



White Paper

**Executive Guide to
Business Process Management (BPM)
and Integration with ERP**



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Introduction

In today's business world, change has become a way of life and, in order to survive, businesses are continually looking for ways to deal with and adapt to new conditions. Added to this is the need for organizations to improve operational performance and business agility.

Over the years different approaches have been used to tackle these issues, finally giving rise to the understanding that ***processes are the key to managing, changing and monitoring an organization***. Quality and productivity pioneer W.E. Deming pointed out that: "if you can't describe what you do as a process, you don't know what you are doing". This became the central theme of corporate management in the 1993 classic "Reengineering the Corporation" by Hammer and Champy. Comments such as "winning companies know how to do their work better" and "Companies must organize work around process" focused attention on process change and optimization.

Another reality of business today is that IT has become a key factor in the way businesses are run. A growing awareness that IT needs to provide greater support to business was highlighted in the 2009 survey by the Society for Information Management, which showed that IT managers were increasingly concerned with making IT an enabler for business to be more productive, responsive and flexible. However, it is not uncommon for companies to find that it is relatively easier and quicker to change the business than it is to change systems and processes. In fact, the Gartner Group reported in 2009 that 60 per cent of CEOs believe IT constrains the business.



Changing Business and IT

For most organizations, irrespective of size or structure, change is not easy. Firstly, you need to identify what changes are needed, then plan the change, implement the change, and finally verify what results have come from the changes. This requires business and IT working together and to communicate effectively.

Improving the links between IT and business is often hindered by the lack of a common view that allows each side to see how their worlds inter-relate. Business sees its operations as a set of processes, whereas IT sees a set of services and systems. IT has additional challenges when dealing with change:

- The complexity of IT systems, which makes it difficult to understand the ramifications, and predict the full consequences of change
- The intricacy of the interaction between processes and systems in the modern business
- IT systems are often designed and implemented with a defined set and scope of operations which are expected to last for some time. Given these pre-conditions, unexpected change can be difficult to accommodate.

What is needed in this increasingly complex world is a structured view of the organization which shows the logic of how processes, systems, data and organizational hierarchies are designed, and moreover has the ability to change or add on to anything in that structural view. Business Process Management (BPM) provides the methodologies and tools for modeling and administering processes that involve people, organizations and systems.

Introducing Business Process Management (BPM)

The introduction of enterprise software during the 1990s allowed organizations to start integrating previously disconnected processes and systems, as well as to manage and monitor the entire process cycle of the business.

Organizations are now looking for enhanced flexibility and increased productivity from software applications that are adaptable to change. BPM assists businesses to achieve such capabilities by improving efficiency, effectiveness, and operational agility through automating, optimizing and managing business processes. The business processes can be defined independently of any single application, and allow organizations to develop and leverage shared business logic.



BPM provides the tools that enable businesses to review, revise and refine operations and systems. With an understanding of the organization's processes, executives can be more aware and in control of the way information is handled, thus reducing the growth of 'ad hoc' spreadsheet silos. An enterprise whose processes are properly organized and managed has a better chance of optimizing the integrated information provided by its enterprise software.

Typical objectives for organizations undertaking a BPM project:

- ✓ Improve the use of IT to enable business adaptability
- ✓ Bridge the gap between business and IT
- ✓ Align organizational and IT requirements, goals and deliverables
- ✓ Improve the ability to manage IT systems
- ✓ Improve the agility of IT systems

What BPM does

An organization grappling with the twin problems of complexity and change requires tools that will both help visualize and manage the complexities, and provide a way to review, revise and revamp operations down to the process level. ***The place to start is with a BPM methodology and toolset that provide a holistic and integrated view of end-to-end processes.*** This should enable a cascading set of functionality.

1. In any organization there are too many details and layers of complexity for people to understand all at once, so the design and logic of the organization's systems, processes and structures should be visible from different perspectives (business function vs. software application) and at different levels of detail (high-level business process to detailed system activities).

