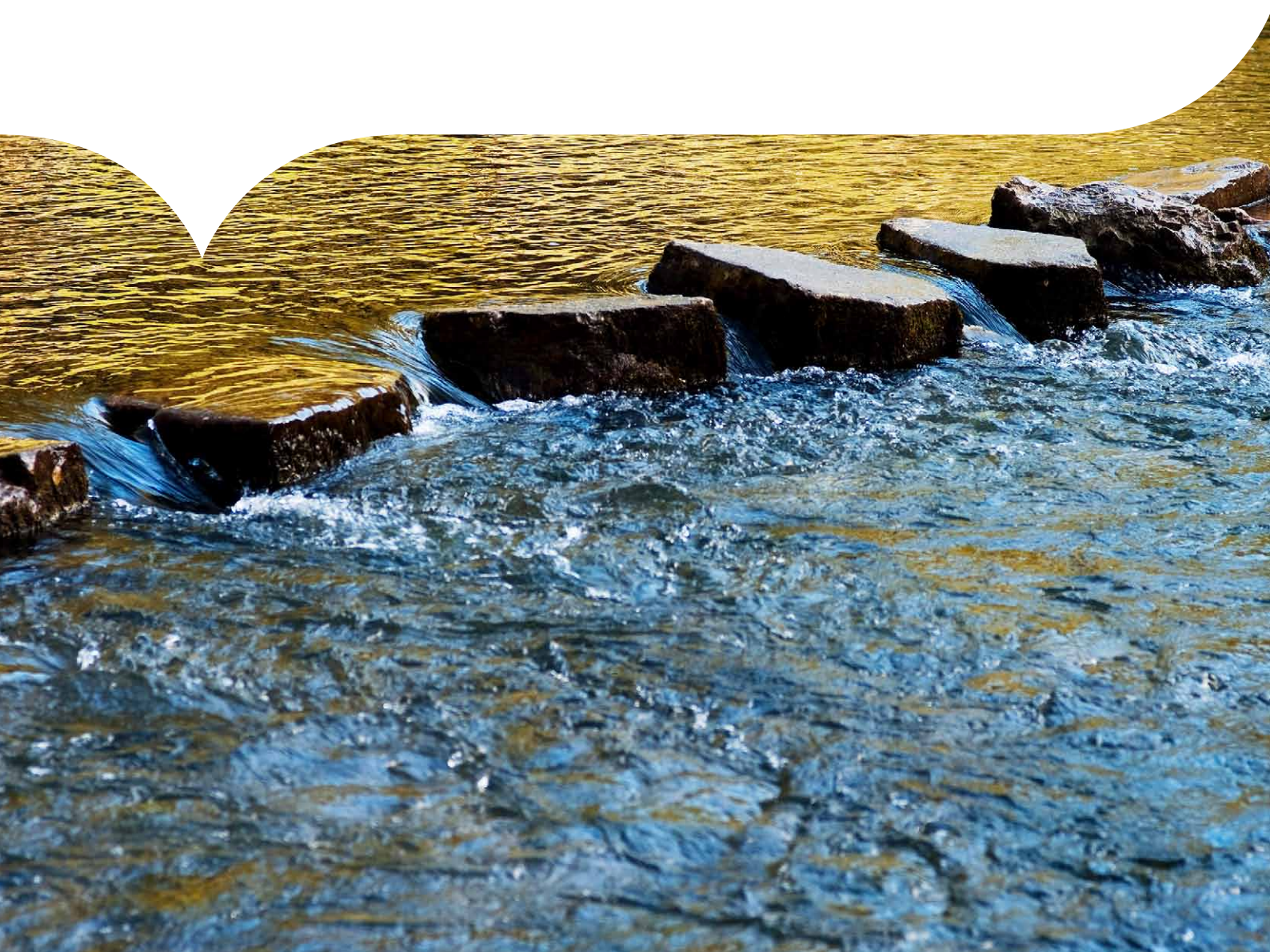


Global Business Process Management Report



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Foreword

Welcome to the Capgemini Global Business Process Management (BPM) Report. This report is an exploration of key trends in BPM as seen by CXOs across a broad selection of sectors and geographies. BPM is perhaps at a tipping point – it's certainly at an exciting stage in its evolution. As both an engineer and an Operational Research practitioner in my early career, and subsequently as a consultant, I have seen BPM through its development over the last 26 years. BPM has its roots in management practices such as Total Quality Management, Business Process Reengineering & Model Based Development; but the advent of the new generation of sophisticated modelling and process execution technologies has greatly enhanced BPM's power to truly transform businesses. This has created one of the most rapidly growing and attractive market sectors for both services and technology. We see BPM as a critical management discipline that when executed against clear, cross organizational business objectives, can deliver exceptional value to that organization. However, we also see that the potential for BPM is not well understood. Our decision to conduct this global survey stemmed from discussions with our clients. We sought to gain a better impression of their understanding of BPM, how they measure its value, and how far it is prioritized within their Business and Technology Transformation efforts.

This research confirms our belief that BPM needs to be a jointly owned Business and IT discipline. It also demonstrates that it is starting to gain significant traction in the market and investments are starting to pay dividends to the early adopters. At Capgemini we are being asked by our clients to help them simplify and improve their business models and the technology that supports them and we are already seeing

BPM become an integral and key part of this proposition.

Business Process Management is becoming ever more relevant to both large and small organizations in the current economic climate. At a time when many different market sectors are facing slow revenue growth, customer churn and increased pressures on costs, BPM becomes a critical weapon in the battle for efficiency and effectiveness in processes. Furthermore, in a challenging and changing business environment that is characterized by uncertainty, it allows organizations to adapt, be more agile and fleet of foot. Capgemini is seeing strong demand for BPM services in markets such as the USA, the UK, the Netherlands and France; and there are clear signs of increased interest in other geographies such as, Germany, Sweden, Spain, Italy and Australia. In sector terms, the financial services industry has led the way in BPM adoption over the recent past, driven by increased focus on customer-centricity and regulatory compliance. Other sectors, public sector, utilities, telco, retail and manufacturing are now not only catching up, but are starting to use BPM in new ways to create new business models to serve customers and outsmart the competition.

The research findings also show however that this is a complex landscape, and we are not seeing adoption of BPM in a clear and consistent way. This report also looks at some of the barriers to adoption, with organizational silos being a major obstacle. Waters are further muddied by fragmented budgets, lack of clear governance and ownership and internal politics. The objective of our investment in this research project was to shed some light on these elements with a view to assisting organizations to create strategies that avoid or at least mitigate some of these

barriers to success. Management of change in such endeavours is a key part in enabling the appropriate alignment of business and technology to support their transformation efforts. I hope that you find this report of benefit in the further adoption of Business Process Management.

Bob Scott
Senior Vice President
Global Head of BPM
Capgemini

About the study

Capgemini worked with FreshMinds, a UK-based research firm, to conduct the primary research for this study. The research process consisted of two complementary phases.

During the initial quantitative phase of the research, a 30 minute online survey was completed by over 1,100 CXOs, senior business managers, IT directors and managers, and other senior business decision-makers.

All major industries were represented in the study:

- Distribution and transport
- Financial services
- Public sector
- Manufacturing, automotive and life sciences
- Education and science
- Consumer products and retail
- Telecommunications, media and entertainment
- Utilities, energy and chemicals
- Professional services
- Healthcare

Only participants from firms with more than 1,000 employees were eligible for the survey. 55% of survey participants were drawn from enterprise companies with 10,000+ employees, 16% from large companies with 5,001-10,000 employees and 29% from mid-size companies with 1,001-5,000 employees.

Respondents were drawn quite evenly from 11 markets:

- Australia
- Brazil
- France
- Germany
- India
- Netherlands
- Italy
- Spain
- Nordic Region
- UK
- USA

The second, qualitative phase of the research comprised a series of in-depth qualitative interviews with senior business and IT professionals drawn from the networks of both Capgemini and FreshMinds Research. These individuals were selected to represent a cross-section of geographies and sectors, and were selected for their practical experience of Business Process Management initiatives.

In each section of the report, our insights are based on the quantitative findings from the primary research, illustrated by graphical representations of the data. These are supported and illustrated by anecdotal findings and quotations from the qualitative interviews that comprised the secondary phase of the research. In the sections labelled 'Capgemini view' we have added supplementary analysis that is drawn from our consultants' experience of working on BPM projects.



Global Business Process Management Report

Executive Summary

Capgemini’s Business Process Management research examines current practice in BPM, the benefits being achieved and the barriers to success. A key theme is the relationship between executive-level sponsorship of BPM and its success.

The purpose of our research is to help organizations understand what is involved in realizing the benefits of BPM, and avoid the pitfalls that many have already encountered.

BPM has an increasingly high profile, with a growing belief among large organizations that BPM should be sponsored at a senior level. Of

survey respondents who have both knowledge and practical experience of the topic, 82% believe that BPM should be treated as a C-level concern.

There is a correlation between process maturity and treating BPM as a C-level topic. 68% of survey respondents who state that BPM is an important agenda item at managerial level also

say that their business processes are either “managed” or “optimized” – the top two levels of process maturity as defined by our maturity model.

The Capability Maturity Model provides a framework for understanding where our clients fit in terms of their adoption of BPM, and the potential roadmap for further development. The model was first developed by the Software Engineering Institute of Carnegie Mellon University.¹

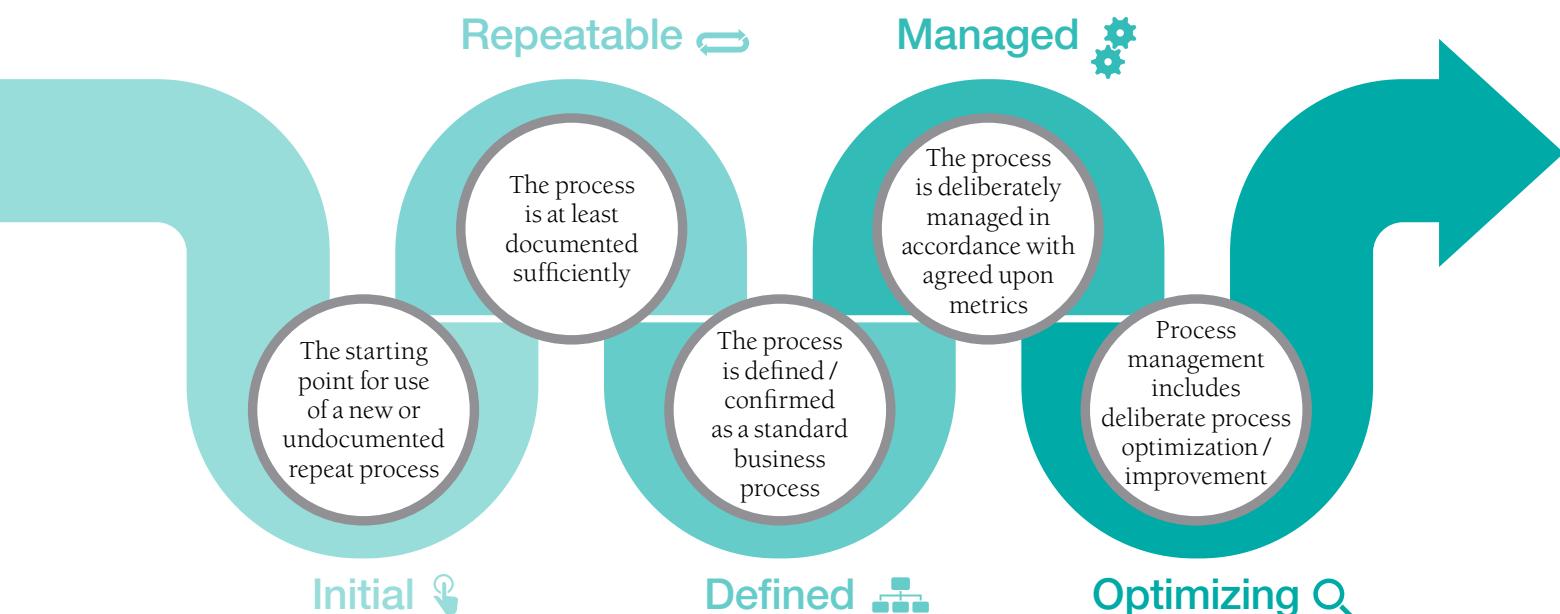
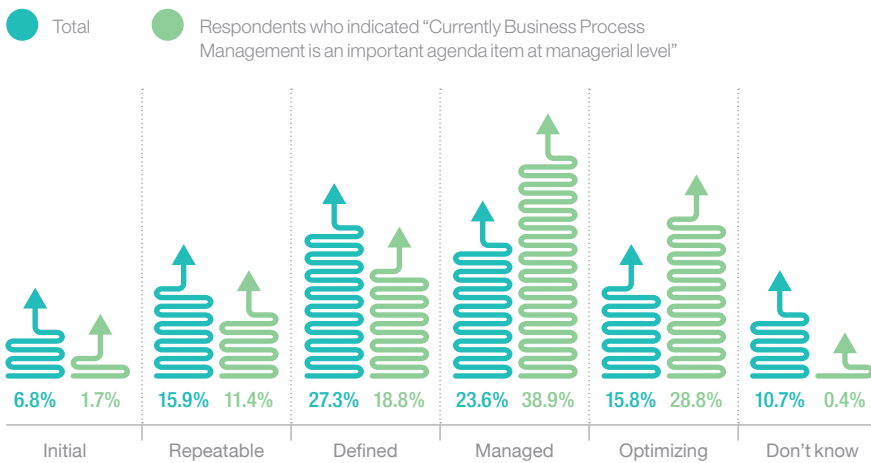


Figure 1. There is a clear correlation between prioritization of BPM adoption within a business and improved performance of processes.

Which of the following best describes the level of process maturity within your organization?



Overall, just 16% of respondents believe that their organization's processes are currently at the "optimized" level, but more than ever before, companies are recognizing the opportunity that BPM presents to improve process maturity. 45% of participants in the survey anticipated that their organization's interest in BPM would increase over the next 12 months. This finding confirms that BPM is increasingly becoming a part of mainstream management thinking.

There is compelling evidence that BPM can deliver tangible business value. 96% of those who had tried to measure ROI from their BPM investment reported a positive return, with 55% measuring a return of at least twice their initial investment. This may explain the finding that in challenging economic times, investment in BPM becomes more, rather than less, attractive. 68% of respondents stated that a more difficult business outlook than expected would lead to their organization placing increased emphasis on BPM.

The benefits of BPM vary depending on the organization's objectives, as well as its level of maturity. More than three-quarters of those respondents who had introduced a BPM initiative with a view to improving relations with

customers reported a positive impact on the business. A similar proportion of those whose objective was to improve compliance and risk management observed a beneficial impact. Specific benefits of BPM adoption which came through strongly were improved staff satisfaction and greater efficiency.

The research highlighted practical issues which must be overcome in order to implement BPM successfully, notably:

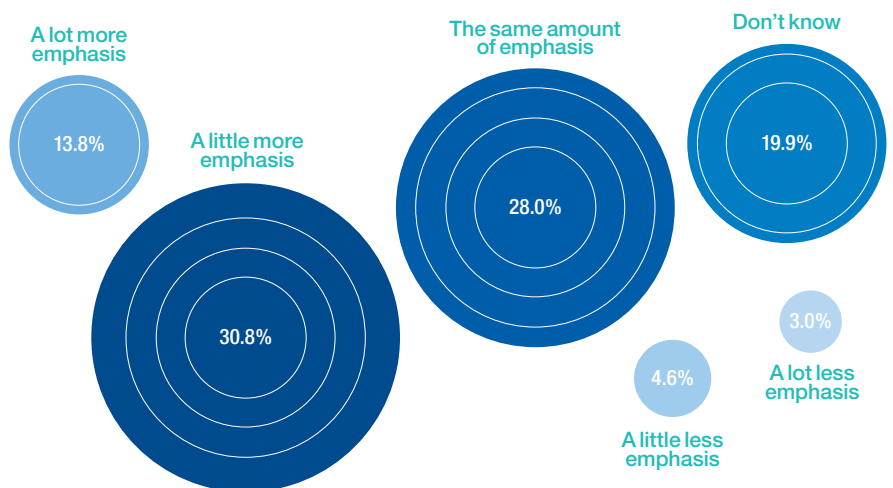
- Functional silo culture
- Fragmented budget
- Perception of BPM as an IT matter
- Resistance to BPM from IT staff who have responsibility for existing systems
- A lack of readiness or willingness to tackle the change management issues associated with BPM implementations

To overcome these barriers, strong leadership (including C-level involvement) plus a clear vision are needed. Another requirement for successful BPM implementation is that companies must be willing to break with the past and embrace change.

Positioning an organization for BPM requires some effort, but the positive experiences of those who participated in the research suggest that it is a step worth taking.

Figure 2. 45% of respondents anticipated that their organizations interest in BPM would increase in the next 12 months.

How do you anticipate that the current level of interest in BPM within your organization will change over the next year?



The key to BPM success: BPM as a C-level concern

The more Executives know about BPM, the more likely they are to believe that it should be regarded as a C-level concern. 82% of participants who have both knowledge and practical experience of the topic believe it should be part of high level business strategy.

This is in stark contrast to the 20% of respondents who say that BPM is currently treated as an important agenda item at managerial level within their organization. At present, a lack of senior sponsorship means that only a minority of companies are reaping the full benefits that Business Process Management can bring. These benefits are discussed in greater detail in the next section of the report.

