

WHITE PAPER

# Agile integration drives digital business for mid-market companies

Mid-market size companies are accelerating digital transformation initiatives and restructuring their supply chains to meet the needs of digital business. OpenText and IDG surveyed mid-market companies worldwide to understand the importance of B2B integration in connecting and collaborating with increasingly diverse digital ecosystems of suppliers, partners and customers. This position paper investigates the integration challenges mid-market companies face and how a trusted service provider can deliver the integration skills and expertise that modern mid-market companies require.



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100-999 employees

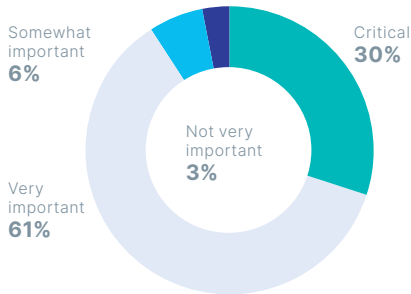


Figure 1: The importance of B2B integration capabilities for mid-market companies (Source: IDG)

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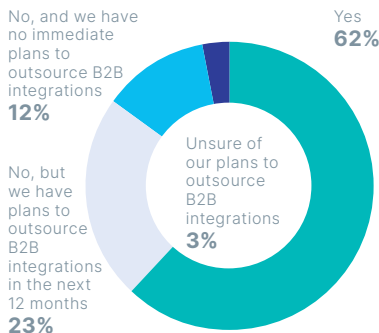


Figure 2: Does your organization outsource any B2B integrations to one or more trusted managed services providers today? (Source: IDG)

Executive overview

The COVID-19 pandemic has caused an unprecedented level of supply chain disruption globally.<sup>1</sup> Structural weaknesses that already existed were severely exposed. To build flexibility and resilience into supply chain operations, companies of all sizes are now seeking to seamlessly integrate increasingly digital ecosystems of employees, suppliers, customers, vendors and other partners.

Digitally transforming trading partner relationships is now a primary focus. For example, more than 70 percent of manufacturing CFOs say that they are now concentrating on digitizing their invoicing processes to improve operational performance in response to the pandemic.<sup>2</sup> Now more than ever, mid-market size companies and their customers depend on B2B integrations to keep operations running smoothly and to enable them to react to rapid market shifts.

B2B integration enables companies to digitize, integrate, automate and optimize information flows and key business processes that extend across internal and external business ecosystems. A recent IDG survey of IT and business leaders found that more than 90 percent of mid-market companies saw B2B integration as critical for their businesses today (See Figure 1). While respondents were clear on the benefits they expected, they were also aware of their challenges.

When it comes to B2B integration, companies are being held back by serious issues, including skills shortages, resource constraints, collaboration challenges and security concerns. Companies are increasingly turning to trusted service providers to deliver the capabilities they are looking for—with only 12 percent of survey respondents saying they had no immediate plans to do so (See Figure 2).

This white paper looks at the IDG research to discuss the importance of B2B integration and the challenges and opportunities that companies encounter when working with a trusted provider.

Towards the digital supply chain

Prior to the pandemic, supply chains were in the process of gradual digitization. Suddenly, the stakes changed, accelerating everything, sometimes to an extraordinary degree. According to a McKinsey & Company survey, companies have accelerated the digitization of their supply chain operations by three to four years on average.<sup>3</sup> In responding to the need for remote work and external collaboration, respondents expected the time needed to implement changes was 453 days, while the actual time it took was 10.5 days.<sup>4</sup>

Today, mid-market companies create digital supply chains that integrate information flows from customers, suppliers and partners and enable the seamless and secure flow of information to internal business systems, such as ERP and inventory management. The goal is to allow the seamless integration of people, systems and things across the extended enterprise.

