

# The Value-Switch for Digitalization Initiatives: Business Process Management

Results of a Global Research Study by  
BPM-D®, Widener University, and  
Universidad de Chile



By Mathias Kirchmer, Peter Franz, Alexander Lotterer,  
Yvonne Antonucci, Sigifredo Laengle

**BPM-D Paper - London, Philadelphia, April 2016**

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## 1. Why We Launched This Research Study

Digitalization represents one of the most critical means by which organizations can maximize their competitiveness in the market, but it is also one of the most difficult to effectively implement. While digitalization at its most basic definition simply reflects a shift from traditional, analog processes to digital solutions (e.g. physical filing cabinets to digital file storage systems, brick and mortar record stores vs. streaming music services), the continuing integration of products, services, and people in the always-connected “Internet of Everything” brings new challenges that require a new set of skills to address and leverage [1], [2].

The discipline of Business Process Management (BPM) has arisen as a potential answer to the challenge of digitalization. The question then becomes whether or not organizations utilizing BPM practices have been able to find success in digitalization. BPM-D sought to answer this question through a comprehensive survey in partnership with Widener University and the Universidad de Chile to assess if there is any correlation between an organization’s process management maturity and ability to create value through digitalization. Key findings from the survey are presented along with a summary of best practices as evidenced by survey respondents.

## 2. A Comprehensive Global Research Study to Deliver Actionable Results

The Gartner Group recently published a study suggesting that only 1% of businesses are adequately prepared to fully leverage the value of their own digitalization initiatives [3]. Seeking to better understand the state of organizational readiness for digitalization initiatives and BPM maturity within those organizations, BPM-D conducted its own study in partnership with Universidad de Chile and Widener University. Over 200 organizations responded from around the world, including the Americas, Europe, Asia, and Africa. Likewise, these companies represent a broad spectrum ranging from small and medium businesses to large enterprise operations, spread across numerous industries. About half of the respondents would be considered mid-level management while 35% held senior positions as Director or above (e.g. VP, C-level). While 44% associated themselves in some way with a business process management department, most

respondents were drawn from other functional areas spanning their respective organizations.

### **3. The Direction is Clear – Now What?**

#### *Organizations Believe in the Value of Digitalization...*

Digitalization, conceptually, isn't necessarily new within the organizations surveyed. Interestingly, 73.2% responded that digitalization is of strategic importance to their organization. Yet, only 56.5% of survey respondents answered that their organizations had a budget for digitalization initiatives.

#### *... But Most Organizations are Not Prepared for Digitalization*

Consistent with the findings of the Gartner Group, the first findings of the survey suggest that most organizations are not prepared to successfully leverage digitalization. Over 55% of respondents answered that identifying the right opportunities for performance improvements through digitalization remains a critical challenge. This is exacerbated by organizational cultural challenges including slow decision making processes and inertial resistance to change. Respondents indicated their belief that lack of preparedness is a major concern and that these issues directly impact their ability to realize the full potential of digitalization initiatives, resulting in lackluster success and mediocre outcomes.

#### *Organizations' Business Process Management Journey*

In addition to investigating organizational interest in and prioritization of digitalization initiatives, the study sought to define and measure the relative maturity of responding organizations' business process management discipline. This was accomplished by utilizing key questions that revealed the relative priority and attention that an organization's business process management discipline received when strategic initiatives were under consideration. A high level BPM maturity assessment was included in the survey. Further, relative BPM maturity

was perceivable via what value the respondents saw in digitalization initiatives and which benefits that they had realized to date. Through the survey responses, a relative maturity level of organizations' BPM capabilities became clearer while the gap between anticipated and realized benefits provided a measurable means for assessing the business value of those capabilities.

#### **4. The Role of Business Process Management as Value-Switch**

##### *Business Process Management Provides the Key*

The discipline of business process management is centered on executing business strategy at pace with certainty. It provides a structure necessary to achieve high performance and the transparency to understand how to navigate that structure to success [4] [5]. The focus thus becomes those initiatives, including digitalization, where value can truly be realized. Business process management helps to identify and prioritize improvement opportunities with the right combination of people and technology. Further, it sustains and continues developing those improvements through agile process governance.

