

Business Rules Market Adoption

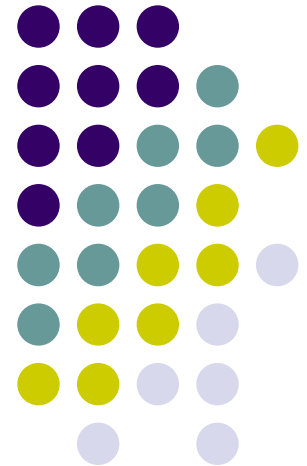
Survey Results

Business Rules Forum 2004 Conference

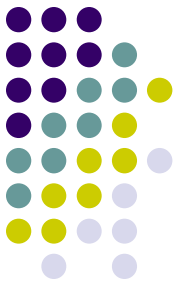
11/10/04

Presented by

Mike Peters, Whitespace Consulting
Ladd Bethune, Lambert Technical Services –
Business Rules Development Practice

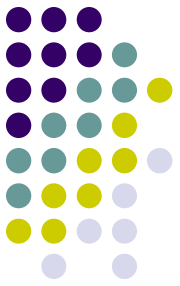


Topics



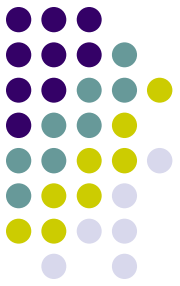
- About the Survey
 - ▶ Sponsor: LTS Business Rules Development Practice
- Who participated?
 - ▶ Participants Rankings
- Overall Findings
- Survey Findings
- Survey Conclusions
- Common Survey Requests
- Survey best-practices
- Summary
- For More Information

About the Survey



- Commissioned by a U.S.- based Business Rules (BR) implementation vendor: Lambert Technical Services - Business Rules Development Practice
- Takes a snapshot of Business Rules (BR) implementations – verbal and written responses to a survey questionnaire
- Covers business and technology topics related to Business Rules (BR) implementations

About the Survey (cont'd)



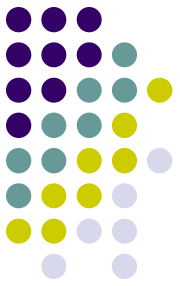
- Solicits Business Rules implementer's experiences and feedback on a give-to-get basis in several industries and segments
- Results compiled and documented by Whitespace Consulting of Harvard, Ma, USA



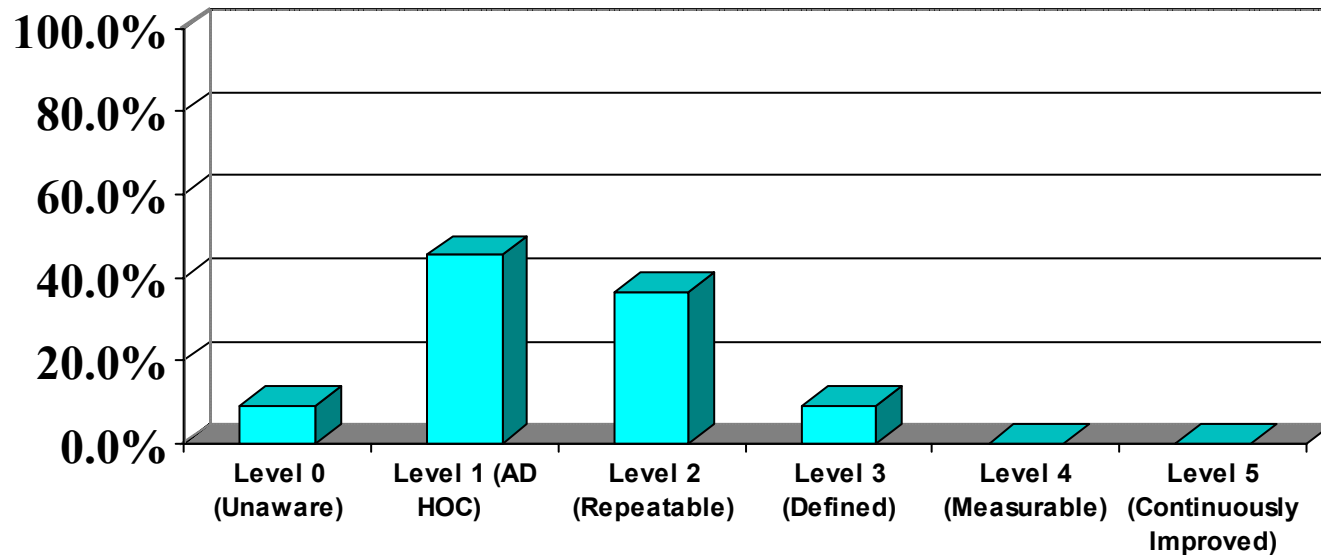
Who participated?

