



IBM SOA

# Top Lessons Learned about BPM Enabled by SOA

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**ON** DEMAND BUSINESS™

# CEO's Cite Innovation as Top Priority for Business

*Business Model Innovation delivers the greatest returns*

*Results of 765 CEO interviews worldwide:*

Out Performers place 2X emphasis on **Business Model innovation** than under performers

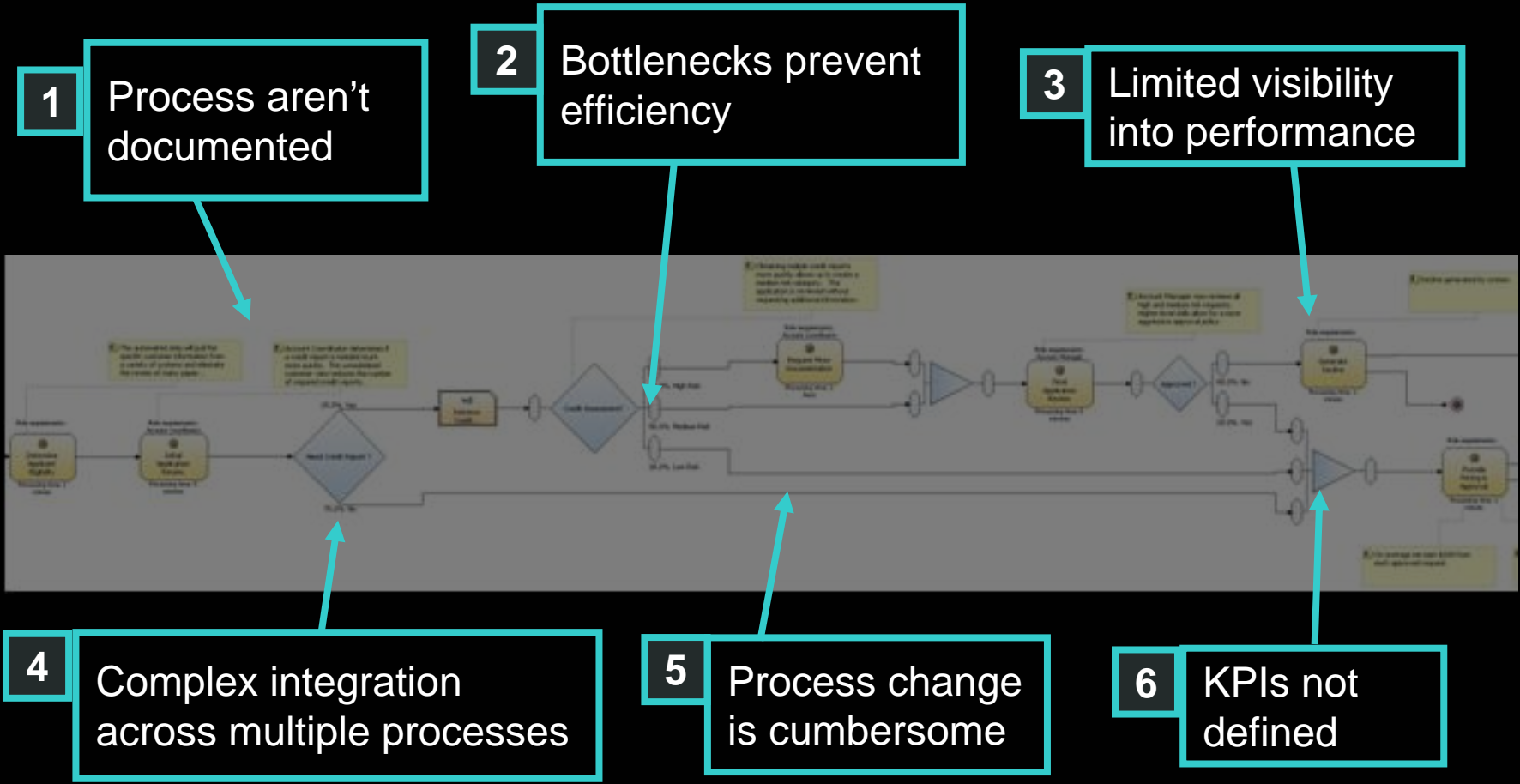
- CEOs are under intense pressure to innovate
- Corporate culture is critical to sustained innovation
- Business model innovation is the new strategic differentiator



