



What's the Business Value of SOA? Show It with KPIs

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EXECUTIVE SUMMARY

If you're in IT, you're being asked to add more business value than ever. In fact, today's "CIOs are being asked to become drivers of the business while at the same time many are trying to replace old and inflexible infrastructures with modern and flexible ones," according to InformationWeek's Analytics 2009 Global CIO Survey. This report adds that "across the globe CIOs are fighting the stubborn perception that IT in general—and CIOs and their teams in particular—are cost centers rather than creators of value and accelerators of innovation."¹

Does this sound familiar? Whether you already have an SOA in place—or you're just getting started with SOA—it is essential to prove business benefits. Today, measuring cost and revenue impact as well as other SOA metrics is vital to any leading organization. Measuring the value and tracking changes to these metrics are critical as your SOA grows and its portfolio expands.

As shown by various recent studies, organizations are increasingly implementing SOA to deliver greater business value. Most organizations report business benefits such as reducing time to bringing products to market, responding to changes in business faster and improved execution of business processes.

A proven way to demonstrate an SOA's business value is through Key Performance Indicators (KPIs). KPIs use a language your business colleagues understand: metrics. They give you the means to measure a return on your SOA investment and directly link SOA projects to real business improvements.

This white paper in simple terms will tell you:

- What KPIs you can use to start measuring SOA results
- How leading organizations—Avnet, Coca-Cola Enterprises and France Telecom—measure how SOA contributes to business success
- How Software AG can help you analyze and deliver on your SOA-based KPIs

By reading this brief paper, you'll gain valuable insights to prove the business value of an SOA. You'll learn how you can create a KPI-driven SOA strategy and deliver on the KPIs you've identified.

A proven way to demonstrate an SOA's business value is through Key Performance Indicators (KPIs). KPIs use a language your business colleagues understand: metrics.



¹ Small World, Big Opportunities: InformationWeek Global CIO Report, by Bob Evans, Information Week, May 2009.

For IT, KPIs help you measure the business value of your SOA projects. You can use KPIs to know where to focus your resources to deliver the greatest business benefit—so you can better align IT investments with the business.



UNDERSTANDING THE KPIs OF SOA

Your Means to Measure SOA Results

So let's assume your organization, like many others, has improved its ability to monitor business results in real-time, or you're close to it. Perhaps you've identified a clear corporate strategy (for example, to be the world's best in your market) and to achieve that aim, you've identified clear goals. These goals might typically include:

- Increasing and automating customer service levels
- Onboarding new customers faster
- Reducing the time and cost of getting new products to market

Now it's time for your IT department to define and measure the KPIs to prove these goals can be reached using an SOA.

As you probably already know, business people use KPIs to evaluate their progress in reaching a long-term vision and short-term quarterly goals. KPIs are the guiding force that synchronizes goals with daily operational execution.

For IT, KPIs can help you measure the business value of your SOA projects. You can use KPIs to know where to focus your resources to deliver the greatest business benefit—so you can better align IT investments with the business.

KPIs will help you focus your activities, assess/fine-tune performance and model/modify processes up, down and across your enterprise.

KPIs can also help transform your IT role into "proactive business advocate." That's because you can work consultatively with business colleagues to show how IT spending is designed to increase business performance. You can do this with KPIs that are:

- Strategic to measure progress in meeting and managing objectives
- Process or function-based, reflecting the impact a business unit, function or team has on a strategic KPI
- Infrastructure-based to ensure IT investments are leveraged optimally to support functional and strategic goals

No matter which type of KPI you choose to measure with, KPIs will enable you to answer the pressing question: "What's the business value of SOA?"

KPIs YOUR COMPANY CAN REALLY USE

Demonstrating SOA's Real Value

What KPIs will help you prove SOA delivers on business and IT drivers? If you want to prove SOA is helping your business innovate faster, you could measure cycle time and development time. If you want to prove SOA helps reduce the cost of compliance, you could measure IT operational expenses to company revenue ratio or reduced operational expenses.

