NUCLEUS RESEARCH

ROI GUIDEBOOK
INFORMATICA IPAAS

ANALYST

Alexander H. Wurm

EXECUTIVE SUMMARY

Organizations are increasingly dependent on accurate and highly-available data from various applications and environments to enable data consumers and inform decision-making. The size and complexity of corporate software environments have continued to scale in parallel with a constant stream of applications that need to be integrated to deliver optimal value. Integration platforms as a service (iPaaS) have become crucial for organizations requiring this agility, providing a centralized hub to develop, monitor, and manage integrations. Informatica iPaaS, a service of Informatica Intelligent Data Management Cloud (IDMC), does this and more. It provides a comprehensive set of tools supporting application integration and adjacent capabilities for API management, data integration, data quality, data governance, master data management, and data sharing. By combining these capabilities under a single platform, the vendor delivers a one-stop-shop supporting end-to-end data management, allowing users to retire various point solutions and streamline administrative efforts.

To better understand the benefits and costs associated with an investment in Informatica iPaaS, Nucleus conducted an in-depth return on investment (ROI) assessment of several customers using the service. These customers, who were interviewed by Nucleus, realized an average ROI of 413 percent over a three-year period, with an average annual benefit of $2,201,369 and a payback period of four months.

413%
Average ROI

4.0 Months
Average payback period

$2,201,369
Average annual benefit

$543,094
Average annual TCO

SUMMARIZED BENEFITS

In today's business landscape, organizations depend on reliable and precise data from diverse origins to drive operations, power applications, and facilitate decision-making. As such, iPaaS solutions have become essential for their ability to manage data flows, ensure data quality, and support ever-changing software ecosystems by uniting disparate systems and applications.

Informatica iPaaS provides organizations with a centralized data management platform that enables organizations to connect, curate, and consume data in real-time across business functions. With Informatica iPaaS, organizations interviewed by Nucleus noted a direct cost savings of $1.25 million and $1.08 million in reduced maintenance and administrative costs. This was achieved with centralized integration and automation on a single platform which eliminated multiple solutions that support application integration, data integration, API integration, and process automation.

$1.25 Million
Direct cost savings

$1.08 Million
Savings in maintenance and administrative costs

64% Faster
Time to live for new integrations

$360,000
Annual savings with process automation

Organizations deploy multiple applications and services such as CRMs, ERPs, and HRMs to drive productivity and streamline business processes but end up struggling with the time and resources required to build and maintain integrations. With Informatica iPaaS, organizations achieved up to 64 percent faster time to live for new integrations.

Furthermore, integrating applications and data spread across on-premises and multi-cloud environments is crucial to automate and orchestrate business processes. With Informatica iPaaS, one organization automated various additional business processes, yielding personnel time savings equivalent to $360,000 in annual avoided costs.

TYPES OF BENEFITS

Direct 57% 43% Indirect

KEY FINDINGS

A full business value assessment is needed to understand real returns. There are certain benefits that directly translate to financial value, while others require one or two additional steps to impact an organization's financial statements. These quantifiable benefits can be categorized as direct and indirect. After performing multiple customer interviews, Nucleus found that 43 percent of quantifiable benefits were indirect benefits that consisted of productivity improvements and accelerated time to market with reduced workloads. The following direct and indirect benefits represent those most commonly achieved by the companies analyzed in this report and made up the largest share of returns.

DIRECT BENEFITS

Direct benefits include cost savings, cost avoidance, and other changes that have a direct impact on a budget or profit and loss (P&L) statement:

- **Eliminated or reduced technology costs.** Organizations adopting Informatica iPaaS were able to replace various solutions and homegrown middleware by consolidating data management and integration use cases under one platform. On average, organizations interviewed by Nucleus saved $833,000 per year. In fact, one organization in the technology industry noted $1.25 million in annual savings by eliminating multiple legacy solutions supporting integration and data management.

- **Eliminated maintenance and administrative costs.** Customers adopting Informatica iPaaS gained a centralized platform with consistent tools to oversee integrations and manage data. This simplified administrative efforts and saved organizations an average of $740,000 per year. One organization in the insurance industry saved $1.08 million by redeploying administrative teams tasked with supporting various solutions for data integration and data management.

