Business Processes and Cloud Computing

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Gartner Research VP & Summit Co-Chair
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Business Processes in the Cloud Are Inevitable

Many are already off-premises. The cloud is the next step.

Prehire Reference Checks
Credit Check Services
RSS Feeds

Hosted Apps
SaaS

Business Process Outsourcing

Your Business Process
**Prediction:** The share of BPM investments targeting end-to-end business processes that incorporate external services or cloud resources will increase 500% by 2012.

Source: Gartner, Predicts 2009: Use BPM to Confront Business Challenges and Complex Business Relationships, G00162252

**Key Issues**

1. What is cloud computing and what is driving its usage?
2. What is the relationship between BPM and cloud computing?
3. How are enterprises and BPM technology vendors using cloud computing?
What Is Cloud Computing?

Gartner defines cloud computing as "a style of computing where massively scalable IT-related functions and information are provided "as a service" using Internet technologies, potentially to multiple external customers".

Cloud Computing: Four Perspectives, Four Attributes

"All that matters is results. I don't care how it's done."

"I don't want to own assets; I want to pay for elastic use, like a utility."

"I want accessibility from anywhere, from any device."

"It's about economies of scale with effective and dynamic sharing."

Cloud Computing: A style of computing where massively scalable, IT-based capabilities are provided "as a service" across the Internet to multiple customers.
Debunking Cloud Computing Myths

Cloud computing myths are growing as the phenomenon gains popularity. Don’t let the myths derail your BPM efforts.

| Myth No. 1: | Cloud computing is an architecture or an infrastructure. |
| Myth No. 2: | Every vendor will have a different cloud. |
| Myth No. 3: | SaaS is the same as cloud. |
| Myth No. 4: | Cloud computing is a brand new revolution. |
| Myth No. 5: | All remote computing is cloud computing. |
| Myth No. 6: | There is no such thing as the private cloud. |

Gartner.

Traditional vs. Cloud Computing

<table>
<thead>
<tr>
<th>Acquisition Model</th>
<th>Traditional Computing</th>
<th>Cloud Computing</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Buy assets and build technical architecture</td>
<td>Buy service</td>
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<table>
<thead>
<tr>
<th>Business Model</th>
<th>Traditional Computing</th>
<th>Cloud Computing</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Pay for fixed assets and administrative overhead</td>
<td>Pay based on use</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Access Model</th>
<th>Traditional Computing</th>
<th>Cloud Computing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal network or intranet, corporate client</td>
<td>Internet, any device</td>
<td></td>
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<table>
<thead>
<tr>
<th>Technical Model</th>
<th>Traditional Computing</th>
<th>Cloud Computing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single tenant, nonshared, static</td>
<td>Scalable, elastic, dynamic, multitenant</td>
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Gartner.
What's Driving Business Processes Into the Cloud?

- **Knowledge-Intensive Processes**: New frontier for process automation (e.g., idea to market)
- **Infrastructure Technologies**: Virtualization and automation
- **Alternate Client Devices**: Explosion of form factors, mobility, connected
- **Knowledge-Intensive Processes**: New frontier for process automation (e.g., idea to market)
- **Infrastructure Technologies**: Virtualization and automation
- **Alternate Client Devices**: Explosion of form factors, mobility, connected
- **Global-Class Computing**: Mashable applications and services built on WOA (e.g., REST, RSS/Atom)
- **Social Computing**: Digital natives, relationship management, customer-facing processes
- **Industrialization of IT**: Standardization, commoditization, risk reduction (e.g., e-mail)
- **Context-Oriented Development of Applications (CODA)**: Presence, location, personas
- **Collaborative Development**: Process modeling, solution development, across geographies and between partners
- **Alternative Delivery Models**: Outsourcing, SaaS, utilities, plus maturing sourcing competencies
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What Is Business Process Management?

