO)	55	17%	33	12%	29	11%	51	14%
Business or Line of Business Manager	60	18%	46	17%	38	15%	41	11%
Process Practitioner/Business Analyst	167	50%	148	55%	162	63%		
Process Practitioner							33	9%
Business Analyst							41	11%
Lean/Six Sigma Practitioner							7	2%
Business/Process Architect							52	14%
IT Manager/IT Developer	47	14%	41	15%	26	10%	28	8%
HR Manager or Human Performance Practitioner	3	1%	2	1%	2	1%	3	1%
BPM Instructor/Student							5	1%
BPM Consultant							74	20%
Vendor Representative							4	1%
Other, Please Specify							26	7%
Total	332	100%	270	100%	257	100%	365	100%

Figure 48. Respondent's job title or function

The responses to the additional job categories provide readers with some insight into the complex nature of the business process market. Although we easily have over 100 Process Practitioners, Business Analysts, BPM Consultants, and Lean/Six Sigma Practitioners answering any given question, their responses are not consistent, with no more than 50-70 answering in the same way. Lean practitioners think of things a little differently from those who identify themselves as Process Practitioners or BPM Consultants, and so forth.

Respondents who indicated their companies were especially active in using BPMS software were more likely to be executives. Similarly executives were much more likely to come from small and mid-sized companies and they were much more likely to head computer, software. or consulting companies. In other words, many of our executives are senior managers of smaller computer and software vendors. On the other hand, respondents who came from large companies were much more likely to be process practitioners or business analysts.

Respondents who came from Financial Services companies were slightly more likely to indicate that they were Business or Line of Business Managers. When you consider that the financial services sector has invested more in process work over the years than any other market sector, the fact that process issues are of interest to business and line managers makes sense.

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The Scope of the Respondents' Coverage

We asked respondents to tell us if they would be describing their entire organization, or simply a division or business unit within a larger organization. The large majorities of respondents, from all the surveys, indicated that they would be reporting on their entire organization. These results correspond with the fact that so many respondents were executives or line managers. It may also reflect the fact that a growing number of organizations are interested in enterprise-wide process issues and are more aware of how processes are being managed throughout their entire organization.

This pattern is consistent across all the subgroups we examined. Respondents from large companies are just as likely to indicate they were describing their entire organization as respondents from small companies, for example. (See Figure 49.)

Which of the following best characterizes the organization you are describing? (Choose one)								
	2005		2007		2009		2011	
Entire Enterprise	207	64%	186	69%	199	77%	254	71%
Division	73	23%	51	19%	37	14%	61	17%
Single Business or Functional Unit	43	13%	32	12%	21	8%	41	12%
Total	323	100%	269	100%	257	100%	356	100%

Figure 49. The business unit the respondent is describing

The Size of the Organizations Being Described

We asked each respondent to indicate the overall size of the organization he or she would be describing.

In the first three surveys, the largest number of respondents came from large companies. In 2011, for the first time, we had slightly more respondents from mid-sized companies. This may be a fluke, it may represent that interest in BPM is gaining attention from more companies, or it may represent the current economic situation and the fact that more companies are trying to tighten their belts and save money, or some combination of these. One normally expects that large companies are more likely to have the money, people. and interest to explore new technologies. In the early years of the current round of interest in business process work (2003-2007) BPM software represented a new technology that called for exploration. That period has passed, however, and most organizations are now settled down to using BPM and BPMS in more traditional ways for incremental improvement – matters we will explore later in this report.

Which of the following best describes your organization's size? (Choose one)								
	2005		2007		2009		2011	
Large	132	41%	124	46%	121	47%	126	35%
Medium	107	33%	93	34%	87	34%	136	38%
Small	85	26%	55	20%	50	19%	96	27%
Total	324	100%	272	100%	258	100%	358	100%

Figure 50. The size of the respondent's organization

Industries Represented in the Survey

We asked respondents to identify the industry in which they worked. In 2009, as in all past surveys, the largest number of respondents came from the financial services sector. Only 17% of the total

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respondents came from Finance, however, assuring that the survey represents a broad cross section of service and manufacturing companies and government agencies. Over two thirds of the respondents came from four sectors – Financial Services/Insurance, Professional/Business Services/Consulting, Computers/Consumer Electronics/Software, and Government/Military. There was a slight drop in the number of respondents from Computers/Software and Finance/Insurance and a slight increase in Government/Military, but the overall pattern and range of organizations taking part in the survey has remained largely the same over the years. Respondents from Finance and Government Agencies were much more likely to report that they were from large organizations. Those from Computing and Consulting were slightly more likely to be from small and mid-sized companies. (See Figure 51.)

