



The Business Case for Enterprise Content Management

*A Collection of Enterprise Content Management (ECM)
and Document Management Research Data*



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Introduction

Enterprise Content Management (ECM) spans a broad category of systems, strategies and tools designed to improve organizational processes that involve the capture, management, preservation and delivery of information. ECM systems can encompass document management, imaging, records management, workflow, regulatory compliance management and collaboration capabilities. These tools help organizations of all sizes and in all industries better organize their structured and unstructured data in an effort to better manage and harness an ever-increasing amount of content.

Driven by the need to control exponentially increasing amounts of information that resides across the enterprise, many organizations are looking to create order among content chaos by leveraging ECM and document management solutions. An effective ECM solution will reduce the time, cost and complexity associated with storing, locating and collaborating on documents and data throughout the information life cycle. An effective ECM solution will improve operational efficiency and access to critical content, as well as address quality and compliance activities and requirements.

Numerous analysts firms, industry trade associations, media entities and other organizations have devoted significant resources to study how ECM and document management systems can help companies achieve greater operational efficiencies, improve productivity, protect against data loss and secure confidential information. This paper is a collection of such research, and is designed to provide organizations with fact-based data points that reinforce the business case for deploying an ECM or document management solution.



Factors Driving the Proliferation of ECM Deployments

As companies strive to create order from the chaos that has resulted from the unprecedented amounts of information they produce, enterprise content management (ECM) has become one of the fastest growing areas of IT.

Putting their money where their mouth is

11.4%

Projected ECM annual growth rate through 2015.
(Source: Gartner ECM Magic Quadrant report)

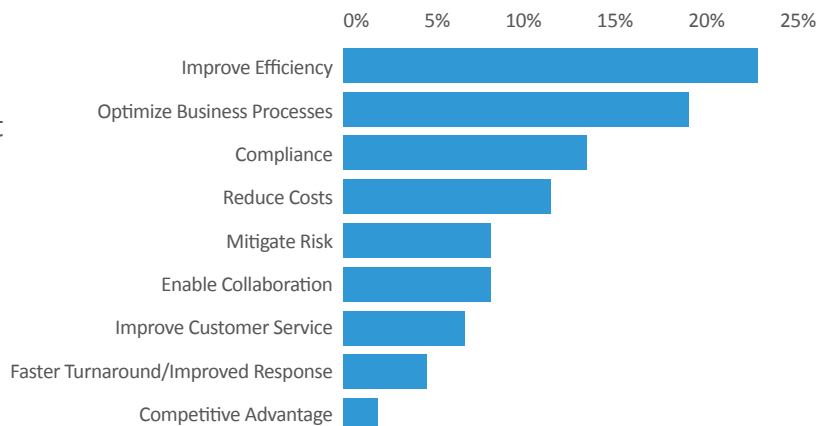
What are the primary factors behind why organizations continue to invest in ECM and document management technologies? According to AIIM's ECM Survey, the biggest drivers are associated with improving efficiencies and optimizing business processes, followed by concerns over compliance and costs.

HIGHEST CURRENT PRIORITIES FOR ECM ACTIVITY

1. Implementing electronic records management
2. Managing e-mails as records
3. Integration of multiple repositories

(Source: AIIM – ECM Survey)

When you consider your document and records management projects and priorities, what is the most significant business driver for your organization?



The ECM ROI

Frost & Sullivan states that the global ECM market is poised to reach nearly \$8 billion by 2017. Why? Because of its proven ability to reduce costs, improve operational efficiencies and address crucial compliance requirements—while simultaneously providing a solid ROI. In fact, the increase in efficiency and productivity and the operational cost reductions more than offset the cost of a well-implemented ECM system.

ECM APPLICATIONS RETURN \$6.12/DOLLAR INVESTED

(Source: Nucleus Research)



achieved a payback period of 12 months or less from their scanning and capture investments.

(Source: AIIM – IW: The Paper Free Office)

ECM USERS POST A 57% PAYBACK

in 18 months or less

(Source: AIIM – IW: The Paper Free Office)

MORE THAN 400% ROI

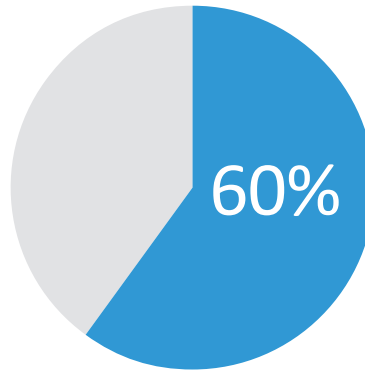
within five years for ECM adoptees.

