



Service Oriented Architecture

Business Value

Consider this. In 1917 US Steel lead the Forbes list and employed 268,000 people – today 21,000. In the same year there were eight other steel makers on the top 100 list and 33 other companies in the business of extracting things out of the earth. Today, sixty one of these companies no longer exist. Key companies to survive are six oil companies, two automakers (Ford & GM) along with AT&T, Citicorp, DuPont, General Electric, Kodak, Procter & Gamble and Sears.

How will companies survive over the long term?

The answer is in continuous business transformation.

How can companies effectively execute a business plan incorporating continuous business transformation?

The answer is by the company becoming as agile as possible, both in business process and IT implementation.

How can companies achieve the greatest business agility?

The answer is Service Oriented Architecture (SOA).

Customer ROI

Don Buskard, Senior VP & CTO of AXA Financial states “the benefits of easier integration and increased agility lead to greater ROI. Buskard says he’s *achieved a 200 percent return on his SOA investment.*”¹

A prominent investment firm that built an enterprise-class SOA to expose thousands of mainframe transactions. This company²

- ♦ Improved the response times for CICS transactions by 10 to 20 times
- ♦ Increased throughput by a factor of 10 times
- ♦ Reduced the percentage of cost for infrastructure and integration from 90% to 65%
- ♦ Reduced the time to write programs to get data off of mainframe from 3-4 months to a matter of minutes.

The State of California’s Franchise Tax Board created a new Web Services tax application that:

- ♦ Increased tax revenue by 10% the first year
- ♦ Reduced erroneous contacts by 55%
- ♦ ROI in fewer than 12 months

International Data Corporation conducted a study³ of seven IBM customers implementing Web Services. The overall results of the analysis were, on average:

- ♦ Reduction in costs of \$39.7 Million on an investment of \$1.8 Million.
- ♦ 22% faster time to deployment of key new applications.
- ♦ Developers became 47% more efficient and companies were able to save \$2.2 million annually.

¹ “What you need to know about Service-Oriented Architecture,” CIO Magazine, Jan 15, 2004.

² “The Path to Successful Web Services: Navigating the Pitfalls,” Zapthink, October 2003.

³ The study can be found at http://www-306.ibm.com/software/solutions/webservices/pdf/May13_IBM_WebServices.pdf

SOA Business Benefits

Quantifiably measure IT’s business value
Reduce or eliminate frustrations with IT
Create an agile business environment for competitive advantage
Different computers, from different vendors, with different programs, from different functional areas of the business (or externally to customers, suppliers or vendors) can now intelligently talk and exchange data with each other
IT maintenance costs greatly reduced
Greatly reduce the impact of change
Leads to a better dialogue between the CIO and line of business executives by forcing IT workers to think in terms of business, and not exclusively of the technical architecture
Projects are driven by business needs rather than technological limitations
Improves time to market as connections to partners and customers can be made faster, even dynamically
Digital dashboards can provide clear visibility into operating data for executive review
Enables less technical business people (e.g. a business analyst) to “assemble” software solutions without the need for coding
An SOA backbone allows costs to be reported very granularly. Departments can be held more accountable.
Available to all sizes of organizations, lowers barriers to entry
Not industry specific
Supports globalization and the integration of geographically dispersed organizations
Mobile devices with wide or narrow bandwidth can be integrated with established systems or utilized for the first time
Reduce the cost of establishing and using 3 rd party marketplaces. Multiple buyers and sellers can congregate at will to exchange goods and services.
Enables and facilitates new business models
Transition software deployment models from big-bang, high-footprint implementations to just-in-time applications that are appropriate to the business challenge being addressed.
Makes it easier to add or change partners or 3 rd party applications
By easing connectivity, data exchange and process integration between disparate systems, Merger & Acquisition activity can be accelerated
Exposed services bring possibility of new revenue sources
Companies can integrate on the fly for a single or multiple instances

More Information

SOA Business Value White paper
<http://www.ibm.com/webservices/eis>

EIS Internal Web Site:
<http://w3.ibm.com/software/eis>

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