Which of the following best describes your industry? (Choose one)								
	2005		2007		2009		2011	
Aerospace/Defense	7	2%	7	3%	4	2%	4	1%
Heavy manufacturing	5	2%	6	2%	7	3%	5	1%
Light manufacturing	8	2%	5	2%	2	1%	8	2%
Chemicals/Energy	17	5%	9	3%	4	2%	17	5%
Computers/Consumer Electronics/Software	56	17%	38	14%	26	10%	12	3%
Computers/Software Vendor (Selling BPM product/service)							45	12%
Education	12	4%	12	4%	14	5%	15	4%
Financial Services/Insurance	63	19%	55	20%	43	17%	48	13%
Food/Beverage	5	2%	3	1%	9	3%	14	4%
Government/Military	28	9%	27	10%	30	12%	33	9%
Healthcare/Medical Equipment	8	2%	5	2%	13	5%	12	3%
Leisure/Entertainment/Travel	4	1%	3	1%	2	1%	2	1%
Professional/Business Services/Consulting	52	16%	37	14%	40	16%	72	19%
Retail and Wholesale	12	4%	7	3%	5	2%	16	4%
Telecommunications	27	8%	7	3%	12	5%	20	5%
Utilities	12	4%	14	5%	14	5%	11	3%
Other, Please Specify	28	9%	35	13%	33	13%	36	10%
Total	344	106%	270	100%	258	100%	370	100%

Figure 51. The range of industries represented in the survey

The Geographical Locations of the Respondents' Companies

We also asked respondents to tell us where their organizations were located. In all four years the largest group of respondents was from North America though they accounted for a smaller share in the last two years.

The next largest group at around a third each year was from Europe. So, around three-fourths of BPM activity is still concentrated in North America and Europe. Australia accounts for half of the rest. South America represents a slightly increasing percentage over the four surveys at 6% in 2005, 5% in 2007, and 7% in 2009, and a significant increase to 16% in 2011.

All of Asia accounted for 4% in 2007 and 5% in 2009. In 2005 we only offered respondents the option of choosing Asia/Australia and thus the subdivisions are missing in the 2005 data. In 2007, given the growing business interest in that region, we asked respondents to tell us if they were from Australia, India and SW Asia, or China, Japan, and NE Asia. As you can see by looking at Figure 52,

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we got about the same number of responses for the combined areas all three years. We know now that the great majority of the Asia/Australia responses came from Australia and that the smallest number of responses came from Asia.

Africa and the Middle East dropped in share from 7% in 2005 and 2007 down to 3% in 2009 and 4% in 2011.

Where is your organization located? (Choose one)								
	2005		2007		2009		2011	
North America	156	45%	111	42%	109	42%	103	27%
Europe	101	29%	81	30%	83	32%	145	38%
South America	21	6%	14	5%	17	7%	62	16%
Australia/New Zealand			31	12%	31	12%	43	11%
India and SW Asia			7	3%	7	3%	7	2%
NE Asia (China, Japan, Korea)			4	1%	4	2%	4	4%
Subtotal Asia/Australia	*45*	*13%*	*42*	*16%*	*42*	*17%*	*54*	*14%*
Africa/Middle East	25	7%	19	7%	7	3%	17	4%
Total	348	100%	267	100%	258	100%	381	100%

Figure 52. Where respondents' organizations are located

Participation in Previous Surveys

In 2009 we asked a few new questions to highlight things we didn't focus on in past surveys. One question simply asked if participants had taken this survey in the past. As a glance at Figure 53 reveals, most respondents are taking the survey for the first time. Put the other way, 28% or 72 respondents have taken the survey at least once in the past.

We analyzed this information because it gives us a way of identifying participants who have been concerned–and probably working in business process initiatives – for a longer period of time. Our interest in this sample is confirmed by the higher likelihood that those who have taken our surveys in the past are also more advanced in their interests. Thus, for example, respondents who have taken previous surveys are more likely to be engaged in enterprise work and more likely to be at an organization that they characterize as a Level 3 or 4 organization. Obviously, this correlation does not relate to the fact that those respondents have previously taken the survey, but must, instead, relate to the fact that they are more likely to have been engaged in process work for a greater period of time.

