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## Why ECM Makes Sense

A Hummingbird White Paper

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# Why ECM Makes Sense

## What Is ECM?

Enterprise Content Management (ECM) is software that helps you organize and control all of the unstructured information in your entire organization. Unstructured information includes all of your content—documents, images, drawings, audio and video files, e-mails, faxes, etc.—in every type of file and format available.

ECM also manages content collected by other enterprise applications such as enterprise resource planning (ERP), customer relationship management (CRM), supply chain management, and enterprise portals. Offering the user common desktop applications, easy-to-use templates, and simple creation and capture procedures, ECM can also create categorization schema, tags, and metadata that make search and retrieval faster and more efficient.

Truly robust solutions enable users to control relationships between information and allow one piece of content to have multiple identities so that it can be used in different ways by different users. This supports efficient repurposing of information and encourages the highest content ROI possible.

Another vital business action ECM performs is workflow and lifecycle management—managing the review, revision, and approval of any piece of content according to user-defined rules. Publishing content through multiple channels is also managed by ECM. For example, a single piece of content may be published to a Website, sent as a fax, printed as a document, and broadcast to a handheld wireless device—all at the same time.

ECM is generally considered to be an amalgamation of the following distinct but interrelated applications:

- > Document Management (DM)
- > Web Content Management (WCM)
- > Records Management (RM)
- > Business Process Management (BPM) or Workflow
- > Content Integration
- > Collaboration
- > Document Capture and Document Image Management

These applications can be selected and put into practice as your organization requires. Consider them to be building blocks that you can use to customize the best fit to manage, control, and reap the highest ROI from your business content. Eventually, you may require all of this functionality, but know that you can select and apply it as you need it because all of this functionality has only one purpose—to leverage enterprise knowledge assets for competitive advantage.

## Is ECM a Strategic Necessity?

Unstructured content at most organizations is increasing at a phenomenal rate and is resulting in information that is lost, repeated, and/or out-of-date. This uncontrolled growth undermines your business's ability to achieve the following:

1. **Compliance** — Virtually all organizations are now legally compelled to securely store and access various content for a defined period of time. ECM enables you to set policies for retaining, storing, and retrieving specific content and mitigate the risk of noncompliance.
2. **Collaboration** — Content managed in departmental silos and restricted to certain geographies prevents distributed teams to share information. As a result, productivity drops and time-to-market slows. With ECM, people can create, capture, and distribute collaborative content on the tightest timeline.
3. **Content ROI** — Employees can waste up to 40% of their workday searching for content and wrestling with versioning, ownership, and reformatting issues. As a result, expensive information goes underused or must be recreated. ECM provides the infrastructure that allows you to control your content.
4. **Consolidation** — An ECM system, which uses a single infrastructure rather than several silo style content systems, dramatically drops overall costs and increases security. An ECM repository that can scale to over a billion objects offers a transaction response time of less than a second.

## Compliance

The world is becoming more regulated. Whatever your industry sector, regulations are more stringent than ever before. And of course compliance demands differ by sector. For example, in the financial services sector, Basel II, SEC 19B-4, SEC 17A-3 and -4, MoReq, and TNA are central requirements; in government, data protection and the Freedom of Information Act (FOIA) must be met; in the oil and gas sector, it is OSHA and the EPA; and in the life sciences sector, 21CFR Part 11 is a key requirement. However, whether these regulations are legally enforced or a best industry practice, the need to provide processes around content and documents is vital. This drives the need to store specific pieces of content that are either valuable and/or admissible in secure, unchangeable storage environments for a defined period of time. Document management and records management provide the structure to define policies associated with content, and by adding to them an addressable storage system, those policies can be enforced, guaranteeing immutability and authenticity.

## **Collaboration**

Organizations also want systems to make a difference. They need to enhance the rate of innovation, accelerate new product development (NPD) and new product introduction (NPI) processes, and discover and access new channels to market. Collaboration allows the participants in a business process to come together to optimize the process to mutual benefit. Working in harmony with BPM or workflow, collaboration is becoming increasingly important in organizations as it brings partners, suppliers, customers, and agencies together in a controlled way and manages and leverages collaborative content such as discussion threads, voting results, and documents.

