

Effective BPM Implementation Strategies for Korea Firms

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Abstract: *For Rapid change of business process, BPM(Business Process Management) has been required in order to help cooperations have a fast, active and easy to re-set business process.*

In the beginning of BPM introduction, there was a hash competition between Korean and foreign BPM solution companies but so far few studies have been accomplished.

This study compared characters, related technologies and market situations of BPM. Also, this study compared several Korean companies' case of BPM and researched critical success factors of BPM implementation. Thus this study presents an understanding for a proper way to adopt BPM to companies.

Keywords: *BPM, Business innovation, Business Process*

1. Introduction

Recently, many tasks have been processed in the same time and the tasks are taking place in different divisions. This trend results in more cooperations among the division even with contract companies. For adopting this new environment, companies have taken BPM which combines with 6-sigma or RTE to achieve strong competitiveness. In a view of IT, companies are using portal-site to have synergy effects and now they are using BPM to actualize productivity in a view of business process.

Previous business solutions were based on IT therefore lacking understanding of the business process leading to application limitations. Thus, BPM, which is able to support design, definition, execution, monitoring, analysis and optimize of business process, companies assimilated into business collaboration or ubiquitous environment flexibly.

2. Theory study

2.1 Definitions of BPM

There are many definitions for BPM. Each BPM solution vender has its own definition for its solution. Following table shows the definitions of major organizations.

Table 1. BPM Definitions of organizations

Organization	Definition
Gartner Group	management practice that provides for governance of a business's process environment toward the goal of improving agility and operational performance. BPM is a structured approach employing methods, policies, metrics, management practices and software tools to manage and continuously optimize an organization's activities and processes"
Ovum	BPM is a process-oriented way of thinking about existing IT systems, and of procuring, designing, building and integrating new systems. Just as object-oriented approaches to software implementation led the software industry in the 1980s and 1990s, so process-oriented thinking, implemented through BPM programs, will lead the coming wave of innovation and investment in this decade.
Delphi Group	by the components of an execution engine, process designer, process definitions, an activity monitor, and user interface A BPM system must include process extraction, definition, and execution; be transparent with respect to human vs. automated tasks

Also following table shows BPM definitions of researchers.

Table 2. BPM Definitions of Researchers

name	BPM Definition
Leymann(2002)	Obviously paying homage to BPR in its focus on process: "Business Process Management is all about transferring the results of business process re-engineering into production
Al-Mashari (2002)	Integrates different scales of business process change such as total quality management, BPR, and innovation in one unified process performance improvement strategy" (, 2002).
Michael Hammer(2003)	Managing a business organization in terms of process.
Fuego(2004)	Organized work performed by more than one person, system, or organization and completed according to a set of procedural rules and dynamic human interactions

Each organization and researchers have different definitions but the common concept is having business view for improving business process to achieve competitiveness.

2.2 Elements and characteristics of BPM [8]

According to OVUM, BPM is a process-oriented way of thinking about existing IT systems, and of procuring, designing, building and integrating new systems. Just as object-oriented approaches to software implementation led the software industry in the 1980s and 1990s, so process-oriented thinking, implemented through BPM programs, will lead the coming wave of innovation and investment in this decade.

OVUM defines BPM as follows:

business process management (BPM) is a business change management and systems implementation discipline that focuses exclusively on business processes as the unit of analysis, design and implementation.

There are three crucial elements to understanding the discipline of BPM:

- change is 'built-in'. BPM enables the continuous comprehension and management of business processes, both within and across organizations
- business and technology are united. BPM aims to align business processes with the goals and capabilities of the people and systems that are involved in their execution

WHAT IS BUSINESS PROCESS MANAGEMENT?

- it is about much more than technology. 'Doing BPM right' requires that you bind a process-oriented change and design methodology, and a high-level enterprise architecture practice, together with process-oriented software technology implementation initiatives.

