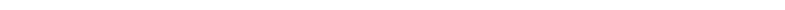




The Business Imperative:

Tackling Today's Biggest Integration Cost Driver:
Labor



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Executive Summary

Today's mid-size organizations have disparate applications and require software integration functionality similar to much larger enterprises. However, traditional approaches to integration are prohibitive for smaller businesses due to development and maintenance costs associated with labor. By choosing packaged solutions, mid-size companies can experience all of the benefits of data and business integration and dramatically minimize costs.

Introduction: Scaling Costs Down for the Mid-Market

In the past, integration application vendors have tried to scale their enterprise solutions for the mid-size market in vain. One of the screening questions SMB ask when deciding to invest in new technology products or services, according to the Yankee Group is "Will this purchase help my business generate more revenues or save costs in 6 months or less?"¹ While smaller businesses often require the same functionality as massive multinational organizations, they do *not* need the complexity and costs that traditionally accompany large enterprise solutions and deployments.

Traditional approaches to application integration aren't working for mid-size organizations for one reason: labor costs. Specialized labor resources are too costly to effectively meet the integration needs of a smaller organization.

This paper will explore how mid-size companies can reduce application and data integration costs by tackling one of the biggest integration cost drivers—labor. For the purpose of this discussion, a "mid-sized" organization is defined as a business concern with up to 1,100 of employees.

The first section of the paper reviews traditional application integration costs associated with labor. This is followed by a discussion of how the mid-size organization can circumvent the high labor costs of integration by implementing automated, less labor-intensive solutions.

¹ *Understanding the Buying Habits of SMB's, March 9, 2004 the Yankee Group*

Labor as Primary Integration Cost Driver

When considering application integration, the primary cost driver is in the labor not in the licensing fee. As a cost driver, labor breaks down into the following associated costs:

- Training and learning
- Custom code development
- Mean time to implementation
- Specialized development services
- Ongoing technical support

Training and Learning

The complexity of software integration and the nature of traditional development environments foster time-intensive training and long learning curves. Developers spend weeks learning how to use the application integration software, and salaries must be paid during that time. Since a typical project requires from two to six programmers, training and learning costs can run into the tens of thousands of dollars—and that often does not include the high price tag on training courses.

Custom Code Development

Over the course of a traditional integration implementation, development consumes an increasing amount of time in proportion to the complexity of the task. More dedicated labor resources get poured into the project with less and less of a return—but the cost of that labor remains the same regardless. Instead of getting more out of costly development resources by committing them to revenue-producing projects, custom software integration bleeds those resources for little or no additional value.

Mean Time to Implementation

Application integration approaches have been around for many years now, so a great deal of data about actual time to implementation exists. The track record isn't pretty. Software integration projects have a history of being incredibly time consuming, requiring months or even years for large numbers of skilled developers to implement. All of those months and years usually add up to astronomical labor costs.

Specialized Development Services

Not only is traditional application integration on record as a time and resource hog, many projects require external consulting help because internal resources don't have the skills to complete the integration. According to SD Times, consulting services can run up to 8 to 10 times as much as the integration software licensing fees—more labor costs on top of what has already been “invested” in internal staff.

Ongoing Technical Support

The high labor costs of traditional software integration don't stop with deployment. In fact, these implementations tend to start getting very costly during the maintenance phase—something the IT organization doesn't always plan for. In

addition to maintaining existing integration projects, IT must deal with updating those systems as business requirements and technologies change. The labor costs involved in maintaining and changing systems can become exorbitant, as developers must recode all affected applications.

Reining in Labor Costs

Clearly, labor expenses make up a large portion of the costs of deploying, maintaining and modifying traditional software integration projects—and those costs can be prohibitive. In particular, mid-size companies face the challenge of implementing and managing integration with smaller budgets and fewer IT resources than their large counterparts.

Mid-size companies need an integration solution that reins in labor costs through:

- Elimination of the need for costly custom coding
- Resource optimization
- Rapid implementation and deployment
- Reusable integration process development
- Built-in customization and scalability

Elimination of the Need for Costly Coding

The custom coding inherent in traditional approaches to software integration can take a big bite out of a mid-sized company's budget. An integration solution that automates and standardizes the design process can go a long way towards cutting labor costs.