Have you participated in previous BPTrends General Surveys? (Choose one)								
	2005		2007		2009		2011	
No					185	72%	261	71%
Yes, I participated in the 2005 survey					3	1%	10	3%
Yes, I participated in the 2007 survey					48	19%		
Yes, I participated in the 2009 survey							68	19%
Yes, I participated in all previous surveys					21	8%	20	6%
Total					257	100%	359	100%

Figure 53. Participants who took survey in the past

We wished that more individuals who had taken the survey in the past, especially in 2005, had participated in the 2011 survey. This would have enabled us to compare the results over time

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allowing us to focus on the changes that have occurred since 2005. Still, we have enough former participants to enable some generalizations.

Comments on Respondents

We have already suggested that we are impressed by both the size of the sample – the number of individuals who responded – and the distribution of the sample among market sectors, geographical locations, and size of organizations. These all suggest that the data is representative of the broad scope of BPM today.

We do want to suggest several qualifications readers should consider in reviewing the data.

First, the audience self-selected themselves for this survey. Most found out about the survey because they came to the BPTrends website, or were, at least, reading something about business process and saw information about the survey. Thus, we cannot assume that the responses represent the opinions of the average business executive. They represent the opinions of business people who are concerned with the role or importance of business process and who are members and/or readers of BPTrends.

Second, we did not ask each respondent to identify his or her company. (We did this to assure the privacy of the respondents.) Thus, we don't know how many respondents come from the same company. We have generally assumed that each respondent represents a different company. Thus, if 20% of the respondents said their companies used Business Process Modeling tools, we have assumed that 20% of the companies used those tools. This assumption is reasonable, even if a few of the respondents do come from the same company, but readers should be aware that we are ultimately reporting on the responses of individuals, and not responses from different companies.

Third, a large number of respondents were from Computers/Consumer Electronics/Software and Professional/Business Services/Consulting. Many of these respondents are probably consultants and software vendors who are not actually doing BPM work themselves, but are supporting organizations doing BPM. We cross-referenced these responses and discovered that they are very similar to those of obvious end users, like those from Finance or Manufacturing. Where it does seem to skew the data a bit is in the number of Executives included in the survey. Of the 56 respondents from Computers and Software in 2005, for example, 16 were Executives. Of the 52 respondents from Professional and Consulting, 20 were Executives. Of the 63 respondents from Financial Services and Insurance, only 7 were Executives. Only 2 of the 13 respondents from manufacturing identified themselves as Executives.

Something similar happens when you consider the relationship between company size and job titles. Most of the executives come from small companies. And most of the professional and consulting companies are small companies. Thus, readers shouldn't focus too much on the number of Executives taking part in the survey, as they probably represent executives from consulting companies and software vendors and not executives from end user companies. On the other hand, the Business Line Managers are mostly from larger companies and are more broadly representative of the entire range of industries involved in the survey.

We use filters that allow us to examine how a particular subgroup of respondents answers the questions to determine whether or not there is any bias being introduced by respondents from specific groups. When we think the answers to a given question might be skewed by a typical response by a particular subgroup of respondents, we make note of it.

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Appendix I

Concepts Used in the Report

We have assumed most readers are familiar with the terms and concepts widely used on the Business Process Trends website. For readers who might not be familiar with these terms or concepts, we briefly describe them below. In this report we have relied on four different sets of related terms or concepts:

- **BPTrends Levels.** The BPTrends Pyramid provides a way of defining the various levels of BPM activity within an organization and the types of activities associated with each level.
- **CMMI or Process Maturity Levels.** CMMI defines five levels of process maturity. Organizations at Level 1 do not support processes in any significant way and are immature. Level 5 organizations are completely mature and have mastered the use of processes.
- **BPTrends Process Software Tools Classification**. This classification describes the terms we use to describe the various types of BPM software products and the relationships among them.
- **Geoffrey Moore's Technology Lifecycle Model**. This popular model describes how new technologies evolve. We refer to this model in order to provide insight into the maturity of the BPM market as a whole and to describe the maturity of some of the more specific niches we discuss in this report.

We consider each in sufficient detail to allow readers to understand how the terms are used in this report.

The BPTrends Pyramid

The BPTrends Pyramid describes three groups of business process activities that occur at different levels within an organization.

