SUMMARY

Catalyst

Business process management (BPM) is a platform and technology that is yet to fully penetrate enterprise organizations. Although the BPM market continues to show reasonable growth, it has a tendency to be self-referencing, with vendors concerned about other vendors' offerings and forgetting that the competition they face is not "another vendor's BPM suite" but the whiteboards, post-it notes, Visio diagrams, PowerPoint presentations, and Word documents that most organizations still use to discover and describe business processes. BPM remains a fairly costly exercise for most organizations, though this cost is beginning to fall because of the impact of BPM cloud services. The available tools in the market are now highly competent and well aligned with business requirements, but as always the rate of business change means that software and services vendors must try to keep ahead of demand. Furthermore, the platform nature of the technology makes solution selection a project with long-term ramifications. However, it is clear from Ovum research (ICT Enterprise Insights, 2013) that BPM remains a highly regarded solution on the agenda of enterprises with 1,000 employees or more.

Ovum has assessed the market and published this Ovum Decision Matrix to help enterprises select the right BPM suite from those offered by the seven leading vendors.

Ovum view

Although organizations have high expectations for BPM as a technology and a platform, many enterprises are still at the "shall we, shan't we" stage when it comes to real investment. The market is, however, characterized by some extremely strong tier-one providers of platforms and solutions, and pure-play specialists still occupy some of these tier-one spots alongside the mega-vendors.

We separate BPM into two distinct components: "art" and "engineering." The art is the non-technical elements that are necessary to run a successful BPM project. This component is rarely, if ever, aligned
to a specific BPM solution, and instead depends on the enterprise's overall approach to BPM. On the other hand, BPM engineering is about the technical practicalities of BPM deployment and use within the organization, and this is of course underpinned by the BPM platform itself.

Organizations that fail to address both the "art" and the "engineering" aspects of BPM are likely, if not certain, to fail in their efforts to adopt and successfully embrace BPM. In turn, vendors that fail to recognize the need to help their clients with the "art" as much as the "engineering" will also fail to thrive. Enterprises should carefully consider the ability of vendors to provide the level of support, training, and consulting that they need. Ideally, the vendor chosen should be able to provide guidance on best practice and change management, and support the deployment and use of the technical solution.

**Key findings**

- The biggest competitors to BPM suites are the whiteboard, post-it note, Visio, and PowerPoint.
- Organizations (and vendors) should focus as much on the "art" of BPM as the "engineering."
- Although there are differences between the leading products, they all offer very similar overall capabilities.
- When choosing a solution, enterprises should place importance on the vendor’s ability to provide local support, training, and consulting.
- If enterprises are already committed to and happy with a vendor’s middleware stack, they should give additional weight to that vendor’s solution.

**VENDOR SOLUTION SELECTION**

**Inclusion criteria**

In addition to being recognized as a tier-one provider of BPM solutions for enterprises, the criteria for inclusion of a vendor solution in the Ovum Decision Matrix for business process management 2014 are as follows:

- The solution operates in at least two major geographies – Europe, North America, Asia-Pacific – to support Ovum’s enterprise client base.
- It has BPM-related revenue of at least $100m for sales (including licenses).
- The solution serves at least three verticals from the following list to support Ovum’s enterprise client base: energy and utilities; financial services; healthcare; life sciences; manufacturing; media and entertainment; professional services; public sector; retail, wholesale, and distribution; telecoms; and travel, transportation, and logistics.
- Ovum has experienced enterprise client demand for information relating to the particular solution. Vendor solutions were only invited to satisfy the first three criteria if this one was met. Where client demand has been exceptional, we waived the first 3 criteria.
Exclusion criteria

The criteria that prevented a solution from being included in the Ovum Decision Matrix for business process management 2014 are as follows:

- The solution operates in only one or two verticals.
- The solution operates in only one geography within Ovum's enterprise client base (from Europe, North America, and Asia-Pacific).
- Ovum has experienced little or no enterprise client demand for information relating to the solution.

