

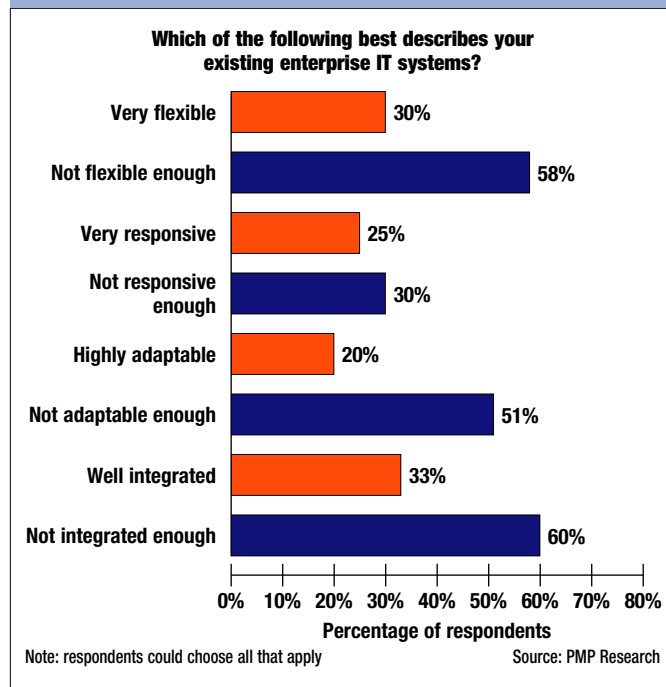
STRUGGLING TO HIT FULL THROTTLE

Workflow and related projects may be well-established in many UK organisations but they can still stay stuck in second gear. Pat Sweet reports on the findings from PMP Research's new study.

It's not what you do, but how you do it that defines success for many companies. Getting operations slicker and quicker than the opposition and being able to keep them that way is what makes an organisation stand out. And workflow, business process management and document management software has a big part to play in this. Our latest IT user study in this area (see Survey Statistics box, at end of article) indicates that many companies have taken these systems on board and are seeing real benefits. But is there more they could do and more the technology could deliver?

Certainly, many companies are painfully aware of the shortcomings in their existing IT enterprise systems, with 60% conceding that their current systems are just not sufficiently well-integrated to meet all their needs. Over half (58%) also

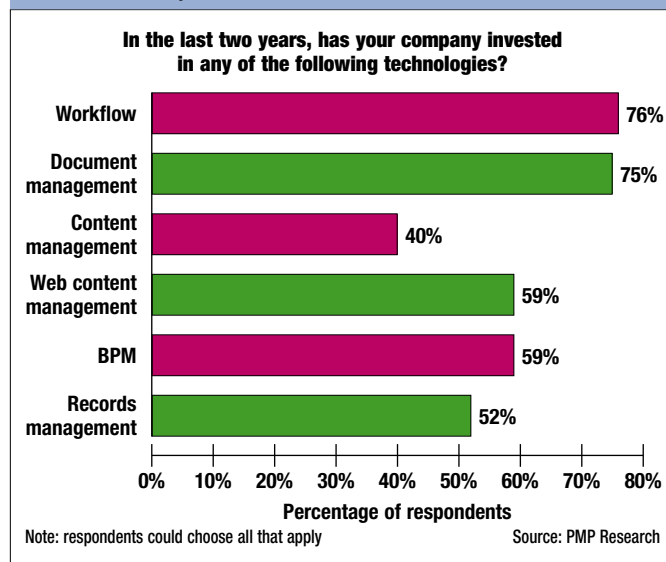
FIGURE 1: Capability of company's systems



admit that their applications are not flexible enough to deal with changes in circumstances, and a similar proportion (51%) express concerns about how adaptable their systems are (see Figure 1). In contrast, only a third (33%) are prepared to describe their existing IT systems as well-integrated and only a quarter (25%) maintain their systems are highly responsive. Just one in four (20%) believe their applications are highly adaptable.

As a result, companies have been engaged in strenuous efforts to overhaul their IT infrastructure in recent times. The majority (84%) report that they have made investments over the last two years specifically to try and improve the level of integration in their systems, while 63% have sought to make systems more flexible and 58% have tried to improve system responsiveness. Over the same period, 86% have also attempted to make their business processes more efficient and three-quarters (74%) have tried to make processes more cost-effective to administer.

