

The business integration market

Trends, challenges, opportunities

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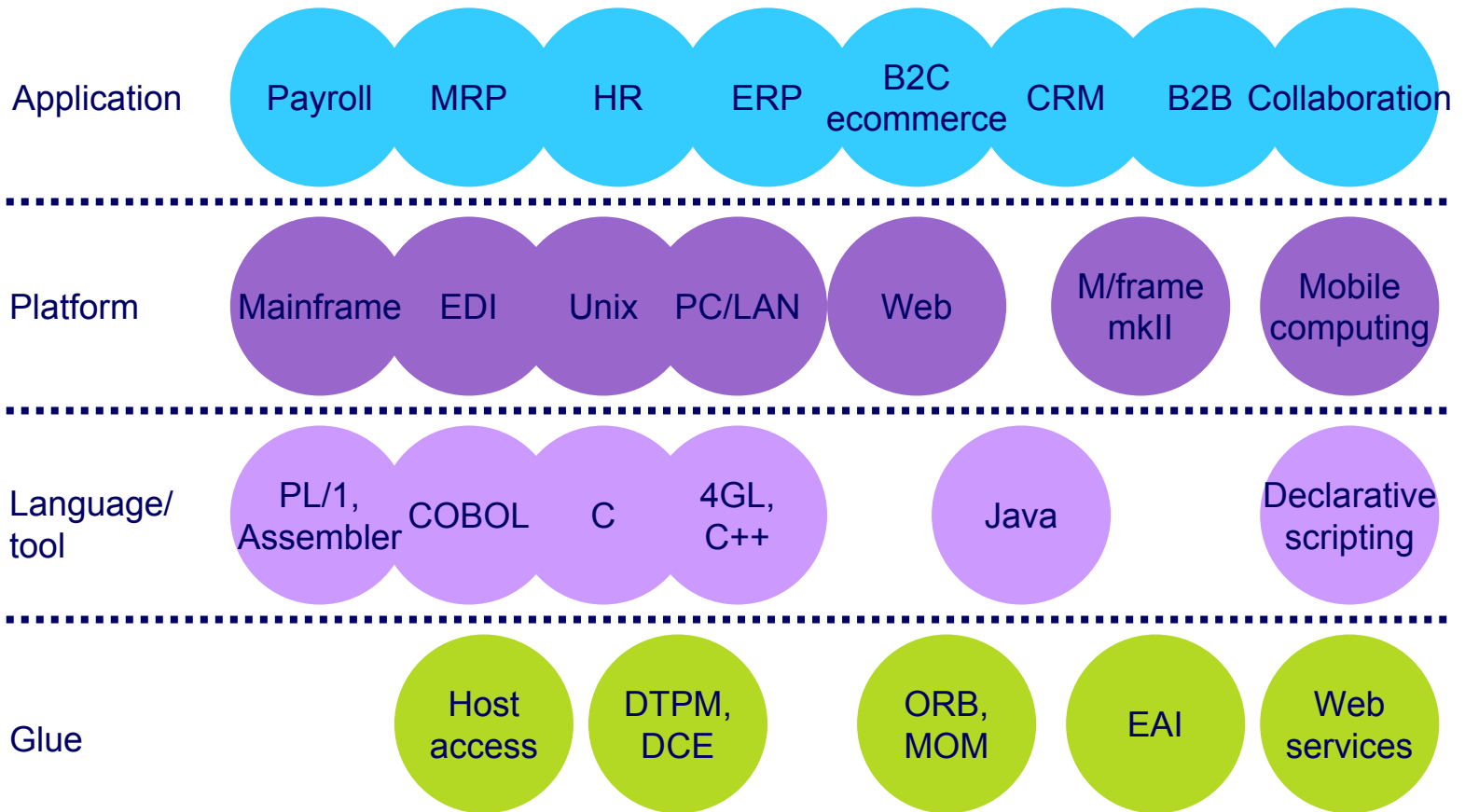
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Agenda

- What is Business Integration, why is it difficult - and why is it so important?
- Where are we today?
- The impact of Web Services

What is Business Integration?