Capgemini view

To be successful, BPM needs to address organizational silos. In order to allow this to happen, executive sponsorship at enterprise level is essential. It is important for C-level decision-makers to focus on the business outcomes

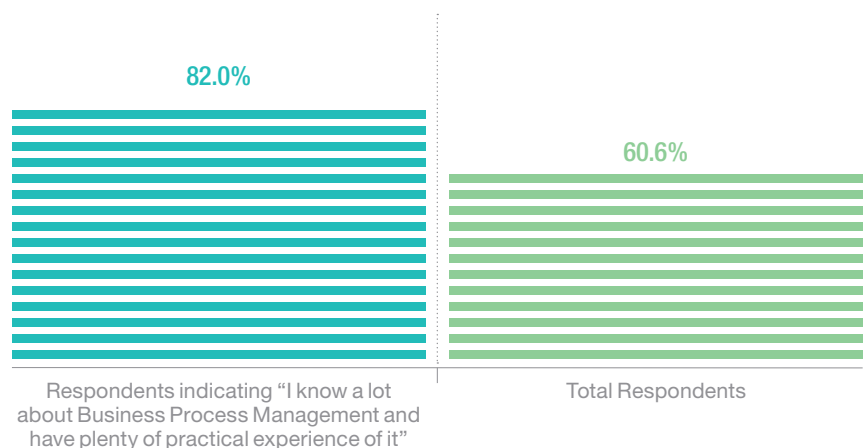
of BPM rather than being hampered by the existing technologies. Strong BPM leadership at a strategic and tactical level is essential for long-term BPM success.

It should be noted that while strong BPM leadership is important, it is not sufficient. Programs often fail because of a lack of day-to-day governance. This can lead to an insufficient framework to address competing requests for limited resources, differing objectives and timescales.

Figure 3. Respondents who have the greatest knowledge of BPM are significantly more likely to believe it should be treated as a C-level concern.

Do you consider BPM to be a C-level concern?

“Percentage of respondents indicating “Yes””



“Improving process is vital for our business but can be a painful process which meets resistance in some quarters, hence the need for C-level sponsorship.”

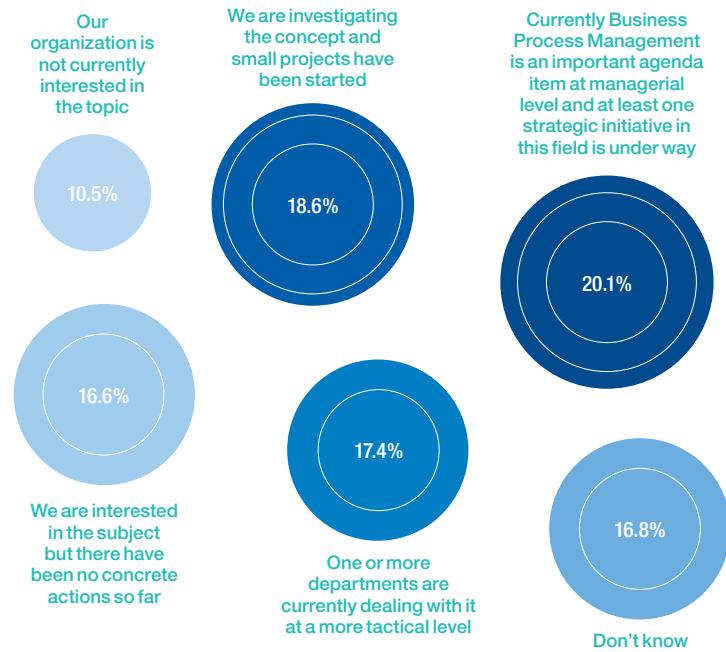
IT Manager, enterprise level utilities business, UK

“Process improvements need to be embedded throughout the organization. The top management’s time and attention needs to be given to such a strategic and longer-term value creating item.”

Business Unit Manager, Federal government agency, USA

Figure 4. Just 20% of respondents stated that BPM is currently an important agenda item at managerial level.

Which of the following best describes the current level of interest in Business Process Management within your organization?



How may I help you?

The key benefits of BPM

This research examines which business drivers are most critical in different sectors and explores the application of BPM in these aspects.

To understand the benefits of a BPM implementation for a particular organization, it makes sense to consider first which business drivers are most critical for the organization. The business challenges that respondents identified as most important reflect the macroeconomic outlook prevailing in many developed markets and the pace of technological change.

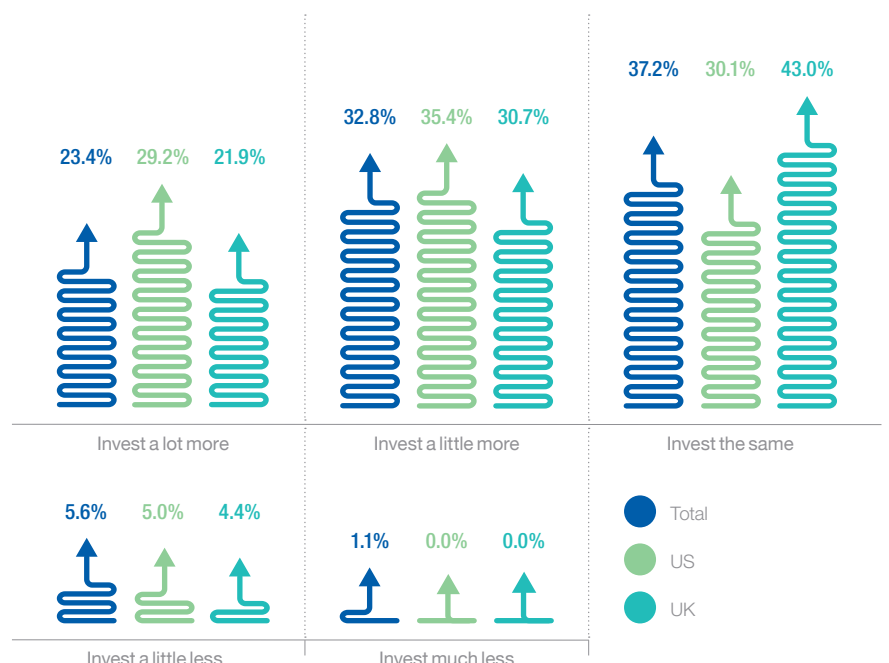
Cost-efficiency

Many organizations grasp that improving cost-efficiency requires more than simply slashing budgets. Strategic investment is required in order to achieve material savings. 56% of respondents anticipated that their organization would increase investment in efficiency over the next 12 months. Far-sighted companies are recognizing that effective implementation of Business Process Management technology and techniques can be a route to achieving significant efficiency savings in the

medium-term. Of those companies surveyed that are currently planning to launch a process management initiative, the area in which the highest proportion believed the project could have greatest positive impact was in maximizing cost-efficiency.

Figure 5. 56% of businesses will increase investment in maximizing cost-efficiency over the coming year.

How will your investment in the following business area change over the next 12 months: Maximizing cost-efficiency?



56% of respondents anticipated that their organization would increase investment in efficiency over the next 12 months.

“With process improvement you’ll streamline and automate business processes, give everyone in your company a complete view of the customer, provide deeper analysis and insight into critical sales and customer metrics, keep everyone focused on getting new customers while keeping the ones you already have.”

IT Consultant, enterprise level private healthcare business, UK

The application of BPM technology and thinking automates complex processes, reduces manual work and eliminates duplication of effort. 74% of respondents who launched a BPM initiative with a view to reducing manual work reported a positive impact on the business. It is possible to achieve the same output with fewer

resources, or increase output with the same resources. BPM can be an integral part of an intelligent cost management strategy, which allows a business to cut costs rather than cut growth.

Figure 6. The three areas in which businesses anticipate BPM could have the greatest impact are: Maximizing cost-efficiency, optimizing time-to-market, facilitating customer self-service.

In which of the following areas do you think process improvement could have the greatest positive impact on your business?

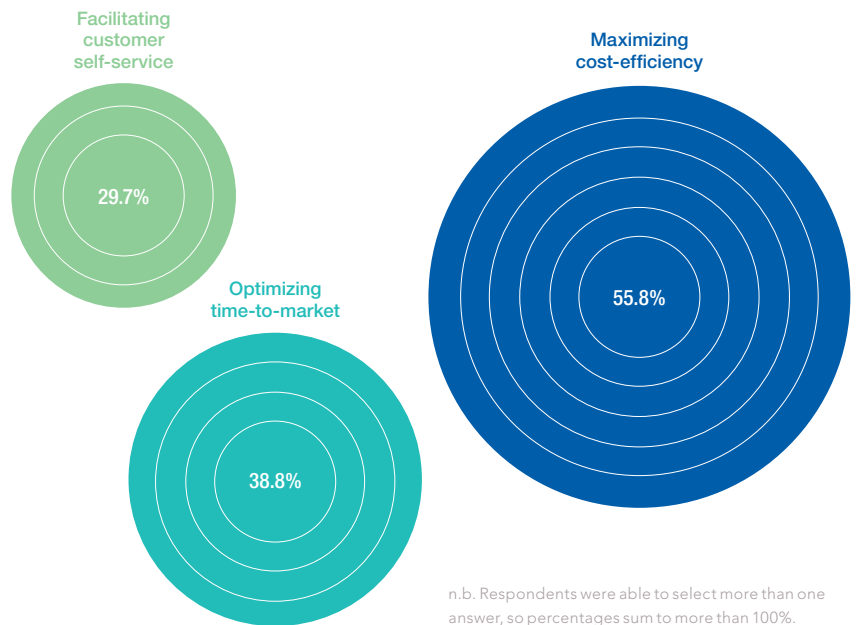
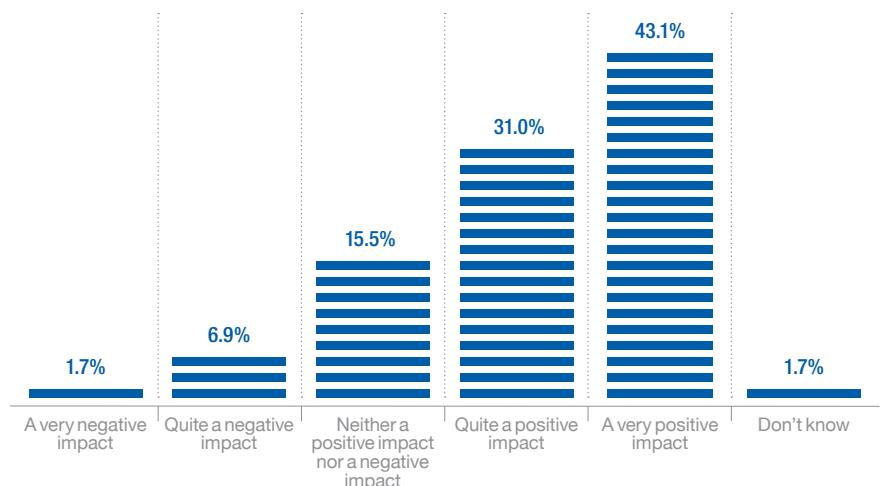


Figure 7. 74% of businesses that introduced BPM to reduce manual work and increase automation reported a positive impact.

What impact has this BPM initiative had on your business from the following perspective: Improving process performance by reducing manual work and increasing automation?



Business Agility

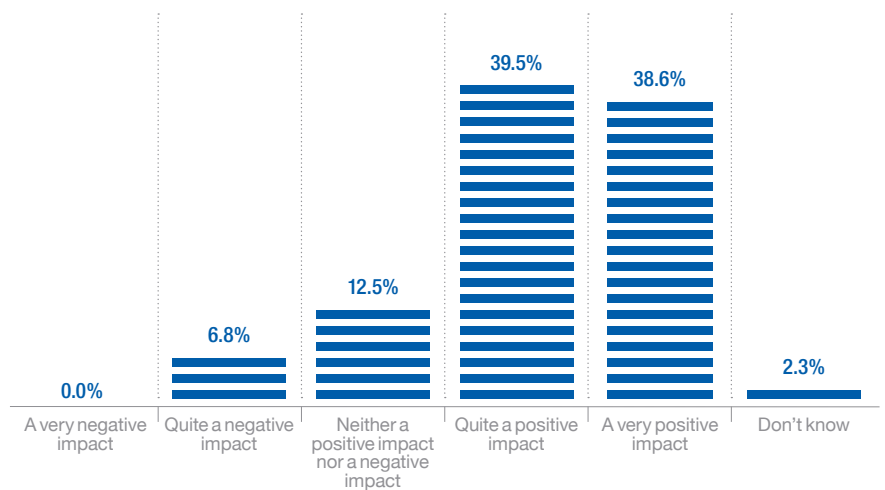
In uncertain economic times, business agility is important. As technology cycles move ever more quickly, businesses are constantly striving to cut cycle times: two thirds of respondents (66%) identified optimizing time-to-market as an important business driver.

45% of survey participants anticipated that their organization would increase investment in their ability to react to changing market conditions over the new 12 months. Agile organizations realize higher margins on their goods and services by taking advantage of market opportunities: two thirds of respondents (66%) identified optimizing time-to-market as an important business driver.

BPM enhances the ability of businesses to react to changes in the business environment. 78% of respondents who introduced BPM with a view to increasing the flexibility of the organization reported a positive impact on the business.

Figure 8. 78% of businesses believe their BPM investment improved the flexibility of the organization.

What impact has this BPM initiative had on your business from the following perspective: Improving the flexibility of the organization?



Capgemini view

Any organization looking to achieve business agility must embrace three key concepts that we like to call “the agile agenda”:

- Process management
- Rule management
- Integration and automation

Process management

To be agile, organizations must also be in control of their process assets. Processes must be documented and understood. They must be visible and measured continuously – ideally in real time – to ensure compliance with shifting market and regulatory objectives.

Business Process Management (BPM) solutions provide modeling capabilities that make processes explicit as models. These models are created by, or in collaboration with, end users. More importantly, they can be updated by users without recourse to IT.

Regardless of who makes changes, the agility comes from the fact that the changes are made to explicit models rather than changes to lines and lines of arcane code.

Rules management

Organizations manage their interactions with the external world through documented and agreed policies and procedures: processes are just one example. Business rules are explicit policies embedded within processes.

The ease with which these rules can be adapted to comply with regulatory or market pressure can often be a source of competitive advantage. Organizations that know the value of rules often use decision engines to find, update, deploy, and maintain rules across processes in real time.

BPM is moving into an unstructured, collaborative age. Rules management will be the way to stay properly governed, visible, and compliant, while dynamically keeping processes on track with changing and complex desired outcomes, goals and KPIs.

It will become increasingly important to set rules properly in order to manage BPM for increased agility. There will be a premium on managing uncertainty, and on making better decisions about business rules. Simulation and optimization techniques can help, and so can real-time analysis and response.

“Taking the attitude that ‘it has always worked like this’ is no way to compete. We are a lean organization, constantly trying to stay ahead of the competition.”

Customer Services Manager, medium-sized manufacturing business, Sweden

Compliance

Compliance is at the forefront of the minds of business decision-makers. Large organizations face great pressure to demonstrate their adherence to rules in an ongoing fashion.

More than 77% of respondents who introduced BPM with a view to improving compliance and risk management reported that the initiative had a positive impact on their business in this regard.

“In the past, there were stand-alone systems followed in each department and there was no cohesive or effective coordination between these systems. For every purchase order, for example, people from three different departments used to be involved and there was a chance of violating commercial or legal laws as compliance was only taken into consideration at the end of the process, rather than at every stage.”

Deputy General Manager of Finance, large utilities business, India

70% of participants indicated that responding to changes to legislation is an important consideration for their business. If companies do not have an agile, flexible system for handling compliance it can be a costly business.

Within BPM systems, companies can build compliance into their business rules. Processes produce automated reports, demonstrating adherence to legislation in an immediate, cost-efficient way. More than 77% of respondents who introduced BPM with a view to improving compliance and risk management reported that the initiative had a positive impact on their business in this regard.

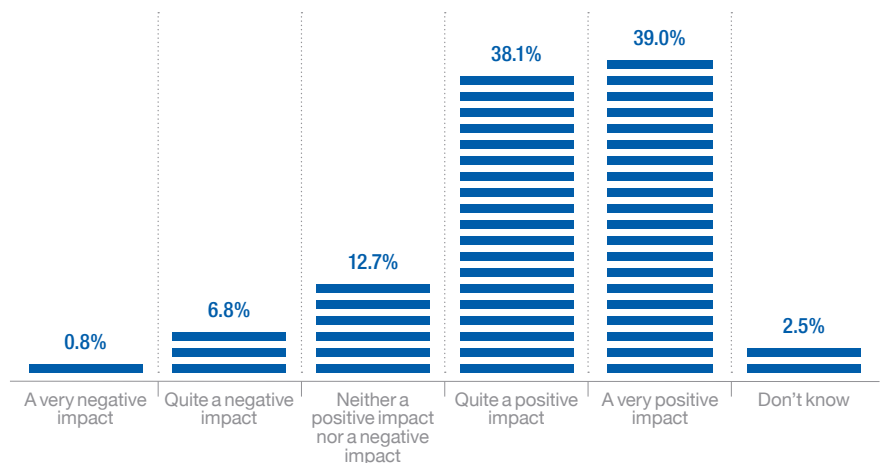
Capgemini view

Rafts of new legislation in sectors such as banking and insurance are providing the impetus for the

implementation of BPM. Interest in BPM is also growing rapidly in traditionally heavily regulated industries such as life sciences and aerospace. Application of BPM can allow businesses a great advantage in terms of accommodating new legislation quickly and with minimum disruption. BPM allows companies to isolate specific rules that may be subject to change and treat them in a certain way, so that instead of having to rebuild an application or process each time legislation changes, it is possible to retain the 80-90% of rules that hardly change. For example, a BPM application can be adjusted to reflect new tax legislation at the end of each tax year, without having to rewrite the entire system.

Figure 9. 77% of businesses that introduced BPM to improve compliance and risk management reported a positive impact.

What impact has this BPM initiative had on your business from the following perspective: Improvement of compliance and risk management?



Customer-centricity

For consumer-facing businesses, the advent of new technology has radically changed the way in which they engage with their customers. In the age of always-on, ubiquitous access, companies have to respond faster than ever before.