##### *BPM Helps to Overcome Entrenched Obstacles to Strategy Execution*

With a defined business strategy, seeking specific impacts from new initiatives, execution becomes the next critical step. But, as previously mentioned, there are any number of internal issues, be they cultural resistance to change or simply ill-focused initiatives, that either interrupt execution or otherwise create a gulf between anticipated and realized value from that strategy. Business process management helps to target the right business areas to breach the gulf and realize the full anticipated value of new initiatives. In the case of digitalization, the BPM discipline helps to identify those processes that will see the highest impact. In truth, most processes are commodity transactions best handled by utilizing industry standards. Academic and practical research has repeatedly shown that less than 20% of an organization's processes are have an high impact on the competitive positioning of an organization and are worth the effort to innovative or generate disruptive improvements through BPM efforts [4][6]. However, when BPM is

utilized on those critical processes, it leads to lasting competitive advantage. Thus, BPM helps to target realizable business value – and can help point digital initiatives on those targets.

### *BPM Enables Business Value*

Realizing business value oftentimes begins by targeting high impact, low maturity processes [6]. While this may be where many businesses at least try to start their value journey, there are many speed bumps and roadblocks along the way that BPM helps to remedy and resolve. One critical area is that BPM helps identifying those high impact processes, a task many organizations struggle with. Another important aspect is people enablement and related change management. BPM addresses individual roles' needs in the context of decision making, recognizing the interconnections between different departments and functional units. Focus is put on addressing any gaps in skill competencies; that is, people enablement. Likewise, BPM addresses governance by making sure senior management is involved and aligned in executing the strategic initiatives. Perhaps most critically with digitalization, BPM aligns business and IT by systematically identifying new “to be” processes that leverage both functional areas. It further builds on initial execution by identifying opportunities to digitize more, where appropriate. In aggregate, BPM bridges the gap between business strategy and strategic execution.

## **5. Well-Established BPM Capabilities Lead to Successful Digitalization**

### *Organizations with Higher BPM Maturity Get More Business Value*

After assessing the relative maturity level of respondents' BPM practices within their respective organizations, the research shows that higher BPM maturity correlates with higher realized value from digitalization initiatives. BPM enables value by helping deal with digitalization trends like the “increased speed of business,” personalization (aka mass individualization), and multi-/omni-channel approaches. In each of these cases, BPM helps to manage the significant process changes required to leverage these trends within an existing organization. Without

BPM, organizations may have some pieces of technology utilized for digitalization to provide marginal value but they ultimately end up missing out on the full business value that could otherwise be realized.

*Typical BPM Capabilities/Maturity Level for Successful Digitalization*

Those organizations that have had success with digitalization initiatives typically demonstrate certain key business process management capabilities and at least a medium maturity level to their BPM practice (see figure 1). Namely, they have developed their internal BPM discipline sufficiently to address the typical stumbling blocks that prevent successful digitalization initiative in for organizations with less mature practices (e.g. slow decision making, inability to identify high impact targets). They will often have at least their repository and automation elements in place. Further, they utilize their existing assets and initiatives to recommend additional opportunities for further digitalization.



Figure 1: Business Process Management Maturity by Capability Area

## Typical BPM Roles Involved in Successful Digitalization

In most, if not all, organizations that have found success with digitalization, there are four predominant roles with significant responsibility for either process management in general or digitalization specifically. Perhaps unsurprisingly, business process managers have greater responsibility for process management than any other group (see figure 2), but typically they are also the least likely to have primary responsibility for digitalization. Instead, they trade off on that responsibility to Information Technology personnel, who consequently are least likely of any non-executive role to have responsibility for process management. Line-of-business personnel represent a middle ground, reflecting their mixed interest in the two areas of focus. Finally, executive management has just under 40% of total primary responsibility, split almost evenly, and focused on process management and digitalization. Together, these four groups collectively own the primary responsibility to clearly communicate the business strategy, map it to the organization's present capabilities, and execute to realize positive business value.