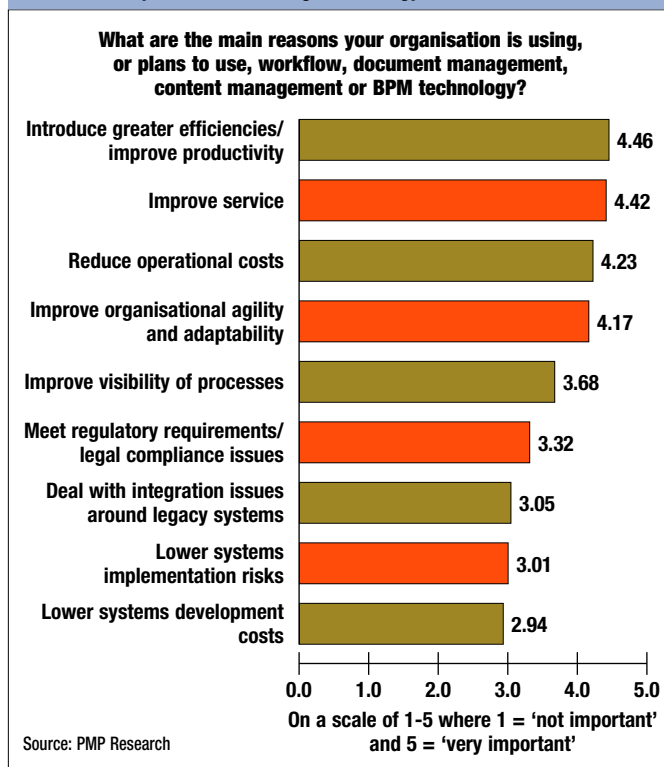
FIGURE 2: New system investments



During this time, three-quarters of our sample have spent money on workflow (76%) or document management software (75%). More than half have invested in web content management (59%), BPM technology (59%) or records management software (52%), while 40% have purchased content management software (see Figure 2).

Of these, document management emerges as the veteran application, with 7% of the sample reporting that they have been using this technology for more than a decade. Other long-standing applications in use for between six and 10 years are workflow (11%), web content management (4%), BPM (2%) and records management software (2%). Organisations reveal that they are most likely to use these technologies in areas

FIGURE 3: Key drivers for using technology



such as customer service or customer complaint handling (60%), along with the processing of online applications or enquiries (46%).

After that, companies report a wide variety of uses, such as the distribution and co-ordination of contract information; client verification and conflict checking; employee self-service; and revenues and benefits processing. There is no doubt that many have plans to keep using such technology longer term. A clear majority (91%) plan to use workflow, document management, content management or BPM in the next two years. Not a single respondent rules these options out completely, while the remaining 9% declare themselves undecided about future developments.

We asked the respondents for their reasons for using, or planning to use, these kinds of technology. They scored each factor on a scale of one to five, where 1 stands for 'not important' and 5 represents 'very important'.

The aggregated results from this exercise (Figure 3) show that the desire to introduce greater efficiencies

and/or improve productivity tops the list (4.46). This is followed by the wish to improve service (4.42), and then the aim of reducing operational costs (4.23). Improving organisational agility and adaptability (4.17) follows on from this.

Enhanced business performance and agility are often a company's first aims when it comes to consider BPM and associated technologies, and the survey results confirm this. But there is much more to BPM than these initial gains. Companies who opt for this route find it will also lead to new ways of integrating enterprise applications plus a more cost-effective and less onerous approach to systems development.

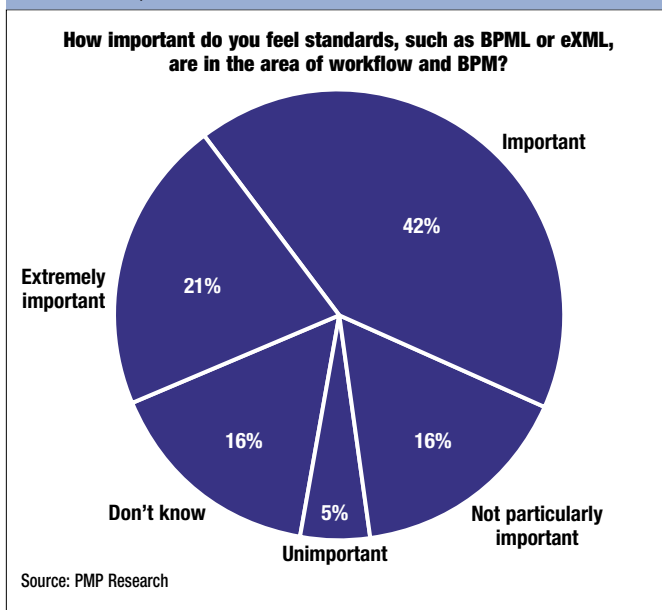
However, the results of our survey suggest that this part of the BPM message has not yet got through to the majority of users. Whilst respondents are keen to improve the visibility of processes (3.68), they are far less ambitious in other key areas. For example, using BPM to enable an organisation to meet regulatory requirements more easily and cost-effectively scores relatively low on the scale (3.32).