The IT industry is a fashion industry



Integration is everywhere

Whenever you buy, build or enhance a system

Business project

Integration requirement

- Merger or acquisition

- Integration and consolidation of data; process co-ordination

- Systems re-engineering; legacy renewal

- Integration and consolidation of data

- New CRM, enterprise portal or e-business application development

- Data and service access across many systems and applications

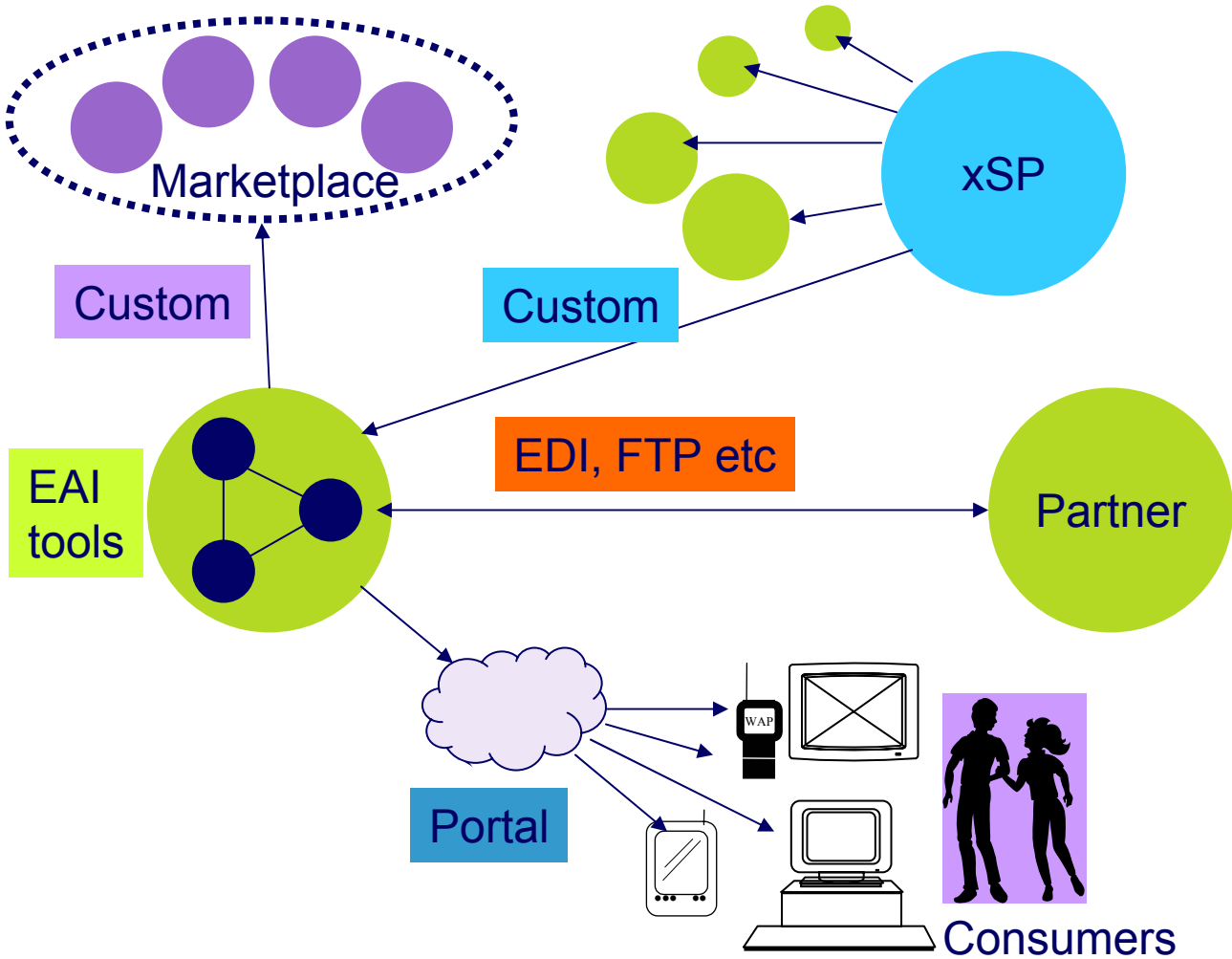
- Business process automation

- Process integration and application co-ordination

- B2B e-business

- Cross-enterprise document exchange

All integration “solutions” are different today



Balancing opportunistic and strategic investment...

Minimise long-term risk; maximise agility

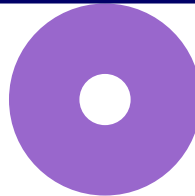


Strategic

Maximise short-term benefit



Opportunistic



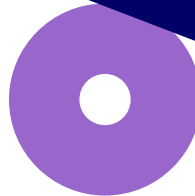
...just keeps on getting tougher



Strategic

Very little business visibility of integration challenges

More and more "legacy" - and no unifying approach



Opportunistic

Business integration - “what” and “why”

What?

- Integrating a range of **technology assets** used by an organisation
- In order to build a **single common environment**
- Which more closely **models the goals and practices of business** activities

Why?

- Provide a long-term roadmap with realistic short-term goals
- Manage the cost and risk of
 - *implementing new projects*
 - *evolving existing infrastructure*
 - *multi-sourcing*
- “Power steering” for the enterprise

Business integration is not just about technology
- it's something you **do**

“Integration” is a complex thing

Different targets

- Not just applications, but also data, people, and processes

Different styles

- Aggregation (“active”)
- Co-ordination (“passive”)

There is no “one size fits all”

Where are we today?