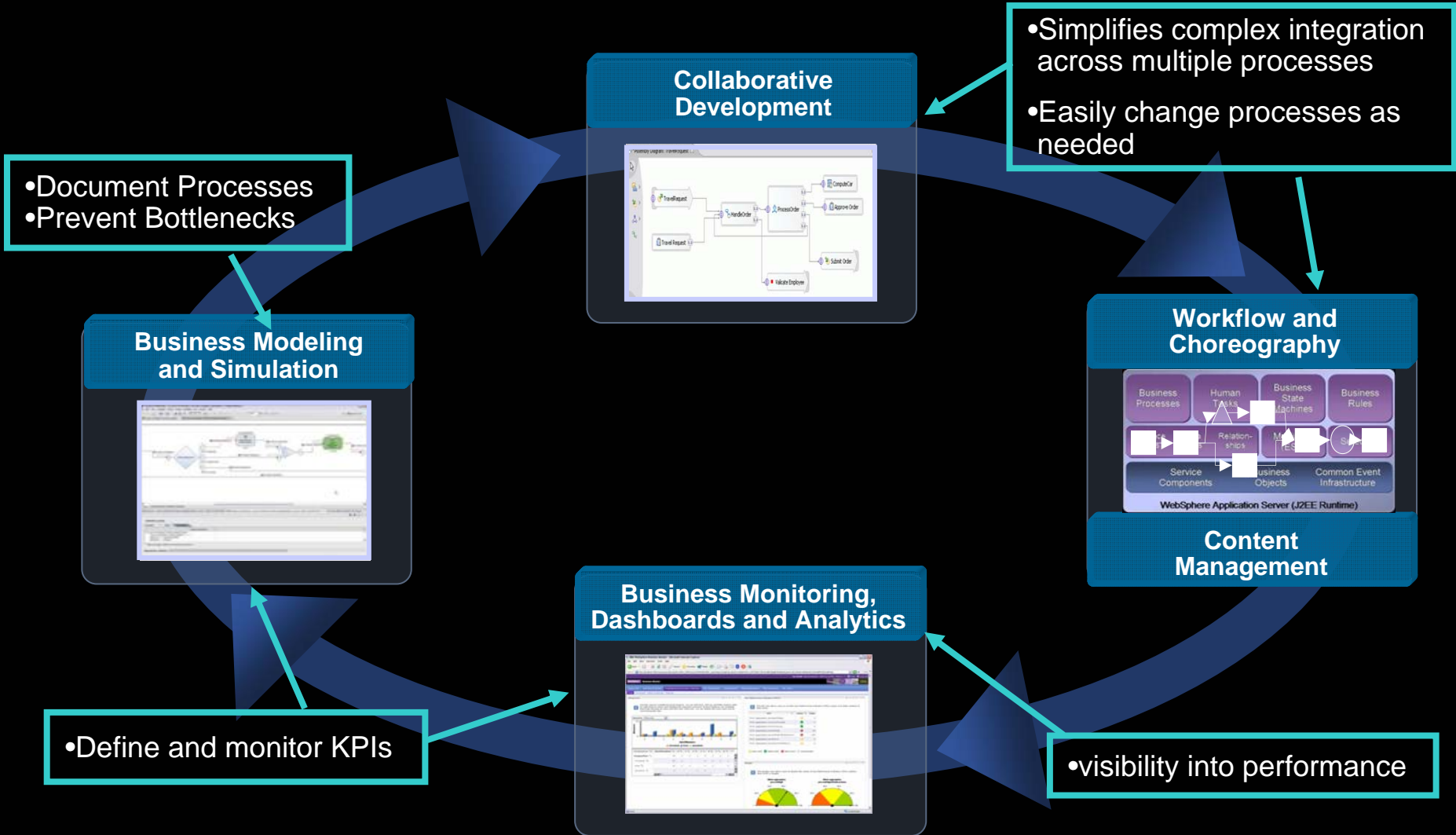
Source: IBM 2006 Global CEO Study

# Innovation can Encounter a Myriad of Process Challenges

Ex: Account Opening Process



# IBM Delivers BPM Capabilities to Meet These Challenges



# BPM Delivers Real Customer Value Today

## Manage Change

by modeling and analyzing existing or new processes.



