Is ECM Just a Cost of Doing Business?

Why Leading Organizations Say “No”

This paper outlines the findings of the most recent research commissioned by OpenText. From the results of extensive customer interviews with some of the world’s best-known brands across a wide variety of industries, OpenText has uncovered a wealth of information about the ROI of ECM – the business drivers of ECM, the value, specific areas of ROI, and best practices – all gathered from interviews with some of the most progressive organizations in terms of demonstrable value derived from their deployments and strategies.
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Introduction

For years, organizations have heard of the cost, challenges, and risks of managing business content – everything from fines and reputational damage for not complying with regulations to the constant complaints from users about not being able to find what they need, and from the daunting challenge of organizing and storing content from an ever-growing number of sources and formats to handling the massive growth in volume.

Traditionally, the rationale behind Enterprise Content Management (ECM) systems has been, “Because we have to; it’s just a cost of doing business.” This reasoning is true, at least in part. Regulations and policies need to be adhered to, the need to capture and store content for business use is critical, transactional content drives key business processes, and making sure the right people can find the right content when they need it.

These are all things that need time, money, and people to carry out. At the core, though, ECM systems are not exempt from the same criteria that every expense in business is judged – “Where is the return? What does it do to drive value, deliver ROI, and basically ‘earn its keep’?

There are a lot of offerings available from a host of providers in the ECM market, all of which tout the “boundless opportunities” for enterprises able to tame business content. Features and functions, integrations with other systems, easy to use, a trusted platform, etc.

With more than 20 years of expertise in building ECM solutions and helping some 50,000 organizations around the world and across every industry execute on broad information management strategies, OpenText has explored the answers to these critical questions and conducted extensive research with customers to back them up.

This paper outlines the findings of the most recent research we have commissioned. Working with Therese Fafard of Solution Seekers, LLC, OpenText has uncovered a wealth of information about the ROI of ECM – the business drivers of ECM, the value, specific areas of ROI, and best practices – all gathered from interviews with some of the most progressive organizations in terms of demonstrable value derived from their deployments and strategies.
What is ECM Good For?

The Top Reasons and Goals for Enterprise Deployments

The organizations we interviewed had a host of goals in mind when undertaking ECM deployments – from the obvious, like getting a better grip on managing documents and reducing file storage costs, to the progressive, such as generating cost and operational efficiencies for specific things like information governance, investigations and eDiscovery, and fostering better collaboration for improved time to market for new product offerings.

Not surprisingly, our findings are that there are a diverse range of value drivers, strategies, and goals for ECM across the enterprise, but all fall within the broad objectives of saving time, reducing costs, improving productivity, accelerating and optimizing business processes, and bolstering regulatory and policy compliance strategies and policies.

THE TOP REASONS FOR IMPLEMENTING ECM AMONG THE ORGANIZATIONS WE INTERVIEWED ARE

- Search/Making it easy to locate information (100% of respondents),
- Improve productivity and process efficiency,
- A virtual tie between providing access to content in business context, optimizing document management, and improving collaborative processes.

FIGURE 1
Top Reasons for ECM: "What were your reasons for seeking out/implementing ECM?"

FIGURE 2
Specific Objectives: “What specific goals/success factors were there for the deployment?”
How users connect with ECM

The Reach of ECM and How Users Access It

An interesting finding of our research illustrates the flexibility, range of user preferences when it comes to working with business content, and the “adaptability” of ECM in terms of accessibility across devices or channels.

While the majority of business users still access content via a traditional client, there appears to be an increasing need (and demand) to provide a variety of ways to find and work with content, integration points for systems like SAP® and Microsoft® Office and SharePoint®, and support for mobile devices. Moreover, like many critical IT systems, the move beyond on-premises deployments to capitalize on the efficiencies offered by the cloud appears to be taking hold.

What’s The Value of ECM?

