

Business Process Management (BPM)

Executive Summary

Business Process Management Market Driving Forces

Business process management software is achieving the ability to connect people across applications within the BPM software capability. As enterprises realize that automation of process is key to market growth BPM is creating new market opportunities. Innovation depends on process automation. BPM software is critical to enabling solutions. Software is a strategic business asset used in every industry at every level. Software is necessary to provide automated process.

IBM gained two points of market share in BPM platforms as WebSphere extended its functionality to encompass cloud and more of the process interactions that occur on an everyday basis in an enterprise. IBM is positioning to let people connect across the lines of business from within the business process applications. This ability to connect immediately is improving productivity. If the shipping department needs to talk to the order department, that can be done from within the business process management application.

Messaging and collaboration are key to making process more efficient. When people can work things out as a problem occurs, then the delays are eliminated and the business runs far more efficiently.

IBM with its Lotus collaboration tools and its MQ messaging stack is able to implement cross application, cross platform messaging in a manner that other companies cannot hope to equal, positioning the company to achieve significant competitive advantage.

Business processes and business process management techniques are becoming accepted. But the interpretation is different. There are a wide range of business processes that are appropriate for different business domains. Some manufacturing business domains focus on very strictly controlled processes. They require a very consistent outcome. Customer service oriented domains focus on very free-form, unstructured processes. They require varied and customized outcomes.

Enterprise leaders are deploying increasingly intelligent applications software, middleware, systems and products. There is an accelerating adoption of innovation in the enterprise. Technology is enabling effective change. Change is highly dependent on the ability to manage effective software development and achieve delivery of systems.

TABLE ES-1
BUSINESS PROCESS MANAGEMENT MARKET DRIVING FORCES

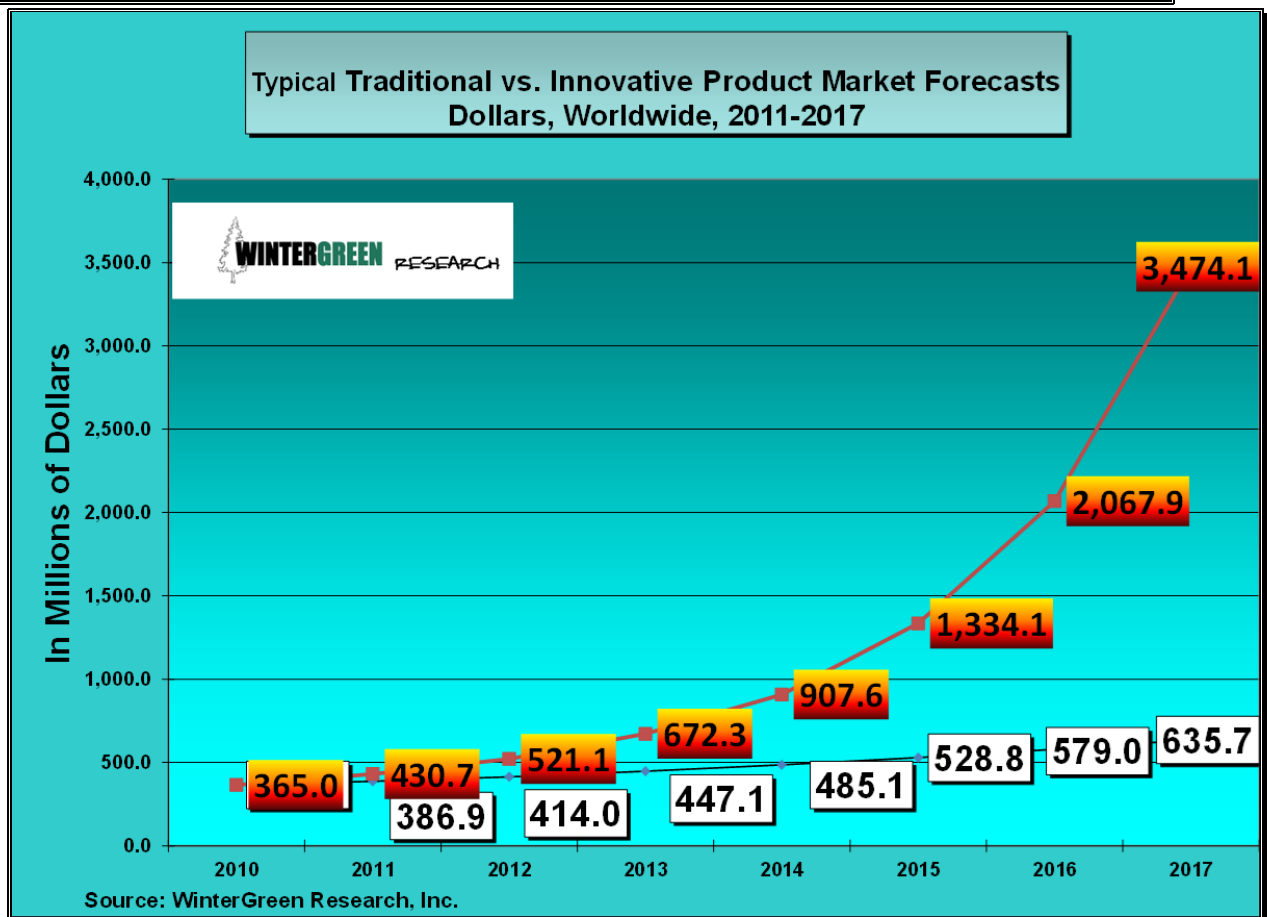
- • Give people access to collaboration tools from within BPM applications
- • Serve enterprise globally integrated market
- • Implement the globally integrated enterprise
- • Manage transactions
- • Provide workload systems
- • Automate process
- • Automate the supply chain
- • Achieve information analytics, storage, and networking
- • Deliver a more energy efficiency
- • Take advantage of information base explosion
- • Communicate with a trillion devices
- • Drive on-going product differentiation
- • Accelerate product cycles

