Whitepaper

The ROI of digital transformation and content migration

The anatomy of your return on investment

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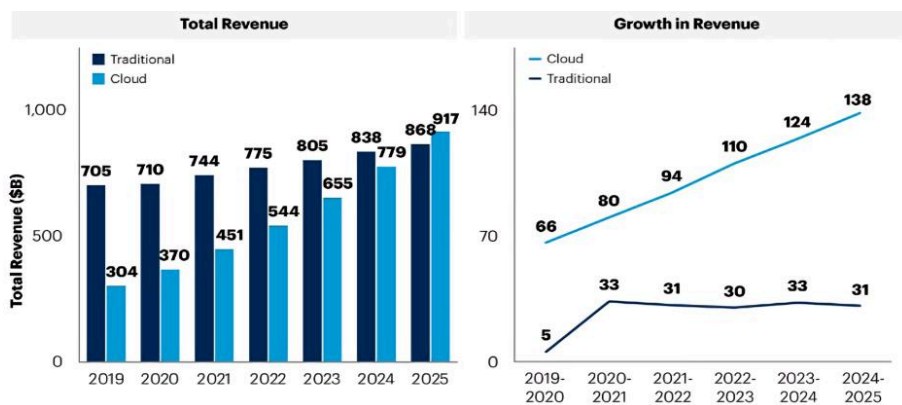
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Introduction

Modernize the content landscape

The prominence of data and content in our personal and professional lives continues to soar, and organizations must navigate the complexity of digital transformation to stay competitive in today's market. The ability to harness information as a strategic asset is crucial for driving digital innovation and unlocking new revenue streams. As organizations strive to become more agile and content-driven, the importance of a robust content management strategy cannot be overstated. The ability to effectively manage, govern and leverage content is vital for driving digital transformation initiatives, such as Cloud migration, IoT integration, and automation. Organizations that fail to prioritize and invest in their content management systems risk falling behind in the digital landscape.

Most organizations have started to re-strategize how they use, manage, and secure their content. A more agile relationship with the market and the implementation of security policies fit for the era of Big Data require content management strategies backed by the latest technology. Therefore, more and more organizations are leaving old versions of content repositories behind in favour of modern systems with more (Cloud) functionality and userfriendlier interfaces.

Gartner reports that by 2025 more than half of Enterprise IT spending will shift to the Cloud and reach two-thirds on application software shifting to the Cloud. For content management, this trend will be no different. The pace is picking up, from 2017 when AIIM already reported that 70% are looking to Cloud content services. The move to the Cloud is long from over.

Source: Gartner, February 2022

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You cannot re-invigorate your data strategy or modernize your content landscape without consolidating and transferring a (huge) part of your data – a content migration, in other words. Even cleaning up one's personal data is messy and time-consuming, but the complexities multiply in organizations. Organizations routinely underestimate these complexities and therefore the cost of migration, even when such a project is outsourced to a third party. If there is no transparency around cost, you can't determine if the cost is worth the effort and making a convincing business case for a migration project becomes almost impossible, no matter how urgently your organization needs to re-think its content strategy.

This whitepaper will explore the factors that define the return on investment (ROI) for content migrations and review the questions you should ask to determine and weigh the cost savings and benefits.

We shall look at the IT and business reasons for content migration, and then analyze the factors that influence the cost (and therefore your budget). The benefits are divided into non-tangibles such as the gains in business agility, and 'hard' ROI, the demonstrable savings you can make. This is difficult as every organization is working within a different context, with very different demands. Nevertheless, we shall give some general indications that will enable you to estimate the ROI of a future content migration project for your organization.

We are shifting our emphasis from on-premise content management platforms to cloud-based platforms.	28% / 43% / 14% / 13%
We are working to migrate from legacy content management platforms to more modern platforms.	43% / 40% / 8% / 4%

■ Completly agree ■ Somewhat agree ■ Somewhat disagree ■ Completly disagree

Why migrate?