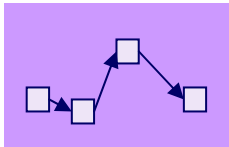
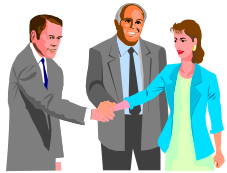
This is the Year of Integration







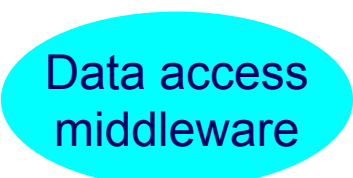

CIOs' top priorities in 2002...

- * Application integration
- Security software
- ERP software/ERP upgrade
- Windows 2000/XP upgrade – desktop
- E-commerce initiatives
- Microsoft Office upgrade
- Data mining/OLAP tools
- Web site enhancements
- Windows 2000 upgrade – server
- Storage hardware
- Network equipment
- * Content Management software for Web site
- Business intelligence tools
- CRM software
- * Document management software
- * Employee/Enterprise data portal projects
- Wireless initiatives
- Personal computers (PCs)
- Web development tools or products
- New custom development

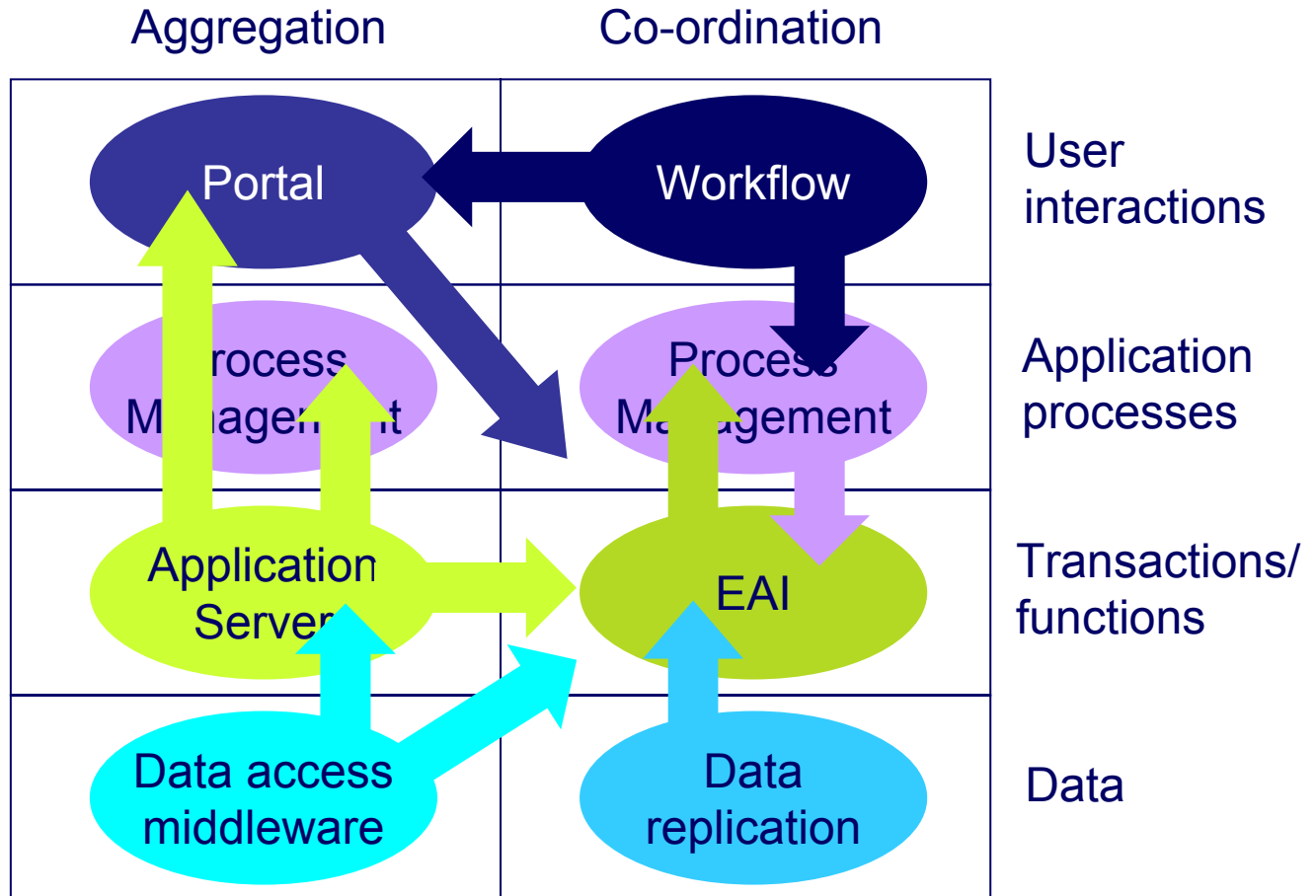
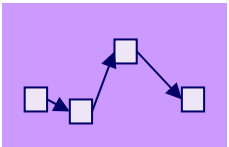
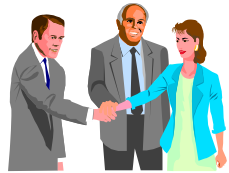
JuLy 2002			
<u># of Resp.</u>	<u>% of Resp.</u>	<u>Rank</u>	<u>Δ in Rank</u>
95	42%	1	up 1
92	41%	2	down 1
82	36%	3	up 6
77	34%	4	down 1
73	32%	5	up 1
66	29%	6	up 2
64	28%	7	down 3
55	24%	8T	up 6
55	24%	8T	down 3
53	24%	10	up 6
51	23%	11	up 11
49	22%	12	down 2
48	21%	13	down 1
46	20%	14T	down 4
46	20%	14T	---
46	20%	14T	up 8
44	20%	17	down 1
42	19%	18	up 11
40	18%	19	down 6
38	17%	20	down 4

