

EXCERPT

IDC MarketScape: Worldwide Business Process Platforms 2011 Vendor Analysis

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IN THIS EXCERPT

The content for this excerpt was taken directly from the IDC MarketScape: Worldwide Business Process Platforms 2011 Vendor Analysis by Maureen Fleming and Jeff Silverstein (Doc # 228598). All or parts of the following sections are included in this excerpt: IDC Opinion, In This Study, Situation Overview, Future Outlook, and Essential Guidance. Also included is Figure 1.

IDC OPINION

Enterprises adopting business process management (BPM) software have wide-ranging needs, from highly dynamic task management to complex, high-volume processing with a focus on straight-through automation and the ability to rapidly detect exceptions. This IDC MarketScape focuses on what we call business process (BP) platforms, which are optimized to support midrange to more complex use cases. Key findings include the following:

- ☒ IDC's MarketScape model balances the strategy of vendors with their current capabilities. Because marketing and sales, operational issues, and products are all critical in this evaluation, the IDC MarketScape model weighs these factors on both the strategy side as well as current capabilities.
- ☒ Strategy scores ranged from 457 to 256 out of a possible 500 points. Progress Software (457.3) had the highest strategy score followed by Oracle (440.3) and Fujitsu (430). The median score was 360.
- ☒ Capabilities scoring ranged from 436 to 203 out of a possible 500 points. Cordys (436) had the highest capabilities score, followed by Oracle (416) and TIBCO (404). The median score was 365.
- ☒ Product and portfolio differentiation is a key strategy for gaining and maintaining position in the market. Given that, the innovation score is important. There were five vendors that received top scores for innovation: Appian, HandySoft, Intalio, Nintex, and Progress Software.
- ☒ The ability to differentiate through value-added capabilities in a vendor's core BPM offering continues to be an important factor for buyers, and the top overall score reflects both the comprehensive capabilities and the differentiating functionality. Cordys, IBM, Oracle, Pegasystems, Progress Software, and TIBCO each received a top overall score.

- ☒ With any technology purchase, the ability to deliver results on time, on budget, and in scope is the marker of a good decision. To achieve those results using a BP platform means that enterprises need to take into account how well the software will support the business process, rules that govern the process, the ability to interoperate with third-party applications and systems to consume and deliver data in support of the process, and the strength of the overall architecture to maximize agility and reusability.
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IN THIS STUDY

This IDC study assesses the capabilities of vendors to support midrange to complex process improvement scenarios using business process management software. BP platforms provide development and runtime environments to improve and automate a wide range of processes and support advanced use cases around orchestration, process interoperability, end-to-end process monitoring, and event-driven process management. That means BP platforms are capable of combining people- and system-centric use cases.

Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of a review board of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

SITUATION OVERVIEW

Enterprises adopting BPM suites have wide-ranging needs, from highly dynamic task management to complex, high-volume processing with a focus on straight-through automation and the ability to rapidly detect exceptions. To meet the increasingly complex requirements, vendors have responded with offerings that effectively provide a business process platform to support an enterprise's wide-ranging needs for process automation. These needs and reasons for adoption include:

- ☒ **Task management.** Enterprises often have a difficult time managing processes that are not highly repeatable and not very automated. BPM suites are used to keep track of tasks and escalations and often do not use a process model but instead keep track of tasks, how they are forwarded, task escalations, and task completions. An example is the support of a budgeting cycle radiating from the finance group through lines of business and down through the organization.

