

## ROI Workshop: Building the Business Case for SOA

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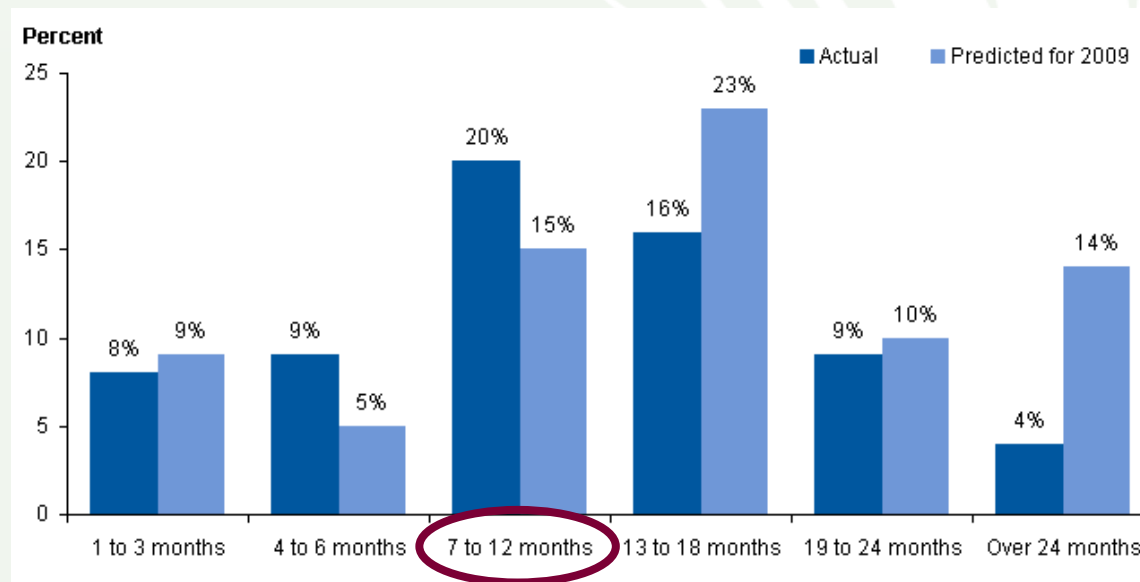
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## Some Positive News: ROI is Real

“Service-oriented architecture (SOA) is creating value for organizations that follow it. This value is mostly in improvements to agility and rapid return on investment.”

Expected vs. Actual Time to Positive Return

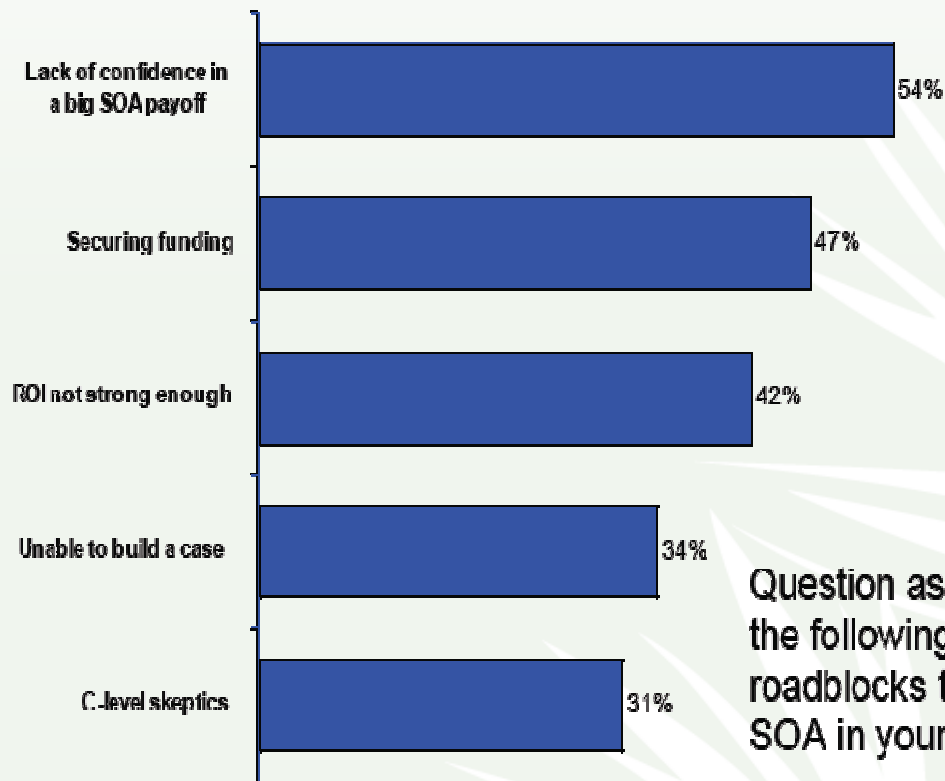


Gartner, Inc. “Survey Update: The Value of SOA” - March 24, 2009

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## Getting Over the Hump...