INDIRECT BENEFITS

Indirect benefits include time savings from accelerated processes that can be quantified but had an indirect impact on a budget or P&L:

- **Improved productivity.** All companies benefited from improved developer productivity by adopting Informatica iPaaS for application integration and were able to create new flows significantly faster. On average, organizations noted a 64 percent faster time to live for new integrations, with one organization experiencing 24 hours of time savings per integration. Another

> **50%**
> **Reduced development time versus MuleSoft**

organization in the technology industry saw a 50 percent reduction in development time relative to MuleSoft. The company generated time savings of at least two weeks for smaller projects and annual savings of over $420,000. This organization was also able to automate its payment processing taskflows, yielding annual savings equivalent to $360,000 in personnel time.

- **Reduced workloads.** Companies that adopted Informatica iPaaS were able to avoid various additional costs by streamlining data management and application integration. One organization interviewed by Nucleus in the insurance industry noted $232,000 in annual savings by redeploying IT teams tasked with maintaining and debugging complex code. This organization also realized a one-time cost saving of $345,000 when it undertook a large project to integrate claims data with its partners. The organization noted that Informatica iPaaS reduced the project's timeline by at least 10 months and required 75 percent fewer internal personnel.

75%
Fewer personnel to integrate claims data

UNQUANTIFIABLE BENEFITS

- **Single vendor for virtually all integration and automation needs.** Organizations noted that Informatica iPaaS was a full-featured integration and automation tool which partially motivated their adoption. Informatica iPaaS offers data integration, process automation, data quality, API management, and application integration, on a single cloud platform.

- **Centralized security and governance.** Real-time visibility of end-to-end business processes, integrations, and data lineage lays the foundation for streamlined data governance. Informatica iPaaS also ensured network security and helped organizations take a centralized approach to their integration and automation models. This centralized approach influenced customer adoption, offering reduced complexity as well as improved data visibility.
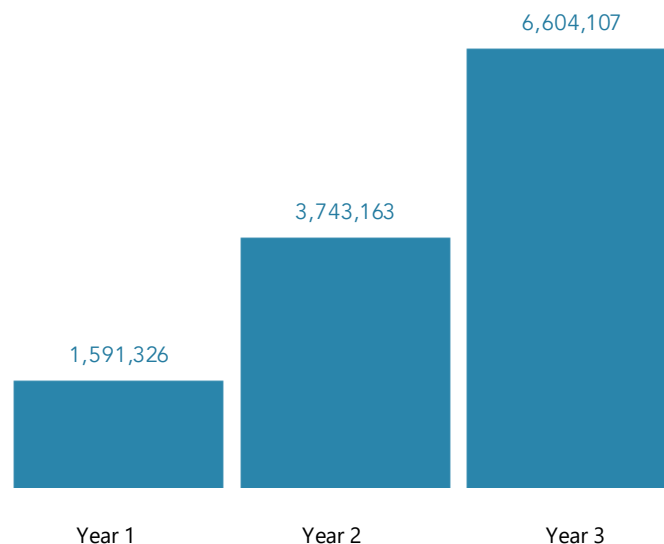
INFORMATICA IPAAS

Informatica iPaaS is part of Informatica Intelligent Data Management Cloud (IDMC) which gives organizations the tools to manage data across multi-cloud and hybrid environments. The platform provides end-to-end data management delivering unified capabilities for data integration, application integration, data quality, data catalog, API management, MDM, and data governance under a consistent user experience. Specific to application integration, Informatica iPaaS enables users to bring together various cloud and on-premises applications, manage APIs, and automate business processes that traverse through multiple applications and environments. Informatica iPaaS delivers a codeless interface featuring a drag-and-drop UI to elevate non-technical users and eliminate the need for complex coding.

With Informatica iPaaS, organizations can connect hundreds of applications and services via self-service, discovery-centric marketplaces, and business interoperability portals, all within a single platform. This unifies API creation and management, data set processing, event processing, and more. Organizations can expose and monitor event APIs and process APIs in real time and automate their user workflows and business processes that span various cloud and on-premises applications. Informatica iPaaS provides capabilities such as serverless execution of customer payloads, commercial-grade trust certification, high availability and business continuity, and advanced security across platforms, networks, and infrastructure.

Informatica iPaaS also delivers a productive data management environment powered by CLAIRE, the vendor's AI engine that provides ML-driven recommendations to automate and accelerate integration and data management tasks.

CUMULATIVE NET BENEFIT

Year	Cumulative Net Benefit
Year 1	1,591,326
Year 2	3,743,163
Year 3	6,604,107

SUMMARIZED CHALLENGES

Nucleus found multiple challenges that encouraged the adoption of Informatica iPaaS. Some of these challenges were highly consistent, while others depended on the scale of the organization's data operations and the maturity of its data infrastructure.

