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# RESEARCH NOTE
## CONTENT MANAGEMENT RETURNS $6.12 FOR EVERY DOLLAR SPENT


### THE BOTTOM LINE
**Companies continue to invest in Electronic Content Management (ECM) and search technologies to reduce costs and increase productivity. Analysis of Recent Nucleus content management case studies shows that for every dollar a company spends on content management, it gets back an average of $6.12. This makes content management, even though it may be a somewhat mature market, an excellent opportunity for IT investment.**


Although electronic document and content management applications have been around for decades, companies are continuing to see opportunities to streamline processes, reduce paper and storage, and increase productivity with content management. As increased competition and the pressure of more cost-effective cloud options drive down software prices and deployment costs, content management is increasingly attractive for solving business problems in situations where it was previously deemed too expensive. In fact, aggregate analysis of the last 37 case studies Nucleus Research has published on content management shows content management returns $6.12 for every dollar spent. The fully case study details can be found in the research repository at NucleusResearch.com.

Nucleus found that for every dollar a company spends on content management, it gets back $6.12.

Nucleus's analysis included ROI case studies of content management-related projects deployed primarily in the United States and Europe over the past 8 years. Non-US projects were normalized in dollars for comparison purposes.

### NEW OPPORTUNITIES FOR CONTENT MANAGEMENT ROI
In most cases, as software markets mature, companies making additional investments in areas like content management get only incremental ROI because they're consolidating or extending an existing project – not the initial big ROIs delivered by first-generation deployments. Content management has been a recognized market for more than a decade, yet projects are still delivering significant ROI because of three important factors:

- Changes in content management deployment and delivery. The rise of cloud content management options has changed the expectations of cost to deploy, time to deploy, and speed to deliver changes in content management applications. The multi-year deployment cycles of 1990s content management are no longer acceptable; neither are 7-digit initial software costs for most decision makers. Instead, we see lower cost and software-as-a-service (SaaS) options available for both large and small enterprises, making it easier for large firms to justify standardization efforts or previously unattractive projects. Smaller firms with limited IT resources can take advantage of content management capabilities previously only available to companies with larger budgets and more resources.

- Remote work. With more and more employees working at least part of their time remotely, content management provides secure remote access to documents and the ability to track versions and edits of documents and workflow progress from any Internet-connected device.
- Information overload. The growth of unstructured content both within and outside of organizations, silos of information, and poorly organized or departmental content repositories are driving organizations to consolidate content with new content repositories and integrate different applications such as portals. The goal is productivity: making the information that workers need to do their jobs easier and faster to access.

Nucleus has found that second and third-generation content management investments that drive greater productivity and more streamlined processes often delivered triple-digit ROI. So did content management projects that made enterprise application or CRM data more accessible to a broader population, or captured paper or electronic records so they could be automatically processed through workflows supported by content management applications.

The volume of business-critical communications such as e-mails, instant message conversations, application alerts, and social media feeds are also driving greater need for content repositories and automated tools for rules-based archival, retention, and deletion.

## FUTURE GROWTH AREAS

Given the changing dynamics of content management pricing, usability, and delivery, and business and regulatory requirements, there are a number of areas that are ripe for returns on content management investment in the next two years, including:

- US health care records. Government regulations that require health care organizations to digitize records in the near future are driving investment. However, it is important to note that regulatory pressure is not the only driver of healthcare investment in content management: All Island Gastroenterology and Liver Associates, for example, in Long Island, NY, had a content management project that delivered more than $26 per dollar invested – by providing physicians with remote access to documents (Nucleus Research k20, *Digitech Systems ROI case study - AIG*, June 2010). Other organizations have achieved significant returns from reduced costs and increased productivity from content management investments while improving patient care.
- Government documents. President Obama's initiative to have all government records digitized will drive some governmental investments in content management. Presidential decree will not drive unquestioned spending in content management. However, evidence of projects like the IBM Smarter Cities initiative, where governmental organizations have invested in content management to increase visibility into records and reduce fraud (in areas like

social services delivery), are showing clear returns (see Nucleus Research l63*, IBM FileNet ROI case study, Hennepin County*, June 2011).

- Small and medium-sized businesses. Content management has traditional been beyond the financial reach of SMBs. However, offerings like Microsoft Office 365 that provide SharePoint Portal Server capabilities are raising visibility of content management options for SMBs. Smaller vendors, particularly those providing cloud content management options, can benefit from Microsoft's validation of ROI in their market.

## CONTENT MANAGEMENT HITS BOTH TOP AND BOTTOM LINE

Although organizations often focus on cost savings such as reduced paper and storage costs as a motivation for investment in content management, productivity and other indirect benefits are also common. In the cases analyzed as part of this research, 62 percent of all returns came from direct benefits such as reduced paper or staff or service bureau fee avoidance, and 38 percent of returns came from indirect benefits such as productivity.

## CONCLUSION

Most large firms have made a least one content management technology investment by now. However, cloud-based content management solutions have the potential to be just as disruptive to the content market as cloud CRM players were to the CRM market just a few years ago. large firms can cost-effectively attack new content management problems that old solutions were too costly and unwieldy to justify, and smaller companies with limited IT resources can implement sophisticated content management solutions without adding IT resources or servers. Either way, as vendors improve the usability and accelerate the time to deployment of their applications, there will be even more opportunities for ROI from content management. As this analysis shows, even when incremental investments are considered, every dollar invested in content management delivers $6.11 in benefits.