What's the Business Case?

Question asked: Which of the following are roadblocks to justifying SOA in your organization?

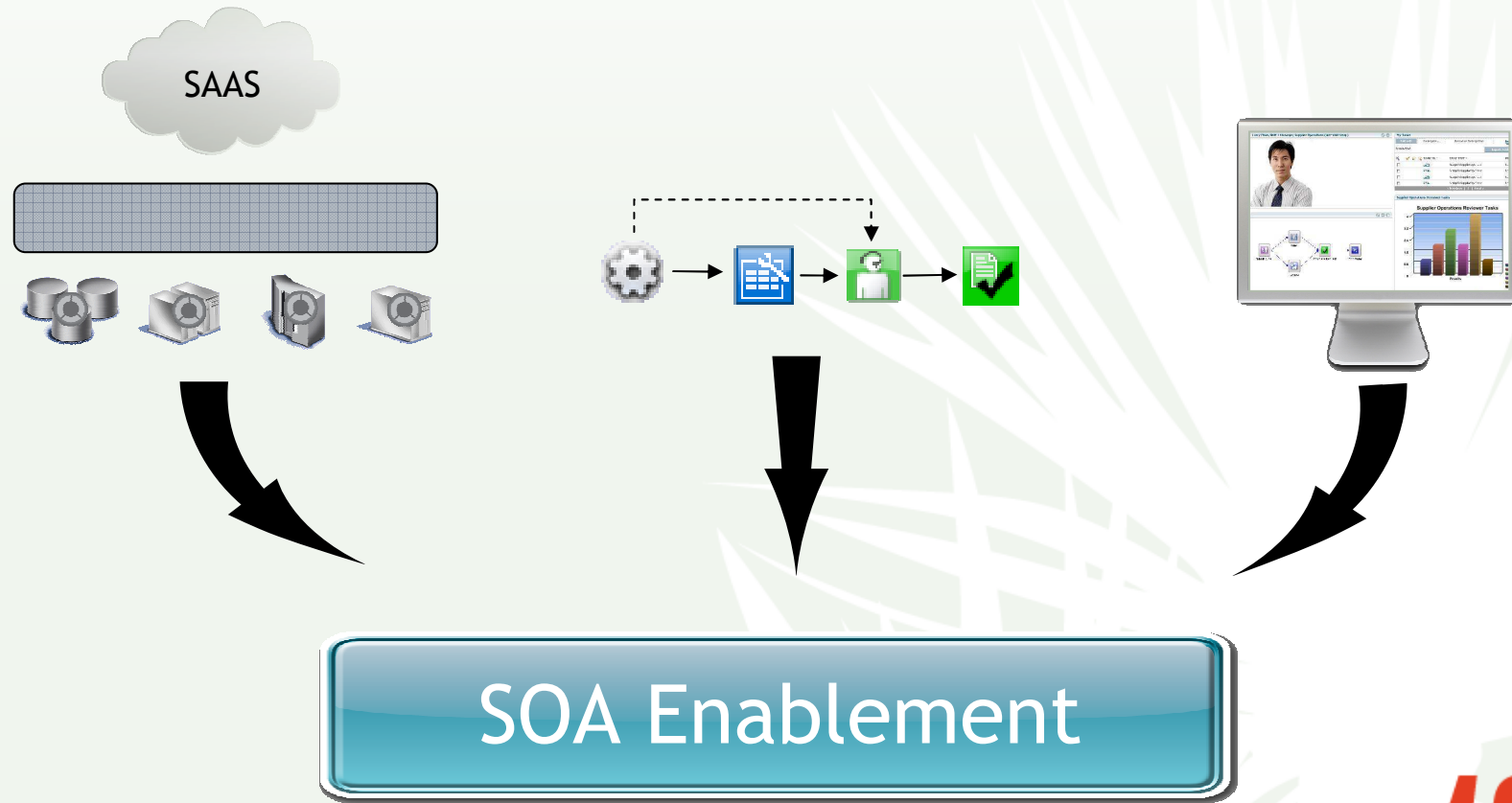
## Five Tips to Build a Business Case

Don't Call  
it SOA

1

- Explain the value and benefits in business terms
- Reflect the organization's goals
- Align SOA with Business Drivers