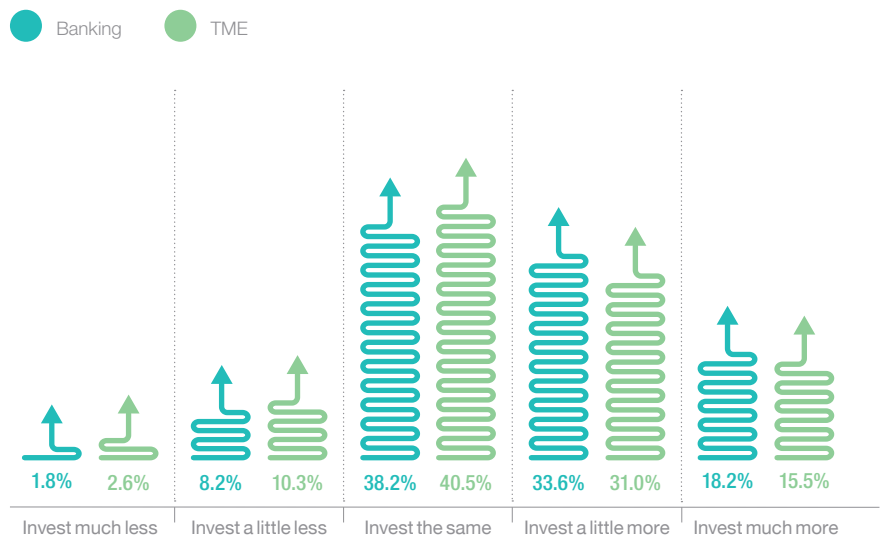
43% of respondents anticipate that investment in multi-channel access will increase over the next year.

41% of respondents anticipated that their business would increase investment in facilitating customer self-service over the next year. The figure rises to 52% in banking, and 47% in the telecommunications sector. Similarly 43% of respondents anticipate that investment in multi-channel access will increase over the next year, including 52% of respondents in the telecommunications sector.

Companies are using Business Process Management to support new ways of interacting with customers. 78% of customers who introduced a BPM initiative with a view to improving interactions with clients reported that the impact on the business was positive in this aspect.

Figure 10. Half of banking and communications organizations anticipate increasing investment in facilitating customer self-service over the next 12 months.

How will your investment in the following area change over the next 12 months: Facilitating customer self-service?



“Self-service is generally cheaper. The number of people being employed in call centers can be reduced. Younger customers in particular expect to be serviced through emerging Web 2.0 channels.”

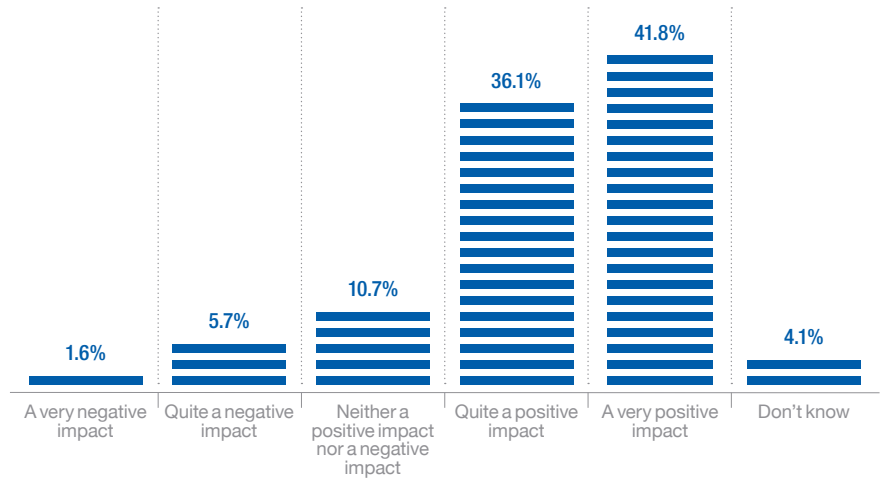
Systems Architect, enterprise level telecommunications business, Australia

“BPM combines business processes, people and technology to achieve one single goal: getting and keeping satisfied customers. It’s an overall strategy to help you learn more about your customers and their behavior so you can develop stronger, lasting relationships that will benefit both you and the customers.”

IT Consultant, enterprise level consumer products and retail business, North America

Figure 11. 78% of organizations who introduced BPM to improve interactions with clients reported a positive impact. Improving the interactions with clients and / or CRM.

What impact has this BPM initiative had on your business from the following perspective: Improving interactions with clients and/or CRM?



Capgemini view

Customers are demanding more: More personalization and customization, a broader range of engagement channels, greater access to information and more say in the buying process. Customers also expect recognition and a consistent response, regardless of what channel they are using. Organizations are increasingly using BPM to respond to these changes. BPM is transforming case management and moving into the traditional CRM space. Adding a BPM layer to existing processes helps address the problem of case management by ensuring that all information is integrated – stakeholders have a 360 degree view of all interactions with each customer. Companies are able to access the right data in the right place and at the right time. The appropriate response to different scenarios can be automated. Wherever customer care is involved, there is scope for BPM to make life easier for both vendor and customer.

BPM solutions are increasingly seen as CRM 2.0. BPM allows more streamlined process for managing customer interactions regardless of channel, all the way through the front, middle and back office stages to resolution.

Example: Warranty management

One application of BPM that benefits both vendor and customer is in the field of warranty management in the automotive sector. Typically, administering warranties is clumsy and expensive, involving manufacturers, dealers, suppliers and customers. Information is spread across myriad systems and claims may be governed by different policies and procedures. Application of a BPM solution unifies all information, allowing the streamlining of the full warranty management process.

Case Study – Business Process Management and customer-centricity

Challenge: A Dutch software business which sells book-keeping and HR software wanted to improve customer retention.

The company redesigned its complaints procedure, adopting BPM software and thinking to improve internal communication between departments and external engagement with customers.

What the process looked like before

For years the company had no central customer service department. Customers were directed in an ad hoc fashion to either sales or product departments, depending on the nature of their complaint. The lack of process led to departments shifting responsibility for complaints. Employees gave inconsistent answers to customers posing similar questions due to lack of documented procedure, causing confusion and further complaints.

What it looks like now

The company created a team dedicated to customer service. Customers are presented with a telephone menu as soon as they dial in so that their complaint can be categorized. Customer services representatives note down the details of problems in a case file. Cases are divided into 'dissatisfactions' and 'complaints' (which are more serious). Notifications are then sent to agents in departments such as technical support and sales with the relevant expertise who follow up on the issues. The more serious 'complaints' are dealt with at managerial level. All agents have access to the same case file and all interactions are logged ensuring seamless sharing of information. The success of the execution of the complaints procedure is measured quantitatively.

Issues encountered

Staff were initially resistant to this new process, which was perceived as bureaucratic. The sales department felt that handling complaints management hindered them in meeting targets. Different departments were unused to working collaboratively to solve problems.

Benefits of the approach

This rigorous complaints procedure has delivered tangible business value. There is a higher level of customer retention. Complaints are far less likely to result in the cancellation of subscriptions. In fact, the rate of subscription cancellation is actually 7% lower for customers who complained and had their problem addressed than for those who did not complain in the first place. Finally, there is a greater culture of cross-departmental collaboration within the organization.

“Everyone in the organization was trying to avoid taking any responsibility, saying ‘it’s not our department, it’s their department who should be dealing with it.’ That was a major issue – no one wanted to say to the customer, ‘I’ll take responsibility, I’ll make sure this goes well, I’ll make sure that you’re happy’.”

Complaints Manager

“We now invest the time to make customers happy: a fundamental part of this is working as a company, not just as departments who are out for themselves and care only about their targets.”

Complaints Manager



Social media strategy

One area that was investigated in our BPM research was the level of emphasis that companies are placing on both the threat and opportunity from social media.

53% of respondents believe this business driver will become more important for their business over the next 12 months. This figure rises to 60% in the United States, the market which sets the pace in terms of harnessing new forms of media to improve business processes.

Anecdotal evidence from the research, illustrated by the quotations, shows how some large businesses have been caught off-guard by the revolutionary effect that social media has had, and in particular the way that B2C organizations interact with their customers.

There has been some complacency in engaging with and investing in social media. It is clear that businesses must develop a social media strategy. Organizations can no longer dictate the terms of engagement with customers – it is now customers who are in control of the conversation. In light of this loss of control, organizations need to listen to and respond effectively to customer-initiated activity. Customers now expect a greater level of attention, as well as a near-instantaneous response. Businesses should also be aware of what a powerful asset this rich real-time feedback can be.

Capgemini view

Organizations are traditionally used to being in control of customer interactions and have long built IT systems that push messages to the customer. It is clear, however, that social media and the consumerization of technology has already had an

impact on customer's daily lives and is here to stay. Through social listening and an effective Business Process Management system, organizations ability to listen to the conversation and respond through changing business processes will become a major differentiator. It is essential to combine social media data with unstructured and structured data from other sources to provide a holistic and representative picture of what your customers are saying. A social media strategy that is supported by an organization that is able to rapidly alter business processes, listen to and identify and manage risk early on, and also provide sales opportunities will be an effective one.

“We need to introduce a system to handle social media. At the moment one team writes down mentions on post-its before handing them over to another team to respond. You can guess how efficient this is.”

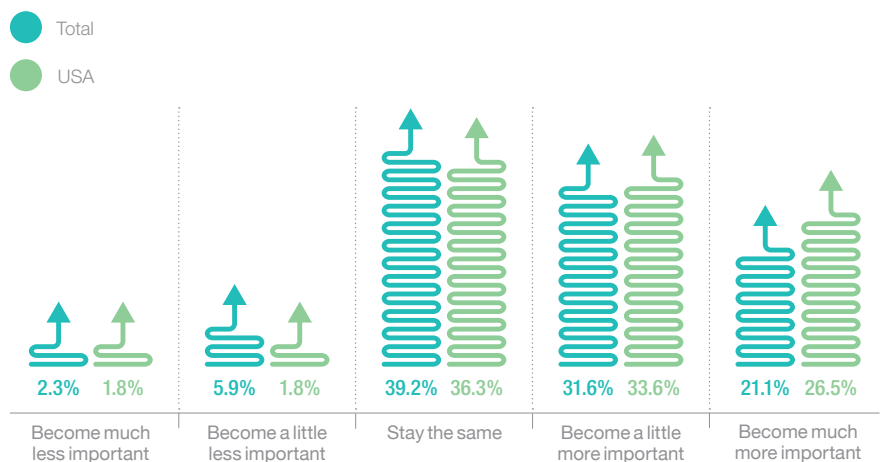
Business Unit Manager, large insurance business, Spain

“The power of social media is rapidly increasing, which means that it will become a focal point for all mass market businesses. Market trends will be dictated by social media trends, and the public view of a company will be determined by its social media interaction.”

Enterprise Architect, enterprise level automotive business, Germany

Figure 12. 53% of businesses anticipate that social media strategy will become more important over the next 12 months.

Which of these drivers do you think are likely to become more or less important over the next 12 months: Managing the opportunities and threats of social media?



Staff satisfaction

Large organizations are engaged in a continuous effort to create and sustain a rewarding working environment that mobilizes and motivates their staff. An important benefit of improved processes that emerged from this research is the impact on staff satisfaction.

“The previous management underestimated process development. Processes weren’t documented. We had to repeat the same steps over and over again to reach a solution. Money and time were wasted, staff weren’t motivated and customers were frustrated. Now we’ve improved our processes, all our staff are convinced of the benefits.”

Department Officer, enterprise level insurance company, France

75% of those organizations within our sample that launched a BPM initiative with a view to improving staff satisfaction reported that the project had had a positive impact in this regard. Strikingly, not one respondent reported that the initiative had had a negative impact.

Capgemini view

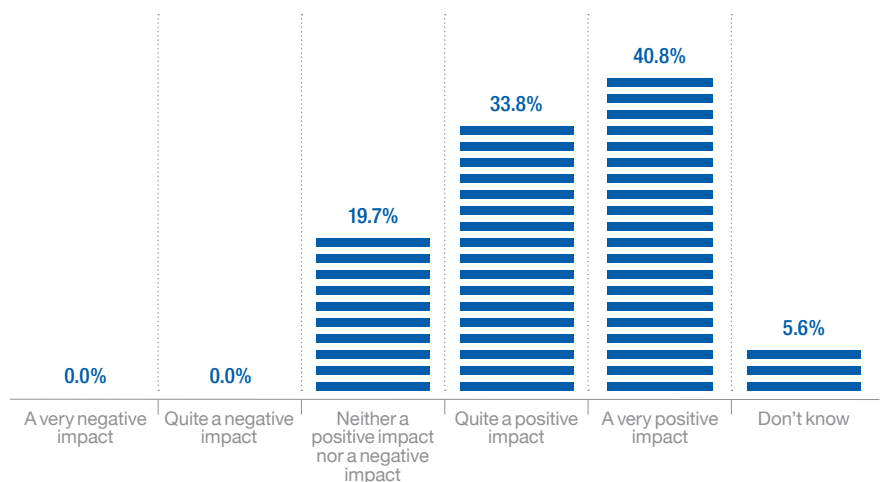
Enhanced staff satisfaction is an interesting ‘hidden benefit’ of process improvement. Enhanced staff experience is rarely built into business cases for BPM investment. However, removing laborious manual workflows, reducing the need for ad-hoc intervention and making it easier for staff to operate efficiently, can have clear benefits, not just in terms of productivity

but also in terms of improving job satisfaction for the teams involved. Alongside traditional ROI models companies should consider the ease of use of resultant systems, the reduced cost of training and the improved retention of valuable team members.

The quantitative research findings show that Business Process Management initiatives can have a positive impact on many different parts of an organization. The next section of the research demonstrates how BPM ultimately delivers value in terms of Return on Investment.

Figure 13. 75% of businesses who implemented BPM to improve staff satisfaction reported a positive impact on the business.

What impact has this BPM initiative had on your business from the following perspective: Improving staff satisfaction?



Show me the money: BPM and Return on Investment

The research demonstrates clearly that investment in Business Process Management can yield tangible business value. Of those respondents who had tried to measure ROI from BPM, a remarkable 96% reported a positive return, with 55% measuring a return of at least twice their initial investment.

“We consolidated by centralizing the IT infrastructure so that we didn’t have hundreds of little silos everywhere. This wasn’t a management power trip, it was about saving a lot of money. Ultimately, from an economic perspective, all the departments win.”

Senior VP for IT, consumer products and retail Business, UK

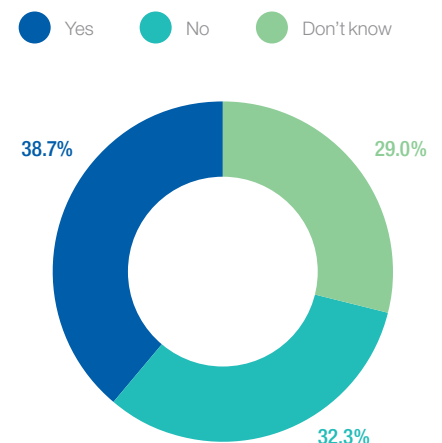
In the past, businesses found it difficult to quantify the Return on Investment from BPM programs as the benefits were various and wide-ranging. It can be a challenge to measure intangible but essential elements of BPM, such as cultural change and employee behavior. Indeed, our research shows that businesses are still learning how to assess the value of a BPM investment, with only 39% of respondents stating that they have tried to measure ROI in a formal way.

Capgemini view

Setting the business case for organizations is often challenging. Getting the appropriate balance between the different objectives across the organization is key and rarely an easy task. However once objectives are set, and measurements in place, we have seen BPM programs delivering significant ROI. In addition, it is important to measure quantitative and qualitative factors when implementing BPM, and to track those measures through to completion of the project. Those results in turn inspire further change.

Figure 14. Just 39% of respondents have attempted to measure ROI from BPM in a formal way.

Have you attempted to measure Return on Investment (ROI) from this BPM initiative in a formal way?



Examples of Return on Investment

Cost reduction and efficiency gains:

BPM can help lower the cost of running, changing, and executing processes.

A North American insurance organization:

- Gained 40% cost reduction over a five year period
- Reduced training time from as long as two weeks to just one day
- Gained ability to execute the First Notice of Loss (FNOL) process with greater efficiency and accuracy as a result of increased automation
- Introduced real-time analytics of overall claims operations
- Reduced FNOL Total Cost of Ownership by approximately \$12 million over the four years following implementation
- Was able to offer its customers a market-leading claims experience

A public sector organization:

- Used sophisticated case management to achieve a win-back time of 70 minutes per case

Increase in competitiveness and agility

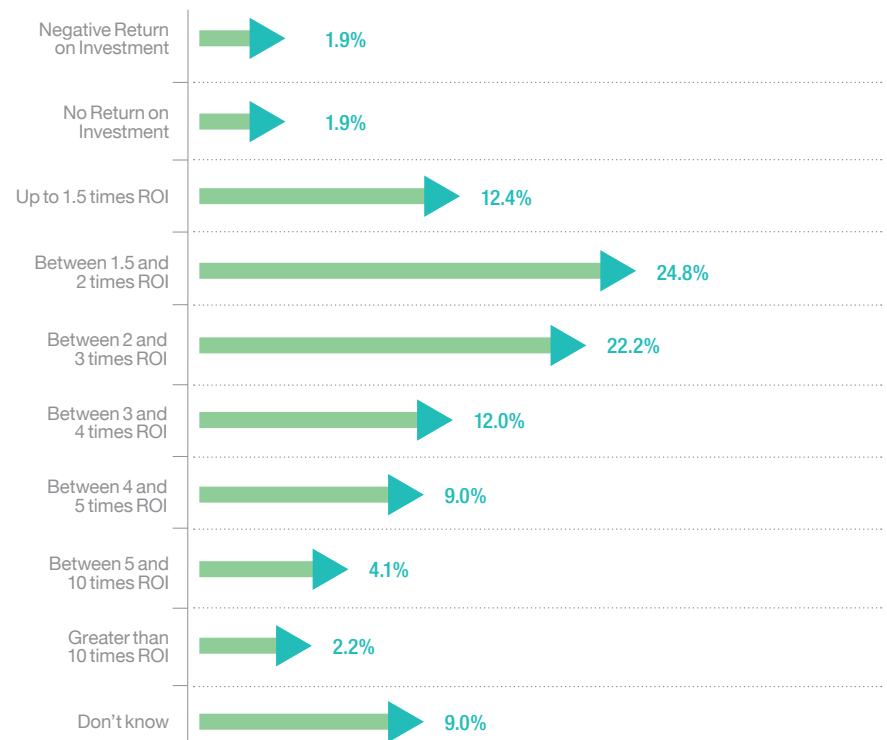
BPM reduces time-to-market for new products and services.

