

## : *How is BPM related to DSS?*

by Dan Power

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Those of us in the field of IS/IT really seem to like our acronyms. Sometimes however different sets of vendors adopt the same acronym for different categories or genres of software. That has happened with BPM. Every time I see a press release about BPM or when I'm walking among vendor booths at a trade show, I must be careful to figure out which BPM is the subject of interest. Also, sometimes the headline doesn't give enough information. For example, "BPM helps with SOX compliance". Is this press release about business performance management (BPM) or is it about business process management (BPM)? It could be either.

On July 30, 2002, the Sarbanes-Oxley Act (Public Law 104-204) went into effect. The Law established strict financial reporting and auditing requirements for companies doing business in the United States. Both categories of software products called BPM are marketed as enablers for Sarbanes-Oxley (SOX) Compliance. Does a company need both? Is business performance management (BPerfM) better or more useful than business process management (BProcM) for SOX compliance? or vice versa?

### What is Business Performance Management?

According to Wikipedia, "Business performance management (BPM) is a set of processes that help organizations optimize business performance. BPM is seen as the next generation of business intelligence (BI). BPM is focused on business processes such as planning and forecasting. It helps businesses discover efficient use of their business units, financial, human, and material resources." Supposedly Business Performance Management was "first used by Gartner and popularized by analyst Howard Dresner." Dresner is also credited with inventing the term Business Intelligence (BI).

According to a web page at Bitpipe.com, Business Performance Management is "the management of performance designed for measuring business entities (such as sales figures, product movement, and

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operational costs). When applied in the context of e-Business, however, it also needs to measure IT system events (such as hits per page, load on servers, network traffic, or transactions per second). Also called: Performance Management, EPM, Business Process Optimization, Enterprise Performance Management, Corporate Performance Management (CPM), CPM, and BPM."

The DMReview Business Performance Management portal notes "Staying a step ahead in the dynamic world of business intelligence and data warehousing is an exciting - but time-consuming - challenge for all IT professionals. To save you some valuable time, we have collected the latest resources to aid you in your quest for competitive advantage in the industry. Focusing on a specific aspect of the business intelligence and data warehousing industry, this Business Performance Management resource portal proves to be an excellent channel for all users searching for specialized information." Check <http://www.dmreview.com/portals/portal.cfm?topicId=230180>.

The Cognos perspective is that the "definition of corporate performance management (CPM) has remained consistent since industry analysts Gartner Research introduced CPM in 2001. ... CPM is an umbrella term that describes all of the processes, methodologies, metrics and systems needed to measure and manage the performance of an organization."

Hyperion advertises that it is "The Business Performance Management Software Leader". According to the Hyperion website, "The end goal of Business Performance Management is to build a performance-accountable organization, one in which all individuals at all levels work collaboratively towards the same goals, striving for breakthrough performance and accountability in all of their actions." Hyperion defines business performance management as "a category of technologies and practices that enables organizations to translate strategies into plans, monitor execution and provide insight to improve financial and operational performance. Research and analyst firm Gartner describes this category as 'corporate performance management,' and uses it as an umbrella term to describe the methodologies, metrics, processes and systems used to monitor and manage the business performance of an enterprise. AMR Research calls the category 'enterprise performance management,' which it describes as an emerging superset of applications and processes that cross-traditional department boundaries to manage the full life cycle of business decision making." Check [http://www.hyperion.com/products/bpm\\_suite/glossary.cfm](http://www.hyperion.com/products/bpm_suite/glossary.cfm).

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Oracle's website notes "Corporate Performance Management allows managers to monitor day-to-day performance through personalized dashboards and alerts. And because Oracle's solution is integrated with your transaction systems, users can navigate directly to any related function of the system to take corrective action as necessary and prevent period-end surprises."

The theme of TDWI World Conference in Boston in Spring 2004 was Business Performance Management. Balanced Scorecard guru Robert Kaplan gave a keynote on the Balanced Scorecard (cf., <http://www.bscol.com/>). He argued that it is important to broaden BPM initiatives beyond financials. There is a need for a flexible set of key performance indicators (KPIs) that are aligned with the goals of the organization.

BPM Magazine (<http://www.bpmmag.net>) is hosting its third annual BPM Summit November 14-15, 2005 at the Hyatt Regency Greenwich in Old Greenwich, CT. The promotional material states "Seeking to transform your organization's budgeting, planning, reporting and control systems and processes? Or looking to extend performance management systems and processes throughout your enterprise?" Then you won't want to miss the BPM Summit.