## **Content ROI**

According to research, unstructured content is growing at anywhere between 65 percent and 200 percent per annum depending on industry sector. It is also estimated that nearly 800 MB of data or content is produced per person each year. Organizations are drowning under a sea of content. They are unable to classify a piece of information as high value or a waste of space; as the latest version or the second draft; as under the author's control or the team's vision; as important to one specific department or to several; as mid-way through its lifecycle or as "missing in action". Thus, many organizations are not able to use and reuse important content efficiently and effectively. ECM provides an infrastructure that enables you to address these issues and get your content under control.

## **Consolidation**

Supporting content management systems that are in departmental or geographical silos across your organization are making costs skyrocket. The same information is being created two or three times because it cannot be shared or no one else knows it exists. In addition to solving these problems, an ECM system also allows you to manage digital content (graphics) on your Website, archive only essential e-mail, and manage collaborative content among other key business processes.

The bottom line is if your organization deals with paper-intensive business processes, such as insurance, government, and financial services organizations or relies heavily on e-commerce transactions, distribution of information through your Website, group collaboration, or electronic publishing and delivery of content, you need the broad capabilities of ECM, which includes Web content management and multi-channel publishing capabilities.

Gartner Research (*What Constitutes Enterprise Content Management*, Gartner, 2004) states that a forward-thinking organization should

“Think of enterprise content management as a strategy rather than a project or product. Plan for a consistent enterprise-wide content architecture. Identify the particular functions you need and ensure that the solution you’re considering integrates them adequately. An ECM suite will make sense for most companies, but vendors differ in the number of components they offer and in the level of integration... ECM is an architecture that integrates functions to make content accessible enterprise-wide. This approach works best for supporting horizontal business processes, such as compliance, and reducing long-term costs. For these reasons, most companies should implement as ECM strategy even if they start with only one or two core components.”

ECM has moved from a tactical technology solution for managing increasing volumes of business content to strategic imperative for delivering cost savings and generating business advantage. The most advanced vendors looked into the future and now offer solutions to organizations rather than just individual management systems.

An ECM solution allows you to mitigate the enormous risk of noncompliance, collaborate with your suppliers, partners, and customers to accelerate your business processes, manage your content to achieve the greatest ROI, and consolidate your information so that it is created once and used efficiently and effectively. It helps you cut costs, build profits, and remain compliant.

## What Are the ECM Market Drivers?

### Document Management

- > Expansion into underserved vertical and geographic markets (India, China, Eastern Europe), spurred by entry of larger infrastructure vendors
- > Push for enterprise-wide adoption in support of information worker needs and the management of office documents across vertical markets

### Web Content Management

- > Enterprise-class push for enterprise-wide adoption in support of Internet, extranet, and intranet
- > Economic conditions favoring growth initiatives, reinvestment in global and regional customer- and partner-facing Web initiatives
- > Consumers’ continued growing reliance on the Web as the primary means of interaction with organizations

### Records Management

- > North American, Western European agency compliance mandates and legislation
- > Enterprise-wide risk mitigation, compliance, and governance initiatives by publicly traded organizations and public sector

### Document Imaging

- > Process efficiencies, conversion from paper to digital processes in vertical markets outside of traditional imaging strongholds (financial services and insurance) such as healthcare, public sector, travel
- > Enterprise-class organizations’ push for adoption in support of business critical processes (accounts payable, contract management, etc.) across vertical markets

Source: Forrester Research, Inc., 2005

## What Are the Building Blocks of ECM?

As stated earlier, the building blocks of an ECM system are comprised of an integrated suite of seven core content-focused modules that provide the following functionality:

- > **Document Management (DM)** — for library services such as check-in and checkout, version control, and user and document-level security for business documents
- > **Web Content Management (WCM)** — for collecting, assembling, and staging content (both graphic and textual) for the purpose of publishing to Websites or intranets; content delivery is automated to streamline the process, ensure traceability, and eliminate bottlenecks
- > **Records Management (RM)** — for long-term archiving and the automation of retention and compliance policies and to ensure legal or regulatory record compliance records management; software for managing long-term retention and disposition policies of corporate records
- > **Business Process Management (BPM) or Workflow** — for routing content and support-of-business processes; capabilities typically include task assignment, automated tracking (audit trail generation), work state communication (in process, completed, bottleneck, etc.), and graphic representation of the workflow itself
- > **Content Integration** — for providing data integration capabilities between data sources and target systems for migrating and consolidating repositories without programming or data staging
- > **Collaboration** — for sharing, organizing, and controlling document-based collaborative processes; typically, this functionality supports both internal and external team members with a high level of user and document-level security
- > **Document Capture and Document Image Management** — for capturing and managing paper documents and for scanning, indexing, retrieving, processing, and archiving of digital images or paper documents such as invoices, customer claims, electronic forms, graphics, engineering drawings, and photographs