*Reduced time and cost of new process releases by 25%*

## Respond Quickly

with processes based on a flexible infrastructure.



*Realized \$2M savings in the first year and increase in productivity*

## Enhance Efficiency

by analyzing activity to ensure processes meet objectives.



*Reduced mortgage process time by 53%  
Achieved 34% gains in efficiency  
Estimated annual savings of \$4M*

# The Top Lessons Learned

- 1 **Right Process, Right Team**
- 2 **Flexible Infrastructure Enables Process Change**
- 3 **Manage for Continuous Improvement**



## Lessons derived from:

- Over 8 years of customer engagement experience with early BPM technologies
- Last two years with hundreds of customers designing and implementing BPM Enabled by SOA solutions
- Customer Advisory Council

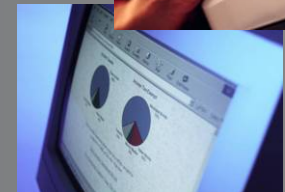
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# Right Process, Right Team

## *Lessons Learned*

Observation: **90% of projects failed** when business and IT were not equal partners

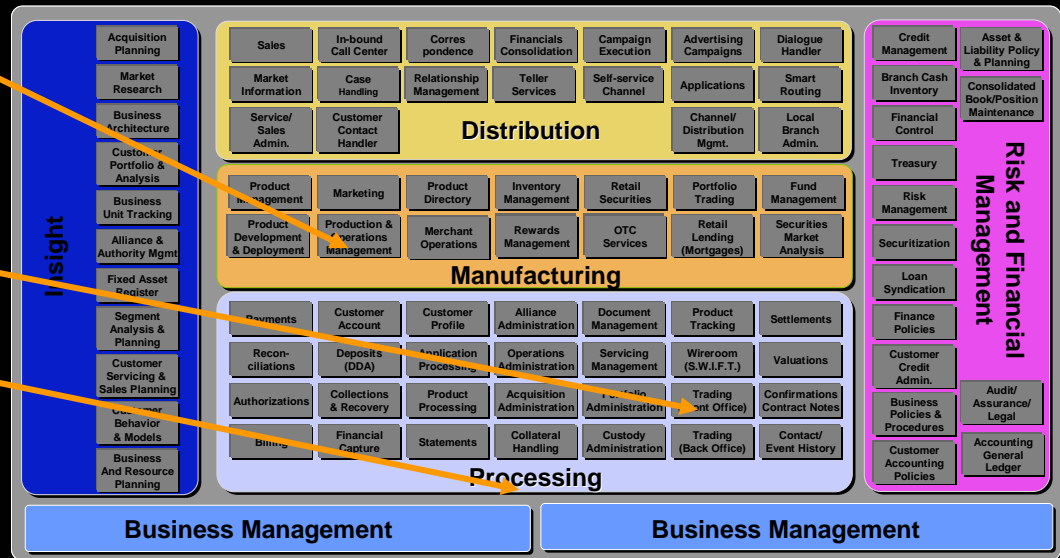
- **Gain Sr. Management sponsorship**
- **Find the process that will differentiate the business**
  - Match scope and visibility with your level of maturity
  - Balance ROI with Risk
- **Through simulation, identify the tasks that impact your process performance the most**



# 1 Find the Process that will Differentiate the Business

Component Business Modeling (CBM) Professional Services engagement will determine the critical business process to focus and then provide the justification from a strategic and financial perspective

- What part of the business is the differentiator?
- How are resources consumed?
- How are business and IT strategies aligned?



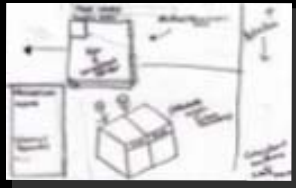
Enhanced!