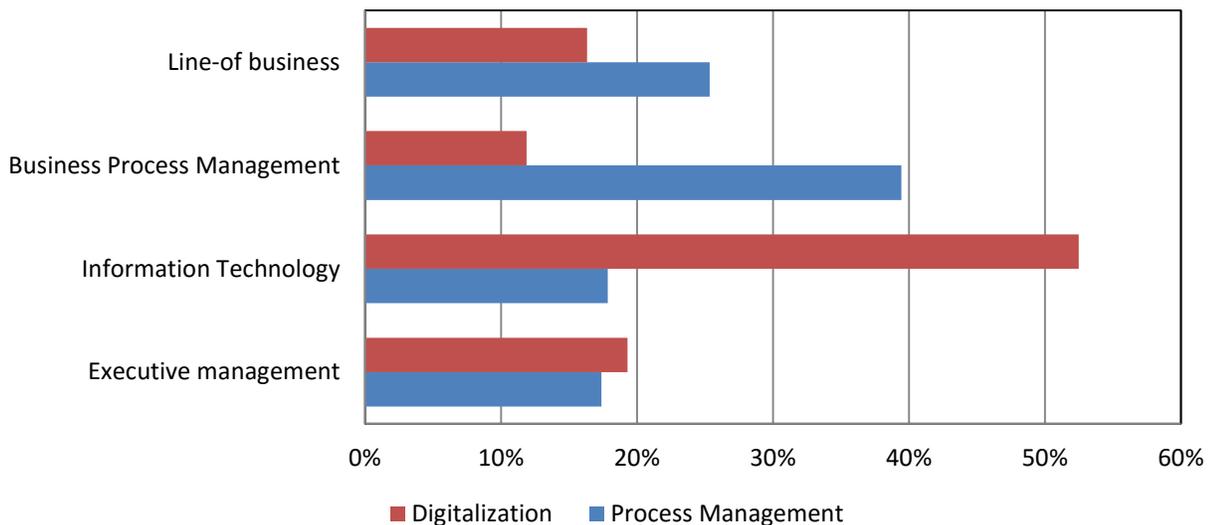


Figure 2: Primary Responsibility for Execution of Process and Digitalization Initiatives

## Successful BPM Typically Reports to Top Management

As mentioned previously, successful process management and digitalization initiatives are often found in organizations where executive management takes

significant responsibility for the execution of those initiatives. Further, those organizations' c-level management are most often the primary sponsors for digitalization investments (see figure 3). Non CIO c-level management are the most frequent primary sponsors of process management investments. Director level personnel are the next most likely to sponsor either digitalization or process management investments. Other than VP level personnel, who are actually less likely to be the primary sponsor for these investments than the Directors reporting to them, the trend continues with decreasing likelihood of sponsorship as one works their way further down the management organization tree. In other words, companies whose senior most executives sponsor investments in digitalization and process management are often times the ones realizing the most value from those investments.