The Top Benefits of Enterprise Deployment

At the end of the day, the success of ECM is measured in the same way that all IT investments are, namely its ability to deliver significant and tangible value to the organization rather than being a cost burden. In the early days of ECM, this equated to demonstrating cost reduction in storage, reporting, and other basic returns. The variety and level benefits of ECM has grown exponentially through the innovation and experience of practitioners, however, and there is now no shortage of areas of impact for the business, records professional, IT or Legal.

BIGGEST ECM BENEFIT/ROI TO ORGANIZATIONS

- Ensured records management is transparent to end-users
- Now have the ability to place content on “Hold” for discovery/litigation
- Dispositioning of content once it has met its retention schedule
- Improved compliance for regulatory mandate and internal policies
- Archive content for future access or compliance needs

FIGURE 3

“What are the biggest benefits of ECM? How successful was the enterprise in achieving them.”

**VALUE DRIVERS**

<table>
<thead>
<tr>
<th>STAKEHOLDERS</th>
<th>BUSINESS</th>
<th>RM</th>
<th>IT</th>
<th>TOTAL SCORE</th>
<th>% OF TOTAL POSSIBLE POINTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>ENSURE RM TRANSPARENT TO END-USERS</td>
<td>9</td>
<td>10</td>
<td>32</td>
<td>60</td>
<td>86%</td>
</tr>
<tr>
<td>NOW HAVE ABILITY TO PLACE CONTENT ON HOLD</td>
<td>7</td>
<td>7</td>
<td>26</td>
<td>49</td>
<td>82%</td>
</tr>
<tr>
<td>DISPOSITIONED CONTENT ONCE IT MET ITS RETENTION SCHEDULE</td>
<td>11</td>
<td>10</td>
<td>27</td>
<td>56</td>
<td>80%</td>
</tr>
<tr>
<td>IMPROVED COMPLIANCE TO MEET INTERNAL POLICIES</td>
<td>15</td>
<td>8</td>
<td>31</td>
<td>59</td>
<td>79%</td>
</tr>
<tr>
<td>ARCHIVE CONTENT</td>
<td>5</td>
<td>8</td>
<td>28</td>
<td>51</td>
<td>78%</td>
</tr>
<tr>
<td>EASIER TO FIND; MORE CONFIDENCE MOST RELEVANT DOC FOUND</td>
<td>14</td>
<td>10</td>
<td>29</td>
<td>0</td>
<td>53</td>
</tr>
<tr>
<td>IMPROVED OPERATIONAL EFFICIENCIES</td>
<td>15</td>
<td>9</td>
<td>28</td>
<td>6</td>
<td>61</td>
</tr>
<tr>
<td>DEFEASIBLY DELETING CONTENT</td>
<td>12</td>
<td>9</td>
<td>23</td>
<td>9</td>
<td>53</td>
</tr>
<tr>
<td>IMPROVED COMPLIANCE TO MEET EXTERNAL REGULATIONS</td>
<td>10</td>
<td>8</td>
<td>25</td>
<td>9</td>
<td>52</td>
</tr>
<tr>
<td>CONSOLIDATED DISPARATE SYSTEMS</td>
<td>6</td>
<td>5</td>
<td>26</td>
<td>7</td>
<td>44</td>
</tr>
</tbody>
</table>
Does ECM Pull Its Weight?

Value Compared to Investment

There are some remarkable stories of returns on ECM investment, both planned and unexpected. For example, a global manufacturing and capital projects firm indicates that, while they had implemented ECM to improve eDiscovery/investigative processes in part, they achieved a far better than anticipated return. "With ECM in place, we now spend four times less on the eDiscovery/investigative process than before," reported the senior operations manager in the company’s legal department.

Similarly, a major commodity and resources company found that they were able to achieve certification as a result of implementing core ECM-driven processes. "One thing’s for sure, we could not have gotten ISO certified without it," said the company’s head of content and web services.