- **Agility.** Whether adopting new technologies, onboarding new applications or developing new business models, agility is the measure of success and a prime directive for organizations that want to improve time to market. This is achieved by improving process efficiencies and accelerating key business decisions through automation by integrating data and applications in real time.

- **Complex business processes.** Organizations are dealing with complex workflows and business processes resulting in errors from human intervention. Labor-intensive manual processes also increase the risk of security vulnerabilities. This has spurred organizations to adopt a no-code/low-code iPaaS that provides intuitive capabilities for designing business process automation patterns and workflows with self-service wizard builders.

- **Disconnected applications and data.** Applications and data are often disconnected, spanning many departments, environments, and systems. Furthermore, organizations are continually adopting new cloud applications and have existing investments in on-premises applications. Connecting all these applications and data spread across on-premises and multi-cloud environments is critical to automate and orchestrate business processes. Organizations are circumventing this limitation by building real-time application integrations and APIs that connect and orchestrate real-time data or services from cloud and on-premises applications.

- **Technical complexity.** Each organization interviewed by Nucleus also noted technical complexity as a key challenge for driving adoption. They prioritized finding an intuitive solution with various pre-built connectors and transformation templates to empower less technical skill sets.

ANALYSIS OF BENEFITS

Nucleus found that organizations deploying Informatica iPaaS experienced benefits across several areas, which were largely dependent on the size and complexity of their organization and the rate of adoption of technology. The best business cases focus on two or three key benefits that can guide deployment and streamline adoption efforts.

To inform organizations in building their business cases, Nucleus has presented the benefits most commonly experienced by Informatica iPaaS customers with guidance ranges based on what customers typically experience. Secondary benefits are included as well, even though they are not experienced by all customers.

The customers interviewed by Nucleus were organizations with expanding application ecosystems and growing needs for a modern integration platform. Customers noted pain points, including extended time-to-live for new integrations and excessive maintenance costs or support fees. As a whole, moving to Informatica iPaaS allowed users to retire a variety of legacy systems and manual processes to lower their total cost of ownership (TCO).

FASTER TIME-TO-LIVE FOR NEW INTEGRATIONS

One of the most common use cases for Informatica iPaaS is the integration of disparate applications to provide a full view of business operations. Building and maintaining integrations in a growing application ecosystem is a costly and time-consuming skill set. With Informatica iPaaS, developer teams were able to build new integrations in a fraction of the time. On average, organizations realized 64 percent improved productivity for these tasks enabling developer teams to deliver integrations faster with fewer technical personnel. This translated into an average annual saving of $535,218. One organization in the insurance industry saved nearly a million dollars annually with a 75 percent faster time-to-live for new integrations. Customers also noted significant time savings leveraging Informatica iPaaS prebuilt connectors to develop integrations with minimal manual effort.

64%
Time savings for
building integrations
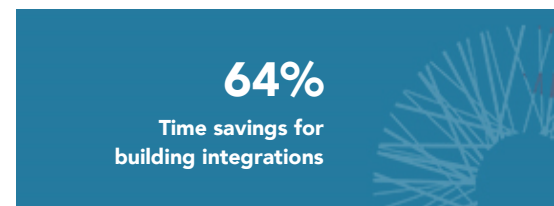
AUTOMATED PROCESSES AND ELIMINATED MANUAL WORK

One of the primary reasons organizations look to connect data flows involves extending the prevalence and reach of automation throughout company operations. Using Informatica iPaaS, Nucleus found that organizations were able to automate workflows to eliminate various manual processes. One organization was able to automate its payment processing workflows which previously required an entire team. By eliminating this manual work, the organization was able to redeploy these employees for more productive tasks, saving an equivalent of $440,000 annually. Some organizations also specifically sought an iPaaS solution to extend automation in Salesforce. These customers initially considered Salesforce's tool, MuleSoft, but found Informatica iPaaS to be more versatile and cost-effective in competitive evaluations, especially for ecosystems built with many disparate applications outside of Salesforce.

SIMPLIFIED SUPPORT AT A REDUCED COST

Organizations must employ resources to oversee the health of data, applications, and processes. Many dedicate administrative teams to monitor the integrity of the application to ensure that all data and workflows are correctly passing through the system. With Informatica iPaaS, organizations gained a central hub to monitor and develop integrations. With this unified platform, Nucleus found that support teams were able to do more with less. On average, organizations saved over $600,000 by switching from legacy systems to Informatica iPaaS. One organization was able to reduce support headcount by 30 percent by no longer maintaining old complex code. Another organization repurposed 12 developers, generating over a million dollars in annual savings. Customers also noted developer time savings with simplified security, which further reduces administrative burden.

