

Unhappy returns?



Companies are struggling to pinpoint the return on investment from business process management systems.

WORKING FASTER AND smarter has become a necessity for companies in recent years. And technologies such as workflow and document management can help cut the corporate paper mountain down to size whilst improving the efficiency of basic operations.

Our latest IT user study (see Survey Statistics box below) suggests this message is getting through, with organisations from a whole range of industries implementing such solutions in the hope of raising service levels without sending costs through the roof.

But this evident enthusiasm for the individual technologies masks the fact that many companies are failing to grasp the full potential of what business process management (BPM) offers.

While point solutions for workflow or document management can tackle specific needs, BPM provides the glue which will bind everything together in an enterprise-wide implementation.

Such an approach can offer much-needed integration for an organisation which has seen disparate applications spring up over the years, but now lacks the cash or methodology to bring it all back together.

There is little doubt that many companies are seeking to overhaul their current applications. Around half (55%) of our sample report that their existing enterprise IT systems are not sufficiently flexible, while 44% maintain that their systems are neither adaptable enough nor well integrated (see Figure 1).

In contrast, only a third describe their systems as very flexible (32%) or very responsive (32%) and only 29% feel they are highly adaptable.

Companies demonstrate similar worries about the suitability of their current business processes. The big majority (84%) have made changes in the last two years designed to make their processes more efficient, while 73% have taken steps to integrate different processes internally and 57% have been looking to make processes more cost-effective. As a result, three-quarters (75%) have funded IT investments in the past two years aimed at making systems more integrated, while 62% have sought to make them more responsive and 59% have tried to improve on the flexibility or adaptability of their systems.

Over the same timeframe, 41% of our sample have implemented workflow or document management applications, while 37% have added content management solutions and a quarter (25%) have opted for a BPM approach (see Figure 2).

Of all these options, document management emerges as the veteran application, with 39% reporting they already have an operational system. More than a third (36%) also have a workflow application in operation and 34% have a content management system.

In contrast, take-up of BPM is slower, with only 12% of the sample already running an operational system. And although 14% are currently implementing BPM, just 5% have a pilot project in hand, which suggests there is unlikely to be a dramatic increase in the number of BPM implementations in the next year or two.

Instead, companies seem to be more inclined to continue spending on document management and workflow.

The already high proportion of companies using document management software looks set to increase, since 14% are currently implementing applications in this area and 20% are running pilots.

Similarly, 9% of our sample are putting in workflow software at the moment, and 16% are giving it a trial.

The two most common drivers for workflow and associated technologies are customer service and/or complaint handling procedures, which are cited by 34% of our respondents, and the processing of online applications and inquiries (32%).

Organisations are also using these applications in areas such as sales and order fulfilment management (29%) and a variety of ad hoc processes including expense claim handling, membership administration, referrals and other claims handling.

SURVEY STATISTICS

For this survey we spoke to a broad cross-section of companies from sectors as varied as education (6%), energy and utilities (6%), leisure and tourism (4%), transport (2%) and aerospace (2%).

We particularly sought the views of organisations in areas such as manufacturing (18%), the financial services (16%) and the public sector (11%). They have traditionally had to find ways of dealing with large volumes of paperwork and also often face the kinds of regulatory challenges which can be a key driver in the adoption of workflow and document management technologies.

The companies varied in size from the bottom end of the range – with 5% reporting a turnover of under £5 million and 4% falling into the £5 million to £10 million bracket – up to the very largest. A third of our sample (30%) have a turnover of between £150 million and £1 billion, while 7% have turnovers ranging from £1 billion to £5 billion, and 5% top the £5 billion mark..

Interestingly, some paper-intensive activities have yet to receive much in the way of support – product development (14%), product technical support (9%) and marketing (4%) all come well down the list of areas where workflow or BPM is widely deployed.

Appeal

The key attraction of such technologies lies in their ability to help companies improve their existing working practices.

We asked our sample to rate their reasons for using workflow, document management or BPM software on a scale of 1 to 5, where 1 represents 'not important' and 5 stands for 'very important'.

