



ROI Profile: Microsoft BizTalk Server EBSCO

ROI:	871%
Payback:	7 weeks

Bottom Line

EBSCO achieved a positive return from its BizTalk Server investment by reducing the time and cost to develop and support its business-to-business integration projects.

The company

With almost 60 years of experience serving the library community, EBSCO Information Services provides the expertise that information professionals need to effectively manage their serials collections. EBSCO Information Services is comprised of EBSCO Subscription Services and EBSCO Publishing. The company operates through a system of 31 regional offices strategically located in 19 countries. Representatives at each of these offices handle customers' day-to-day service needs and work closely with publishers in their region, staying in tune with the latest in the information industry. EBSCO has relationships with 60,000 publishers and maintains a database of more than 282,000 titles.

The challenge

Like many companies involved in publishing, EBSCO began looking to the Web to streamline its business and provide better service to customers in the mid-1990s. Because most of its databases resided on mainframe computers, the company needed to take the data off the mainframe and make it Web-accessible. Its first solution was to transport files to and from the mainframe and a SQL database via FTP – but the growing size and frequency of transfers rapidly made it a daunting task. In 2000, the company began using webMethods technology to automate the transfer of information between its mainframe and Ariba sites using cXML-based transactions.

EBSCO chose webMethods because it was the best available technology option at the time. However, as integration technology evolved EBSCO looked for a lower-cost strategy to support its integration projects. Ongoing license costs, as well as the cost and time of developers with Java and webMethods knowledge, became a growing concern.

As EBSCO's initial license for webMethods was expiring, the company determined it couldn't continue the level of investment needed to support its existing projects. EBSCO

needed an integration solution with a lower software cost that would allow it to reduce time and cost of development based on its existing technology infrastructure and its IT staff's skills.

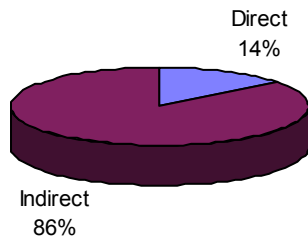
The strategy

EBSCO used Microsoft technology in a number of different areas and reviewed BizTalk Server when it was released. The company decided to move its integration projects to BizTalk Server in August 2001 because it found the technology could meet its needs at a lower license, development, and developer training cost than WebMethods.

It also found that BizTalk Server documentation enabled its developers to rapidly access the information needed to solve problems instead of having to contact support.

EBSCO also considered other integration options, but found that IBM WebSphere's integration approach was unfeasible given EBSCO's ongoing mainframe upgrade efforts and other options also required considerable Java or proprietary solution expertise.

Figure 1 - Direct and Indirect Benefits



The company began developing applications in September 2001 and launched its first BizTalk Server application in two weeks. One internal developer worked with Microsoft consultants to develop the applications.

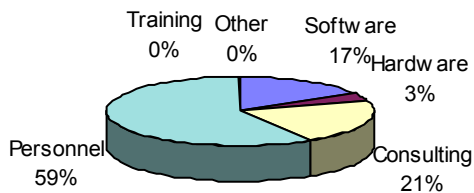
EBSCO began the process of porting all its integration projects to BizTalk Server and scheduled complete migration by August 2002. BizTalk Server integration projects include integration with Ariba, CommerceOne, and EDI systems; order and invoice processing applications, and integration of its order system with suppliers' inventory data systems for real-time stock verification. Because EBSCO works with a number of different magazine and publishing clearinghouses, it continues to work with them to promote the benefits of business-to-business integration and gain their support for projects.

Key benefit areas

Moving its integration projects to Microsoft BizTalk Server has enabled EBSCO to continue to realize benefits from integration with a less expensive integration platform. Key benefits the company achieved include the following:

- Reduced software costs. Eliminating ongoing WebMethods license costs reduces the ongoing cost of software to support integration for the company.
- Reduced developer time. Because any developer with Visual Basic or C++ skills can use existing Microsoft BizTalk Server documentation to rapidly develop integration projects, EBSCO is able to develop and change BizTalk Server integration projects over time more rapidly and cost-effectively.
- Reduced training costs. Existing developer skills and Microsoft documentation and support enabled EBSCO to develop new integration projects without the need for training that would have been required for continuing webMethods development.

Figure 2 - Costs



Key cost areas

Personnel costs made up the largest share of EBSCO’s BizTalk Server deployment, accounting for 59% of 3-year total project costs. Other costs associated with the project included software, hardware, personnel, consulting, and training.

Lessons learned

EBSCO found that rapid development of technology in the business-to-business integration area meant that the ideal choice for a technology platform in 1999 had changed by 2001. Its development experience with Visual Basic and C++ made Microsoft BizTalk Server a lower-cost development alternative than Java environments where training and additional support would be needed.

3-year Financial Analysis

Total Benefits:	\$1.57M
Direct	14%
Indirect	86%
Total Costs:	\$289,600
Software	17%
Hardware	3%
Consulting	21%
Personnel	59%
Training	0%
ROI:	871%
Payback:	7 weeks
TCO:	\$96,533

The company also found that product documentation and rapid access to technology support when questions needed to be answered were critical to rapid project development. Although Microsoft provides training courses for BizTalk Server, EBSCO has found its one developer’s Visual Basic skills and Microsoft BizTalk Server documentation adequate and has not yet invested in any training.

Calculating the ROI

Nucleus quantified the total costs – including hardware, software, personnel, consulting, and training – and benefits to calculate the ROI from EBSCO’s BizTalk Server deployment. Direct benefits included eliminated webMethods license fees. Indirect benefits were calculated based on the fully-loaded cost of the employee. Indirect benefits included reduced development time needed to complete integration projects and eliminated developer training costs.

EBSCO

Summary

Project:	BizTalk
Annual Return On Investment (ROI)	871%
Payback Period (Years)	0.13
Net Present Value (NPV)	476,635
Average Yearly Cost of Ownership	96,533

Annual Benefits	Initial	Year 1	Year 2	Year 3
Direct	0	75,000	75,000	75,000
Indirect	0	460,000	436,720	449,822
Total Benefits Per Period	0	535,000	511,720	524,822

Depreciation Schedule	Initial	Year 1	Year 2	Year 3
Software	0	0	0	0
Hardware	0	0	0	0
Total Per Period	0	0	0	0

Expensed Costs	Initial	Year 1	Year 2	Year 3
Software	33,000	5,000	5,000	5,000
Hardware	10,000	0	0	0
Consulting	8,000	52,800	0	0
Personnel	0	84,800	53,000	31,800
Training	0	0	1,200	0
Other	0	0	0	0
Total Per Period	51,000	142,600	59,200	36,800

Financial Analysis	Results	Year 1	Year 2	Year 3
Net cash flow before taxes		392,400	452,520	488,022
Net cash flow after taxes		196,200	226,260	244,011
Annual ROI - direct and indirect benefits		769%	828%	871%
Annual ROI - direct benefits only		-133%	-51%	-9%
Net Present Value (NPV)		145,109	316,194	476,635
Payback (Years)	0.13			
Average Cost of Ownership (TCO/Years)		193,600	126,400	96,533
3-Year Cumulative ROI	1969%			
3-Year IRR	782%			

Basic Financial Assumptions

All Government Taxes	50%
Discount Rate	15%

All calculations are based on Nucleus Research's independent analysis of the expected costs and benefits associated with the application profiled in the accompanying case.