1 McKinsey & Company, How COVID-19 is reshaping supply chains. (2021)

2 Versapay, Why Industrial and Manufacturing Companies are Embracing Accounts Receivable Software. (2021)

3 McKinsey & Company, How COVID-19 has pushed companies over the technology tipping point—and transformed business forever. (2020)

4 ibid

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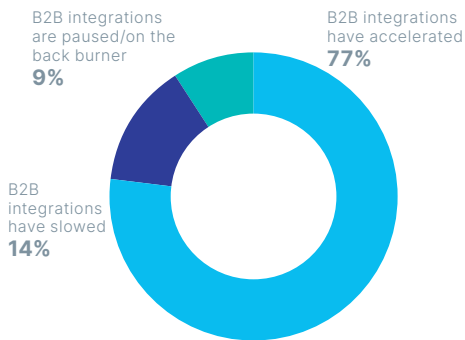


Figure 3: Integration investments accelerated in previous 12 months (Source: IDG)

Creating a digital backbone across the business can bring end-to-end visibility across the supply chain that reduces costs, increases productivity and improves customer experience. A B2B integration platform can deliver that backbone, ensuring organizations can quickly and effectively onboard, connect and trade digitally with trading partners located anywhere in the world. A fully integrated digital supply chain can deliver realtime insight to drive supply chain performance, inventory management and business innovation.

The IDG research suggests that mid-market companies are well aware of the role that B2B integration can play in delivering the benefits of a digital supply chain. More than three quarters of respondents have accelerated their investments in B2B integration in response to the pandemic, with only nine percent pausing investment (See Figure 3).

This is not surprising, as businesses worldwide have turned to digital technologies—such as B2B integration—to manage employees, suppliers and customers during the pandemic. However, how well an organization can adopt those technologies is vital for its success. According to a mid-market survey by the Connected Commerce Council, 81 percent of companies report changing their business to incorporate new digital tools and strategies due to COVID-19, with the Council estimating that roughly five percent of non-digitally advanced SMEs were forced to close their doors.<sup>5</sup>

**The role of modern agile B2B integration capabilities**

The COVID-19 pandemic has been a wake-up call for mid-market companies, with many of them reassessing their sourcing options and realizing they didn't have sufficient insight into what is happening in their supply chains. Research has shown that while 83 percent of companies say connecting and integrating supplier data is crucial, it is still a struggle for most.<sup>6</sup> Developing modern, agile B2B integration capabilities is the best approach to addressing these issues.

SCM World has created a B2B integration maturity model to measure the effects of advanced B2B integration for organizations automating their supply chain processes and increasing collaboration with suppliers and partners. According to SCM World,<sup>7</sup> for organizations reaching level four out of five on the maturity scale:

- 72 percent of respondents reduced transaction processing costs by 20 percent or more.
- 68 percent sped inventory turns to more than 2x per month, from less than once a month.
- 78 percent decreased days sales outstanding (DSO) to less than 60 days.
- Fewer than five percent of orders needed to be expedited, down from more than 10 percent previously.

<sup>5</sup> Connected Commerce Council, U.S. Small Businesses Find a Digital Safety Net for Adaptation, Resilience, and Innovation During COVID-19. (2021)

<sup>6</sup> IDG and OpenText, Taking Supply Chain Integration to the Next Level. (2021)

<sup>7</sup> SCM World, The B2B Integration Path: A Roadmap for Business Value Generation. (2016)

The IDG research suggests that few mid-market companies have reached this level of maturity with their B2B integration capabilities. On average, companies exchanged only 44 percent of data with trading partners through direct integration such as EDI VANs or B2B managed services. This is something that survey respondents were looking to address with very clear business goals for future B2B integration investments (See Figure 4).

**Top drivers for investment in B2B integration in next 12 months**

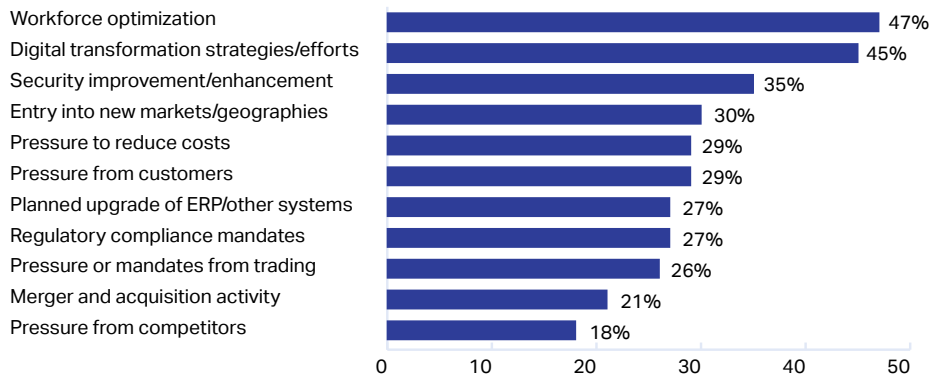


Figure 4: Top drivers for B2B integration investment in next 12 months (Source: IDG)