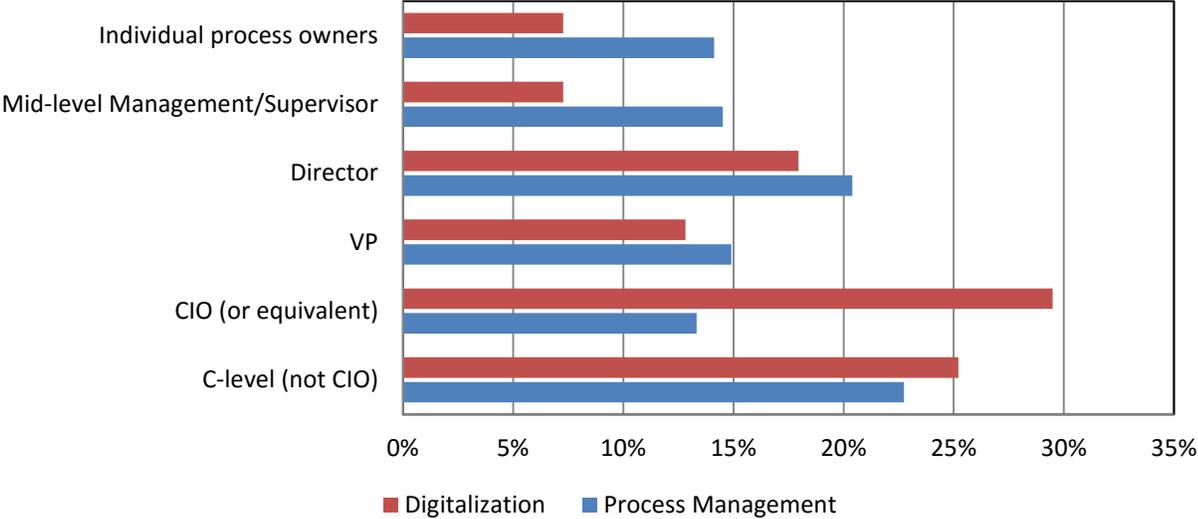


Figure 3: Primary Sponsor for BPM and Digitalization Investments

*Success When BPM Plays an Active Role Driving Digitalization Efforts*

The more mature an organization's BPM discipline, the more likely that BPM plays an active role in the digitalization initiatives (see figure 4). And, as previously stated, higher BPM maturity correlates to higher success rates for digitalization initiatives. Therefore, when an organization's business process management discipline takes an active role in driving digitalization efforts, those efforts often succeed.

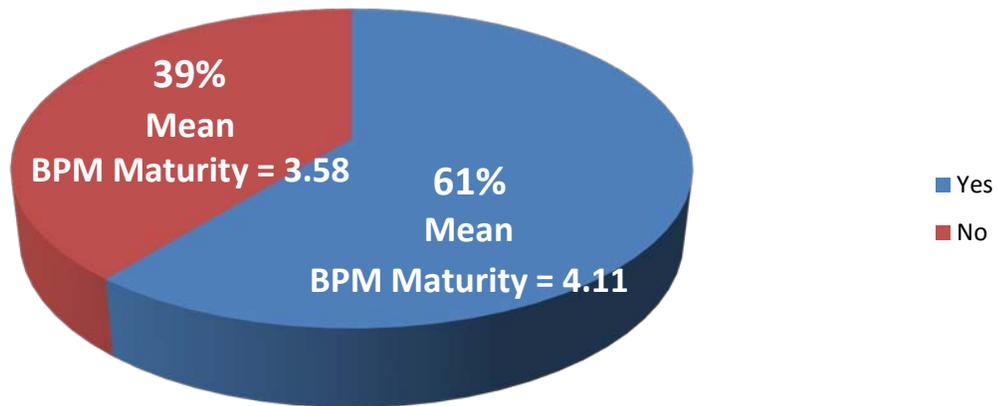


Figure 4: Does BPM Play an Active Role in Your Organization's Digitalization Efforts?

## 6. Successful Digitalization Initiatives to Enable Superior Processes

### *Most Used Digital Technologies*

Amongst survey respondents, the most common digitalization initiative in progress or completed was an internal social platform (see figures 5 and 6). Close behind, albeit in more cases in progress as opposed to successfully completed, are efforts to automate processes and case management. Additional areas of focus include cloud and mobile computing, cybersecurity, and analytics. Digital marketing automation is another area of interest.

