

Ovum Decision Matrix: Selecting a Business Process Management Solution, 2014

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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.

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.

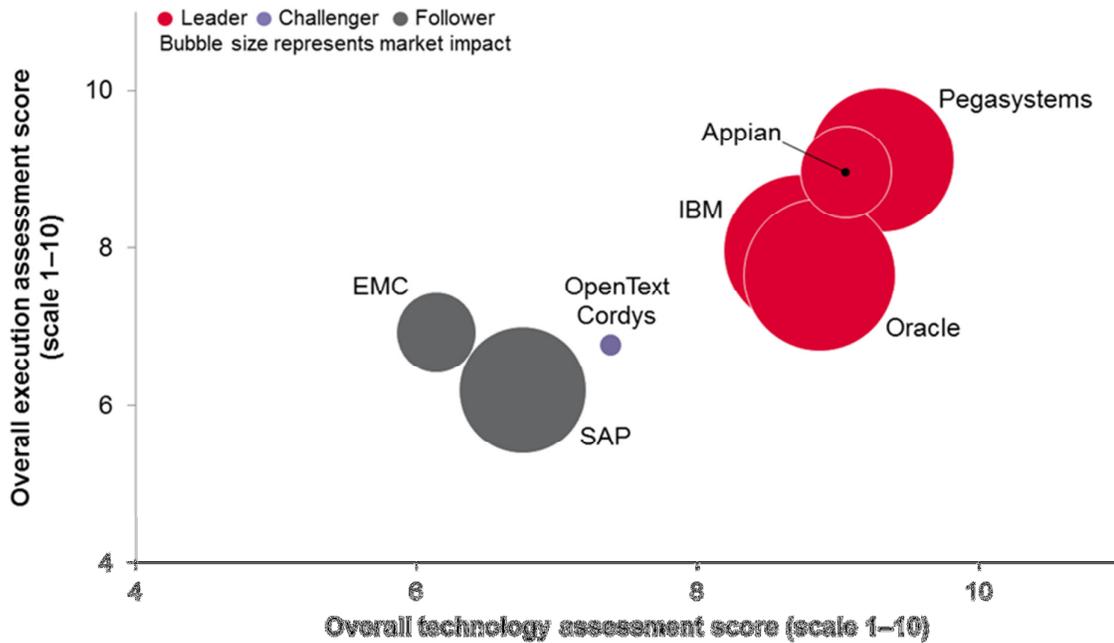
- **Revenues:** Each solution's global business process management revenues are calculated as a percentage of the market leader's. If revenue bands have been provided rather than explicit revenues, then all solutions falling in that band have the same revenue applied. The percentage is then converted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

Figure 2: Expanded view of Ovum Decision Matrix: Business process management, 2014



Source: Ovum

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

Market leaders	Market challengers	Market followers
Appian	OpenText Cordys	EMC
IBM		SAP
Oracle		
Pegasystems		

