



# ***A White Paper for Business Decision-Makers***

## **Cost-Effective Document Management Solutions for Business-Critical Processes – Part I**

*Why a New Generation of Enterprise  
Content Management Solutions Are  
Emerging to Meet the Need for Secure  
Document Exchange*

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## Introduction

In this increasingly global and competitive business environment, the need to efficiently and effectively exchange information and ideas with anyone, anytime is an imperative. Successful managers must take full advantage of resources provided by a whole host of external parties, including consultants, subcontractors, partners, clients, advisors, suppliers, investors and more. This dynamic is driving corporations of all sizes to seek new methods of collaboration inside and outside the four walls of the traditional workplace.

Businesses that share a high volume of proprietary information across multiple companies are in acute need of tools enabling a streamlined process and meeting information protection, security and compliance requirements. For results-focused business managers, a solution meeting these criteria and facilitating fast, easy and cost-effective implementation is critical.

The business-critical and document-centric processes that can benefit from a new document exchange approach include:

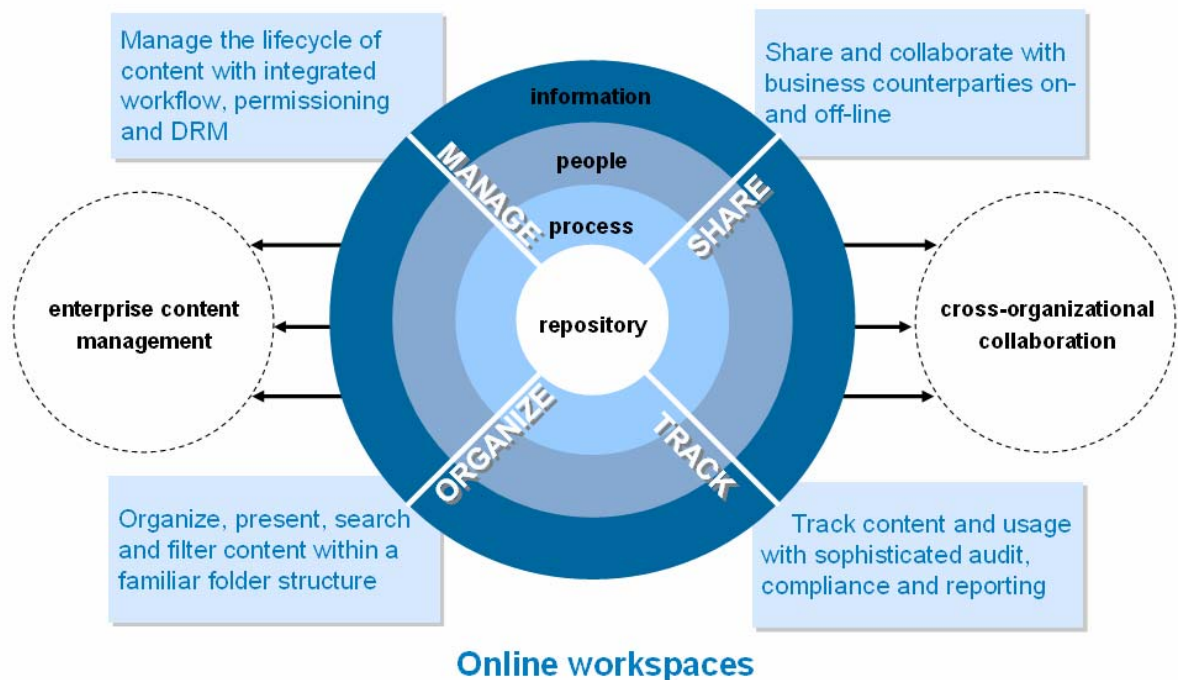
- Financial transactions (acquisitions, divestitures, loan and lease syndication, real estate sales, capital raising, etc.)
- Regulatory compliance and audit processes
- Alliance, partnership, joint venture and licensing management
- RFP and large-scale project management
- Investor reporting and board of directors communication

This is Part I of a white paper series that considers the business drivers behind the growth of online workspaces, a type of enterprise content management solution delivered in a Software-as-a-Service (SaaS) model. This paper explores the limitations of current approaches to business-critical information sharing and provides an overview of online workspaces as an alternative to the current document management methods. Part II of this series defines the SaaS delivery model for enterprise content management (ECM) details the business benefits of online workspaces and provides examples of how the solution supports critical information exchange for document-intensive processes.

