Business Process Management Practice in Australian Organisations

Status and Potential

A survey conducted by:
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- Professor Andrew Cheetham, Pro Vice Chancellor (Research), University of Western Sydney
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- Mr Roger Tregear, Leonardo Consulting
## Facts and findings at a glance

| **Profile** | Coverage: Australia-wide  
Number of respondents: 111 (43 large, 58 medium and 10 small organisations)  
Number of industry and sub-industry sectors: 20  
Job function of respondents: 49% senior business executives, 46% ICT executives/analysts and 5% others  
Respondents from private sector 56%; public sector 44%  
Location of BPM group within the organisations: at executive or departmental level 46%; within IT function 13%; no formal BPM group 27% |
|-----------|--------------------------------------------------------------------------------|
| **Current state of affairs** | What BPM means to most organisations: a top-down methodology, or a systematic approach to analysing, redesigning, improving and managing processes  
Organisations committed to BPM 49%; limited or no interest 51%  
Organisations that have deployed BPM 42%; plan to deploy BPM in the next 1–2 years 26%; no plans 32%  
Organisations performing BPM activities: Always, 5–8%; Most times, 25–45%; Frequently, 25–35%; Occasionally, 25–35%; Never, 1–3% of organisations  
Main process standards in use: ISO 9000 and UML notation. One out of five organisations, and many more in public than private sector, are not using any BPM standards! |
| **Planned BPM activities** | Currently planned BPM projects for majority of organisations involve human tasks and confidential information  
Major current and planned processes using BPM methodologies and technologies: Customer Service, Finance and Accounting, and Management and Administration  
Predominant BPM products planned and in use: simple software tool such as Visio and PowerPoint  
Main BPM services planned and in use: process training  
State of planned future activities in various BPM areas: larger organisations more active than smaller ones; public sector organisations more active than private sector organisations |
| **Budget and spending** | BPM Budget for 2008: mostly increasing or no change  
Major driver for BPM: cost reduction and improving quality of processes  
Main activities for outside consultants if hired: process training, redesigning projects, defining strategy and process, and managing BPM projects  
ROI expectation: 45% of organisations 1–2 years; 55% of organisations over two years |
Executive summary

Centre for Industry and Innovation Studies (CInIS) at the University of Western Sydney (UWS) conducted a survey in September 2007 to establish the current state of adoption and use of business process management practice in Australian organisations. This report covers a detailed analysis of the findings of this study aiming to assist organisations:

- develop a clear understanding of the current state of BPM practices in Australian organisations
- learn from other organisations about their BPM deployment experiences
- become familiar with latest BPM tools and services and their usage by Australian organisations.

This survey is based on the questionnaire sent to 4000 organisation in Australia. The contents of this report are the analysis of 111 usable responses received during October and November 2007.

The report conveys a well-balanced view from business and IT, as well as private and public sectors. Large number of executives participated in the survey, which adds to the richness of the contents of this report. Among the respondents 34% were executives, 34% were IT Managers/IT Developers, 15% were business or line of business managers and 12% were process practitioner/business analysts. Almost one-third of the respondents were managing or directing BPM initiatives. Respondents were from wide range of industries. The highest percentage of participants (23%) represented Government Administration and Defence industry, followed by (18%) from Manufacturing industry.

Viewing BPM as a systematic approach was the most popular (45%) definition conveyed by the respondents, particularly those from public sector. “A top-down methodology designed to organise, manage and measure the organisation based on the organisation’s core processes” was selected by 31% of respondents as the second most popular definition for BPM. Considering BPM as a cost-saving initiative was more popular among respondents from private sector. Twenty-four per cent of respondents from private sector and ten per cent of respondents from public sector viewed BPM as a cost-saving initiative.

Almost half of the respondents indicated that their organisations have made major strategic or significant commitment to high level process projects. Twenty-six per cent have made initial commitment to a limited number of mid- or low-level BPM projects and 20% of the respondents reported that their organisations are exploring opportunities. Only 5% showed no interest in BPM.

“Save money by reducing costs and/or improving productivity” and “Improve quality of processes” were identified by both private and public sector as the top two business drivers causing organisations to focus on business process change.

The 2007 BPM budget for a large number (42%) of organisations was $100,000–$500,000. Nearly one-fifth of organisations stated that their BPM budget for 2007 was more than $1 million. A small number of organisations (11%) had a budget of $500,000–$1 million for their BPM initiatives in 2007. One-fifth of organisations had a budget of less than $100,000 for their BPM initiatives in 2007. The result of the survey shows that a large number of organisations (60%) are confident that they will recover their BPM investment in 1–5 years.
The main areas on which organisations spend their BPM budget are major redesign project (22%), software tools (13%), process automation (13%), outside consultants (12%) and internal training (12%).

Most of the current BPM effort of Australian organisations is in those processes that “involve human tasks” (76%) and “company confidential information” (51%). The findings show that when organisations incorporate BPM methodologies and technologies they focus on Management and Administration, Finance and Accounting, and Customer Service business processes. It can be readily inferred that more public sector organisations than private organisations plan to employ BPM methodologies and technologies.

A large number of organisations are using ISO 9000 as their process standard. The other standards listed by less than 10% of organisations include UML (Notation), CMM/CMMI, BPEL, BPMN and others.

It is clear from the survey that within Australian organisations the BPM group is predominantly (23% of organisations) located at the executive level. The other locations for BPM group are division or departmental level (20%) and within the IT function (13%).

The survey shows that organisations engage outside consultants mainly to coordinate and manage their Business Process Management projects (44% of organisations), define the relationship between Strategy and Process (41%), develop an Enterprise Process Architecture (33%) and develop an Enterprise Performance Management System (30%).

It is clear from the survey that most Australian organisations (85% of organisations) are using simple software modelling tools such as Visio, PowerPoint, etc. The most important tools needed for business process management projects in 2006 have been identified as simple graphic tools like Visio and PowerPoint (34%), process modelling tools (14%) and performance metrics tools (10%).

The result of the survey shows that the primary training needs of organisations are in the areas of “process analysis and design” and “BPM systems”.

The top three BPM initiatives reported by the Australian organisations were Major Process Redesign projects (33% of organisations), development of an Enterprise Process Architecture (32%) and Major Process Automation projects (30%).

The findings show that organisations, in their BPM initiatives, will be focusing on developing an Enterprise Process Performance Measurement system, coordinating Enterprise Process Change efforts, coordinating Enterprise Process Management efforts, developing Major Process Redesign projects and concentrating on Process Manager training areas.
Introduction

For the past several years Business Process Management (BPM) has become a top priority for organisations. In recent surveys (CIO Insight, 2008; CIO Insight 2007; Gartner 2006), the top business priority identified by CIOs was business process improvement.

The term BPM has evolved from a history of usage in related business process fields such as business process improvement, business process reengineering and business process innovation. Some consider it as a top-down methodology designed to organise, manage and measure the organisation based on the organisation's core processes, while others think of it as a cost-saving initiative focused on increasing productivity. Some believe that BPM is a set of new software technologies that makes it easier for IT to manage and measure the execution of process workflow and process software applications.

Whatever the case may be, there is no doubt that better processes produce lower costs, higher revenues, motivated employees and happier customers. The real value of BPM comes from gaining visibility and control of the business process. By applying technology, BPM software can activate the process, orchestrate the people, data and systems involved in the process, and give business managers a view into how the process is operating and where bottlenecks are occurring, and highlight possible process optimisations. Process operational metrics are automatically collected by the BPM software. Business metrics or key performance indicators (KPIs) can also be measured to add specific process or organisational context to the data.

In spite of these major potential benefits, majority of organisations are not making use of BPM. In fact, a large number of them are totally unaware of BPM (Harmon and Wolf, 2008) and the benefits that BPM can provide. Our own observations have revealed that while about half of Australian organisations are committed to BPM, only a handful of them regularly perform BPM activities. Most BPM projects involve human tasks and use very basic BPM tools. Certainly they are missing out on the phenomenal benefits of BPM.

Although the concept of business process is not new, both private and public sectors have recently shown increasing interest in enhancing the performance of their business processes and finding ways to manage them effectively. The IT industry is now striving to meet the current demands by developing new tools and techniques to empower organisations to model, redesign, enhance the performance of and manage their business processes. Both developers and end-users are interested to learn about the trend and latest BPM developments and practices. This report provides readers with a perspective of the current interest, commitments and practices of Australian organisations in adopting and deploying BPM in their organisations.

