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Gartner Says Organisations Using Predictive Business Performance Metrics Will Increase Their Profitability 20 Per Cent by 2017

Analysts to Discuss How to Create Metrics That Improve Business Performance at Gartner Business Process Management Summits 2014, 19-20 March in London and 19-20 May in Sydney

Egham, UK, 16th January, 2014 — Organisations that use predictive business performance metrics will increase their profitability by 20 per cent by 2017, according to Gartner, Inc. Gartner said organisations should use predictive metrics to alert workers that a business moment (a transient opportunity exploited dynamically that requires unprecedented business velocity and agility) is about to occur, and guide them on the best next action to take in the context of a particular customer's expectations.

As we are entering the digital world, businesses will need to digitalise business processes, invent new digital business models, and compete at the speed of business moments. Senior IT managers and business process directors will increasingly be called on to manage an unprecedented degree and pace of business change, and to seize transient business moments by discovering what customers value and by personalising processes to deliver that value — all in the same instant.

"Using historical measures to gauge business and process performance is a thing of the past," said Samantha Searle, research analyst at Gartner. "To prevail in challenging market conditions, businesses need predictive metrics — also known as "leading indicators" — rather than just historical metrics (aka "lagging indicators")." Predictive risk metrics are particularly important for mitigating and even preventing the impact of disruptive events on profitability.

Only 31 Per Cent of Business and IT Leaders Have Metrics That Contribute to Strategic KPIs

A recent Gartner survey, conducted among 498 business and IT leaders in the fourth quarter of 2013, showed that 71 per cent of business and IT leaders understood which KPIs are critical to supporting the business strategy. But, only 48 per cent said they can access metrics that help them understand how their work contributes to strategic KPIs, and 31 per cent agreed they had a dashboard to provide visibility of these metrics. "However, visible metrics won't help drive strategic business outcomes, such as increasing profitability, if business and IT leaders don't have the right metrics in place," said Ms Searle.

Conversations that Gartner analysts had with business and IT leaders revealed that they often misinterpret the term "KPI" (which is a measure that should indicate what you need to do to significantly improve performance, and is therefore predictive) and don't actually have predictive measures in place. "They persist in using historical measures and consequently miss the opportunity to either capture a business moment that would increase profit or intervene to prevent an unforeseen event, resulting in a decrease in profit," added Ms Searle.

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Businesses that struggle to cope with today's accelerated business cycles, which require business and IT leaders to track work in progress, are seeing an increasingly vital need to make optimisation adjustments in real time, and increase organisational responsiveness to market dynamics and evolving event patterns.

Today, organisations are adopting intelligent business process management suites (iBPMSs) and operational intelligence platforms to dramatically increase their successful and proactive response to unexpected business disruptions. Such technologies leverage predictive analytics and provide information that makes it easier to identify relevant predictive metrics. Gartner estimates that the BPMS market will reach $2.8 billion in 2014, an 8.8 per cent growth from 2013.

"Business process directors who don't apply predictive metrics to cross-boundary business processes will leave their organisations vulnerable to the risk of failing to execute their business strategies," said Ms Searle. This is because they are unable to anticipate how well critical processes are driving strategic business outcomes, and therefore are unable to make well-informed decisions and intervene when process performance has plummeted below acceptable levels. "Business process directors should identify the business processes that are critical to driving strategic business outcomes and strategy execution, and determine how best to measure business outcomes in a way that triggers human or automated actions before an undesired outcome occurs. This ability will be crucial in determining the organisations who survive the shift towards a digital world and those who will be left behind," said Ms Searle.

More detailed analysis is available in the report "Predicts 2014: Business Process Reinvention Is Vital to Digital Business Transformation." The report is available on Gartner's web site at http://www.gartner.com/document/2624418.

Ms Searle will also present on how organisations can avoid common metrics mistakes at the Gartner Business Process Management Summit 2014, 19-20 March, in London. More information is available at www.gartner.com/eu/bpm or by following news on Twitter using #GartnerBPM.

About Gartner Business Process Management Summit 2014
The Gartner Business Process Management Summit will help BPM practitioners exploit the forces of digital disruption to improve organisations' performance, prioritise investments toward projects that will drive growth and innovation, and build the skills to establish them as a leader for digital process transformation.

About Gartner
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