## Online Workspaces Defined

Online workspaces are a document management solution delivered in a Software-as-a-Service (SaaS) model. Online workspaces enable secure document exchange for critical business processes and allow companies to easily grant access to users inside and outside the company firewall—from anywhere, at anytime. The functionality available with online workspaces may include the ability to share, track, organize and manage documents.

**Figure 1**  
**Business-Critical Document Exchange**



Online workspaces are emerging as an alternative to both traditional document exchange methods such as email, fax, overnight mail and FTP, as well as enterprise content management solutions deployed as on-premise software (for a definition and overview of ECM, see the call-out box on page 7).

## The Business Issues Fueling the Growth of Online Workspaces

To maintain a competitive edge and meet corporate objectives, businesses of all sizes must communicate more effectively with a wide network of external partners, including customers, suppliers, advisors, investors and more. This is driving the need for a more efficient means of exchanging high volumes of sensitive information with people outside the company as well as those without access to the corporate network.

The urgency for improvement is escalating as a result of a combination of macro-trends in workplace dynamics, regulatory requirements and economic conditions.

## Changing Workplace Dynamics

A more dispersed, and often global, workforce is fundamentally changing the very nature of work and the structure of the workplace. Broadband networks and mobile technology are enabling employees to work outside of a traditional office space, but also raising new security concerns and creating technological challenges for managing remote access to centralized corporate data. Not only are today's employees becoming more comfortable leveraging technology to do their work, but the next generation of workers who have grown up in an on-demand culture will expect their employers to offer a wide array of web-based services so they can perform their job functions.

Businesses are also increasingly relying on temporary workers and outside consultants to augment internal staff resources and skills, or to offset the costs of hiring additional full-time employees. This means businesses must share sensitive corporate information and data with these individuals.

As a result of these trends, supporting remote workers—both full-time and temporary—in a reliable and secure fashion is becoming a critical concern for businesses.

## Changing Regulatory Requirements

Escalating governmental and industry-specific regulations are placing greater restrictions on how businesses operate by imposing significant regulatory and reporting requirements on business managers.

These regulations constrain day-to-day operations and impose strict rules regarding how data is shared and activity is recorded. Adhering to the increasingly stringent rules requires a complex set of policies and procedures, backed by sophisticated hardware and software systems. Even businesses that do not have to comply with specific regulations are finding they are being judged by the same standards. In addition, information protection and security concerns are no longer solely the concern of the CIO and IT team. Business managers who handle sensitive information and exchange a high volume of documents with outside parties must have the tools needed to share information appropriately, without being bogged down by inefficient processes.

## Changing Economic Conditions

Spiraling fuel costs and tightening credit markets have created an economic slowdown that is forcing businesses to reevaluate how they allocate their limited resources and better leverage technology to support their operations and gain a greater competitive advantage. This increasingly means using technology to better manage the flow of information inside and outside the organization.

These forces are converging to place greater demands on businesses to improve the effectiveness of their communications, document management and collaboration methods.

## The Shortcomings of Traditional Document Delivery Methods

### Traditional Methods: Overnight Mail, Email, Fax and FTP

#### *Inefficiency, Information Protection Vulnerabilities and Lack of Audit Trails*

Traditional communication and document exchange methods are no longer effective in today's highly decentralized corporate environment. Overnight mail, fax and FTP servers are slow and inefficient. These methods are not scalable or entirely secure.

In addition, regulations are now in place in many industries requiring the monitoring, controlling and tracking of information access. Generally, electronic document exchange provides simpler, more accurate tracking and reporting to enable audit trails than "non-electronic" methods such as faxing or mail.

Although email is viewed as a cost-effective and efficient method of sharing information, the increased use of web-based email accounts and mobile devices is exposing companies to a wider array of security and reliability risks.

Outbound emails containing sensitive information or including proprietary data in attachments may compromise a company's competitive position, and violate corporate policies or government regulations.

For example, Eli Lilly may pay more than \$1 billion to federal and state governments over improprieties in the marketing of its antipsychotic drug Zyprexa. The investigation by authorities was prompted by a lawyer, who, believing he was sending a packet of confidential documents to co-counsel Bradford Berenson, mistakenly emailed the documents to *New York Times* reporter Alex Berenson.

York Capital's chief compliance officer, Mark Schein, stated in an IntraLinks white paper titled "Hazards of Email,"

"It's important that employees understand email is a public communications channel. It's easy to lose control of proprietary information. A document you email can easily be sent beyond its intended recipient. Policies and procedures should be periodically updated to reflect what should and should not be sent through email."