Use this chart to find KPIs you can use and measure for common business and IT drivers:

BUSINESS DRIVERS →	IT DRIVERS →	KPIs TO MEASURE
Competitive pressures —your business needs to innovate faster than the competition	Faster response to business demands —IT wants to proactively deliver innovations by re-using services intelligently rather than “reinventing the wheel” with each project	<ul style="list-style-type: none"> • Cycle time—measure time to complete processes, start to finish • Development time—show how fast new applications, processes and services are delivered • Number of services re-used—demonstrate asset re-use rather than costly re-creation • Re-use of application components—show how you are re-using components to drive down costs and flatten out the cost of keeping up with business changes • Total cost of new process rollout—prove the low cost to build new business processes using SOA
Regulatory demands —you must act transparently while reducing the cost of compliance	Service consistency —IT would like to assure consistent service quality and enforce governance policies, especially as the number of services grows	<ul style="list-style-type: none"> • Number of services managed with CentraSite—show policy enforcement for greater consistency across your SOA landscape
Cost reduction —in a tight economy, business demands new ways to lower costs	<p>Re-use of IT assets—IT wants to get more value out of existing systems</p> <p>Reduced burden and cost of system maintenance—IT would like to spend more time on innovations, less time and cost on system maintenance</p>	<ul style="list-style-type: none"> • IT operational expenses to company revenue ratio—prove IT is helping to lower expenses • Maintenance costs—show how an SOA reduces maintenance costs and frees up budget for innovations • Reduced operational expenses—demonstrate savings that result from SOA-based process improvements • Revenue-to-expense ratio—measure how your company is increasing revenue while lowering costs, thanks to SOA-based projects • Total cost of application ownership—show how modernization saves the business money by re-using systems
Customer retention and improved customer service —you want to grow your customers and not lose them to the competition	Improved service delivery —IT wants to assure services are readily available for customers anytime, anywhere	<ul style="list-style-type: none"> • Application uptime—show how initiatives increase business productivity and customer satisfaction • Resolution times—prove you’re meeting Service Level Agreements (SLAs) • Time to Web-enable existing assets—show how fast you can leverage existing assets to serve your customers in better ways
Information overload —business wants to make fact-based decisions based on the latest information	Better information distribution —IT wants to get the right information to the right person at the right time	<ul style="list-style-type: none"> • Number of instances of self-service—show how an SOA speeds up access to information, saving time and reducing errors
Seamless integration within your business and with partners —so you can deliver faster, customer-focused and seamless service	Reduced integration headaches —point-to-point links are inflexible, making changes to services and processes expensive and time-intensive service	<ul style="list-style-type: none"> • Time to integrate partners and customers—prove accuracy, efficiency and speed at which business can be conducted using an SOA approach • Time to integrate systems and applications—prove the efficiency of SOA vs. point-to-point links

LEARN BY EXAMPLE: HOW LEADING ENTERPRISES USE KPIS

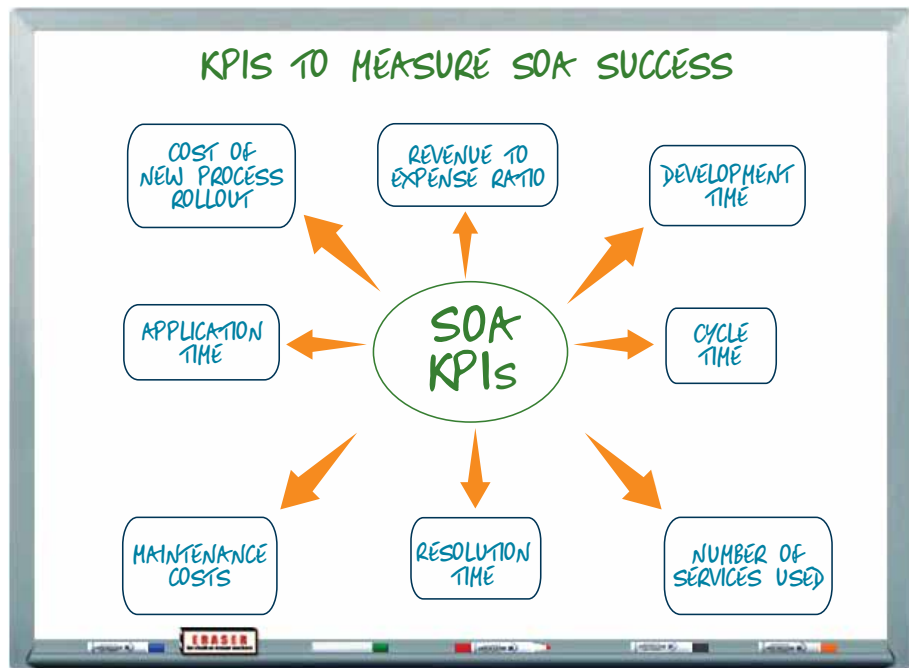


Figure 1: Shown here are a few KPIs you can measure to illustrate the business value of an SOA.

