



BPM as a Competitiveness Driver: the Croatian Bank Case Study

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Introduction

- Two concepts supporting competitiveness:
 - Business Process Management(BPM)
 - Business Intelligence (BI)
- In recent years, BPM has become dominant issue in the discussion of **business performance improvement**.
- With the emergence of BI, new and challenging question arised:
 - *How can business intelligence build on existing process management efforts?*

BPM: Definitions

Business Process Management

- is a concept, an approach
 - enables the design, analysis, optimization, automation and diagnosis of business processes

BPM System

- software platform
 - has built-in metrics that can guide process optimization and incremental refinement
 - real-time feedback about the status of processes
 - BPMS product vendors incorporate data warehouse and BI elements



BI: Definitions

Business Intelligence

- a set of technologies and processes that use data to understand and analyze business performance
 - processes, technologies, tools, applications, data, databases, dashboards, scorecards and OLAP all have roles to enable the abilities that define business intelligence
 - *however, they are only the means to business intelligence – not the intelligence itself*

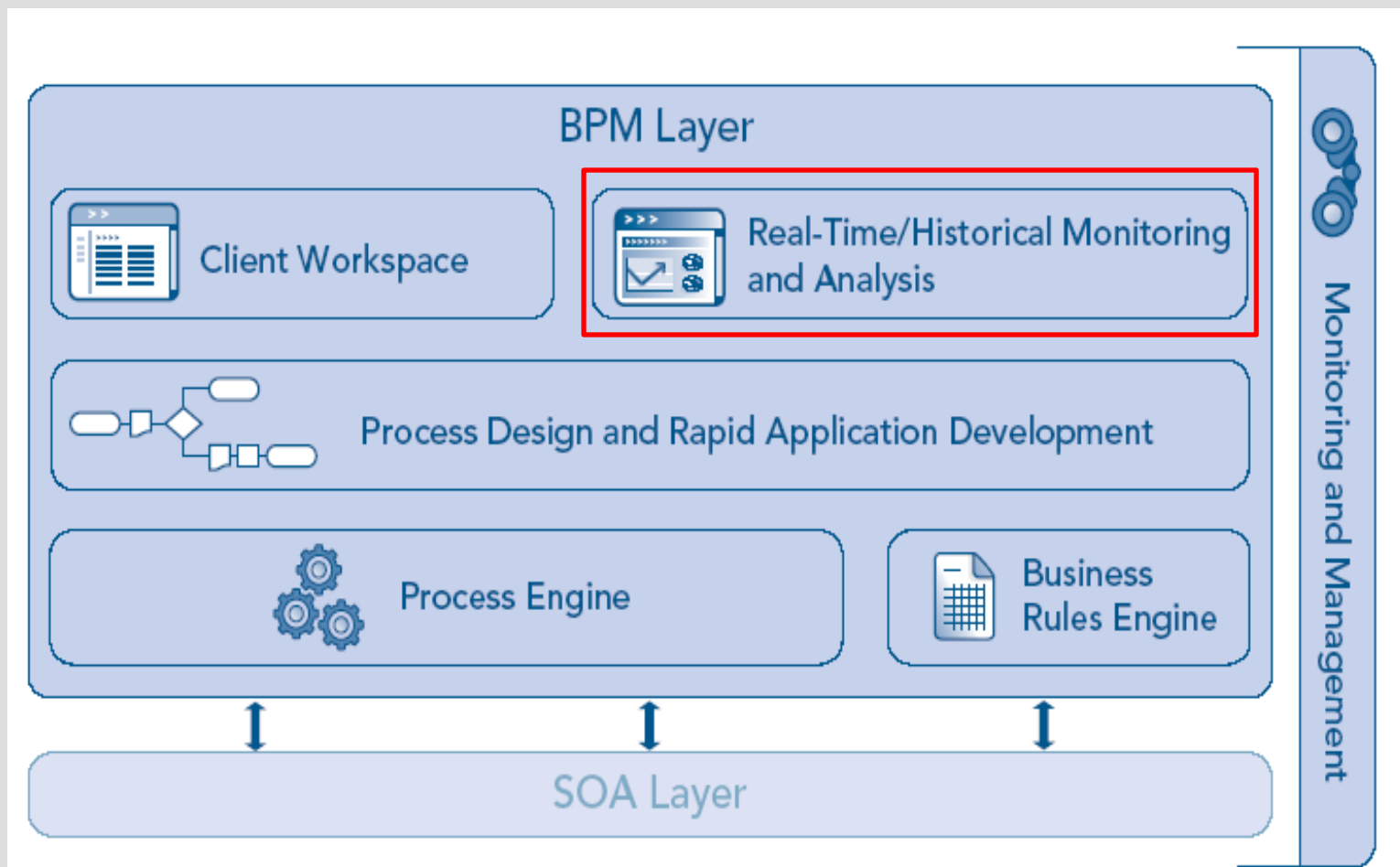
BI Systems

- ISs that combine operational data, models, analytical tools and user interfaces to generate information to support business decision-making



BPM&BI: a Power Combination

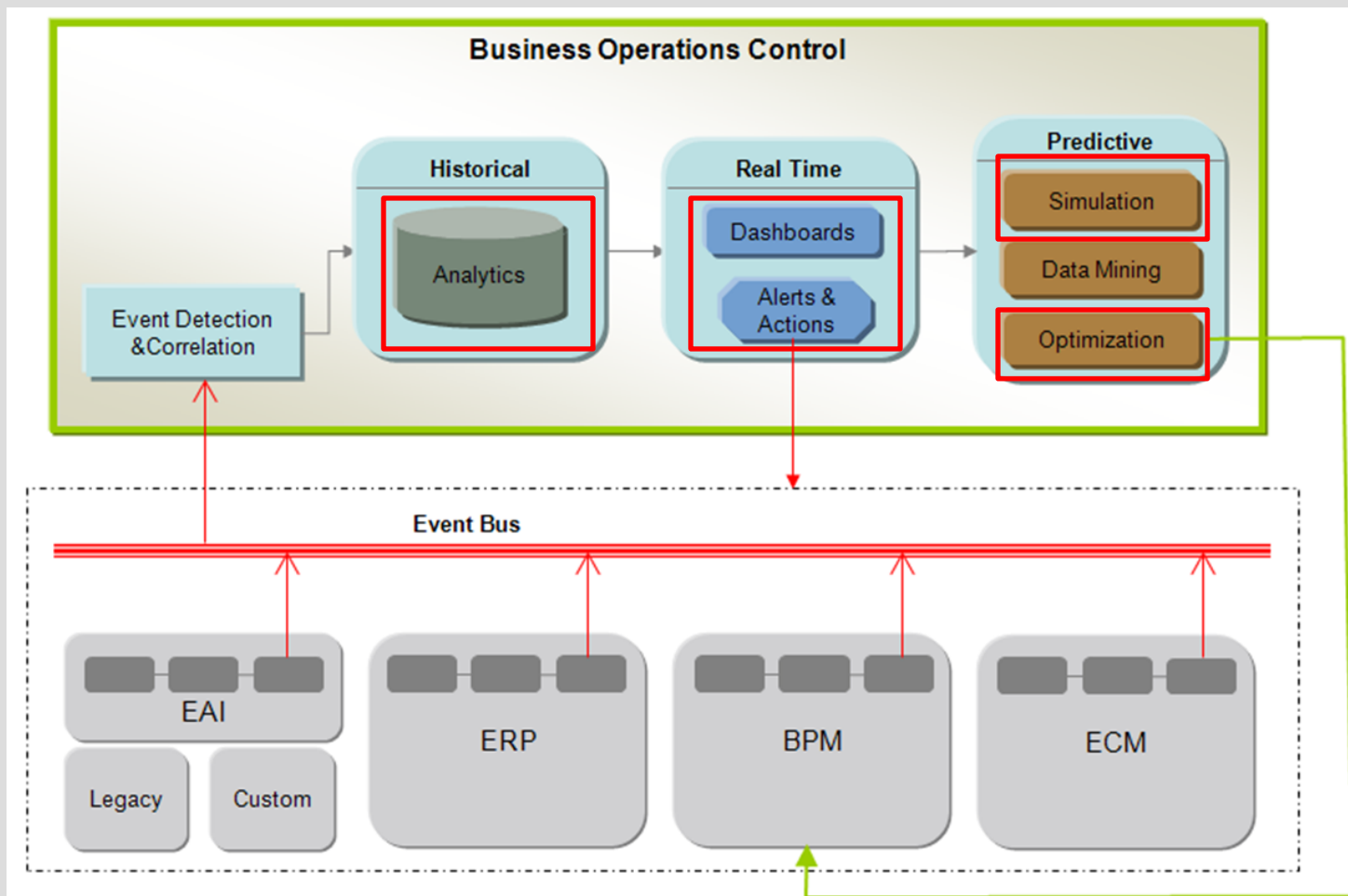
Where does BI fit in BPMS?