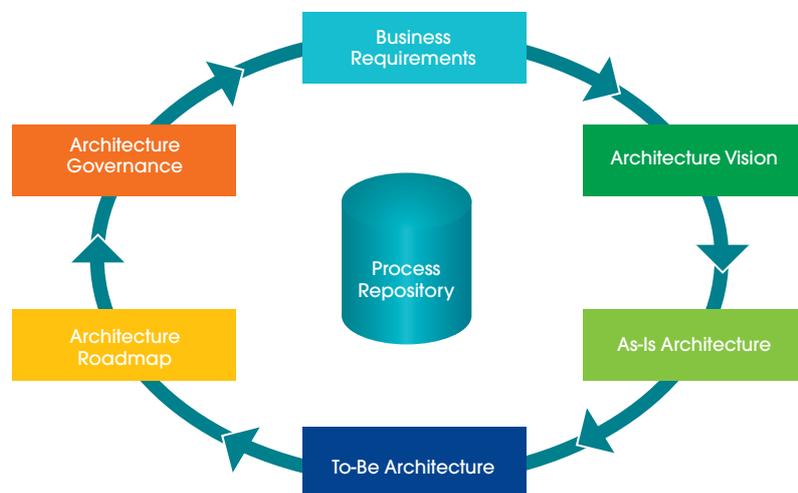
Example of levels and perspectives – from the Zachman Enterprise Architecture Framework

Level	Perspective	
SCOPE	Contextual	Planner
BUSINESS MODEL	Conceptual	Owner
SYSTEM MODEL	Logical	Designer
TECHNOLOGY MODEL	Physical	Builder
DETAILED REPRESENTATION	Out-of-Context	Sub-Contractor



2. The BPM tools should clearly show how the various elements of the organization interact – processes, people, systems, as well as information flows.
3. With the ability to review interaction at levels and perspectives, it should be possible for users to validate processes via walk-throughs.
4. BPM efforts failed in the past because the tools were only used or understood by one group of people. The correct tool should be able to bring the disparate business teams together – business owners and managers, business and application specialists and technology implementers.
5. The reason organizations undertake a BPM project is to re-organize or re-engineer the current situation. Therefore, tools should be able to set a baseline of how things are and how they fit together, and then go further to show how objects could be re-structured in other ways; ***the ability to create structures and processes is important, but even more important is the ability to change them.***
6. Successful business transformation cannot be properly realized unless there is also governance and compliance. In addition to the BPM tool, ***there needs to be a framework in which processes can be documented, authorized and audited.***

Business Process Management Framework

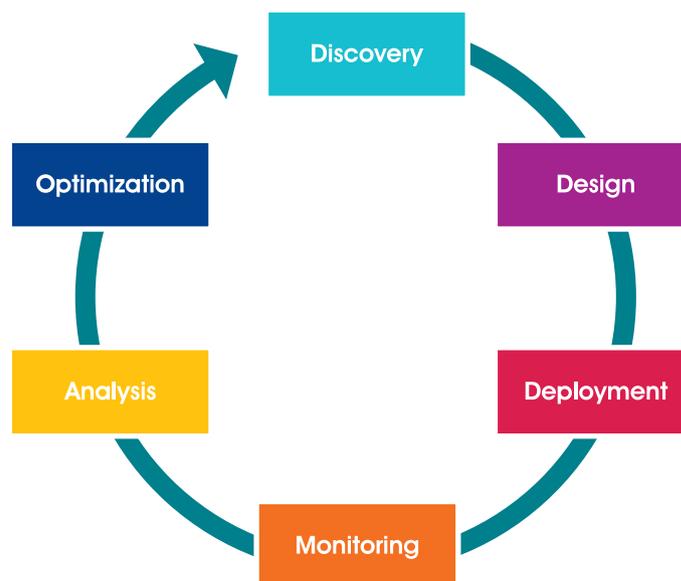




BPM Project Approach

A BPM project begins with establishing a clear statement of business objectives and requirements. As with any major corporate initiative, it is imperative that this is backed by the involvement of a senior executive as project sponsor. A key objective of a BPM project is to ensure that the business, process and system architectures are synchronized. Otherwise, major disconnects can occur in the organization, with different groups planning and expecting outcomes based on their own agendas rather than a unified organizational one. The kind of methodology that avoids this uses the six-step iterative process shown below. The first three steps are necessary to create a process framework, while the last three steps ensure governance and compliance, and provide additional feedback for continued improvement initiatives.