But “integration” is a complex thing...

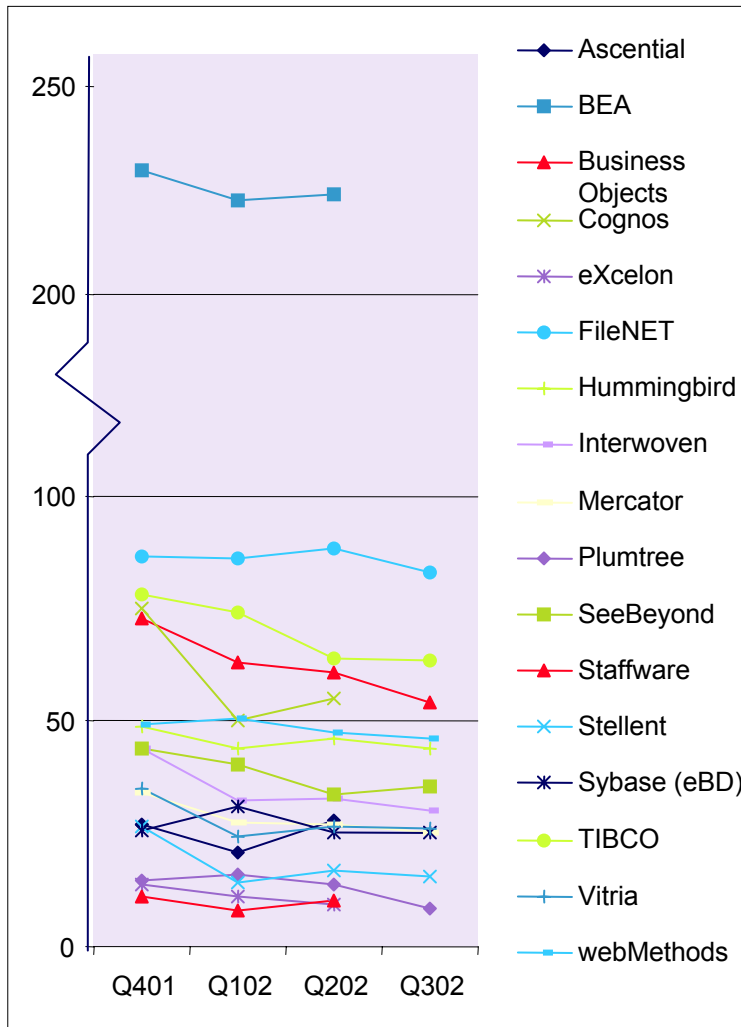


	Aggregation	Co-ordination	
			User interactions
			Application processes
			Transactions/ functions
			Data

But “integration” is a complex thing...



...fragmentation reigns...



Most independent integration-focused vendors are...

- Ambitious and aggressive

BUT...

- Struggling
- Small
- Pathologically averse to making money from services
 - “scalability” & market valuation is the focus
 - the dot.com hangover at work

The result?