Objectives

This study used a survey to investigate the current state of adoption and use of Business Process Management (BPM) practice in Australian organisations. The purpose was to help determine the BPM needs of organisations, and to identify the issues in adoption of BPM practices by various functions and operations. The findings can also assist in identifying how readily the organisations are able to adopt BPM practices. Further, the study provides recommendations that will contribute to the continued growth and enhanced competitiveness of business and industries in Australia through effective use of appropriate BPM practices.
Benefits
This is the first published comprehensive report about the current state of adoption and use of BPM practice in Australian organisations. The report conveys a well-balanced view from business and IT, as well as private and public sectors. The findings of the study will assist organisations to:

- develop a clear understanding of the current state of BPM practices in Australian organisations
- assess their own BPM maturity level
- identify their own process maturity gap and plan for improvements
- learn from other organisations about their BPM deployment experiences and develop more confidence in their planning and implementation of BPM initiatives
- find out about the latest available BPM tools and services and their popularity
- learn about BPM standards and the level of usage by other organisations.

Organisation of the report
This report provides a detailed analysis of information received through the 2007 BPM survey, which covered a cross analysis of information provided by respondents from business and IT, from public and private sector, and from small, medium and large organisations.

Facts and findings at a glance provide a snapshot of the state of BPM practices in Australian organisations. An executive summary presents the essence of the findings. The Methodology and Survey sections of the report provide information about the foundation, structure and organisation of this study and how the survey was conducted. It also introduces the attributes and characteristics of the responses received. The Analysis section gives a detailed analysis of the responses received for each question. The Conclusions and recommendations section of the report provide readers with the essence of the findings.

We assume that readers are familiar with most of the terms and theories used in the report. However, we have added appendix A aiming to provide readers with a brief introduction to CMM maturity model.

We anticipate this survey report will provide readers with an overall knowledge and the current assessment of BPM practices and initiatives of the Australian organisations.
Methodology

A number of techniques can be used to investigate the current state of adoption and use of Business Process Management (BPM). Prominent among them are structured interviews (Bullen and Rockart, 1981), focus groups, group interviews (Khandelwal, 1992) and surveys. Each of these techniques has specific strengths and weaknesses.

This study, with the aim of covering a large sample of public and private sector organisations dispersed throughout Australia, was conducted using a survey. In the past we have conducted numerous mail-out surveys (Khandelwal, Hosey and Ferguson, 1997; Khandelwal 2000; Gottschalk and Khandelwal, 2000; Ginige et al., 2000; Khandelwal 2001; Khandelwal and Gottschalk, 2005), but this study used an email-based survey because of the greater speed and cost efficiency of email surveys compared with paper mail-out surveys (Sheehan 2001). The cost benefits of email based surveys are indeed significant and their costs have been estimated at 5–20% of mail-out surveys (Sheehan and Hoy, 1999; Weible and Wallace, 1998). This is specifically so as the sample size increases (Watt, 1999).

The survey approach does have a number of limitations (Galliers et al., 1994) which were addressed appropriately. For example, to maximise responses the email inviting respondents to participate was sent under the signature of the Research Pro Vice-Chancellor of the University of Western Sydney. The email highlighting the importance of the study was personally addressed to individual CEOs and CIOs. Furthermore, respondents were promised a complimentary copy of the executive summary of the study report.

The survey was approved by the Human Ethics Review Committee of the University of Western Sydney. Respondents were informed that the privacy and confidentiality of their response would be fully protected.

The Survey Instrument

Although Business Process Management has been a hot topic since 2003, it still means different things to different people. BPTrends has been very active in this area, specifically in assessing the state of BPM with the help of a number of surveys for the past several years (Harmon and Wolf, 2008). In doing so it has endeavoured to define different ways the term BPM is used and report on the different goals of different groups of people using the term – executives, process consultants, Six Sigma practitioners, enterprise architects, CIOs and software architects.

BPTrends has thus established a reasonably common BPM vocabulary. Their initial survey questionnaires used multiple-choice questions providing descriptive choices in an effort to assure that everyone understood the choices. In further surveys the questionnaires continued to be refined, specifically as respondents became better at discriminating among the various BPM terms. This, coupled with a possibility of comparing the results of the current study with those of BPTrends, prompted the choice of using the BPTrends questionnaire for our survey (Appendix B).

Industries

Following the Australian and New Zealand Standard Industrial Classification (ANZSIC) the following 17 industries were included in this study:
1. Agriculture, Forestry and Fishing
2. Mining
3. Manufacturing
4. Electricity, Gas and Water supply
5. Construction
6. Wholesale Trade
7. Retail Trade
8. Accommodation, Cafes and Restaurants
9. Transport and Storage
10. Communication Services
11. Finance and Insurance
12. Property and Business Services
13. Government Administration and Defence
14. Education
15. Health and Community Services
16. Cultural and Recreational Services
17. Personal and Other Services.

Because one of the focus areas of this survey was to obtain information on the organisations in the ICT and consulting industries, three sub-industries were added to the above list:

1. Telecommunication etc Equipment Manufacturing
2. Telecommunication Services

Survey Sample
Considering the nature of the study, the survey sample consisted of 4000 of Australia’s largest organisations divided equally between private and public sectors, that is, 2000 topmost private sector organisations (by revenue) and 2000 largest public sector organisations (by budget). To gain responses from both IT management and business management, the sample was further evenly subdivided into IT and business so that 2000 each of CIOs and CEOs were included in the sample. The services of a mailing house were used in selecting target organisations and mass emailing of the questionnaires.
Survey
In emailing the survey questionnaire to 2000 CEOs and 2000 CIOs no organisation was duplicated, that is, in none of the organisations did both the CEO and the CIO get the email. The emails were addressed to the CEOs and CIOs by name. The email contained a link to the website where the survey instrument was posted for completion by respondents. Once the survey was completed by the respondent and submitted, the data were captured for analysis.

Of the 4000 emails sent, 3,684 were successfully delivered to the recipients and 316 bounced back, making a delivery rate of 92.1%.

Follow-up
Initially about 86 responses with completed questionnaires were received. A number of automated replies about respondents being away were also received. To attract further responses from these and remaining organisations, a follow-up email was sent, which was useful as it increased the response rate by about 38%.

Final Responses
In all 127 surveys were received. Eliminating multiple and incomplete responses, the total number of usable responses was 111, representing a response rate of over 3%. Compared with the 16–24% response rate of the CEO surveys conducted in the US, Canada and UK (Falcnor and Hodgett, 1999) this is certainly a low response rate. The reason could partly be that this was an online survey rather than paper-based as in the above study. Further investigation needs to be done to determine the response rate of online surveys of CEOs and executive level management of organisations.

Out of total of 111 responses, 62 were from private sector and 49 from public sector organisations. Table 1 gives the response distribution by industry.

<table>
<thead>
<tr>
<th>Industry</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government Administration and Defence</td>
<td>23%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>18%</td>
</tr>
<tr>
<td>Education</td>
<td>7%</td>
</tr>
<tr>
<td>Electricity, Gas and Water supply</td>
<td>6%</td>
</tr>
<tr>
<td>Mining</td>
<td>5%</td>
</tr>
<tr>
<td>Finance and Insurance</td>
<td>5%</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>5%</td>
</tr>
<tr>
<td>Property and Business Services</td>
<td>5%</td>
</tr>
<tr>
<td>Health and Community Services</td>
<td>5%</td>
</tr>
<tr>
<td>Consulting Services</td>
<td>5%</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>4%</td>
</tr>
<tr>
<td>Construction</td>
<td>3%</td>
</tr>
<tr>
<td>Transport and Storage</td>
<td>3%</td>
</tr>
<tr>
<td>Agriculture, Forestry and Fishing</td>
<td>2%</td>
</tr>
<tr>
<td>Accommodation, Cafes and Restaurants</td>
<td>2%</td>
</tr>
<tr>
<td>Communication Services</td>
<td>2%</td>
</tr>
<tr>
<td>Cultural and Recreational Services</td>
<td>2%</td>
</tr>
<tr>
<td>Telecommunication, etc Equipment Manufacturing</td>
<td>1%</td>
</tr>
<tr>
<td>Telecommunication Services</td>
<td>0%</td>
</tr>
<tr>
<td>Personal and Other Services</td>
<td>0%</td>
</tr>
</tbody>
</table>

Table 1. Responses by industry
The Profile of Respondents

Job title or function
The respondents were asked to describe their job title or function within their organisation. All respondents answered this question. Results are presented in Figure 1. We were impressed by the large number of executives (34%) who undertook the survey. The executives were among CEOs, COO and CFOs. Sixty-one per cent of participating executives were from private sector and the other 39% from public sector. The high percentage of executive participation in this survey shows their increasing interest in BPM initiatives.