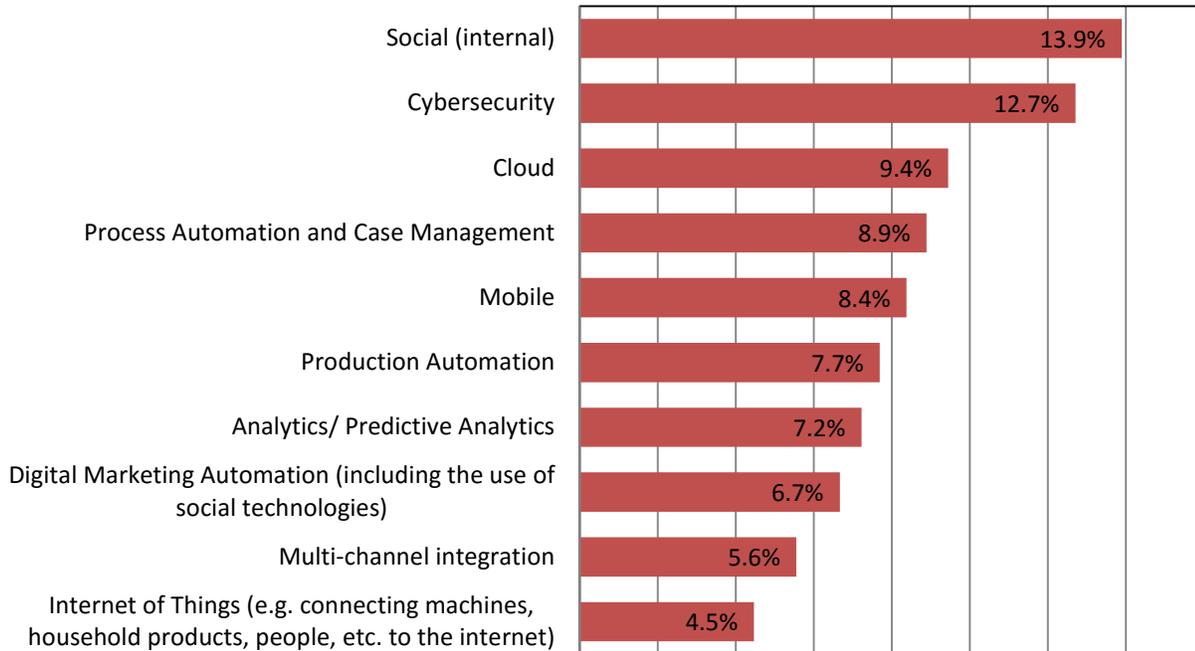


Figure 5: Top Ten Successfully Completed Digitalization Initiatives

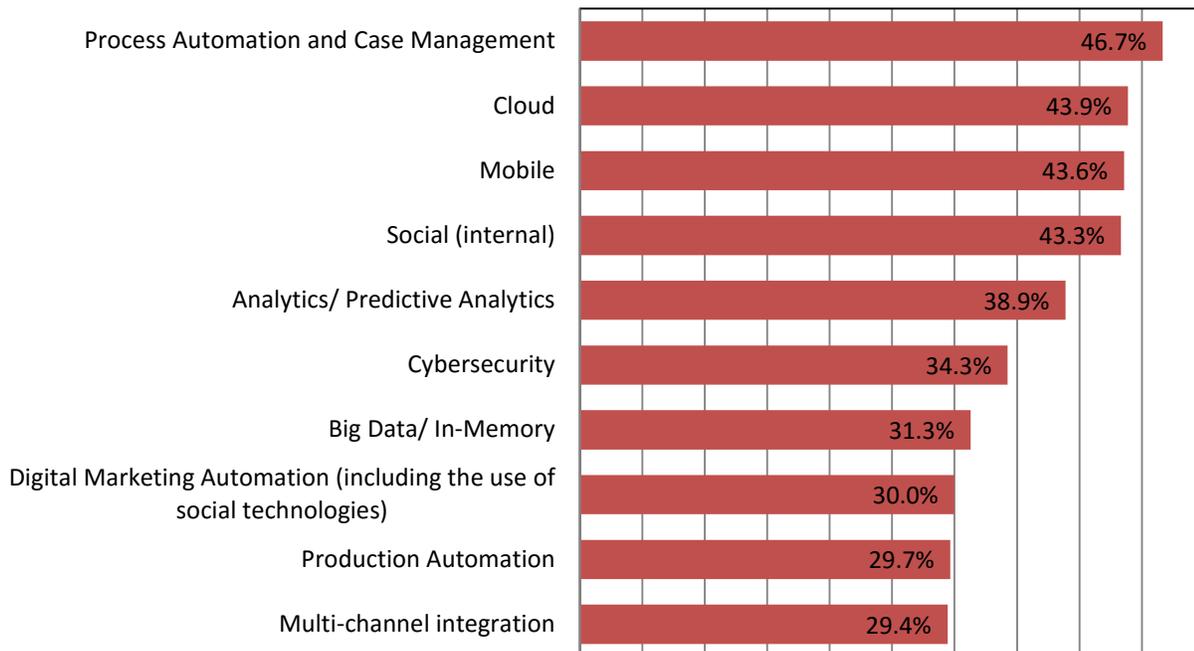


Figure 6: Top Ten In-Process Digitalization Initiatives

## Most Impacted Processes

Survey respondents noted significant positive process improvements as a result of their digitalization initiatives to date. More than half cited operational processes as benefiting from digitalization, followed closely by customer support, administrative, and IT processes (see figure 7). That these particular processes had the most positive impact may be due to them being most ideal targets for digitalization, as identified by skilled, active BPM practitioners within those organizations who know how and when to touch the processes to achieve best value. Indeed, those processes that respondent's identified as having been impacted the most correlated strongly with maturity level indicators for the BPM capability within those organizations.



Figure 7: Significant Process Improvements from Digitalization Initiatives

## Typical Planned Digitalization Initiatives

Survey respondents indicated their highest priority initiatives for implementation within the next two years. The most common was predictive and other analytics, followed by multi-channel integration. Process automation and case management remain other high priority initiatives for the near term for many organizations. That several of these initiatives are also ones that have been identified as high priority initiatives already completed or in progress by some organizations may be reflective of the relative difference in BPM maturity across the survey's respondent pool. It may also simply indicate that these areas of interest offer continuing opportunities to derive ongoing value through digitalization. BPM prepares to execute on these value opportunities.