The mid-market companies surveyed saw B2B integration as a way to make the most of their limited resources to cope with changing and uncertain economic conditions. Workforce optimization was seen as slightly more important than digital transformation to ensure efficient and productive operations. The need to explore new markets and business opportunities is also a major driver for B2B integration, as is the need to engage and collaborate with customers and suppliers.

However, the need to develop a sophisticated digital supply chain is placing increasing pressure on the capabilities of B2B integration solutions. Today, effectively exchanging information with trading partners means working with a massive amount of data from an increasing number of sources. Research from IDG suggests that the IT department of an average company is being asked to integrate 26 new data sources to target systems every month. Moreover, only 26 percent of data is currently tagged.<sup>8</sup>

In addition, new use cases are continually appearing, such as inventory and stock control, realtime track and trace, just in time manufacturing and supply chain disruption management. This has led to the development of a new generation of B2B integration capabilities. Beyond simple document and data exchange, modern, agile B2B integration provides features such as business-to-anything integration, community management and advanced supply chain analytics.

### The challenge of meeting B2B integration requirements

Many business and technical challenges impact B2B integration requirements for mid-market companies. The IDG research found that competing IT projects was the main challenge for respondents (See Figure 5). The need to staff other IT initiatives drains available resources from B2B projects

Even for a relatively small company, a new B2B integration initiative may include adding hundreds of data maps and onboarding numerous trading partners. The company needs to deal with the new data, formats and technologies, including cloud and hybrid cloud environments. For the SMEs surveyed, handling data transformation and translation while faced with increasingly complex integrations was close to the top of their list of challenges.

#### Top challenges with B2B integration

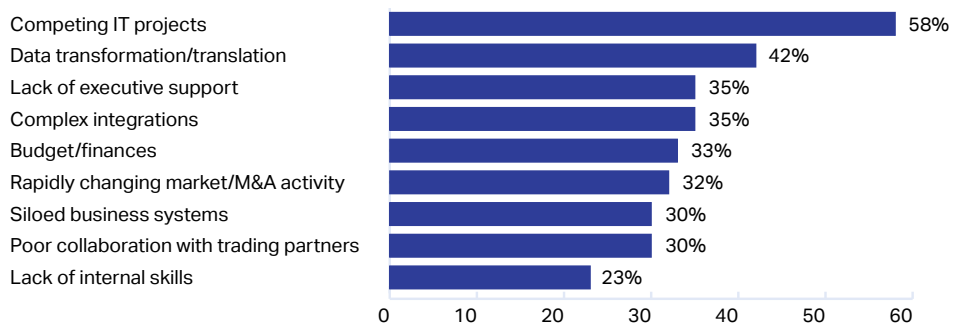


Figure 5: Top challenges for B2B integration investment in next 21 months (Source: IDG)

<sup>8</sup> IDG and OpenText, Taking Supply Chain Integration to the Next Level. (2021)

Due to these challenges, mid-market companies that have never worked with a trusted service provider are considering doing so. Those that have, are considering increasing the number of projects that they outsource to their provider. On average, respondents said they plan to outsource nearly half of their B2B integration projects over the next 12 months (See Figure 6).