BPM&BI: a Power Combination

Where does BPM fit in BIS?



BPM&BI: a Power Combination

- A close look at the definitions and the technology products that enable BPM and BI reveals that both approaches:
 1. rely heavily on historical performance data and reference data about, processes, customers, products, financial results, operational results and company business units;
 2. have overlapping uses, e.g., for generating scorecards, dashboards, financial and operational reports, forecasts and predictive analysis.
- **Process performance** is in a common focus of BPM and BI.
 - It is important to implement BPM and BI **within a common and coordinated framework**.

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- **Method:**
 - interpretive philosophy
 - semi structured interview
 - 2 positions:
 - *Chief Process Officer (CPO), Head of Process Office, Process Manager, Process Owner, ..*
 - *Chief Information Officer (CIO), BI Manager, IT Architect, IT-BI Expert, Business Analyst, ..*
- Croatia, September-October, 2010.
- The Croatian bank
 - more than 1000 employees (2009)
 - revenue ~ 28. mil. Euros

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- 5 sections
 - A. Introduction - About BPM, BI and Performance Measurement (CPO + IT-BI Expert)
 - B. BPM Maturity Dimensions (CPO)
 - C. BI/BA Maturity Dimensions (IT-BI Expert)
 - D. BPM vs. BI/BA (CPO + IT-BI Expert)
 - E. General company data

- Sections B and C: 4 dimensions:
 - (1) Business Enablement & Strategy (BE&S),
 - (2) Analytics & Performance Measurement (A&PM),
 - (3) Organizational Readiness (OR),
 - (4) Data & IT – Level of Integration (D&IT)

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A. INTRODUCTION - BPM

BPM initiative started in 2000 (IT&Operations Management Board Member), finished in 2005

IDS Scheer and KPMG consultants

Main goal: IT implementation supported by BPR

BPM maturity level: 5

A. INTRODUCTION - BI

BI initiative started in 2005 (Executive Director of Application Software Division)

Main goal: Managerial decision making improvement

BI maturity level: 4

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B. BPM MATURITY DIMENSION (1) - BE&S

BPs are clearly defined and documented using inputs and outputs.

BPs descriptions (models) are available and used by every employee.

BPs are defined so that most people in the organization know how they work.

(Sub)Process goals are derived from and linked to the organization's strategy.

BP improvem. and renov. is frequently on the agenda of TM's meetings.

BPM initiatives are strongly initiated, supported and monitored by top management.

B. BPM MATURITY DIMENSION (2) – A&PM

BPs are continuously analyzed and managed on the level of services/products

Low level BPs are measured when BPM project is conducted.

BPs are not managed based on real-time data.

Performance results are used for BPR/BPI, in setting of improvement targets, for tactical and strategic decisions.

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B. BPM MATURITY DIMENSION (3) - OR

Mixed organizational structure; process roles + functional positions.

Business Process Organization Division, in IT&Operations Group

Process owners are at the same hierarchal level as functional managers.