A global banking organization:

- Reduced time-to-market for new product release from nine months to four months

Figure 15. 96% of respondents calculated a positive ROI from investment in BPM.

What level of ROI did you calculate for the BPM investment?



An automotive company:

- Improved their cycle time by 50%

A worldwide engineering organization:

- Ran a global operation to optimize and harmonize the leading business processes and support, leading to precise supply chain planning and processing
- Achieved real-time, end-to-end transparency
- Established a more accurate process, with accelerated supply chain performance and improved competitiveness

Speculating to accumulate: BPM as a counter-cyclical investment

The high level of Return on Investment that BPM can potentially deliver, discussed in the previous section of the report, perhaps explains why interest in BPM actually increases in relatively challenging market conditions.

“Growth via demand will be difficult, so we have to improve profitability by enhancing our internal processes.”

Risk Manager, enterprise level manufacturing business, UK

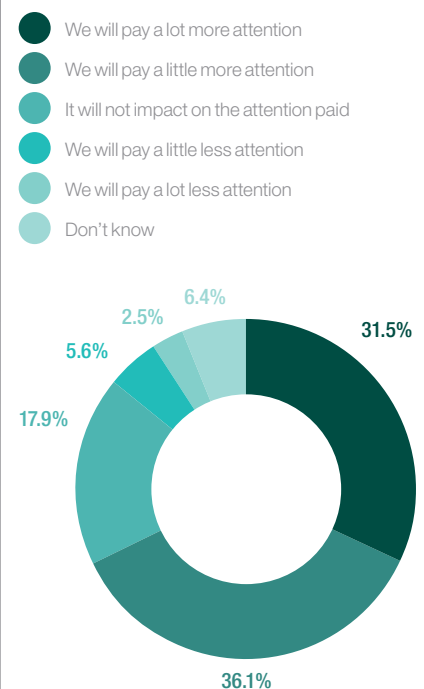
68% of respondents who were seriously considering investment in BPM state that a more challenging economic climate would increase the attention paid to process improvement. In theory this is a simple equation: at a time when it is difficult to acquire new business, process improvement offers a way to boost the bottom line by making cost savings.

However, challenging conditions can create barriers to BPM adoption. If employees are concerned about job security and their personal well-being, BPM is more likely to be perceived as a threat rather than an opportunity. 44% of respondents in the survey stated that resistance from staff responsible for existing systems such as SAP and CRM within their organization was a barrier to process improvement.²

Bottom line pressures can lead to a reductive focus on costs rather than an emphasis on the bigger picture. Money allocated to IT could be spent maintaining outdated systems that have no place in a modern technology environment. This is often a false economy. The BPM institute blog uses an apt analogy to explain the likely consequence of trying to cut operational and process-related costs in the face of a downturn: “These organizations are just starving themselves, and it will likely come back to haunt them as the core infrastructure of the company – the corporate metabolism, is crippled to the point where it cannot function effectively.”³

Figure 16. 68% of respondents considering a BPM investment state that a more challenging economic climate over the next 12 months would increase the attention their organization paid to process improvement.

If the economic climate in your sector proved more challenging over the next 12 months, what impact do you anticipate this would have on your organization's attitude to process improvement?



“Even with the current economic climate, middle and senior management still find it difficult to embrace culture change, move with the times and take advantage of the efficiencies and cost savings that can be delivered by BPM.”

Process Manager, local government agency, UK

“Companies in a defensive mode simply aim to survive. BPM will seem too daunting for them – rather than investing in new tools and processes, they will cut IT budgets and try and muddle through with legacy tools in their existing format for a little longer.”

Process Manager, enterprise level telecommunications business, North America

46% of survey respondents identified a lack of change readiness or willingness at their organization as a barrier to improving processes.⁴ Reactive companies that are not ready to confront changing times will not be able to introduce successful BPM. In order for a company to successfully deploy BPM, the company must be able to embrace change across the organization.

In the following section of this report ways in which barriers to BPM adoption can be broken down are examined further.

Capgemini view

BPM is not simply an out-of-the-box technological solution that can be introduced at will. BPM is a discipline that requires the adoption of a new cultural mindset. In a downturn, BPM is attractive to companies that are offensively orientated, and looking to push their business to grow. In order to introduce effective BPM, an organization must be receptive to change, willing to break its mould and become something different. Executive sponsorship is key to driving this forward.

One of the trends we have observed (though not suitable for all programs) is towards short term investments with fast ROI. BPM projects are often iterative – lasting 6-10 weeks per project, with each phase linked to a value based objective. In this context budget allocation is easier.

² See Figure 21

³ <http://www.bpm-institute.org/resources/white-papers/bpm-ea-two-smart-investments-recession>

⁴ See Figure 22

Barriers to BPM implementation

The research highlighted various practical issues which prevent organizations from successfully implementing BPM.

Five barriers in particular were identified:

- Functional silo culture
- Fragmented budget
- Perception of BPM as an IT item
- Resistance to BPM from IT staff who have responsibility for existing systems
- A lack of change readiness or willingness

All these internal barriers to cooperation must be addressed in order to achieve commonality of purpose, which can directly contribute to business value.

Functional silo culture

55% of respondents identified functional silo culture as a barrier to process improvement at their organization, making it the most frequently cited obstacle. Survey respondents who had experience of BPM initiatives explained how before introducing BPM, organizations were compartmentalized into functional units, with objectives and performance measures broken down accordingly. This method of working promotes efficiency within a particular silo, but undermines the possibilities for working collaboratively and seamlessly across an organization. The attempt to introduce cross-functional BPM can lead to internal politics. For example, when a retailer attempts to improve cross-channel access, addressing the issue is immediately problematic because the online-channel owner, in-store channel owner, telephone-channel owner and customer service

team all have their own targets and priorities. It requires a different way of looking at processes to make them end-to-end more effective.

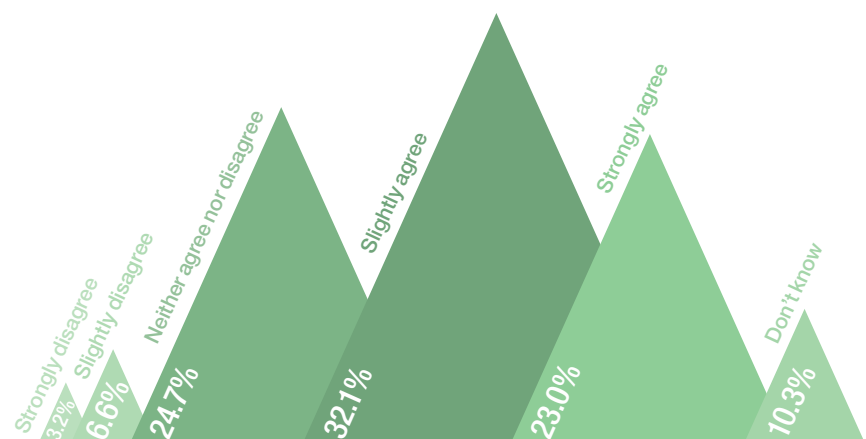
Capgemini view

BPM implementation renders the greatest value when it is applied across organizations and across applications. However initiatives tend to deal with one subset of processes because it is much easier to gain sponsorship for a process improvement initiative within a

business domain. It requires will and impetus to transcend ways of working that are constructed around existing bureaucratic structures. Vision and leadership from a senior level is essential for long-term BPM success. BPM-driven ways of working can then add value to a business by linking functional silos and eradicating the inefficiency of different business units working in competition with one another on disconnected projects.

Figure 17. 55% of businesses state that functional silo culture is a barrier to process improvement.

To what extent do you agree that these barriers to process improvement exist in your organization: Different parts of the organization tend to operate in functional silos?



“In telecoms, the new buzzword is an “integrated supply chain”, how to take everything from manufacturing, procurement, logistics etc. and put that all together under one ownership. In practice it never works like that. At the moment we have an operations organization, a procurement organization, a logistics organization and a delivery function all operating in different silos. All departments affected by a process should work together.”

Head of Logistics, enterprise level telecommunications business, North America

“Different departments were taking decisions in their own way, with their own philosophies and objectives. This created a lot of tensions and processes became stuck.”

Customer Services Manager, medium sized software business, Netherlands

Perception of BPM as an IT item

The survey findings indicate that there is little consensus across organizations as to who should take primary responsibility for process improvement. In different organizations across the sample, this was borne variously by IT, business management, operations, or even dedicated process management units. In many instances, budget is fragmented across departments, which can undermine the effectiveness of attempts to launch coherent, cross-functional process management initiatives.

48% of respondents identified the perception of BPM as an IT item as a barrier to effective process improvement. The figure is higher in certain European markets such as Italy, where it rises to 54%. Perception of BPM as an IT item can hinder implementation as while many of the costs and challenges fall on the IT side, the principal benefits fall on the business side.

Capgemini view

BPM programs need to be driven by a collaborative team of IT and business. Business should drive the business case, the process design and outcomes, and IT needs to supply the infrastructure, core systems and integration expertise. BPM brings the two – business and IT – together, to make those decisions jointly. It also creates a common environment which serves to eliminate the communication barriers that traditional tools and methods tend to amplify.

Figure 18. Perception of BPM as an IT item is deemed a barrier to process improvement by almost half of respondents.

To what extent do you agree that these barriers to process improvement exist in your organization: BPM is still seen too much as an IT item?

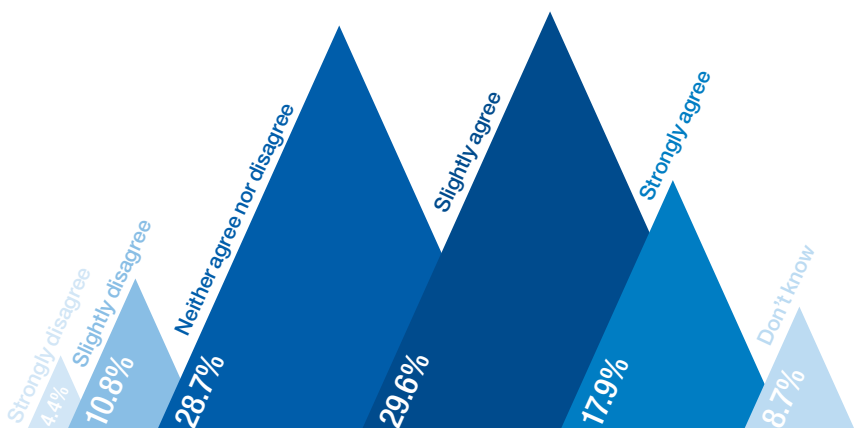
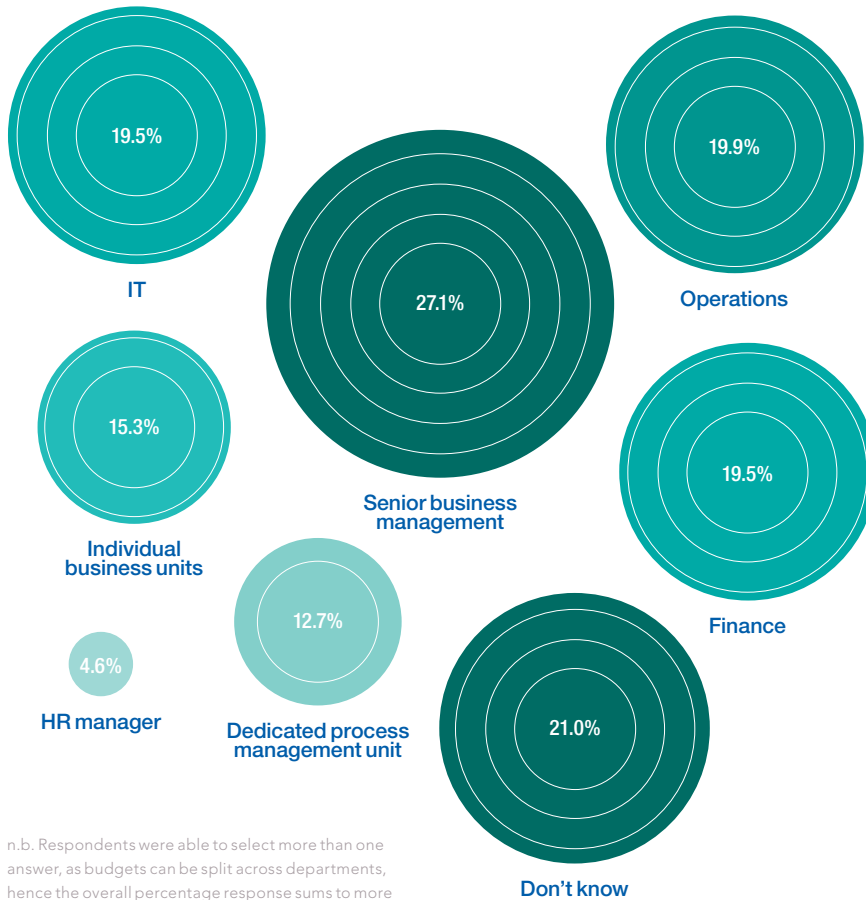


Figure 19. Allocation for process improvement is often split across organizations.

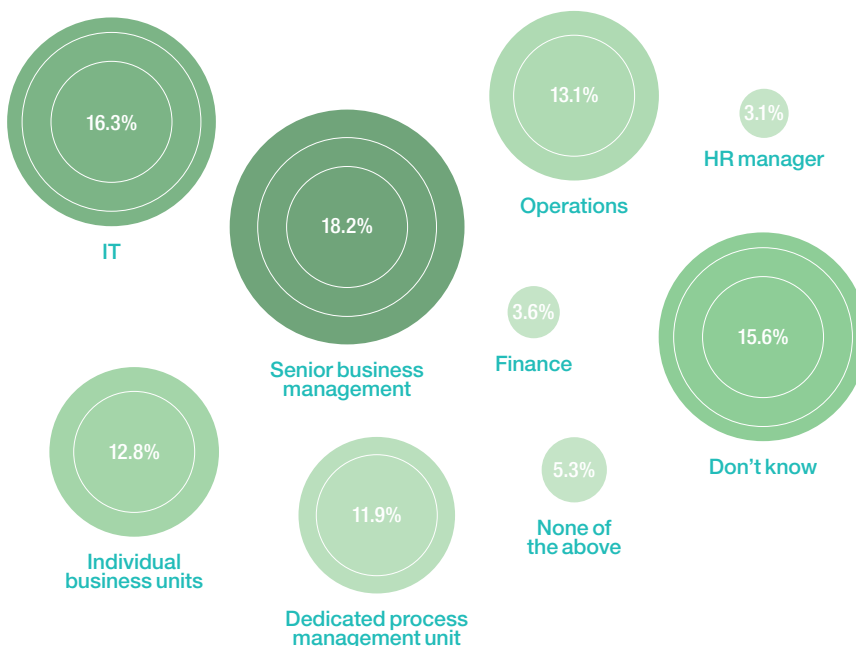
Which parts of the business hold the budget for process improvement?



n.b. Respondents were able to select more than one answer, as budgets can be split across departments, hence the overall percentage response sums to more than 100%.

Figure 20. There is little consensus across organizations as to who should take primary responsibility for process improvement.

Which of the following take primary responsibility for process optimization?



Resistance from staff responsible for existing systems

One potential hurdle to BPM implementation is that BPM gives power to the business side of an organization rather than the IT department. 44% of respondents found that resistance from staff responsible for existing systems was a barrier to successful process improvement. IT departments will naturally be protective of current tools, and argue that these can achieve value.

Capgemini view

The introduction of BPM technology will change the applications landscape and there will often be internal resistance to this. Ultimately, BPM technology will serve to create value for the organization as a whole and create alignment between business and IT. However, it is important to engage the CIO and IT staff in BPM strategy to ensure that these stakeholders do not feel they are relinquishing control. In forward-thinking organizations where staff view change as an opportunity rather than a threat there is the best chance of successful BPM implementation.

“The biggest challenge we had was actually the human aspect, not the systems and technical aspect. We were suddenly saying ‘you’re not in charge of the network anymore, we are.’ You’ve got to make sure everyone’s ok about it before you can move forward.”

Senior VP for IT, consumer products and retail, UK

“There was opposition in the company from different departments. People were worried because their discretion over their systems was being wiped out. There was also concern that manpower would be declared surplus as we put systems in place to do the work they had done previously.”

Deputy General Manager of Finance, large utilities business, India

Lack of change readiness / willingness

46% of respondents identified a lack of change readiness or change willingness at their organization as a barrier to BPM adoption. Organizations which have adequately functioning processes can easily become complacent, and fail to acknowledge the need for continuous improvement, leaving them vulnerable to being overtaken by the competition. Companies with an apparently well-functioning application landscape can lack the vision and appetite for a step change.

Capgemini view

A BPM implementation may appear to offer radical change for marginal return. Whereas when implemented carefully, it can offer organizations a step change in the way they are able to do business.

Large organizations that are accustomed to acting in a particular way can also be wary of overhauling and updating processes because business rules and business knowledge may be embedded into long-standing processes. In some instances these rules may not be formally documented, so stakeholders are concerned that when migrating to new system, the full range of functionality may not be captured. The great strength of BPM is that it captures and builds on existing ways of working, renewing rather than usurping old

Figure 21. 44% of respondents found that resistance from staff responsible for existing systems was a barrier to successful process improvement.

To what extent do you agree that these barriers to process improvement exist in your organization: There is resistance from IT staff who have responsibility for existing systems (SAP, CRM)?