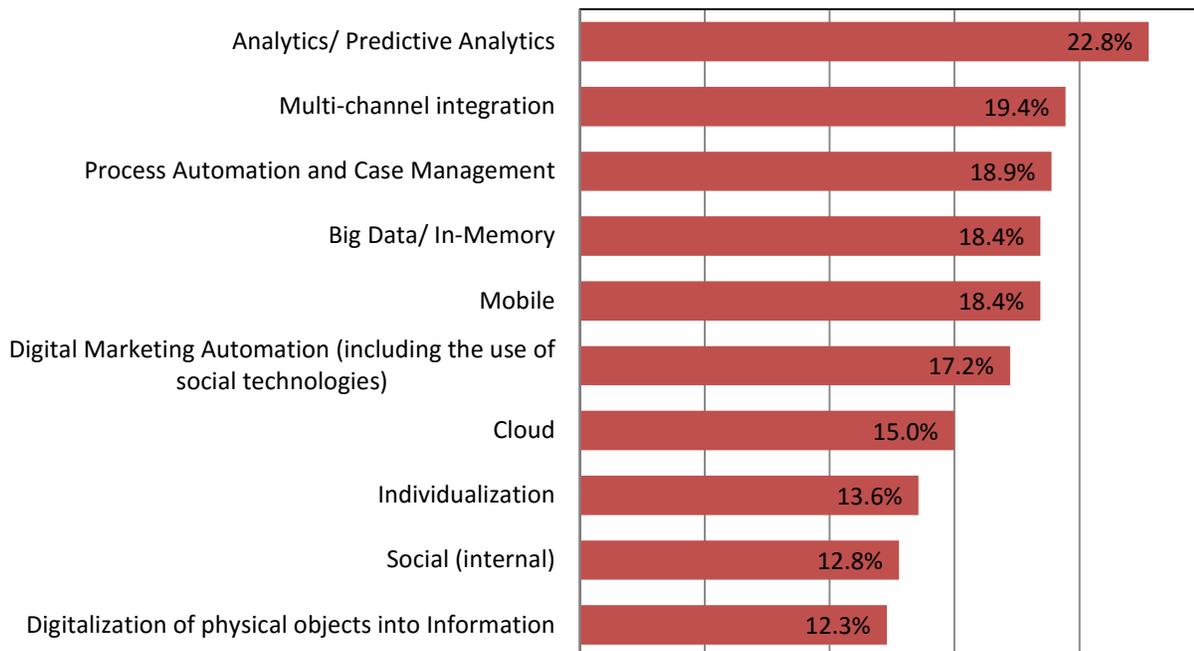


Figure 8: Top Ten Future Planned Digitalization Initiatives

## 7. The Bottom Line

Digitalization offers many opportunities for business value but it requires a new set of skills that not every organization possesses. In order to realize the value of digitalization, organizations need to develop a means to maintain pace and reduce the overall time required for many inherent business process changes and adjustments. Hence, both processes and the related management need to be agile. The discipline of business process management offers such a means. The BPM-Discipline establishes a value-network across the traditional functional organization. Organizations utilizing process management systematically on a day-to-day basis are better equipped to understand where their own deficiencies currently are and how they might be improved significantly. The BPM-Discipline even provides the transparency to identify the right transformation opportunities for an organization. Further, an active and mature BPM-Discipline positions an organization to realize the full value of strategic initiatives faster, more effectively, and with less risk.

Organizations thinking of digitalization should consider the following preparation steps:

1. **Check the maturity of existing process management capabilities** – See if your organization is ready to deal with the anticipated digital transformation and identify gaps to fill
2. **Identify high-impact, low-maturity processes** – These are good targets to start digital transformations
3. **Establish or enhance process governance** – Be ready to make fast decisions and enact rapid execution in a digital world
4. **Create the necessary transparency** – Focus on value-driven enterprise and process architecture initiatives.

These steps position an organization with the right BPM-Discipline to launch digitalization initiatives and transformations that provide real value.

For more information regarding how you can realize the full value of your own digitalization strategy, please visit us online @ [www.bpm-d.com](http://www.bpm-d.com).

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## About the Authors



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Dr. Kirchmer has worked successfully as business process management expert in an international environment across various industries. He held roles as Managing Director at Accenture and CEO of the Americas at IDS Scheer. Dr. Kirchmer has combined his broad practical business experience with his extensive academic research. This systematic integration has led to pioneering management approaches that have proven to be both sustainable and provide immediate benefits. He is an affiliated faculty member at the University of Pennsylvania, published six books as well as numerous articles and shares his insights regularly in presentations around the world.