- Companies at various stages of Business Rules implementations and experience
 - ▶ Approx. 16 business entities, 30 plus interviews
 - ▶ Primarily US-based companies
 - ▶ Both technology and business participants
 - ▶ Primarily Level 1, 2, and some 3's on Knowledge Partners Inc.'s BR Value Maturity Model

Participants Rankings

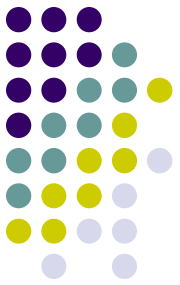


The surveyed organizations reflected varying degrees of experience with a Business Rules Approach.



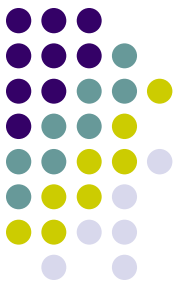
Based upon an assessment using KPI's (Business Rule) Value Maturity Model™: www.kpiusa.com

 % Surveyed Companies



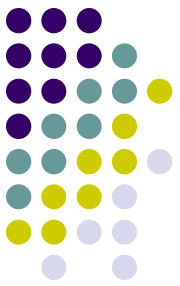
Overall Findings

- Financial Services companies, specifically the insurance sector, were the predominant adopters of BR approaches
- Many organizations within the Fortune 500 are showing interest in a BR approach
- Early adopters of BR are also pursuing new Service Oriented Architectures to accommodate these new approaches



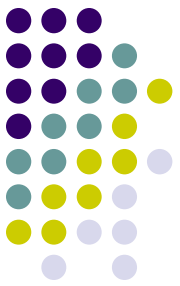
Overall Findings (cont'd)

- BR approaches appear to be equally driven by the business and IT functions within organizations
- Credible, high-level guidance is available from a variety of credible sources (von Halle, Ross, Moriarty, Zachman)
- Organizations may still benefit from a BR approach, though they may not utilize a Business Rules Engine (BRE)



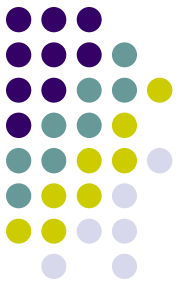
Overall Findings (cont'd)

- More hands-on BR implementation support needs to be made available
- Methodology, Business Rules Engine (BRE) and tools vendors are “racing” to expand supporting product and service offerings
- Business community involvement in BR development efforts is critical, yet sometimes difficult because BR management tools are still maturing



Overall Findings (cont'd)

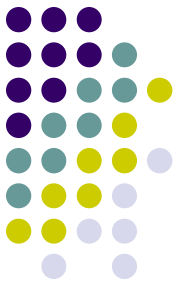
- BR Return-On-Investment metrics were mostly informal, unavailable or not sharable at this time
- BR approaches cause major cultural change between the business and IT functions, and can alter the way applications are built and maintained
- The major vendors appear to be taking a conservative approach investing in the BR market



Survey Findings:

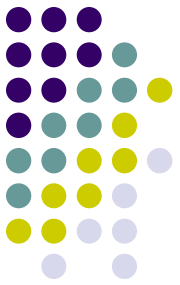
- BR Methodologies
 - ▶ Current System Development Lifecycle Methodologies (SDLM's) require “extensions” to fully support BR development approaches
 - ▶ Most companies are developing manual “work-arounds” as interim solutions until SDLM vendor offerings catch-up
 - ▶ There is need for linkage, tracing specific business rules back to the business requirements

Survey Findings (cont'd) :



- **BR Engines and Tools**

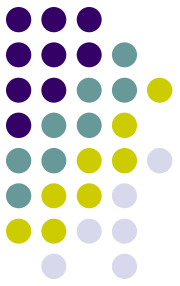
- ▶ Business rules management vendor tools are evolving in the areas of repositories, traceability, and methodology integration
- ▶ Automated Rules testing tools need to mature for both business user and IT use
- ▶ Business Rules Engine vendors need to continue evolving their products to support volatile, complex calculations directly within the engine to reduce maintenance costs and complexity
- ▶ The availability and use of decision tables and trees within rules management and rules maintenance tools for creating and maintaining the appropriate types of business rules significantly increase the productivity and quality of the business rules analyst