Vendors

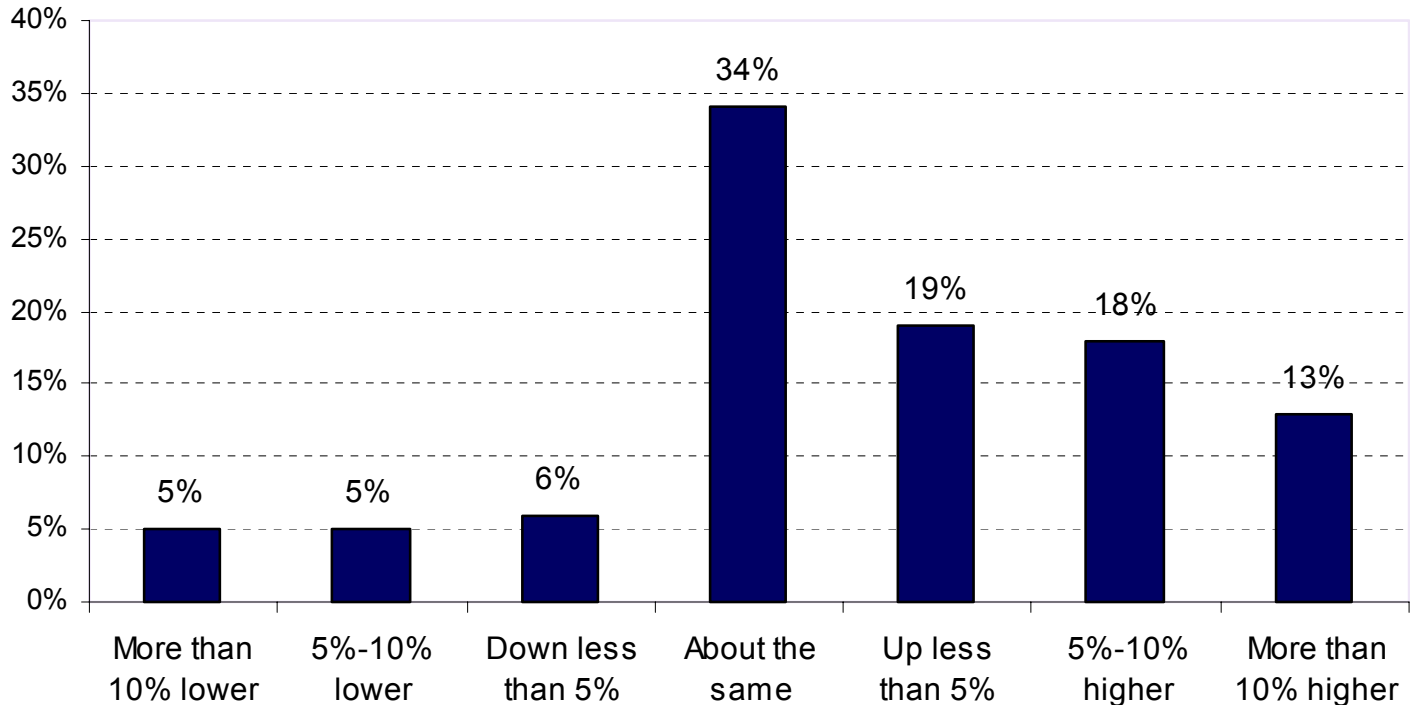
- Everyone wants to be a “platform” player
 - *avoid “commoditisation”*
 - *compete with Microsoft and IBM*
- Everyone puts themselves at the center of the picture

Users

- Confusion, uncertainty and skepticism
- Numerous integration “stovepipes”
- Low degree of business buy-in for new integration projects
- Little incentive to make decisions

And the wallets are staying (almost) closed

What do you expect your IT spending to be in 2003 relative to 2002?



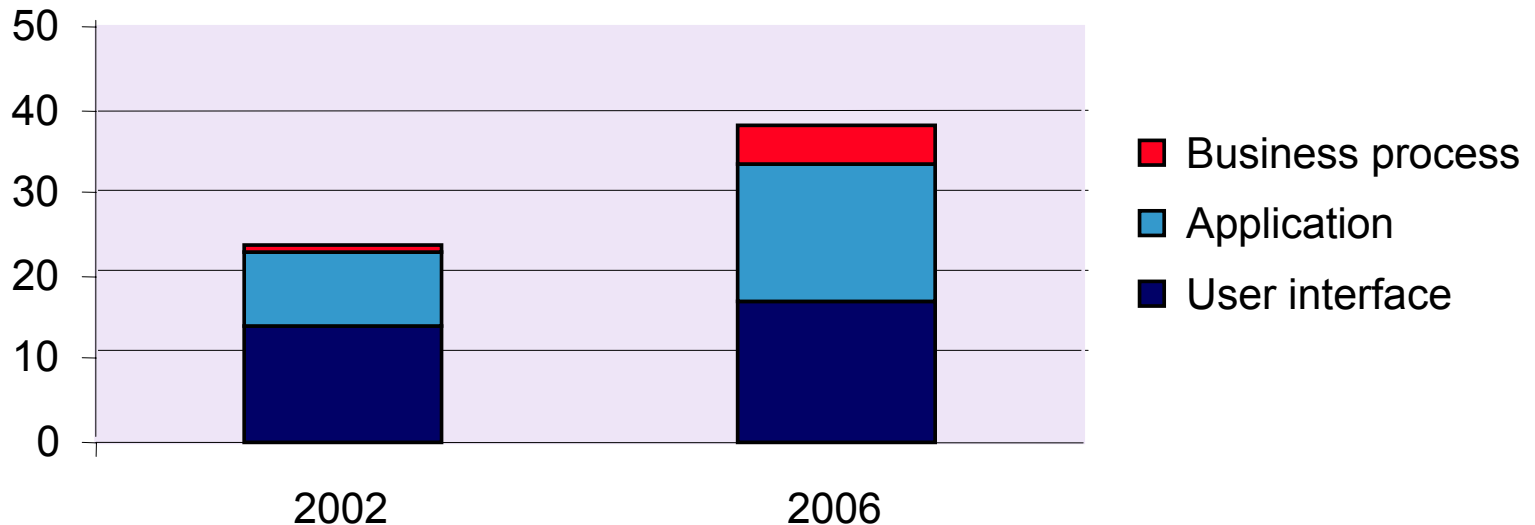
Source: Goldman Sachs IT Survey.