CBM Professional Services-- now with 69 focused industry maps

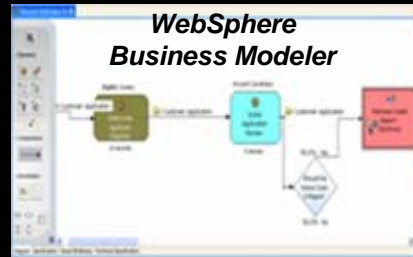
Bank of America Identified \$40 M of potential simplification and cost savings projects



# 1 Use Simulation to Identify High Impact Process Changes



Existing Processes



Run simulation to estimate savings and support the business case for the process change

- Define and optimize processes thru simulation
- Justify process changes through ROI calculations
- Understand impact of process changes to the business
- Example: Simulation results showing areas of greatest opportunity

## Current State - Times & Costs

Case Analysis with Unlimited Resources

Probability	Average Process Time (min:sec)	Average Cost
32.91%	10:11	\$5.40
32.10%	3:11	\$1.67
15.01%	14:11	\$7.56
15.20%	3:21	\$1.77
4.78%	11:11	\$5.93

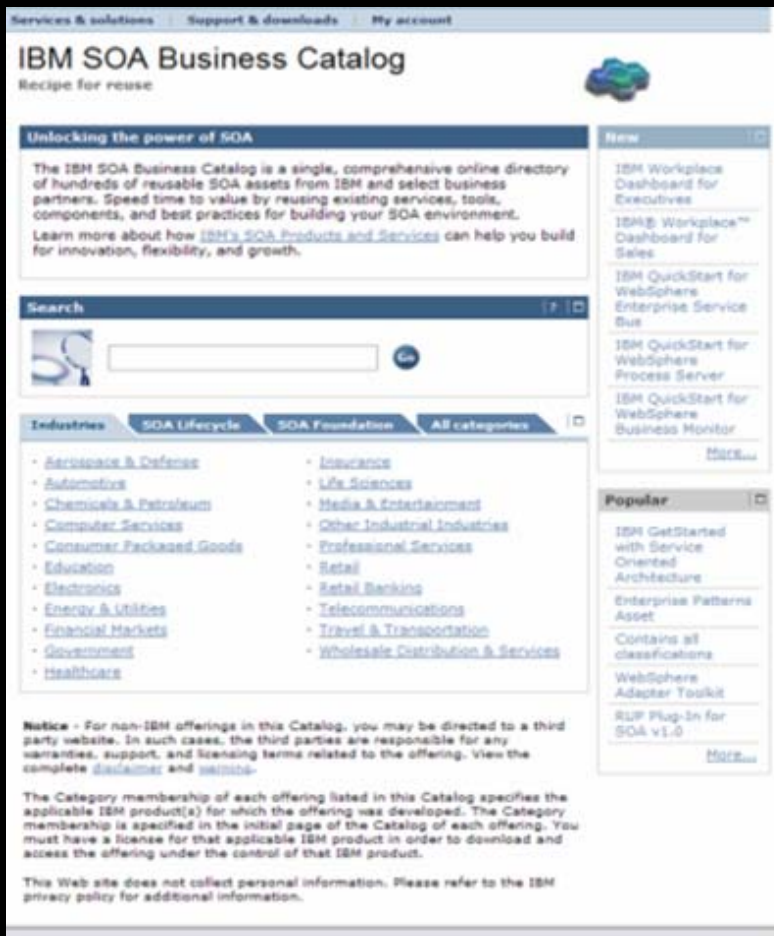
## Future State - Times & Costs

Case Analysis with Unlimited Resources

Probability	Average Process Time (min:sec)	Average Cost
35.57%	8:16	\$4.38
33.03%	1:51	\$0.96
13.51%	7:51	\$4.16
14.50%	1:54	\$0.96
2.39%	8:16	\$4.38

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# Faster ROI, Use Ready Made Models and Assets



[ibm.com/soa/soabusinesscatalog](http://ibm.com/soa/soabusinesscatalog)

**3665+ IBM & Partner Assets**

## Banking

- 300+ Business Processes
- 1600 Activities

Enhanced!



## Insurance

- 200+ Business Processes
- 700 Activities

Enhanced!



## Financial Markets

- 200+ Business Processes
- 300 Activities

New!