Let's look at how three Software AG customers are using SOA-based strategies to prove the business value of their IT investments. To read the full range of Software AG customer success stories, go to: www.softwareag.com/customers.

Avnet

BUSINESS DRIVERS

- Competitive pressures
- Cost reduction
- Customer retention
- Smooth mergers and acquisitions
- Faster response to business demands
- Reduced integration headaches
- Improved service delivery

KPIs AT WORK

- **Time to complete quote-to-order process**—achieved 30 percent savings
- **Cycle time for order management**—reduced from more than 1 day to minutes
- **Development time**—reduced by 45 percent
- **Time to integrate acquired companies**—now estimated at just 90 days (this is a key measure for Avnet since the company has had 55 acquisitions since 1991)

Avnet Proves SOA's Business Value in Faster Processes, Higher Productivity

Avnet is one of the world's largest distributors of electronic components, computer products and technology services and solutions, serving 100,000 customers in more than 70 countries. The company supplies design-chain services and e-commerce offerings, which help its customers maximize inventory efficiency, optimize logistics management and augment product assembly. Customers and suppliers use Avnet services to do everything from managing rebates to providing real-time pricing.

Challenge:

Avnet operates in an industry known for razor-thin margins. That means IT must continually innovate new streamlined processes. The company has more than 100 services based on a variety of technologies, including COBOL, Java and .NET. Previous point-to-point connections proved inflexible; they slowed down integrating new acquisitions and customers.

Solution:

By leveraging an SOA with governance, Avnet fosters collaboration across the enterprise while reducing costs and increasing responsiveness. The company has been able to re-use rather than replace systems to stay lean. An Enterprise Service Bus (ESB) simplifies integration internally and externally. B2B capabilities streamline transactions with trading partners. A centralized service registry/repository enforces quality and reliability requirements to support Avnet's strategy for growth.

Coca-Cola Enterprises Mobilizes Merchandisers and Measures Savings

Coca-Cola Enterprises is the world's largest marketer, producer and distributor of Coca-Cola products, with 74,000 employees, including 11,000 merchandisers and 30,000 delivery drivers who travel to thousands of locations.

Challenge:

Coca-Cola Enterprises needed to transform how mobile workers get their routes and report their time and location. Previously, merchandisers had to drive to regional sales centers to pick up paper-based routing assignments. This could sometimes mean driving in the opposite direction of a merchandiser's first retail stop.

Solution:

Rather than replace IT systems, the company developed new business services on top of those systems and then mobilized those services. Using ESB and Business Process Management (BPM) technologies, Coca-Cola Enterprises gets the right information to the right people at the right time. Employees, via low-cost BlackBerry phones, receive updated routes in real time, and can clock in and out from any location. Geo-spatial management capabilities are used so that planners can see mashup maps of retail outlets to check the impact of weather and other events.

Coca-Cola Enterprises

BUSINESS DRIVERS

- Cost reduction
- Customer retention
- Improved customer service
- Increased employee productivity
- Faster response to business demands
- Re-use of IT assets
- Better information distribution

KPIs AT WORK

- **Reduced operational expenses**—by mobilizing merchandisers, Coca-Cola Enterprises estimates saving millions of dollars in Federal Communications Commission (FCC) usage charges and travel costs
- **Development time**—for faster development results since this repeatable solution can be re-applied across the enterprise
- **Re-use of application components**—Coca-Cola Enterprises was able to extend its investment in legacy systems to create a real-time, event-driven supply chain

France Telecom Measures Collaboration on a Global Scale

The France Telecom Orange Group, one of the world's leading telecommunications operators in the world, has more than 182 million customers. It's the No. 3 mobile operator in Europe and the No.1 provider of broadband internet services in Europe. The company offers mobile, fixed line and internet services. The company already has 5,000+ SOA services.