Another consideration is that traditional methods pose a high "administrative tax" on organizations. The important task of providing stakeholders with the most recent versions of documents or efficiently organizing high volumes of information can become a full-time job that may fall on the shoulders of high-value employees to manage, making inefficient use of their valuable time.

### On-Premise Document Management Software

#### *Lengthy and Risky Deployment Cycles*

Many companies with the need to manage large volumes of information have implemented on-premise document management software. However, acquiring sophisticated on-premise enterprise software applications has proven to be expensive and complicated in many cases.

***Nearly one-third (31.1%) of software projects are canceled before they are completed, according to the Standish Group. According to Gartner, more than***

**50% of large ECM projects will fail if fewer than six months are spent on planning and vendor selection.**<sup>1</sup> Of those software projects that have been completed, the Standish Group research has found **over half (52.7%) have taken twice as long or have cost twice as much as originally expected.** Ultimately, implementations may take so long to deploy that the business needs shift. In this scenario, the solution delivered doesn't meet the current requirements or deliver the desired results, thus frustrating the IT team and business users alike.

#### *High Total Cost of Ownership (TCO)*

According to AMR Research, even when on-premise software applications are fully deployed, the **maintenance and management costs can be 10 times the original license fee.** In addition, companies must acquire additional hardware to support their applications and staff to keep them working. Historically, **IT organizations have spent 70–80% of their time simply trying to keep enterprise software and systems up and running.** This has left little time for IT departments to support more strategic corporate objectives or align themselves with the longer-term needs of the business end-users.

AMR has found many organizations over-provision their software licenses in anticipation of future software usage that never materializes. As a result, on-premise applications typically require a higher TCO to keep them up and running, and fail to produce the return on investment (ROI) organizations expect. Few companies can afford the added costs and limited returns of legacy on-premise applications.

#### *Complexity of Supporting External Partners*

Another important consideration, especially for geographically dispersed teams and those that work intensively with external business partners, is legacy on-premise content management systems were not designed to satisfy the needs of users sitting outside the four walls of a traditional office.

Implementing extranets and ECM functionality to enable access to centrally located content by those outside the firewall has proven to be costly and cumbersome. While enabling extranet and VPN solutions for business partners may be technically feasible, it's not easy.

Coordinating software installation and ensuring compatibility can take a significant amount of administrative time. Furthermore, once these solutions are implemented, the complexities of providing service and support to “non-employees” quickly becomes difficult for the IT team and results in a frustrating experience for the end users.

Perhaps the most critical considerations for supporting external partners with an on-premise document solution are the issues of information protection and compliance that arise when external partners are added to the corporate network and directory. In many industries today, the regulatory compliance requirements for information protection eliminate this as an option.

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<sup>1</sup> Gartner, “Understanding ECM and It's Strategic Value, presented by Karen Shegda at the Gartner Portals, Content and Collaboration Summit, September 2008.

## **Gartner's View: Enterprise Content Management Is a Broad Category Comprising Solutions with a Wide Range of Costs and Value Points**

### **What constitutes enterprise content management?**

ECM contains a spectrum of capabilities. It is available as Basic Content services (BCS) for basic and horizontal capabilities, and as full ECM for process-centric applications. BCS promise affordable, easy-to-use document management, often with some collaboration or web-editing features, suitable for mass deployment in large and small organizations.

### **Consider your requirements against the price/value spectrum when planning your content management approach**

Many companies ask how they can calculate the return on investment of content management (CM). This depends on the level of sophistication of their implementation. Figure 2 shows four dominant core use cases. The first is that of a secure repository. Many companies view CM as a means of enabling records management and compliance. This is true, but it's a limited view of the benefits CM can bring to a business, focusing on basic management and risk reduction. The next step up the value ladder is using CM to support collaboration and ad hoc processes. This builds on the secure repository and brings value around fostering the increasingly ad hoc teaming nature of the workplace.

Basic content services can bring value to these first two steps. The final two steps require a deeper ECM approach. The third step, production process enablement through content-enabled vertical application, is planning-intensive, but can yield huge value. Finally, moving to a strategy of integrating structured and unstructured data can yield a very large payoff for the enterprise, but is costly in planning, time and resources. Most enterprises in 2008 are focused on the first three areas of value.

### **Projecting the cost for ECM**

BCS promises lower prices, but typically offers less functionality. For a departmental deployment of 100 users, we estimate a cost of "x," which is \$100 per user and approximately \$5,000 in professional services. ECM is more expensive, which is why a low percentage of knowledge workers in an enterprise have access to ECM. It's too hard to justify the system for everyone. For an entry-level system of 100 users, an enterprise would have to spend \$1,250 per user, or \$125,000, and about the same amount in professional services, for a total of \$250,000.