An organizational structure that supports processes across departments.

Jobs are usually multidimensional (-> matrix structure).

Employees work in teams consisting of people from different departments, on interdepartmental activities.

Employees from different departments feel that the goals of their departments are in harmony with each other, consulting each other when the need arises.

Employees are encouraged to report possible process improvements.

BPM is customer, market and supplier oriented.

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B. BPM MATURITY DIMENSION (4) – D&IT

ARIS is used on a daily basis: Business Process Modeling and Design; Process Analysis, Simulation and Optimization; Historic Monitoring and Analysis.

Functions to be implemented in a near future: Business Rules Management, Process Performance Management.

BPMS provides relevant management information on the performance of a organization's business processes: time, costs, resources, volume, frequency.

Strategy maps, BSC, KPIs are not fully supported.

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C. BI MATURITY DIMENSION (1) - BE&S

Top executives view BI as a corporate priority (5).

They regularly discuss BI initiatives/projects on meetings (4).

They actively participate on BI projects (4).

Management Board members are sponsors of BI projects.

BI is oriented toward performance management.

BI initiatives are focused on improving those BPs that drive profits (5).

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C. BI MATURITY DIMENSION (2) – A&PM

The main focus of BI is on: risk management, profitability, CRM.

BI impacts strategic decision making (4), operational decision making (3); provides input for assessing business processes against standards and for CPI programs (3).

BI is routinely used, analytical process is fully embedded and integrated.

BI results are not used in BPM Analytics.

C. BI MATURITY DIMENSION (3) - OR

The decision making culture supports fact-based decision making (4).

The measurement system is aligned with the business strategy (strategy map) (3); is considered as a strategic competitive weapon (5).

All managers (at all levels) are familiar with the strategic goals and with the measurement system (5).

The BI unit is organized as a part of IT unit, but also integrated in Controlling, Risk Management, Retail, CRM unit.

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C. BI MATURITY DIMENSION (4) – D&IT

The same BI terminology is used enterprise width.

Level of data integration: Data Marts, Data Warehouses.

Very much used analytical tools (5): Paper Reports, Interactive Reports (Ad-hoc), OLAP, 'What-if' scenarios, analytical applications, Trend analysis, Trend analysis, Data Mining.

Forecasting and predictive modeling are also used (3). Dashboards, including Metrics, KPIs and Alerts are used very rarely (2).

The BI system is developed around the measurement system (supports scorecards, OLAP priorities defined according the strategic goals and following the measurement system...) (3)

The information available for decision making is relevant. Information needs are well defined and adequate data available. (3)

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D. BPM vs. BI/BA

BPM and BI concepts are treated separately in the bank (BPM and BI governance structures are separated as well).

Top management decides between BPM and BI investments – a competitive position of BPM and BI.

BPM & BI managers/specialists are discussing common topics irregularly.

If the bank uses the data generated by the execution of business processes, the information is derived by ISs, DWs, manually, ...

BI system export data to be imported to BPM system, but not vice versa.

BI is focused on financial KPIs. BPM is oriented toward a time and costs.

BI is focused on high-level, end-to-end business processes, BPM examines business processes on the very detailed levels.



Conclusion and proposals

Research findings:

- **Very high level of BPM and BI maturity.**
- BPM and BI have produced positive results for the bank.
- Both are focused on business process performance improvement.
- **BPM and BI approaches are not integrated!**
- BPM and BI alignment could help the bank to achieve major business performance improvements compared to organizations with uncoordinated efforts.



Conclusion and proposals

- **Potential benefits** of BPM&BI alignment:
 - profit through a clear lens;
 - a single version of the truth (KPIs and metrics);
 - without a duplication of effort;
 - minimization of costs.

- **A coordination mechanism** to be used:
 - Equivalent and well-balanced role of BPM and BI initiatives;
 - common definitions, data architecture and data store;
 - joint planning and governance of BPM and BI;
 - formal competency (excellence) center.



Questions ???