

CHAPTER 13 BUILDING INFORMATION SYSTEMS

CASE 1 **IBM: BPM in a Service-Oriented Architecture**



VIDEO
CASE



SUMMARY This case describes a business process management approach to automating and managing the claims flow process in an insurance company using tools available in a service oriented architecture (SOA). Illustrates business process management and system building in a contemporary, service-oriented architecture environment. L= 7:21.

URL <http://www.youtube.com/watch?v=cDfQunJ12Mc>

NOTE Students are advised to view the Instructional Videos for this case and to read the Learning Track "Primer Business Process Management" (Chapter 13, Learning Track 3) in connection with viewing this video case.

CASE This case combines a number of technology, management, and organizational themes. The technology involved is service-oriented architecture (SOA). The management themes are continuous process improvement, process efficiency and effectiveness, and management control over processes. The organizational theme is the importance of changing the organization's business processes in order to achieve management objectives.

IBM is generally considered to be the largest vendor of business process management (BPM) software to Fortune 1000 firms. IBM's major competitors are Oracle, HP, and SAP (the largest

enterprise software vendors). There are in addition hundreds of other smaller vendors who provide BPM software.

IBM's BPM software is one part of a larger offering called WebSphere, which is a set of integrated software products designed to operate on corporate intranets and the Internet. WebSphere is IBM's enterprise software offering. WebSphere also refers to IBM's Web server for these software applications.

WebSphere is designed to set up, operate, and integrate electronic business applications across multiple computing platforms, using Java-based Web technologies. It includes both the run-time components and the tools to develop new applications.

IBM's WebSphere BPM software includes the capability to model, deploy, and change business processes; the ability to monitor business events throughout the firm in real time; to perform simulation and analysis for continuous optimization; to monitor business events in real by providing key users with a visual display of business process status on customizable dashboards.

All BPM software, regardless of vendor, requires real-time data to function. In most firms this real-time data is stuck in older legacy systems that were not designed to work in an intranet environment or to communicate over TCP/IP networks. Therefore most vendors use a service-oriented architecture approach and provide software plug-ins or applets that take information from legacy systems and send it to the BPM software on some scheduled basis, or in real time if needed. In this way, BPM systems can be developed on top of existing legacy systems, at lower cost and much faster than if the entire corporate software infrastructure was rebuilt. WebSphere has a number of predefined adapters as well as the tools to build customized adapters that can integrate your legacy applications into an SOA.

VIDEO CASE QUESTIONS

1. How would you define "business process management" based on this video and text reading? How would you compare it to business process re-engineering, continuous improvement, and total quality management approaches?
2. What are the major objectives of BPM?
3. What is the significance of a "service-oriented architecture?" What difference does this make for implementation, cost, and flexibility of the BPM tools?
4. Why is it important that the BPM software produces a Business Process Execution Language (BPEL) model for the IT department?

5. What is the utility of “key performance indicators” (KPI)?
6. Why is it important for managers to be able to “drill down” into the data and system?

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