In short, the vast majority of enterprises we spoke with indicated that the returns – by way of value to the organization vs. spend on ECM – far exceeded the up-front costs and efforts. Additionally, many commented that they felt that the organization was just scratching the surface in terms of measuring and assessing the contributions that ECM could make. "We will get more value when we expand the scope to a wider part of the organization and apply ECM to new areas and processes," said the senior IT analyst of a major oil and gas enterprise.

Does ECM Align With Organizational Goals?

Beyond the specific goals of ECM initiatives, all of the practitioners we spoke with indicated that ECM investments aligned extremely well with broad corporate, or organizational, goals and budget mandates. So much so, that in some cases every criteria for spend was met – investments in ECM mapped to productivity, information technology, legal, and other business area gauges.

VALUE COMPARED TO INVESTMENT

- 80% of customers rated value equal or greater than
- For those that rated it less: their rating was tied to the maturity and breadth of their deployment

ACROSS ALL STAKEHOLDERS FOR ECM, THE TOP THREE VALUE DRIVERS (BOTH TANGIBLE AND INTANGIBLE), ARE

- Business Value Driver: User adoption/satisfaction
- Business Value Driver: Increased user productivity
- Records Management Value Driver: Increased transparency and compliance
ECM practitioners we spoke with pointed to Business, Records Management, Information Technology, and Legal as the core areas in terms of metrics for ECM value to the organization. Further, they consistently indicated a number of factors they measured across each of those areas. The most common metrics for each area were:

**Business**
- User adoption/satisfaction level
- Productivity
- Ability to automatically capture business-critical information
- Reduction in “housekeeping” for users and IT
- Collaboration improvement
- Intellectual property retention/management

**Information Technology**
- Reduction in storage and administrative costs
- Reduction in backup and recovery costs
- Reduction in internally-managed legal discovery processes and cost
- Increased productivity
- Improve the value of IT to the business
- Consolidate/reduce legacy system use and infrastructure

**Records Management**
- Productivity increase
- Reduced filing/space and real estate costs
- Decrease in external storage costs
- Reduction in printing and imaging costs
- Reduction in business disruption costs

**Legal**
- Reduce volume of content
- Reduce cost of legal discovery
- Mitigate undesirable outcomes (legal, regulatory penalties)
- Improve decision making
- Reduce external discovery/ESI
- Reduce cost of imaging/ESI

**ECM Value From eDiscovery/Investigations and Risk Mitigation?**

The Easy Win Might Not Be Where You’re Looking

“There’s no faster way to the bottom line of a company than by removing legal costs.”

– Quote from OpenText Value Engineering In-Field Discussions

One of the most significant benefits with OpenText ECM is the ability to dramatically reduce eDiscovery/investigative costs and other litigation-based spend. For one customer, they claimed that, “As a company we’ve always felt that did a great job with managing and dispositioning records, but with OpenText, we actually cut the time it takes in half.” In the illustration on the next page, the results of “pre-ECM” and post-ECM implementation can be seen in the context of discovery:
**BEFORE**

<table>
<thead>
<tr>
<th>A completely manual process:</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Contact project team around the globe</td>
</tr>
<tr>
<td>- Individuals manually search files</td>
</tr>
<tr>
<td>- Send data on CD to legal</td>
</tr>
<tr>
<td>- Wait weeks/months for all data</td>
</tr>
<tr>
<td>- Resource &amp; time sensitive</td>
</tr>
<tr>
<td>- Incomplete &amp; frustrating</td>
</tr>
</tbody>
</table>

**AFTER**

<table>
<thead>
<tr>
<th>Search 1.5 million documents (within OpenText)</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Put a litigation hold on 6,500 documents</td>
</tr>
<tr>
<td>- Process completed within 5 minutes</td>
</tr>
</tbody>
</table>

Just as much as times have changed – along with the increasing budget expectations for litigation – so has the impact of ECM on the overall cost of discovery. One customer said, in our recent interview about the ROI of ECM, “Before, we would have had a massive team trying to pull together all sorts of data – some relevant, most of it not – and be spending something like four times the amount of money on discovery costs than we do with OpenText ECM.”