# Common Business Drivers for SOA



## Five Tips to Build a Business Case

### Pick Projects with Tangible Benefits

# 2

- Focus on fixed benefits
- Find the “one big thing”
- Start small, but think big

# Aspirins are better than Vitamins

## Impact

### Hard Benefits:

- Cost Reduction
- Regulatory Compliance
- Improved Delivery Time tied to specific revenue realization

### Soft Benefits:

- Increased Productivity
- Reduction of Risk
- Standardization / Simplicity
- Cost Avoidance

## Immediacy

### Fixed Benefits:

- Quantifiable benefits that occur upon immediate solution implementation

### Variable Benefits:

- Benefits that require additional future activity / projects to show value



## Five Tips to Build a Business Case

### Build a Value-Focused Business Case

# 3

- Quantify the benefits in the terms that will justify funding
- Avoid technical jargon
- Cover immediate and long-term benefits

## Calculate Your ROI

[www.softwareag.com/soaroi](http://www.softwareag.com/soaroi)

So, what do you think?

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## Justification and Assumptions for SOA ROI

- The baseline scenario is developing and managing services from scratch, with no supporting tools
- Hardware and software costs are included and scaled to the number of services
- Implementation costs are included (4 people, 4 weeks, internal/external)
- Software AG enables 25 - 40% productivity improvements for developing interfaces
- Software AG enables 5 - 10% productivity improvements for developing services
- Software AG enables 10 - 40% reuse of interfaces & services
- Software AG enables 40 - 50% decrease in maintenance of interfaces & services

# Service Enablement Benefits Model



# Service Enablement Benefits Calculation

## EAI/B2B Benefits

Cell entries can be changed to see how they affect results.  
 Cell contains derived results and is locked, but can be copied and pasted into other spreadsheets

### Productivity

Design, development, testing, and deployment productivity savings are achieved using webMethods instead of programming-intensive point-to-point integrations.

Number of Interfaces to be Developed  
 Development Effort Each without webMethods EAI/B2B (hrs)  
 Reduction in Development Effort Using webMethods EAI/B2B (%)  
 Labor Cost (\$/hr)  
 Productivity Savings (\$K)  
 Total Productivity Savings (\$K)

	Year 1			Year 2			Year 3			Year 4		
	Complex	Moderate	Simple	Complex	Moderate	Simple	Complex	Moderate	Simple	Complex	Moderate	Simple
Number of Interfaces to be Developed	2	5	9	2	5	10	2	5	10	2	5	10
Development Effort Each without webMethods EAI/B2B (hrs)	1045	430	324	1045	430	324	1045	430	324	1045	430	324
Reduction in Development Effort Using webMethods EAI/B2B (%)	42%	32%	25%	42%	32%	25%	42%	32%	25%	42%	32%	25%
Labor Cost (\$/hr)	75			79			83			87		
Productivity Savings (\$K)	66	52	55	69	54	64	73	57	67	76	60	77
Total Productivity Savings (\$K)	172			187			196			213		

### Reuse

Reuse leverages clear interfaces, modular functionality, and easy discovery of existing integrations and methods. The amount of integrations reused will differ by industry.

Number of Interfaces to be Developed  
 Portion of Interfaces Reused (%)  
 Development Effort Each without webMethods EAI/B2B (hrs)  
 Reduction in Development Effort Using webMethods EAI/B2B (%)  
 Development Effort Savings when Reusing an Interface (\$/hr)  
 Labor Cost (\$/hr)  
 Reuse Savings (\$K)  
 Total Reuse Savings (\$K)

