

The BPA Market Catches Another Major Updraft

Business models are being designed, tested and optimized for representation as explicit processes in business process modeling solutions. Our Magic Quadrant for the business process analysis market supports BPM implementations.

Core Topic

Application Development: Architecture and Design for Application Development

Key Issues

How can AD organizations test business systems through business modeling?

How can AD organizations "architect" and design integrated applications that support new and traditional business initiatives?

Strategic Planning Assumption

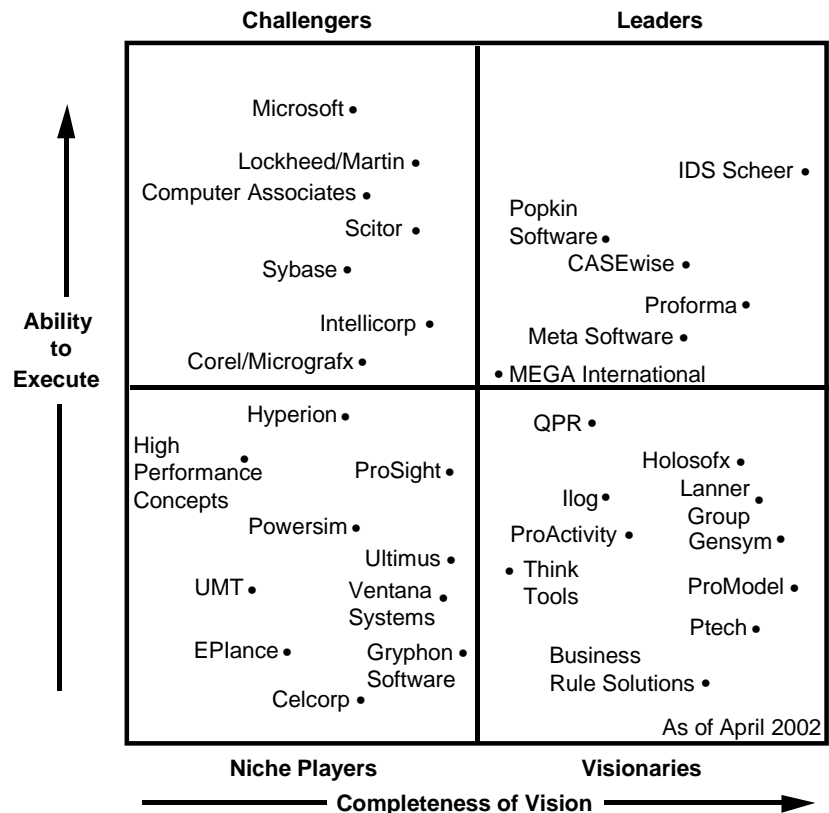
Through 2005, the BPA market will continue to grow at a healthy 15 percent rate, mostly as a pull-through from the growth of the explicit process markets (BPM/BAM) pursuing a desire for reduced costs and errors (0.7 probability).

Writing about the business process analysis (BPA) market in 2001, we made some forecasts that have come true in spades (see "The BPA/M Market Gets a Boost From New Features," M-13-5295 and "Business Modeling Will Be the Next Big Phenomenon," SPA-12-0441). We predicted that the BPA market would grow by 20 percent in revenue, that the number of viable vendors in this market would drop from 35 to 25, and that selected market leaders would grow by 30 percent or more. All of this has come true. In fact, one of the leading vendors nearly hit the \$200,000 mark. This was unthinkable just a few years ago, when this market was in the doldrums. The BPA market currently is gliding along quite strongly. We expect further increases in revenue growth for thriving vendors and a further reduction in the number of successful vendors (see Figure 1).

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Figure 1
The Business Process Analysis/Modeling Magic Quadrant



Source: Gartner Research

Traditional Updrafts: Visio and other simple drawing and documentation tools continue to encourage business professionals to proceed further down the road toward business documentation, into a full-fledged business modeling tool that offers value-added analysis, model collaboration and business model management features. Experience with these tools is a tremendous driver, as business users try to find "the scrap" in their electronic/paper-driven service production lines. This adoption trend will continue as long as the economy remains challenging and will build user habits that Gartner expects will continue for decades. Traditional business modeling will continue to be used for architectural design, business mergers and package implementations as a base for the continuing BPA market. When the economy ignites, business modeling will be a major contributor to designing new adaptive flows.

The New "Updraft": The major driver for business modeling and the resulting need for the supporting BPA market is the requirement of driving costs out of flows. This means finding scrap in paper and electronic flows that cross organizational units and job classes. These needs have caused the explosive growth of the business process management (BPM) market and the

subsequent "pull-through" growth to the BPA market. IS organizations have displayed significant interest in BPM as they look to automate costly and error-prone manual processes. From the technical infrastructure perspective, BPM is the level in the enterprise nervous system (ENS; see "ENS: Middleware Best Practices in the E-Business World," COM-13-3457) that supports the execution of straight-through processing (STP) and affords zero-latency for the technical functions when called on during the completion of a business event. These twin drivers for BPM will accelerate its growth. BPM is like an upward-reaching spire that creates the updraft for BPA. BPM is truly where business and IT alignment can occur around business process flows, and where business flows need to be designed and test-driven with BPA capabilities.