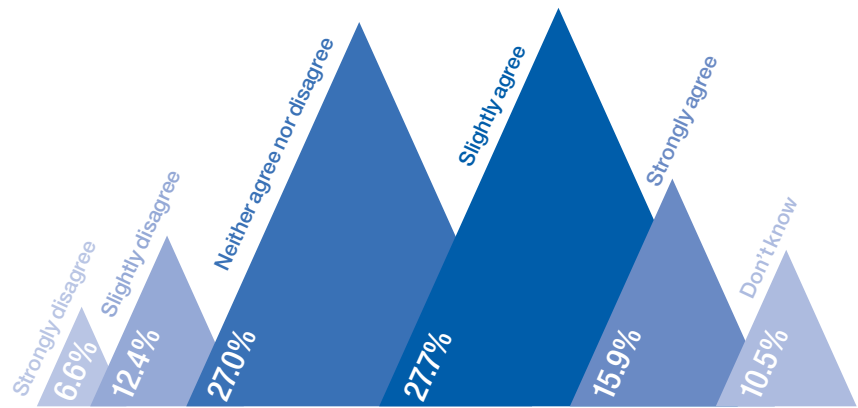
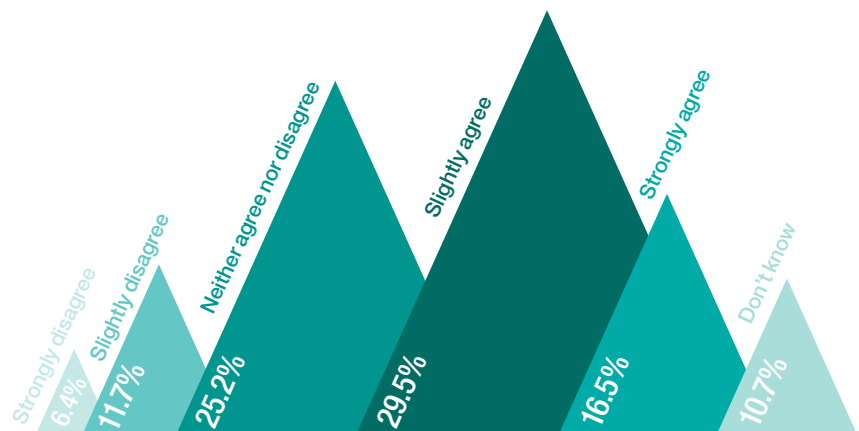


Figure 22. 46% of respondents identified a lack of change readiness or change willingness at their organization as a barrier to BPM adoption.

To what extent do you agree that these barriers to process improvement exist in your organization: There is a lack of change readiness and/or change willingness in the organization?



processes, minimizing disruption and ensuring continuity while facilitating process improvement. Business process and rules are captured and made explicit, and systems become self-documenting. Staff with the appropriate authorizations can then maintain and amend processes and rules that are no longer hidden away in arcane coding languages.

Capgemini recommendations for breaking down barriers and successfully implementing BPM are summarized on the next page.

Key conclusions and recommendations

BPM offers high value through process optimization – but first, organizations need to create the conditions for success

At a time when many market sectors are facing slow revenue growth, customer churn, and increased pressures on costs, BPM is a critical weapon in the battle for efficient, effective processes that cost less. It allows organizations to become more customer-centric, and to respond in a more agile way to business challenges and opportunities, however uncertain the business environment. Other benefits include better regulatory compliance, even where regulations are altering almost daily.

All this adds up to an exceptional ROI for successful BPM programs – one that can often make it possible to buck gloomy economic trends.

Before an organization can realize BPM's potential, there are usually some challenges to overcome. These typically include a silo-based organizational structure and culture, resistance to change on the part of stakeholders, and fragmented process improvement budgets.

Below, we make some recommendations for positioning an organization to overcome the challenges and realize BPM's promise.

Get C-level sponsorship

Strong vision and leadership at the C-level are the key to overcoming barriers between organizational silos to create an environment for BPM success. Without senior management sponsorship, a BPM initiative is usually doomed before it even starts. Securing C-level sponsorship can itself be difficult, particularly if the people who really “get” BPM find it hard to communicate the potential in business terms. The process of jointly defining objectives and a business case, as recommended below, can improve communication and build the vital senior buy-in.

Define strategic objectives for BPM

BPM succeeds best when it is executed against clear business objectives. Organizations embark on BPM programs for different reasons, and so each business must identify and prioritize its own strategic objectives up front. Involving senior management in this process is an important way to ensure that they take ownership of the subsequent program.

Possible objectives can be grouped into three clusters:

1. Cost reduction, efficiency, and effectiveness
2. Customer-centricity and agility, for example in adapting to changing market conditions
3. Compliance with rapidly-evolving regulations

Objectives should relate to the business as a whole, and not just to individual functions. Setting the right objectives, and then managing against them, helps the organization to work as a single entity, rather than in silos.

Build a business case for BPM

The business case for a given BPM initiative will vary depending on the organization's objectives, as well as its maturity with regard to BPM. Involving senior managers in the process of building the business case, as opposed to simply presenting them with the end result, will help to gain C-level ownership of BPM initiatives.

The business case should balance the requirements of different parts of the organization as far as possible. On the benefits side, it should take account of “soft” benefits such as improved staff satisfaction and retention, and reduced cost of training, as well as financial benefits.

A crucial element of the business case should be a roadmap with delivery milestones, to show when benefits will be realized. Goals should be clear, measurable, and realistic. For those organizations starting out on BPM, our recommendation is to think big, start small, and scale rapidly. It is similarly important to measure post-implementation to establish when benefits are actually realized and recognize success.

Establish governance

Successful BPM requires governance at an operational level. The CIO needs to provide vision and direction, and be willing to do so if he or she has engaged in the process of objectives definition and business case construction described above. Even so, a senior executive is unlikely to be able to provide the constant day-to-day involvement and decision-making that is required. Day-to-day decisions on projects and programs therefore need to be made by a well structured, cross-functional team of IT and business representatives, mediated by a steering committee of senior sponsors and stakeholders.

Integrate new and existing technology

BPM depends on the correct alignment of technology solutions with the business case. New BPM tools and suites are likely to be implemented, but most organizations will also need to take into account a complex landscape of legacy back office applications.

Usually there is no need for dramatic “rip and replace” systems migrations. Instead, the emphasis will be on leveraging the investment in existing solutions using BPM to augment, and plug execution gaps in, legacy applications.. In other words, the deployment of an agile BPM layer can modernize, and extend the functionality of, legacy systems.

Manage cultural change

BPM is not an out-of-the-box technical solution. It requires the adoption of a new culture and mindset on the part of both business (who will operate the new processes) and IT (who are responsible for existing systems). Both of these groups will need to adopt a new model of collaborative working. We strongly believe that BPM as a discipline needs to be jointly owned by business and IT.

It follows that stakeholders from both business and IT must be ready and willing to embrace change. Initially there is often resistance, but if C-level managers have taken ownership of BPM it will be easier to gain the commitment of other staff members. Even so, managing cultural change is one of the most challenging aspects of BPM implementation, particularly where internal politics get in the way of cross-functional collaboration.

Realize and communicate benefits

It is critical to track and manage BPM progress against the business case, ensuring that objectives are being met, milestones achieved, and benefits realized. Measurement needs to be qualitative (e.g. through customer and staff satisfaction surveys) as well as quantitative (e.g. through measurement of cost reductions) – both types of measurement will have been defined in the business case.

Demonstrating value early on in a project is the best way to support the case for continuing it. In addition, demonstrating success on one project is likely to inspire others to follow suit.

Give BPM organization-wide reach

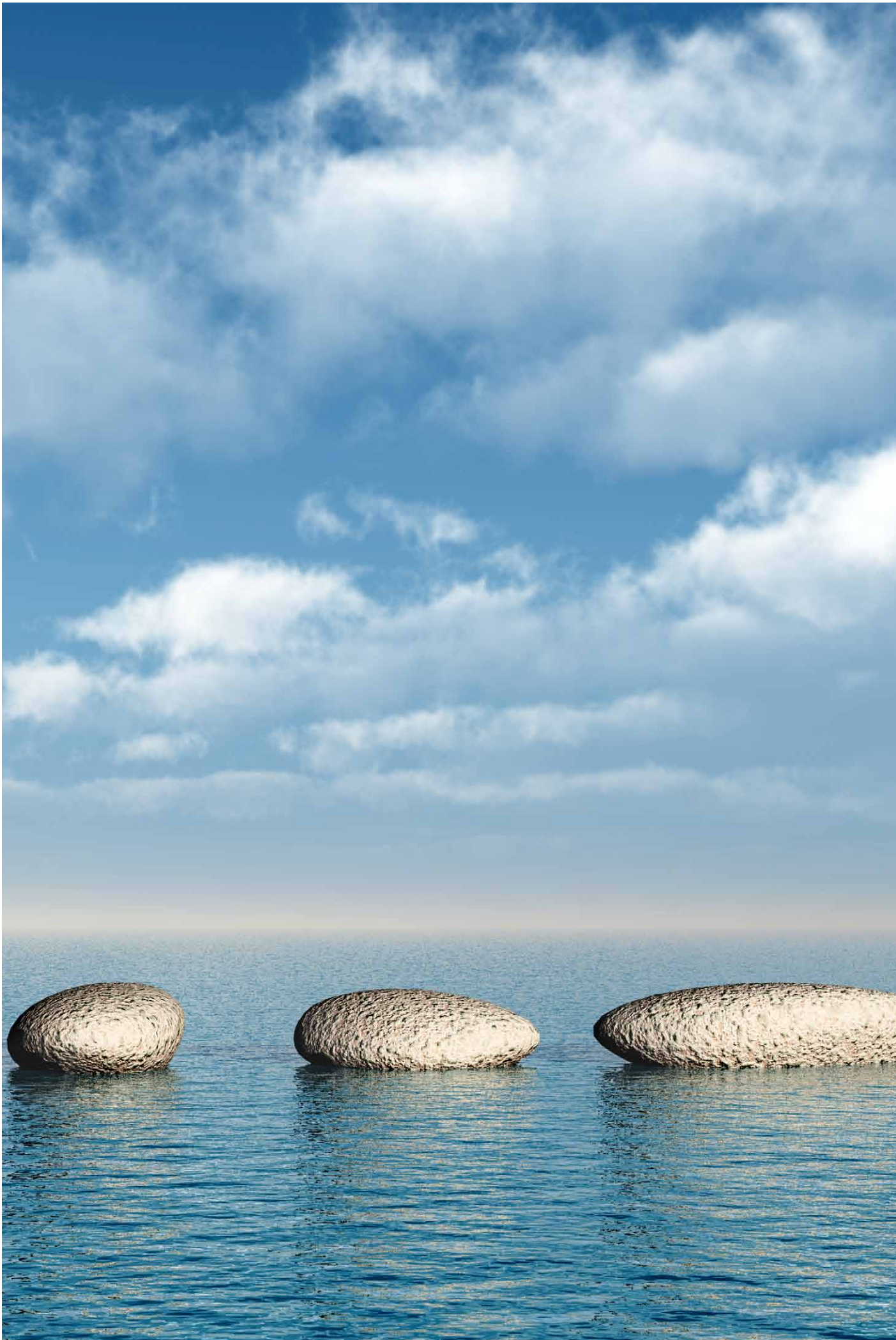
Although success breeds success, organization-wide adoption of BPM is rare unless patches of success and fragmented budgets are brought together to create organization-wide awareness, enable a repeatable experience and reuse of components to build momentum and further reduce costs. One way to do this is by setting up a center of excellence. Again, C-level sponsorship is essential to make it happen.

In summary

To achieve the potential value of BPM, organizations must first create the conditions for success. That means securing and using senior sponsorship, rigorously defining organization-wide strategic objectives and a business case, and putting in place the right governance structures and the right technology. The BPM process must be purposefully managed throughout to ensure that the intended benefits are realized and communicated. Budgets and resources may need to be integrated and/or centralized to achieve wider reach.

C-level commitment and strong change management skills are essential to bring about the required cultural change, including the move to greater cross-functional collaboration.

Under the right conditions, BPM can deliver exceptional value that more than justifies the effort involved, as the experience of early adopters confirms.



Capgemini sector and country focus

BPM as a management discipline can offer organizations – both private and public sector – a way of underpinning their processes in order to deliver high value to the business.

In the second section of the report, we take an in-depth look at the application of BPM in five specific market sectors that are of particular interest. The level of BPM adoption, and drivers of interest in BPM thinking, vary across market verticals.

The sectors profiled are:

- Financial services
- Public sector
- Manufacturing, automotive and life sciences
- Consumer products and retail
- Telecommunications, media and entertainment

We also explore BPM trends and practices from a regional perspective in the following geographies:

- United Kingdom
- United States
- Australia
- Germany
- Italy
- France
- Spain
- The Nordics
- The Netherlands

Financial services

Our survey shows that the financial services sector leads the way in adoption of Business Process Management software and approaches: 65% of financial services decision-makers that participated in the survey stated that their organization had launched a BPM initiative of some description, while 52% anticipated that greater emphasis would be placed on BPM over the next year.



Nicholas Kitson, Head of Business Process Management, Global Financial Services Unit, Capgemini

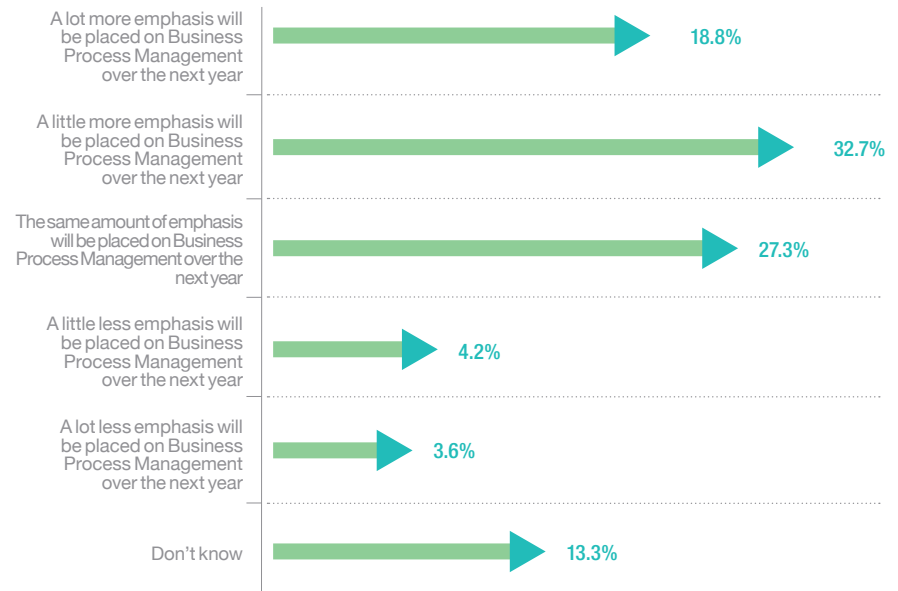
The effects of the global financial crisis still loom over financial services providers. Shortcomings in regulation of the sector have been brought into sharp focus by the economic downturn, which has also forced financial players of all stripes to reassess their cost position and the ways in which they fight for market share. Players in banking, insurance and capital markets have all been forced to scrutinize their processes and Business Process Management thinking has become more relevant than ever to these institutions.

Financial services and compliance

The past few years have witnessed vociferous demand for the creation of new legislation in financial services. By 2013, banks will need to demonstrate their compliance to the new Basel III standards on capital adequacy; similarly, by 2014, insurance companies will need to demonstrate compliance with

Figure 23. More than half of financial services respondents believe their organization will place greater emphasis on BPM over the next year.

How do you anticipate that the current level of interest in BPM within your organization will change over the next year?



Solvency II. The problem facing these financial institutions is how to gain and maintain compliance in a fluid regulatory environment, while at the same time satisfying the demands of customers for swift and efficient service. 62% of decision-makers in the financial services sector that participated in the survey anticipated that responding to changes in legislation would become a more important driver for their business over the next 12 months.

62% of decision-makers in the financial services sector indicate that responding to changes in legislation will become a more important driver for their business over the next 12 months.

“FSA legislation has become tighter and this impacts the sales process and the techniques in place.”

Process Manager,
large insurance business, UK

“We talk to people around risk, compliance, Solvency, Basel... they understand the issues and they know they will need to do something around it. They grasp that there’s a deadline by which they need to address these issues and if they don’t they will be punished.”

Capgemini BPM specialist, Spain

73% of financial services decision-makers who took part in the survey anticipated that maximizing cost-efficiency would become a more important business priority over the next 12 months.

“We want to replace things that don’t work, maximizing cost-efficiency by paying more now to save more later.”

Business Analyst,
large insurance business, USA

“Harmonizing processes across different divisions and subsidiaries will save costs.”

Compliance Officer,
enterprise level bank, Australia

BPM allows financial services to fuse regulations with processes. Organizations can build compliance to these new regulations into a repeatable, measurable framework. This eliminates the need to impose compliance controls manually in an ad-hoc fashion, reducing error and minimizing time and resources that need to be dedicated to regulatory demands.

BPM allows financial services firms to respond to government demands by demonstrating compliance automatically. BPM also allows continuous change and different layers of customization: this means that rules can be refined to meet different requirements in geography or product. It also affords firms the scope and flexibility to meet elements of future compliance which have yet to be precisely defined, and to model these intelligently in advance to see what the implications may be.

Financial services and cost-efficiency

In the aftermath of the economic downturn, financial institutions are focusing on cost reduction. Business Process Management allows financial services companies to automate labor-intensive manual tasks, saving times and resources and boosting efficiency. 73% of financial services firms in the survey anticipated that maximizing cost-efficiency would become a more important priority over the next 12 months.

In the retail banking sector, incorporating front-end activities like Loan Origination into BPM systems ensures superior integration with back office functions. When this type of process is carried out manually, there is inevitable duplication of work and inaccuracy. The disconnection between separate back office and point of sales systems causes unnecessary re-checking by staff at different parts of the process, while the ongoing battle to reconcile different pieces of paper leads to errors. BPM allows banks to build a standardized, quality

controlled approach to the credit process by facilitating continuity of work across different departments and different channels. Furthermore, BPM also allows the business to monitor how efficiently and accurately these processes are carried out.