Methodology

Technology assessment

In this assessment dimension, Ovum analysts develop a series of features and functionality that differentiate between the leading solutions in the marketplace. The criteria groups we identified for business process management are as follows:

- Process discovery and project scoping: The extent to which existing business processes can be discovered using the solution and the subsequent BPM project can be created.
- Process modeling and design: Development of "to be" models, with use of relevant vertical applications/templates as appropriate.
- Simulation and testing: Ensuring that the designs work in a real-world environment.
- Business rules: How well the solution supports the rules of the business in the design of business processes.
- Runtime process management: Ensuring the processes achieve the desired outcomes in a real-world environment.
- Analytics: Analyzing where processes might require improvement.
- BPM-specific deployment: How the solution is deployed in relation to BPM. Other deployment issues are assessed in the "execution" dimension.

Execution

In this dimension, Ovum analysts review the capabilities of the solution in the following key areas:

- Maturity: The stage that the product/service is currently at in the maturity lifecycle, relative to the maturity of the overall technology/service area.
- Interoperability: How easily the solution/service can be integrated into the organization’s operations, relative to the demand for integration for the project.
- Innovation: Innovation can be a key differentiator in the value that an enterprise achieves from a software or services implementation.
• **Deployment**: Referring to a combination of assessed criteria and points of information, Ovum analysts provide detail on various deployment issues, including time, verticals, services, and support.

**Market impact**

The global market impact of a solution is assessed in this dimension. Market impact is measured across five categories, each of which has a maximum score of 10.

- **Revenues**: Each solution’s global business process management revenues are calculated as a percentage of the market leader’s. If revenue bands have been provided rather than explicit revenues, then all solutions falling in that band have the same revenue applied. The percentage is then converted to a score out of 10.

- **Revenue growth**: Each solution’s revenue growth estimate for the next 12 months is calculated as a percentage of the growth rate of the fastest-growing solution in the market. The percentage is then converted to a score out of 10.

- **Geographical penetration**: Ovum determines each solution’s revenues in three regions: the Americas; Europe, the Middle East, and Africa (EMEA); and Asia-Pacific. Based on Ovum’s views of the importance and potential of each region, these revenues are given a score for each region and totaled to give a score out of 10.

- **Size-band coverage**: Ovum determines each solution’s revenues in three company size bands: large enterprises (over 5,000 employees), medium-sized enterprises (1,000–4,999 employees), and small enterprises (fewer than 1,000 employees). Based on Ovum’s views of the importance and potential of each company size band, these revenues are given a score for each size band and totaled to give a score out of 10.

- **Vertical penetration**: Ovum determines each solution’s revenues in the following verticals: energy and utilities; financial services; healthcare; life sciences; manufacturing; media and entertainment; professional services; public sector; retail, wholesale, and distribution; telecommunications; and travel, transport, and logistics. Based on Ovum’s views of what determines strong BPM revenues in these verticals, these revenues are given a score for each vertical and totaled, then converted to an overall score out of 10.

**Ovum ratings**

- **Market leader**: This category represents the leading solutions that we believe are worthy of a place on most technology selection shortlists. The vendor has established a commanding market position with a product that is widely accepted as best-of-breed.

- **Market challenger**: The solutions in this category have good market positions and are selling and marketing the product well. The products offer competitive functionality and a good price-performance proposition, and should be considered as part of the technology selection.

- **Market follower**: Solutions in this category are typically aimed at meeting the requirements of a particular kind of customer. As a tier-one offering, they should be explored as part of the technology selection.
Ovum Decision Matrix Interactive

To access the business process management Ovum Decision Matrix Interactive, an online interactive tool providing you with the technology features that Ovum believes are crucial differentiators for leading solutions in this area, please see the Ovum Decision Matrix Interactive tool on the Ovum Knowledge Center.