## Cross Industry

- Over 100 WebSphere Adapters and Pack
- Over 50 IBM Portlets
- Rational Patterns and Plug-ins
- SWG, GTS, and GBS SOA Services

Enhanced!

# 1 W&W AG Improved Efficiencies with IBM's BPM



Wüstenrot & Württembergische  
W&W INFORMATIK GMBH



*Delayed and inconsistent loan processing inhibits growth and impacts customer service*



*Route of problem: Critical loan information delivery took too long*

## **Actions and lesson learned**

- Architected and simulated process as re-usable services to automate mail distribution
- Involve all stake-holders upfront

## **Result**

- 70% faster document delivery
- Improved workloads
- Simplified employee management processes
- Stakeholders working together better



## 2 Flexible Infrastructure Enables Process Change

### *Lessons Learned*

SOA can **reduce** integration project development and maintenance **costs by 30%** or more

- **BPM can be achieved without SOA but....**
  - Change is difficult and achieving higher value BPM is hindered
- **SOA dramatically reduces process time, maintenance, and deployment costs**
- **Deploy processes on a dynamic, flexible BPM process engine**

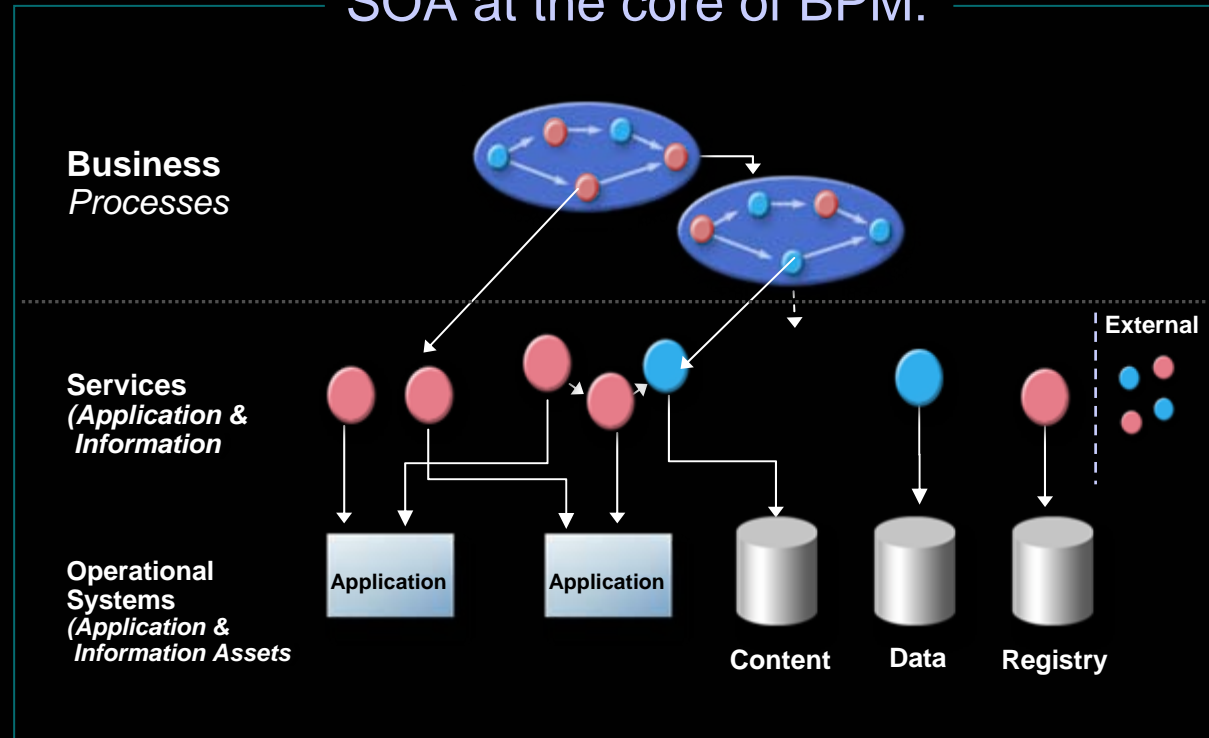


## 2 Business Process Management is Better with SOA

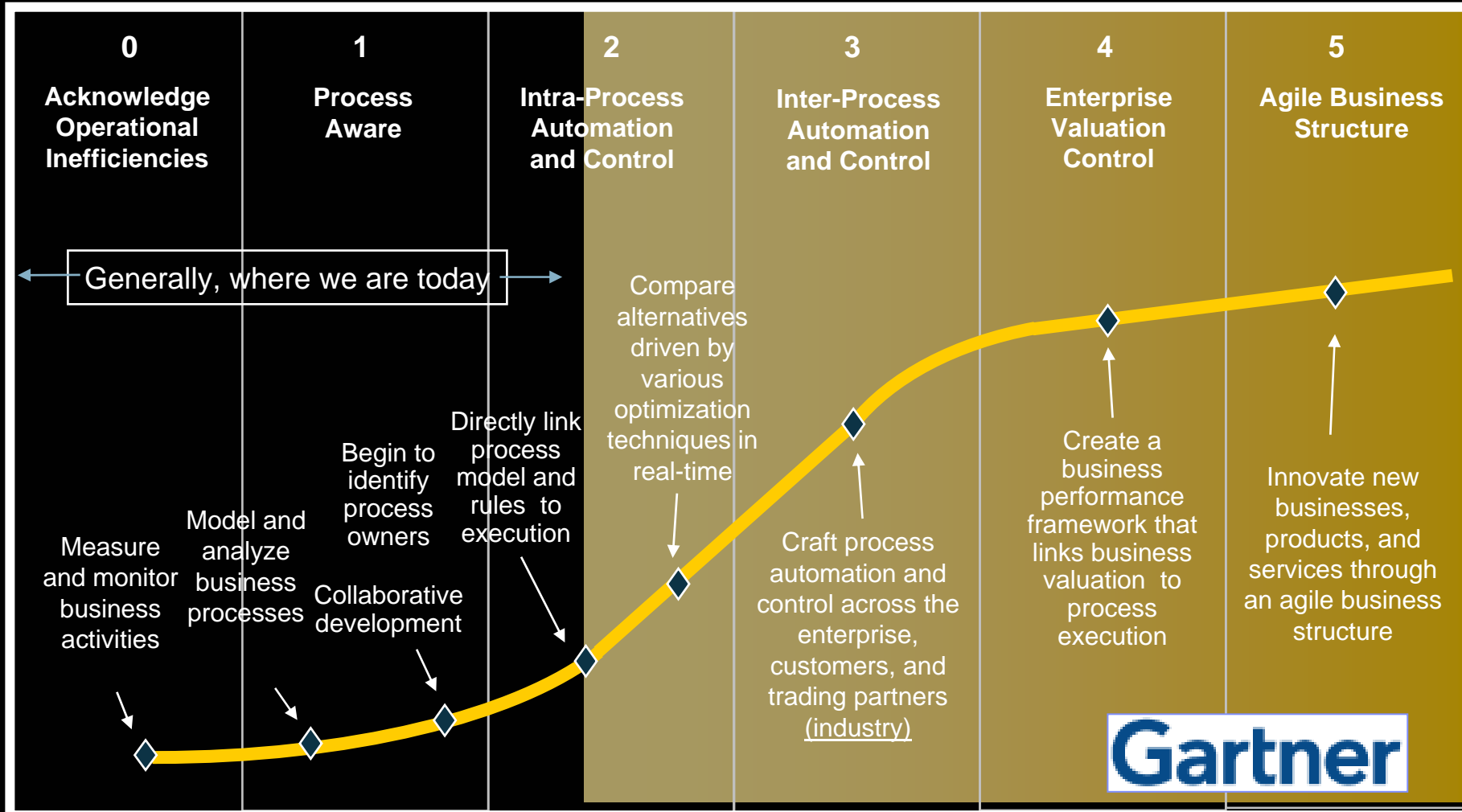
SOA improves how you design, manage, and optimize your business processes by enabling:

- Solution Building Efficiency
- Reuse of existing assets
- Flexibility in change