Another key to the ability of ECM to deliver value to the organization lies in its strengths in managing and controlling email. With email compounding the problem of overall eDiscovery efforts, it’s no surprise that ECM is contributing substantial returns on investment when it comes to reducing the time required and costs associated with discovery. “Email management is the first success that comes to mind for ECM. We were able to reduce our overall volume by 500,000 emails and that includes the fact that we added over 100 new employees that same year. Being able to manage email and search it for legal holds has been a huge success for us,” said one company with about 1250 employees across North America.

**Productivity Up, Risk Down**

“Productivity” has been difficult to measure in the past where ECM is concerned. Time to find information, better ability to share and collaborate around information, accelerated project timelines, more rigorous records management and compliance policies, and more, are all fantastic returns – but difficult to state in quantifiable terms. With legal holds, discovery, and overall litigation support, though, ECM is a clear winner. Let’s face it, we live in a litigious society and for businesses, the added element of increased regulatory scrutiny, policy, and mandate hasn’t made legal any less burdensome.

According to a recent survey by FTI, 43% of companies had between 100 and 500 litigation events (including legal holds, government audit/regulatory requests, second requests, and current legal matters) in the past 12 months, the majority of companies averaged even higher: 10% reported over 2,000 events; 10% reported between 1,000 and 2,000; 17% reported between 500 and 1,000; and only 20% reported fewer than 100 litigation events.*

* Source: Deloitte, Early case assessment: Finding value beyond your next lawsuit

**EMAIL CONTENT IS SYNONYMOUS WITH RISKY CONTENT – QUOTES FROM OUR CUSTOMER INTERVIEWS**

- “Email is the first, and most popular, place attorneys look for information”
- “Email is a really treacherous area when it comes to ECM and discovery”
- “The risk was that we could spend a lot more money in discovery costs, along with the potential to find the ‘smoking gun’ email that showed we were libel. ECM helps us understand things a lot better.”
- “Legal risk can be exponentially higher than lost revenue. ECM helps easily identify things that were previously hidden or would take time and resources to uncover.”
With a combination of rigorous content and records management policies and ECM systems to drive them, we found that organizations are demonstrating significant gains in productivity while realizing dramatic cost reductions attributable to litigation and discovery.

For a major financial services firm it translated to a minimum fourfold reduction in the time required for managing legal holds. “We could now handle a common legal hold in about 80 hours, whereas before it was taking us 4-8 times as much as that!”

<table>
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</thead>
<tbody>
<tr>
<td>50% of Two (IT) FTEs</td>
<td>One (Business) FTE</td>
</tr>
<tr>
<td>320-640+ Hours</td>
<td>80 Hours</td>
</tr>
<tr>
<td>“ Barely scratched the surface”</td>
<td>“Thorough legal hold”</td>
</tr>
<tr>
<td>Not complete/thorough legal hold</td>
<td>Decrease costs due to FTE savings</td>
</tr>
</tbody>
</table>

Moreover, as an additional area of savings, many organizations reported that they could reassign full-time employees to other, more strategic roles, or eliminate the requirement for FTEs to manage legal holds and related tasks altogether.

**Spurring Operational Efficiencies:**

**An ECM Specialty**

Few investments in IT systems have yielded the nearly immediate and substantial returns than those delivered by ECM where the automation of manual, paper-based processes is concerned. In fact, for several of the organizations we spoke with, process automation and operational efficiencies are the first area to show returns. “We streamlined paper-based processes where we used to fax or interoffice mail documents all over the place to collect signatures. What used to take weeks to accomplish, we can now accomplish in a matter of hours,” reported one of the world’s largest diversified products organizations.