MARKET AND SOLUTION ANALYSIS

Ovum Decision Matrix: business process management, 2014

Figure 1: Ovum Decision Matrix: Business process management, 2014

Source: Ovum
The market leaders can be split into two distinct groups of vendors: the BPM specialists represented by Appian and Pegasystems, and the solution stack providers represented by software behemoths IBM and Oracle. All BPM solutions in this category have performed extremely strongly across the three dimensions of technology, execution, and market impact. The BPM specialists are solely focused on BPM, whereas the stack providers have to invest across the whole gambit of technologies that make up their ecosystem. However, IBM and Oracle can point to a considerable and ongoing investment in their BPM offering. Organizations that have made a significant commitment to one vendor's stack should weigh the integration, licensing, and relationship benefits of sticking with the incumbent.

All of the solutions in the market leaders category deliver outstanding technology capabilities to enterprises. Pegasystems scores in the top three solutions across all seven technology categories.
assessed in this Ovum Decision Matrix, while Appian, IBM, and Oracle all score in the top three in three or more of the seven assessed technology categories.

Although strong technology is an important assessment dimension in this Ovum Decision Matrix, the way in which the solution can be integrated and deployed, and remain relevant to the enterprise through innovation, is crucial for BPM. In terms of the execution dimension, where Ovum assesses vendor solutions against categories for maturity, interoperability, innovation, and deployment, all vendor solutions in this category scored well. Again, Pegasystems scores in the top three solutions across the four execution categories, this time joined by IBM. Appian scored in the top three in three of the four execution categories, and Oracle in the top three solutions in two of the execution categories.

Appian is the runaway leader in terms of revenue growth when looking at the market impact, and we expect to see this vendor consolidate its position by taking more market share in the next three years. Completing its outstanding performance in this Ovum Decision Matrix is Pegasystems, appearing in the top three solutions in four of the five market impact categories. Pegasystems is joined by IBM and Oracle, also appearing in the top three solutions in four of the five market impact categories.

**Market challenger: OpenText Cordys**

Unusually, there is just one market challenger in this Ovum Decision Matrix for business process management. Taking a look at the bubble chart in Figure 2, it would have been easy to group all the remaining solutions in the challenger category, especially considering that all the solutions we reviewed as part of this Ovum Decision Matrix are tier one providers of BPM for enterprises. However, OpenText Cordys has consolidated its position as a challenger in this Ovum Decision Matrix (as Cordys, it was also classed in the "consider" category in our 2011 Ovum Decision Matrix). It received a good technology assessment and equally good execution assessment. The market impact of Cordys without Open Text was low as expected. However, with its strong technology and execution capabilities there are some great opportunities for the new OpenText Cordys to make a significant impact in the marketplace. Open Text has made it clear that it will present OpenText Cordys as the leading BPM platform in its portfolio, and we certainly recommend that enterprises have a discussion with Open Text when considering a BPM solution.

**Market followers: EMC, SAP**

The market followers category represents the tier one solutions that are suitable for a particular kind of customer. Appearing in this category are EMC and SAP, both maintaining their position from the Ovum Decision Matrix for BPM in 2011.

Both of these solutions have competitive technology capabilities in their BPM solutions, but although technology is important, it should not be the single deciding factor on whether or not to implement a particular solution, BPM or otherwise. For example, enterprises deploying SAP solutions are more likely to use SAP for BPM than any other available technology. SAP has a significant installed base and strong integration, and therefore remains an important player.

EMC has been a relative latecomer to the BPM scene, but it continues to exploit its substantial presence in the content management and collaboration markets to provide BPM capabilities for document intensive processes. EMC’s technology is good across most categories; its execution capabilities are
average among tier one providers; and its market impact is expected to improve over the next 12–18 months.

**MARKET LEADERS**

**Market leaders: technology**

*Figure 3: Ovum Decision Matrix: Business process management 2014  market leaders technology*

Source: Ovum

It is no surprise that the overall market leaders have all scored well in the technology market leaders group, appearing in the top three solutions across all categories of the technology assessment dimension no fewer than 20 times. In the analytics category we have four vendor solutions – the overall market leaders – achieving a maximum score, making it the only category where there is not a clear top three.