Challenge:

The France Telecom Orange Group wanted to increase agility and responsiveness by loosely coupling its front-end and back-end systems and providing its regional business units with services that can be re-used to build new applications. Creating a global library of Enterprise Business Services (EBS) for application development that could be leveraged by regional business units was critical to maintaining and extending market leadership.

Solution:

Using an SOA approach, the company loosely coupled front-end systems, where agility helps meet changing customer needs, and back-end systems, which must be robust and stable. An SOA using an Enterprise Service Bus (ESB) simplifies integrations and enables re-use of software components across business units. A shared services library—accessible to every architect, designer and business analyst—promotes services and their re-use across business and IT around the world.

France Telecom

BUSINESS DRIVERS

- Increased agility
- Cost reduction
- Service consistency
- Re-use of IT assets
- Reduced integration headaches

KPIs AT WORK

- **Number of specified services available in library**—so France Telecom has an accurate count of services available for re-use
- **Number of active library users**—to help measure service demand
- **Number of service operations running on the testbed**
- **Total number of services published in the library**—for an overview of SOA size
- **Number of operations implemented in live projects**—to calculate demand and re-use

HOW SOFTWARE AG HELPS

To help you deliver and analyze KPIs, Software AG offers a unique combination of software and services based on our 40 years of experience helping more than 4,000 customers achieve success with their business IT initiatives. This has helped Software AG become a clear leader in SOA, including ranking as the #1 SOA governance vendor in terms of market share.

SOA Solution: Enable your SOA—and your KPIs

Software AG offers the industry's most comprehensive platform for service enablement, governance and process alignment for SOA, integration and modernization initiatives. This means you no longer need to use multiple, disjointed tools to keep SOA teams and assets in sync.

The Software AG SOA Solution, based on market-leading software recognized by industry analysts, is ideal for medium to large organizations that have implemented Web services and/or SOA pilots, experienced problems with an ungoverned SOA and realized they are not agile enough to meet the changing needs of the market and their customers.

Our SOA Solution can transform your enterprise into a performance-driven organization by using the solution's full capabilities to govern, monitor and continuously improve your SOA implementation as well as extract the most value and re-use for your organization.

The solution provides:

- An award-winning Enterprise Service Bus (ESB) that works with any IT system or application to turn disparate technologies into business services for the foundation of your SOA
- The market's leading SOA governance platform combining registry and repository capabilities with policy management and service virtualization
- Partner integration tools for fast, accurate information exchange with trading partners
- Application modernization tools to turn mainframe and other legacy systems into high-value business services

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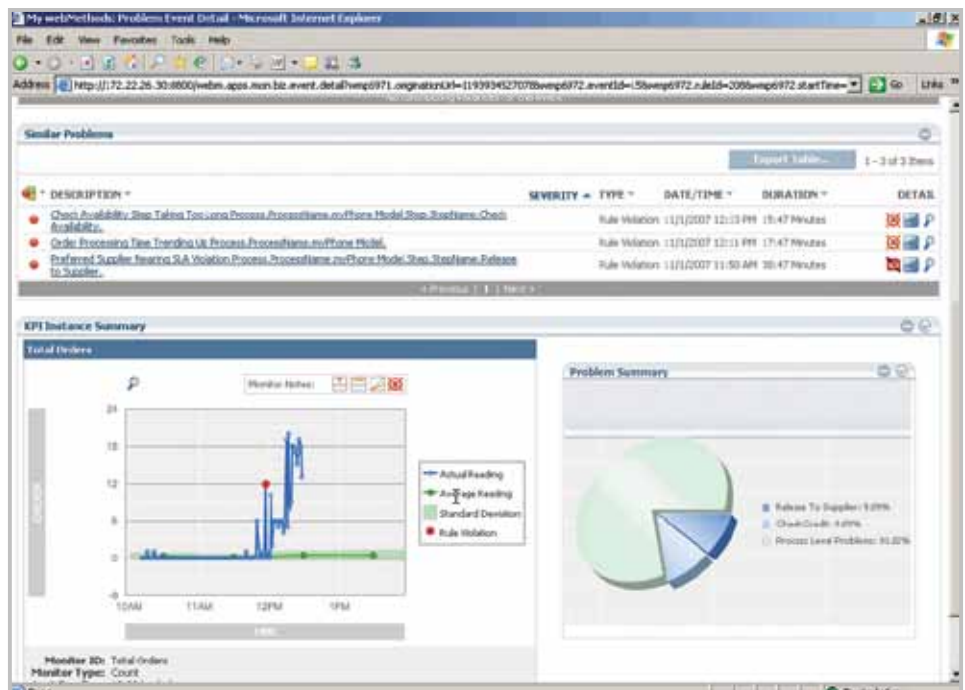


Figure 2: Using SOA management technology from Software AG, you can track and measure KPIs in real time. Your business colleagues can see the value of SOA at work by using dashboards, such as the one shown here, that display what's happening in operations.