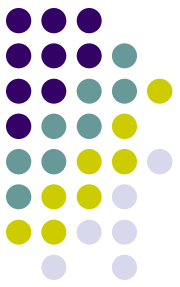
Survey Conclusions

- Early BR results are positive and early adopters are expanding their BR development efforts, many across the enterprise
- The return-on-investment of a BR approach can be difficult to quantify due to the “softness” of the benefits (time-to-market, quality, etc...)
- Business user tools in a BR environment are evolving (Rules management, validation, traceability, testing, etc...)

Survey Conclusions (cont'd)



- The BR approach is spreading virally, and will reach a tipping-point where it becomes the norm, rather than a “boutique” approach
- The major vendors, IBM, MS, Oracle, SAP et. al. will gradually embrace the BR approach and market adoption will accelerate
- Software package vendors will integrate a BRE and add business process functionality to influence “middle-market” co.’s to adopt the BR approach



Common Survey Requests

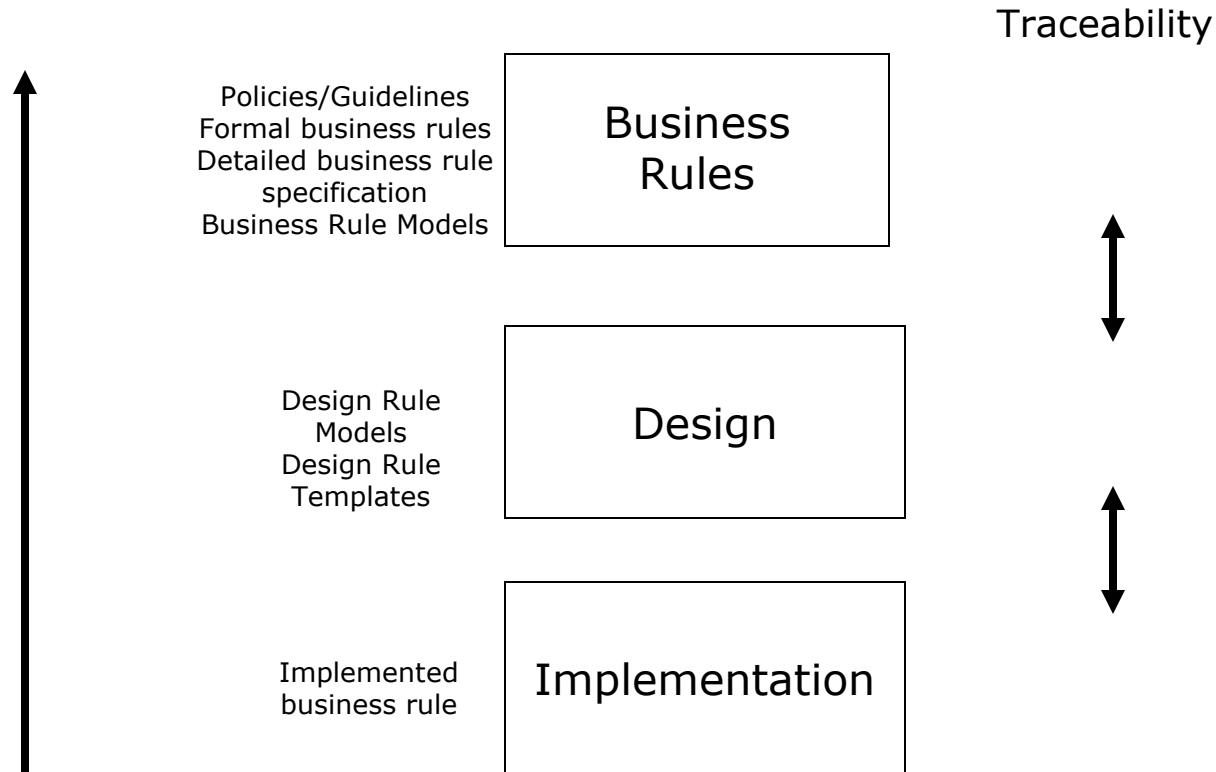
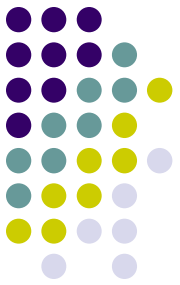
- Many surveyed felt more practical, hands-on implementation assistance was needed
- A standard B.R. metadata format across vendors – allowing best-of-breed compatibility between BR tools and engines
- Wanted more industry standard System Development Lifecycle Methodologies (SDLM) specifically designed for BR approaches

