IBM's new business process platform is powering its Cognitive Process Services

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Publication date: Monday, September 30 2019

Introduction

IBM has been repositioning its Services arm around the next-generation business model that it terms the Cognitive Enterprise. The concept helps articulate how the 'outside-in' digital transformation of the past decade, which has focused on front-office consumer requirements, is now transitioning to an 'inside-out' digital transformation, where enterprises are capturing and using data in combination with technologies such as AI, automation, IoT, blockchain and 5G to reshape their business architectures. In order to deliver the Cognitive Enterprise, IBM has developed different platforms. The newest of these is its business process platform.

The 451 Take

The timing is auspicious for IBM to introduce its business process platform approach to Cognitive Business Process Services, since the market appetite to transform many process areas to better compete in the digital environment is growing. Furthermore, according to our Digital Pulse Workloads and Key Projects data Q1 2019, 44% of respondents are looking to improve customer experience, while 43% of respondents are saying that the primary purpose for current and planned digital transformation initiatives is to move to data-driven BI and analytics. For each business process service area it operates in, IBM now has a consistent framework and platform from which IBM Services can deliver client business outcomes by continuously improving outside-in user experiences using AI and intelligent workflows.

Context

The IBM Services unit now accounts for over 60% of IBM's business, as the $80bn company transitions from products to services, while looking to position itself as an essential reinvention

partner for its clients. In Q1 2019, the key growth engines for IBM Services were consulting, global process services (IBM's services for the BPO market) and hybrid cloud.

Like its clients, IBM sees the value in moving from a pure labor-based delivery model to a digital technology-based delivery model, based on business platforms. Although less than 20% of IBM's Cognitive Process Services portfolio is delivered via its platform approach, it is actively shifting its base, and all new engagements are productized using its platform-based approach.

Strategy

The initial version of IBM's business process platform was developed in 2016 with Sales Order Management. Since that time, IBM has moved to a component-based, cross-client model that also takes advantage of Red Hat technology. HR Operations was enabled in Q2, Talent Acquisition goes live in July, and by the end of 2019, IBM will enable Order to Cash, with other domains to follow in 2020. This initiative is led by IBM Services, with GBS and GTS working together from a cognitive process perspective to define the intelligent workflows, across hybrid cloud infrastructure. Then the offerings are taken to market as business process platforms.

Intelligent workflows combines the data, technology and skills to unify processes across experiences and traditional silos. Enterprise applications defined these silos and reinforced them, so IBM is now creating processes and workflows to enable more flexibility around the application systems that are in place in order to augment them so they work more effectively in the digital environment. IBM then takes the workflow and process to determine if a change needs to be made. The simple parts of a process can be standardized and automated enough to apply AI to inform continuous improvement, which IBM believes will soon become table stakes within BPS. IBM plans to differentiate by addressing process variability.

Talent acquisition is an area where IBM has been pioneering this approach. In most companies today, hiring requisitions are categorized into two classes: volume, low skill; and professional, high skill. However, with the changes in skills required by companies, this linear, simplistic path is no longer viable. IBM's model changes that foundational design to match process with type of hire at a more granular level.

With its new business process platform operating model, IBM can automatically take a requisition and categorize it into 1 of 4 (or 5 or 6, etc.) different processes based on the job type, skills needed, market availability, location, and so on. Then the system automatically assigns the work out to a Recruiter, based on the requisition requirements and workload. Requisition assignments are tracked centrally through the platform, so that IBM can now take all Sourcing and Candidate Engagement activities and put them into a Shared Services model.

As the requisition travels across its assigned process, data models are running in the background, continually looking to see if each requisition is meeting predetermined requirements at each step (for example, by the candidate assessment step, there must be at least 10 candidates). If it does not meet predetermined requirements, then the requisition will be routed to the next level process for remediation. In this way, the data models, automation and workflow orchestration via IBM's business platform enable matching requisitions to the right level of recruiting effort for maximum results.

In order to support variability in a process, IBM brings intelligence in before the processes even begin to work. For example, with the platform, IBM can run multiple different processes at the same time, and the platform understands from historical data in different markets and locations whether a step is likely to fail, so it can inform the development of processes built in parallel. This means the platform enables IBM to move away from linear processing across different processes, and can handle variability that it did not know about to begin with.

The handling of variability is not fully automated, but intelligent workflows mean that, with human intervention, real-time improvements can be made to augment the process while different processes run in parallel. In this way, IBM is not simply adapting to an existing process, it is looking at how the business is operating, and leveraging the data to proactively change the process. IBM is applying this approach to its Business Process Services in Customer, Operations, Supply Chain, Procurement, Finance and Talent, linking them all through to end-user experience.