- ☒ **BPM suites to supplement packaged applications.** There are enterprises that take a disciplined approach to BPM by identifying areas of inefficiency, and then adopting packaged applications. They use a BPM suite to fill in automation gaps among applications. An example would be using a BPM suite for approval-centric workflow for travel expenses before sending the expense report to the appropriate financial application. Another example is the use of a BPM suite to support employee onboarding.
- ☒ **Process applications.** Many enterprises also use process automation software as a new style of platform to build custom process applications. In this case, there is a desire to adopt a BP platform to reduce cost and improve time to value. They do this by selecting a product that minimizes custom coding and optimizes the use of a development team by assigning fewer developers and more configuration specialists and business analysts to projects to improve business acceptance and decrease development costs. Examples include a law practice application to manage pending litigation and a store maintenance application that coordinates supplies and maintenance requests across multiple locations. In both examples, there may be a need to interoperate with applications, but the bulk of the work is handled within the process application.
- ☒ **Composite process applications.** Enterprises are using BP platforms to coordinate data and Web services between process workers and multiple systems of record. The cornerstone of a composite process application is a standardized, role-based user interface that provides full functionality to handle a task or make a decision without requiring the process worker to move between different applications. Examples of composite process applications include the use of a BP platform to standardize the user interface in a customer call center or customer self-service Web sites.
- ☒ **Processing backbone.** To increase the efficiency and adaptability of supporting complex, heterogeneous application environments, enterprises are building backbones that receive work, process it, and deliver the processed work to applications. This becomes a standardized processing utility for the family of applications and workers associated with the backbone. An example is a backbone to process all customer interactions, whether they originate from a branch location, the mailroom, a self-service Web site, or a call center. The backbone is typically built in layers, including the business process layer and technical services layer, with each layer loosely coupled but interoperable with each other. Backbones support both people- and system-to-system workloads.
- ☒ **Business navigation system.** Rather than supplement packaged applications, enterprises use BPM software to control an end-to-end process that involves monitoring and orchestrating work across multiple packaged and custom applications. An example is monitoring the health of the end-to-end process around a customer enrollment across multiple applications, ensuring that each handoff point is performed according to the defined service-level agreement (SLA) and immediately identifying a processing exception. Once an exception is identified, the business layer of the platform provides the necessary capabilities to support the required decision making to resolve the exception.

- ☒ **BPM as a discipline.** There are enterprises that view BPM as a discipline that involves automation as only one important aspect of process improvement. In these scenarios, the adoption of BPM creates a triple play of cultural change, process transformation, and a new style of development methodology. BPM software is used for both the automation platform and the collaborative environment used to reach agreement about the new process.

This IDC MarketScape looks at vendor capabilities that support all of these use cases but, in particular, effectively handle midrange to complex process applications, composite process applications, processing backbones, and end-to-end process management. We also assessed vendor capabilities around supporting BPM as a discipline, including evaluation of vendor tools around collaborative and fact-based process discovery and design.

Definition of Business Process Platform Products

Business process platforms are product suites or product portfolios that support the design and automation for business process improvement initiatives. They contain functionality across all or some of the capabilities that follow:

- ☒ **Discovery and design:** Discovery and design are collaborative and fact-based tools to define an as-is process and a to-be process. This may include business planning tools to determine optional choices to determine the best area of a process to begin improvement. Also included in this are simulation and documentation capabilities.
- ☒ **Process modeling:** Process modeling is the graphical design environment that renders the process model supporting the BPMN standard. This may also support state-based models to support case management as well as case-based workflows. The process modeling environment supports the process life cycle, including development, testing, production, and change management.
- ☒ **User interface development and presentation:** User interface development and presentation environment creates and renders a user interface for process workers, supporting forms as well as a process application user interface. It often includes the ability to render a user interface by mashing up or composing the presentation layer from components. This may include the ability to display the user interface in a portal or a mobile device as well as render in a social style, such as tasks presented as RSS feeds. Capabilities also include the ability to render charts and graphs as well as dynamically display data.
- ☒ **Data access and integration:** Data access and integration capabilities enable access to external data and also receive from and send data to packaged and custom applications. At a basic level, this includes the support of Web services, and at a more comprehensive level, the ability to mediate and transform data as well as support complex system-to-system processing patterns.