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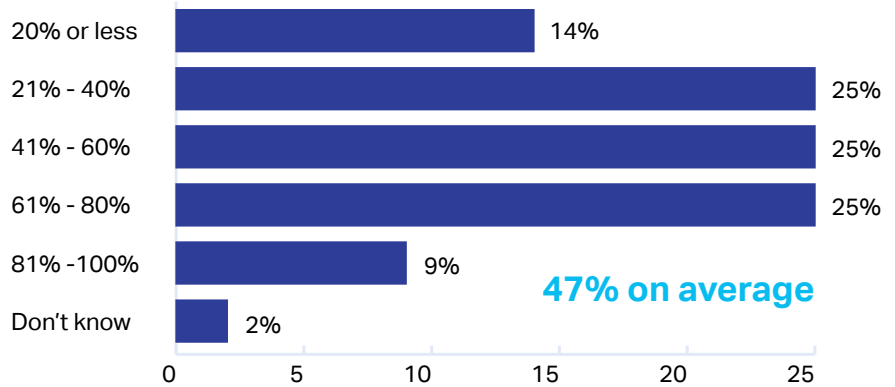


Figure 6: Number of B2B integration projects outsourced in next 12 months (Source: IDG)

Interestingly, all respondents to the IDG survey placed the lack of internal skills as a lesser challenge. However, when the survey looked at the benefits those companies received through working with a service provider, access to specific B2B skills and expertise topped the list (See Figure 7). This suggests that many companies still underestimate what is needed to operate a modern B2B integration environment or find and retain the people who can handle new B2B business processes, data formats and integration technologies.

**Benefits experienced from use of B2B Managed Service**

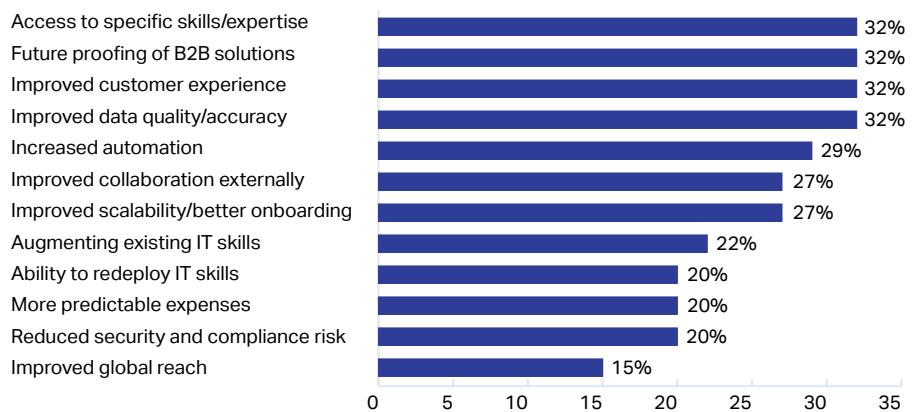


Figure 7: Benefits experienced when working with a trusted service provider for B2B integration (Source: IDG)

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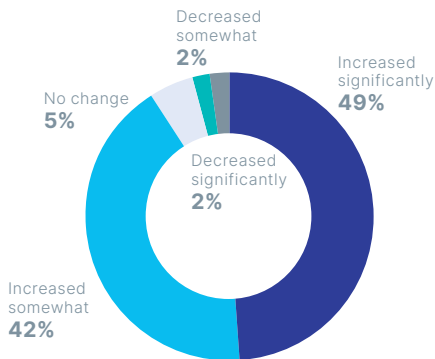


Figure 8: Impact of trusted service provider on overall value of B2B integration program (Source: IDG)

### 6 reasons for using a trusted partner for B2B integration capabilities

Working with a trusted service provider allows mid-market companies to optimize their investments, internal staffing and IT resources. The provider takes care of as much, or as little, day-to-day management of B2B integration capabilities that the company requires, allowing the company to focus on business strategy.

This approach helps build resilient and responsive digital supply chains to drive connection and collaboration across the entire trading partner community. According to the IDG research, more than 90 percent of respondents said working with a trusted provider had increased the value of their B2B integration program, and almost half reported a significant increase (See Figure 8).

Among respondents, the most important benefit companies expect from working with a service provider was improved collaboration with external partners (See Figure 9). Other expected benefits of outsourcing B2B integration include improving data quality and security, shielding the company from complexity and redeploying IT resources.