With the Software AG SOA Solution, you can:

Integrate a heterogeneous environment. Unlike traditional application and point-to-point integration approaches, Software AG offers a complete standards-based platform for service-enabling applications and orchestrating services across your enterprise. Using our ESB, you can simplify integrations, reducing their time and cost. You can extract and re-use features, data and services from different systems in new composite applications. Out-of-the-box connectivity supports a wide range of applications, databases and trading partner systems.

Re-use existing information, logic and functionality. By surfacing functionality from your existing systems, applications and mainframes as Web services to the ESB, you can orchestrate them to power business processes and increase organizational agility. Use automated application discovery, code analysis and documentation tools to extract, leverage and re-use functionality from core systems in an SOA. This helps you avoid a costly and risky “rip-and-replace” strategy.

Increase collaboration between business and IT. Business and IT stakeholders can collaborate easily by using the market’s only integrated Business Services Repository (BSR) for managing services, data and processes. You can catalog and manage service and process assets through design, production and ongoing changes. Lifecycle management capabilities ensure the right services are built the right way across stakeholders.

Automate policy enforcement. Ensure consistent service quality as well as monitor and provision services via built-in SOA governance. You can quickly identify problem causes and prevent service disruptions. You also can track down troublesome rogue services and assure services meet governance policies to increase performance.

Gain real-time visibility. Using our SOA management capabilities, you can determine KPIs that are critical to your business and then monitor services impacting those KPIs in real time as they flow across any system. You can ensure full compliance with SOA processes, policies and contracts and monitor service activity and all SOA transactions across platforms, applications, and protocols building up a real-time awareness of calling patterns, service dependencies and performance. If a failure occurs with a transaction between services, you’ll be alerted quickly and can find the root cause of SLA violations, exceptions and other service processing problems.

Extend your services securely to partners and customers. Integrate partners, suppliers and customers via comprehensive, scalable B2B integration capabilities, which extend your services safely for consumption outside your firewall. Using our B2B tools, you can onboard customers and partners faster and also get the right information to the right people rapidly across your supply chain.

For more information on our SOA Solution, visit:
www.softwareag.com/soa

The Software AG SOA Solution

-  Integrate a heterogeneous environment
-  Re-use existing information, logic and functionality
-  Increase collaboration between business and IT
-  Automate policy enforcement
-  Gain real-time visibility
-  Extend your services securely to partners and customers



SOA MARKET RECOGNITION



Ranked in Market Share Report

- Software AG is the #1 Worldwide Market Share Leader in 2009 for SOA Governance*

Placed in Leaders Quadrant

- Gartner Inc.'s Magic Quadrant** for Shared SOA Interoperability Infrastructure Projects, 2010
- Gartner Inc.'s Magic Quadrant** for Application Infrastructure for Systematic Application Integration Projects, 2010

*Based on revenue. Source: Gartner Inc., Market Share: Application Infrastructure and Middleware Software, Worldwide, 2009, Fabrizio Biscotti, et al, 20 April 2010