### SOA at the core of BPM:



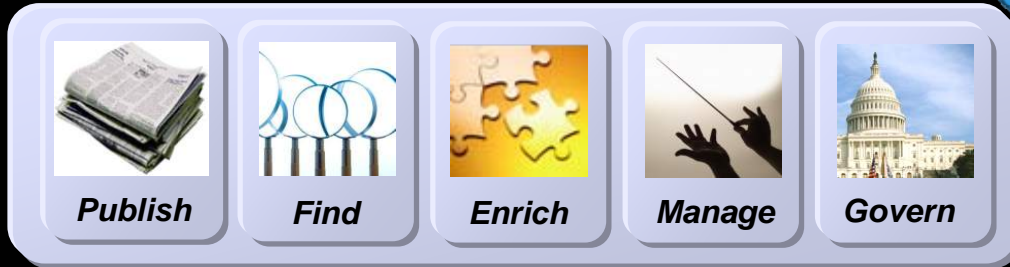
## 2 BPM can be implemented without SOA, but... ...forward progress will be hindered



## 2 Process Change Requires Management of Assets

### WebSphere Service Registry and Repository

**New!**



#### Encourage Reuse

Find and reuse services for building blocks for new composite applications.



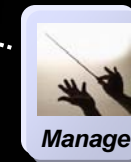
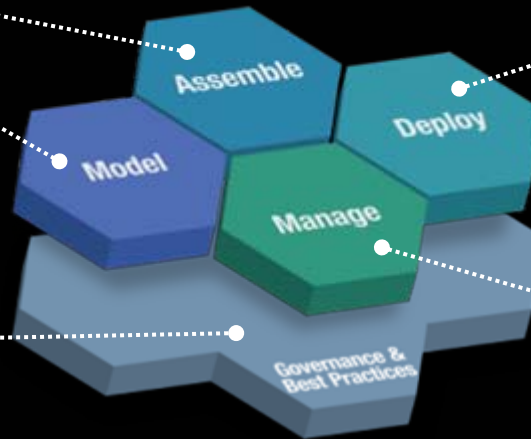
#### Enhance Connectivity

Enable dynamic and efficient interactions between services at runtime.



#### Enable Governance

Govern services throughout the service lifecycle



#### Help optimize service performance

Enable enforcement of policies. Impact analysis.

## 2 Deploy on a Dynamic, Flexible BPM with SOA Process Engine

Execute mission critical processes

- Securely, consistently, with transactional integrity

SOA infrastructure orchestrates assets into:

- Highly optimized and effective processes
- Service changes do not impact process
- Process changes re-use services as needed



WebSphere Process Server V6.02 -- *Easy to use and comprehensive*

- Process Automation and Choreography
- Human-centric support

**Enhanced!**



## 2 Vodacom Improved Agility with BPM Enabled by SOA



- ▶ *Revenue growth is flattening with competitive mobile arena*
- ▶ *Rapidly changing regulatory environment*
- ▶ *Need to introduce new products quickly and efficiently*

### **Actions and lesson learned**

- Re-architected process using BPM approach and maximizing reuse through SOA
- Demonstrated further process change achievable in minutes with SOA flexibility

### **Result**

- 30 days down to 4 days!
- Greater component reuse
- Increased diversification of mobile services
- Gain back competitive edge (used to 5x slower than competitors)



# Demo Video

## 3

# Manage for Continuous Improvement

## *Lessons Learned*

**69% of CFOs** say that measuring and monitoring business process and performance is their top priority

IBM Business Consulting Service. IBM Global CFO Study Dec. 2005

- View performance of processes based on Key Performance Indicators
  - Track cost, time and resources
- Achieve real-time visibility into processes
  - An ongoing, iterative loop of improvement and optimization
- Learn from your data
  - Feedback into model



3

## Use Industry Best Practices to assign KPI's *IBM Competency Center, BPM and SOA Experts*

**New!**

- **Determine what metrics are important (i.e. time, resources, cost)**
- **Use best practices and process experts for KPI Definition**
- **IBM's BPM Competency Center will help**

### IBM BPM Competency Center

- Created from across IBM leveraging field and lab process expertise
- Skilled in BPM consulting, process design, and implementation
- Serve as experts in overall Business Process Management concepts