### Benefits of taking an outsourced approach to business integration

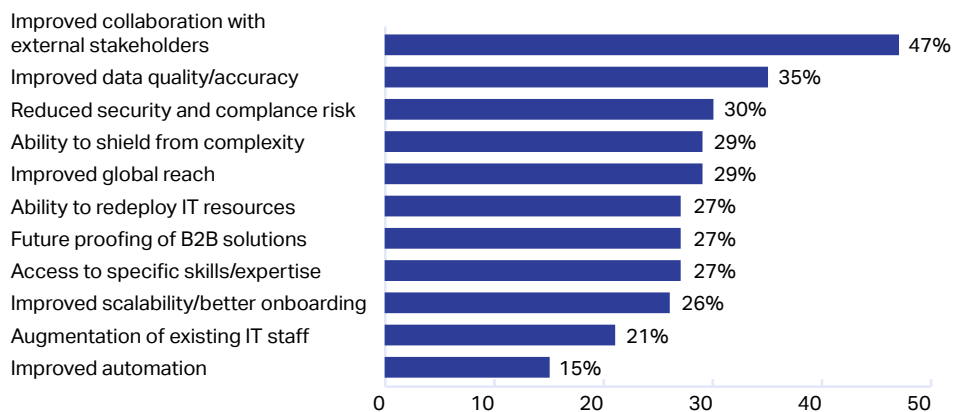


Figure 9: Most attractive benefits of working with a trusted service provider for B2B integration (Source: IDG)

The results of the research demonstrate that not only do trusted service providers help businesses get the B2B integration job done, they help them do it better. The six key benefits of working with a provider are:

### Lowering operational costs and complexity

A service provider removes most of the complexity of managing the day-to-day operation of a B2B integration environment, letting mid-market companies focus on growing their business. IT resources are freed, and staff can be re-assigned to higher value activities. In addition, predictable monthly fees replace capital expenditure. Typically, outsourced integration services can provide extensive cost savings in the range of 20 to 40 percent.<sup>9</sup>

<sup>9</sup> IDC, How B2B Integration Drives Supply Chain Performance. (2017)





## **Establishing a digital backbone for the supply chain**

The service provider will deliver a central, digital backbone to connect external transaction flows to internal business systems. Information flows quickly and securely amongst trading partners while a suite of application adapters seamlessly integrates with key enterprise applications, such as ERP systems. This helps ensure that important customer information gets to where it needs to go and helps automate and optimize end-to-end business processes, improving operational efficiency and customer experience. Using an outsourced approach has been shown to speed inventory turns by 35 percent and improve on-time delivery rates by 48 percent.<sup>10</sup>

## **Accessing a pre-connected trading partner community**

Rather than continually creating direct connections to specific partners, providers deliver a pre-connected community to enable quick one-to-many connectivity. The largest providers have continually growing global network of companies in virtually every industry and geography. Lowering the cost and time to identify and implement alternate sourcing options makes it straightforward to connect and start trading with partners and build supply chain resilience. Research has shown that this reduces onboarding times by up to 75 percent.<sup>11</sup>

## **Supporting virtually any document format or communication protocol**

Service providers have skills and expertise in every document format, communications protocol and industry or regulatory standard. They have the experience of working with the trading mandates of large organizations, enabling them to provide the resources and knowledge to accelerate integration with trading partner transaction flows and ensure the mid-market company complies with regional, industry and compliance standards. Increasingly, service providers deliver trading partner kits that bundle all the B2B integration and connectivity requirements for a specific organization to enable partners to quickly and easily connect and begin trading. Such trading partner kits would include all business document formats and connectivity requirements to connect with a specific company, whether in retail, automotive, high tech, CPG or any other sector. This approach improves customer experience while shortening cycle conversion cycles by up to 22 percent.<sup>12</sup>

## **Deploying self-service tools to empower users**

Organizations can access various self-service tools to help significantly reduce the time, cost and complexity of using a best-in-class integration environment. These range from self-service portals that allow new trading partners to engage and register, to customizable analytics dashboards that let different users gain insight to improve their productivity. Self-service tools empower users to retain control of certain aspects of their B2B integration environment, whether onboarding and connecting to new trading partners or simplifying and accelerating the connectivity process through trading partner kits.