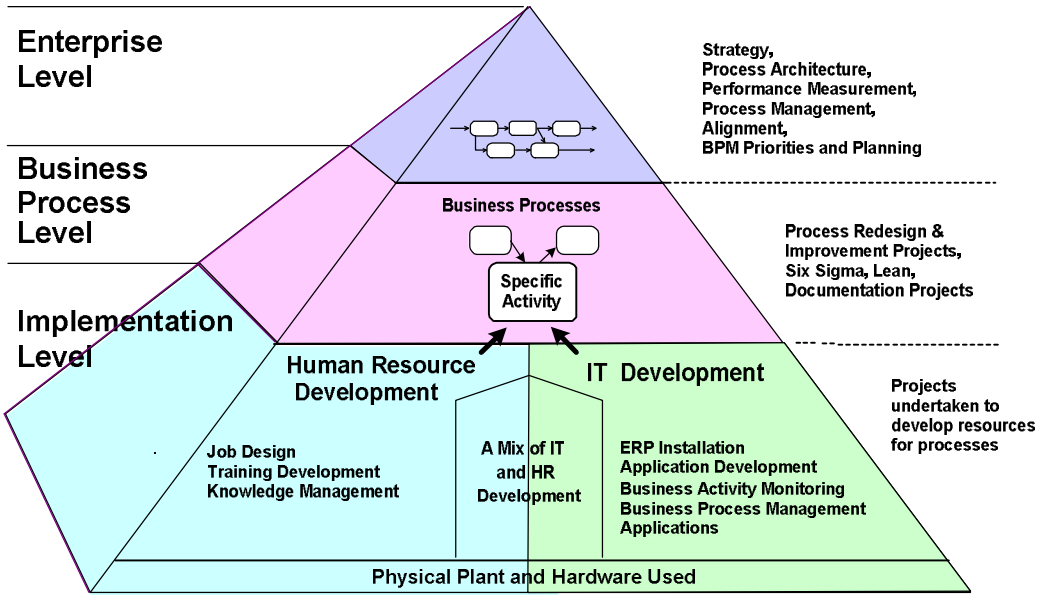

Figure 54. The BPTrends Pyramid and levels of corporate BP activity

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The Enterprise Level

Enterprise Level activities occur at higher levels in the organization and are independent of any specific day-to-day processes. Enterprise Level activities focus on aligning strategy and processes, on defining an enterprise-wide business process architecture, on defining enterprise performance measures, and on aligning them with value chains and high-level processes. Other enterprise level activities involve the establishment of a process management system and on developing ways of surveying all of the organization's process needs and establishing priorities and plans to assure that processes are changed and maintained.

The Process Level

Process Level activities are organized into projects. Typical process level projects include efforts to document processes (ISO 9000), projects to create new processes or to redesign existing processes, or projects to improve existing processes (Lean, Six Sigma). Typical process analysis, design, and modeling activities all occur at this level.

The Implementation Level

The Implementation Level provides the resources needed to implement process change projects. In essence, a redesign team, operating at the Process Level, may specify that a given process should be redesigned to incorporate the use of a new software application. Thus, at least one, and probably several, new projects are initiated to develop or acquire and tailor the new software application, to train employees in the use of the new software application, and so forth. Projects undertaken to provide support resources for process change efforts occur at the Implementation Level. There are specific tools, notations, and methodologies that are, generally speaking, only used at the Implementation Level – for example, a software development methodology like RUP or a notation like UML.

CMMI Maturity Levels

The concept of Process Maturity Levels was developed at the Software Engineering Institute (SEI) at Carnegie Mellon University in the Nineties, based on quality work originally undertaken by Watts Humphrey. Originally developed to support the analysis of software process maturity (CMM), the latest version, the Capability Maturity Model Integrated (CMMI) has been generalized so that it can be applied to any of a wide variety of processes in diverse organizations. (See Figure 55.)