- ☒ **Rules:** Rules capability is either embedded or separate decision services that are used in a process to analyze, score, and route work. This capability uses combinations of configurable, expression-based rules, scripts, as well as user configurable decision tables. In some of the environments, rules can be wired together to support complex, automated decisions.
- ☒ **Condition detection:** Condition detection is the advanced capabilities to determine whether a pattern of events creates a condition that should be acted upon.
- ☒ **Work management:** Work management capabilities manage process assets such as user profiles, skills catalog, calendar, and organizational model, and determine how to schedule, route, and escalate work in progress. This includes the ability to synchronize with enterprise directory services to support access controls and authorizations. And it includes the ability to establish SLAs for both automated and manual tasks.
- ☒ **Task management:** Task management is the capabilities available to process workers that allow them to perform tasks. This may include ad hoc tasks that can be defined and routed by process workers as well as social tools available for collaborative decision making.
- ☒ **Case management:** Case management capabilities coordinate complex and frequently nonlinear work streams to achieve a goal, particularly involving a decision. Software capabilities allow process workers to create, maintain, manage, share, and archive a collection of tasks, data, records, documents, and decisions involved with short-running or long-running cases.
- ☒ **Monitoring and reporting:** Monitoring and reporting environment allows developers or process workers to create and render reports or monitors. These may be displayed in the process user interface, queries on an ad hoc basis, or distributed separately from the process execution environment. This includes the ability to establish thresholds for alerts and notifications. This provides the ability to audit work as it advances through a process.

Most of these offerings have embedded portal and some content management features. They support common database management offerings to manage process instances and for monitoring and reporting. They also tend to interoperate with third-party content repositories and portals.

FUTURE OUTLOOK

IDC MarketScope Business Process Platform Market Assessment

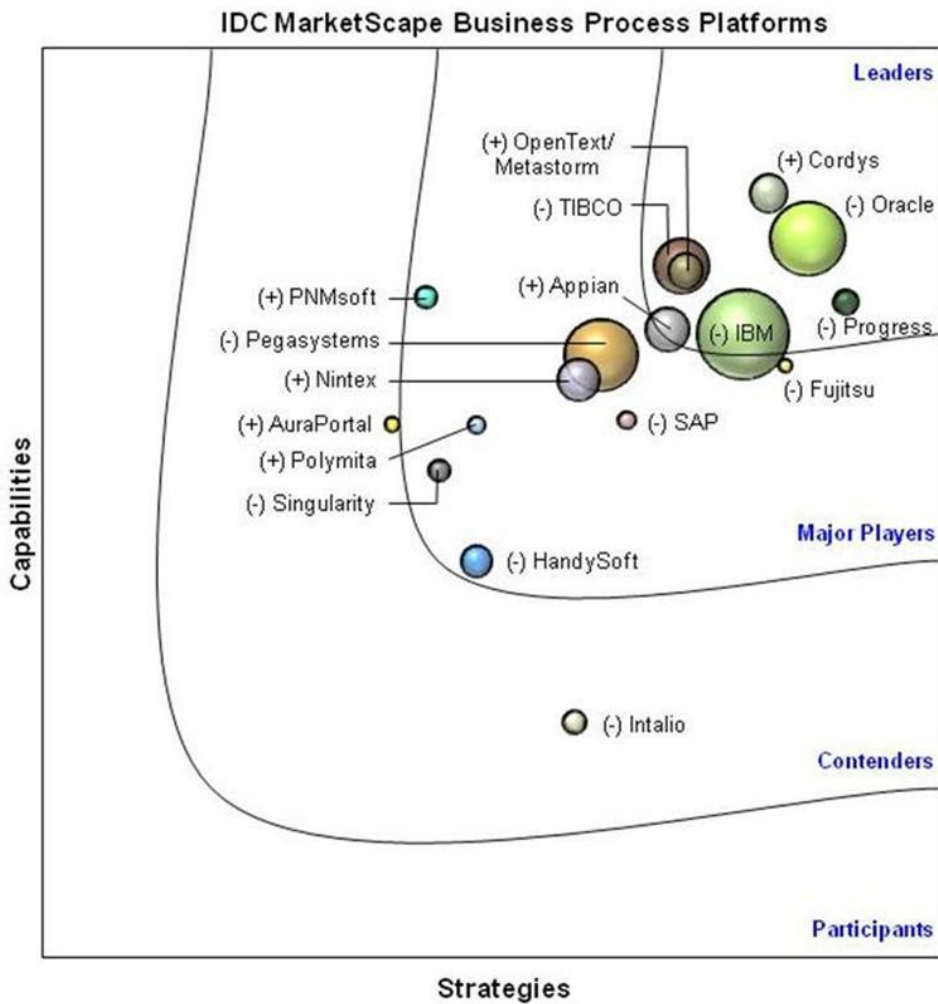
Figure 1 presents the competitive assessment of BP platform providers. All vendors in this assessment are highly capable of supporting people-centric process applications to at least the midrange of complexity (refer back to Table 1). The higher each