**WHAT WE EXTRAPOLATED FROM THE CUSTOMER INTERVIEWS**

- 43% of companies have 100-500 litigation events per year (300 average)
- Average annual IT FTE rate of $75K per year
- 400 hours difference between Pre-OT and Post-OT = $16K per event
- 300 average litigation events x $16K per event = $4.8 million in savings (...and this does not even take into account the huge risk factor of an incomplete hold, which ECM helps avoid.)

**WHAT WE EXTRAPOLATED FROM OUR RESEARCH**

- “What used to take weeks, now takes hours”
- This yields > than 60% improvement (conservative estimate)
- This company automated 33 different business processes through OpenText ECM Workflows and eForms
- There are 1928 working hours per annum per FTE - That’s a savings of 1157 hours or 145 Days per FTE per year!
Workforce Reduction:

ECM Helps in Difficult Times

An unfortunate reality in tough economic times is that businesses have to make hard decisions relating to their workforce. When cuts need to be made, they are often done in areas where “redundancies” are clear or when technology can replace the work conducted by staff. Several organizations we spoke with indicated that they had to make either strategic or necessary reductions to their workforce and that ECM help reduce the impact on business operations. One organization with about 500 employees was facing increased competition and needed to make overall staffing levels more “lean” as part of the business transformation that was required. “We had to reduce our workforce by 12%. There was no way we could have achieved this if we had not automated our process workflow – we simply would not have been able to carry on with the processes without some way to replace the manual efforts.”

Even when staff reduction is not a strategic or operational requirement, ECM has contributed to savings on FTE compensation. “When we implemented our Procure-to-Pay solution powered by the ECM system, we were able to reduce the FTEs required to perform these tasks by 150%. That is a significant number for a company our size,” reported a large utilities firm based in the US.

Happy Staff = Productivity + Revenue

It’s an old adage, but just because a system is installed doesn’t mean that it is going to get used, and even if it does, it doesn’t mean that people will be happy about it. The stories of IT building systems or installing packaged apps that deliver “less than ideal” results due to poor user adoption or satisfaction with the system abound. ECM is no exception, and the organizations that we spoke with point out that considering how users work and making sure that ECM maps to that is critical. Even though “making workers happy” isn’t something that is exactly measurable or shows up on a balance sheet, it does contribute substantial returns in terms of productivity and, more importantly, revenue. “We found that with ECM users, there was a measurable increase in productivity which, in turn, amounted to between 3-6% increase in revenue,” indicated one organization we spoke with.

Additionally, according to our research, the combination of familiar, intuitive systems with overall investment in updating IT infrastructure pays dividends. “You will never get 100% satisfaction across the board, but we have seen a lot of benefit from doing IT infrastructure upgrades. Our user satisfaction rating since the IT upgrades, including introducing ECM, is close to 90%,” said a senior risk management manager with a company of more than 1250 employees.

FOR THE CASE OUTLINED ABOVE, 12% OF THE WORKFORCE EQUATED TO

12% workforce reduction = 54 administrative employees
54 FTEs x $50K = $2.7 million (conservative estimate)

THE MIX OF INFRASTRUCTURE UPGRADES AND KEEPING THE WAY USERS WORK IN MIND CAN DELIVER BIG ROI FROM ECM INVESTMENTS

- Importance of having the right architecture in place
- Happy employees are more productive employees
- Increase user productivity, increase revenue 3-6%
- 1% for $10 billion company = $100 million increase in revenue
Lessons Learned:

The Top 5 Things to Consider For ECM

While our interviews produced a lot of “lessons learned,” there were a number of consistent things that happened – some anticipated and others not so much; but they all help point ECM practitioners in the right direction. We’ve shared some thoughts from those we interviewed as part of our research and the top five lessons that echoed among many of them:

1) **Get Executive Sponsorship Up Front**: “If we had had an executive level sponsor, stronger support for ECM as an enterprise tool instead of it being seen as a point solution, we would be much further along than we are now.”