(Source: IDC)



Addressing Content Chaos

Content chaos resulting from an inability to effectively manage unstructured data (e.g., emails, documents, etc.) is a significant problem for many organizations. AIIM's ECM Survey also revealed:



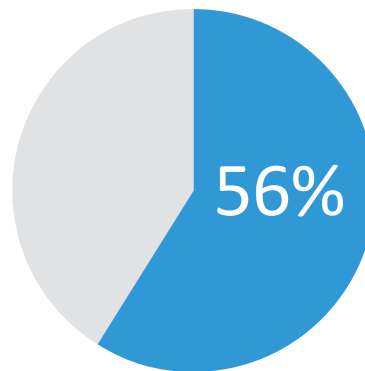
60% OF NEW ECM USERS CITE CONTENT CHAOS

as the trigger for adopting ECM.



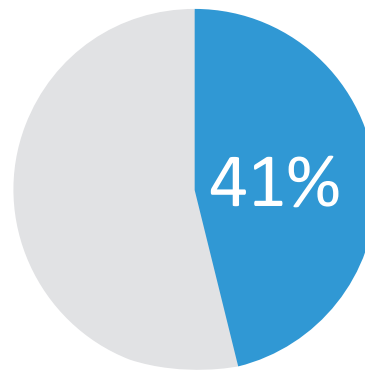
56% ARE NOT CONFIDENT

that “e-mails related to documenting commitments and obligations made by their staff are recorded, complete and retrievable.”



41% ARE NOT CONFIDENT

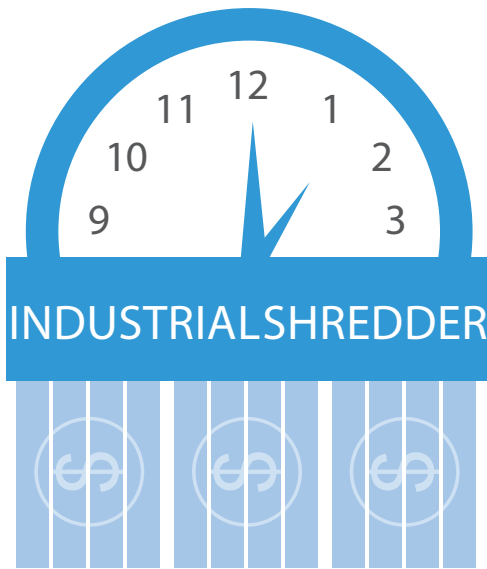
that their electronic information (excluding e-mails) is “accurate, accessible and trustworthy.”



Improving Productivity and Efficiency

An organization’s documents can be strewn all over the place—in filing cabinets, on someone’s desktop or laptop, in email or on a central server. As a result, employees can waste enormous amounts of time searching for misfiled documents and lost data. Failing to find the information, even more time is wasted recreating the original. Knowing where to find a document in its most current version can save an organization precious time and money.

The Paper Chase



Employees email two or more documents a day to an average of five people for review, which **CREATES 10 NEW DOCUMENTS PER DAY THAT ARE OFTEN STORED IN MULTIPLE LOCATIONS.**

(Source: Harmon.ie)

15% OF ALL PAPER DOCUMENTS ARE MISFILED OR MISPLACED.

(Source: Coopers and Lybrand)



Employees spend 20% to 40% of their time searching for documents manually.

(Source: Coopers and Lybrand)



Professionals spend 50% of their time searching for information, and take 18 minutes to locate each document on average.

(Source: Gartner)



Information workers waste a significant amount of time each week dealing with a variety of challenges related to working with documents. This wasted time costs the organization \$19,732 per information worker per year and amounts to a loss of 21.3% in the organization’s total productivity. For an organization with 1,000 people, addressing these time wasters would be tantamount to hiring 213 new employees.

(Source: IDC and Adobe)



“White-collar” worker time spent processing paper documents.

(Source: Coopers and Lybrand)



Employee’s day spent working, in one form or another, with records and documents.