The Next Updraft Is on the Horizon: The emphasis on processes, as well as the measurement of the results of these processes against enterprise goals, will spawn a new era of business agility and adaptability. This era will drive the growth of business rule engines (BREs) and the use of BPA tools to model the likely business scenarios that will affect the very business processes that were originally modeled and simulated for optimization of risk, value, cost and time. As the environment affects these business processes, the optimization points will change. BPA tools can help model new balance points and create a new packet of rules needed to drive the flows. Some enterprises will have formulated likely scenarios that are waiting on the shelf for future invocation. This emphasis on real-time measurement will begin to be evident in the business activity monitoring (BAM) efforts now on the drawing board (see "How BAM Can Turn a Business Into a Real-Time Enterprise," AV-15-4650; "BAM: Evaluating Tomorrow's Management Technology," SPA-15-2590; and "Real-Time BAM Needs Models and Frameworks," COM-14-7243). System dynamics will emerge in the near future to help business professionals prepare for the future need for agility. Higher education is currently offering simulators for supply chain management, proper capitalization of organizations, the setting up of venture businesses and the management of risky businesses. More will emerge: For example, imagine running a business through a gaming interface and trying different courses of action before committing to one. No matter to what extreme the quest for agility is driven, BPA will play a role.

The BPA Magic Quadrant: Gartner always rates vendors in two areas for inclusion in a Magic Quadrant:

Vision

- Technology: Strength of underlying technology infrastructure of product offerings
- Market Leadership: Market recognition by prospects and competitors based on a compelling and consistent marketing message
- Communication: Consistency of communication to the marketplace through advertising, trade shows or Web sites
- Outside Investment: Robustness and number of external investment participants

Ability to Execute

- Product: Packaging, pricing, ease of installation and ease of use of product
- Service and Support: Strength of vendors' service and support capabilities
- Management: Experience and strength of management team

Vendors Glide Into "Sweet Spots": Each of the vendors in this sector offers significant benefits in designing optimum business process flows, but some BPA vendors are also moving into specialty niches that are valuable for particular enterprises. The presence of multiple niches bodes well for the health of this sector. BPM linkage is probably the most thriving of these niches.

Documentation: Many enterprises do not fully understand their processes and have a training problem that artificially inflates costs. A number of vendors have a set of facilities that encourage easy or automated documentation.

Vendors in this sector include Corel/Micrografx, EPlance, Ilog, Microsoft and ProActivity.

Architectural Support: IS organizations that have a propensity for architectural disciplines employ tools that help map activities and deliverables within some form of architectural framework, such as the "Zachman Framework."

Vendors in this sector include Business Rule Solutions, Proforma and Ptech.

BPM Linkage: The hottest of the specialties relates to linkage to physical business process execution sets. This particular pairing of BPA and BPM vendors is changing daily.

Linkages in this sector include Corel/Micrografx to Fujitsu and Hewlett-Packard, CASEwise and Proforma to Tibco Software, Proforma to Savvion, Holosofx to IBM, and IDS Scheer to Staffware and Vitria.

BAM Support: Another emerging area is BAM; some vendors active in this area use feedback from production systems to match the logical model to actual implementation results.

Vendors in this sector include IDS Scheer, Gryphon, ProSight, UMT and QPR.

Package Support: An often-forgotten and underserved sweet spot revolves around interacting with package solutions that have implied business process flows.

Vendors in this sector include IDS Scheer and Intellicorp, which have active programs for SAP that publish an embedded business model.

High-End Simulation: For those IS organizations with sophisticated problem sets, a number of vendors can help with simulating alternatives that are extremely complex. An example would be coordinating airplane arrival and departure scheduling with gate utilization and an integrated worldwide flight control system.

Vendors that have expertise in dealing with a number of variables include Lanner Group, Lockheed/Martin, ProModel and Scitor. Scitor has managed to make complicated simulation easier for the average person to work with.

System Dynamics: For those IS organizations that want to add a simple human interface to enable nonprofessionals to simulate multidimensional problem sets, system dynamics play a significant role. While many of the BPA tools use discrete simulation, system dynamics use a more-sophisticated combination of optimization and simulation. Examples emerging from the academic sector include supply chain simulators that assist with setting up high-risk businesses and properly capitalizing start-up companies. We expect more growth in this area as more-complex businesses and virtual enterprises try to gain an advantage.

Acronym Key

BAM	Business activity monitoring
BPA	Business process analysis
BPM	Business process management
BRE	Business rule engine
ENS	Enterprise nervous system
STP	Straight-through processing

Bottom Line: The BPA market is positioned for sustained growth for the foreseeable future. Partnerships with BPM vendors will be the short-term driver, and agility will be the long-term play. Enterprises should implement a BPA capability by year-end 2002, or they will risk missing out on significant cost-saving opportunities. Application integration and package vendors should seek partnerships with BPA vendors to enable and extend the reach of their technological platforms.