   It is important to keep in mind that, if ECM is seen as tactical and not strategic, or part of broad information governance and Enterprise Information Management (EIM) strategies, then it will be a struggle to gain traction in the organization. ECM, like all IT initiatives, demands executive-level champions – people that can influence behavior and steer operations – to be fully successful.

2) **Make it simple (invisible even...)**: “Make compliance/profiling ‘invisible’ to the user: bury/hide all the records management, compliance/classification/metadata, and all other obscure terms and concepts.”

   Users have enough on their plate without having to worry about learning complex concepts and carrying out required policies, such as applying retention schedules to business documents and emails as part of the company’s records management practice. In fact, they hate it… The only answer, according to almost all of the organizations we spoke with, is to “hide it” – make it so that business users aren’t even aware that they are doing it. ECM by OpenText is built to ensure that users can work the way they want to work without sacrificing the organization’s need for rigorous, secure, and robust information governance.

3) **Think “Holistically” vs. Tactically**: “Start developing a holistic approach to information management…the real goal is to implement good information governance and that involves the implementation of the system, but it also involves some hard work of developing and maturing policies like:

   - What is a record? What information has be to managed?
   - How do you identify it and classify it?
   - How do you correctly maintain security groups and editing rights?
   - How do you ensure (from a sustainable perspective) that the common model of folders lives on the right way and does not become just a shared drive?”

   By thinking about the big picture, organizations can avoid stalling out the momentum of ECM deployments. If a clear ultimate goal is defined early on, enterprises can avoid having to shift focus, develop on-the-fly modifications to accommodate new policies or uses for ECM and other bottlenecks.
4) It’s All About Change Management: “Our top challenges had nothing to do with technology; they were all about change management.”

Many enterprises are undertaking business transformation initiatives to improve overall efficiencies, optimize processes, streamline operations, and increase agility and adaptability to respond to dynamic market and competitive pressures. ECM, by automating manual processes, providing a framework for sound information governance, and fueling broad EIM strategies, can be a strong ally for information architects and business transformation professionals.

5) Don’t Forget the Users: “Boots on the ground. Every time we implement a new area, we put people on the ground because the first 15 minutes of using the system are critical. Training is great, but unless you are trained the day before the system goes live, it loses its value. You cannot just rely on training; you have to have immediate support, right when users begin using the system. Literally, raise your hand and I’ll help you – and that is what makes it successful! If users get frustrated, they will find a way around the system and put their documents someplace else; people will always find a way to get their jobs done. We did not do this at our first four sites and we paid the price.”

As outlined earlier in the paper, users will either find a way around a system or simply not use it if it doesn’t map to the way they want to work or is perceived as a nuisance. OpenText has worked with organizations for more than 20 years to ensure that the ECM systems we build have the user in mind – familiarity, transparency, flexibility, simplicity, elegance are the focus of our user experience program.

Conclusion:

ECM: Where to From Here?
OpenText continuously talks to our customers to listen, share, learn, and spur innovation. As one senior IT professional we spoke with says, “One thing I like about OpenText is that it doesn’t sit on its laurels; it is always looking for ‘what’s next’ and not ‘how do we match what already exists.’”

It is this idea of a creative approach – fueled by insight, impact, and innovation – balanced with the security, dependability, and usability that organizations need, that drives OpenText. From foreseeing the emergence of information governance as we know it, and the systems and processes required to enable it in enterprises, to the helping organizations shift IT systems and maintenance to the cloud, OpenText has constantly been at the forefront of information management technologies and services.

When we conduct these ECM expert interviews with our customers in the future, the findings will likely be a lot different; but there are a couple of things that won’t change: ECM (and broader Enterprise Information Management) strategies will continue to drive tangible results, and OpenText will be there – innovating, helping, fueling the systems that help organizations get the most out of their ECM investments.

Click here to visit our INFORMation Governance Blog and learn more about how OpenText can help.