Source: WinterGreen Research, Inc.

Innovation Drives Markets

Innovation drives markets. IBM is extending the zEnterprise platform to help large enterprises reshape their customer experiences through information-centric business process computing and to deliver on key business initiatives that deliver true client value.

FIGURE ES-2
COMPARATIVE VALUE OF INNOVATION



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Innovation occurs in a range of areas. IBM zEnterprise has been the IT industry's leading platform for transaction processing, consolidated and secures data serving, and support for highly available enterprise-wide applications.

Business Process Management Market Shares

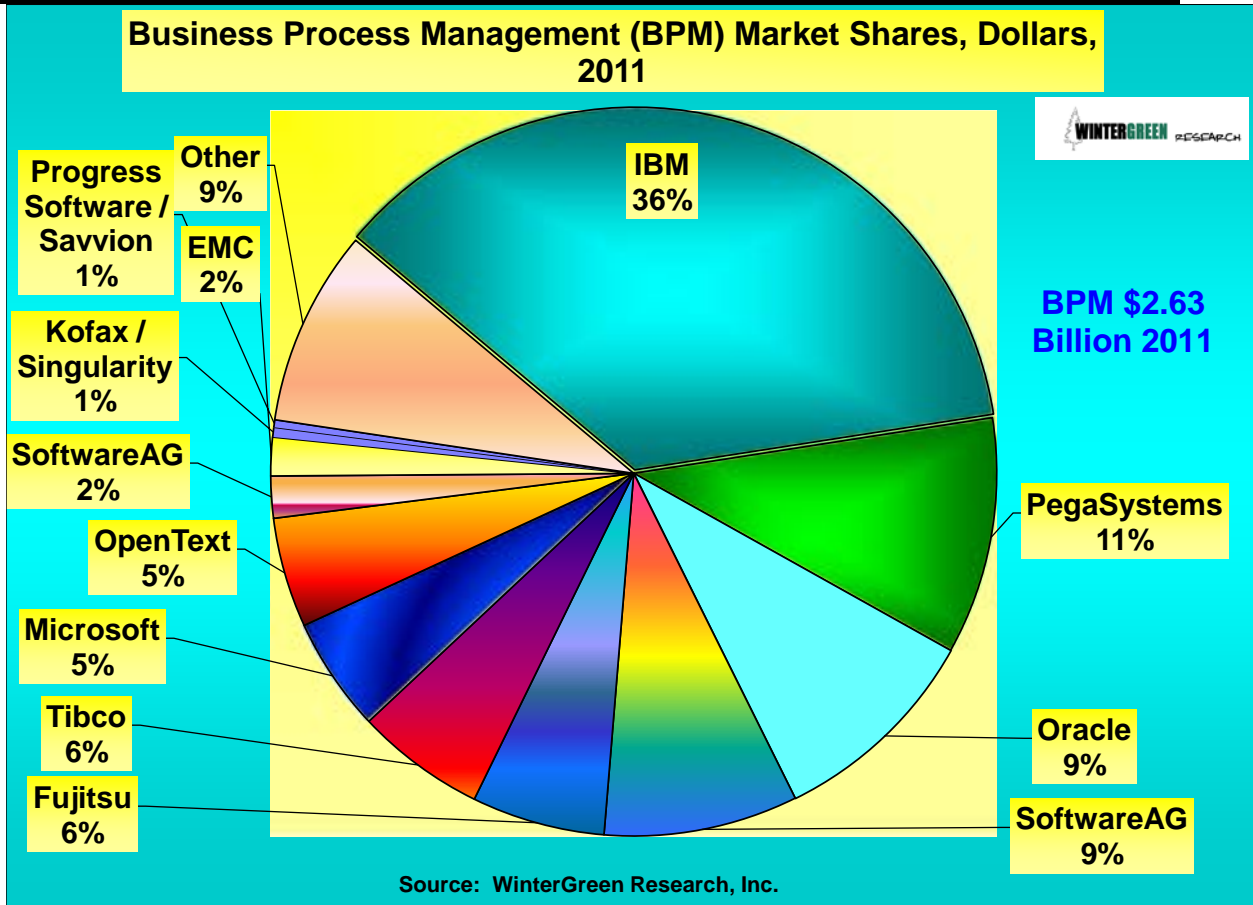
IBM is the leading business process management vendor by virtue of its effective, efficient, sophisticated software implementations. BPM A scenario from a financial institution illustrates typical business process problems. Step-by-step analysis illustrates process issues are found across many industries.

IBM competes in the BPM, case management, CRM, and decision management software markets. It has wonderful analytics that are being applied to process and decision making. IBM has demonstrated innovation in BPM moving to allow people to talk across business siloes, across lines of business using the BPM software.

This facilitation of collaboration within the application is new for the industry. It requires a level of integration that does not exist in other middleware packages. IBM is poised to provide increased BPM capability. These markets are intensely competitive, rapidly changing, and highly fragmented, as current competitors expand their product offerings and new companies enter the market. Competitors vary in size and in the scope and breadth of the products and services offered. We encounter competition from:

FIGURE ES-3

BUSINESS PROCESS MANAGEMENT (BPM) MARKET SHARES, DOLLARS, 2011



Business Process Management (BPM) Market Forecasts

Business process management markets are growing in response to integration of business unit siloes. The move to cloud computing is collapsing business unit application segregation and helping companies achieve services integration globally.

BPM supports the ability to exchange information between the shipping and billing department, between the human resources and executive offices in a seamless manner using real time connections built into the applications brings an entirely new aspect to BPM markets.

Target customers are large, industry-leading organizations faced with managing transaction intensive, complex and changing processes. The small and mid-size companies that are their distributors and suppliers represent target markets as well because systems integration provides for efficient operations. . BPM vendors are expanding customer bases to distributors and partners of the existing customer base, creating a target market that includes a broader range of companies.