Thirty-four per cent of the respondents were IT Managers/Developers, same as the number of executives who participated. Among the executives who have participated in the survey 61% were from private sector and 39% from public sector. Equal participation of executives and IT Managers/Developers in the survey and the similar numbers of respondents from public and private sector made it possible to develop this report with well-balanced perspectives from different sectors.

The majority (52%) of respondents were from medium-sized organisations, followed by 39% from large organisation and only 9% from small organisations. Within large and small organisations, 60% of respondents had a business function and 40% were among IT Managers/Developers. Respondents from medium-sized organisations had almost equal representation from business and IT sectors.

The role of respondents in BPM initiatives
In Question 10 of the questionnaire the respondents were asked to describe their role in BPM projects. Four roles were listed in the questionnaire with an option to specify their role if it was not listed. A copy of questionnaire is provided in Appendix B of this report. Figure 2 shows the role of respondents in BPM projects.

Forty five percents (45%) of respondents said that they were either managing BPM initiatives or having a significant influence over the selection of BPM product and services. There is evidence that business executives are increasingly taking an active role in managing their
BPM initiatives. Among those respondents who specified their role as “Managing and directing BPM initiatives”, a large majority (69%) were from business and 31% were from IT.

Only 71% of respondents answered this question. The reason for high number of no responses (29%) for this question needs further investigation. It could be that the number of roles listed in the questionnaire was limited and needs to be extended to cover additional relevant roles.

Other roles mentioned by respondents include:

- influencing and raising awareness of BPM and benefits, and making sure an appropriate corporate governance framework is in place
- leading business process improvement.

**Figure 2. Role of respondents in BPM initiatives**

Question 10: Which of the following best describes your role in BPM projects?

(Base=111)

The size of participating organisations

The respondents were asked to specify the size of their organisations. More than half of the organisations were medium-sized (Figure 3).

**Figure 3. The size of responding organisations**

Question 2: Which of the following best describes your organisation's size?

(Large organisation Base=43, Medium organisation Base=58, Small organisation Base=10)
The range of industries represented in the survey

Respondents represented a wide range of industries (Figure 4). The highest percentage of the participants (25) represented Government Administration and Defence, followed by Manufacturing (20). Among 25 respondents from Government Administration and Defence, six were from large, seventeen were from medium and two were from small organisations. The distribution for manufacturing sector was nine from large, nine from medium and two from small organisations. Overall 56% of the respondents were from private sector and 44% were from public sector.

Location of BPM Group

The BPM group within an organisation can be located within various functions, such as within the IT function, within finance, or directly within the executive function. The study results showed that for Australian organisations the BPM group is predominantly at the executive level (23% of organisations), division or departmental level (20%) or within the IT function (13%). In addition, 9% of organisations have no particular function responsible for BPM, whereas 27% of respondents have no formal BPM group. These results are shown in Figure 5.
Question 18: If your organisation has a group responsible for BPM, where is it located within your organisation? (Organisation Base=79)

Figure 5. Location of BPM group
Analysis and Results

Current Understanding and Interest in BPM

Organisational understanding of BPM

The term BPM has different definitions. Some organisations refer to BPM as Business Process Management; other organisations may refer to BPM as Business Performance Measurement. Some may consider BPM as a methodology and others may view BPM as a set of software technologies. To clarify this matter the respondents were asked to describe their organisational understanding of BPM through the following four traditionally known perceptions:

- **a top-down methodology** designed to organise, manage and measure the organisation based on the organisation’s core processes
- **a systematic approach** to analysing, redesigning, improving and managing a specific project or program process
- **a cost-saving initiative** focused on increasing productivity of specific work flow processes
- **a set of new software technologies** that makes it easier for IT to manage and measure the execution of process workflow and process software applications.

Figure 6 shows a summary of respondents’ understanding of BPM.

![Figure 6. Organisations’ understanding of BPM](image)

Question 5: Which of the following best describes your organisation's understanding of BPM?

(Large organisation Base=43, Medium organisation Base=58, Small organisation Base=10)

Viewing BPM as a systematic approach has been identified as the most popular (45%) definition by the respondents particularly among those from public sector. Fifty-nine per cent of the respondents from public sector organisations identified BPM as a systematic approach, compared with 35% from the private sector. Among those who view BPM as a systematic approach 37% were large, 51% were medium, and 12% small sized organisations.

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Among those respondents who have identified BPM as top-down methodology 59% were from private and 41% from public sector. Considering BPM as a cost-saving initiative was more popular among the respondents from private sector. Among those respondents who have identified BPM as cost-saving initiative 75% of them were from private and 25% from public sector.

Five per cent of the respondents introduced other definitions for BPM, including:

- a methodology to assist the definition of business processes to support the implementation of SOA
- bottom-up methodology designed to review and improve processes in a program
- a number of business transformation programs involving analysing, improving and redesigning processes
- driven by changing customer requirements and result product innovation and customer systems needs
- part of ERP implementation.

**Current interest in BPM**

The respondents were asked to characterise their organisations’ current interest in BPM. Forty-nine per cent of the respondents indicated that their organisations have made major strategic or significant commitment to high level process projects. Australian organisations’ level of commitment to BPM initiatives is very close to the global benchmark. The result of the BPM global survey conducted by BPTrends in 2007 shows that 50% of the organisations participating in the survey have made major strategic or significant commitment to high level process projects. Figure 7 shows the levels of commitment made by the Australian organisations in BPM initiatives.

![Figure 7. Current interest in BPM](image)

**Question 6: How would you characterise your organisation's current interest in BPM?**

*(Large organisation Base=42, Medium organisation Base=58, Small organisation Base=10)*

Further analysis shows that large organisations’ commitment to BPM initiatives is much higher than that of medium-sized organisations. Sixty-six per cent of the large organisations have made major strategic or significant commitment to high level process projects, compared with only 38% of medium-sized organisations. No significant differences were found between public and private sector in their interest in levels of commitments to BPM initiatives.
BPM Performance Levels and Standards

Business drivers of BPM

Business drivers of BPM are essentially a set of key factors which motivate management to focus on business process improvements and business process management within their organisations. The respondents were asked to rank ten listed business drivers of BPM as they apply to their organisations. Seventy-one per cent of respondents completed this ranking exercise. Table 2 shows the results and also distinguishes the ranking made by public and private sector organisations.

<table>
<thead>
<tr>
<th>Rank</th>
<th>Business Driver</th>
<th>Public Sector</th>
<th>Private Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Save money by reducing costs and/or improving productivity</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>Improve quality of processes</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>Improve management coordination or organisational responsiveness</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>4</td>
<td>Improve visibility and control of processes</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>5</td>
<td>Improve customer satisfaction to remain competitive</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>6</td>
<td>Improve management of resources</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td>7</td>
<td>Improve existing products, create new products, or enter new lines of business to remain competitive</td>
<td>8</td>
<td>6</td>
</tr>
<tr>
<td>8</td>
<td>Government or compliance requirements</td>
<td>7</td>
<td>9</td>
</tr>
<tr>
<td>9</td>
<td>Provide new revenue opportunities</td>
<td>9</td>
<td>8</td>
</tr>
<tr>
<td>10</td>
<td>One time event (merger or acquisition)</td>
<td>10</td>
<td>10</td>
</tr>
</tbody>
</table>

Question 11: What are the business drivers causing your organisation to focus on business process change?
(Rank all appropriate)
(Base: 79)

Table 2. Business drivers causing organisations to focus on business process changes

Traditionally saving money and improving the quality of processes are known as the main business drivers for business process initiatives. Unsurprisingly, both private and public sectors ranked these two business drivers as the top two. Table 2 also shows that out of five top ranking business drivers, four are common to both public and private sector organisations.