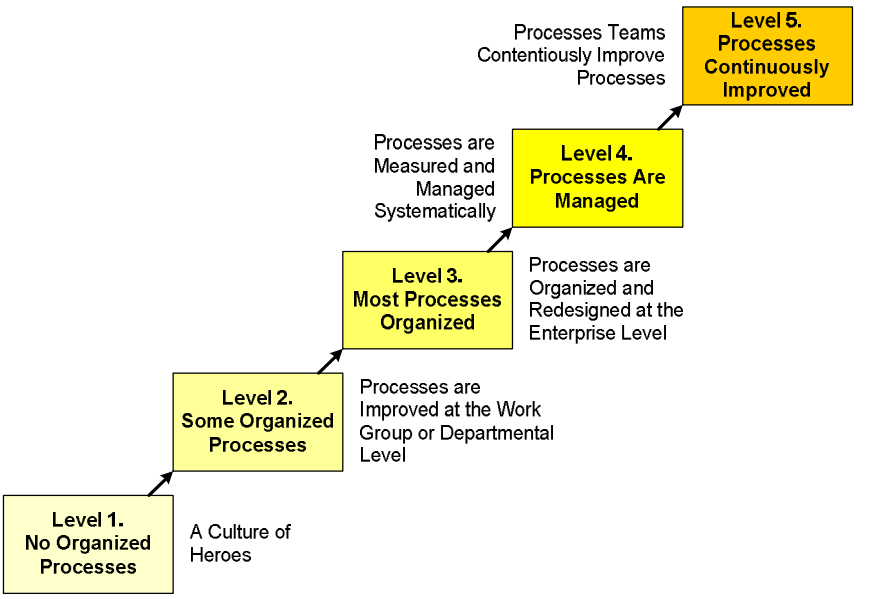

Figure 55. An Overview of the basic CMMI maturity levels

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Software organizations often pay SEI certified evaluators to do a formal evaluation to determine where their organizations are on the CMMI scale. Many other companies do informal evaluations, based on the broad concepts inherent in the CMMI "stair step diagram." What follows is an informal description of the CMMI process maturity model.

Level 1. No Organized Processes

Level 1 organizations don't rely on processes. Things get done according to plans made on the fly. CMMI folks often refer to them as organizations based on heroes. Things get done because someone makes a heroic effort and gets the report out at the last minute. If someone asks how long something will take, or what resources will be needed, those answering the question are just making a guess – they don't have a systematic procedure or the data needed to provide accurate answers to these questions.

Level 2. Some Organized Processes

When organizations first begin to embrace processes, they begin by trying to define their core or most commonly used processes. At this stage, they don't conceptualize the entire company as a set of processes, all interrelated, but focus only on a specific process as it functions within some more or less arbitrary set of boundaries. Level 2 organizations have several of their major processes defined.

Level 3. Most Processes Organized

Level 3 organizations have most of their processes defined. They not only have models of their core business processes but also understand how management and support processes work to support those processes. Most Level 3 organizations have a process architecture that shows how all of the organizations in the company function. Thus, if there is a problem, it's easy to quickly identify the processes that could be causing the problem and the implications for any suggested change.

Level 4. Processes Are Managed

Level 4 organizations have gone well beyond simply defining all their processes. These organizations have process managers who gather data on process performance and customer satisfaction and use this data to make decisions about how to optimize the processes they manage.

Level 5. Processes Are Continuously Improved

Level 5 organizations have built processes right into the essence of the organization. They know their processes and manage their processes. Moreover, they have systems in place to constantly improve their processes whenever possible.

Most organizations are not, of course, exactly at one level or another. Studies have suggested that most organizations in the US are somewhere between Level 2 and Level 3, trying to expand the processes they have modeled and understand into a complete process architecture. Similarly, a smaller group of companies are between Levels 3 and 4. They are working to establish process management and measurement systems throughout the company.

In large organizations, it is common to find that one division or group will be at a different level of maturity than other groups or divisions within the same organization.

Types of Business Process Software Tools

We have assumed that most of the respondents to our survey have been reading BPTrends and know how we classify business process software tools. We have used our classification system, which is described in Figure 56, to identify types of tools and to suggest some of the ways the various tools or techniques overlap with each other. For those who may be unfamiliar with our classification system, we have described the major types of business process software tools.