(Source: Delphi)

Calculating the Cost of “The Paper Chase”

Determining the costs associated with unmanaged data is straightforward: Calculate the wasted time employees spend searching for documents and then multiply that by their salary. For example,

- Users waste 30 minutes a day (16 days a year) searching for documents, on average. That’s \$3,900 per employee per year in lost productivity (assuming \$30/hour), and more vacation time than the average US worker accrues each year.

(Source: Harmon.ie)

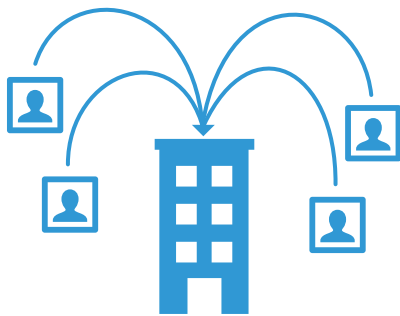


By simplifying the ability to search, retrieve, process and archive documents from anywhere in the enterprise, ECM and document management solutions can enhance employee collaboration and speed up the decision making process.



An efficient solution for conducting enterprise searches across all available internal content, matching the capability of web searches, could improve the productivity of professional staff on average by 30%.

(Source: AIIM – Capitalizing on Content)



IMPROVED EFFICIENCY

resulting from providing staff with remote access to company information is estimated to be between 20% and 25%.

(Source: AIIM – Capitalizing on Content)



Access to up-to-date customer data and correspondence can produce improvements to customer service levels from customer-facing staff of 33%, with over half (57%) estimating a 25% improvement or more.

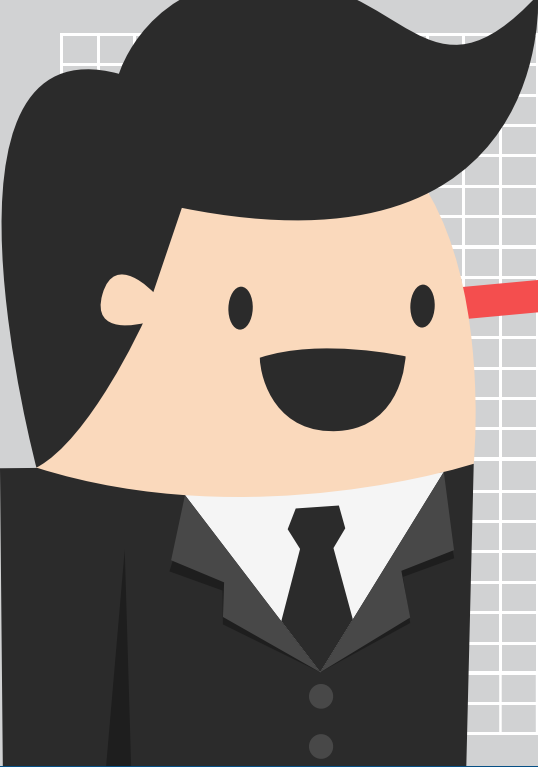
(Source: AIIM – Capitalizing on Content)

18%

INCREASE IN PRODUCTIVITY AND STAFF ENGAGEMENT

from utilizing an ECM solution.

(Source: AIIM – Capitalizing on Content)



EXPENSES

Reducing Operational Costs

The costs associated with creating, storing, searching for, retrieving, printing and copying files are growing at a phenomenal rate. Beyond the sizable labor costs related to handling and maintaining paper documents, hard copy storage also incurs ongoing material expenses. Printing and copying do not disappear entirely in a paperless environment, but when paper no longer constitutes the primary medium for information storage and distribution, an organization prints and copies significantly less.

That's a Lot of Paper!

EACH DAY 1 BILLION PHOTOCOPIES ARE MADE

(Source: Forrester)

90%

of corporate memory exists on paper.



(Source: Coopers and Lybrand)

THE AVERAGE DOCUMENT GETS COPIED



(Source: Coopers and Lybrand)



130 LBS. PER YEAR ESTIMATED PER-WORKER PAPER USAGE

(Source: InfoTrends)



25%

Annual growth rate for the amount of paper produced by the average company.
(Source: Gartner ECM Magic Quadrant report)

OVER 4 TRILLION PAPER DOCUMENTS IN THE U.S. ALONE

And growing at a rate of 22%, or roughly 880 billion paper documents a year.
(Source: Coopers and Lybrand)



A Dollar Saved is a Dollar Earned

Potential areas for operational cost reductions include office space, physical storage space, servers, paper, filing cabinets, copying and supplies. These reductions can result in significant cost savings, which is a primary driver for implementing an ECM solution.