### **Recommendations**

Recommendations for the near term include: Develop a CM strategy before buying technology. Consider deploying BCS universally to all knowledge workers. ***Consider SaaS/hosted models if time and cost are key decision factors.***

On an ongoing basis, taking advantage of evolving richer user interfaces for content consumption and multichannel output and examining packaged solutions for critical content-centric business processes are recommended.

**Source:** Gartner, "Understanding ECM and Its Strategic Value," presented by Karen Shegda at the Gartner Portals, Content and Collaboration Summit, September 2008.

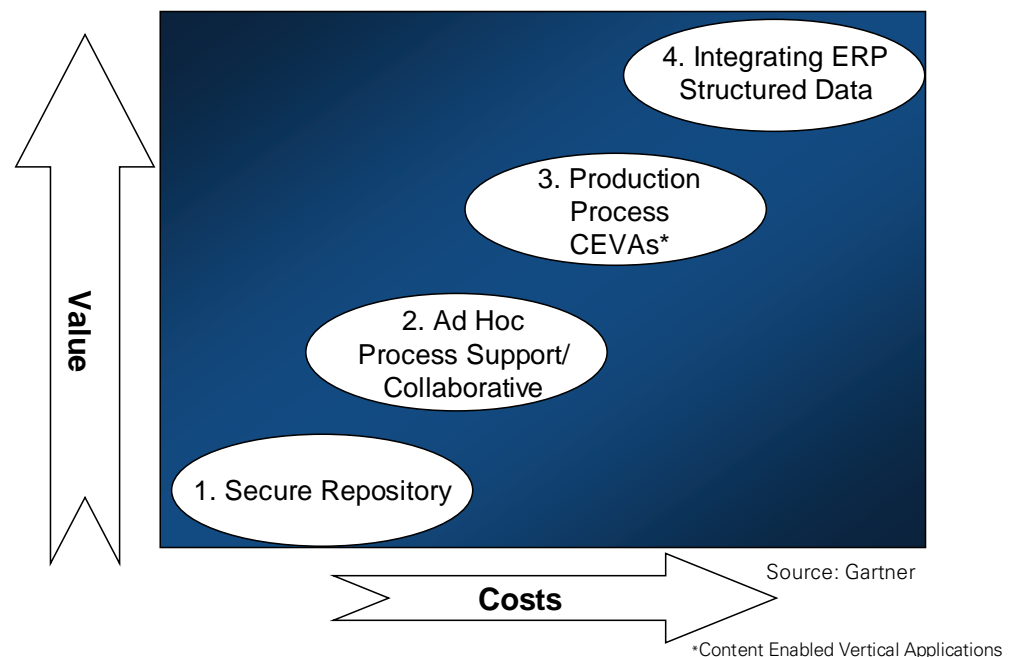
## Cost-Effective Document Management with Online Workspaces

Whether it's due diligence for a merger or acquisition, processing a loan application, meeting requirements for investor reporting, efficiently managing an RFP process, or reducing the administrative burden of audit management, businesses are seeking new ways to share valuable information and critical documents with whomever they like, whenever they like.

Online workspaces (also known as virtual data rooms) are secure, web-based information exchange "rooms" where users can post, access and exchange sensitive documents. Falling on the Basic Content Services spectrum as defined by Gartner, they provide a cost-effective means of introducing document exchange capabilities needed for business-critical processes and are applicable to the first two steps on the value ladder shown in Figure 2.

**Figure 2**  
**Steps of Increasing Value**

### How You Envision and Deploy Content Management Matters



Online workspaces enable document exchange for critical business processes and allow companies to easily grant access to users inside and outside the company firewall—from anywhere, at anytime.

Online workspaces allow administrators to control the permission to view, print or forward documents at the user level, affording complete control over who may access sensitive information.

Online workspaces offer important benefits compared to alternatives for business-critical document exchange. These are summarized in Table 1.



**Table 1**  
**Business Benefits of Online Workspaces**

Method	Benefits of Online Workspaces
Paper document distribution	Reduces administrative burden and eliminates costs for overnight mailing. Increases information protection.
FTP and email	Enhances organization, management and control.
On-premise software	Lower costs, risk and time needed to deploy a solution.

Given the importance of effective document exchange for business-critical processes to today's results-driven business managers, the time has come to look beyond traditional document exchange methods and complex, on-premise ECM software for a solution that will cost-effectively meet business requirements and fuel productivity gains. Online workspaces are a strong alternative for companies seeking basic content management capabilities such as corporate repositories or more complex process-specific document exchange solutions (see Figure 1).