In a recent DSSResources.com Thought Leader Interview Wayne Eckerson discussed the importance of business performance management. He has an upcoming book on performance management -- Eckerson, Performance Dashboards: Measuring, Monitoring and Managing Your Business, Wiley. I look forward to reading Wayne's book to help sort out business performance management alternatives.

Some companies providing business performance management software include: Business Objects, Cognos, Geac, Hyperion, Oracle, OutlookSoft and SAS Institute.

Is BPerfM just another computerized reporting system? a modern MIS? Is BPerfM updated BI or EIS? Is BPerfM "just another expensive finance department project"? MAYBE!

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What is Business Process Management?

According to Wikipedia, "Business Process Management (or BPM) refers to a set of activities which organizations can perform to either optimize their business processes or adapt them to new organizational needs. As these activities are usually aided by software tools, the term BPM is synonymously used to refer to the software tools themselves."

Business Process Management Systems abbreviated as BPMS attempt to define an entire business process using a graphical process model. Some of the processes that have been automated are primarily planning and decision making processes, while others have been primarily transaction processes.

In a recent ISWorld post, Saurabh Gupta (gupta@uga.edu) wrote, "Bob Bostrom and I, at the University of Georgia, are going to be teaching a new course in Business Process Management in the Spring semester. The course description: Modeling business work systems with focus on processes and the information technology (IT) to support business processes. The focus is on using IT to understand, create, automate, and integrate business processes. Major topics covered: modeling work systems, major business processes and their relationships to each other, modeling tools, business process/application design/development and integration approaches, creating business application systems without programming (using model-driven tools or purchasing systems)." Gupta was requesting information from others who have taught a Business Process Management (BPM) course. Please contact him if you have taught such a course.

Some companies providing business process management software include: Captaris Workflow, EMC Documentum, Oracle, TIBCO and webMethods.

BProcM is not BPerfM even though the definitions from Wikipedia sound very much alike. BProcM optimizes processes and BPerfM optimizes performance. Note however that BPerfM "is focused on business processes such as planning and forecasting." Also, one way to improve

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business performance is to improve business processes and business performance management is itself embedded in a business process.

Why and how for BPerfM and BProcM?

Why BPerfM? Managers are using software as part of a business performance management process to help the answer fundamental questions: How are we doing? Why? Managers are considering more integrated web-based solutions because spreadsheets and manual systems don't work very well as organizations get larger and more complex. Also compliance pressures from SOX, HIPPA and Basel II are creating marketing and regulatory push.

Why BProcM? Managers are using software to support and help manage business processes (business process management) to ensure consistency and improve quality in a specific process. Also compliance pressures from SOX, HIPPA and Basel II are creating marketing and regulatory push.

How? BPerfM might have a subsystem to collect budget/target numbers, but in general the control part of the system would be by a data-driven DSS with dashboards and drill-down reminiscent of Executive Information Systems.

How? BProcM would most likely be implemented using either a document or a knowledge-driven DSS. With a document-driven DSS for BProcM one can create a heuristic model of the entire business or decision process and then create a software application for document creation, document tracking and online approval and authorization. For some processes, it may be desirable to include in BProcM rules and process knowledge and hence a knowledge-driven DSS subsystem.

Both BPerfM and BProcM are general management objectives and either can be viewed as a broad statement of purpose for a computerized, management decision support system. In general, it has been almost impossible until recently to use software to accomplish such broad purposes. In the recent past, BPerfM was narrowed to business

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performance monitoring (BPerfMon rather than BPM) a control task. BProcM was narrowed to document transaction management, or document tracking and/or online approval and authorization.

So is BPM related to DSS. YES.

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Bitpipe URL

<http://www.bitpipe.com/tlist/Business-Performance-Management.html>

Business performance management, URL

[en.wikipedia.org/wiki/Business\\_performance\\_management](http://en.wikipedia.org/wiki/Business_performance_management)

Cognos, URL

[http://www.cognos.com/products/corporate\\_performance\\_management/](http://www.cognos.com/products/corporate_performance_management/)

DMReview Business Performance Management portal, URL

<http://www.dmreview.com/portals/portal.cfm?topicId=230180>

Hyperion, URL

[http://www.hyperion.com/products/bpm\\_suite/time\\_is\\_right\\_bpm.cfm](http://www.hyperion.com/products/bpm_suite/time_is_right_bpm.cfm)

Johnson, M., BPM Moves Beyond Business Intelligence, Hypertion CEO Says, Computerworld, vol. 38, no. 18, May 3, 2004, p. 17.

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