Significant opportunities for PSOs

- You are the foundation stone for business integration projects
 - *All vendors need advocates who can communicate value to business stakeholders*
- All business integration technologies are just frameworks
 - *they need to be applied*
 - *there is significant value in “best practice” advice*

To sustain a business here, you need a consistent and complete approach

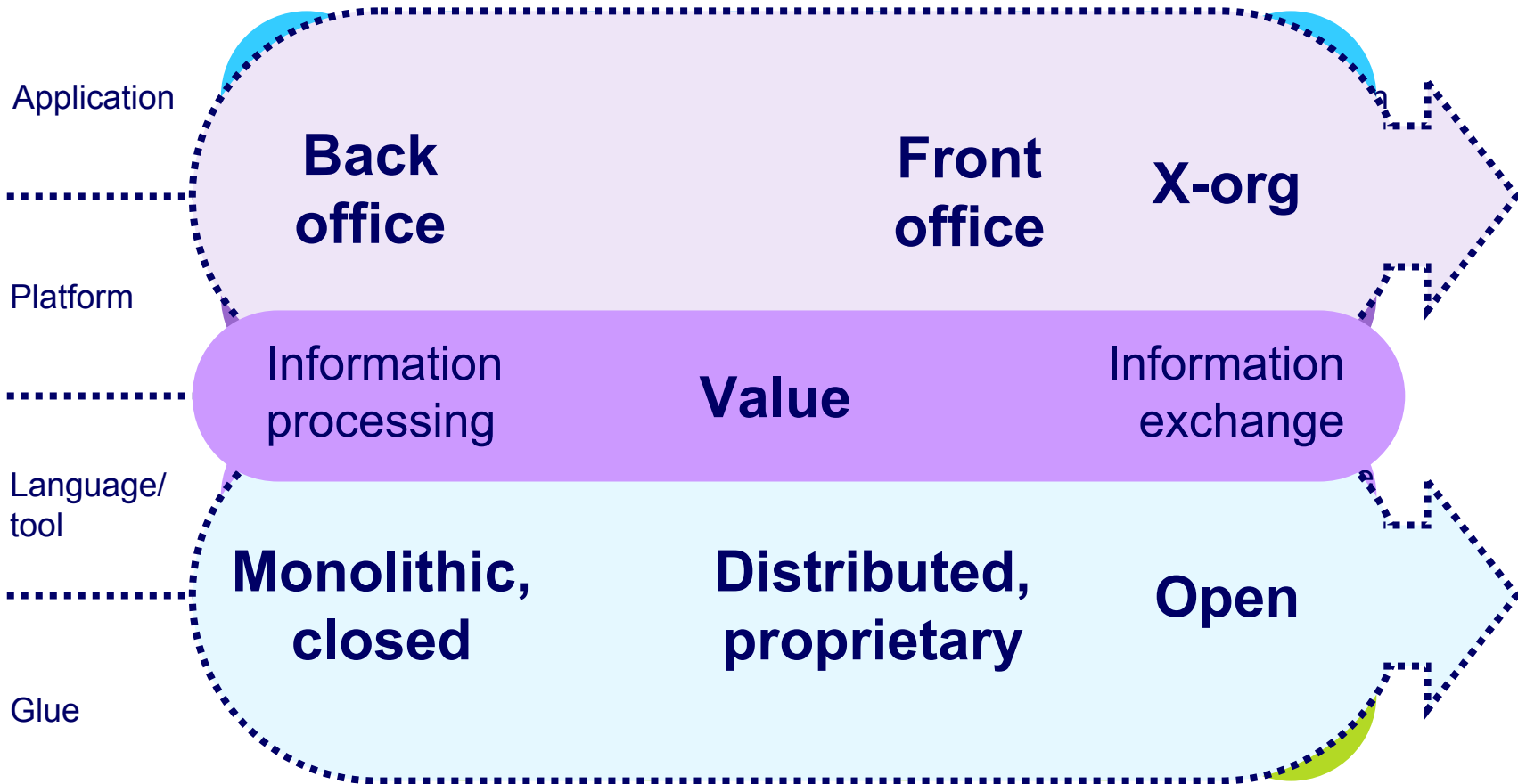
PSO integration market potential*



- The potential market for PSOs reaches nearly \$40bn worldwide in 2006
- BUT...
- Much of the work is postponed or carried out in-house
 - *particularly re: portals*