The aggregated results (Figure 3) show that the number one priority for companies is to introduce greater efficiencies and/or improve productivity (4.33), coupled with the push to improve service (4.18). At the same time, organisations are looking to reduce operational costs (3.80).

Ambitions such as improving corporate agility (3.32), or improving the visibility of processes (3.24) come some way down the list. And two requirements which might have been expected to make an impact in this area barely register with our respondents. Neither the need to meet new compliance regulations (2.88) or the desire to deal with integration issues around legacy systems (2.57) score highly.

Part of the reason may lie in the two biggest problems companies face in using workflow technologies and software. These are the difficulty of integrating with other enterprise applications, cited by 52%, and the challenge of producing a clear ROI or cost/benefit justification, also mentioned by 52%.

User acceptance (45%) is another issue which comes high on the list of worries, with one respondent drawing attention to the difficulties of "overcoming user familiarity with paper".

On the other hand, only a third (34%) feel that the need for a change management programme is one reason why workflow is hard to introduce.

And while some respondents say the complexity of many solutions is a key problem, overall our survey findings suggest vendors should give themselves a pat on the back.

Only a quarter (27%) of companies feel that the software is not flexible enough to support their desired way of working, while just 20% voice fears that user expectations will not be met. And a mere 11% have concerns about poor scalability or other performance issues.

Yet there is enough uncertainty about how to make the most of workflow, document management and BPM technology for companies to seek outside help. Almost half (45%) have used systems integrators or external consultants on a project to implement such technology.

The most common request for help is with solution design (34%) – which suggests users are finding it hard to navigate through the maze of different technologies – along with systems integration (21%).

There is widespread recognition that these are not applications which can be just installed fresh out-of-the-box.

Interestingly, companies seem more confident about handling some of the preparatory work for a workflow implementation, with external help needed in areas such as defining processes (16%), project management (9%) and changing behaviours (2%).

For those companies who find the idea of a full-blown workflow, document management or BPM system too daunting, there are alternatives.

Getting on for half (45%) of our sample use or have been using messaging products such as Lotus Notes or Microsoft Exchange as the base infrastructure for workflow technologies.

Their reasons for doing so centre on the simplicity of such an approach. For 43%, user familiarity is a key advantage, along with ease of use (30%), cost-effectiveness (29%) and better integration of information sources (25%).

There is also widespread recognition that portals can play a role in reducing complexity and improving the user interface in workflow and related applications. Although only 18% currently use or plan to use portal technology, half (50%) will be considering this option and only 15% have ruled it out completely. The remaining 17% are undecided (see Figure 4).

The big advantage of a portal, of course, is that it offers a gateway into multiple applications without the user having to learn the intricacies of each individual system.

Two-thirds (66%) of our respondents acknowledge that having a single user interface is the key advantage of portal technology, along with its ease of use, which is cited by half (50%).

Looking to the future, many companies regard a web interface to workflow, document management and BPM products as essential. Half (50%) would not even consider a product lacking this capability, while a quarter (25%) feel it is required for certain applications.

Internet or web-based applications offer a straightforward way to link into other applications, such as those used by suppliers or supply chain partners. However, only about a third (36%) plan to integrate any of their workflow processes with those of external partners.

In contrast, 21% have no plans to take this course of action, and 27% have not given it any consideration, with 16% unsure.

It is a similar story when it comes to combining workflows with those of others, perhaps as a result of a merger or acquisition. Only 14% have definite ambitions in this area, compared to the 30% who have ruled it out, the 32% for whom it is not yet even up for discussion and the 24% who do not know their intentions.

But while progress may have been slow, companies are laying down the foundations for such requirements in the future.

Three-quarters (75%) identify web services as either 'extremely important' (27%) or 'important' (48%) to their developments in the workflow arena (see Figure 5). This is largely because such technology offers a way to link together legacy and external applications, a reason nominated by 48%, combined with flexibility of deployment (46%).