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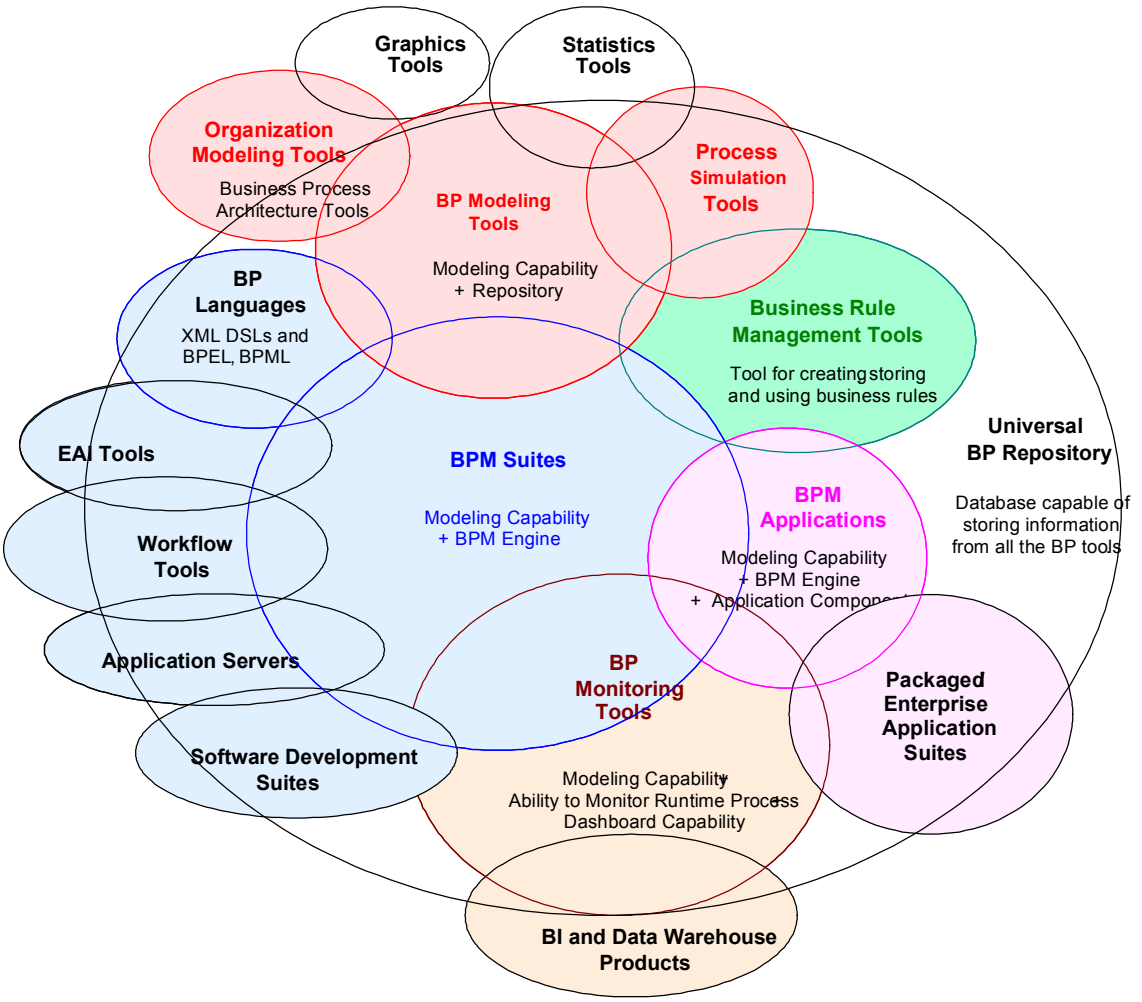

Figure 56. Major types of software tools used by business process practitioners

Simple Graphics Tools

A significant portion of the companies seeking to describe or document business processes use either Word or graphics tools like Visio or PowerPoint. The advantage these tools offer is simplicity and familiarity. Most business managers already have them and are familiar with their use. The disadvantage of these products is that they are not designed to create a database or repository that can save and accumulate information about business processes. Thus, they tend to be used on isolated business process projects. It is nearly impossible to maintain business process documentation in these tools, and, thus, redesigns done using these products tend to be useless for subsequent redesign projects or for the development of an enterprise process architecture.

Business Process Modeling Tools (BP Modeling Tools)

Business Process Modeling tools are designed not only to define and document business processes, but also to store information about the processes so that they can be easily updated and maintained. Companies that move beyond isolated process change efforts and decide to define enterprise-wide process architectures almost always shift to one of these tools. They are more difficult to learn but the benefits they provide far outweigh the effort required.

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Organization Modeling Tools

Many of the BP Modeling tools include features that allow users to create modeling of their organization. In essence, these models are very high-level views of how the organization interacts with its environment, what value chains and major business processes it supports, and how high-level processes are aligned with various types of enterprise resources. Many of the BP Modeling tools include these capabilities and some tools specialize in Organization Modeling.

