CIO perspective: To be great at IT, you must be great at BPM

IBM

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These insights on Business Process Management (BPM) come from Toby Redshaw, the Group CIO that is leading a successful BPM program at Aviva plc, the world's fifth largest insurance group. These remarks were made during Toby's keynote presentation at the Lombardi Driven 2009 User Conference.

Q: What is BPM, and why does it matter?

From the Board level on down, IT is being pushed to deliver "more for less." This is the major mandate for IT leadership. I call it "FBC—Faster, Better, Cheaper."

BPM is a construction tool—one that we are very, very excited about—that delivers Faster, Better, Cheaper solutions. In its essence, BPM is a discipline and a methodological approach, which changes IT's conversation with the business to an interactive, continuously iterative approach to building solutions. BPM takes the IT conversation into the language of the business—addressing one of the perennial problems of IT: The business-IT communications gap.

BPM ties bottom-up continuous improvement with a top-down strategic view. As you go deeper and deeper into BPM, you realize that the variation of processes around your company is not what it should be—processes have grown in more of an accidental way than in a designed way, and there are great opportunities for commonality and reuse.

In the last 25 years of doing this, I have seen some really amazing technologies and adopted some great "change waves." The one with the most impact that we have ever touched is BPM—and it is now in a stage of maturity where it can be a significant tool for the enterprise.

Q: How do you get started with BPM, and grow fast?

This is what you should do with all new innovations in your company:

- **Pick a pilot:** And pick something that is not "easy"—pick something that matters.
- **Then publicize it:** Publicize the *solution*…publicize the win…publicize the *result*—do not publicize the technology. IT talking about "IT stuff" to business people is not what today's game is about. Today's game is about: "How did you impact my P&L (profit and loss)? How did you help me get, keep, and grow customers—especially in this economic climate?" Find a good business partner. Take the time to educate them on BPM, the process and the tool.
- **Do a few more pilots—then start to create a "parade":** Shine some executive light on these wins.
- **Start to grow that into a single common approach:** But this is important: do not try to "cook" your single common approach up front—first, get some experience, and…
- **Get some learning:** Like a lot of new things in technology, BPM is very simple at a conceptual level. However, it is learning intensive—it is a different game. It is like going from tennis to basketball—you are not just going to step off one court onto another and be great at it. You really have to pay attention—you really need a work stream that is about learning: "What did we learn, what could we have done better?"

- Continually improve along each cycle, and then you can move towards creating a common approach and a **Center of Excellence**.
- You have to be on your toes, because if you deploy BPM and you deploy it well, you are going to have a **"demand wave problem"**—which is what I call a "high quality problem." It is people knocking on the door saying, "I saw that improvement program went in at one-third the cost, in one-third the time—can I have that also?"

So again: Pilot It, Publicize It, Go Into the Deep End of the Pool, Make a Parade, Build your Common Approach, Focus on the Learning, Create a Center of Excellence, and then be prepared to manage the Demand Wave.

Q: Where will BPM take your organization?

Six months or a year into this, you will change your internal customers' expectations of IT. They will start to demand agile delivery. They will change their parameters for what they consider "good" solutions.

The other thing that will start to emerge: You will see patterns emerge in your process work. You will see the capability to reuse things, starting with a framework that you borrowed from another project, rather than a complete build from scratch. We have gotten solutions from one region of the world that we are now exporting to another region of the world—we know it is not exactly the same, but it is a much better starting point. One of the dangers of a fantastic tool like BPM is that you can overthink it. The objective is to get the business solution done, and move on.

Q: What are some lessons learned "from the trenches"?

- In the early days, we got a little overexcited by the BPM technology…unfortunately the business has spent the last 20 years listening to IT talk about technology, and not always deliver. So when an internal customer says, "IT, you gave us *exactly* what we wanted!", be careful to **keep the IT excitement inside IT. Give the credit where credit is due:** You helped the business have a P&L impact, you helped the business solve a problem, and you helped the business get, keep, or grow customers. "Look at this team and what they did for marketing, or for sales, or for finance, or for controls, or for risk management." And tell the BPM story. "We got it done in 8 weeks with 24 people, and it would have been a year-long project with a team twice as big if we had not done this." You will see the business start to make the right noises about the BPM approach and tool for you.

- **Ensure BPM is focused at the strategic level and not just the tactical level:** You have got to understand that as all these little IT SWAT teams go out and solve problems for the business and get work done, they are part of a *broader whole*. If you let this become a set of totally independent, nonorchestrated, divergent approaches, you will create a layer of spaghetti that will be impossible to untangle—and you will have missed a significant competitive advantage around common learning, around talent management, around messaging, and of course around reuse, which is one of the anchors of Faster, Better, Cheaper.