vendor's bubble, the greater capabilities the vendor has. And the further right the bubble, the higher the vendor was scored for strategy.

The size of the bubble indicates 2010 spending on BPM suite software. Many vendors opted to use a broader portfolio of products to execute the demo. However, there was too much variation in the choice of products to evaluate total spending by vendor on the accumulation of products used in the demo.

FIGURE 1

IDC MarketScape Business Process Platform Vendor Assessment



Source: IDC, 2011

Vendor Summary Analysis

Oracle

Oracle is a leader in our IDC MarketScape for business process platforms. Headquartered in Redwood Shores, California, Oracle had more than 105,000 employees at the end of 2010 on more than \$27 billion in revenue. Oracle's BPM revenue accounts for an insignificant portion of total sales. However, the product is a core component of Oracle Fusion Middleware 11g, which is the platform for the company's next-generation application portfolio. Oracle's BPM suite revenue grew an estimated 8% in 2010 to \$150 million.

Oracle's BPM suite product line was launched with the April 2008 acquisition of BEA. BEA entered the market in 2006 with the \$87.5 million 2006 acquisition of Fuego, a BPM pure-play.

Oracle's sales are concentrated in North America and Europe, with Asia/Pacific accounting for about 15% of the total. While Oracle sells primarily through a direct channel, it has a comprehensive range of channel and professional services partners.

Oracle targets a variety of vertical markets including utilities, financial services, government, healthcare and life sciences, insurance, telecommunications, retail, manufacturing, and logistics. It goes to market horizontally through its application portfolio.

Oracle has a group of products that work in tandem to provide broad business process functionality. Those products include the following:

- ☒ **Oracle BPM Suite.** With version 11g introduced in June 2010, BPM Suite supplanted BEA's AquaLogic BPM as its primary enterprise BPM offering. With the new version, Oracle offers a wide variety of components that can be mixed and matched to design, develop, and automate a process. Core components to the suite include the following:
 - ☐ BPM Studio, a JDeveloper-based development environment
 - ☐ BPM Process Composer, a Web-based modeling tool for business analysts
 - ☐ Oracle Business Rules
 - ☐ Oracle WebCenter for the portal and social environment for process workers
 - ☐ A single runtime engine that supports both BPMN and BPEL
 - ☐ Oracle SOA Suite to handle integration and mediation
 - ☐ Oracle Business Activity Monitoring for monitoring, alerting, and reporting
- ☒ **Oracle Business Process Analysis Suite.** This is used for more advanced process discovery and design.

- ☒ **Oracle Complex Event Processing.** For the demo, Oracle also used Oracle Complex Event Processing for problem detection.

Product Assessment

In assessing Oracle BPM Suite, it is clear that one of the product's most important customers is the Oracle Fusion Applications team and, over time, Fusion Applications customers. The suite has a high degree of interoperability and reusability built into it, which is logical when there is a need to support applications that are architected to be composed rather than traditionally built through coding and connection to a data model and relational database.