<sup>10</sup> IDC, How B2B Integration Drives Supply Chain Performance. (2017)

<sup>11</sup> IDG and OpenText, Taking Supply Chain Integration to the Next Level. (2021)

<sup>12</sup> ibid

**Leveraging a highly available integration platform to build resilience**

The cloud-based nature of most provider platforms delivers complete flexibility to adapt the B2B integration environment to meet market conditions or provide greater resilience against future business disruptions. This approach overcomes integration complexity by enabling the mid-market company to consolidate the amount of integration tool sets they require by up to 71 percent.<sup>13</sup>

**Selecting a trusted third-party provider**

There is a great deal to consider when choosing a service provider to carry out B2B integration. As well as the skills and experience of the personnel, organizations should look for providers with a global, cloud-based integration platform with a large pre-connected community. In addition to customer and employee empowerment, the provider must help deliver control and visibility across the entire supply chain.

Perhaps inspired by their pandemic experiences, respondents to the IDG survey also looked for characteristics in their providers that would help build agile and resilient supply chains. They demanded visibility and control across their supply chain. Still, they felt the provider should be strong in disaster recovery and project management and offer a suite of self-service tools (See Figure 10).

**Important characteristics of a B2B integration service provider**

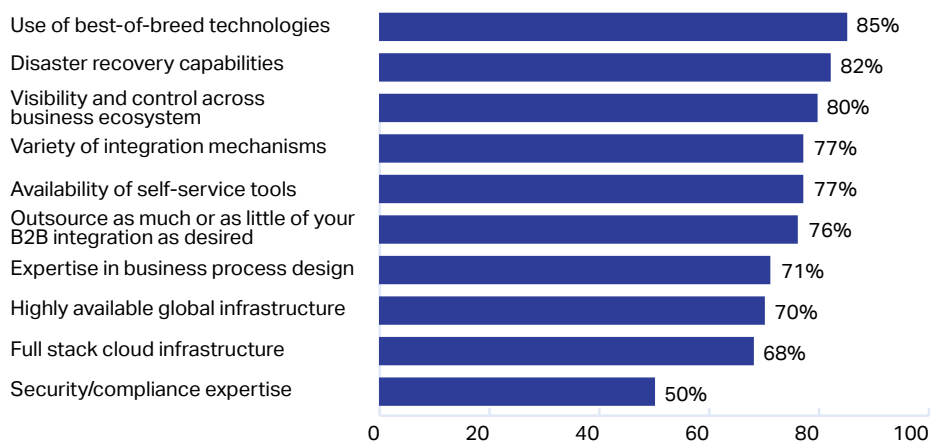


Figure 10: Most important characteristics of a trusted service provider (Source: IDG)

It appears that mid-market companies are aware that maintaining a modern, digital supply chain requires migration and integration with new data sources and systems. As the number of integration points grows, including with legacy systems, respondents expect the service provider to handle all the integration requirements—today and into the future.

<sup>13</sup> IDG and OpenText, Taking Supply Chain Integration to the Next Level. (2021)

## OpenText™ Trading Grid™: The world's largest B2B integration network

- No. 1 cloud integration services
- 35,000 connected companies
- 1.1 million connected partners
- \$12 trillion in network commerce
- 33 billion transactions

### OpenText Business Network Cloud Foundation (BN Cloud Foundation)

OpenText Business Network Cloud Foundation (BN Cloud Foundation) provides a single, unified integration environment that delivers capabilities to address all the characteristics that mid-market companies require. It allows companies of any size to seamlessly integrate with more than one million pre-connected trading partners across the globe. It is a comprehensive set of features allows for complete integration with external suppliers and customers, as well as internal business systems and applications (See Figure 11).