- **Identify suboptimal and broken processes and fix them quickly:** Pretty much every process in a company could be optimized—but look early for the big, broken stuff. Look for the "Gordian Knot." Look for something really challenging, get the right people on it, start at the deep end of the pool, and continue to echo the messages around Faster, Better, Cheaper. You will find that programs get done three to four times faster, and certainly cheaper. And in Phase 2, you will develop richer and richer solutions, compared to what typically happens in the old construction environment, where in Phase 2 you spend all of your time cleaning up the stuff you did not get right in Phase 1.

- **Understand the IT impact:** Your change management or program management leadership will have to rethink what "prototyping and design" means, and understand the pace and cadence of delivery with this BPM tool, and start to shrink and drive projects that way. Different skills are needed. It is not as bad as you might think—it is not a complete retooling of your IT team. Some of the best comments that we got back from business analysts were "Thank you for sending us those IT guys that speak our language!" In fact, we did not send them anybody special—we sent them our "regular IT guys"—but the rich interface of a good BPM tool will force you into a conversation around business process management. You will also want to get some "journey talent"—someone that has been on the BPM journey before. Spend some money with consulting or professional services to get you up to speed faster. (I am not a big fan of consultants, but I am a big fan of "accelerators.") Also, look for pure "process people" that you can get from any area that has done some decent Six Sigma work—20 years ago that might have been a little harder, but today it is not so difficult. I guarantee that you have got good process people in your company.

- One last thing: **Processes are reusable assets—they are worth their weight in gold!**

Q: Why choose "Best of Value" over "Best of Breed"?

Here is something that really matters in today's cost-constrained, go-go-get-it-done, more-for-less world. It is a simple issue of economics and features. You have never really used all the features in a software package or application. The terrible thing that IT has done to the software vendor industry is to institute a "feature/function checklist." "This vendor's product has four more features than that one; therefore we are giving them more points." That is sort of nonsense…the last three or four features are largely useless, meaningless, or even wasteful. Who uses—or even knows—all of the features in Excel? What you really need to do is answer "what does this really do for you?" and "what are the important parts?"

By picking *Best of Value*," you pick a BPM platform based on its value to your team, tied to price. Value is about output per price. If I can do a Best of Value deal at 65 percent of the cost of Best of Breed, I can do 50 percent more deals for the same price. And that is the game I am in: "Take the money, deliver the solution, deliver the P&L impact, and then do the next one." If I can do 50 percent more, I have done a great thing for the business. Now, there are areas where you really do want to pick Best of Breed—like Perimeter Defense, and some Security and Risk items—but most things in IT are not the equivalent of brain surgery, where you make a mistake and you kill the patient. 85 percent is a good score for a lot of things that you want to do in IT, if you can get that price break.

We were very lucky—IBM® WebSphere® Lombardi Edition won our Best of Value challenge, and it also won our Best of Breed challenge, making it an easy choice for us.

Q: Will you pick the right platform—for the business?

A lot of people still think BPM is the same as "process orchestration." Those older tools that have existed five to six years before BPM—but they are not the same stuff. I am sure some of you have seen these tools, where the interface is just impossible for business people. You need to focus on this because you need your business people to "get it" and jump on BPM in a day or a day and a half. We have had meetings with the business where, an hour into the meeting, they are already saying, "I am going to take BPM here, I am going to use BPM for that" because they have already grasped it—because BPM tools are built for the *business change process.*

Especially in this BPM space, the quality of the software is inversely proportional to the thickness of the training manual—that determines how quickly you can get your business users up to speed. We have had some fantastic experiences with the technology from IBM WebSphere Lombardi Edition—it is really going to help our adoption curve. One of the things you have to be aware of and manage actively: You will get a little bit of BPM pushback from IT, because of the speed with which the business can adopt it, embrace it, and start to use it. And the line between business and IT starts to get a little blurry. Your best IT people will come back from their first experiences saying, "Hey, this is going to put a lot more power into the hands of the business analyst, and shrink my job or refocus my job." But that is absolutely a good thing! Having a business analyst flip a switch, or change a parameter, or tweak a process is 1,000 times better than trying to have them create some work order and go through the morass of IT process to get something coded and put into production.

Q: What does the future hold for BPM?

I am very excited by what we are doing with BPM now! We are having a big impact on P&L with big IT savings in a tough year. Even so, when we look back three or four years from now to the things we are doing this year, I think we are going to say, "Wow! Look how far we have come!" I think you are going to see this BPM space evolve tremendously, for three basic reasons:

(1) The stuff actually works, and delivers what it says, and that is going to create a big demand pull.

(2) It is exactly the right economic time for a tool whose essence is getting it done Faster, Better, Cheaper.