### **Peter Franz**

Peter Franz has been working at the forefront of Business Process Management (BPM) for many years as part of a 30-year career with Accenture. He has a deep understanding of the application of Business Process Management discipline to drive real business results. His career includes education and experience in the use of Information Technology and thus understands the Business / IT interaction from both sides and can help bridge this divide. He is passionate about BPM and its application to real business challenges.



### **Alexander Lotterer**

Alexander Lotterer is a Director with BPM-D®. He has 15+ years of consulting experience managing, overseeing, and executing business and IT transformation projects for small, medium, and Fortune 500 organizations. He has defined and established business process management capabilities including BPM Strategy, Process Governance, Center of Excellence Design & Implementation, Process Repository Deployments and other process-driven change initiatives. He has led domestic and international projects in Europe, Asia and in the Americas for clients in industries including Manufacturing, Life Sciences, Consumer Packaged Goods, Chemicals, Oil & Gas, Healthcare, and Utilities.



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Dr. Antonucci is a full professor in the School of Business at Widener University in Chester, Pennsylvania U.S.A. where she is also the SAP university alliance coordinator and the Business Process Innovation Center of Excellence Director. Her teaching areas are primarily in Business Process Management, Process Analysis and design, and Enterprise Systems of which she has won several awards for innovation and excellence. She has received several grants and has published in numerous international journals and conferences in the area of business process management, information technology outsourcing, inter-organizational collaboration methods, and enterprise systems, and has been a frequent invited speaker to various international BPM industry events. Yvonne also serves on the North American SAP University Alliance Board and is one of the Philadelphia ABPMP chapter founder, continuing her service as the board president. In addition, she served on the National ABPMP Education Board where she helped develop BPM curriculum standards and contributed to the first release of the Common Body of Knowledge for BPM. Her current research projects include analysis of synergies between digitalization and BPM, analysis of BPM Skills, and the adoption of VPNs within SMB. Yvonne holds a Ph.D. in information sciences from Drexel University and a master's degree in Management Science/Industrial Engineering from Lehigh University.



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