41.2%

This is the amount you could reduce disk space allocated to unstructured content by using an efficient content management system, and in particular, one that uses just one shared copy of each document.

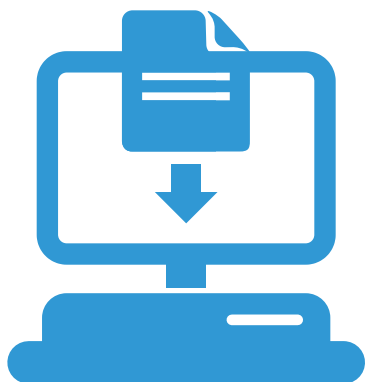
(Source: AIIM – Capitalizing on Content)



REDUCE THE SIZE OF SERVER FARMS BY 30% TO 50%

if each document or email attachment is stored just once.

(Source: AIIM – Capitalizing on Content)



Respondents estimate that on average,

CHANGING TO A CULTURE OF ELECTRONIC-ONLY FILING

would reduce the office space allocated to filing storage from 14.5% to 5.9%— a 60% reduction. If reflected in overall office leasing and service costs, this would produce a saving of 8.6%.

(Source: AIIM – Capitalizing on Content)

The Impact of Lost Data and Information Security Breaches

Without an effective ECM or document management system in place, organizations spend enormous amounts of time, effort and money searching for lost and misfiled documents. This often results in poor decision making due to out-of-date or incomplete information, duplicated efforts and lost productivity.

The Cost Associated with Lost Data is Significant



MIDDLE MANAGERS SAY THEY MISS IMPORTANT INFORMATION

almost every day because it exists within the company but they cannot find it.

(Source: Accenture)

COMPANIES TYPICALLY MISFILE UP TO 20% OF THEIR RECORDS – THUS LOSING THEM FOREVER

(Source: ARMA International)



THE TYPICAL ENTERPRISE WITH 1,000 WORKERS WASTES \$2.5M TO \$3.5M/YEAR

searching for nonexistent information, failing to find existing information, or recreating information that can't be found.

(Source: IDC)

For lost documents, companies pay a cost of searching

6X
THE VALUE OF THE ORIGINAL DOCUMENT

(Source: Coopers & Lybrand)



EXECUTIVES SPEND A STATISTICAL AVERAGE OF SIX WEEKS PER YEAR SEARCHING FOR LOST DOCUMENTS

(Source: Esselte)

Companies that need to redo documents pay

11X
MORE THAN THE ORIGINAL COST OF THE DOCUMENT

(Source: Coopers & Lybrand)



Are Your Information Assets Secure?

Security breaches involving confidential content can come from both inside and outside of an organization. Because of their intentionally insidious nature, malicious attacks are harder to detect, the investigations are more involved, and the incidents are more difficult to contain and remedy.



FOR 60% OF THE LARGEST ORGANIZATIONS, THE POTENTIAL IMPACT OF LEAKING CONFIDENTIAL INFORMATION

would be high, and for 13% it would be “disastrous.”

(Source: AIIM - Capitalizing on Content: A Compelling ROI for Change)



THE AVERAGE COST OF A DATA BREACH WITHIN THE U.S. HAS RISEN TO APPROXIMATELY \$7.2 MILLION

(Source: Ponemon Institute)



The Intersection of Information Management and Compliance

The compliance arena is becoming more complicated and complex each year. The requirement for companies to adhere to industry regulations and standards has led to a growing realization that maintaining reliable, electronic-based and searchable records is critical to the well-being of an organization.

The Demands of Regulatory Compliance

MORE THAN 90% of respondents cite meeting regulatory records retention requirements as the main reason their organization has implemented, or is planning to implement, a records and information management program.

(Source: Information Management Compliance Survey, IDC and ARMA)

65% INDICATE IMPROVING EFFICIENCY in responding to agency audits and legal discovery as the main reasons their organization has implemented, or is planning to implement, a records and information management program.