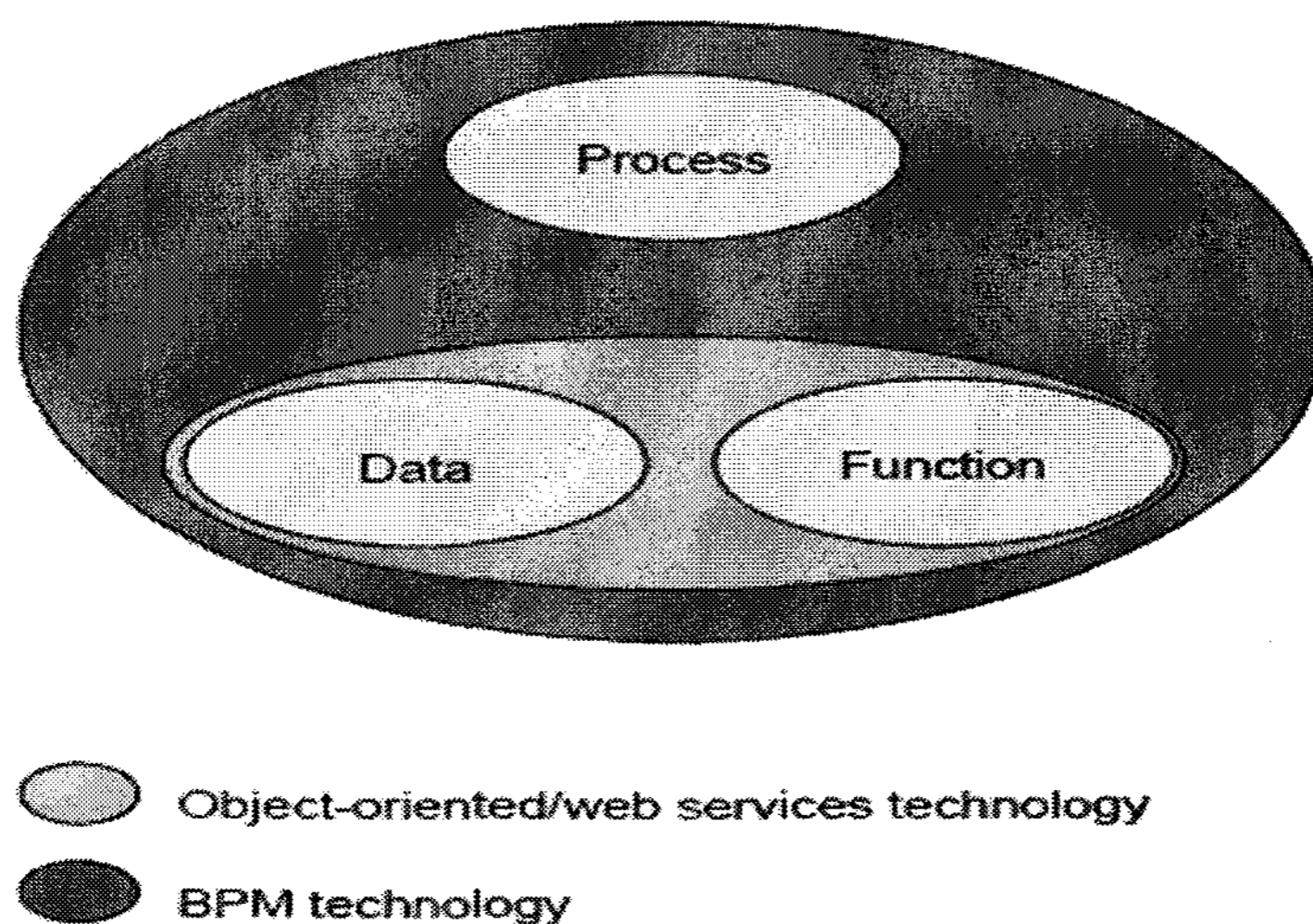


Figure 1. The BPM discipline brings together data, function and process
source: OVUM

2.3 BPM market in the world [3]

Gartner on the BPM Market report(2005) showed present and future BPM market. Gartner has been tracking the workflow market since the mid-90s, and changed the practice to BPM in 2000. It defines BPM as the management of business processes, end-to-end, regardless of what's included. The technology enables end-to-end processing of business events, including managing the necessary resources. Gartner divides the market into visual/administrative BPM, collaborative BPM, application-specific or preconfigured BPM, integration-focused BPM, and pure-play BPM. So far, Gartner has focused on tracking the pure-play and integration-focused BPM vendors, defining pure-play as vendors of technology that links processes together. Jim Sinur says that the pure-play BPM market (of which there are about 95 vendors) was about \$455 million for new license revenues and the overall pure-play BPM market was about \$1.2 billion. While Gartner hasn't released numbers for 2003 (the report is due in May), Sinur expects these numbers to have grown by about 20 percent. For 2006, they are forecasting \$3 billion for tools and \$6 billion for solution providers around those tools.

Gartner predicts that the BPM market will see increased selling of business process templates. There will be three main types of templates: Vertical process, horizontal process, and compliance templates. BPM is at the heart of the buy-versus-build

argument because it offers a solution that's a huge blending of the two: where maybe 50 percent of functionality of an application is BPM. Sinur also predicts that the markets he calls "the Killer B's" (BPM, business rules, BAM, and business process analysis) are converging.