**BPM  
Competency  
Center**

**Over 1000  
engagements!**

### 3 Achieve Real-time Visibility Into Processes

*Monitor the applications that are critical to your business*

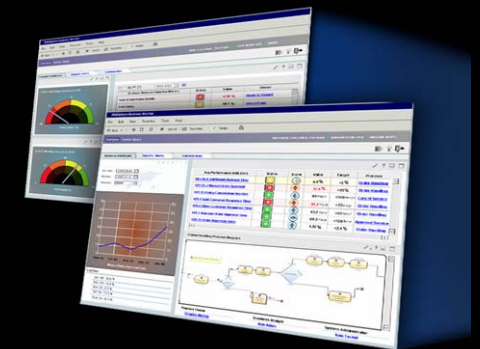


#### *WebSphere Business Monitor*

- Business Activity Monitoring capability
- Monitor models that have input from various sources
- Guided administration and testing environment

#### *Workplace Dashboard Framework*

- SOA support to leverage data from diverse business systems in real time
- Tailored based on user roles
- Take action through integrated collaboration



# 3 Learn From Your Data

## Modeler and Monitor Together:

- Feed your real data back into your modeling tool for real life simulations
- Using real business facts as the basis for analysis

The screenshot displays the 'Executive Insight' dashboard within an IBM WebSphere Portal. The interface includes a navigation menu with 'Executive Home', 'Sales', 'Operations', 'HR', and 'Manager'. The main content area is divided into several sections:

- Alerts:** A table listing alerts with columns for Priority, Status, and Alert. Alerts include 'YTD Operating Profit is at least 2% above target' (High, New) and 'YTD ROE on track' (Medium, New).
- EBITDA:** A bar chart titled 'EBITDA in Millions of Dollars' comparing Actual, Forecast, and Variance for the current and previous years.
- Key Performance Indicators:** A table comparing 2004 and 2005 YTD performance against targets. Metrics include Operating Profit, Gross Margin, Return on Equity, Revenue, Number of New Customers, Average Deal Size, Headcount, and Turnover.
- Top Opportunities:** A table listing the top 10 opportunities by amount, including account names like 'Les Chapeaux', 'R & S Insurance', and 'Le Monde', along with sales reps and product types.
- Headcount:** A 3D pie chart titled 'Headcount by Department' showing the distribution of employees across departments like R&D, Finance, Mktg, Operations, Services, Sales, and Other.
- My Team:** A list of team members including Miles Montgomery, Jennifer Santos, Earl Dutton, Wallace Stokely, and Maria Vasquez.

A legend at the bottom of the KPI section indicates that green cells represent 'Overperforming' and red cells represent 'Underperforming'.

# IBM Leads in Business Process Management with SOA

*Analyst Magic Quadrants and Waves deliver the proof*

- **Gartner BPMS Magic Quadrant (June 2006)**
  - Identified as **'visionary'** within this evolving market
  - Best positioned of all "major" vendors



- **Forrester Human-Centric BPM Wave (Insurance, Sept. 2006)**
  - Preliminary results were positive → "...IBM **leads** the pack"
  - Establishes IBM as the vendor with leading capabilities across the full spectrum of BPM engagements (human, system, document)
- **Forrester Integration-Centric Wave (3Q05)**
  - IBM a **leader**
  - Next rev targeted for Dec. 2006 (renamed to "BPM")



# Getting Started with BPM Enabled by SOA

- **Read the Whitepaper:**

- *“BPM with SOA: Better Together”*



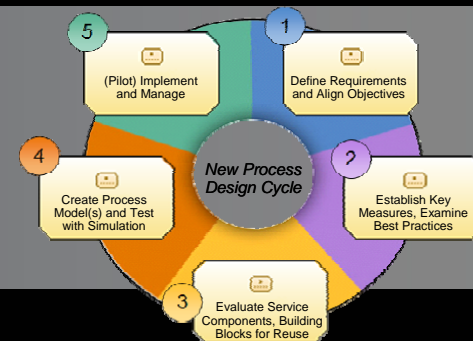
- **Take the Assessment:**

- *BPM enabled by SOA Readiness Assessment*



- **Attend a Workshop:**

- *Get started in your BPM project with a customized Process Improvement Workshop*



[ibm.com/software/info/bpmsoa/](http://ibm.com/software/info/bpmsoa/)