Since the downturn, insurance companies have been under pressure to reduce operational and acquisition costs to assure sustainable growth and profits. Legacy IT infrastructure at insurance companies is unable to handle the increasing complexity in claims processing that is driven by a combination of technological innovation, a challenging external environment and regulatory change. Processes frequently require multiple hand-offs and duplication and redundancy are rife. This explains why insurers are embracing BPM technology, which unpicks the knots that form in historically evolved processes, enhancing process efficiency and cost effectiveness and allowing measurement of the success of claims processes.

Financial services and customer-centricity

In these leaner times, both banks and insurance companies are fighting to increase market share. Consequently, they are working on topics related to customer front end, many of which can be driven by a BPM solution. 79% of respondents from financial services firms in the survey stated that increasing the number of channels through which customers can interact with the business is an important driver. Similarly, 78% of these respondents stated that facilitating customer self service is an important driver.

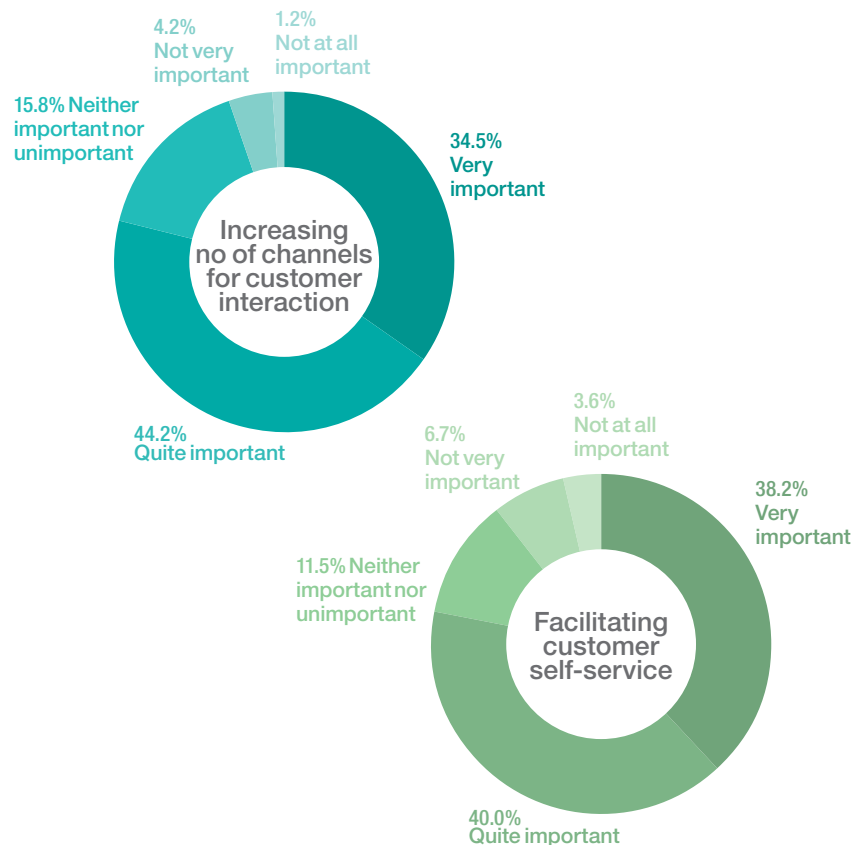
The Capgemini World Insurance Report 2011 states: “Insurers’ reputations live or die by their ability to process claims efficiently and effectively.”⁵ A bad claims experience drives clients to competitors, a dynamic that is especially costly for insurers given that it costs seven times as much to acquire a new customer as it does to serve an existing one. BPM joins up different business units, streamlining claims processes by removing internal barriers and sharing salient information across different parts of a business, largely automating much of the claims process. From the customer perspective, this removal of manual work and duplication leads to shorter claims-processing time, and a more accurate and transparent claims calculation – the end result is greater customer satisfaction and retention.

From the perspective of customers of a bank, running processes like mortgage and loan applications in a BPM tool speeds up the process and eliminates the kind of mechanical errors which damage perception of a brand. It can also increase the scope for cross-channel service provision, for example the sending of text messages to confirm transactions.

5 Capgemini World Insurance Report, 2011

Figure 24. Facilitating customer self-service and enhancing multi-channel access are key business drivers for financial services organizations.

Please identify how important each of the following drivers are for your business: Increasing the number of channels through which customers can interact with the business; Facilitating customers self-service.



Public sector

Governments are facing considerable pressures in 2012. The economic downturn in many countries means that public sector spending is constrained. Legislation is constantly changing, and technological change means that citizens expect a greater say in decision-making.



Nico Kaptein, Operations Director, Global Public Security, Capgemini

Governments must attempt to deliver more efficient and transparent citizen services whilst driving down costs, but they are regularly hamstrung in this attempt by outdated technologies and outmoded ways of working. This context explains the growing relevance of BPM paradigms to the public sector.

Citizen-centricity

Many governments are increasingly focusing on delivering an enhanced level of citizen-centric service. Citizens expect the kind of 24 hour, multi-channel service they are used to receiving in the private sector. In healthcare, for example, good case management practice can be applied to treatment of patients, which can require the contribution of a spectrum of different people with specialized roles. BPM can address the information silos that exist within enormously complicated organizations like tax bodies allowing continuity of work by different agents in the process.

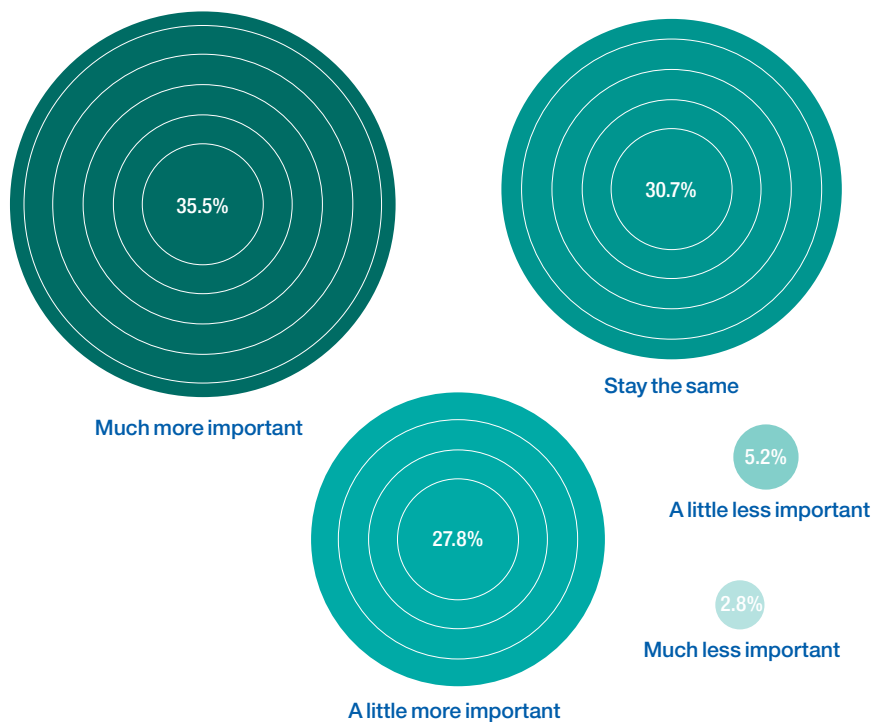
The elimination of waste is a perennially hot topic in the public sector, and the idea of efficiency savings

is frequently invoked. At the moment public sector agencies in many markets are facing unprecedented budgetary pressures. More than one in three public sector respondents anticipated that maximizing cost-efficiency would become much more important to their organization over the next 12 months. In countries which are facing seriously reduced government spending, this figure is much higher – in the UK, more than two in three public sector decision-makers anticipated that maximizing cost-efficiency would become much more important.

The systems that governments use, for example to process welfare claims, are under constant strain as time-consuming manual intervention is needed to keep up with the moving target of legislation. The adoption of a joined-up BPM approach eliminates the cracks that appear in hand-offs between people and departments that lead to costly waste. BPM can also give government agencies the ability to change rules dynamically to keep up with the latest directives, eliminating mistakes and reducing work.

Figure 25. Maximizing cost-efficiency will become more important to public sector organizations over the next 12 months.

Which of these drivers do you think are likely to become more or less important over the next 12 months: maximizing cost efficiency?



In many markets, such as the Netherlands, public-private partnerships are viewed by governments as a way of improving efficiency. There is an erosion of the gap between the public and private spheres. This trend will drive governments to move away from closed networks towards platforms which facilitate interaction with partners: this will further fuel a move towards more open systems, which will in turn make BPM a logical choice of platform.

Social Media Strategy

Governments in the English-speaking world, and Northern Europe, are beginning to explore how they can harness social media potential for the benefit of their citizens. Understanding of how to engage with social media is admittedly still in its infancy in government, with only 29% of public sector decision-makers anticipating increasing investment in social media strategy. However, during our research, interesting hypothetical examples of how governments might use the technology emerged, which suggested that this could well be a growth area in the near future. For example, police forces might explore how they can make constructive use of the wealth of unstructured data that emerges from digital sources to aid crime prevention. A BPM platform can allow the swift and seamless integration of relevant social media data into conventional processes.

29% of public sector decision-makers anticipate increasing investment in social media strategy.

“Social media will have more impact on the public sector than people realize right now. Delivering services must be efficient, so it is important to facilitate self-service.”

IT Manager, central government agency, Netherlands

Manufacturing, automotive and life sciences

The survey findings show that decision-makers in the sector Capgemini groups together as manufacturing, automotive and life sciences are relatively more likely than the rest of the sample to have knowledge and experience of Business Process Management.



Ard Jan Vethman,
Principal Consultant,
Manufacturing, Automotive and
Life Sciences, Capgemini

One survey participant in three stated that they “know a lot about Business Process Management and have plenty of practical experience of it.” This demonstrates the relevance of the discipline to the manufacturing industry, which is addressing the need to reduce costs, boost operational efficiency and optimize time-to-market in the wake of the economic downturn.

The manufacturing, automotive and life sciences vertical is advanced in having process ownership that goes all the way to board-level. This is illustrated by the fact that respondents in this sector, more than any other, are likely to stress that decisions regarding process improvement should be taken at the C-level. 72% of respondents in manufacturing, automotive and life sciences indicate that they believe BPM should be treated as a C-level concern, compared with 61% of the overall sample. As the Capgemini report “Business Process Management in Manufacturing: From

Process to Value” explains, at these companies “years of globalization and expansion – some organic, but much of it through mergers and acquisitions – have resulted in complexity in the value chain, redundancy in systems and processes, and a lack of transparency and flexibility in processes”. The pressure to move from a heterogeneous, non-integrated systems landscape to a unified environment is often acute and affects the whole business, hence the importance of strategic sponsorship at the top level.

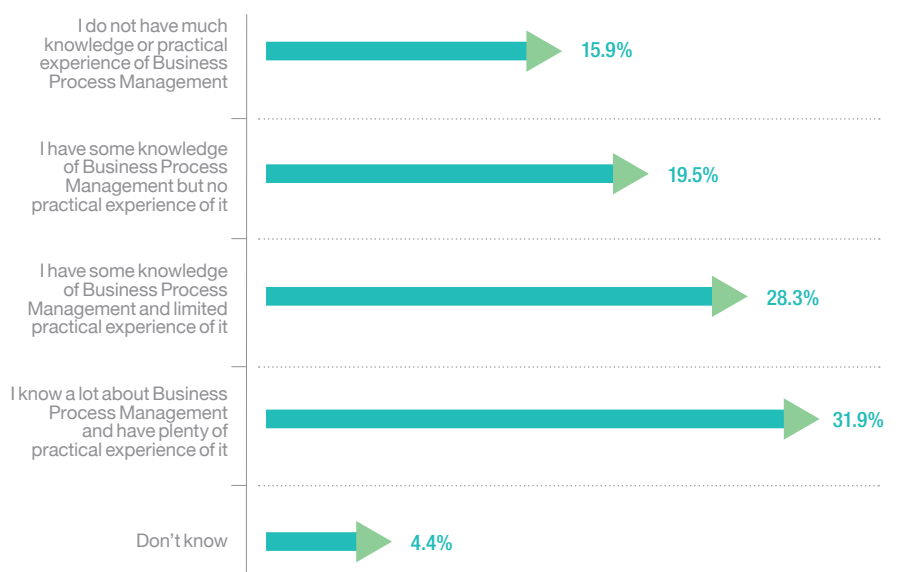
Three key business priorities emerge from the research for large manufacturing, automotive and life sciences organizations:

- Harmonizing business processes
- Maximizing cost-efficiency
- Optimizing time-to-market

82.3% of respondents in the sample stressed the importance of harmonizing business processes. This is no surprise, as organic growth in different parts of multinational

Figure 26. In the manufacturing, automotive and life sciences sector, one respondent in three has extensive knowledge of BPM.

How would you describe your level of knowledge of Business Process Management?



companies often leads to the development of local processes for distribution, sales and marketing. BPM can provide extra value by allowing companies to strike a fine balance between necessary and beneficial centralization of processes, and flexibility for adaption to specific local or departmental circumstances. There has been a longstanding drive for harmonization in the manufacturing space, but BPM technology allows for different layers of harmonization.

Maximizing cost-efficiency is similarly a key driver for manufacturing, automotive and life sciences companies, with emphasis on integrating supply chain and outsourcing non-core functions. The flexibility that BPM provides for collaboration with partners is very relevant to organizations in these sectors with regard to both distribution and supply chain. BPM can help break down the silos that occur in the supply chain and ensure that all functions are aligned towards the same delivery goals.

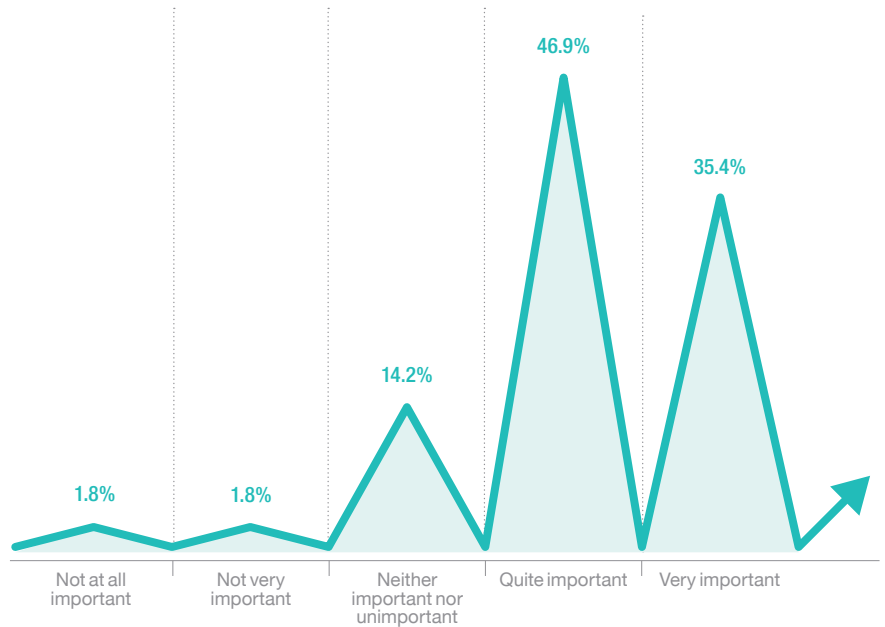
Optimizing cycle time is invariably a priority for organizations in this sector: this was especially top of mind for automotive organizations surveyed. It is no surprise that 57.5% of decision-makers in these sectors anticipate increasing investment in optimizing time-to-market over the next 12 months. It is easier to put together a business case when there has already been a focus on such a quantifiable metric. BPM also allows for greater transparency around processes, and rich, real-time measurement of performance.

Further discussion of BPM maturity in manufacturing can be found in this Capgemini report, “Business Process Management in Manufacturing: From Process to Value.”

www.uk.capgemini.com/insights-and-resources/by-publication/business-process-management-in-manufacturing-from-process-to-value/

Figure 27. 82% of manufacturing, automotive and life sciences respondents stressed the importance of harmonizing business processes.

Please identify how important each of the following drivers are for your business: Harmonizing business processes.



“We need to streamline even further to create better products in less time to stay in business. Without process improvement we won’t stay competitive in this business environment.”

Enterprise Architect, enterprise level automotive business, Germany

“We are struggling to survive in a competitive market segment. Global harmonization is important to create new opportunities for our business.”

Business Analyst, enterprise level manufacturing business, Netherlands

Consumer products and retail

Understanding of the relevance of BPM thinking and technology is less mature in the retail arena than in other industries.



Brian Girouard, Global Consumer Products and Retail, Capgemini

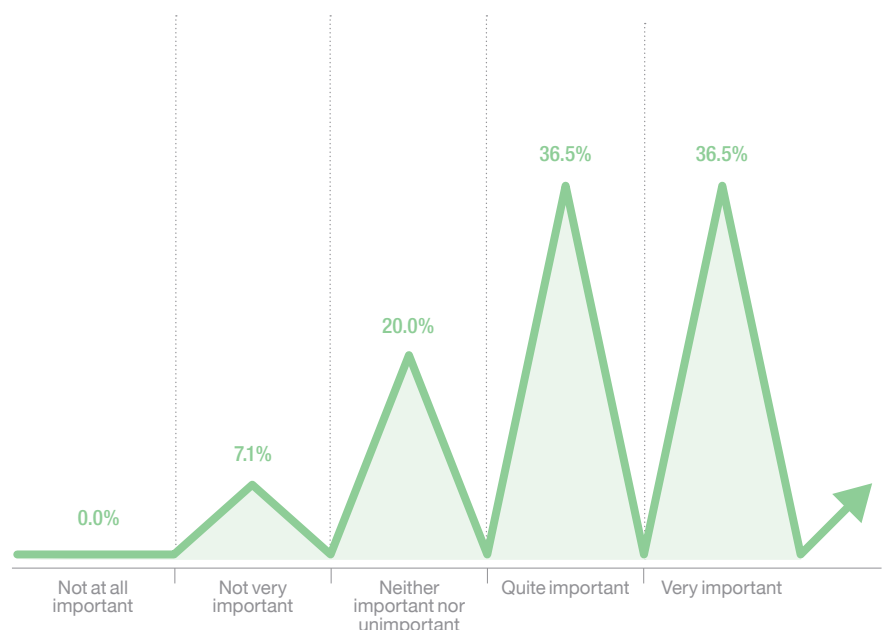
This is illustrated by our research which shows that fewer than one in five consumer products and retail decision-makers believe that BPM is currently an important agenda item at the managerial level. There is still a sense that retail, in particular, is less of a science and more of an art, less rigorous and structured than other industries. Some of the participants in this survey stressed the importance of personal interaction in retail and refuted the notion that it could be reduced to mere process. However, conundrums that are top-of-mind for retailers, like facilitating seamless all-channel access and harnessing the transformative power of social media, are all excellent candidates for applying a BPM framework.