Sinur says that workflow 'failed' the first time around because it was highly departmental, had no design support, no methodology, and weak performance. Although BPM has begun to address the other issues, he sees its biggest hurdle is the lack of a publicly accepted methodology. The difficult part of BPM is the link to integration. Sinur believes integration is moving toward a commodity market, so that pure-play BPM vendors must have an integration partner.

According to report from Forrester Research, present world leading BPM solutions are shown in the following table.[4]

Table 3. World Leading BPM Vendors

Vendor	Solution	Rank
FileNet	Business Process Manager 2.01	1
Fuego	FuegoBPM	2
HandySoft	BizFlow 8.7	3
Intalio	IntalioIn3	4
Lombardi Software	TeamWorks 4	5
Metastorm	e-Work Version 6	6
Pegasystems	PegaRULES Process Commander 4.0	7
Savvion	Business Manager 5.0	8
Staffware	Process Suite v10	9
Ultimus	BPM Suite 6.0	10

source: Forrester Research(2004)

3. BPM in Korea

We researched several Korean companies BPM implementation cases. SHI(Samsung heavy industries Co., Ltd.) adopted BPM in order to solve increasing product's quality problem owing to improving market. They also set their goal as maximizing customer satisfaction with fast and accurate response LG Electronics case is rather internal reason; efficient management and control. LG wanted its process less duplicated so that the process flow under strict principle. SK Telecom adopted BPM for R&D investment management. SK focused on controlling the R&D investment management not to delay.

KLI(Kyobo Life Insurance Co., LTD.) set a goal for BPM as increasing benefit and customers value and they divided 4 business process sections for successful BPM. There is something in common with these cases such as changing point of view from IT to business process. Many companies had tried to solve their problem with information systems in terms of IT but, it was not enough to solve the problem punctually. Turing the view from IT to Business process, what we called BPM, can be the solution. Because, BPM solutions control business process with not only IT views but process and workflow view.

3.1 Methods and Goals

Ultimate BPM project's goal of the five companies is surviving in the vying business environment. Following table shows the five companies BPM methods and goals

Table 4. Methods and Goals of BPM Adoption

company	Method	Goal
SHI	Building visible process, Improve productivity	Maximizing customer satisfaction
LG Elec	Building valuable business process	Secure Transparency, Improve productivity
KTF	Building Visible process Faster process and better quality Building measurement systems for process	Secure Business flexibility
SK Telecom	Building Standard process, Rebuilding Post-PMS	Improve Business productivity
KLI	Process Innovation	Increasing Benefit, Improve Customer Value

3.2 effective BPM strategies [1]

Appix suggested a strategy step for successful BPM implementation and this is useful way in Korean as well. We summarized the strategy step as following:

1. Identifying Goals and Measurements
2. Establish a team
3. Determine the requirements of your BPM project
4. Plan for a formal evaluation of the products
5. Select your BPM solution
6. Implement a manageable application and then grow
7. Once you've implemented, educate users
8. Measure your results.

3.3 Results and CSFs

CSFs of BPM project are driven from the four companies. CEO's willingness and cooperation among division are selected as the most important factors similar to other IT projects. Because, CEO may force their staff to make an effort toward the success of BPM project. Cooperation among divisions, Accordance user needs and firm's strategy, Importance of selected process, Continuous Monitoring and Minimizing changing process are selected in order.

Table 5. CSFs of BPM project

Factor's rank	SHI	LG Elec	KTF	SK Telecom
CEO willingness	○	○	○	○
Cooperation among divisions		○	○	○
Accordance user needs and firm's strategy	○			
Importance of selected process	○			
Continuous Monitoring		○		
Promotion and education			○	
Minimizing changing process			○	

4. Conclusion

Since there are many definitions for BPM, we researched previous studies first for BPM's definition. BPM was introduced to Korean firms in 2004 but the BPM market expanded rapidly. BPM solutions support process definition/standard/execution/monitoring/analysis of business process. Furthermore, some BPM vendors expanded BPM's functions from unit of business process to whole workflow. Thus, there are many types of BPM solutions in the market.

We surveyed five Korean companies' BPM projects so that we could derive CSF. Among the five companies, we achieved four companies result. CEO's willingness is selected as the most important factor. Because, CEO may force, their staff to make an effort toward the BPM project, Cooperation among divisions is second important factor, Business process is always composed with complicated relations. Therefore, the relationships with the divisions in the firms should be harmonized for the successful BPM project. Accordance user needs and firm's strategy, Importance of selected process, Continuous Monitoring and Minimizing changing process are selected in order. Those CSFs are similar to other IT project but specially, cooperation among division is selected due to the BPM's characteristic.

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