	Year 1			Year 2			Year 3			Year 4		
	Complex	Moderate	Simple	Complex	Moderate	Simple	Complex	Moderate	Simple	Complex	Moderate	Simple
Number of Interfaces to be Developed	2	5	9	2	5	10	2	5	10	2	5	10
Portion of Interfaces Reused (%)	10%	15%	25%	10%	15%	25%	10%	15%	25%	10%	15%	25%
Development Effort Each without webMethods EAI/B2B (hrs)	1045	430	324	1045	430	324	1045	430	324	1045	430	324
Reduction in Development Effort Using webMethods EAI/B2B (%)	42%	32%	25%	42%	32%	25%	42%	32%	25%	42%	32%	25%
Development Effort Savings when Reusing an Interface (\$/hr)	80%	85%	90%	80%	85%	90%	80%	85%	90%	80%	85%	90%
Labor Cost (\$/hr)	75			79			83			87		
Reuse Savings (\$K)	14	22	51	15	23	59	15	24	62	16	25	73
Total Reuse Savings (\$K)	86			96			101			113		

### Maintenance

Maintenance effort is reduced due to greater commonality of approaches, better visibility, and less code with webMethods vs. maintaining a custom-developed solution.

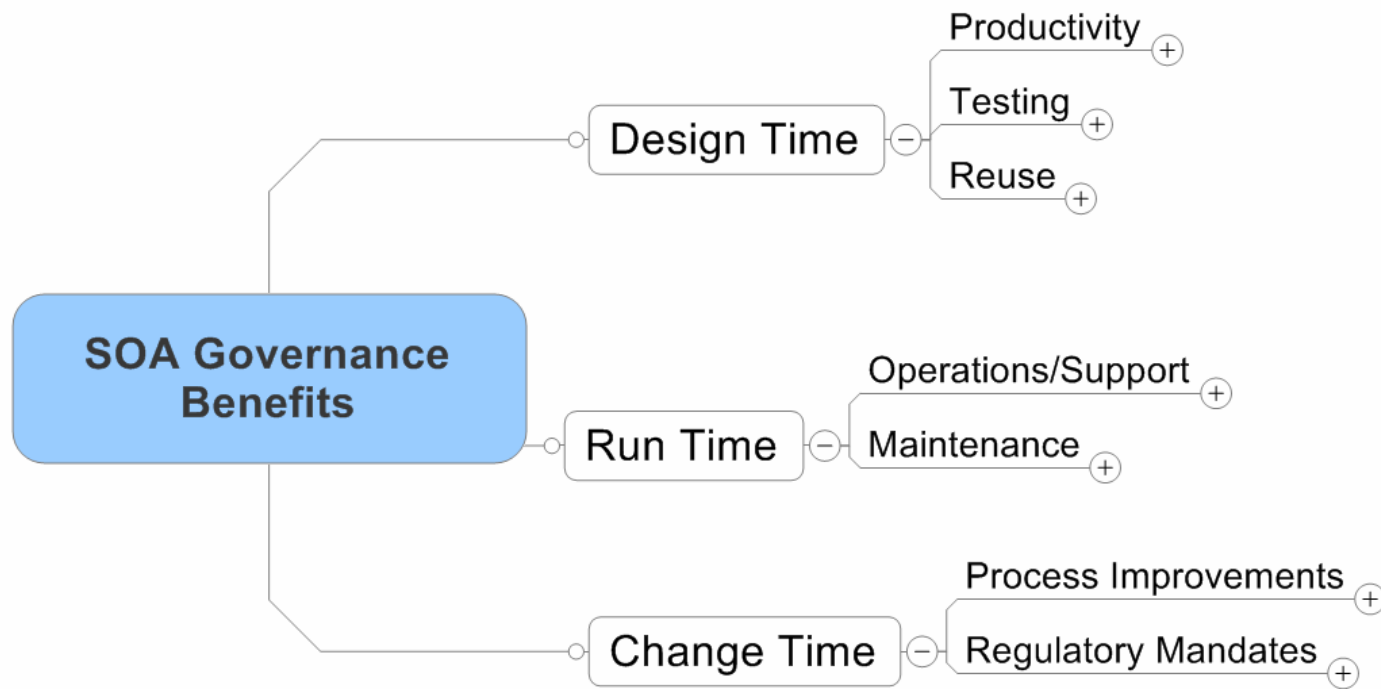
Number of Interfaces in Production  
 Maintenance Effort Each without webMethods EAI/B2B (hrs)  
 Reduction in Maintenance Effort Using webMethods EAI/B2B (%)  
 Labor Cost (\$/hr)  
 Maintenance Savings (\$K)  
 Maintenance Avoidance Due to Reuse (\$K)  
 Total Maintenance Savings (\$K)