The benefit of this design translates to Oracle BPM Suite customers that gain a great deal of the sophisticated out-of-the-box features that were required to support the Oracle Fusion Applications development effort.

This effort took several years to execute and was driven from a vision of fundamental change in how developers build and implement applications. For that vision and execution, Oracle received a top score in this IDC MarketScape for innovation.

The core components of Oracle BPM Suite and the extended products used in the demo received top overall product scores, top scores for out-of-the-box productivity, top scores for the development environment, and top scores for platform capabilities.

That isn't to say the process platform is perfect because there are some gaps in functionality, but measured against all of the other products assessed in this analysis, Oracle BPM Suite was a top performer across each product category.

Strengths of the offering include the following:

- ☒ Strong out-of-the-box functionality around work management, which manages users and user skills, prioritizes and determines how work is routed, and evaluates whether in-process work is meeting deadlines — or service-level agreements
- ☒ Comprehensive functionality around task management, including both structured and ad hoc tasks
- ☒ Sophisticated user interface and user interface development environment (Components render using Ajax, and the developer is able to build the user interface from a repository of components. These components are built from services that render data, graphs, and charts as needed. The presentation layer is stored with each component, which allows a UI designer to design the component presentation layer once and reuse wherever needed.)
- ☒ Comprehensive reporting, monitoring, and alerting
- ☒ High scores for the technology platform, which includes back-end processing, particularly for mediation and system-to-system communications and integration
- ☒ Good combination of fact-based discovery with financially based assessment tools (Used together, an organization should be able to identify problems with a

process and perform an analysis to determine which area will deliver the best benefit for improvement.)

Challenge areas include the following:

- There is a lack of user-initiated case management. Currently, Oracle requires a case to be custom developed and is not as flexible as the best from competitors.
- A cloud offering is also not yet available.
- New versioning and rollback capabilities are not as flexible as some of Oracle's competitors.
- There is greater adoption of social mechanisms into the user interface and as part of knowledge worker functionality.

These are the types of capabilities that are on Oracle's road map, and we expect to see gradual adoption over the next 18–24 months.

Customer Assessment

Oracle customers and partners we interviewed used its software to add approval-centric workflow to improve an accounts payable process that included integration with a packaged application and adoption of an imaging solution for paper-to-digital conversion; for a complex process improvement effort around procurement; and for improved onboarding and automated exchange of transactional data with customers.

Customers selected Oracle because of its business process features on top of a unified stack that included integration capabilities and because Oracle applications were already in place in the organization and interoperability with those applications was a requirement.

On implementation challenges, Oracle customers and partners cited the need for a stronger bridge between BPA and BPM; a lack of granularity around version control when there are long-running tasks; and that the initial version of Business Studio was "raw."

Customers name IBM, salesforce.com, and SAP as Oracle's top competition.

Business Assessment

Oracle appeared in a high number of competitive BPM deals we examined for this IDC MarketScape. This is largely because of Oracle's brand equity as well as the popularity of BEA AquaLogic BPM. When Oracle was invited to compete, it advanced to the shortlist an average number of times.

We scored invitations to compete as our assessment criteria for marketing capabilities and scored advances to shortlist as our assessment criteria for sales and distribution capabilities. Because Oracle has a large sales organization, focuses on strong customer relationships, and has global reach, we also assume there are a number of deals that were either part of a large project or were won without competition.

Customer references, particularly around implementation challenges, speak to a vendor's ability to delivery on product commitments and provide service excellence. In this case, Oracle received an average score, mostly positive but balanced by some challenge areas.

Over the next 18 months, we expect to see Oracle broaden BPM training across its sales organization, broaden the number of partners trained in BPM 11g, and support at least some cloud functionality. We also expect Oracle to launch case management and evolve its social capabilities.