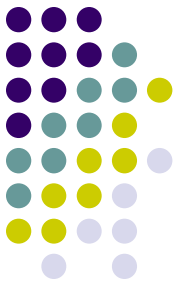
Common Survey Requests (cont'd)



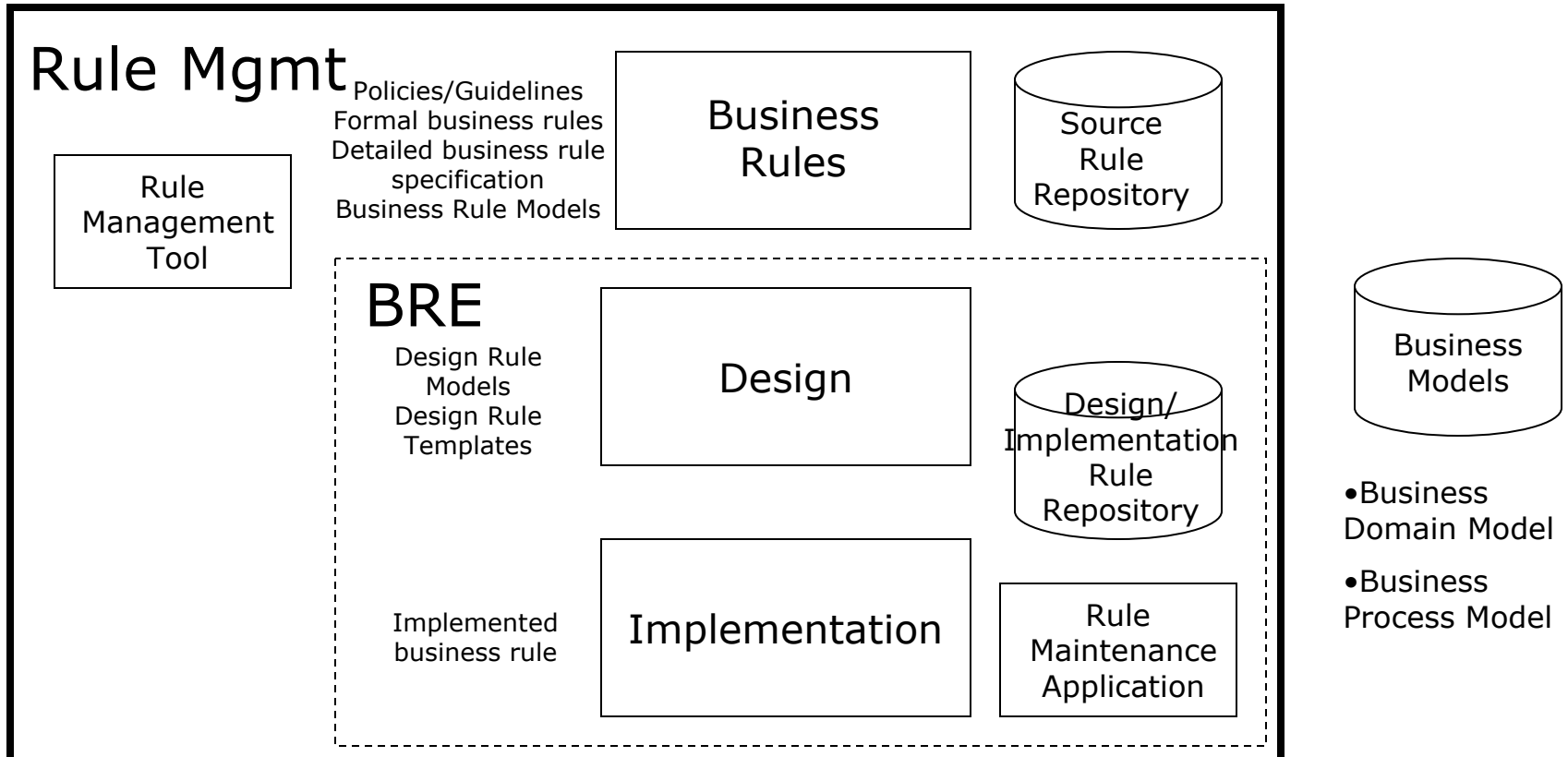
- More BR training tools and educational sources
- More sophisticated BR testing tools for both IT and business stakeholders
- The BR Rule Management function needs additional vendor focus and investment to:
 - ▶ support implementation efforts
 - ▶ and eliminate dual maintenance of source and implementation rule repositories