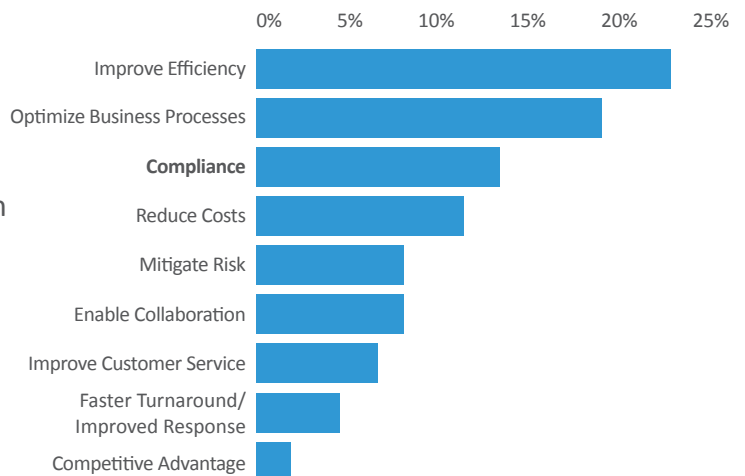
(Source: Information Management Compliance Survey, IDC and ARMA)

THERE ARE MORE THAN 14,000 federal, state and industry laws, standards and regulations that dictate how long to keep paper and electronic records.

(Source: Cadence Group)

According to AIIM, compliance was listed as one of the top business drivers for current ECM and document management projects.

When you consider your document and records management projects and priorities, what is the most significant business driver for your organization?

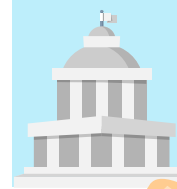


SECURITY BREACH!



Profits Fall

Placeholder text for a news article.



Placeholder text for a news article.

Effective Records Management Critical for Mitigating Operational Risk

Technological automation plays a large role in achieving records management objectives, as electronic formats are now commonly accepted as legal evidence. Even if an outside authority does not require it, proper records management is paramount for mitigating risk.

28%

of respondents had their

RECORDS MANAGEMENT AND SECURITY PRACTICES CRITICIZED OR EXPOSED

by an auditor in the last three years.

(Source: AIIM's "Plotting the Changes")



ONE IN 25 ORGANIZATIONS HAS MADE THE NEWS

due to poor records management practices.

(Source: AIIM's "Plotting the Changes")

REDUCE THE COSTS ASSOCIATED WITH AUDIT, LITIGATION, FINES AND DAMAGES BY 27% WITH RECORDS MANAGEMENT TECHNOLOGIES.

(Source: AIIM's "Plotting the Changes")

27%

OF BUSINESSES HAVE SUFFERED A LOSS

of business or loss of reputation in the past as a result of poor records keeping practices.

(Source: AIIM's "Plotting the Changes")

Conclusion

Organizations face increasing pressure to improve efficiencies, optimize business processes, comply with the growing complexity of regulations and reduce costs. As a result, building an effective ECM business case entails not only evaluating the topics and data points addressed within this paper, but also understanding your organization's specific challenges (i.e., too much paper, too many disparate systems and manual processes, an inability to locate information, etc...).

Without an effective strategy and system in place to effectively manage vital information assets, organizations are at risk for operational inefficiencies, information security breaches, data loss, compliance and audit challenges, legal issues and a host of other negative consequences. Effective ECM and document management solutions enable companies to meet these challenges head-on, while simultaneously mitigating risks, improving collaboration and decision making and delivering a strong ROI.

About M-Files Inc.

M-Files enterprise information management (EIM) solutions eliminate information silos and provide quick and easy access to the right content from any core business system and device. M-Files achieves higher levels of user adoption resulting in faster ROI with a uniquely intuitive approach to EIM that is based on managing information by "what" it is versus "where" it's stored. With flexible on-premises, cloud and hybrid deployment options, M-Files places the power of EIM in the hands of the business user and reduces demands on IT by enabling those closest to the business need to access and control content based on their requirements. Thousands of organizations in over 100 countries use the M-Files EIM system as a single platform for managing front office and back office business operations, which improves productivity and quality while ensuring compliance with industry regulations and standards, including companies such as SAS, Elekta and EADS. For more information, visit www.m-files.com.



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