Increasing the number of channels through which customers can interact with the business was deemed an important business driver for 73% of decision-makers in the consumer products and retail space. A BPM framework can help facilitate this by linking the information silos that exist around different channels. BPM allows seamless sharing of data, so all information relating to one customer can be logged in a single, easily accessible location. This helps avoid the inevitable frustrations that occur when a customer is passed from one operator to another due to inconsistent or incomplete sharing of information. Customer service representatives can even be prompted with useful contextual information about customers at appropriate junctures during interactions to

enhance the customer experience. This is driving interest in combining BPM and CRM systems at top retailers for whom outstanding service is a priority. This is also relevant to the increasing number of consumer products companies which have “direct-to-consumer” channels.

Figure 28. Increasing the number of channels through which customers can interact with the business was deemed an important business driver for 73% of consumer products and retail respondents.

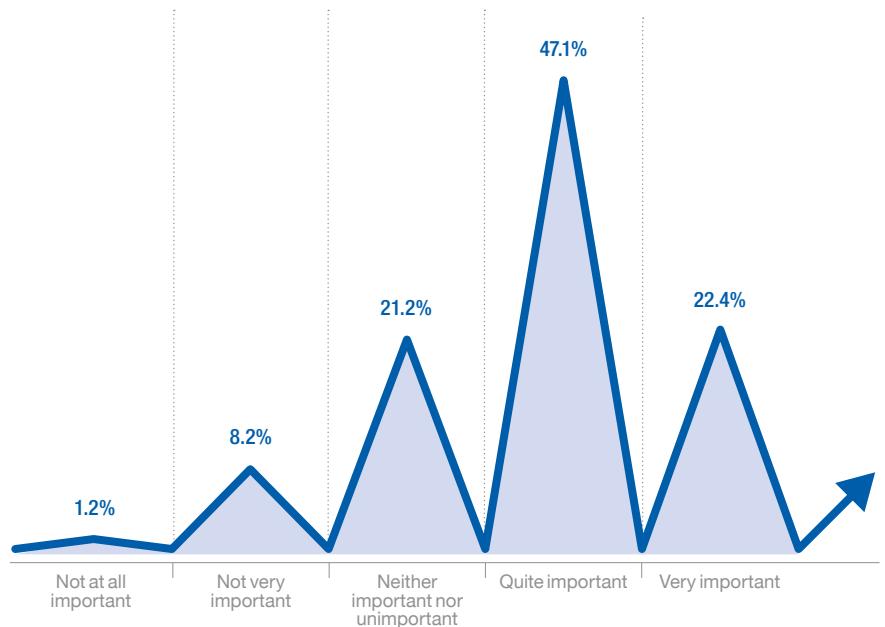
Please identify how important each of the following drivers are for your business: Increasing the number of channels through which customers can interact with the business.



Online media strategy is fast becoming a top priority for retailers. 46% of survey participants in the consumer products and retail vertical anticipated increasing investment in managing the opportunities and threats of social media – more than in any other sector. This is not surprising given that 70% view this as an important driver for the sector. Front end applications that deliver a CRM-type service increasingly have to incorporate social media, and these are best integrated into wider architecture via a BPM platform. In verticals where word-of-mouth has traditionally been important, the echo chamber effect of the social media space demands attention. BPM allows customers to build processes to mitigate negative word of mouth or to amplify positive chatter. Feedback received through these channels can be categorized and appropriate responses executed. The success of this type of activity can be monitored and managed. Many traditional offline retailers are daunted by the alchemy of new types of media, but interactions in this space can be efficiently standardized and structured using BPM approaches and tools.

Figure 29. 70% of consumer products and retail respondents view social media strategy as an important business driver.

Please identify how important each of the following drivers are for your business: Managing the opportunities and threats of social media.



“Our business is moving into multi-channel retailing therefore the need for social media exposure is greater than ever.”

Department Officer, enterprise level retailer, Australia

“Customer self-service is important from a customer perspective as it makes life easier, and a company perspective, as it minimizes cost, driving profit.”

Compliance Officer, large retailer, Italy

Telecommunications, media and entertainment

The telecommunications, media and entertainment (TME) sector has lagged behind other sectors such as banking and manufacturing in adoption of BPM thinking and technology.



Jean-Marc Steffann,
Vice President, Global Telecom, Media
and Entertainment, Capgemini

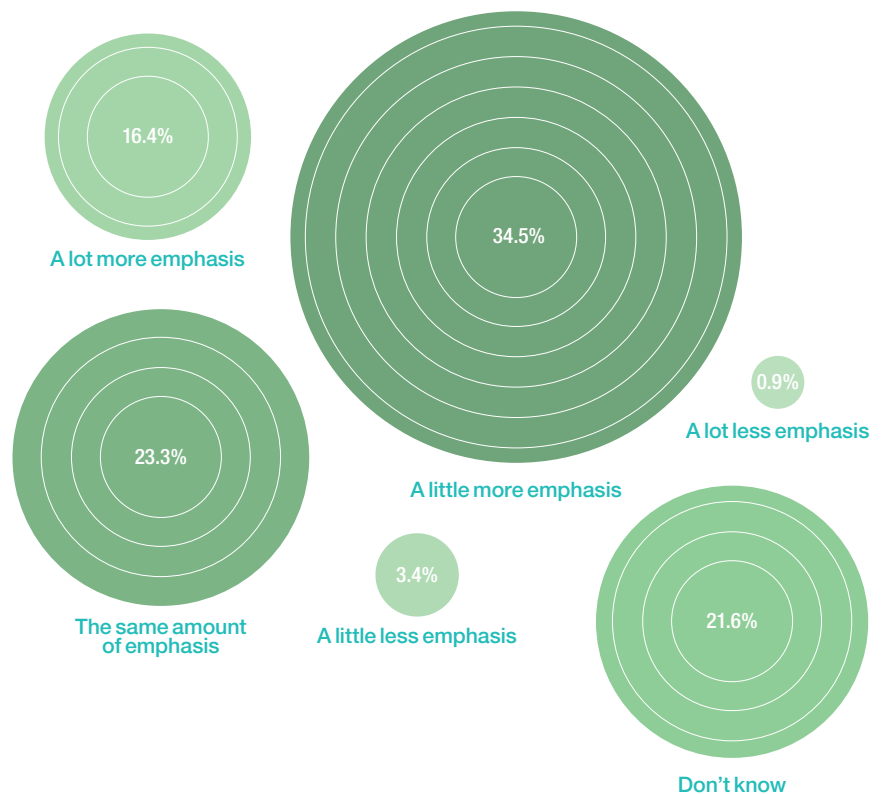
Our research shows that the sector may catch up quickly as half of decision-makers anticipate increased interest in BPM from their organization in the near future. The TME industry is facing a number of challenges that are fuelling interest in BPM.

The research findings show that more than two in three telecommunications, media and entertainment companies anticipate that maximizing cost-efficiency will become increasingly important. The market is highly saturated and revenue is likely to remain flat. Resulting pressure on margins is forcing TME players to focus on operational efficiency and cost reduction.

BPM allows TME companies to reduce costs by automating processes, integrating front and back office functions and connecting all the inputs necessary to complete a task. If there is a further market downturn in developed markets, TME companies

Figure 30. Half of respondents in the communications sector anticipate increased interest in BPM at their organization over the next 12 months.

How do you anticipate that the current level of interest in BPM within your organization will change over the next year?



will come under further pressure, as both businesses and consumers look to cut back on expenses and the risk of non-payment increases.

This is reflected by the finding that 72% of companies in the sector state that a challenging economic climate over the next 12 months will prompt greater interest in process improvement.

Product convergence in the telecommunications, media and entertainment spaces, enabled by regulatory change, means that TME companies are increasingly trying to sell convergent triple play or quadruple play products. Major players who originated in different spaces are jostling to offer mobile, fixed line, Broadband, and Pay TV. This case management challenge is compounded by increased customer demand to access accounts via multiple channels, from store to Smartphone app – more than half of decision-makers who participated in the research anticipate investing more in facilitating multi-channel access for their customers. This necessitates radical changes to systems architecture as companies attempt to reconcile several pre-existing processes for account creation and account management. BPM allows businesses to handle the complexity of required account management processes. Information silos that have traditionally existed around different products, or between channels, can be broken down, and each customer interaction treated as part of a seamless dialogue.

Consumer behavior is constantly changing in this market as technology evolves: TME companies consequently need to bring products to market as quickly as possible if they are to secure their share of the benefits. 66% of respondents at these companies anticipated that reducing time-to-market would become a more important priority for their organization in the next 12 months. This shows that companies urgently need to invest in infrastructure to support shorter cycle times. The use of a BPM framework allows telecoms players to maximize business agility and respond swiftly to market opportunities. The development of these new products also means that TME companies are being forced to join forces with an array of new partners, from applications developers to financial services companies.

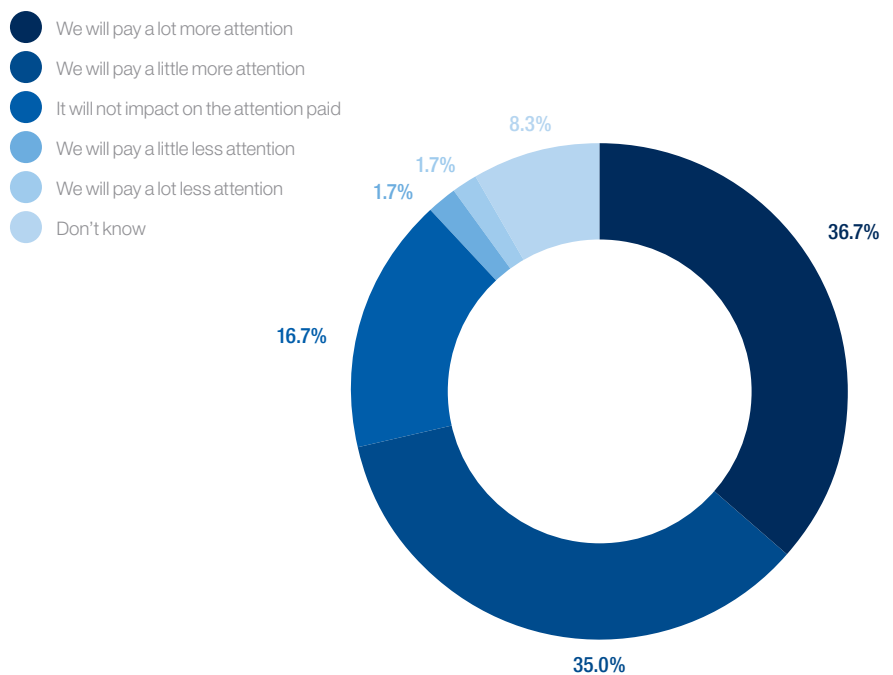
This will provide another incentive for TME companies to migrate from cumbersome, closed legacy systems towards an open architecture that allows efficient integration with other parties.

“We are thinking closely about what BPM can do for us right now. The size and age of our organization means that there are a multitude of separate siloed processes and systems which have proved difficult to replace without negatively impacting customers. We currently have parallel streams of systems and processes for legacy customers and new or migrated customers which is difficult, not to mention costly, to manage.”

Systems Architect, enterprise level telecommunications company, Australia

Figure 31. 72% of companies in the communications sector state that a challenging economic climate over the next 12 months will prompt greater interest in process improvement.

If the economic climate in your sector proved more challenging over the next 12 months, what impact do you anticipate this would have on your organization’s attitude to process improvement?





Country analysis



Lee Beardmore, Head of Business Process Management, Capgemini, UK

United Kingdom

Fundamental changes are taking place in the UK economy as the country struggles to recover from the economic downturn and avoid further recession. The British media talks loudly about an “Age of Austerity”. The private sector is contending with a great deal of market uncertainty, while jobs are being cut from the public sector, and the influential financial sector is contending with new regulatory pressure. Driving growth, responding to market contraction and gaining new efficiencies from the workforce all demand new ways of working. The research indicates that BPM will have a role to play in addressing such challenges. Indeed, 44% of survey respondents anticipated that interest in BPM within their organization would increase within the next year, while 1 in 3 anticipates that their organization will launch a major BPM initiative in the same period.

The research indicates that knowledge of Business Process Management in the UK is not as developed as in more mature markets such as the USA. Only 16% of the UK decision-makers who participated in the research had plenty of practical experience of the topic, compared with 28% in Germany and 32% in the USA. Interestingly only 9% stated that their processes are ‘Optimizing’ which indicates that the UK still has

significant opportunity for process improvement. 1 in 5 of the survey participants stated that BPM is an important agenda item at managerial level which is consistent with the broader picture across the sample.

The research suggests that there may be some opportunities for BPM to flourish. The UK is a world leader in financial services, which comprises roughly 10% of the country’s economy. The sector, whose revenue growth has been driven in part by a generation’s worth of deregulation, now faces the prospect of both increased oversight, and cost-cutting as a response to tougher market conditions. Consequently, much of the BPM adoption in the UK has occurred in the financial services sector.

Agencies in the public sector in the UK, which is witnessing the greatest retrenchment in government spending since the 1940s, are becoming increasingly aware of and receptive to the benefits that a BPM approach can confer. Two-thirds of public sector survey respondents indicated that maximizing cost-efficiency would continue to grow in importance over the next 12 months, which is driving interest in BPM investments. The incumbent government is also particularly interested in public and private organizations partnering to deliver state services. This impetus towards collaboration drives interest in moving away from closed legacy systems towards the more open kind of environment that can be facilitated by BPM.

There is still plenty of conjecture as to how the UK economy will fare in the medium term; macroeconomic events in the Eurozone and the wider global economy will impact on the prospects for recovery. Consequently, more than three in four UK businesses believe that ability to react to changes in market conditions will be an important driver of business success

over the next year. Market conditions which are tougher than anticipated will put pressure on margins, forcing businesses to scrutinize their cost position further. Indeed, of those businesses that are considering a BPM implementation, 89% state that more challenging economic conditions will prompt them to pay greater attention to process improvement.

44% of the survey respondents anticipate that the level of interest in BPM within the organization will increase within the next year.

67% of survey respondents in the public sector believe that maximizing cost-efficiency will become much more important over the next 12 months.



Venkat Bharadwaj, Head of Business Process Management, Capgemini, North America

United States

The economic crisis of recent years, triggered by crisis in the capital markets, had a widespread impact across market sectors and regions in the United States. However, the most recent economic and financial indicators show that recovery is underway. US business continues to evolve and innovate, and the world's biggest economy remains the world leader in many important market verticals.

The US is indisputably the world's biggest market for BPM. Analysts estimated that until 2010 North America accounted for more than half of the global BPM market by revenue. The top 3 BPM software vendors, Pega, IBM and Oracle, are headquartered in the United States. The research findings support the idea that the BPM market is relatively mature. They also demonstrate that in many areas interest in BPM approaches will continue to develop. 1 in 2 USA survey participants indicated that interest in BPM within their organization would increase over the next year, while 43% stated that their organization intended to launch a BPM initiative in that period.

Process knowledge and process maturity are rather more developed within large US organizations than elsewhere. An illustration of this is the fact that a quarter of US organizations

that participated in the survey state that their processes are optimizing. This rises to 1 in 3 (32%) of US companies with more than 10,000 employees.

US companies are relatively more likely to invest in BPM implementation in both good times and bad. When the economy is buoyant, new paradigms drive interest in upgrading systems at forward thinking companies who want to extend competitive advantage. A good example is the emergence of social media. 60% of US businesses anticipate that harnessing the opportunities and managing the threats of social media will become a more important business driver for them over the next year – a greater proportion than in any other market. Social media strategy can be effectively standardised and structured using BPM approaches and tools. Alternatively, BPM affords companies the business agility to react to difficult economic times. The recent downturn has caused many large organizations to refocus on 'Lean' principles – the legacy of this is that 65% of US companies anticipate increasing investment in maximizing cost-efficiency in the coming year.

The US economy is very diverse, and there are several sectors in which BPM adoption is prevalent. As in many other countries, financial services has led the way in terms of BPM adoption. US insurers have harnessed the power of BPM platforms to simplify claims processing and enhance case management. In the aerospace and automotive sectors, open BPM systems allows massive US companies to collaborate effectively with their legions of suppliers. High-tech companies working in heavily regulated areas such as life sciences are attracted to BPM as it allows them to demonstrate easily their compliance to new regulations.

In the next few years, there is likely to be a broader trend of interest in BPM

technology from consumer facing organizations, as the line between BPM and CRM becomes blurred. As with other trends in BPM, US organizations will lead the way.

50% of US survey participants indicated that interest in BPM within their organization would increase over the next year.

66% of US survey respondents indicated that harnessing the opportunities and managing the threats of social media would be an important business driver for them over the next year.



Scott Foster, Head of Business Process Management, Capgemini, Australia

Australia

Australia has a dynamic economy, which did not succumb to the global crisis of 2008. The country is currently benefiting from a resources boom, with mines working flat out to meet Asian demand for a variety of commodities. The Australian government will soon be running a budget surplus, and will be considering the areas in which to invest to ensure that the country remains in good economic shape in the longer term.