Organisational maturity and process performance

In this section the respondents were asked to report their organisations’ level of performance on selected business process activities covering a range from process documentation, process modelling to process management. To answer each question the respondents were provided with the following five options: Never (0%), Occasionally (1–30%), Frequently (31–60%), Most times (61–99%), and Always (100%). The main objective of asking these questions was to investigate the state of Australian organisations’ level of maturity in business process improvement and management practices following similar scales suggested by the Capability Maturity Model Integrated (CMMI) introduces by Software Engineering Institute at Carnegie Mellon University in USA. A brief introduction to Capability Maturity Model (CMM) and CMMI is provided in Appendix A.

We adopted the following interpretations suggested by BPTrends for the analysis of the responses:

“If organisations never performed common BPM activities, we assumed they were immature organisations that weren’t focused on processes. If organisations Frequently performed most of the common business process activities, we considered them being between levels 2 and 4.
on a CMM scale. If organisations performed most of the activities Most of the Time, we assumed that organisations’ level of maturity is between 3 and 5 on the CMM scale” (Harmon and Wolf, 2008).

The following is a list of the questions forming part of Question 4:

Q 4.1 Work processes are documented and kept up to date for business processes.
Q 4.2 Units that perform similar activities use standard or similar processes.
Q 4.3 Standard process models are defined for the major value chains in the organisation.
Q 4.4 Standard measures are defined for evaluating the performance of major processes and subprocesses.
Q 4.5 Support provided by automated applications is consistent with the defined processes used in the organisation.
Q 4.6 Skills needed to perform the tasks in the major processes are defined.
Q 4.7 Skills training for tasks required to design and manage major processes is provided.
Q 4.8 Process managers use performance data to manage their processes.
Q 4.9 Process improvement programs are in place to identify and improve problems and defects.
Q 4.10 Major process models include activities performed by outside vendors/partners.

Table 3 summarises the responses to all the above ten questions.

<table>
<thead>
<tr>
<th>Questions</th>
<th>Always</th>
<th>Most times</th>
<th>Frequently</th>
<th>Occasionally</th>
<th>Never</th>
</tr>
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<tr>
<td>Q1</td>
<td>7%</td>
<td>35%</td>
<td>32%</td>
<td>25%</td>
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<tr>
<td>Q2</td>
<td>4%</td>
<td>47%</td>
<td>23%</td>
<td>25%</td>
<td>1%</td>
</tr>
<tr>
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<td>8%</td>
<td>34%</td>
<td>18%</td>
<td>32%</td>
<td>8%</td>
</tr>
<tr>
<td>Q4</td>
<td>8%</td>
<td>27%</td>
<td>26%</td>
<td>36%</td>
<td>3%</td>
</tr>
<tr>
<td>Q5</td>
<td>9%</td>
<td>26%</td>
<td>37%</td>
<td>26%</td>
<td>2%</td>
</tr>
<tr>
<td>Q6</td>
<td>7%</td>
<td>29%</td>
<td>35%</td>
<td>25%</td>
<td>4%</td>
</tr>
<tr>
<td>Q7</td>
<td>8%</td>
<td>25%</td>
<td>33%</td>
<td>27%</td>
<td>6%</td>
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<tr>
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<td>25%</td>
<td>35%</td>
<td>35%</td>
<td>3%</td>
</tr>
<tr>
<td>Q9</td>
<td>5%</td>
<td>28%</td>
<td>32%</td>
<td>32%</td>
<td>3%</td>
</tr>
<tr>
<td>Q10</td>
<td>1%</td>
<td>20%</td>
<td>29%</td>
<td>42%</td>
<td>8%</td>
</tr>
<tr>
<td>Range</td>
<td>1% - 9%</td>
<td>20% - 47%</td>
<td>18% - 37%</td>
<td>25% - 42%</td>
<td>0% - 8%</td>
</tr>
</tbody>
</table>

Question 4: Please indicate your organisation’s performance level for each of the following activities: (Large organisation Base=42, Medium organisation Base=58, Small organisation Base=10)

Table 3. Organisations’ performance level for selected process activities

Table 3 shows that among all the questions, Q10 appears to be the most challenging for respondents. Only one respondent claimed that his/her organisation Always includes activities performed by outside vendors/partners as part of their major process models. Only 20% of the respondents reported that their organisations Most times include activities performed by outside vendors/partners as part of their major process models. This is also the lowest response rate for Most times among all 10 questions.
The most common practice among these ten process activities reported by respondents is related to Q2. More than half of the organisations Always or Most times use standard or similar processes when units in their organisation perform similar activities.

The highest percentage of Always is related to Q5. Nine per cent of respondents claim that the support provided by the automated applications is consistent with the defined processes used in their organisation. It would be intriguing to find out how the organisations respond to this question if we were to ask them to assess this consistency over a period of time.

Figure 8 shows the overall performance of organisations for all 10 selected process activities.

Further analysis of the overall performance of the organisations revealed that the top 3% of the organisations Always or Most times perform all 10 listed process activities. The result of this analysis suggests that at least 3% of the organisations that have participated in this survey are at CMM level 4 or 5 of maturity.

The following section presents a detailed analysis of the responses received for each question. In this analysis we have included a comparison of process practices between small, medium and large-sized organisations. The differences in practices between large and medium-sized organisations are emphasised, as it would be rather difficult to make a meaningful comparison with small organisations since only 10 participated in the survey. We have also compared the process practices of public and private sectors.

**Question 4.1: Work processes are documented and kept up to date for business processes.**

Figure 9 shows that a large majority (75%) of the organisations document their work processes within a range from Frequently to Always. It would be useful to find out how
organisations document their work processes and what sort of mechanism they have in place to systematically update their documents.

Figure 9. Work processes documentation

Further analysis considering the size of the organisations shows that there are no significant differences between the practices of large and medium-sized organisations. Comparison between the practice of work process documentation between public and private sector shows that private sector is doing slightly better than public sector. Forty-seven per cent of the respondents from private sector indicated that they Always or Most times document the work processes, while the percentage for public sector was 37%.

**Question 4.2: Units that perform similar activities use standard or similar processes.**

As the organisations progress to CMM level 2 they strive to improve their core processes following some sort of standard at the departmental or work group level. At this level of maturity it is expected that when one set of processes are improved and streamlined then it can be re-used for similar processes.

In this question respondents were asked to indicate how often they use standard or similar processes when units in their organisations perform similar activities. It is encouraging to learn that 51% of the respondents reported that their organisations Always or Most times use standards (or similar processes) when units perform similar activities (Figure 10). The 2008 BPTrends, USA global survey results for the same question shows only 19%.

Figure 10. Use of standards
Forty-seven per cent of respondents indicated that their organisations Most times use standards (or similar processes) when units perform similar activities. Again the 2008 BPTrends, USA global survey results for the same question shows only 17%. This is the highest level of achievement reported among all the process activities covered in these 10 questions.

No significant differences were found between the practices of large and medium-sized organisations. Comparison between the practice of public and private sector shows that private sector is doing somewhat better than public sector. Fifty-eight per cent of respondents from private sector have indicated that they Always or Most times use standards (or similar processes) when units perform similar activities, whereas this percentage for public sector was 41%.

**Question 4.3: Standard process models are defined for the major value chains in the organisation.**

When the organisations progress to CMM level 3 they begin to organise and improve their core processes at the enterprise level. At this level “companies began to think in terms of value chains, of the major processes that make up each value chain, and of aligning and streamlining the flow of high-level processes across departmental boundaries” (Harmon and Wolf, 2008).

In this question the respondents were asked to specify the state of use of standard process models for their major value chain. Figure 11 shows a summary of the responses.

![Pie chart showing the state of use of standard process models](image)

**Figure 11. Standard process models defined for value chains**

In Question 16 the respondents were asked to specify which process standards they follow. IS 9000 was the main process standard used by the 35% of participating organisations. Very few organisations are using UML notations, CMM/CMMI, BPEL, BPMN and other standards. Twenty per cent of the organisations indicated that they are not following any process standard.

Again when it comes to following standards, the private sector performs slightly better than public sector. Fifty per cent of the respondents from private sector indicated that they Always or Most times follow standard process models at their organisations for their major value chain, compared with 33% from public sector.
Question 4.4: **Standard measures are defined for evaluating the performance of major processes and subprocesses.**

Organisations at the CMM level 4 systematically measure the performance of their major processes and subprocesses following some sort of standards. Question 4.4 was designed to capture the practices of organisations at this level. The respondents were asked to specify whether they follow standards for measuring and evaluating the performance of their major processes and subprocesses. Figure 11 suggests that almost one-third of respondents Always or Most times use a standard to measure the performance of their major processes within their organisations.