From a revenue perspective, Oracle significantly increased its market share since 2008 as it began selling through its large sales force and channel. It also transformed its BPM capabilities into a sophisticated platform. We expect to see growth accelerate over the next few years on the strength of a solid product and broad execution capabilities.

Oracle was named a leader in this IDC MarketScape because of its technical functionality as a platform, sophisticated user interface, business functionality in its process layer, and business execution capabilities. We believe Oracle is a very strong option for enterprises investing strategically in BPM automation technology.

ESSENTIAL GUIDANCE

For Buyers

- ☒ Unless the BP platform is being selected purely for technical reasons, it is important to balance the selection team to include both business and technical representation.
- ☒ The POC phase is an important step in selection that should not be skipped. In this phase, you should determine a few of the more technically difficult aspects of implementation and test how well the BP platforms respond out of the box, how much coding may be needed, and what is the level of skills needed for both configuration and custom efforts.
- ☒ Even if your initial vision of the use of BP platform involves improving people-centric processes, identify at least one area in the POC where you can remove manual steps and insert an automated one. That will help you test and compare the different approaches to data access and integration.
- ☒ If you are planning to build a composite process application — which often includes a new, standardized user interface that connects in some way to multiple systems of record — make sure this is part of a POC. In other words, don't test linear workflow or self-contained case management when the production process application requires composition and interoperability.
- ☒ The cost of implementation services is typically several times higher than the cost of the software for projects involving mid- to high levels of complexity. Access to skilled third-party professional services continues to be an issue. It is fair to ask software vendors competing for your business to introduce you to a

couple of third-party professional services partners. Checking their references and determining skill levels is almost as important as the software selection.

- ☒ BP platforms are built around BPM suites, which traditionally have had a value proposition aimed at faster, cheaper custom development. This runs counter to what professional services firms look for, which are longer, expensive, and highly repeatable projects. If you identify a high-value BP platform, particularly for fast time to value and ease of use, you may find that professional services firms you typically work with do not support the platform. Rather than looking negatively at the BP platform vendor, you should look at the business model of your professional services firms. You have an opportunity to force your professional services contractors to align with your needs around the issue of speeding up time to value.
- ☒ If you do find the need to work closely with one of your own implementation firms to gain the necessary skills to support your business process efforts, you should expect your BP platform vendor to provide training and support for both your internal team and your third-party firm.
- ☒ We've found that the most expensive process improvement efforts involve the adoption of new technology and new methodology for a project that also involves significant internal cultural change in an area that is critically important to the enterprise. Often, the high cost will involve lengthier implementation cycles than anticipated, producing budget overruns and missed deadlines. This type of perfect storm should be avoided for an initial project.
- ☒ Common advice from project teams that have achieved success in BPM almost always includes the importance of keeping the learning curve as simple as possible and focusing carefully on identifying initial projects that are simple enough, can be accomplished quickly, and show measurable benefits. This is especially true if adoption of a BP platform is a new initiative inside your organization and particularly true if you are also contracting out professional services to a firm that is relatively new to BPM.
- ☒ The discipline of BPM is heavily invested in the idea that you can't improve what you can't measure. We continue to be amazed at how few enterprises build a business case around concrete measurements before an implementation and fail to use measurement on an ongoing basis as part of the deployment. If you are investing in a BP platform to adopt a stronger business process culture inside your organization in support of continuous improvement, monitoring and measurement is a cornerstone that should be baked into all project plans.
- ☒ When a highly complicated process needs to be transformed, virtually all BPM software firms will recommend some type of agile methodology. Yet enterprises continue to struggle with the best place to start. It is most common at this point to begin modeling and using collaborative discovery tools to identify the current process and determine how to improve it. We believe it is more important to begin using fact-based discovery tools to identify the most significant areas of inefficiency and use these facts as the basis for the project improvement road map and collaborative discovery. These facts will contribute to a business case

that maximizes performance improvement gains and will also help shield the project from upheaval caused by the politics of process change.

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