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IDC Predicts Rapid Growth for Business Process Management Software Market, Reaching \$5.5 Billion by 2011

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FRAMINGHAM, Mass., August 9, 2007 – A new IDC study reveals that the market for business process management suite (BPMS) software is one of the fastest-growing software markets, and is establishing itself as the front end to next-generation deployment platforms used to build custom applications. According to IDC's research, the BPMS market grew nearly 80% in 2006 to \$890 million. IDC predicts that rapid growth will continue throughout the five-year forecast period to reach \$5.5 billion in 2011, a 44% five-year compound annual growth rate (CAGR).

"This year and next are critical years for BPMS vendors," said Maureen Fleming, program director for Business Process Integration and Deployment Software. "The market has had failures and consolidation, and this will continue over the forecast period. Most of the vendors have invested in their next generation capabilities. For those who aren't already, the focus should be on investing time, effort, energy, and cash building market share."

Growth in this market will be fueled by the following factors:

- BPMS software penetration is miniscule and governs only a tiny percentage of the total addressable market. As more enterprises invest in BPM, a significant percentage of those buyers will purchase a BPMS.
- Because many BPMS installations have been purchased on a project basis rather than as enterprise infrastructure, IDC expects growth to result from the expansion of initial deployments to additional processes and locations within existing accounts.
- As the platform vendors mature their BPM software and go to market with suites or BPM bundles, purchasing among their huge installed bases will be strong over the forecast period. IBM, Oracle, BEA, and Tibco are all experiencing strong growth within their BPM portfolios. Microsoft, through its Business Process Alliance (BPA), has signaled an interest in this market. BPA members, including Ascentn, K2, and Metastorm, will benefit from this attention and investment.
- Vendors in adjacent markets have also moved into BPMS. EMC, Autonomy, and Adobe are leaders in their respective markets that will contribute to strong growth in BPMS.
- Software as a service (SaaS) is only beginning to emerge as a business model in this market. However, IDC believes the SaaS model will help fuel growth in the midmarket, small business, and business-to-business arenas during the latter half of the forecast period.

Over the next several years, the many BPMS pure-play vendors will be fighting

against the larger vendors for market share. This will be a challenge when a small portion of a large project involves the implementation of workflow to solve a process automation problem. However, enterprises planning to invest in process excellence will be assessing BPMS based on the level of knowledge the vendor has about business process management in addition to the degree of sophistication of the product offering.

From that perspective, the pure-play vendors' ability to innovate by continually responding to customer needs will help them battle the larger vendors and will continue to push the larger vendors to improve their own offerings. Over the next several years, innovations coming from the pure plays - Lombardi, Global 360, Ascentn, Appian, Savvion, Bluespring, Ultimus, and others - will continue to drive advances in this market.

IDC defines business process management as a discipline within enterprises that helps to improve business performance by focusing on improving operations. A BPMS is used when an organization determines that it can achieve significant operational efficiencies by automating a manual or semi-automated process.


This IDC study, *Worldwide Business Process Management Suite 2007-2011 Forecast and 2006 Vendor Shares* (IDC #207954) examines the business process management suite software market for the period from 2004 to 2011, with vendor revenue trends and market growth forecasts. Worldwide market sizing is provided for 2006, along with trends and vertical and customer size segmentations. A five-year growth forecast for this market is shown for 2007–2011. Revenue and market share of the leading vendors is provided for 2006. This study also provides profiles of many of the vendors and identifies the characteristics that vendors will need to be successful in the future.

Contact

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