Cross analysis between the public and private sectors shows that the private sector is slightly ahead of public sector in following this practice. Forty per cent of respondents from private sector indicated that they Always or Most times use standard to measure the performance of their major processes within their organisations, compared with 29% from public sector.

**Question 4.5: Support provided by automated applications is consistent with the defined processes used in the organisation.**

Business Processes cannot be easily improved if they are locked in by the application programs. To find application programs that support the dynamic and constantly changing business processes within organisation is a major challenge for the business world today. Question 4.5 was designed to capture the experience of the respondents in this area. The respondents were asked to identify how well their application programs support their current business processes. Figure 13 shows the respondents’ experiences in this area. Thirty-five per cent of the respondents claim that their current application programs Always or Most times support their existing business processes. It is assumed that the respondents made this assessment at time of responding to the survey. A more meaningful assessment would be to consider how the support provided by automated applications within the organisations remains consistent with the defined processes over time.
Question 4.5: Support provided by automated applications is consistent with the defined processes used in the organisation  
(Base=111)

Figure 13. Automated application support for the defined process

Forty per cent of the respondents from private sector claim that their current application programs Always or Most times support their existing business processes, compared with only 24% from public sector.

**Question 4.6: Skills needed to perform the tasks in the major processes are defined.**

Business process performances are highly dependent on the level of knowledge, skills and experience of those undertaking the tasks included in a business process. Question 4.6 was designed to investigate whether respondents’ organisations have clearly defined the skills needed to perform the major processes.

As Figure 14 shows, almost one-third of the respondents indicated that their organisation Always or Most times has defined the skills required to perform the tasks in the major processes.

Question 4.6: Skills needed to perform the tasks in the major processes are defined  
(Base=111)

Figure 14. Skills needed to perform the tasks in the major processes are defined

No significant differences were found in the practices between different sized organisations, or between public and private sectors.
Question 4.7: Skills training for tasks required to design and manage major processes is provided.

In this question the respondents were asked to specify whether training is provided to ensure that their managers have the skills to design and manage the business process within the realm of their responsibility. Figure 15 shows the results of this analysis. Again the response in this question is similar to the previous one. Almost one-third of the organisations Always or Most times provide training to their staff for the design and management of their major processes.

![Figure 15. Training is provided for the design and management of major processes](image)

Question 4.7: Skills training for tasks required to design and manage major processes is provided  
(Base=110)

Thirty-nine per cent of the respondents from private sector indicated that their organisation provides training for the design and management of their major processes. This percentage for public sector was 27%.

Question 4.8: Process managers use performance data to manage their processes.

“In CMM terms, this question probes the extent to which the company is moving from CMM level 3 to level 4 and is focusing on measuring and managing processes in a systematic manner” (Harmon and Wolf, 2008).

In this question the respondents were asked to indicate how frequently their managers use performance data to manage their processes. Figure 16 shows that 29% of respondents claim that their organisations Always or Most times use performance data to manage their processes.

![Figure 16. Process managers use performance data to manage their processes](image)

Question 4.8: Process managers use performance data to manage their processes  
(Base=110)

© University of Western Sydney
No significant differences in practising this process activity were found between different-sized organisations or between public and public sectors.

**Question 4.9: Process improvement programs are in place to identify and improve problems and defects.**

The overall response to this question is encouraging. Figure 17 shows that the sum of Always, Most times and Frequently percentages adds up to 65%. This indicates that a large numbers of organisations have some sort of process improvement programs in place and use them regularly, although it is not clear whether these process improvements are process redesign, continuous process improvement or a combination of both.

From the responses to Question 24 we have learned that 15% of the organisations are undertaking Six Sigma process improvements projects. It would have been useful to know what method(s) are being adopted by the organisations for improving their processes. This question could be expanded to cover process improvement methodology in future surveys.

![Figure 17. Are process improvement programs in place?](image)

Question 4.9: Process improvement programs are in place to identify and improve problems and defects  
(*Base* = 110)

No significant differences were found between the practices of large and medium-sized organisations. However, following the same pattern, the private sector is doing somewhat better than public sector. Thirty-seven per cent of respondents from private sector indicated that they Always or Most times have process improvement programs in place to identify and improve problems and defects in their organisation. This percentage for public sector was 29%.

**Question 4.10: Major process models include activities performed by outside vendors/partners.**

In today’s global economy organisations’ supply chain processes often extend themselves beyond the borders of the organisation and transcend the systems of their suppliers, customers and even partners. Businesses are striving to have more control over these external processes and somehow manage them. Managing distributed or virtual processes is the focus of modern organisations and will remain as their challenge in the years ahead. In this question the respondents were asked if their organisations model processes that include activities performed by outside vendors or partners. Figure 18 shows that half of the organisations incorporate external processes in their process modelling, with responses ranging from Always to Frequently. Surprisingly, only one small organisation from private sector indicated that it Always includes external processes in its major process modelling.
Question 4.10: Major process models include activities performed by outside vendors/partners
(Base=110)

Figure 18. Major process models include activities performed by outside vendors/partners

No significant differences found between the practice of large and medium sized organisations responding to this question. Cross analysis between the public and private sectors shows that the private sector is doing much better than public sector. Thirty-one percent of respondents from private sector indicated that their major process models include activities performed by the outside vendor/partners. This percentage for public sector was only 8%.
Use of BPM methodologies and technologies

The respondents were asked about the processes in which they are currently using BPM methodologies and technologies, and the ones in which they are planning to use them. High among these were Management and Administration, Finance and Accounting, and Customer Service, where 39–45% of organisations indicated that they are currently employing BPM methodologies and technologies. On the other hand, the use of BPM methodologies and technologies was only 11–19% for Marketing and Engineering processes.

Figure 19 shows variation between small, medium and large organisations, and Figure 20 presents the different practices between public and private organisations, in their current use of BPM methodologies and technologies. In general, larger organisations are bigger users of BPM methodologies and technologies than smaller organisations, and public sector organisations are bigger users than private sector organisations.

Question 14: What business processes are you currently using that incorporate BPM methodologies and technologies?

(Large organisation Base=43, Medium organisation Base=58, Small organisation Base=10)

Figure 19. Processes currently using BPM methodologies and technologies
Question 14: What business processes are you currently using that incorporate BPM methodologies and technologies?

(Public organisation Base=49, Private organisation Base=62)

**Figure 20. Processes currently using BPM methodologies and technologies**

The exception, understandably, is that many more private than public organisations use BPM methodologies and technologies except for Supply Chain Management and Sales processes, while the reverse is true for Management and Administration, Finance and Accounting, and Customer Service.
Process standards

A large number of organisations responded that they are using ISO 9000 as their process standard. Other standards are also used, but by fewer than 10% of organisations (see Figure 21). However, it should be noted that 20% of all responding organisations are not using any process standards at all. This is most noticeable with large organisations, of which 26% are not using any process standards. Seventeen per cent of medium-sized organisations and 10% of small organisations are not using process standards. Perhaps this represents an opportunity to introduce the discipline of process standards to these organisations to achieve ensuing productivity gains.

Question 16: In which of the following process standards is your organisation actively involved?

(Organisation Base=111)

Figure 21. Involvement in process standards
**BPM products, Services and Tools**

**BPM products and services**

Without doubt simple software modelling tools such as Visio, PowerPoint, etc. are the most popular BPM tools among Australian organisations. Among BPM services, training in process analysis and design is used by 32% of responding organisations, although as shown in Figure 22 it is much higher for large organisations (44%) than for small and medium organisations (20% and 23%, respectively). Similar is the case for repository-based modelling tools (Provision, System Architect), tools for managing a rule-based process or application and attendance at BPM conferences. In the case of public and private sector organisations there is little variation, except for repository-based modelling tools which are used by almost twice as many private organisations (27%) as public sector organisations (14%).

![BPM products and services](image)

**Question 21:** What BPM products and services is your organisation currently using?  
(Large organisation Base=34, Medium organisation Base=39, Small organisation Base=5)

**Figure 22. Involvement in process standards**
In response to future plans for BPM products and services, a large number of organisations (39%) have no plans to purchase any. For the others the products and services given are Simple software modelling tools (Visio, PowerPoint), training in process analysis and design, and in BPM systems, and attendance at BPM conferences (Figure 23). In the case of process modelling tools that support OR frameworks, or tools for managing a rule-based process or application, only a few organisations indicated plans to purchase them in 2007; perhaps all those who need them have these already in place.