There is still opportunity for vendors to push closer to a maximum score in two categories: process modeling and design, and BPM-specific deployment. OpenText Cordys, IBM, and Pegasystems are leading the way in process modeling and design, but each of these vendors could improve – with varying need to do so – by importing models from other formats, producing custom templates/applications for
identified verticals, and creating a team collaboration design environment. These are just examples, but demonstrate the opportunities for these vendors to further deliver the capabilities being demanded by enterprises.

BPM-specific deployment refers to how the solution is deployed in relation to BPM, and considers operating systems, whether the solution is available as a service, single and multi tenancy, training services, and so on. This category is led by Pegasystems, Appian, and Oracle, but with the highest score being 8.5 (out of a maximum of 10) there are opportunities to improve, for example around certified cloud configuration, implementation of code-based components, and PPM functionality.

The remaining four categories – process discovery and project scoping, simulation and testing, business rules, and runtime process management – are dominated by the overall market leaders Appian, IBM, Oracle, and Pegasystems. However, SAP is also doing well in the process discovery and project scoping category, particular with its ability to analyze existing database models.

**Market leaders: execution**

![Ovum Decision Matrix: Business process management 2014](image)

The execution dimension scores vendor solutions across four key categories: maturity, interoperability, innovation, and deployment. Starting with interoperability, all vendor solutions received top marks in this
category. Appian, EMC, IBM, OpenText Cordys, Oracle, Pegasystems, and SAP all demonstrated strong integration capabilities, coupled with solid APIs and SDKs to allow custom integration where necessary.

In the maturity category, IBM, Oracle, and Pegasystems occupy the top three positions, with well-established solutions, strong leadership, and a reasonably clear roadmap for the next two years. Moving on to innovation, Appian and Pegasystems are clear leaders, no doubt because they are BPM specialists able to focus on developing their respective solutions solely around BPM and related disciplines, and IBM and Oracle tie for third in the top three in this category.

The deployment category shows Appian leading the pack, closely followed by IBM and Pegasystems, due to factors such as ease of deploying updates to the solution, and the tools provided to migrate from another BPM solution.

**Market leaders: market impact**

![Ovum Decision Matrix: Business process management 2014](image)

With the exception of OpenText Cordys, all vendors' BPM revenues were in excess of $100m per year (for software and services). Although exact revenue figures are not reported down to individual service lines, we expect IBM, Oracle, and Pegasystems to have the largest BPM-related revenues, followed by Appian, EMC, and SAP. Revenue growth considers the rate at which an individual vendor's BPM-related revenues will increase in the next 12 months, and of course the expected growth rate will be higher where there is an injection of capital. Appian is the clear leader in this category, having recently reported growth rates in excess of 30%, followed by Pegasystems and perhaps surprisingly both EMC and SAP.
Appian’s SaaS solutions will appeal to enterprises that have not previously used or considered BPM, helping to drive its revenue growth. Pegasystems is the other pure-play vendor in this category, with its revenue growth driven by the market-leading capabilities of its solution and it being shortlisted by many organizations looking for a strong BPM platform. The BPM portion of EMC’s business is growing significantly beyond the rest of its software business, and SAP’s growth is likely to be driven primarily by its large enterprise customer base.

Looking at the expected geographical revenue split across EMEA, North America, and Asia-Pacific, Oracle leads the way, which is to be expected due to the Oracle stack being implemented by large organizations that would look to Oracle’s BPM platform. However, IBM and Pegasystems are not far behind, which is a great result for Pegasystems considering that it is a pure-play vendor.

In terms of size-band coverage, Ovum looks at the impact of relevant solutions in large enterprises (5,000 employees and above), medium-sized enterprises (1,000-4,999 employees), and small enterprises (less than 1,000 employees). Due to the nature of a BPM solution its installed base is likely to be large enterprises, but the impact is starting to filter down through other sizes of enterprise. It is no surprise that this is the lowest-scoring category in the market impact dimension, but leading the way are IBM, Oracle, and Pegasystems, the latter because of its strong pure-play solution and the two stack vendors because of their overall presence in the enterprise applications market.