**The Gartner Magic Quadrants are copyrighted by Gartner, Inc., Magic Quadrant for Shared SOA Interoperability Infrastructure Projects, Massimo Pezzini, Yefim V. Natis, Daniel Sholler, Jess Thompson, Kimihiko Iijima, Benoit J. Lheureux, Paolo Malinverno, 21 October 2010, Magic Quadrant for Application Infrastructure for Systematic Application Integration Projects, Jess Thompson, Benoit J. Lheureux, Paolo Malinverno, Massimo Pezzini, Daniel Sholler, Yefim V. Natis, Kimihiko Iijima, 18 October 2010, and are re-used with permission. The Magic Quadrant is a graphical representation of a marketplace at and for a specific time period. It depicts Gartner's analysis of how certain vendors measure against criteria for that marketplace, as defined by Gartner. Gartner does not endorse any vendor, product or service depicted in the Magic Quadrant, and does not advise technology users to select only those vendors placed in the "Leaders" quadrant. The Magic Quadrant is intended solely as a research tool, and is not meant to be a specific guide to action. Gartner disclaims all warranties, express or implied, with respect to this research, including any warranties of merchantability or fitness for a particular purpose. and are re-used with permission. The Magic Quadrant is a graphical representation of a marketplace at and for a specific time period. It depicts Gartner's analysis of how certain vendors measure against criteria for that marketplace, as defined by Gartner. Gartner does not endorse any vendor, product or service depicted in the Magic Quadrant, and does not advise technology users to select only those vendors placed in the "Leaders" quadrant. The Magic Quadrant is intended solely as a research tool, and is not meant to be a specific guide to action. Gartner disclaims all warranties, express or implied, with respect to this research, including any warranties of merchantability or fitness for a particular purpose. Reprints available upon request.

Global Consulting Services: Realize value from your SOA initiative—faster.

The Software AG Global Consulting Services team gives you access to experienced professionals, who use proven methodologies and best practices to help you get the greatest business value from your SOA.

Our SOA Service offerings include:

SOA strategy and rollout.

SOA is no longer a question of "what" but "how." Software AG Global Consulting Services help you take one step after another on your path to a service-oriented organization.

SOA governance.

SOA governance comes in many flavors. What is required, what can be postponed? Our experienced SOA architects help you focus on the measures with the most impact.

Competency center setup.

SOA is a program, not a project. Every program needs a lead that provides guidelines and best practices, and defines and monitors the program's projects.

For more information on Software AG Global Consulting Services and SOA Service offerings, visit www.softwareag.com/corporate/service/gcs

NEXT STEPS: SCHEDULE A KPI DISCOVERY WORKSHOP

Prove SOA's Business Value

Software AG's KPI Discovery Workshop will help you build a bridge between longer-term strategies and tactical execution. During the workshop, our SOA and business solutions experts can help you identify processes to improve, how to improve KPIs and achieve a faster return on investment (ROI) in your SOA. The KPI Discovery Workshop will help you:

- Define the business requirements and align IT and business managers with a common vision
- Uncover strategic business drivers
- Establish and/or analyze KPIs to measure desired improvements
- Quantify SOA benefits and ROI
- Build a business case with ROI to secure funding

What you can expect

The "Performance-Driven Roadmap" delivered by this workshop strategizes your individual path and the critical SOA-based KPIs to focus on first. It describes how to align activities, assess and tune performance, and model/modify processes.

Once we've helped you determine your most important KPIs, Software AG Global Consulting Services can help you speed up performance improvement initiatives by understanding the current state thanks to our "Measure First!" service offering.

Schedule your KPI Discovery Workshop now! Contact us at: www.softwareag.com/contactus or send an email to KPI-workshop@softwareag.com

TO FIND THE SOFTWARE AG OFFICE NEAREST YOU,
PLEASE VISIT WWW.SOFTWAREAG.COM

Take the next step to get there – faster.

ABOUT SOFTWARE AG

Software AG is the global leader in Business Process Excellence. Our 40 years of innovation include the invention of the first high-performance transactional database, Adabas; the first business process analysis platform, ARIS; and the first B2B server and SOA-based integration platform, webMethods.

We offer our customers end-to-end Business Process Management (BPM) solutions delivering low Total-Cost-of-Ownership and high ease of use. Our industry-leading brands, ARIS, webMethods, Adabas, Natural, CentraSite and IDS Scheer Consulting, represent a unique portfolio encompassing: process strategy, design, integration and control; SOA-based integration and data management; process-driven SAP implementation; and strategic process consulting and services.

ABOUT IDS SCHEER

IDS Scheer is part of the Software AG Group and a leading provider of BPM software, solutions and services for corporations and public organizations worldwide. With the ARIS Platform for Process Excellence, the company offers an integrated, comprehensive solution portfolio for the strategy, design, implementation and controlling of business processes; allowing companies to continuously improve their overall business performance. Utilizing the ARIS Value Engineering (AVE) approach, IDS Scheer consultants bridge the gap between corporate strategy, business processes, IT solutions and process controlling.

Software AG – Get There Faster

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