Question 22: What BPM products and services is your organisation planning to purchase in 2007?

(Organisation Base=66)

Figure 23. Planned BPM products and services
Regarding plans to purchase some of the products and services, public sector and private organisations have different approaches. As Figure 24 shows, many more public sector organisations than private ones have plans for various areas of BPM training, namely, training in process analysis and design, in BPM systems, and in process strategy, architecture or performance. On the other hand, more private than public organisations have plans for simple software modelling tools and attendance at BPM conferences.

Question 22: What BPM products and services is your organisation planning to purchase in 2007?  
(Public organisation Base=33, Private organisation Base=33)
Software tools
Not surprisingly one in three respondents nominated graphics tools such as Visio and PowerPoint as their most important BPM tools, followed by process modelling tools (Figure 25). In terms of organisation size, the major differences are that graphics tools are favoured by 38% of medium-sized organisations but only 26% of large organisations, and process modelling tools are favoured by 10% medium-sized organisations and 21% large organisations. In addition, the latter are preferred by 22% of public sector organisations but only by 7% of private organisations.

Question 23: Which of the following software tools was most important to your business process management efforts in 2006?
(Organisation Base=79)

Figure 25. Most important software tools
Current and Future Plans

BPM initiatives underway

Respondents were asked what BPM initiatives were underway in their organisations in 2006. As can be seen from Figure 26, the responses included a range of areas with the topmost being major process redesign projects. However, 50% of large organisations, but only 23% of medium-sized organisations and none of the small organisations, had major process redesign projects underway in 2006. Other key differences among organisations were in the area of major automation projects. The detailed results are presented in Table 4.

Question 24: What business process initiatives were underway in your organisation in 2006? (Organisation Base=79)

Figure 26. BPM initiative underway
Table 4. BPM initiatives across organisations

Question 24: What business process initiatives were underway in your organisation in 2006?
(Large organisation Base=34, Medium organisation Base=40, Small organisation Base=5, Public organisation Base=37, Private organisation Base=42)

Question 7: What are your organisation’s plans to deploy BPM?
(Large organisation Base=43, Medium organisation Base=58, Small organisation Base=10)
respondents with a business role, 47% indicated that their organisations already deploy BPM while 20% have no plans for BPM deployment. In contrast, 33% of respondents with an IT role already deploy BPM and 45% have no plans for BPM deployment.

Areas of planned BPM initiatives

Nearly 60% of respondents responded to the question about various areas of their currently planned BPM projects. Main areas for currently planned BPM projects involve human tasks (76%) and company confidential information (51%). There was some variation when the results were compared for small, medium and large organisations, as shown in Figure 28. There were no significant differences between respondents from public and private sector organisations in the areas of planned BPM projects.

Question 13: What percentage of your current planned BPM projects...

(Large organisation=28, Medium organisation Base=33, Small organisation Base=4)

Figure 28. Involvement of planned BPM projects
An interesting observation pertains to projects that extend to users, customers or partners outside the firewall, for which 37% of public sector organisations but only 25% of private organisations indicated that they plan to do so.

When asked about the plans for deployment of BPM methodologies and technologies the results are similar: 32–39% of organisations plan to deploy them for Management and Administration, Finance and Accounting, and Customer Service, whereas only 11–19% plan to deploy them for Marketing, Sales and Engineering processes. Again, more larger than smaller organisations plan to use BPM methodologies and technologies, except for Supply chain management and Sales (see Figure 29).

Question 15: What business processes are you planning to deploy that incorporate BPM methodologies and technologies?

(Large organisation Base=43, Medium organisation Base=58, Small organisation Base=10)

Figure 29. Planned use of BPM Methodologies and Technologies
Significantly more public sector organisations than private organisations plan to employ BPM methodologies and technologies, as shown in Figure 30.

![Bar chart showing business processes using BPM](image)

Question 15: What business processes are you planning to deploy that incorporate BPM methodologies and technologies?

*Public organisation Base=49, Private organisation Base=62*

**Figure 30. Planned use of BPM Methodologies and Technologies**

**Level of future BPM activities**

The respondents were asked about their future level of activity in a number of BPM areas. They were asked if they expect to be more active, less active or about the same. Following is the summary of the responses received.

**Expect to be more active**
- Development of an Enterprise Process Performance Measurement system
- Coordinating Enterprise Process Change efforts
- Coordinating Enterprise Process Management efforts
- Major Process Redesign projects
- Process Manager training

**Expect to be about the same**
- Development of an Enterprise Process Architecture
- Development of Business Rules systems
- Major Process Automation projects
- Balanced Scorecard
- Process Analysis and Redesign training (Non-Six Sigma)
Expect to be less active
Six Sigma Process Improvement projects
Redesign projects using Frameworks (SCOR, ITIL)
Six Sigma training
Development of BAM/Real-Time Monitoring systems

Looking at individual responses from large, medium and small organisations, it was found that certain BPM activity areas produced significantly different responses from these organisations. For example, for the development of an enterprise process performance measurement system in large organisations, 55% expect to be more active, 42% about the same and 3% less active. For medium-sized organisations these figures were 45%, 51% and 4%, respectively, and for small organisations these were 30%, 30% and 40%, respectively.

Figure 31 shows consolidated BPM activity levels for those activities where there is significant discrepancy between small, medium and large organisations. In all these activities small organisations indicate that they will be less active than larger organisations.

Question 25: Please indicate whether you expect your organisation to be less active, about the same, or more active in each of the following areas:

(Large organisation Base=34, Medium organisation Base=50, Small organisation Base=10)

Figure 31. Future activity level of selected activities
Similarly, Figure 32 shows consolidated BPM activity levels for those activities where there is significant discrepancy between public and private sector organisations. In all these activities, public sector organisations plan to be more active than larger organisations.

Question 25: Please indicate whether you expect your organisation to be less active, about the same, or more active in each of the following areas:

*Public organisation Base=40, Private organisation Base=55*

**Figure 32. Future activity level of selected activities**
**BPM Budget and Role of Outside Consultants**

2006 BPM Budget

In regard to last year’s budget, major redesign of projects was at the top of the list (20% of organisations). This was followed by software tools, outside consultants, process automation and internal training (each 12–13% of organisations). There was significant variation between large, medium and small organisations, notably for internal training budget for small organisations. This is evident from Figure 33, from which it can be seen that small organisations also have a high level of unaccounted budget expenditure.

![Budget allocation chart]

Question 17: What percentage of your organisation’s 2006 BPM budget was spent on each of the following? (Include Staff and Overheads)

*(Large organisation Base=20, Medium organisation Base=27, Small organisation Base=4)*

Figure 33. Budget allocation
2007 BPM Budget

Respondents were asked to reveal their 2007 budget for BPM projects. Figure 34 shows the 2007 BPM budget for the organisations who participated in the survey. Fourteen organisations (19%) stated that their BPM budget for 2007 was more than $1 million; eleven of them were large and three were medium-sized organisations. Nine of these organisations were from private and the other five from public sector.

Only eight respondents (11%) indicated that their BPM budget for 2007 was between $500,000 and $1 million; five are from large, two from Medium and one from small-sized organisations. Six of these organisations are from private sector and two are from public sector. Strangely 28% of large, 33% of medium and 50% of the small organisations did not respond to this question.

Question 8: How much money in your 2007 budget has been allocated for your BPM projects?  
(Large organisation Base=31, Medium organisation Base=39, Small organisation Base=5)  

Figure 34. Organisation's 2007 BPM budget
2008 BPM Budget

Respondents were asked to state their 2008 BPM budget. Figure 35 shows the organisations’ 2008 BPM budget relative to their 2007 BPM budget. Nine respondents, three from large and six from medium-sized organisations, reported that their organisation’s 2008 BPM budget is significantly greater than their 2007 BPM budget. Forty per cent of respondents from large organisations, 26% from medium and 10% from small organisations indicated that their 2008 BPM budget is a moderate increase on their 2007 BPM budget. Similar to the previous question, 26% of large, 33% of medium and 50% of the small organisations did not respond to this question.

![Graph showing the 2008 BPM budget relative to 2007 for different organisation sizes.]