Although only the most forward-thinking vendors and their partners currently offer the following four capabilities, Gartner research predicts they will become core components of ECM suites within the next two years:

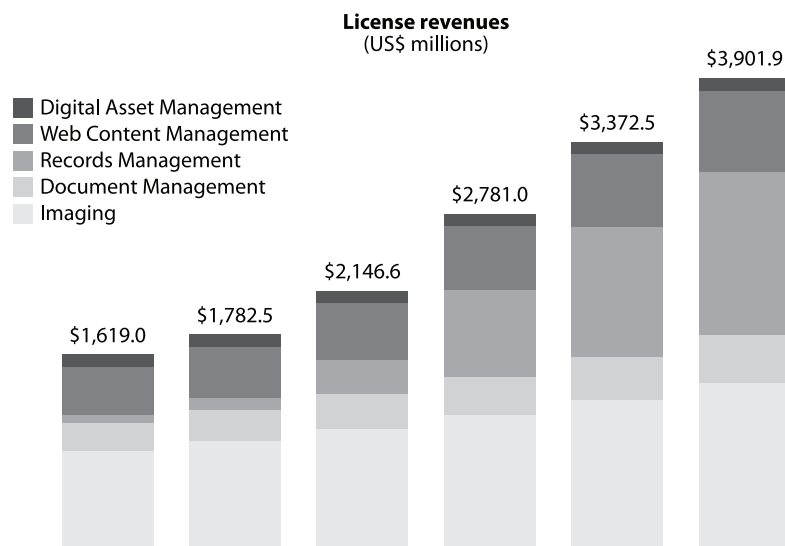
- > **Integrated Document Archive and Retrieval Systems** — for documents and reports
- > **E-Forms** — for exchanging electronic content
- > **Digital Asset Management** — for storing and managing rich media content
- > **E-Mail Archiving and E-Mail Management** — for retaining electronic communications in support of compliance

## Where Is ECM Going?

Forrester estimates that the ECM license market will reach \$3.9 billion in 2008, growing approximately 22%. Several drivers are responsible for the strong growth in the ECM market and its individual components, but there are three key reasons why ECM will outgrow the rest of the software market.

1. Momentum in compliance and process efficiency is still building. Forrester expects that organizations will continue the trend already established by early adopters of ECM for compliance support and focus their attention on solutions with strength in records management, document management, and document imaging capabilities.
2. A greater push for enterprise-wide adoption will lead to additional licenses. ECM technologies are mature, and many organizations want to adopt these technologies for enterprise-wide use. This increased ECM usage will fuel growth in the overall ECM market.
3. The entry of larger infrastructure vendors will bring ECM to the masses. Infrastructure vendors intend to provide a common set of ECM capabilities, like document management and records management, to the broader market.

### U.S. Enterprise Content Management Market Growth, 2005 – 2008



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Source: Forrester Research, Inc., 2005, *ECM Growth Outpaces The Overall Software Market*

## Conclusion

Organizations look to mature ECM systems to

- > improve compliance and automate vertical processes,
- > reduce the number of content repositories they support,
- > eliminate the overlapping functions of multiple point products,
- > make content accessible across multiple applications,
- > buy from a vendor that will remain viable as markets consolidate, and/or
- > reduce the total cost of ownership (TCO) by lowering integration and customization requirements.

A company may find that only one or two of the above functions are immediately necessary but is planning for the future where a full ECM system will be required. Research states that if an organization is just fulfilling tactical needs, buying from a vendor that offers a wide array of functions within a content management suite is much better than the alternative of buying best-of-breed products and having to integrate them. In other words, an organization may not need a full ECM system right now, but by purchasing individual components from a single vendor over time, they may effectively buy an entire ECM suite. This approach makes sense for platform compatibility, ease of integration, and economies of scale in buying licenses.





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