- **A Discipline**
  - *Management practices* delivering process transparency, adaptability, cross-functional process performance optimization, process governance and innovation
  - *A structured approach* employing methods, policies, metrics, management practices and software tools to manage and iteratively optimize the organization's operational processes.
  - *A cultural transformation* requiring special attention to communication and engagement activities to minimize resistance and maximize stakeholder involvement.
  - *Key principles*: business user empowerment, process visibility and explicit process management across the entire business process lifecycle.
- **That Can Be** enabled by BPM technologies (BPMTs):
Companies That Use BPM Deal With Frequent Business Process Change

- Need to cope with frequent process change:
  - Minimally, they change business processes several times per year.
  - Monthly and weekly process changes are not unusual.
  - A few companies are changing processes daily!
  - Need agility to rapidly change business process in response to unforeseen events.

- Externally facing processes are the most important target for BPM efforts.

Source: Gartner 2008 BPM Adoption Survey

BPM Helps You Manage End-to-End Business Processes that Span Complex Value Chains

 Explicit Business Process models:
- Abstract and simplify relationships
- Make on-premises and off-premises processes visible
- Make SLAs transparent
- Let business change parts of processes
What Types of Processes Are Candidates for Cloud Computing?

- Commoditized support processes (e-mail, storage, HR)
- Unautomated collaborative support processes
- Common industry processes
- Regulatory/compliance processes
- Knowledge-intensive processes
- Analytic processes

### Operating Processes

<table>
<thead>
<tr>
<th>Develop Vision and Strategy</th>
<th>Develop and Manage Products and Services</th>
<th>Market and Sell Products and Services</th>
<th>Deliver Products and Services</th>
<th>Manage Customer Service</th>
</tr>
</thead>
</table>

### Management and Support Processes

<table>
<thead>
<tr>
<th>Develop and Manage Human Capital</th>
<th>Manage IT</th>
<th>Manage Financial Resources</th>
<th>Manage Property</th>
<th>Manage Environmental Health and Safety</th>
<th>Manage External Relationships</th>
<th>Manage Knowledge, Improvement and Change</th>
</tr>
</thead>
</table>

### Process Patterns Where "Cloud Computing" Is More Likely to Provide Process Support

<table>
<thead>
<tr>
<th>Case Management</th>
<th>Form-Driven Workflow</th>
<th>Content Collaboration</th>
<th>Straight-Through Processing</th>
<th>Participant-Driven Workflow</th>
<th>Optimization of Network Relationships</th>
</tr>
</thead>
<tbody>
<tr>
<td>Triggers?</td>
<td>Customer request</td>
<td>Customer request</td>
<td>Idea submitted</td>
<td>Business transaction</td>
<td>Inquiry</td>
</tr>
<tr>
<td>Work Ends When?</td>
<td>Decision made or outcome achieved</td>
<td>Request is satisfied</td>
<td>Content created or published</td>
<td>Change made to recorded business state</td>
<td>Answer provided</td>
</tr>
<tr>
<td>Why Is It Done?</td>
<td>Make decisions, audit actions</td>
<td>Input to decisions and transactions</td>
<td>Gain consensus through collaboration</td>
<td>Record keeping</td>
<td>Customer responsiveness, self-service</td>
</tr>
<tr>
<td>Examples</td>
<td>facebook</td>
<td><a href="https://www.rightnow.com">RightNow Technologies</a></td>
<td><a href="https://myspace.com">Myspace</a></td>
<td><a href="https://google.com">Google</a></td>
<td><a href="https://weather.com">The Weather Channel</a></td>
</tr>
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Business Process Modeling in the Cloud

- High-level diagramming tool
- Broadens participation in process discovery
- Microsoft Visio importer
- 3,000 users