Companies also recognise the importance of industry standards in this area, although support for options such as BPML or eXML is more muted. Just over half believe such standards are either 'extremely important' (26%) or 'important' (29%), though a quarter (27%) do not have a view on this issue.

Overall, the biggest stumbling block is the difficulty companies face in calculating the return on investment from workflow, document management or BPM technology.

As Figure 6 shows, none of our sample describes this exercise as 'easy' and three-quarters (78%) rate it as either 'fairly hard' (42%) or 'very hard' (36%). Just 13% claim working out the ROI is 'fairly easy', while 9% do not have a view on this.

But without some cast-iron information on the impact these expensive and sometimes disruptive new applications will have on the bottom line, many organisations remain reluctant to go forward in this area.

Indeed, only a third of our sample (35%) claim their implementations have delivered the expected benefits, while one in five (20%) deny this is the case and 37% simply do not know.

Some companies may have failed to develop a convincing case for ROI because they have overlooked a key area where BPM software can make a real difference – solving long-standing application integration issues.

Yet only the brave would embark on an ambitious BPM project without some hope of achieving a decent pay-back.

The challenge over the next few years is for companies to find a way out of this vicious circle by developing detailed plans to use workflow, document management and BPM technologies to their fullest extent.

● If you are interested in this study, please contact Steve Markwell at PMP Research. Email: stevem@pmp.co.uk.