Source: Ovum

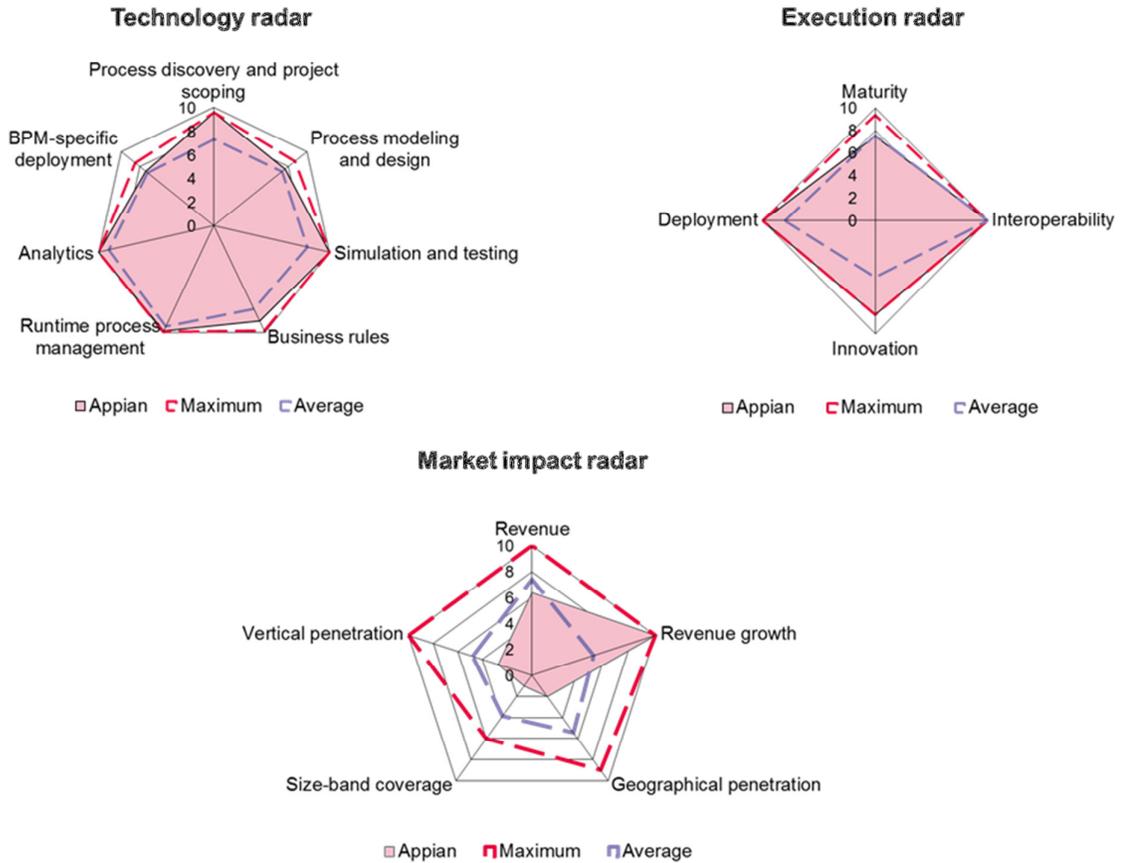
Appian is the runaway leader in terms of revenue growth when looking at the market impact, and we expect to see this vendor consolidate its position by taking more market share in the next three years.

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.

VENDOR ANALYSIS

Appian: Ovum recommendation – leader

Figure 6: Appian radar diagrams



Source: Ovum

Ovum SWOT assessment

Strengths

A pure-play vendor with a passion for its customers –Of the vendors we met in the course of this research, Appian gave the greatest focus to its passion for customer success. This is not to say that other vendors are not as keen to see their customers succeed, but it was refreshing to meet a vendor that began the conversation with a discussion about the customer.

A functionally rich, well-integrated suite –Appian supports the full range of BPM activities from process discovery (using the collaborative process discovery tool) to case management (via the platform’s support for ad hoc processes). The suite is highly integrated in terms of the user experience and the underlying runtime and repository technology.

Well-crafted environments for process developers, business analysts, and business users –The Appian toolset is highly automated and provides non-technical users with everything they need to create and manage processes from start to finish. There is a clear demarcation between technical users that create artifacts such as integration hooks or pre-built rules, and business users that consume these artifacts.

Weaknesses

Appian is the smallest vendor in our "leaders" category –Appian has been able to attract an impressive number of enterprise clients that run large-scale BPM programs, but Appian's size represents both a relative weakness (compared with its key competitors) and an opportunity. Notwithstanding the company's strong growth, Appian cannot boast the same number of consultants and support staff as other leading vendors. This could limit the technology's appeal for multinational organizations, where it is likely that one of the mega-vendors will already have a significant footprint.

To establish a more competitive global presence, Appian needs to invest even more in its partner program to attract regional systems integrators.

Opportunities

Appian is the smallest vendor in our "leaders" category –Although Appian's relative size will be considered a weakness by some organizations, it also represents an opportunity. Appian can position itself as a more accessible and responsive partner to medium-sized organizations or larger organizations with medium-sized and enterprise BPM initiatives.

In contrast to some of the other major BPM players, Appian – as a pure-play BPM vendor – is not in a position where it competes with potential partners in other domains.

There is a lot of virgin territory that Appian can target –As we constantly remind vendors in the BPM space, their real competition is not other BPM vendors, but instead the manual alternatives that most organizations use instead of BPM tooling. Appian is well positioned to appeal to organizations that have yet to adopt a more formal approach to BPM. In addition, Appian's cloud-based roots open up the possibility of partnerships with SaaS vendors that would benefit from an in-built process management capability.

Threats

Appian faces competition from above and below –Appian has to compete with much larger vendors that offer a full middleware stack to their clients, as well as smaller niche players that are looking to grow their capabilities and presence.

Appian has so far done a good job of forging a path in this middle space, but as the smaller players become ambitious, and as the larger players seek to stoop to conquer, Appian needs to continually watch for emerging competitive threats.

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