RESEARCH NOTE

ECM PAYS BACK $7.50 FOR EVERY DOLLAR SPENT

NUCLEUS RESEARCH

THE BOTTOM LINE

Enterprise content management (ECM) has evolved over the past two decades from highly-specialized and customized client-server applications with limited breadth to a key component of enterprise communication and collaboration. In looking at the evolution of returns from content management based on Nucleus case studies, we found that modern ECM delivers $7.50 for every dollar spent – up 23 percent from Nucleus's 2012 figure of $6.12.

Nucleus has tracked the content management market space for more than a decade and a half, and although the core capabilities of content management – document versioning, check-in and checkout, search, and workflow – have remained largely the same, advances in usability, scalability, and application delivery have dramatically changed the value proposition for ECM in the past few years.

In fact, when we looked at the published Nucleus ROI case studies on ECM since 2012, we found that companies received $7.50 back for every dollar spent on ECM – up 23 percent from our previous analysis published in early 2012.

Nucleus found that for every dollar a company spends on ECM, it gets back $7.50 – up 23 percent from just 2 years ago.

Nucleus's analysis included all the case studies Nucleus has published on ECM projects including deployments spread across a wide array of large, medium, and small vendors. Customers analyzed were from a broad range of industries and included small, medium, and large enterprises.

WHY ECM DELIVERS MORE

ECM has come a long way from the costly, consulting-intensive deployments of the late 1990s. A maturing market, more sophisticated and demanding buyers, and trends in technology delivery that have impacted other sectors as well have contributed to lower initial and ongoing cost and greater breadth and repeatability of ECM. Once only

accessible to large firms with specialized IT resources and budgets for consulting-heavy implementations with signification customization, ECM is now available for a broad range of budgets and applications.

VENDORS HAVE INVESTED IN USABILITY

As traditional ECM solutions have matured, vendors have recognized that the key to broad adoption and ongoing investment in ECM is usability, and they've invested in making applications more intuitive and easy to use. This is evidenced by the fact that, just a few years ago, training was a significant budget item for many ECM projects. Today, most applications require limited, if any, training, and business users – not developers or business analysts – can manage hierarchies, configure workflows, and manage publishing on their own.

Broader usability has opened up the application of ECM to more business uses, and enabled companies to open up their ECM workflows and collaboration spaces to casual users. It has also enabled companies to extend ECM beyond internal users to partners, customers, and other outside collaborators, driving even greater returns.

ECM IS GOING CLOUD

Just as the rise of cloud solutions for CRM drove more rapid adoption and lower initial and ongoing costs, the growing momentum for cloud ECM has impacted the overall ECM market. In fact, more than half of the deployments included in this analysis were pure cloud ECM deployments. Nucleus has found that the cloud delivers 1.7 times more ROI than on-premise deployments (Nucleus Research *m108 – Cloud delivers 1.7 times more ROI,* September 2012), not just because of lower initial and ongoing costs but because of the ability to deliver greater benefit over time without the cost and disruption associated with traditional solution upgrades and changes. In the ECM space, this has meant companies can more easily expand the use of their applications to address more business challenges. They can also take advantage of vendor's investments in innovation areas such as mobility, search, and text analytics to leverage even greater value from their initial ECM investment.

ECM IS MORE INTELLIGENT

Advances in search, text analytics, and optical recognition have extended the capabilities of ECM to make applications more intelligent – and users more productive. Vendors such as Digitech Systems, for example, have introduced capabilities such as e-form capture and intelligent document recognition to dramatically reduce the amount of time and effort needed to bring volumes of content into ECM applications for processing and management (Nucleus Research *o23 - Digitech PaperVision Enterprise R77*, February 2014). In some cases, this has meant companies can significantly reduce the staff time and effort associated with scanning and categorizing documents. In other case, this has meant companies can address content management issues that simply weren't cost-effective to support before, and do more with fewer resources.

ECM IS GOING MAINSTREAM

Once limited to specific projects or departments, content management is becoming a broadly-used enterprise application. This trend is being driven by a number of factors, including the availability of free or relatively low-cost Web ECM tools, the integration of content management capabilities into other applications such as CRM and human capital management (HCM), and the consumer adoption and understanding of Web content stores such as iTunes and Dropbox. As ECM becomes more of a commodity, vendors will face increasing price pressure and demands to differentiate the value of their premium capabilities – all good news for ECM users.

CONCLUSION

Early ECM projects were often about eliminating paper and filing costs or meeting the document-heavy regulatory requirements of industries such as pharmaceuticals or aerospace and defense. Today they are all about productivity for all types of users – from sales people to HR professionals to enterprise consumers of content. As ECM becomes a core commodity of the enterprise desktop or enterprise cloud, broader understanding of its capabilities will enable users to apply it to address more business needs, offering the opportunity for even greater returns. Many companies with on-premise deployments with significant support costs are already reconsidering their ECM strategies to take advantage of the new economies of cloud ECM – meaning today's $7.50 return on every dollar invested in ECM is likely to continue to grow for the forseeable future.