30%
Reduced ongoing
support costs

EASILY ACCESSIBLE DATA MANAGEMENT AND GOVERNANCE WITH INFORMATICA IPU-BASED PRICING

Beyond application integration, the expanding data landscape has highlighted the importance of maintaining data quality and tracking data utilization. For this reason, many organizations prioritize integration solutions that can be easily extended to fill other needs without added complexity or support costs. With Informatica IPU-based pricing, customers gained agility in leveraging new tools and could easily deploy adjacent Informatica solutions for data quality and data governance, among others, without going through procurement. One organization noted that this IPU-based pricing shaved a month off the implementation timeline for Informatica Cloud Data Hub, Informatica Data Catalog, Informatica Data Quality, and Informatica Data Governance, all services of IDMC.

1 month
Faster deployments
for adjacent offerings

ANALYSIS OF COSTS

Nucleus analyzed the initial and ongoing costs of software, hardware, personnel, consulting, and training over a three-year period to quantify the return on investments that Informatica iPaaS delivered to customers.

COST CATEGORY	COST RANGE	AVG. COST	COST FACTORS
Annual Software Subscription	$120,000–$400,000	$246,670	Units procured for IPU-based pricing, modules deployed for flat subscriptions
Consulting	$0–$200,000	$131,948	Scale and complexity of the implementation, internal team skill levels
Initial Personnel	$42,301–$820,000	$307,434	Internal team skill levels, scale of the implementation, consulting spend
Ongoing Personnel	$40,000–$475,000	$145,000	Internal team skill levels, scale of the deployment

Nucleus found that the annual software subscription costs made up the most significant area of investment for customers. This investment was in line with other enterprise software investments supporting application integration.

FINANCIAL SUMMARY

Nucleus found that the average return on investment (ROI) from an Informatica iPaaS deployment was 413 percent, with a high of 693 percent and a low of 206 percent. ROI was calculated over a three-year time horizon, projecting costs and benefits forward on a straight-line basis for organizations that had not yet reached three years of deployment.

KEY FINANCIAL METRICS:

- The payback period for an Informatica iPaaS deployment ranged from 2.4 months to six months, with an average of four months.

- The annual total cost of ownership (TCO) of a deployment ranged from $469,000 to $701,667, with an average annual TCO of $543,094

- The net present value (NPV) of an Informatica iPaaS deployment ranged from $1.52 million to $3.08 million, with an average of $2.34 million.

FINANCIAL METRICS	HIGH	LOW	AVG.
ROI	693%	206%	413%
Payback (months)	2.4	6.0	4.0
Annual benefit	$1,539,260	$2,904,846	$2,201,369
Benefit to cost ratio	3.3	4.1	3.6
Annual TCO	$469,000	$701,667	$543,094
Present Value	$1,520,115	$3,084,850	$2,337,614
Internal Rate of Return	638%	194%	385%

CUSTOMER PROFILES

AUDITED ORGANIZATIONS

For the development of this ROI Guidebook, Nucleus spoke to multiple Informatica iPaaS customers and conducted in-depth ROI assessments of three customers.

INDUSTRY	EMPLOYEES	INTERVIEWEES
Tech	3600+	Director, Enterprise Data Strategy and Solutions
Insurance	750+	Assistant Vice President, Software Development
Education	4000	Integration Architect

SOFTWARE COMPANY

With revenues over $4.5 billion annually, this software company offers HR and payroll solutions to businesses of various sizes. Prior to adopting Informatica iPaaS, the organization used MuleSoft to support application integration. Although MuleSoft largely met the organization's needs, it was unsatisfied with the platform's development speed for new integrations, which limited developer productivity. To address this concern, the organization evaluated various application integration solutions and decided to adopt Informatica iPaaS.

The software company started its implementation in late 2018 with an initial project involving six to eight data flows. The implementation was performed by a team of four professionals, including three external consultants, and took four months to complete. This included time spent performing the migration from MuleSoft to Informatica iPaaS and additional time spent testing the integrations.