The impact of Web Services

The focus of IT application is changing...and so is the architecture

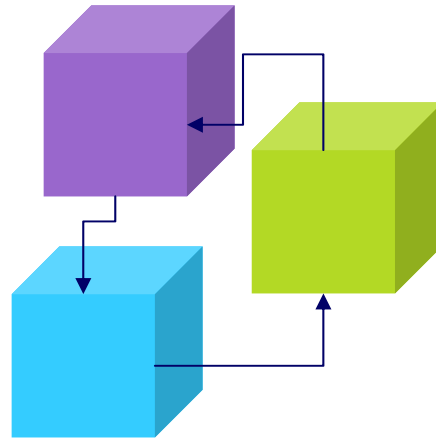


Web Services fit the architectural bill

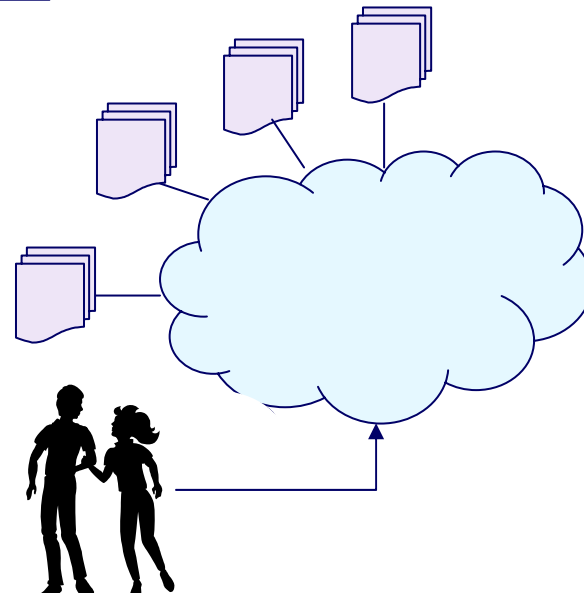
*Component
technology*



*Web
technology*

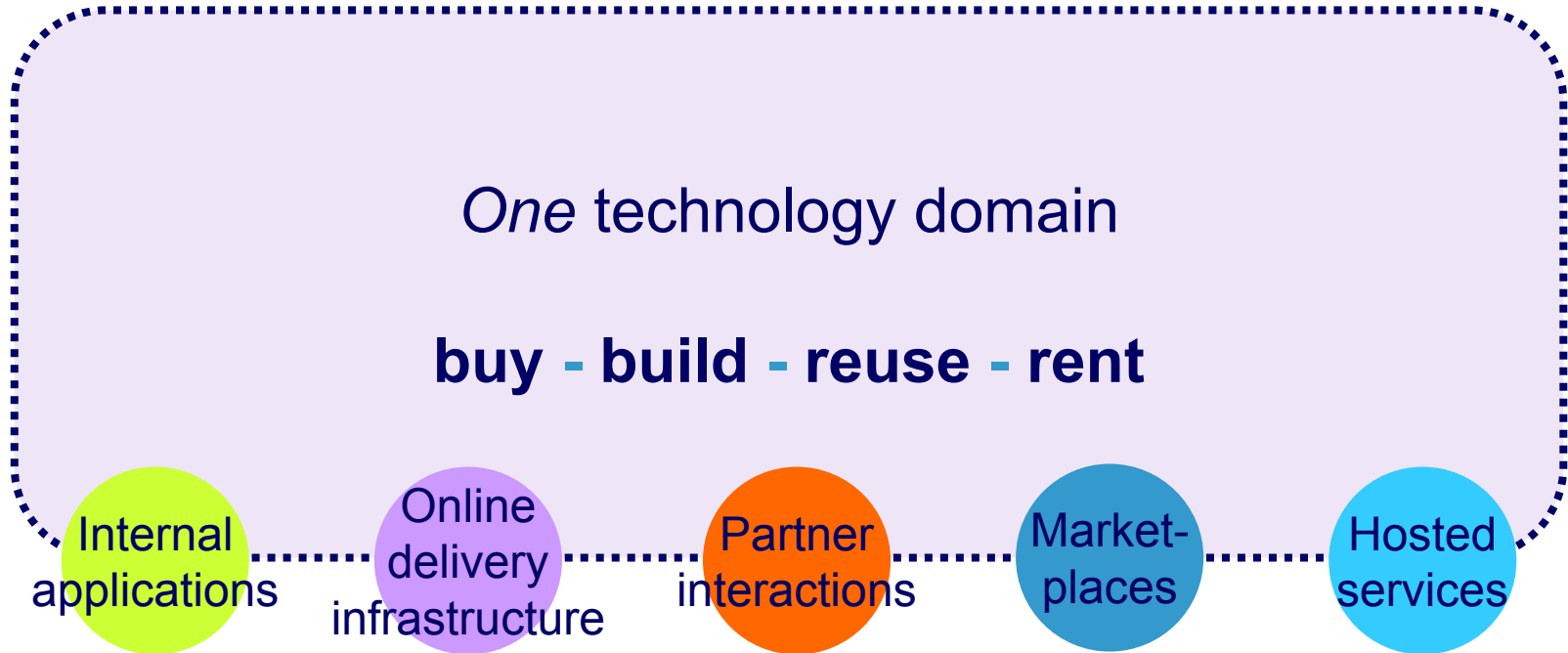


Method of building
& deploying modular
software



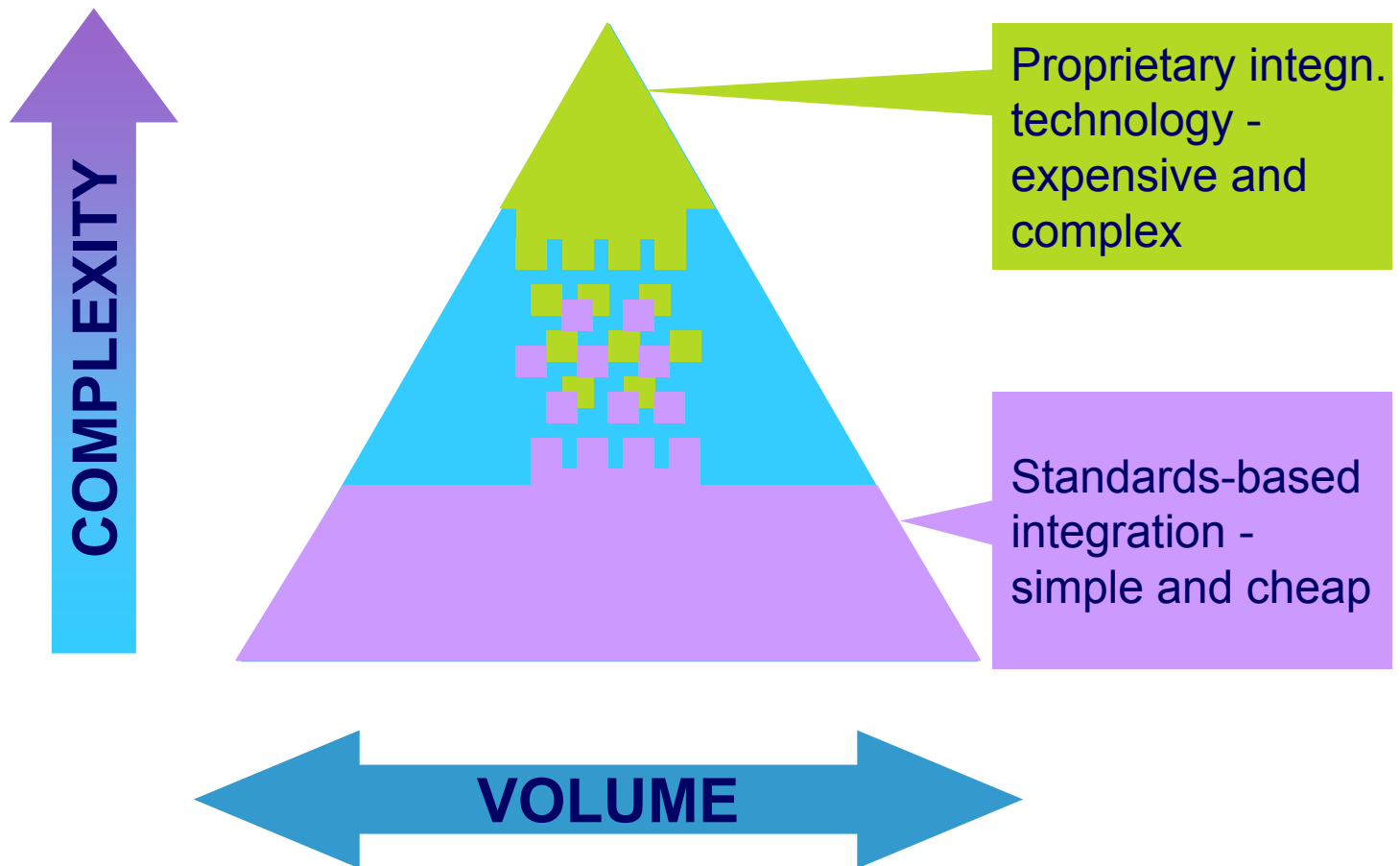
Method of
accessing
remote information
from anywhere

Web Services provides a unifying foundation for integration



But the business interest RIGHT NOW is around perceived cost of integration

Web Services = integration technology for the masses



Still, you can't ignore the impact of Web Services


User interactions
Portal, Workflow

Application processes
Process integration


Transactions/functions
App server, EAI

Data
Data access, replication

 Standardised access to back-end resources

 Standardised ways of describing processes & their interactions

 Standardised access to application functions

 Unified management of & access to structured & unstructured data

Business integration is a major market opportunity

But you need a consistent, complete approach to win & retain business