The level of process maturity at Australian organizations is not as advanced as at their US counterparts. 17% of Australian companies state that their process management includes deliberate process optimization. Large Australian companies have traditionally relied on outsourcing business processes to Asia. However, as the cost of BPO rises rapidly year by year, Australian companies need to step back and consider a different approach to managing their processes. This appears to be driving interest in Business Process Management. More than half the respondents in the sample anticipate that their organization will pay more attention to BPM over the next 12 months, and 24% state that a lot more emphasis will be placed on the approach.

Economic commentators have posited that Australia is a heavily regulated

country. However, relatively tight regulation allowed Australia to survive the worst ravages of the financial crisis, and Australian lawmakers believe that their approach to risk management is the best way to safeguard banks and other industries. Compliance is consequently a major consideration for Australian companies. 51% of Australian companies believe that responding to regulatory changes will be very important for their business over the next 12 months. 47% of respondents at Australian companies anticipated that their organization would increase investment in compliance over the next 12 months. This trend will be a key driver of interest in BPM. BPM allows customers to remain compliant to regulation and, crucially, to demonstrate this compliance automatically in a way that does not significantly impact on costs.

Australian manufacturing is struggling, due to the high value of the dollar, while the cash-rich commodities sector has its own priorities and ways of working. Interest in BPM paradigms in Australia is therefore led by the financial services sector and government agencies. Australia is a regional financial services hub and the sector is very mature. Despite the robust national economy, Australian banks view economic events elsewhere in the world with trepidation due to the hyper-globalized nature of finance. Significant recent job cuts at Australian banks demonstrate that companies are paying attention to their cost position and bank executives are increasingly attracted to the potential benefits of process efficiency.

Banks want to drive out costs by standardizing back office functions which have lots of duplication, benefiting from reuse where possible. 46% of respondents from Australian banks anticipate that their organization will launch a BPM initiative in the next year. The

Australian government, on the other hand is keen to put the dividend it has reaped from commodities exports to good use, and has money to invest in improving systems.

53% of Australian companies believe their organization will pay more attention to BPM over the next year.

51% of Australian companies believe that responding to regulatory changes will be very important for their business over the next 12 months.



Matthias Jungkeit, Business Process Management Consultant, Capgemini, Germany

Germany

In recent years the German economy has consistently outperformed the rest of the Eurozone. Recent events elsewhere in Europe have led to a relative slowdown in the past few months, but Germany remains without doubt one of the leading nations in industrialized production. The continued success of German companies depends on their ability to introduce technological innovations at competitive cost levels.

German industries have achieved success in part through harnessing the latest methods of working, and German companies are under constant pressure to streamline services. However, just 38% of German companies state that their processes are either 'Managed' or 'Optimizing', the two most developed levels of the capability maturity model. The fact that this figure rises to 79% among German companies for whom BPM is an important agenda item at managerial level demonstrates the inextricable link between BPM approaches and process maturity.

More than a quarter (28%) of German participants in this survey indicated that they had both extensive knowledge and practical experience of BPM techniques, which shows that BPM thinking is being adopted in parts of the market. As in many other markets, interest from the financial

services sector is quite advanced. Both banking and insurance businesses are prioritizing their ability to remain compliant, and investing in aspects of customer experience. Both compliance and CRM can be enhanced by addressing them via a BPM solution. A third (36%) of German participants in the research expect that the level of interest in BPM at their organization will increase over the next 12 months. While this represents a significant increase in interest, this figure is slightly lower than elsewhere, for example the English-speaking markets. This can perhaps be explained by the balance and health of the German economy.

The German exporting industries, the envy of much of the developed world, are in a strong enough position to prioritize investing in driving revenue over reviewing their internal processes. Interest in BPM from the state sector in Germany is also relatively low at the moment, due in part to challenging public sector procurement processes.

In Germany, 45% of respondents stated that they believed that BPM should be treated as a C-level concern. This is a lower figure than in, say, the US, (65%) or Australia (69%). This may be because BPM is still viewed too much as an IT item in Germany: only 11% of German organizations stated that senior business management takes responsibility for improving processes. Similarly, only 10% of respondents indicated that they understand BPM to be a "holistic management approach". This is a lower proportion than elsewhere and may ultimately undermine attempts to introduce BPM, as while the major benefits of BPM are delivered on the business side, the barriers are on the IT side.

Anecdotal evidence suggests that in Germany IT decision-makers can resist attempts to introduce BPM, due

to concerns as to how the software will fit into existing architecture. Companies with well-functioning infrastructure are not necessarily ready for the step change that BPM implies.

38% of German companies state that their processes are either 'Managed' or 'Optimizing'. This rises to 79% among German companies for whom BPM is an important agenda item at managerial level.

36% of German participants in the research expect that the level of interest in BPM at their organization will increase in the next 12 months.



Alessandro Czimeg, Head of Business Process Management, Capgemini, Italy

Italy

Italy has faced well documented economic challenge in recent times. The country has been in financial trouble since 2008. These ongoing issues are a consequence of, among other factors, a lack of productivity and competitiveness in the Italian work place and a rigid regulatory environment. Italy still has some world-class companies, and the foundations of a strong export sector, but the country is increasingly trying to reform its working practices in order to achieve an economic resurgence.

19% of Italian survey respondents indicated that the processes at their organization are 'Optimized'. The figure rises to 23% at organizations with more than 10,000 employees. These figures are slightly higher than international averages that emerged from this research, but they still indicate that there is scope to drive value and efficiency through process improvement. Almost half (47%) of Italian companies believe that the level of interest in BPM at their organization will increase over the next year, which suggests that even in a tough economic climate, far-sighted large organizations are willing to invest in innovations which will save them money in the long term. Indeed, 59% of Italian survey respondents indicated that they would be increasing investment in maximizing cost-

efficiency over the next year. Given the uncertain market conditions in Italy, and likelihood of significant changes to the rigid regulatory environment, large organizations in the country know that they need to increase their business agility. Nearly half (47%) of the Italian survey respondents anticipated increasing investment in reacting to changes in market conditions, while a similar figure (46%) envisaged increasing investment in responding to legislative changes. BPM allows companies to adapt rapidly and cost effectively to changes in the business environment.

During the research for this report, there was anecdotal evidence of burgeoning interest in BPM in a variety of market verticals in different parts of the country. In Northern Italy, manufacturing companies are interested in potential applications of BPM with regard to automating and accelerating processes, and for increasing transparency of processes and monitoring KPIs. In Milan, there is growing interest among financial services companies around compliance and improving interactions with customers. Telecommunications companies, often based in Rome, are also increasingly interested in the benefits that can be delivered via BPM. In contrast, interest in BPM in the public sector is relatively undeveloped, due to budgetary constraints.

One factor undermining the effective adoption of BPM thinking in Italy is the widespread perception of BPM as an IT item. More than half of Italian respondents agreed that the perception of Business Process Management as an IT item was a barrier to process improvement within their organization. Only 12% of Italian decision-makers view BPM as a holistic management approach and in only 14% of organizations does Business Management take primary

responsibility for process optimization. If applied correctly BPM could deliver benefits by breaking down the barrier that exists in a lot of Italian companies between business and IT, creating a more coherent flow across large organizations and driving efficiency.

47% of Italian companies believe that the level of interest in BPM in their organization will increase over the next year.

More than half of Italian respondents indicated that the perception of BPM as an IT item was a barrier to process improvement within their organization.

Only 14% indicated that Senior Business Management takes primary responsibility for process optimization at their organization.



Alain Robbe, Executive Director,
Capgemini, France

France

During the early stages of the recent economic downturn, the French economy proved more resilient than many others, thanks in part to the protection of European and French regulations. However, as the crisis in the Eurozone has rumbled on, the French economy has looked more vulnerable. France has lost its top credit rating, and French firms are facing a credit squeeze. The gap in industrial competitiveness between France and Germany is growing wider. There is pressure in the country for an overhaul of corporate practices at large organizations and receptiveness to new ways of running a company.

The level of process maturity at French companies is relatively lower than elsewhere. Just 9% of French participants in the survey indicated that their processes are optimizing. Strikingly 19% of French companies with 10,000 or more employees stated that their processes are 'Chaotic' (the least advanced category on the Capability Maturity Model), while just 7% of these companies stated that their processes are 'Optimizing' (the most advanced category). Nevertheless, French decision-makers are aware of the importance of having clear business processes, and there is an opportunity to help them in the conception, implementation and automation of their processes.

Interest in BPM in France is growing: 39% of organizations in the survey anticipated that the amount of interest paid to Business Process Management at their organization would increase within the next year. But the discipline is yet to gain widespread support and sponsorship at managerial level within French organizations, which hinders effective adoption. 11% of respondents say that Business Process Management is currently an important agenda item at managerial level. This contrasts with the fact that two third of respondents believe it should be treated as a C-level concern. Many of the BPM projects that French participants referred to had taken place within a business area rather than cross-organization or cross-application. This stems from the limitations of functional silo culture, which makes it difficult to carry out far-reaching transformation projects. More than half (54%) of French participants agreed that functional silo culture is a barrier to BPM implementation at their organization. Recognition of this situation may generate important opportunities to help companies migrate to a process-centric organization.

The telecommunications sector is one area in which there has been some interest in BPM in the French market. When it comes to fulfilment of complicated multi-channel propositions BPM allows handling superior delivery of service and enhanced Customer Relationship Management. There is also a growing interest in the benefits of BPM in the public sector in France. BPM can potentially facilitate efficiency case management, through the digitalization of records, for example with regard to private healthcare. A further business trend which is driving interest in BPM in France is the increasing trend towards businesses collaborating with other firms in order to become more competitive.

Major manufacturing companies, for example in the world of aerospace, rely on numerous collaborative workflows in order to achieve the design of high-tech products. Application of BPM software and thinking can ensure that their workflows are seamlessly joined up and that work is automated and performance measured wherever possible.

Just 11% of French respondents state that Business Process Management is currently an important agenda item at managerial level.

54% of French respondents stated that functional silo culture is a barrier to BPM implementation at their organization.



Jorge Villaverde, Financial Services Sector, Capgemini, Spain

Spain

Having enjoyed an extended boom period in the decade up until the global financial crisis, the Spanish economy has suffered recently as a result of economic turbulence in the Eurozone. The country is in recession and the government recently announced the most austere budget in the country's history in an attempt to bring down the level of public sector debt. Private sector firms in Spain face a challenging business environment.

Only 14% of businesses in Spain state that their processes management includes deliberate process management and improvement. Knowledge of BPM in Spain is also in its infancy. Only 12% of survey participants state that they both know a lot about the subject and have plenty of practical experience of it. A fundamental barrier to BPM investment in Spain is that organizations are putting investment around new technologies and IT approaches on hold, as they cannot access capital. Companies must cut costs and make do with dated infrastructure. Almost half the sample, (47%), state that they do not have the budget to optimize their processes. In the public sector, certain BPM implementations that had been considered have been put aside because of cash constraints.

A further barrier to BPM implementation is the rejection of BPM by IT departments. There is a sense that in Spain, business people grasp the value of BPM, but IT decision-makers are deterred by the pain involved in transforming current systems and training staff. IT are understandably protective of existing systems: one in two participants stated that staff who have responsibility for existing assets such as SAP or CRM systems are resistant to process improvement. This illustrates how companies can react defensively when faced with the threat of a difficult business environment.

There is some interest in BPM adoption in Spain among companies that are weathering the downturn more effectively. One in three (36%) decision-makers anticipates that the level of interest paid to BPM by their organization will increase over the next 12 months. 35% of Spanish businesses are anticipating investing more in driving costs out of the business in the next year: BPM can allow organizations to drive cost out of the business in the medium term. Companies that make a strategic investment in new infrastructure now will be well placed to take advantage of the upturn when it comes around.

The greatest interest in Business Process Management in Spain comes from financial services companies. Banks are interested in ways in which BPM can help eliminate cumbersome manual back office processes, for example requests to increase credit limits. Insurance companies are similarly interested in enhancing customer experience, for example by facilitating multi-channel access.

50% of Spanish survey respondents indicated that staff who have responsibility for existing assets such as SAP or CRM systems are resistant to process improvement.

One in three Spanish decision-makers anticipates that the level of interest paid to BPM by their organization will increase over the next 12 months.

35% of Spanish businesses are anticipating investing more in cost-efficiency over the next year.



Jonas Schlyter, Head of Business Process Management, Capgemini, Nordic Region

Nordic Region

The Nordic countries have fared better than their European neighbours during the economic crisis. Norway has used its oil fund to stimulate various sectors, while Sweden's state finances provided solid protection. Banks in the region are well capitalized and public sector debt is low by European standards.

13% of Nordic participants in the survey stated that process management at their organization includes deliberate process improvement, although the figure rises to 19% among enterprise level organizations. A quarter of Nordic decision-makers (24%) state that BPM is an important agenda item at managerial level within their organization, which is a greater proportion than in the UK (20%) but slightly less than in the USA (29%). However, just 9% of participants state that they know a lot about BPM and have plenty of practical experience of the approach, which is considerably less than in markets such as Germany (28%) and the USA (32%).

While the Nordic countries are not early adopters of Business Process Management paradigms, they may well be quick learners. 35% of businesses are anticipating an increased level of interest in BPM at their organization over the next year, while 38% of decision-makers anticipate that they will launch a

BPM initiative over the next year.

Interest in BPM thinking in the Nordics is being driven by the financial services sector and the public sector. In countries such as Norway and Sweden, as opposed to Spain and Italy the government has money to invest in expansive infrastructure projects. There are lots of initiatives afoot at a local government level in Sweden for improving citizen-centricity and delivering citizens the kind of 24-hour, multi-channel access to services that they receive in the service sector. These can be delivered by BPM solutions. BPM also allows municipalities to streamline service provision, eliminating manual work and the duplication of effort. In the financial services sector, business priorities such as cost-cutting and adhering to regulatory change in an efficient fashion are driving interest in BPM.

Many Nordic decision-makers that participated in the survey acknowledged that C-level engagement is central to the success of a BPM implementation. 62% stated that BPM should be a C-level concern compared to just 8% who do not think it should be. This suggests that Nordic organizations may have the senior level impetus required to implement BPM over the coming years.

One potential barrier to process improvement in the Nordics is the gap between business and IT. It can potentially be difficult to get Business and IT on the same page. IT departments are more likely to be sceptical about the value of BPM. 48% of Nordic decision-makers agree that resistance from IT staff who have responsibility for existing systems such as SAP and CRM can be a barrier to process improvement.

35% of respondents in the Nordics indicated that they are anticipating an increased level of interest in BPM at their organization over the next year.

38% of decision-makers anticipate that they will launch a BPM initiative over the next year.

62% of Nordic decision-makers state that BPM should be a C-Level concern.

“From the point of view of a local government agency, eGovernment solutions are an important tool for driving both citizen satisfaction and cost reduction.”

CIO, Municipality, Sweden

“The COO and CIO need to manage ways of working, and to identify what performance information is needed, which is why they should involve themselves in BPM.”

Information Manager,
Financial Services



Roger de Ruiter, Head of Business Process Management, Capgemini, The Netherlands

Netherlands

The Netherlands is recognized as being a mature market in terms of BPM adoption. Dutch businesses have traditionally been leaders in embracing innovative technology and have therefore implemented generations of applications throughout the 1990s and 2000s. There is a long-established tradition of harnessing technology to support processes. This tradition presents both interesting opportunities and barriers regarding the adoption of BPM paradigms.

Large Dutch organizations have typically extended their applications in a piecemeal fashion over time as technology has evolved, extending and building on core applications which ultimately means that companies will have complex application landscapes. In the Netherlands, more than half the people who are considering introducing a BPM initiative state that the principal benefit will be to harmonize business processes. A BPM layer allows organizations to achieve centralization of common processes while allowing a level of flexibility where desirable.

One in six Dutch survey respondents states that they have extensive knowledge and practical experience of BPM. This is a similar figure to the UK (16%) and rather more than less

mature markets like Spain (12%). This shows that BPM paradigms have begun to gain traction in many sectors. There are, however, some barriers to BPM adoption, which stem from the tradition of investment in process at Dutch companies. Many of the investments have been in functional applications for just one part of the process, and not having an end-to-end focus. This is exemplified by the research which shows that 46% of the Dutch decision-makers surveyed identify function silo culture as a barrier to process improvement. We have seen that many Dutch businesses have invested heavily in their existing systems. This can often lead to decision-makers requiring convincing of how BPM can extend their existing investment leading to increased flexibility and agility.

As in other markets, the Dutch financial sector is taking the lead in terms of adoption of BPM thinking and software. Interest in BPM in the public sector is also growing rapidly in the Netherlands. There is interesting scope for application of BPM paradigms in fields as diverse as police, public healthcare provision and customs. Capgemini BPM experts have observed how pressure on budgets in the Public sector has driven an interest in efficiency and reorganization of work. Challenging market conditions in the Netherlands are driving further interest in BPM. 70% of survey participants stated that a business environment in their sector that was more challenging than expected would prompt them to increase the amount of consideration they give to process improvement.

Capgemini experts observe that the convergence of BPM, ECM and CRM technology is more advanced in the Netherlands than elsewhere. Customer-facing organizations are increasingly redesigning their front office and CRM functions, in a BPM tool. 60% of Dutch organizations

identify facilitating customer self-service as an important business driver, while 57% believe that it is important to increase the number of channels through which customers can interact with the business. A BPM framework can help by addressing the information silos around the different channels.

52% of Dutch participants who are considering launching a process improvement initiative believe it could have greatest impact in terms of harmonizing business processes.

One in six Dutch survey respondents states that they have extensive knowledge and practical experience of BPM.

Roger de Ruiter, Capgemini BPM Head in the Netherlands summarized the benefits of using BPM to cut through the clutter of existing application landscapes in the following way:

“With BPM there is no longer a difference between IT & Business; it’s your Business, and your customers will notice it.”

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