Question 9: How much investment in BPM is expected in 2008? (Large organisation Base=32, Medium organisation Base=39, Small organisation Base=5)

![Figure 35. Organisations’ 2008 BPM budget relative to 2007]

Return on BPM Investment

Respondents were asked to specify the time period within which they expect to recover their investments in BPM initiatives. Figure 36 presents a summary of the responses.

![Graph showing the time period for BPM investment recovery for different organisation sizes.]

Question 12: In what time period do you expect your BPM initiatives to pay for themselves? (Large organisation Base=43, Medium organisation Base=58, Small organisation Base=10)

![Figure 36. Return on BPM investment]
Seven organisations (6%) indicated that they are expecting to recoup their BPM investment in one year. Among these seven organisations, five were private and two were from public sector. Twenty-four organisations are expecting to recover their BPM investment in two years’ time. Two-thirds of these organisations are from private and one-third from public sector. Either the private sector is more audacious and optimistic than public sector, or they have mechanisms to recover their investment in half the time expected by public sector. More than half of the organisations expect a return on their investment within 2–5 years. This view is shared equally between the public and private sector.

Role of outside consultants

It is quite common for organisations to employ external consultants for their BPM needs. These could be for BPM strategy, planning or for project efforts. In the case of the use of outside consultants for strategy and planning, respondents gave various reasons as shown in Figure 37. While 7% respondents had no plans for hiring outside consultants, one in three respondents gave more than one activity for which they would use outside consultants. There was little difference between the responses from small, medium and large, or public sector and private organisations.

Question 19: If your organisation could hire outside consultants to help with your BPM strategy and planning, where would you focus their efforts?

(Organisation Base=73)

Figure 37. Outside consultants for BPM strategy and planning
For help in BPM projects, as opposed to BPM strategy and planning, the organisations chose a number of areas, predominantly training (in the area of process management, and process analysis and design) and projects involving process redesign (Figure 38).

There was little variation in the responses from larger and smaller organisations, except that many more medium-sized organisations indicated use of outside consultants for process manager training (61%) than large organisations (41%).

Question 20: If your organisation could hire outside consultants to help with BPM projects, where would you focus their efforts?

(Organisation Base=75)

Figure 38. Outside consultants for BPM projects
On the other hand, there was some variation between the responses from public sector and private organisations. As shown in Figure 39, twice as many public as private organisations showed the need for process manager training, and process analysis and design. The difference was even more marked in using outside consultants for helping BPM frameworks (SCOR, ITIL).

Question 20: If your organisation could hire outside consultants to help with BPM projects, where would you focus their efforts?

(Public organisation Base=36, Private organisation Base=39)

Figure 39. Outside consultants for BPM projects
Conclusions and recommendations

Without doubt there is growing awareness among Australian organisations of Business Process Management (BPM). This is true across all industry sectors, and both public and private sector organisations. There is general agreement among respondents that BPM is a systematic, top-down methodology rather than just a cost-saving or technology-oriented methodology. Senior executives from business and IT share the same view.

In spite of the above, only half the organisations are committed to BPM, with most of the other half having limited interest. Larger organisations are more active in BPM than smaller organisations. Very few organisations show no interest. While all this could be considered quite a positive scenario, it should be noted that one-third of the organisations have no proper plans for BPM. On the other hand, 42% of organisations have already deployed BPM, though they may not be performing BPM activities consistently.

It is well accepted that the use of standards is essential if successful results are to be achieved from BPM. Most Australian organisations also accept this view, with the majority of them using ISO 9000, UML or CMM. In regard to BPM tools, the organisations are using simple tools, such as Visio and PowerPoint. The reason for not using more sophisticated tools is perhaps lack of training of personnel in those tools, which is reflected in their response to training priorities.

Most of the current BPM effort of Australian organisations is in those processes that involve human tasks, with customer service and supply chain management processes falling behind. This is more so for medium-sized organisations, and for public sector organisations. As a result these organisations are falling behind in gaining advantage from these high benefit processes.

Most Australian organisations plan to continue at the current BPM spending level, or even increase spending in coming years. Most of them have realistic ROI targets, with 55% of organisations expecting returns on their BPM investments after two years or more.

It is evident that while Australian organisations are pursuing BPM activities quite well, there needs to be more focus on processes such as customer service and supply chain management that can yield substantially more benefits, rather than cost-cutting labour saving processes. Further, the organisations should apply more sophisticated BPM tools and products, thus ensuring that the results are delivered faster.
References


Appendix A

CMMI Maturity Levels

The concept of Process Maturity Levels was developed at the Software Engineering Institute (SEI) at Carnegie Mellon University in the 1990s, based on quality work undertaken by Watts Humphrey. Originally developed to support the analysis of software process maturity (CMM), the latest version, the Capability Maturity Model Integrated (CMMI), has been generalised so that it can be applied to any of a wide variety of processes in diverse organisations. Software organisations often pay SEI certified evaluators to undertake a formal evaluation to determine where their organisations are on the CMM scale. Many other companies do informal evaluations, based on the broad concepts inherent in the CMM “stair step diagram” reproduced in Figure 40.

What follows is an informal description of the CMM process maturity model.

Level 1. No Organised Processes
Level 1 organisations don’t rely on processes. Things get things done according to plans made on the fly. CMM folks often refer to them as organisations based on heroes. Things get done because someone makes a heroic effort and gets the report out at the last minute. If someone asks how long something will take, or what resources will be needed, those answering the question are just making a guess – they don’t have a systematic procedure or the data needed to provide accurate answer these questions.

Level 2. Some Organised Processes
When organisations first begin to embrace processes, they begin by trying to define their core or most commonly used processes. At this stage they don’t conceptualise the entire company as a set of processes, all interrelated, but focus only on a specific process as it functions.
within some more or less arbitrary set of boundaries. Level 2 organisations have several of their major processes defined.

**Level 3. Most Processes Organised**
Level 3 organisations have most of their processes defined. They not only have models of their core business processes, but understand how management and support processes work to support those processes. Most Level 3 organisations have a process architecture that shows how all of the organisations in the company function. Thus, if there is a problem, it’s easy to quickly identify the processes that could be causing the problem and the implications of any suggested change.

**Level 4. Processes Are Managed**
Level 4 organisations have gone well beyond simply defining all their processes. These organisations have process managers who gather data on process performance and customer satisfaction and use this data to make decisions about how to optimise the processes they manage.

**Level 5. Processes Are Continuously Improved**
Level 5 organisations have built processes into the essence of the organisation. They know and manage their processes. Moreover, they have systems in place to constantly improve their processes whenever possible.

Most organisations are not, of course, right at one level or another. Studies have suggested that most organisations in the US are somewhere between Level 2 and Level 3, trying to expand the processes they have modelled and understand a complete process architecture. Similarly, a smaller group of companies are between levels 3 and 4. They are working to establish process management and measurement systems throughout the company.

Appendix B

Business Process Management (BPM) Questionnaire
Business Process Management (BPM) Questionnaire

Question 1: Which of the following best describes your job function? (choose one)

- Executive (CEO, COO, CFO)
- Business or Line of Business Manager
- Process Practitioner/Business Analyst
- IT Manager/IT Developer
- HR Manager or Human Performance Practitioner
- Other: Please Specify

Question 2: Which of the following best describes your organisation's size? (choose one)

- Small
- Medium
- Large

Question 3: Which of the following best describes your industry? (choose one)

- Agriculture, Forestry and Fishing
- Mining
- Manufacturing
- Telecommunication, Broadcasting and Transceiving Equipment Manufacturing
- Electricity, Gas and Water supply
- Construction
- Wholesale Trade
- Retail Trade
- Transport and Storage
- Accommodation, Cafes and Restaurants
- Communication Services
- Finance and Insurance
- Property and Business Services
- Telecommunication Services
- Education
- Government Administration and Defence
- Health and Community Services
- Cultural and Recreational Services
- Personal and Other Services
- Consulting Services
Question 4: Please indicate your organisation's performance level for each of the following activities:

For each item please indicate a performance level: Never (0%), Occasionally (1-30%), Frequently (31-60%), Most times (61-99%), Always (100%)

1. Work processes are documented and kept up to date for business processes.
2. Units that perform similar activities use standard or similar processes.
3. Standard process models are defined for the major value chains in the organisation.
4. Standard measures are defined for evaluating the performance of major processes and subprocesses.
5. Support provided by automated applications is consistent with the defined processes used in the organisation.
6. Skills needed to perform the tasks in the major processes are defined.
7. Skills training for tasks required to design and manage major processes is provided.
8. Process managers use performance data to manage their processes.
9. Process improvement programs are in place to identify and improve problems and defects.
10. Major process models include activities performed by outside vendors/partners.