Process Development and Deployment Methodology



Integration of BPM and Enterprise Resource Planning (ERP)

Conducting a BPM project can be valuable as a means of achieving operational efficiencies, but this is rarely done in isolation. Increasingly, a BPM exercise is undertaken as part of an implementation, or restructuring, of an ERP system in the organization. ***The advantage of BPM integrated with ERP is that changes can be modeled, implemented and validated from a single point.***

There are two types of BPM tools – passive and active. Passive tools are the most commonly utilized in BPM activities as they are the easiest to use and most cost effective. They operate on a visual basis only and do not interact easily with other systems. Thus process or system changes can be made without any ability to monitor or analyze the consequences of the changes.



Active BPM tools take a critical step further by enabling processes and activities to be synchronized with the ERP system. This guarantees that processes and the system do not fall out of step, and the integration allows governance and compliance procedures to be implemented. More significantly, this creates the opportunity for dynamic BPM, where changes can be made to processes and related system entities through a user-oriented, process-driven interface. This reduces reaction times for organizations and gives them the agility needed in an unpredictable world, instead of trying to second-guess the future. As a Wall Street Journal article noted: "... increased flexibility and accelerated decision-making are much more important than simply predicting the future."¹

Benefits of BPM
■ Make complexity easier to see and understand
■ Improved use of IT for business flexibility
■ Improve focus on organizational goals
■ Reduce risk of project failure
■ Improve the partnership between business and IT
■ Create closer alignment between business requirements and objectives, and IT deliverables

Advantages of Integrating BPM with ERP

An ERP implementation is not a trivial business or IT project. In the past, businesses have approached an ERP project like someone designing and building a house without using the drawings and plans from the architect and builder – it makes it extremely difficult to visualize and understand the completed structure. ***Adding a BPM component provides the visual perspective on the interaction and flow of processes and systems. This gives organizations a greater guarantee of a successful outcome.***

An ERP which has BPM as a core element delivers the following:

- Raises the understanding of the stakeholders
- Encourages focused thinking by all parties in the implementation
- Enhances control by improving process visibility, which allows escalations and alerts to be managed, and bottlenecks to be located
- Supports compliance through greater transparency of operation so that policies and procedures can be enforced, broken processes can be identified and fixed, and audit trails can be generate.

¹"Strategic Plans Lose Favor", Wall Street Journal, 25 January 2010



Organizations aiming to ensure improved operations through a Lean or Six Sigma initiative can find that monitoring the progress of the initiative is a problem without adequate data. With an ERP solution that includes full BPM functionality, processes can be mapped and the appropriate transactional data that will allow the initiative to be properly managed, can be determined.

SYSPRO and Business Process Management

SYSPRO has always included an element of Business Process Management through its Office Automation and Electronic Signature tools. These tools enable you to pre-define conditional events that trap data and system exceptions and trigger an appropriate action in support of a customer's business rules and processes.

Now, with SYSPRO Quantum Architecture, Business Process Management in ERP is elevated to a new level.

SYSPRO Quantum Architecture is...

SYSPRO's process engagement and deployment model-based implementation framework, which provides business decision makers and implementers with an understanding of both the business and system needs. This modeling framework ensures that the implemented system corresponds with the goals and business processes in an organization, by providing a comprehensive view of the modeled processes and decisions made during the implementation project within a single software framework. Included in the framework are a set of business questions that prompt discussion, and once answered, result in the configuration of SYSPRO.



SYSPRO's modeling framework incorporates the following:

- Business goals aligned to ERP strategy
- Business process modeling, mapped onto SYSPRO software
- Business questions resulting in SYSPRO Configuration
- Project management
- Recorded conversations and decisions
- Identified and modeled integration points
- Identified relevant KPIs
- Defined required security
- Master data forms and imports
- Report of model and decisions

SYSPRO Quantum Architecture is not just for new sites. It can also be used for existing sites wanting to re-engineer and streamline their processes and realize the full potential of SYSPRO.

For more information on SYSPRO solutions visit www.syspro.com.



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