	Year 1			Year 2			Year 3			Year 4		
	Complex	Moderate	Simple	Complex	Moderate	Simple	Complex	Moderate	Simple	Complex	Moderate	Simple
Number of Interfaces in Production	1	3	5	3	8	14	5	13	24	7	18	33
Maintenance Effort Each without webMethods EAI/B2B (hrs)	240	78	57	240	78	57	240	78	57	240	78	57
Reduction in Maintenance Effort Using webMethods EAI/B2B (%)	50%			50%			50%			50%		
Labor Cost (\$/hr)	75			79			83			87		
Maintenance Savings (\$K)	9	9	11	28	25	31	50	42	57	73	61	87
Maintenance Avoidance Due to Reuse (\$K)	1	1	3	3	4	8	5	6	14	7	9	22
Total Maintenance Savings (\$K)	33			99			173			259		

### Total EAI/B2B Benefits

	Year 1	Year 2	Year 3	Year 4
Total EAI/B2B Benefits (\$K)	292	382	471	585

## SOA Governance Benefits Model



# SOA Governance Benefits Calculation - Design Time

## SOA Governance Benefits

Cell entries can be changed to see how they affect results.  
 Cell contains derived results and is locked, but can be copied and pasted into other spreadsheets

### Design Time

#### Productivity

Increased design and development productivity is achieved with SOA governance via role and policy enforcement, service contracts, and easy access to service specifications.

Number of Services to be Developed  
 Development Effort Each without webMethods SOA  
 Reduction in Development Effort Using webMethods SOA  
 Labor Cost  
 Productivity Savings  
 Total Productivity Savings

	Year 1			Year 2			Year 3			Year 4		
	Complex	Moderate	Simple	Complex	Moderate	Simple	Complex	Moderate	Simple	Complex	Moderate	Simple
(hrs)	3	9	18	3	9	19	3	9	20	3	9	
(hrs)	348	143	108	348	143	108	348	143	108	348	143	
(%)	5%	10%	10%	5%	10%	10%	5%	10%	10%	5%	10%	
(\$/hr)	75			79			83			87		
(\$K)	4	10	15	4	10	16	4	11	18	5	11	
(\$K)	28			30			33			35		

#### Testing\*

Testing time is reduced due to design policy enforcement and dependency management. Efficiencies in unit testing offset slightly more complicated system testing due to modularity.

Number of Services to be Developed  
 Testing Effort Each without webMethods SOA  
 Reduction in Testing Effort Using webMethods SOA  
 Labor Cost  
 Testing Savings  
 Total Testing Savings

	Year 1			Year 2			Year 3			Year 4		
	Complex	Moderate	Simple	Complex	Moderate	Simple	Complex	Moderate	Simple	Complex	Moderate	Simple
(hrs)	3	9	18	3	9	19	3	9	20	3	9	
(hrs)	174	72	54	174	72	54	174	72	54	174	72	
(%)	10%	8%	5%	10%	8%	5%	10%	8%	5%	10%	8%	
(\$/hr)	75			79			83			87		
(\$K)	4	4	4	4	4	4	4	4	4	5	5	
(\$K)	11			12			13			14		

#### Reuse

Typically the key driver of SOA savings, reuse leverages clear specifications and documentation of granular services to avoid recoding of similar functionality. The amount of services reused will differ by industry.

Number of Services to be Developed  
 Incremental Portion of Services Reused  
 Development Effort Each without webMethods SOA  
 Reduction in Development Effort Using webMethods SOA  
 Development Effort Savings when Reusing a Service  
 Labor Cost  
 Reuse Savings  
 Total Reuse Savings

	Year 1			Year 2			Year 3			Year 4		
	Complex	Moderate	Simple	Complex	Moderate	Simple	Complex	Moderate	Simple	Complex	Moderate	Simple
(%)	3	9	18	3	9	19	3	9	20	3	9	
(%)	10%	15%	25%	10%	15%	25%	10%	15%	25%	10%	15%	25%
(hrs)	348	143	108	348	143	108	348	143	108	348	143	
(%)	5%	10%	10%	5%	10%	10%	5%	10%	10%	5%	10%	
(%)	80%	85%	90%	80%	85%	90%	80%	85%	90%	80%	85%	90%
(\$/hr)	75			79			83			87		
(\$K)	6	13	33	7	13	37	7	14	41	7	14	
(\$K)	52			57			61			67		
(\$K)	92			99			107			116		

**Total Design Time Savings**

(\$K)

# SOA Governance Benefits Calculation - Run Time & Change Time

## Run Time

### Operations/Support

At run time, support effort is significantly reduced due to more granular visibility, built-in SLA management, load balancing, and controlled access to services. Reuse factors in here too because of common components.