The final category in the market impact dimension considers the verticals that vendors operate in (not the verticals that they provide created applications/templates for). Again IBM and Oracle lead the way.

**Alternative providers**

Software AG and Tibco did not actively participate in this Ovum Decision Matrix. Both vendors have solutions that could be classed as tier one for BPM, and Ovum will undertake further research on these solutions in 2014.
VENDOR ANALYSIS

Oracle: Ovum recommendation – leader

Figure 10: Oracle radar diagrams

Source: Ovum

Ovum SWOT Assessment

Strengths

A functionally rich, well-integrated suite with a strong heritage – Oracle made the right choice in deciding to base the core of Oracle BPM Suite around BEA’s BPM technology. Having combined this with other elements of its BPM portfolio, the company can offer a BPM suite that supports the full process lifecycle.

Well-crafted environments for process developers, business analysts, and business users – In the latest release of its BPM suite, Oracle has extended the capabilities of Process Composer, including the ability to design web forms and business objects, and simulate, play, and deploy the process. Process analysts and developers use both the Process Composer and Business Studio tools (which can operate
in different modes for the analyst and developer). Users of applications built on Oracle BPM Suite 11g will also benefit from new Process Spaces, which provides a collaborative environment for process participants.

**Mature and high-quality training, education, and certification services** —The availability and quality of training can have a significant impact on an organization’s ability to make effective use of the technology that it invests in. Oracle’s training and education services are among the best in the industry.

**Weaknesses**

**The 10.x g to 11g migration is not trivial and the toolset for transition might have to wait until 12c** —The difference between Oracle BPM Suite 10g R3 and Oracle BPM Suite 11g is significant, and the migration project will require considerable work. While Oracle has promised migration tools with the release of Oracle BPM Suite 12c, the current lack of tooling will slow adoption of the new version by some existing 10g customers.

**Opportunities**

**Process Accelerators could strongly differentiate the Oracle proposition** —As the number of Oracle Process Accelerators continues to grow, they will represent a significant differentiator. The ability to “drop in” pre-built processes offers users a useful productivity boost. While some other vendors also offer pre-built processes, Oracle is clearly committed to extending its portfolio and is currently releasing new process accelerators on a four-month release cycle.

**Oracle’s biggest competition is the whiteboard** —While it is natural for BPM vendors to benchmark themselves against each other, the real competition comes from the use of whiteboards, PowerPoint, and paper. Vendors such as Oracle should invest as much in opening up opportunities within organizations that do not use formal BPM tools or methodologies as it does in fighting it out against the competition within organizations that are already invested in BPM.

**Threats**

**Oracle competes with many competent mid-sized BPM vendors with hard-to-replicate strengths in their respective niches** —A sizable number of BPM vendors with less than $150m in revenues have strong capabilities in regional, functional, and sector-specific niches, and are well funded and/or growing. Appian, BizFlow, Cordys, and Newgen are prominent examples. A number of these vendors have been very successful at winning deals with large enterprises and public sector agencies.

**APPENDIX**

**Further reading**


*EMC Documentum xCP 2.0*, IT015-001903 (January 2014)

*OpenText Cordys*, EI015-000012 (January 2014)
IBM Business Process Manager 8.5, IT015-001900 (January 2014)
Appian: Appian BPM Suite, IT015-001901 (January 2014)
Pegasystems: Pega 7, EI015-000011 (January 2014)
Oracle BPM Suite 11g, IT015-001899 (December 2013)

Author

Gary Barnett, Enterprise Mobility and Productivity Software
gary.barnett@ovum.com
Maxine Holt, Enterprise Mobility and Productivity Software
maxine.holt@ovum.com

Ovum Consulting

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