After going live with Informatica iPaaS, the organization was able to eliminate its on-premises and SaaS MuleSoft instances, saving over $300,000 annually. The organization also redeployed its architect teams who previously maintained MuleSoft, saving $200,000 annually. Additionally, the company was able to reduce its department headcount by three personnel, resulting in cost savings of $180,000. Informatica iPaaS also enabled employees to develop flows significantly faster, noting a 50 percent reduction in development time

compared to MuleSoft. This generated time savings of at least two weeks for smaller projects, saving over $420,000 annually. Additionally, Informatica iPaaS has enabled automated payment processing, resulting in time savings of $100,000 to $120,000 annually. Now the organization supports hundreds of integrations with Informatica iPaaS and develops over 150 new integrations each year. Later, when moving its ERP system from PeopleSoft to Oracle Fusion Cloud, the organization noted that developers could design flows significantly faster with Informatica iPaaS prebuilt connectors, saving at least one week for this and other migrations.

INSURANCE COMPANY

This company has approximately $300 million in revenue and over 600 employees. The organization previously did not have an application integration toolset, and primarily used SSIS and hand-coded connections with .NET C#. The company wanted to adopt Salesforce for business process automation and wanted an integration service to avoid hand-coding connections. It evaluated vendors including Informatica and MuleSoft. They also looked at Software AG's product, but it was considered archaic and expensive. MuleSoft was the initial favorite, but the company ultimately wanted a point-and-click solution that would grow with its data infrastructure.

The implementation of Informatica iPaaS began in 2017 and was rolled out as a proof-of-concept with Salesforce. It took a month to fully implement, with the first package being deployed within the first month. After only a couple of hours of training, a developer was able to move Salesforce data around. The implementation team consisted of one senior developer and three people on Salesforce at a 50 percent time commitment. The implementation process was accelerated with Informatica, resulting in an estimated 50 percent time and cost savings.

After deployment, the company was able to replace SSIS from an ETL standpoint, repurposed maintenance for DBA and eliminated homegrown middleware and orchestration. This resulted in savings of four ops programmers. With the implementation of Informatica iPaaS, the company has been able to save time in developing integration between systems, with an average of eight hours, compared to 32 hours using C#.

EDUCATION PUBLISHER

This American educational publishing company delivers educational content, software, and services for elementary through post-graduate education and publishes reference and trade publications for various professions. Operating in 28 countries, the organization employs over 4000 employees and earns over $1.5 billion in annual revenue. Prior to adopting Informatica iPaaS, the organization had multiple solutions to support different integration

patterns, which ballooned costs and maintenance. Because the company wanted to shut down its on-premises data center and accelerate its time to live for new integrations, it decided to modernize with Informatica iPaaS.

After going live with Informatica iPaaS, the educational publishing company sunset its prior legacy solutions, saving $1.25 million annually. Additionally, the organization cited reduced maintenance by switching to Informatica iPaaS, saving an additional $600,000 annually. The organization also noted improved business intelligence (BI) with better data yielding improved decision-making and customer engagement. It also gained a better understanding of sales trends and product usage. Furthermore, with Informatica iPaaS, the organization noted 66 percent time savings when developing new integrations, saving over $970,000 annually. Going forward, the educational publisher noted that Informatica is a critical part of its multi-year digital transformation initiative to reduce costs and modernize its IT infrastructure.

THE ROI GUIDEBOOK METHODOLOGY

Based on the ROI assessments developed through Nucleus's in-depth interviews with Informatica iPaaS customers, Nucleus has developed an ROI framework for organizations that are considering an Informatica investment. The framework can be used by potential and existing customers to understand the cost, benefit, and deployment factors that impact their potential return on investment. The Nucleus ROI Guidebook development process includes:

Technology review. Nucleus interviewed Informatica product managers and subject matter experts, participated in product demonstrations, and conducted a full review of technical documents and data sheets to gather data on Informatica iPaaS.

Customer interviews. Nucleus analysts conducted in-depth interviews with three organizations that were using Informatica iPaaS to understand their business challenges, their strategy and deployment processes, the costs incurred, benefits achieved, and best practices learned from their deployments.

ROI assessments. Based on the data collected from customers, Nucleus completed an ROI assessment of each customer's deployment and validated that ROI audit with each customer's project team leadership.

ROI= ((net benefit in year one + net benefit in year two + net benefit in year three) / 3) / total initial cost

Construction of aggregate ROI framework and analysis. Nucleus constructed a financial model based on its NASBA-registered ROI methodology, using the data from Nucleus's ROI business case assessments of the customers detailed. All financial metrics presented in this report are calculated based on standard NASBA accounting principles commonly used by certified finance professionals.

Benefits guidance. Based on the variability and clustering of benefits in the aggregate, Nucleus provides appropriate averages, ranges, and estimation factors to guide other customers in using the framework to develop their own ROI projections.