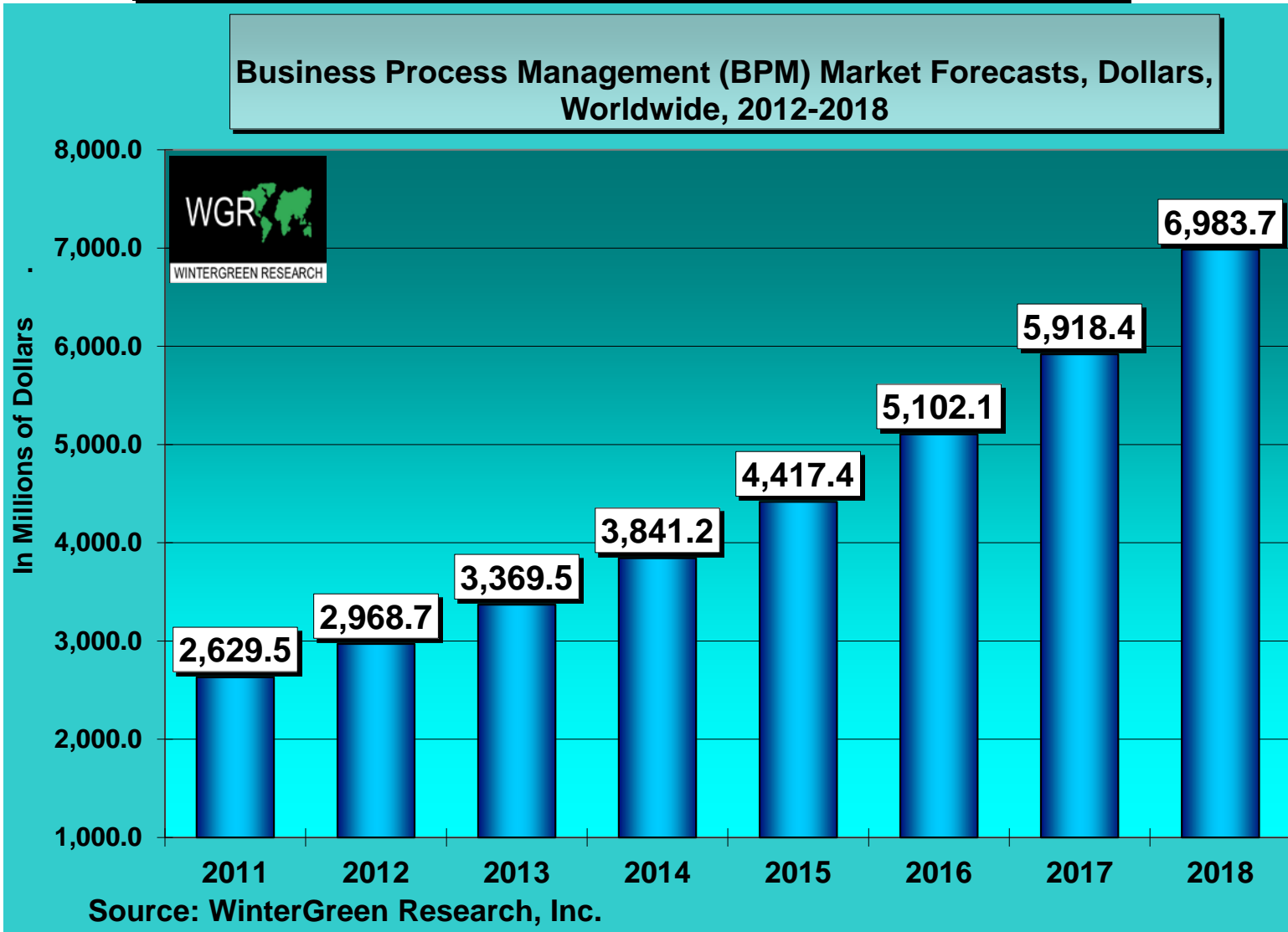
BPM provides the agility needed for growth, productivity, customer retention, and compliance. Customers have typically been large companies in the financial services, healthcare, insurance, government, and communications and media markets. BPM is able to tie together an eco-system within specific industrial markets. This capability has extended BPM to a broader range of industries, including banking, finance, insurance, telecommunications,

healthcare, manufacturing, energy, travel and entertainment. Government represents a significant target market for BPM.

Enterprise organizations are increasingly seeking to license software that helps them improve their strategic business processes and enables them to operate and compete more effectively in a complex, global market.

Organizations have installed a wide range of software applications designed to improve the effectiveness of a particular business function.

FIGURE ES-4
BUSINESS PROCESS MANAGEMENT (BPM) MARKETS FORECASTS
DOLLARS, WORLDWIDE, 2012-2018



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