Nor are companies overly concerned about the potential this technology has in offering an easier way of integrating legacy systems (3.05), whilst simultaneously lowering the risks associated with systems development (3.01) and reducing the costs involved in such developments (2.94). The picture that emerges is one where companies are keen to grasp the immediate returns from using BPM technology – most notably greater productivity at lower cost – but are much slower to realise longer-term benefits such as easier and cheaper systems development.

We asked our sample to identify the biggest difficulties they have in using workflow, document management, content management or BPM software. Ironically, in view of the potential such technologies offer, one of the greatest areas of concern is integrating with other enterprise applications (55%). This is exceeded only by worries about user acceptance (60%).

The situation is best summed up by the respondent who describes their organisation's major barriers to adoption as "outdated management attitudes that fail to adapt to the flexibility allowed by the systems. And there is little investment in user training to get the best from those systems." This echoes the view put forward in the Expert Opinion article, which argues that many organisations are destined to have far more trouble with the 'people' element of workflow and

FIGURE 4: Impact of standards

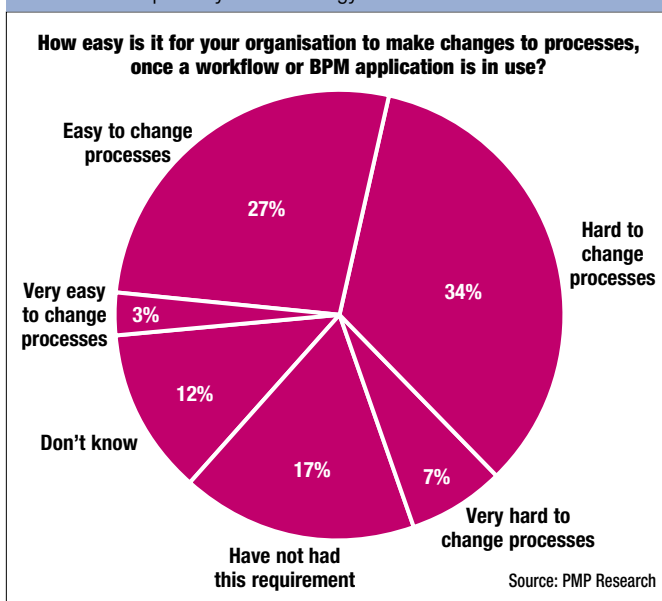


BPM systems than with the technology itself.

Just 11% of our sample, for example, demonstrate any concern or uncertainty about which vendor or technology to use, and under a third (30%) express any fears that user expectations will not be met, or that there will be performance or scalability issues with the software once installed. These findings suggest that most are broadly satisfied that the packages will do what vendors say they will.

Indeed, many have ambitious plans for future workflow and BPM applications – 61% intend to integrate some of the processes supported by such software with those of external suppliers or partners. A quarter (26%) report similar initiatives to combine workflows with those of others, a requirement produced by merger or acquisition activities.

FIGURE 5: Adaptability of technology



To do this effectively organisations will have to adopt standards, such as eXML, to facilitate the exchange of information. The majority of our respondents feel that such standards are either 'extremely important' (21%) or 'important' (42%) in the workflow and BPM arena (see Figure 4). Just 16% reckon standards are relatively unimportant and only 5% dismiss them completely.

The key benefits of standards are that they offer a way of integrating with external applications (65%) and provide a means of linking together legacy applications (60%). Interestingly, despite a lot of effort amongst various standards bodies in recent times, the facility to re-use process models is mentioned by only 39%, despite the fact that this will open the door to substantial cost savings.