Number of Services in Production  
Operations/Support Effort Each without webMethods SOA  
Reduction in Ops/Support Effort Using webMethods SOA  
Labor Cost  
Operations/Support Savings  
Operations/Support Avoidance Due to Reuse  
Total Operations/Support Savings

	Year 1			Year 2			Year 3			Year 4		
	Complex	Moderate	Simple	Complex	Moderate	Simple	Complex	Moderate	Simple	Complex	Moderate	Simple
(hrs)	24	8	6	24	8	6	24	8	6	24	8	6
(%)	50%			50%			50%			50%		
(\$/hr)	75			79			83			87		
(\$K)	2	2	2	5	4	7	8	8	12	11	11	11
(\$K)	0	0	1	0	1	2	1	1	3	1	2	2
(\$K)	6			19			32			48		

### Maintenance

Risk and effort associated with planned maintenance is reduced with SOA governance because of run-time version management, built-in dependency management, access control, and reuse.

Number of Services in Production  
Maintenance Effort Each without webMethods SOA  
Reduction in Maintenance Effort Using webMethods SOA  
Labor Cost  
Maintenance Savings  
Maintenance Avoidance Due to Reuse  
Total Maintenance Savings

	Year 1			Year 2			Year 3			Year 4		
	Complex	Moderate	Simple	Complex	Moderate	Simple	Complex	Moderate	Simple	Complex	Moderate	Simple
(hrs)	240	78	57	240	78	57	240	78	57	240	78	57
(%)	40%			40%			40%			40%		
(\$/hr)	75			79			83			87		
(\$K)	14	12	15	38	34	50	64	59	89	92	87	87
(\$K)	2	3	6	6	8	19	10	13	33	14	20	20
(\$K)	52			155			268			397		

### Total Run Time Savings

(\$K)	58			173			300			444		
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## Change Time

### Process Improvements

Business-driven changes to processes for long-term improvement are easier because of service relationship and dependency management, impact analysis, and loose coupling.

Number of Services in Production  
Portion of Services Changed for Process Improvements  
Change Development Effort Each without webMethods SOA  
Reduction in Change Development Effort Using webMethods SOA  
Labor Cost  
Process Improvement Savings  
Total Process Improvement Savings

	Year 1			Year 2			Year 3			Year 4		
	Complex	Moderate	Simple	Complex	Moderate	Simple	Complex	Moderate	Simple	Complex	Moderate	Simple
(%)	10%	20%	30%	10%	20%	30%	10%	20%	30%	10%	20%	30%
(hrs)	279	115	87	279	115	87	279	115	87	279	115	87
(%)	42%	32%	25%	42%	32%	25%	42%	32%	25%	42%	32%	25%
(\$/hr)	75			79			83			87		
(\$K)	2	3	4	5	8	14	8	14	25	11	20	20
(\$K)	9			27			47			70		

### Regulatory Mandates

Unplanned changes due to regulatory requirements require less effort for the same reasons as those for planned ones, but they occur less frequently.

Number of Services in Production  
Portion of Services Changed for Regulatory Mandates  
Change Development Effort Each without webMethods SOA  
Reduction in Change Development Effort Using webMethods SOA  
Labor Cost  
Regulatory Mandate Savings  
Total Regulatory Mandate Savings

	Year 1			Year 2			Year 3			Year 4		
	Complex	Moderate	Simple	Complex	Moderate	Simple	Complex	Moderate	Simple	Complex	Moderate	Simple
(%)	5%	3%	2%	5%	3%	2%	5%	3%	2%	5%	3%	3%
(hrs)	279	115	87	279	115	87	279	115	87	279	115	87
(%)	42%	32%	25%	42%	32%	25%	42%	32%	25%	42%	32%	25%
(\$/hr)	75			79			83			87		
(\$K)	1	0	0	2	1	1	4	2	2	6	3	3
(\$K)	2			4			8			11		

Questions?

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## Next Steps

Interested in a custom analysis?

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