Business Process Simulation Tools

Most BP Modeling tools include simulation capabilities. In addition, there are some tools that are especially designed for more demanding simulation work. Most BP Modeling teams turn to specialists to undertake simulation studies, and those specialists often prefer the more sophisticated Simulation Tools.

Business Process Management Suites or Systems (BPMS Tools)

These tools combine process modeling with runtime execution. In essence, they combine features previously found in workflow and EAI (Enterprise Application Integration) products. In some cases the tools also incorporate Rule Management and Process Monitoring capabilities. These tools are newer and are just beginning to gain a foothold in most companies. In the long run, they promise to help companies create a process layer between those who define and manage processes and the software resources used to implement processes.

BPM Applications

In essence, BPM Suites are tools that one uses to create BPM applications. A BPM Application is an application that is used to manage all of the people and software systems used to implement a specific process. Whenever the organization is called upon to execute a specific process, it relies on the BPM Application to manage the execution. In a few years, as BPMS becomes more widely used, we expect to see BPM Applications offered with BPMS built in. Conversely, we expect ERP and CRM vendors to offer BPM Applications especially designed to integrate with their current ERP or CRM modules. A BPMS is only a tool for building a BPM Application. A BPM Application is an application designed to execute a specific process with BPMS built in to enable managers to modify the application as needed.

Business Process Monitoring Tools

Most BPMS tools offer some process monitoring capabilities. They tend, for example, to provide information about process events to the process supervisors. Other BPMS tools, and more sophisticated monitoring tools, combine data from specific processes with information derived from other sources in a Data Warehouse and then use simulation techniques or Business Intelligence (BI or Data Mining) techniques to extract patterns from the data and to report information to executives via Executive Dashboards in something close to real-time. These tools are sometimes called Business Activity Monitoring (BAM) tools.

Rule Management Tools

Most BP Modeling tools allow analysts to identify and save business rules. Most BPMS tools incorporate rule management tools that at least allow for the identification of business rules used in specific business processes. In some cases the Rule Management tools can be used to actually analyze business rules at runtime and generate or suggest decisions using logical inferencing techniques.

BPTrends has published extensive reports on Business Process Modeling and Simulation Tools, on BPM Suites, and on Business Rule Tools. These reports are available free of charge on www.bptrends.com

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Geoffrey Moore's Technology Lifecycle Model

Geoffrey Moore is a high tech marketing guru who has been involved in numerous technology launches. He wrote a very popular book, *Crossing the Chasm* (Harper Business, 1991), which describes the lifecycle of new technologies and the problems they face gaining widespread acceptance.

Innovators

New technologies, according to Moore, are initially adopted by Innovators - companies that are focused on new technologies and are willing to work hard to make a new technology work in order to gain an early advantage. Innovators have their own teams of sophisticated technologists and are willing to work with academics and vendors to create highly tailored solutions.

Early Adopters

Once the Innovators prove that a new technology can be made to work, Early Adopters follow. Early Adopters are not focused on new technologies, as such, but on new business approaches that can give them a competitive advantage. They are less technologically sophisticated than Innovators, but still willing to work hard to make a new technology perform, if they see a clear business advantage. (See Figure 57.)