BPMS Is Being Used Within a Variety of Service Delivery Models

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<thead>
<tr>
<th>Model Type</th>
<th>Example Providers</th>
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<tbody>
<tr>
<td>Private Cloud</td>
<td>Satyam, Pegasystems, UBS (Fujitsu Interstage)</td>
</tr>
<tr>
<td>Mature Market</td>
<td>BPO, AO or Hosted &quot;Process-Based Application&quot;</td>
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<tr>
<td>- 1-to-1 model; not SaaS</td>
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<tr>
<td>- Providers sometimes use the same BPMS code base and basic artifacts for multiple clients</td>
<td></td>
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<tr>
<td>- Dedicated environment with client-specific process flows/data</td>
<td></td>
</tr>
<tr>
<td>Examples</td>
<td>DST Systems, SunGard, Target Group (Fujitsu Interstage)</td>
</tr>
<tr>
<td>Emerging Market</td>
<td>BPMS as a Cloud Platform</td>
</tr>
<tr>
<td>- Appian On Demand</td>
<td></td>
</tr>
<tr>
<td>- Fujitsu Interstage Enabled SaaS Platforms</td>
<td></td>
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<tr>
<td>Growth Market</td>
<td>Process Based Solutions via SaaS</td>
</tr>
<tr>
<td>- Enkata (Lombardi Teamworks)</td>
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<tr>
<td>- L@W (Metastorm)</td>
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<tr>
<td>- Savvion</td>
<td></td>
</tr>
<tr>
<td>- DST Systems</td>
<td></td>
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<tr>
<td>- Envision/ISCorp (Fujitsu Interstage)</td>
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Process-Based Solutions

Selected Examples

BPMS in the Cloud

Fujitsu

Appian Anywhere

Interstage

Sungard

Pega
The BPM Market Does Not Yet Require the Massive Scalability Characteristic of Cloud Computing

1. **On Premises**
   - Application
   - BPM Suite and Repository
   - Server

2. **Off Premises**
   - Massively Scalable

Emerging BPMT Cloud Platforms

- RunMyProcess
- Itensil
## Competencies Needed to Improve Business Processes in the Cloud

### Business Process Visibility:
- Shared and relevant process view across business and IT, partners, suppliers, on-premises and off-premises solutions

### Business Process Monitoring and Measurement:
- BAM, dashboards, establishing KPIs to monitor business outcome and SLAs

### Process-Aware Infrastructure:
- Process-centric integration backbone for instrumenting business processes and for managing change across process artifacts — both for on-premises and off-premises solutions

### Sourcing:
- Vendor management, aligning SLAs to desired business outcomes, understanding of sourcing options, contract models, and payment models

### Global-Class Computing and Social Networking:
- Mastery of Web 2.0 technologies, governance policies for integrating business user mashups into core business processes, identification of critical knowledge-based and collaborative processes inside and outside of the enterprise

## Recommendations

### Over the Next Few Days:
- Identify process segments that could be supported by cloud services.
- Conduct an informal audit of where “off the radar” usage of cloud services is implicitly used in one or more of your key business processes already.
- Compare the risks of using cloud services vs. the risk of not having these capabilities add value to your business processes.
- Assess the road maps of your strategic technology vendors and your service providers.

### Near Future (Over the Next Few Months):
- For the candidate process segments you identified, compare the cost savings of using cloud services vs. on premise solutions
- Craft a midterm road map that outlines the management and change process to go from on-premises to on-demand models.
- Establish a governance model for process ownership, change and risk.
- Make processes visible to business and IT, as well as to key external partners, suppliers and service providers.

### Longer Term:
- Mature your sourcing competencies to manage the diversity of options for supporting and improving business processes.
Recommended Reading

- "Tutorial for Understanding the Relationship Between Cloud Computing and SaaS" (G00156152)
- "Cloud Computing: Defining and Describing an Emerging Phenomenon" (G00156220)
- "How to Identify Cloud Computing" (G00158761)
- "Risks and Rewards: Examining Cloud Computing's Effect on Vendors and Users" (G00158759)
- Cloud-Based Application Development Platforms Enable New Modes of Collaboration G00163244
- Two Factors that Help Identify the BPMS “Sweet Spot” G00157424
- Which Evolutionary Path Is Your BPMS Vendor Taking? G00158128
- "Impact of SaaS in Business Process Management, 2008" (G00159159)
- "Boomi's SaaS Integration Services Strategy Gets a Boost" (G00159646)
- "Lombardi Makes BPM More Consumable" (G00157299)
- "Introducing SaaS-Enabled Application Platforms: Features, Roles and Futures,” G00150447
- Impact of SaaS in Business Process Management, 2008 G00159159

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QUESTIONS?

To ask a question please press *1 on your telephone keypad

OR

Type your question in the box at the lower left corner of your screen and click on the “Send” button located next to the box.

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