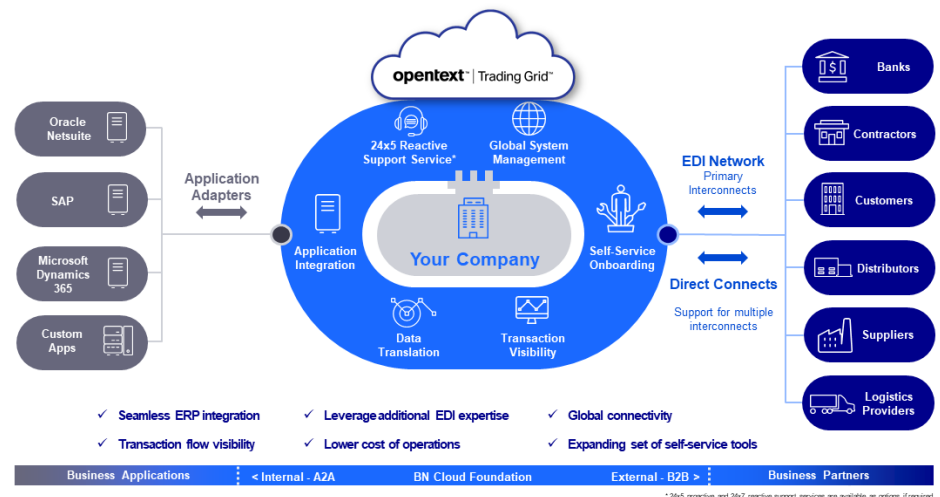


Figure 11: BN Cloud Foundation: Complete internal and external integration for mid-market companies

BN Cloud Foundation leverages an extensive suite of capabilities to help mid-market companies with their integration needs:

#### Self-service tools

Quickly establishes B2B connectivity with AS2, SFTP, FTPS or HTTPS based communications and simplifies integration environment management. New trading partners onboard through its self-service registration and configuration portal.

#### Trading partner kits

Accelerates connectivity with key trading partners using pre-built kits containing the documents and communication protocol support typically required to trade electronically with that specific partner.

## **Messaging**

Uses OpenText™ Trading Grid™ Messaging Service, the world's largest B2B integration network, to exchange business information quickly and in a highly secure and scalable manner, anywhere in the world.

## **Data translation**

Allows a company to implement up to 100 document maps to exchange information more effectively with trading partners.

## **Trading partner connectivity**

Allows point-to-point information exchange with up to 50 trading partners using a variety of internet communication standards, such as AS2, SFTP, FTPS and HTTPS.

## **Visibility and analytics**

Uses OpenText™ Lens™ to configure intuitive executive dashboards that monitor transaction flows across extended business environments for realtime document and transaction visibility.

Working with OpenText experts, companies can use BN Cloud Foundation to simplify and accelerate the digitization and optimization of all information flows across the supply chain. Partner onboarding, connectivity, engagement and collaboration are made easy with seamless integration through support for virtually any set of documents, protocols and industry or regulatory standards.

## **Integrate with business applications**

Leverage a suite of pre-built application adapters to seamlessly integrate external business environments with popular ERP environments, such as Oracle Netsuite, Microsoft Dynamics and SAP S/4HANA.

## **Global support**

Rely on experienced OpenText integration specialists for comprehensive, multilingual, 24x5 reactive support as standard or 24x5 proactive and 24x7 reactive support are available as at cost options.



## Summary

As business emerges from the pandemic, the need to innovate and explore new markets is balanced by the need to optimize operations and reduce costs. Uncertain economic conditions require flexible and resilient supply chains. Small and medium businesses are under no illusion about the importance of B2B integration or the challenges they face to develop a modern, agile B2B environment that helps them go beyond simple document exchange.

The answer for a growing number of organizations is to outsource some or all of their B2B integration to a trusted service provider. This helps address operational and customer needs while alleviating the pressure on overworked IT resources. For smaller companies, this approach offers the potential to accelerate their transition into digital business.

This is why Stewart Bond, research director at IDC, has said of B2B integration, "Give it to the experts. Give it to the people who know how to work with these technologies, these protocols, these different formats. Get them to handle it for you. And that really allows for opportunities to optimize your own costs when it comes to, not just integration in the supply chain, but also integration behind the firewall."<sup>14</sup>

## About OpenText

OpenText, The Information Company, enables organizations to gain insight through market leading information management solutions, on-premises or in the cloud. For more information about OpenText (NASDAQ: OTEX, TSX: OTEX) visit: [opentext.com](https://www.opentext.com).

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<sup>14</sup> IDC and OpenText, IDC shows how to get integration agility with managed services, (2020)