Cost-cutting automation features that the mid-sized organization should look for in an integration package include:

- Integration model that supports a loosely coupled development approach.
- Ability to deliver working, modular project milestones.
- Efficient design UIs that allow developers of varying skill levels to add sophistication as needed.
- Lower-level mapping tools and native connectivity that support the building blocks of high-level processes.
- Rich process design that can handle high-end human, application and data interactions.
- Low-cost, highly scalable and distributable production engines that support projects of all sizes.

Resource Optimization

IT and software development can only account for so much of the budget for a mid-sized organization. These organizations look to keep developers focused on projects that will further organizational goals—rather than bog them down with labor-intensive integration projects that offer ever-diminishing returns.

With an integration solution specifically build for mid-size companies and departments of larger organizations, you can focus development resources on

your business' core competencies. Developers can get to work on exciting new projects that actually add to the bottom line, defraying labor and other costs.

Rapid Implementation and Deployment

The faster an integration initiative can be deployed, the faster an organization can start realizing ROI instead of racking up more labor costs. An efficient, automated application integration process will reduce the time required to achieve design proficiency, accelerating time to results and lowering the cost of labor resources on even the most complex projects. The long learning curves, slow deployment schedules, months of costly professional support, and high labor costs associated with integration projects will be things of the past.

A strong, automated integration package offers the following time- and labor-saving features:

- Easy to learn, so developers can immediately begin working on integration projects after a short training period.
- Easy-to-design integration processes and transformation maps for faster implementation.
- Short deployment period on fundamental projects.
- Easy to use, for IT staff at the company-wide deployment level as well as end users who simply need to port data into other applications.
- All-in-one design environment, which minimizes the learning curve.

Resuable Integration Process Development

Just as recycling can save the earth's natural resources, so can reusing software integration processes save development time and an organization's labor resources. The mid-size organization needs an application integration solution that allows developers to reuse components and design processes.

"Recycling" project components and processes for use elsewhere in the organization lowers the development and maintenance requirements of the integration solution. Less development translates into fewer costly labor resources expended on redundant processes.

Built-in Customization and Scalability

The last thing the cost-conscious mid-size organization wants to do is continue dumping resources into existing applications. Yet as organizations grow and change, so do their technical requirements. Organizations need an integration solution that will scale with those changes without taxing costly labor resources.

The ideal software integration package will allow developers to customize logic and business rule definitions so that the integrated computing environment changes with the organization—without requiring much in the way of IT intervention. As user demands and data volumes rise, the solution should grow with the business to accommodate the higher transaction loads. And have the flexibility to work with emerging technologies and support the organization into the future.

Conclusion: Automated Solutions Make Integration More Affordable

Mid-size organizations require integration applications that offer all the functionality of solutions designed for the largest enterprises—but without the associated high labor costs. Unfortunately, traditional application integration solutions can't scale costs down to the more modest needs of smaller organizations. Labor costs related to developer training, the limitations of custom coding, long implementation cycles, expensive consulting services and ongoing maintenance have all made the traditional approach an expensive proposition.

By implementing an automated integration package, smaller organizations can rein in labor costs. The best solutions eliminate the need for costly, labor-intensive coding through a variety of automation features that speed time to deployment. With fewer IT resources needed for the integration implementation, programmers can focus on projects that will add to the organization's bottom line. Reusable processes further reduce the need for dedicated development resources. Finally, built-in customization and scalability ensure that the integrated computing environment grows and changes with the organization as needed, with limited IT intervention.

The Pervasive Integration Solution

Pervasive integration software solutions help reduce the complexity, costs and risks associated with traditional integration deployments by providing a versatile and configurative integration architecture for rapid implementation, superior scalability and low total cost of ownership. The award-winning software features a comprehensive set of easy-to-use visual design tools that allow organizations to rapidly build and test integration processes—regardless of size and complexity—across hundreds of data formats and applications, within and outside of the enterprise.

The complete line of Pervasive database management and integration products enable businesses to manage, integrate, analyze and secure mission critical data for the industry's best combination of performance, reliability and total cost of ownership.

More information about Pervasive Software is available at www.pervasive.com.