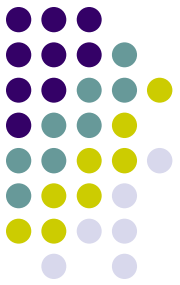
Business Rules Levels of Abstraction





Levels of Abstraction and Rule Repositories



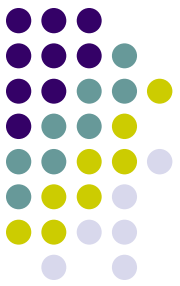


Common Objective

- **Objective: Sustainable Business Rules**
 - ✓ Rules that can be managed, maintained, supported, and hold up over time.
 - ✓ Provide the necessities of the business and can be nurtured as business changes.
 - ✓ They remain affirmed as valid and can be strengthened with new facts.
- **Achieved via:**
 - For now, use best of breed Rule Management tools that meet most rule mgmt reqs in conjunction with BRE tools including Rules Maintenance Applications.
 - In the future, with mature Rule Management tools that integrate with BRE tools including Rules Maintenance Applications. OMG's Business Rule Management RFI/RFP results will significantly influence future tool offerings.

- **Characteristics of Sustainable Business Rules :**

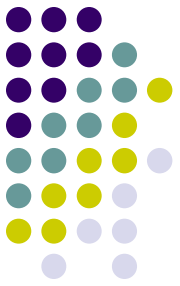
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|------------------|--|---------------------------|
| ▪ Understandable | ● Manageable | ▪ Adaptable |
| ▪ Verifiable | ● Securable | ▪ Extensible (Extendable) |
| ▪ Valid | ● Auditable | ▪ Expandable |
| ▪ Traceable | ● Maintainable (Low maintenance for IT and Business) | ▪ Testable |
| ▪ Reusable | | ▪ Query able |



Survey best-practices

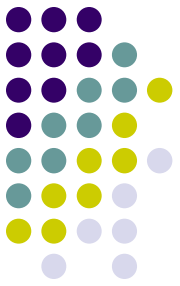
- A joint business and IT effort instituting a BR approach provides the best results
- Selecting the appropriate SDLM is key, and should be done prior to any rule engine decision
- Using a high-level BR Consultancy assisting with the cultural change necessary as you transition to any new BR approach is key

Survey best-practices (cont'd)



- Limiting the amount of change and technology you introduce to the culture at any given time is a consideration
- Train your staff thoroughly on the new BR approach. Pay particular attention to defining the new role of business rule analyst
- Integrate your SDLM with your BR approach. Current methodological alternatives do not define or accommodate BR approaches

Survey best-practices (cont'd)

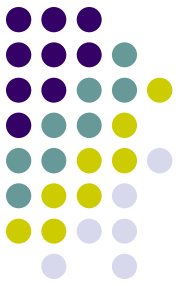


- Consider using visual metaphors like decision tables and decision trees when appropriate to express, document, and change similar rule patterns and families.



Summary

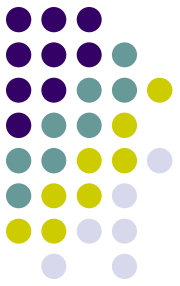
- Many Fortune 500 companies are piloting applications using a BR approach, some without the use of a business rule engine
- Vendors need to catch-up to the demand for products assisting with BR approaches (tools, training, and consulting)
- Understand your business culture, and your expected ROI, as well as the maturity of the BR tools and support available before you proceed



Summary (cont'd)

- BR development priorities appear to be in areas where:
 - ▶ decision consistency is critical
 - ▶ business change (application volatility) is above average
 - ▶ transaction volume is high
(i.e. loan eligibility, insurance underwriting)
- Solution quality and time-to-market business drivers alone can justify a BR approach, in addition to any potential technology cost savings

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