

Calculating the ROI in Enterprise Application Integration

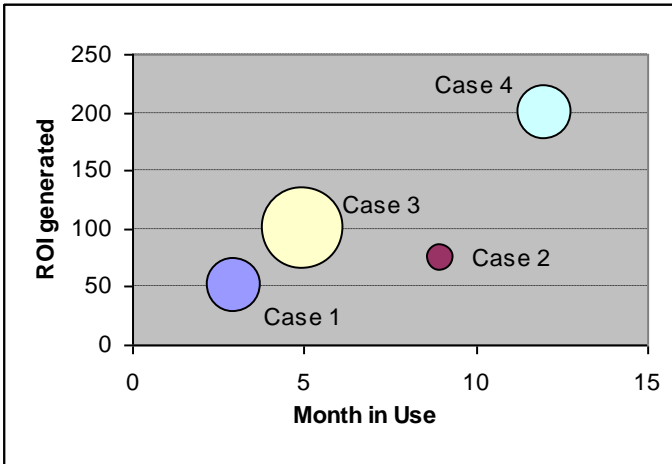
- comparing traditional integration programming vs. using packaged tools
- understanding the impact on ROI in different IT environments
- increase ROI by leveraging technology and ICC knowledge

“Migrating existing integrations should only be done if there is a benefit for the business”

Calculating the ROI of Integrations can only be a theoretical exercise unless someone is willing to spend the time and money to develop the same integration with and without an EAI tool.

t2b’s **ROI for EAI** is an attempt to calculate an ROI based on the experience gained in various integration projects. These projects also revealed an interesting fact that applies generally:

“The key drivers of ROI include the period of use and the complexity of organizations’ environments.”



Size of the bubble indicates the complexity

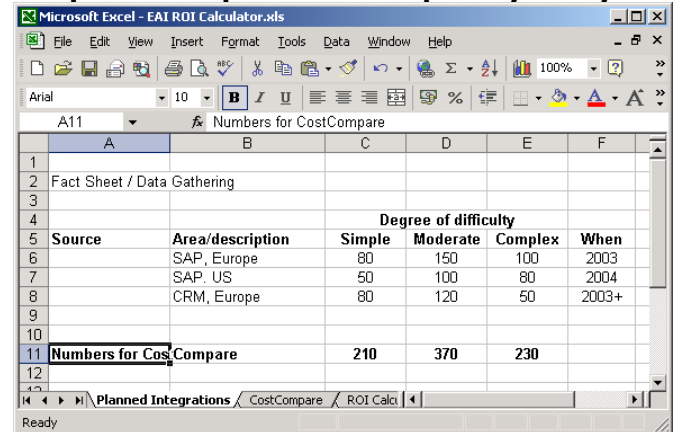
Calculating the ROI

Analyzing and documenting the complexity of the integrations is the first step to get an understanding of the integration project. This can be achieved by using the **t2b Complexity Analysis Methodology** (please see the separate flyer for more information) or can be done - less accurately - by just estimating the complexity of each interface.

In addition, the investment of the EAI tool and the annual cost of running the integration competence center (ICC) need to be known.

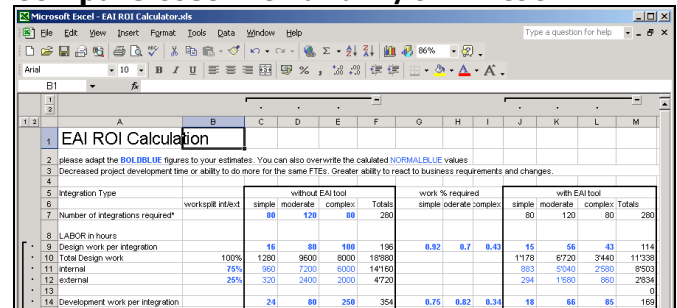
Based on the figures mentioned above, the spreadsheet calculates the annual savings and the ROI.

Simplified output from complexity analysis



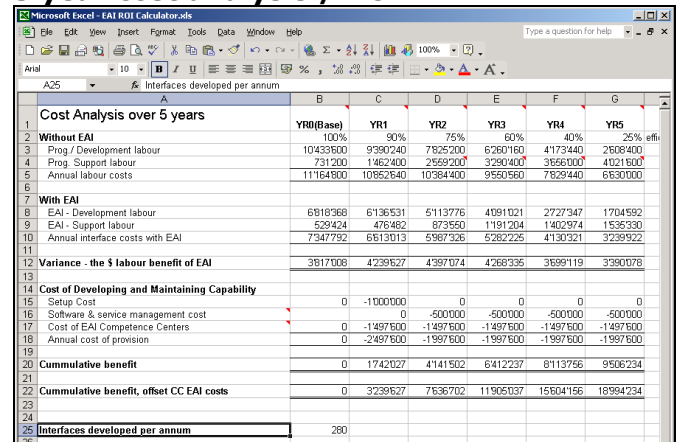
Source	Area/description	Simple	Moderate	Complex	When
	SAP, Europe	80	150	100	2003
	SAP, US	50	100	80	2004
	CRM, Europe	80	120	50	2003+
Numbers for CostCompare		210	370	230	

Compare cost with and w/o EAI tool



Integration Type	worksplit in total	without EAI tool			work % required			with EAI tool				
		simple	moderate	complex	simple	moderate	complex	simple	moderate	complex		
Number of integrations required*	80	120	80	200	80	120	80	200	80	120	80	200
LABOR in hours												
Design work per integration		16	80	100	196	0.92	0.7	0.43	15	56	43	114
Total Design work	100%	1280	9600	8000	18980				1178	6720	3440	11338
Internal	75%	960	7200	6000	14160				883	5040	2580	8663
external	25%	320	2400	2000	4720				294	1680	860	2674
Development work per integration		24	80	258	354	0.75	0.82	0.34	18	66	85	169

5 year cost analysis / ROI



Cost Analysis over 5 years	YR0 (Base)	YR1	YR2	YR3	YR4	YR5
Without EAI	100%	80%	75%	60%	40%	25% eff.
Prog / Development labour	10433600	9390240	7825200	6260160	4173440	2608400
Prog. Support labour	731200	1462400	2559200	3290400	3666000	4021600
Annual labour costs	11164800	10852640	10384400	9550560	7839440	6630000
With EAI						
EAI - Development labour	6918368	6136531	5113776	4091021	2727347	1704592
EAI - Support labour	529424	476462	873550	1181204	1402974	1535330
Annual interface costs with EAI	7347782	6613013	5987326	5262225	4130321	3239922
Variance - the \$ labour benefit of EAI	3817008	4239527	4397074	4288335	3699119	3390078
Cost of Developing and Maintaining Capability						
Setup Cost	0	-1000000	0	0	0	0
Software & service management cost	0	0	-500000	-500000	-500000	-500000
Cost of EAI Competence Centers	0	-1497600	-1497600	-1497600	-1497600	-1497600
Annual cost of provision	0	-2497600	-1997600	-1997600	-1997600	-1997600
Cummulative benefit	0	1742027	4141502	6412237	8113756	9506234
Cummulative benefit, offset CC EAI costs	0	3239527	7636702	11905037	15504166	18994234
Interfaces developed per annum		280				