Question 5: Which of the following best describes your organisation's understanding of BPM? (choose one)

- A Top-down methodology designed to organise, manage, and measure the organisation based on the organisation's core processes
- A systematic approach to analysing, redesigning, improving, and managing a specific project or program process
- A cost-saving initiative focused on increasing productivity of specific workflow processes
- A set of new software technologies that makes it easier for IT to manage and measure the execution of process workflow and process software applications
- Other
  Please Specify

Question 6: How would you characterise your organisation's current interest in BPM? (choose one)

- Major strategic commitment by executive management
- Significant commitment to multiple high level process projects
- Initial commitment to limited number of mid or low-level projects
- Exploring opportunities
- No interest

Question 7: What are your organisation's plans to deploy BPM?

- Have already deployed BPM
- Plan to deploy BPM in the next 24 months
- Plan to deploy BPM in the next 12 months
- Have no plans to deploy BPM
Question 8: How much money in your 2007 budget has been allocated for your BPM projects?
- Nil
- Less than $100,000
- $100,000 - $500,000
- $500,000 - $1 million
- More than $1 million

Question 9: How much investment in BPM is expected in 2008?
- Increase significantly
- Increase moderately
- No change
- Decrease moderately
- Decrease significantly
- Nil

Question 10: Which of the following best describes your role in BPM projects? (choose one)
- Working on specific BPM projects
- Managing or directing BPM initiatives
- Significant influence over the selection of BPM products and services
- Significant influence over the selection of IT products and services
- None
- Other
  - Please Specify
  - Please Specify
  - Please Specify

Question 11: What are the business drivers causing your organisation to focus on business process change? (Rank all appropriate)
- Save money by reducing costs and/or improving productivity
- Provide new revenue opportunities
- Improve existing products, create new products, or enter new lines of business to remain competitive
- Improve visibility and control of processes
- Improve quality of processes
- One time event (merger or acquisition)
- Government or compliance requirements
- Improve customer satisfaction to remain competitive
- Improve management coordination or organisational responsiveness
- Improve management of resources
- None
- Other
  - Please Specify
  - Please Specify
  - Please Specify
**Question 12:** In what time period do you expect your BPM initiatives to pay for themselves? (ROI)

- 1 year
- 1 - 2 years
- 2-5 years
- Longer than 5 years
- Don’t know

**Question 13:** What percentage of your current planned BPM projects...

- Involve human tasks
- Extend to users, customers or partners outside the firewall
- Involve users who are not always connected (offline, mobile, etc.)
- Involve company confidential information
- Involve company confidential information extended to users outside the firewall
- There are no planned BPM projects

**Question 14:** What business processes are you currently using that incorporate BPM methodologies and technologies? (choose all as apply)

- Customer Service
- Sales
- Finance and Accounting
- Management and Administration
- Supply Chain Management
- Human Resources
- Engineering
- Marketing
- None

**Question 15:** What business processes are you planning to deploy that incorporate BPM methodologies and technologies? (choose all as apply)

- Customer Service
- Sales
- Finance and Accounting
- Management and Administration
- Supply Chain Management
- Human Resources
- Engineering
- Marketing
- None

Other ▶ Please Specify

Please Specify

Please Specify

Please Specify
Question 16: In which of the following process standards is your organisation actively involved? (choose all as apply)

- ISO 9000
- CMM/CMMI
- BPEL
- BPMN
- UML (Notation)
- OMG Business Process Meta model
- OMG Business Rules Meta model
- OMG Business Ontology Meta model
- We don't follow any process standards
- Other

Please Specify

Please Specify

Please Specify

Question 17: What percentage of your organisation's 2006 BPM budget was spent on each of the following? (Include Staff and Overheads)

- Major Redesign Projects
- Six Sigma Projects
- Process Automation
- Software Tools
- Outside Consultants
- Internal Training
- External Training
- Conference Attendance
- Other

2006 BPM Budget Total

Question 18: If your organisation has a group responsible for BPM, where is it located within your organisation? (choose one)

- We do not have a formal BPM Group
- Our BPM Group is at the Executive level
- Our BPM Group is at the Divisional or Departmental level
- Our BPM Group is located within IT
- Our BPM Group is located within HR or Training
- Our BPM Group is located within Finance
- Our BPM Group is located within Quality Control
- No particular group is responsible
Question 19: If your organisation could hire outside consultants to help with your BPM strategy and planning, where would you focus their efforts? (choose all that apply)

- Defining the relationship between Strategy and Process
- Developing an Enterprise Process Architecture
- Developing an Enterprise Performance Management System
- Coordinating and managing your Business Process Management projects and programs
- Other
  Please Specify
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  Please Specify
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  Please Specify
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Question 20: If your organisation could hire outside consultants to help with BPM projects, where would you focus their efforts? (choose all that apply)

- Process Manager training
- Process Automation projects
- Balanced Scorecard
- Process Analysis and Design training
- Process Redesign projects
- Business Process Outsourcing
- Using BPM Frameworks (SCOR, ITIL)
- ERP support for BPM
- Six Sigma Process Improvement projects
- Linking Knowledge Management to BPM
- Other
  Please Specify
  [ ]
  Please Specify
  [ ]
  Please Specify
  [ ]

Question 21: What BPM products and services is your organisation currently using? (choose all that apply)

- Simple software Modelling tools (Visio, PowerPoint)
- Repository-based Modelling tools (Provision, System Architect)
- Process Modelling tools that support OR Frameworks
- BPM Suite that can manage the runtime execution of a business process
- Tool for managing a Rule-based process or application
- Process Monitoring tool that can feed information to an executive dashboard
- Training in Process Strategy, Architecture, or Performance
- Training in Process Analysis and Design
- Training in BPM Systems
- Attendance at BPM Conferences
- None
- Other
  Please Specify
  [ ]
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### Question 22: What BPM products and services is your organisation planning to purchase in 2007? (choose all that apply)

- Simple software Modelling tools (Visio, PowerPoint)
- Repository-based Modelling tools (Provision, System Architect)
- Process Modelling tools that support OR Frameworks
- BPM Suite that can manage the runtime execution of a business process
- Tool for managing a Rule-based process or application
- Process Monitoring tool that can feed information to an executive dashboard
- Training in Process Strategy, Architecture, or Performance
- Training in Process Analysis and Design
- Training in BPM Systems
- Attendance at BPM Conferences
- None

Other ▶ Please Specify

Please Specify

Please Specify

Please Specify

### Question 23: Which of the following software tools was most important to your business process management efforts in 2006? (choose one)

- Organisational Modelling environment
- BPMS execution environment (Workflow, EAI)
- Graphics tool (Visio, PowerPoint)
- Simulation tool
- Process Modelling tool
- BAM/Real-Time Process Monitoring tool
- Business Rules tool
- Performance Metrics tool/system
- Repository
- None

Other ▶ Please Specify

Please Specify

Please Specify

Please Specify
Question 24: What business process initiatives were underway in your organisation in 2006? (choose all that apply)

- Development of an Enterprise Process Architecture
- Development of an Enterprise Process Performance Measurement system
- Coordinating Enterprise Process Change efforts
- Coordinating Enterprise Process Management efforts
- Process Manager training
- Balanced Scorecard
- Major Process Redesign projects
- Redesign projects using Frameworks (SCOR, ITIL)
- Six Sigma Process Improvement projects
- Major Process Automation projects
- Process Analysis and Redesign training (Non-Six Sigma)
- Six Sigma training
- Development of Business Rules systems
- Development of BAM/Real-Time Monitoring systems
- None

Other [ ] Please Specify

Please Specify

Please Specify

Please Specify
Question 25: Please indicate whether you expect your organisation to be less active, about the same, or more active in each of the following areas:

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<tr>
<th>Area</th>
<th>Less Active</th>
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<th>More Active</th>
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<td>Development of an Enterprise Process Performance Measurement system</td>
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Thank you for taking the time to complete this survey. If you would like to have an advance copy of the survey results and an invitation to the presentation of findings please record your name and email address below.

Name

Email Address

Submit Survey