Business Process Redesign

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Introduction

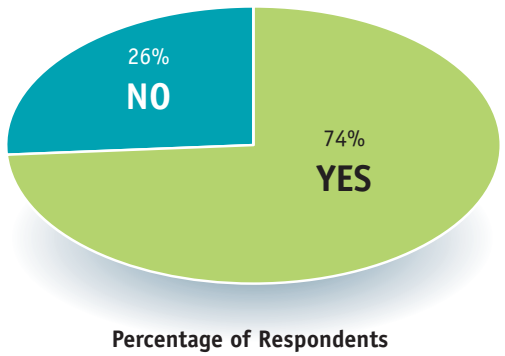
The June 2006 IT Impact Brief discussed some informal market research that I conducted during the June "IT Roadmap" seminar that was produced by Network World. One of the findings of that research was that a large percentage of the companies that attended that seminar are currently in the process of re-engineering one or more of their key business processes.

We decided to see if business process redesign was an important topic to the NetScout community. As a result, in August we surveyed over 300 members of the NetScout community on a variety of topics, including business process redesign.

Survey Results

We asked the respondents of the survey whether or not their company was making a significant change to one or more business processes or functions. Their answers are contained in Figure 1

Figure 1: Companies Making Significant Change to Business Processes



Percentage of Respondents

We also asked the survey respondents to indicate what functional areas or business processes were being altered. Their answers are contained in Table 1.

Table 1: Focus of Process Re-Engineering

Functional Area or Business Process	Percentage
Customer Service	86.9%
Customer Relationship Management	81.1%
Finance/Accounting	68.2%
Engineering	65.6%
Sales	63.0%
Human Resources	60.5%
Supply Chain Management	55.3%
Sales Force Automation	53.8%
Manufacturing	28.9%

The data in Table 1 indicates that companies are performing re-engineering on a wide range of functional areas and business processes. The data also shows that there is a particularly strong emphasis on re-engineering processes that touch the customer.

In order to get more insight than is possible in a survey, I also interviewed five of the survey respondents. Table 2 depicts the title of each of the interviewees, the type of industry that they work in, as well as how they will be referred to in this brief.

Table 2: The Interviewees

Job Title	Industry	Reference
Technical Advisor for Network Performance	Financial Services	The Technical Advisor
Project Leader	Transportation	The Project Leader
Technical Analyst	Manufacturing	The Technical Analyst
Network Analyst	Manufacturing	The Network Analyst
Sr Network Engineer	Financial Services	The Network Engineer

Input from the Interviewees

I choose the particular five survey respondents to interview in large part because on the survey they indicated that their company was in the process of making significant changes to one or more business processes. As I prepared for the interviews, I anticipated that each of the interviewees would tell me about one or two processes that their company was re-engineering. That is definitely not what happened. The general feedback from the interviewees was that their business process re-engineering is a way of life in their companies and applied to virtually every aspect of the business, including IT.

The Network Engineer stated that until recently his company had done the bulk of their processing on legacy mainframe computers. Driven in part by the realization that over the next five to ten years the IT organization would loose roughly fifty percent of its employees to retirement, they made the decision to migrate to a more contemporary n-tier model of application development. He stated that this migration has enabled the company to change a variety of its business processes. The example he gave was in the area of customer service. He pointed out that in the previous compute environment, information about their clients - such as what products they bought from the company, their claims that they filed, or the complaints that they had lodged - were all on separate systems and that there was no easy way to do data mining across these systems. As part of their movement to an n-tier computing model, the company brought together this information in a way that enabled customer service representatives in the company's call centers to both improve customer satisfaction as well as to sell new products.

When I asked The Technical Analyst what processes his company was currently re-engineering, his answer was "you name it, pretty much everything". He went on to explain that due to technology changes over the last ten years, the product mix that his company manufactured and sold had fundamentally changed. As a result of this shift in their product mix "every business process has been re-engineered from the ground up."

The Project Leader described process re-engineering within his company as "a fact of life". He stated that the entire company is conscious of the constant need to improve and that as a result there is always a healthy scrutiny of existing processes. However, to date their approach to process re-engineering typically had not resulted in the deployment of common systems or infrastructure across the company.

The Technical Advisor concurred with The Project Leader and stated that process re-engineering has been going on for quite a while within his company and had become a way of life. However, until recently it was done on a department-by-department basis and not on a company-wide basis. As a result, the company would end up with "twenty-five different systems that did not talk to each other". He stressed that the company only moved to doing process re-engineering on a company-wide basis once the mandate came down from senior management.

The Network Analyst stated that his company is "always altering business processes" in part because they are constantly acquiring and divesting themselves of companies. This sentiment was echoed by The Technical Advisor who pointed out that his company had recently gone through a major merger and that more mergers and acquisitions are expected. He commented that after a merger, they come up with "the best of the best of a billion different processes" and that they continually look at streamlining all of their processes. His final comment was that the IT organization was beginning to use ITIL (Information Technology Information Library) to improve some of their processes. The use of ITIL will be the subject of a forthcoming IT Impact Brief.

Summary

In the June 2005 IT Impact Brief "It's the Application Stupid", I stated my belief that a company's functional and business managers do not see the value of IT as coming from the IT infrastructure but from the key applications that they use to run their business and achieve their strategic objectives. I also asserted that in order to be successful, infrastructure professionals must continually demonstrate the value that the infrastructure brings to a company's key applications.

I still believe that assertion in part because today a company's business processes are often dictated by the applications that they deploy. The reason for that is the vast majority of enterprise applications are so complex that it is extremely difficult and expensive for an IT organization to modify and maintain the application. As a result, companies that acquire a software package such as SAP are more likely to modify their business processes to map to what the software enables than they are to try to modify SAP to support how they would prefer to implement their business processes.

However, over the next few years the movement to Web services-based applications will provide organizations with much more ability to rapidly change their business processes. Hence, while today's mantra is "It's the Application Stupid", tomorrow's mantra is likely to be "It's the Business Process Stupid". When that happens, the challenge facing infrastructure professionals will be to demonstrate the value that the infrastructure brings to the company's key business processes.