The IBM business process platform

With its business process platform, IBM can take the client's existing enterprise environment, and deliver digital transformation by providing consultancy with a dose of AI, and applying it in a repeatable fashion in an as-a-service model via its business process platform. This is because it can infuse each function with analytics and AI to create a digital process bringing together business services, data and intelligence, leaving existing technology in place. Each IBM platform is set up to do this because its fabric comes with microservices and APIs to link to systems, so that business platforms can integrate and coexist. For example, a client can use its Human Capital Management system to create a better process for managing candidates in Talent and Acquisition, by applying an analytical services model.

Each of the platforms is designed to support an experience-led process so clients can see if, and where, they need to change the way they work. The intelligent workflow is built around a series of 'moments that matter,' using Design Thinking to get the Experience perspective correct to maintain or gain value. Once the best patterns are established, IBM builds from the platform to create a persona-based view of digital transformation for using data, processes or policy, as well as the moments that matter.

For example, with the Talent Management platform, IBM can fine-tune and personalize recruiting for different roles, creating microprocesses that are unique to each role. This improves the speed and quality of outcome by aligning data and business processes to address client business requirements in a way that also creates a better recruitment experience for applicants. In this way, IBM is able to transform the monolithic stack approach to business process management to deliver more personalized services.

The platform provides a guiding lens for the roadmap to achieve the desired outcome, with IBM and the client focused around the platform to deliver the centralized business process. The platform is a holistic tool to drive the transformation conversations, bringing the stakeholders together to align and transform, with IBM Services acting as business broker and integrator bringing in the relevant technology at scale.

IBM now has a centralized Business Process Platform Group that provides the use cases to create business processes that are scalable and repeatable. At the services level, IBM has established the business and technology architecture for governance, but the composition of those services needs to suit the client and its ecosystem. The Business Process Platform Group manages the lifecycle of each software asset, while IBM's hosting business provides ongoing support.

All of IBM's existing Business Process Services are being enabled by the business process platform. Since digital change is now on the roadmap from a business process standpoint, IBM's consulting business is taking the platform approach to support change management, and transposing this knowledge into the platform. So, the platform may also be used by IBM Consulting in its engagements, as well as by Cognitive Process Services.

In practice, IBM can deploy the business process platform as a stand-alone asset for clients where there is a repeatable use case, and the service provider can apply consistency and pricing. IBM is embarking on an education program with account teams and domain experts to change the way it is

talking to clients and prospects along with the way of problem solving and delivering. Given the need for continuous improvement enabled by the platform, IBM is also moving away from dedicated delivery siloed in a different group. The platform is currently designed with two users in mind – IBM and the client – but, logically, a future direction would be to enable access to the wider client ecosystem.

Competition

Within the BPO market, IBM's business process platform has two main competitors: Genpact with CORA, which is enabling it to shift its operating model away from traditional BPO contracts, and Accenture with its SynOps engine. DXC Technology's Platform DXC is currently more focused on ITO than BPO, but the intent to have a common delivery platform across all its services is there. HCL, Infosys, NTT Data, TCS and Wipro currently have digital platforms in play in different Business Process Service sectors, but do not have the centralized execution of Accenture, IBM and Genpact.

Although it does not self-identify as a BPS provider, EY's development and deployment of its Client Technology Platform along with its move into managed services would compete with IBM in certain areas, as would PWC's Supply Chain Opportunity and Optimization Platform, and, of course, Deloitte with Deloitte Platforms.

SWOT Analysis

Strengths	Weaknesses
The provision of Digital Business Process Services (or Cognitive Process Services, as IBM refers to it) plays to the strengths of IBM Services in that the transformation element requires consultancy, while the delivery needs professional service and software skills along with platform or asset management capability. IBM ticks all these boxes, and has an existing client base on which to build its anchor case studies.	If the business process platform approach is to succeed, then IBM needs to act more quickly to proactively involve its technology partner ecosystem.
Opportunities	**Threats**
Given the recent close of the Red Hat acquisition, it may be worthwhile for IBM to think about involving the open source community in the ongoing development of its business process platform, given that this is an approach that some competitors are considering with their platforms.	All service providers with platforms are faced with a shared threat – which is simply that, in areas of differentiation, enterprises may prefer to create their own code and their own digital platforms, rather than running a platform using other companies' code.

Source: 451 Research, LLC