(3) The big, smart vendors in the BPM space got to build after the SOA revolution had happened—so they got to build with a new, modular, smart "Lego set" as opposed to the client-server days when we had to write lots and lots of code. We all know vendors who have code bases that have millions of lines of code—money poured into those environments from an R&D perspective just does not yield what you can do with this new modern Lego set.

So there is a perfect storm for BPM to accelerate.

You are going to see BPM and SOA link better—if you think about it at a high-level, coarse-grained Web services fit right into process flows. You are going to see a quick, drag-and-drop world emerge.

Business Activity Monitoring was a separate discipline when we started with BPM: It actually existed in separate companies! Now it has become an integrated area in BPM.

Your business processes have now become "smart"—they become preventive, they become proactive. If you can fix something upstream, before it gets into the world as a real problem with the product or with a customer, you are saving a factor of 10 or a factor of 100.

I think you will start to see BPM extend to community environments and social networking areas…there is a very exciting future for that.

Final insights from the CIO

I truly believe that BPM can be the biggest impact item in your "IT Toolbox" this decade. I have been on the forefront of innovation since I started doing IT 25 years ago, and BPM is the single most exciting one. Why? Because of its potential P&L impact.

A big warning: If you do not do BPM with the right architecture and the right approach—specifically an enterprise architecture approach—you will create "spaghetti," and you will have problems with it. But the enterprise architecture is not something you have to build first—we are building our enterprise architecture competency in parallel with BPM. You just have to have a smart architectural eye on things and make sure your architecture folks are involved in establishing the foundations. Enterprise architecture is not something that you just buy and turn on in six months—it is a journey that takes years. And so as you evolve with your BPM tool, it is good to include that enterprise architecture coverage.

We talked about getting into the "deep end of the pool"—BPM is not something that is for dabbling. Fix something that is badly broken and important.

Focus on Best of Value, not Best of Breed. We got lucky in our case: We got both with IBM WebSphere Lombardi Edition. (But I would be very careful with that…I have only ever seen that three or four times.) It is a very difficult thing for IT to say, "I am going to pick 'second best' because it is 30 percent cheaper," but that is the business you should be in.

If you are doing anything in IT, and it is not "Faster, Better, Cheaper," really question it. (This was not true 10 years ago…surely ERP and big supply chain systems were not Faster, Better, or Cheaper.) I think the hallmark of good technology and solutions is Faster, Better, Cheaper. There will be a lot of stories in the press about this over the next two to three years. The stories will go up to the Board level—and just as when Web applications appeared in 1994 - 1995, Boards will say, "Hey, look what that company did with that new technology…Why are we not doing that Mr. CIO?" Those questions will spread through the organization. At the time, people in the business did not really "get" the expanse of the Web and what they could do with it—IT stepped up and really helped them. Likewise, I think it is a real opportunity for IT to be out in front leading the BPM solution construction and helping to design where the business is going.

BPM is one of the areas where your competition is already starting to move! So if you are not moving in this BPM space—which is a learning-intensive space—and you are not getting that learning at the same time they are, they will have a competitive advantage over you.

Think about this: What are the odds of your company being great at customer acquisition and retention, supply chain, product distribution, product development, M&A activity, cross-selling and up-selling…without being great at IT? In today's world, I cannot think of an industry or sector where that would be true anymore.

I truly believe that BPM will become the mainstream approach to IT solution construction. *If that is so, three years from now, what are the odds that you will be great at IT without being great at BPM? I think the odds would be about zero.*

About Toby Redshaw and Aviva, plc

Toby Redshaw joined Aviva in 2008 as the global CIO. Previously, Toby was a corporate VP at Motorola, leading several IT disciplines in global procurement. Prior, he helped build a global .com, running three of four business units. During 17 years at FedEx, he held significant business and IT positions in U.S., Asia, and Latin America, including CIO for a 53-nation business unit, and global product development for international customer automation solutions. Toby was the founding chairman of the Kellogg Innovation Network, at Kellogg Business School, and chaired the RosettaNet Council. He was also executive chairman for MediaRiver and served on several boards including the World Cataract Foundation.

Aviva plc, along with its subsidiaries, transacts life assurance and long-term savings business, fund management, and most classes of general insurance and health business. Aviva is the world's fifth largest insurance group, the largest insurance group in the UK, the second largest insurance group in Canada operating as Aviva Canada, and one of the leading providers of life and pension products in Europe. Aviva has established a competitive position in U.S., the world's largest savings market, where it is the leading provider of indexed annuity and indexed life insurance products.

Why BPM from IBM?

Business Process Management (BPM) software and services from IBM help organizations optimize business performance by discovering, documenting, automating and continuously improving business processes to increase efficiency and reduce costs.

For more information

To learn more about IBM BPM and IBM WebSphere Lombardi Edition, please contact your IBM marketing representative or IBM Business Partner, or visit the following Web sites:

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