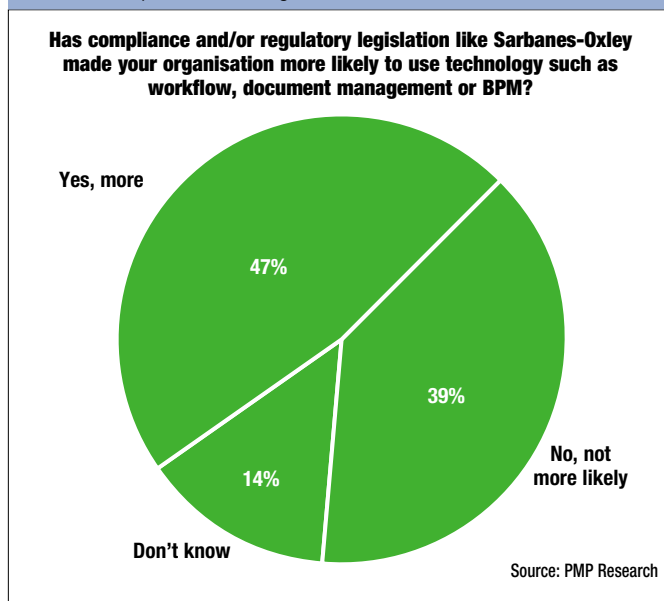
Companies are also enthusiastic about adopting portal systems, both internally and externally. While 28% have already introduced portals or have imminent plans in this area, and 44% are actively considering this approach, just 19% have ruled it out completely. The main benefit of portal software, cited by 70%, is that of having a single, consistent method of entering multiple applications, and one which is also easy to use (46%). Only 2% fail to see any point to such a development.

Companies are also enthusiastic about adopting portal technology as the standard user interface to such

One other concern highlighted in our survey is that companies are having problems producing workflow and BPM applications which are adaptable, and so risk setting their requirements in stone. If they really are to create an organisation which can 'turn on a dime' as circumstances dictate, then they need to be able to modify processes quickly and easily whilst also maintaining the essential integrity of their applications.

However, just 3% of the sample say it is 'very easy' to make changes to processes once a workflow or BPM application is in operation and only 27% feel this is an easy task (see Figure 5). Against this, 34% reckon it is hard to change processes and 7% label this requirement as 'very hard'.

FIGURE 6: Impact of new regulations



Another major worry (for both users and vendors alike) is that many companies are having trouble building a convincing case for this technology. Just 14% maintain that it is either 'easy' (2%) or 'fairly easy' (12%) to calculate the ROI on any workflow, document management or BPM implementation. In contrast, 69% admit that working out the ROI is either 'fairly hard' (52%) or 'very hard' (17%).

Nor are external drivers necessarily going to be much help to those companies struggling to develop a business case. One obvious reason to introduce workflow or BPM software is to provide the kinds of checks and balances within systems which are now required under new compliance legislation, such as Sarbanes-Oxley. But while 47% of our sample say that this, or similar regulatory requirements, will make their organisation more likely to use such technology, a similar proportion (39%) deny this will be the case

(see Figure 6). This suggests legislative demands are not going to give many companies the push they need.

Despite the acknowledged difficulties of calculating ROI, most companies are happy that they are getting something from their technology investments in this area, with 40% claiming to have seen the expected benefits delivered. Overall, this year's survey suggests users of document management, workflow and BPM technologies are standing at a crossroads. To get further along the road to a truly responsive, nimble organisation, some will have to plough a lonely and often bumpy furrow.

For most, there is no way back as they agree that such technologies are capable of producing genuine benefits and have delivered – albeit in ways which can be hard to assess formally. For the majority, there are gains, but also the realisation that workflow and BPM could deliver much more, if only the organisation could summon up the willpower to convince its own people of what the technology has to offer.

● *Pat Sweet is the PMP research analyst. If you are interested in this study, please contact Steve Markwell at PMP Research. Email: stevem@pmpresearch.co.uk.*

SURVEY STATISTICS

For this survey we spoke to a broad cross-section of companies from sectors such as manufacturing (7%), retail (7%), leisure & tourism (5%), education (5%) and distribution & logistics (5%). One in four (20%) of the sample were drawn from the public sector. Local and national government authorities and public bodies such as the health service have long had to contend with processing large volumes of paperwork, and have been at the forefront of finding ways to do so more efficiently and cost-effectively. The same challenges are also very evident in the financial services sector, which accounts for 15% of those polled.

The companies vary in size from the bottom end of the range – with 2% reporting a turnover of between £5 million and £10 million and 7% falling into the £10 million to £50 million bracket – up to the very largest. A quarter (24%) have turnovers of between £500 million and £1 billion, while 2% are in the £1 billion to £5 billion range and 19% top the £5 billion mark.