The characteristics of a winning approach include:

- quick and cost-effective deployment
- anywhere, anytime access via the web, enabling streamlined processes for document sharing to increase productivity
- Microsoft-style interface; zero training required for end users
- information protection and audit trails to support security of your data and compliance for your business
- delivery in a pay-as-you-go subscription pricing model; acquiring ECM resources "on-demand," with no hardware or software capital investments necessary

Some corporate executives are concerned that the pay-as-you-go pricing model could lead to potential cost overruns due to unanticipated usage levels. This concern has become particularly acute in today's volatile economic environment, in which tight budgets won't allow unforeseen costs.

The truth is the pay-as-you-go model gives companies greater control by allowing them to purchase only the level of service they need rather than paying upfront and potentially over-provisioning traditional software licenses in anticipation of future use that may not materialize. The pay-as-you-go pricing model allows companies to expand or contract their level of service based on real utilization rates. Companies are not charged for usage levels that exceed their current subscription rates unless they approve this change.

*THINKstrategies' survey research has found that over 90% of SaaS users are satisfied with the quality and value of their on-demand services, renew their subscriptions and expand their use of these services. In fact, over 90% of the IT/business decision-makers THINKstrategies has surveyed are also willing to*

*recommend SaaS solutions to their peers. Few traditional software vendors can boast of similar satisfaction and “referencability” levels.*

## Summary and Conclusions

A new breed of document management solutions, online workspaces—using the tried and tested SaaS delivery model—are emerging to address today’s critical business needs.

As companies become more decentralized and rely on a more dispersed population of workers, customers and business partners, they are becoming increasingly dependent on their ability to transmit and exchange sensitive documents across these various constituencies.

These companies are increasingly recognizing traditional document exchange and collaboration mechanisms are not equipped to handle today’s business needs. Fax and overnight mail lack sufficient security protections. Email is difficult to control and track. FTP file transfers cannot be organized and stored effectively.

Even legacy, on-premise document management software applications are too cumbersome and costly to implement and maintain. They not only demand a significant upfront investment and extended deployment cycles, but they also require additional hardware for storage purposes and staff to administer them on an ongoing basis. Information protection regulations and security concerns limit the ability of these solutions to meet the needs of companies that share high volumes of sensitive information with third-party partners.

As a result of these shortcomings, a growing number of companies of all sizes are turning to SaaS-oriented online workspaces as a more cost-effective method of meeting their document management requirements.

Online workspaces can be deployed quickly. Companies can acquire these SaaS solutions on a “pay-as-you-go” basis that mitigates their financial risk and enables them to scale the solutions to match business requirements.

Business leaders and IT managers in need of secure, cost-effective document exchange solutions will be well served to assess online workspaces for their document management requirements.

To learn more about how document management solutions are delivered in the SaaS model and the emerging uses for online workspaces, please refer to Part II of this white paper series.

This whitepaper was sponsored by IntraLinks.

#### About IntraLinks

IntraLinks® On-Demand Workspaces™ connect business communities and accelerate the intelligent flow of information and documents among participants. Through IntraLinks' secure, online environments, companies are better able to compete globally by accelerating essential business processes, simplifying communication and fostering rapid workflow.

Since 1997, more than 750,000 participants have used IntraLinks On-Demand Workspaces™ to communicate and collaborate on over 55,000 projects and transactions in 200 countries. IntraLinks has over 5,000 clients from a wide range of industries. Founded in 1996, IntraLinks is headquartered in New York with offices around the world. For more information, visit [www.intralinks.com](http://www.intralinks.com).

#### About THINKstrategies, Inc.

*THINKstrategies is a strategic consulting services company formed specifically to address the unprecedented business challenges facing IT managers, solutions providers, and investors today as the technology industry shifts toward a services orientation. The company's mission is to help our clients re-THINK their corporate strategies, and refocus their limited resources to achieve their business objectives. THINKstrategies has also founded the **Software-as-a-Service Showplace** ([www.saas-showplace.com](http://www.saas-showplace.com)), an easy-to-use, online directory and resource center of SaaS solutions organized into over 80 Application, Industry and Enabling Technology categories. The Showplace also includes information and insights regarding industry best practices. For more information regarding our unique services, visit [www.thinkstrategies.com](http://www.thinkstrategies.com), or contact us at [info@thinkstrategies.com](mailto:info@thinkstrategies.com).*