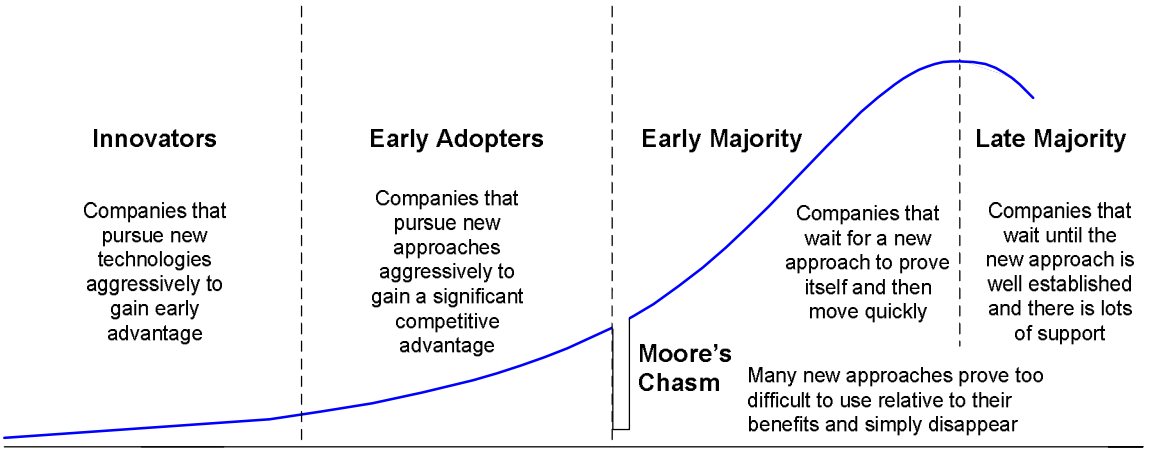

Figure 57. Moore's technology adoption life cycle curve

The Early Majority

The market for a new technology doesn't really get hot until the Early Majority are convinced to adopt the technology. The Early Majority represent some 35% of the market. They won't adopt new technology until they consider it well-proven. In fact, they aren't interested in technology at all, and don't have a lot of sophisticated technologists who are willing to struggle with the technology. They wait for case studies to show that the technology really provides the benefits that are claimed. And they insist on products that make it easy for less sophisticated developers to deploy the technology quickly and without significant difficulties.

Moore's Chasm

Moore's Chasm looms between Early Adopters and the Early Majority. Lots of technological innovations that are tried by Early Adopters fail to gain sufficient acceptance to pass the criteria of the Early Majority. The new technology gets lots of publicity, for awhile. Conferences are launched to provide information about the technology and it is described in glowing articles in all the high-tech magazines and business publications that are always touting the next new thing. Ultimately, however, the technology fails to produce enough concrete proof of usability and benefits to convince the Early Majority to make an investment, and the technology drops out of sight.

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The Late Majority and the Laggards

The Late Majority, like the Laggards who lie even further to the right, are reluctant to spend money or take chances on new approaches. They wait until their competitors among the Early Majority have started gaining benefits from the technology, and then follow suit, reluctantly.

When you go to conferences and hear vendors talking about the technological features of their product and why it's better technology than whatever came before, you are in an Innovator's Market. When the market begins to transition to Early Adopters, you begin to hear more business cases and get information on specific benefits. This is also the time when vendors begin to worry about wider acceptance, and become concerned with standards, user interfaces, and assuring their products can work with legacy applications. If the technology is really successful and crosses the chasm, the technology conferences tend to drop away, and the vendors begin to show up at traditional business shows and promote their products as a cost-effective way to solve a class of business problems. The majority don't care about technology. They just want to solve business problems quickly and effectively and to stay ahead or at least even with their competitors.

When a new technology is first introduced, many relatively small vendors rush to offer products. As long as the market is small, ironically, the number of vendors is large. No one vendor makes very much money, but they are full of hopes, each believing that their technological approach is superior. As the market grows and customers become a little more sophisticated, they begin to demand more comprehensive products and features like support for evolving standards. It is not uncommon for products to go through 3-4 generations in the course of 2-3 years. The cost of constantly developing new versions of one's product, coupled with the need for more aggressive advertising, forces the smaller vendors to search for capital to continue to remain competitive.

Sometime during the Early Adopter phase of the market, the major vendors begin to incorporate the technology into their more comprehensive offerings, and begin to promote the technology. In effect, the large vendors guarantee that the new technology is safe. As the competition heats up, most of the small vendors disappear. Some are acquired by large vendors. Many decide to specialize in industry or niche specific markets. Others simply fail to earn enough money to survive. The key thing, however, is that Majority companies only buy from established vendors who they are reasonably confident can provide the rather extensive support they will require and who they are sure will still be in business 5 or 10 years from now. Thus, if a new technology succeeds in crossing Moore's chasm, the leading vendors will be companies like IBM, Microsoft, and SAP. One or two of the new startups may have been successful enough to have grown into a 100 million dollar company and still be viable in the Majority market, but most won't make it.

Moore's Model and BPM Market

Unfortunately, it is not easy to apply Moore's model to the BPM market, as a whole, because today's BPM market is really lots of separate markets. The most important distinction is between those engaged in helping companies improve their business processes and those working to provide software tools that will enable some kind of process automation. Even within these segments, however, there are important distinctions, as for example, between the process modeling software tools that have been widely adopted, and the BPMS tools that are still in the Early Adaptor phase.

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