

BAM (Business Activity Monitoring): Hype or opportunity?



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The past few months, we saw an increasing number of publications on the subject of Business Activity Monitoring (BAM). The concept of Business Activity Monitoring has been introduced already a while ago by the GartnerGroup. As such, it is an extension of or an add-on to Gartner's Zero Latency paradigm. Zero Latency is the concept of readily responding to changes in the business environment. To a large extent, BAM is an approach that can make such changes visible to the organisation. Therefore, Gartner and many other analysts argue that BAM is a next "must have" in our evolution to the real-time enterprise. Hype or opportunity?

Nothing new under the sun

In 2000, when I was working for the Belgian software house [Soft Cell](#), we already had a solution on the drawing-table that we called ECM or Execution Chain Management. I assume that our understanding of the English language was not exactly what it should have been, since our American partners were not really impressed by this name. However, for us it really gave expression to what we had in mind with this solution, being an instrument for the planning, the control and the management of the complete chain of business activities.

To some extent, Gartner's new BAM concept is another (possibly more English-correct) phrasing of the same concept, be it that the current focus still is on the control, supervision and reporting aspects. A real operational or strategic management of the business activities is not yet within the scope.

The ECM concept emerged from our vision that broker-based integration technology could provide a solid basis for the deployment of a management and control layer on top of the various business processes.

As always, the basic concepts were rather straightforward. In essence, broker-based solutions manage the flow of messages between various applications. These messages carry information that becomes available in a given application to the other applications that can make use of it. From an integration point of view, the basic ambition is the synchronisation of information over a group of heterogeneous or distributed application environments.

However, the creation or the reception of such a message (the so-called "events") can also be seen as being control points in the business process flow. Indeed, these events carry information about the type of action (e.g. an order that was received), the specifics of the action (products, quantities, prices) and the timing aspects of the action. Together, they provide very valid measuring information that can be used for various types of business process management.

In other words, an application environment that had been integrated making use of this type of integration technology also becomes an environment that is highly measurable and therefore, controllable, even if the individual applications are not really instrumented for this.

In addition, this measurability is not limited to the specific parts of the applications that have been integrated. Current EAI technology is flexible enough allowing us to readily deploy additional hooks (database triggers, etc.) that can be used by such management and control layer. In combination with the near real-time character of EAI technology, such additional layer might be an extremely powerful and

flexible instrument to manage the various parts of the business activity.

So this was the basic vision for our ECM concept, but for the rest of this View, we will refer to the now more commonly used name BAM.

BAM today

BAM concepts have already been with us from the early days of EAI. Companies such as [Vitria](#) were amongst the early pioneers and their so-called BusinessWare Analyzer can be seen as an early version of today's generation of BAM solutions. As for the other vendors, such functionality was not really available or was limited to some aspects of the supervision of the integration task itself. Since, EAI has grown to become an accepted technology and vendors are looking for new opportunities. Business Activity Monitoring is a very logical next step.

Whatever the reasons, we can only welcome these developments. However, we also want to advise you not to be over-optimistic.

The most important reason for this is that currently, BAM solutions are essentially focused on the supervision and control of existing business processes, the identification of fault situations and the corrective actions that are needed to address these problems. All of this is of course valuable. However, companies should carefully evaluate to what extent such approach can have a positive ROI (Return On Investment).

Over the past years, most organisations have already lived through a series of improvement exercises, focusing on cost reduction, efficiency and effectiveness. According to some business watchers, we now have reached the point of diminishing returns: every next improvement exercise becomes more expensive, while the resulting benefits continuously are shrinking. Therefore, it can be questioned whether incremental improvements still are able to generate a positive ROI.

Of course, there are exceptions. There are some environments (e.g. risk management in financial institutions) with excessive requirements regarding supervision and control. In such context, BAM can certainly be a valid approach. Other examples include regulatory requirements or government imposed practices. In these situations, it simply is a matter of compliance and ROI is not the main concern.

However, for most of the other business environments, it is questionable whether forms of better supervision and control can generate sufficient additional value in order to justify the investments.

Business objectives

BAM will not fundamentally change this paradigm. BAM approaches are often rather complex, expensive and difficult to implement. In combination with above observations, it is unlikely that there always is a valid business case.

Does this mean that BAM is just another new hype that we have to forget as soon as possible? Not exactly. However, it can mean that you will have to set your expectations differently. As said, incremental improvements are unlikely to generate the business benefits that can outweigh the investment cost. Therefore, it might become necessary to set objectives to go much further than limited incremental improvement.

Therefore, while evaluating the potentials of BAM, do not focus too much on traditional aspects of fault identification or better statistics. Instead, do try to assess where the availability of a better control mechanism can allow you to deploy changes that create substantial competitive advantage.

I do agree that this will not always be that easy. Extensive business insight and a mentality that allows for out-of-the-box thinking are mandatory. Again, there are no magic rules or concepts that are valid for every organisation. Nevertheless, some ideas:

- Every business process does contain some level of inefficiency that simply is a buffer to cope with unexpected events or risks. To what extent can better visibility on the execution of the business processes help you reducing such inefficiencies, resulting in a shorter processing cycle, without affecting quality or increasing risk?
- Traditional forms of supervision and fault analysis of business processes focus on the correct execution

of the "internal" business process. However, they tell you very little about the "experience" of your customers and partners. To what extent can BAM help you validate your perception of process quality?

- Becoming an intermediary for your business partners is one of the most effective approaches to strengthen B2B relationships. One way of doing this is to provide process information to your partners that otherwise is unavailable to them. To what extent can a BAM solution provide additional process knowledge that has a clear business value for your partners?

None of these opportunities are obvious or a guarantee for success. Therefore, for the average organisation, the ROI of a BAM deployment does remain an issue. However, for organisations that are consciously searching for opportunities for radical change, BAM can be a very powerful instrument.

Success!

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