FIGURE 1: Nature of existing enterprise IT systems

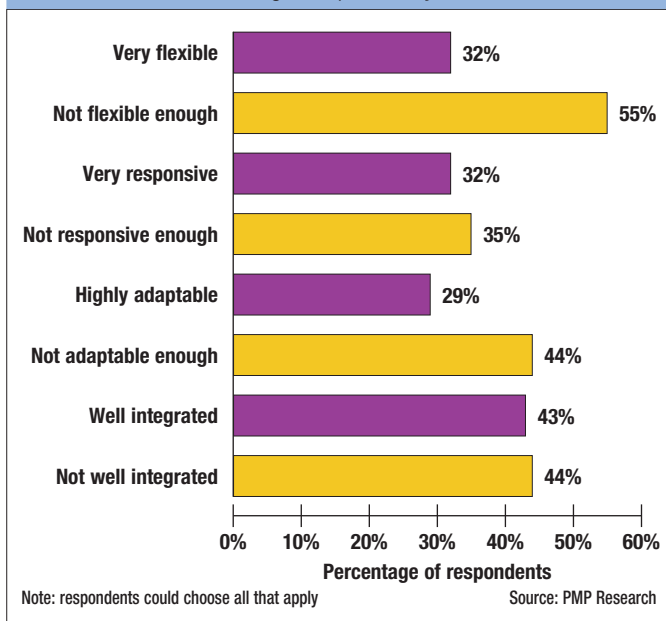


FIGURE 2: Preferred technologies

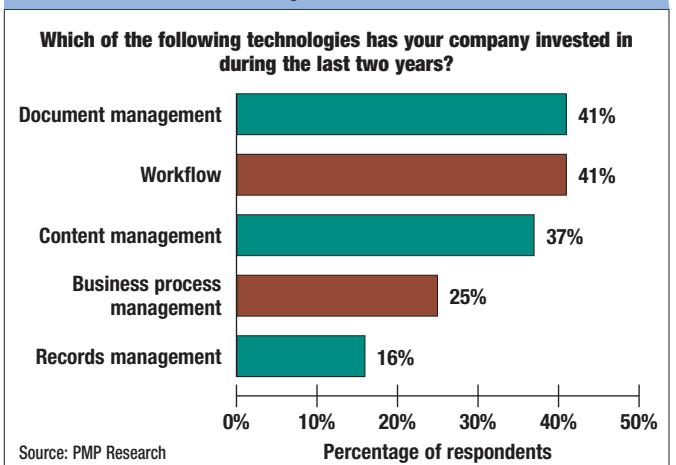


FIGURE 3: Key reasons for using workflow/DM/BPM

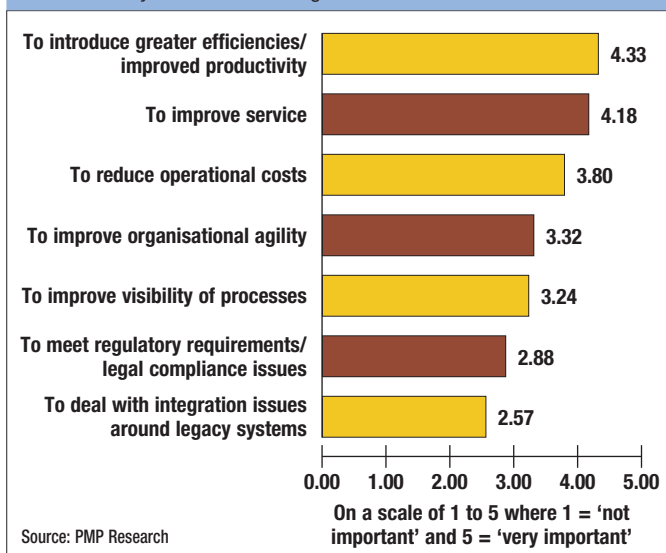


FIGURE 4: Use of portals

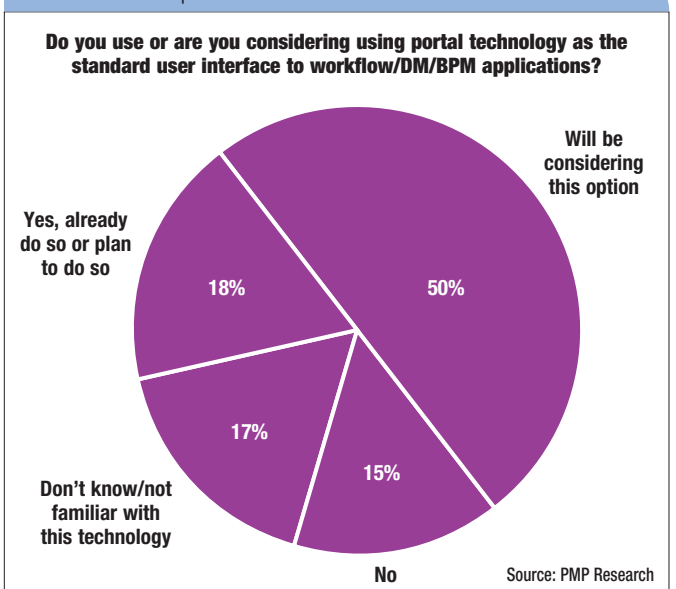


FIGURE 5: Importance of web services in workflow/DM/BPM

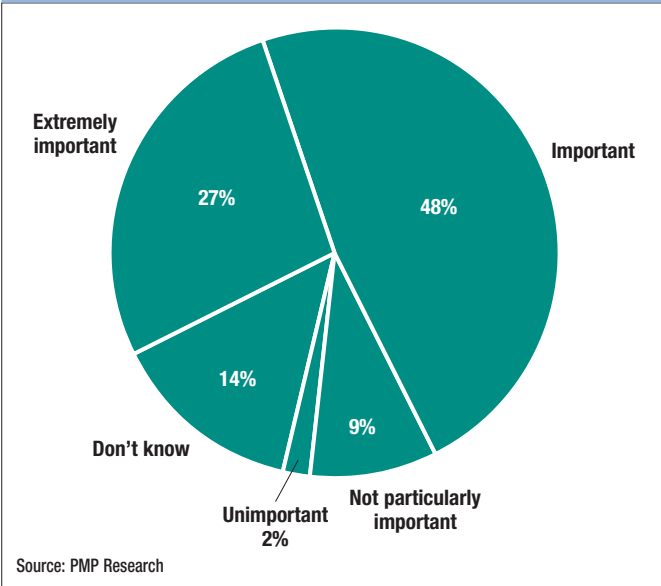


FIGURE 6: Return on investment

