

Leveraging SOA to take your company to the next level

By Dan O'Malley

There is no question the leasing industry is evolving and changes are imminent. In preparation for these changes, leasing companies are evaluating the flexibility of their systems and how well they are positioned to handle changes. One of the ways to achieve the flexibility needed to maintain alignment of business and IT, is by managing business processes through technology that is based on Service Oriented Architecture (SOA). While SOA is not a new concept, the resurgence of interest can be attributed to the many dynamic uses for delivering critical business functionality and platform extensions, making it less painful for companies to address future changes. In an SOA environment, shared services are the goal. For example, the simplest customer entry screen should ideally call one service that contains the business validation for adding a customer. This service then can be shared between multiple software systems and multiple user interfaces to speed development efficiency and centralize key validations.

The concept for loose coupling of services is that any software client, created on any platform, can send and receive information to any other platform. In the Leasing and Finance industry, address validation, sales tax computations, and payment and yield calculations are all examples of business functionality that can be re-used by many processes during a contract lifecycle. Businesses must be able to quickly react to these changes, but it can't come at the expense of affecting core business functions.

The standardization of HTTP as a transfer protocol, and the use of XML documents to send and receive information have helped make it easier for developers and IT professionals to build loosely coupled systems and focus on the re-use of services. Industry and technology advancements have made the principles of an SOA architecture a must have for core system selection and the aggregation of disparate systems. According to Michael Donnary of Capgemini, *"There is a sense of urgency in our industry to increase customer satisfaction while driving down the cost of service delivery. Equipment Finance companies today looking to meet this objective understand the need for a flexible, service oriented architecture when evaluating their core systems and technology architecture. The days of multiple, complex system-to-system integrations are behind us. A new wave of service orientated solutions allows organizations to move away from current constraints and obstacles through simplification and standardization."*

Beyond the efficiencies of sharing business logic within a single enterprise, SOA has also made system-to-system integration easier for software development professionals. Historically, integrations have been tedious and cumbersome tasks. They are usually weighed down by compromise and negotiations between all parties with a vested business interest. Systems tended to be tightly coupled which prevented services from evolving independently and being easily enhanced. The scheduling effort and planning of system upgrades for tightly coupled systems was a nightmare and core customizations that didn't use a service-based approach resulted in lost efficiency, errors and ultimately business goals being sacrificed.

By standardizing communication protocols and architectural principles, system integration has become easier than ever before. Specifically in the area of risk management, an SOA architecture allows a core leasing system to display timely information about customers from a variety of different systems while maximizing the user experience. Jim Brown, Client Operations Director from PayNet, comments that, *“An SOA enables users to seamlessly retrieve and process information regardless of the source system. With our web services offerings, any system can seamlessly integrate with PayNet to retrieve and display information about a borrower including the PayNet MasterScoreSM and other credit performance metrics without leaving the users’ credit adjudication or servicing systems.”*

An SOA environment also allows for extensibility – the ability to change and grow into the future. A timely example of when an extensible architecture would speed the delivery of business functionality is the proposed lease accounting changes. As the accounting changes become formalized, a well-architected system can be extended and modified to incorporate the changes without a massive architectural redesign or significant software customization. An SOA approach also allows for change to be incremental as business challenges evolve and as changes occur in the Equipment Finance industry.

Another benefit of an SOA architecture is that it’s platform independent. The ability for systems to integrate regardless of platform was made possible by the advancement of discreet services. The growth of open source platforms such as Linux have created additional needs for software systems to be able to integrate to disparate systems on a variety of platforms; whether those platforms are traditional such as Linux, Microsoft or rising technologies such as Google’s Chrome OS. SOA allows systems to communicate regardless of platform which greatly enhances its usability.

Cloud computing is a popular buzz word these days, and SOA has facilitated the adoption of cloud based computing by many enterprises. As cloud based offerings have grown, the ability to use virtualized environments has enabled companies to save money on hardware. The emergence of a hybrid-cloud strategy has also allowed companies to avoid an “all or nothing approach” to cloud computing. An organization can choose to host some applications internally and some applications in a cloud, integrating those systems through service calls to transfer information between the hosted and non-hosted systems.

All this flexibility makes it possible for a well architected software product to be cross-platform and device independent. This becomes important for addressing mobile technology which has expanded at an amazing rate. According to a study from Cisco, mobile internet traffic grew 159% in 2010 and has exceeded 50% of all internet usage. The mobile trend is here to stay and software that has a service oriented layer as a foundation will be primed to adapt to the changing device landscape.

While SOA was devised as a set of principles for efficient software development, it also provides a framework that facilitates an accelerated pace of change in many endeavors including system integration, platform independence, cloud-based deployment and device independence. As business and technology needs change, the architecture of core systems should be evaluated to ensure that they not only work well now, but are also optimized for the future. Whatever your future business goals are, taking an SOA approach increases the probability for success.

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