Before we go into details on the ROI, it is necessary to understand the need to migrate as this will impact the extent of the investment. Content migrations can be complex and costly, though not as costly as they used to be, but still, the tendency is to put off the inevitable for as long as possible. The need to modernize content is real and urgent, and no organization can afford to look the other way for long. We shall divide these needs into views from the CIO office, and views from the business, CxO, office.

CIO STRATEGY

The CIO is faced with multiple conflicting goals that need enabling, how to drive efficiency, enable growth and keep all resilient in case of trouble. At the same time, he is worrying about the digital dexterity that his organization requires to drive the digital transformation agenda. And all this in a hybrid way of modern work. A strategy to consolidate and modernize can help in all three pillars.

CIO TACTICS

SUPPORT TIME

Organizations struggle with legacy systems. IT departments would like to get rid of them and start with legacy modernization. Why? First, these systems take up too much time in support, especially when the application has been developed in-house and the person who built it no longer works at the company – a very common situation. No one in IT wants to be responsible for something they did not develop themselves.

DISCONTINUED SUPPORT

One of the other reasons for replacing legacy systems is discontinued support from software vendors (e.g Microsoft SharePoint 2013). The older an application gets, the more likely this is to happen. Software vendors must sell, so phasing out support for a legacy system is just another way to market an upgraded or new version – a change that will usually involve a content migration.

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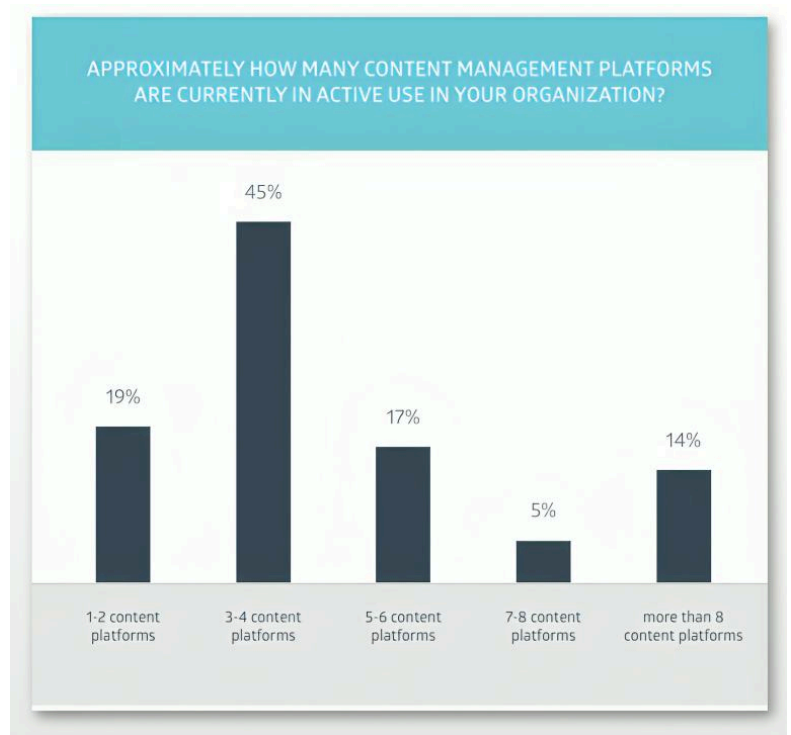
OUTDATED LICENSE MODELS

The license models for ECM platforms no longer align with current usage patterns. These models for massive monolithic content services are mostly based on a server / CPU component and a user-based license component, even if the user sporadically uses the system. Leading to high license cost vs. actual use of the ECM capabilities in a pay-as-you-go model.

IT CONSOLIDATION AND MODERNIZATION

Most organizations face IT modernization issues. In the content services market, this means moving away from ageing software and hardware solutions and shifting to newer content management technologies, such as Cloud-based solutions. The Cloud is probably the biggest agent of change in modern content management.

According to a recent AIIM survey, 45% of organizations run three or four content platforms, while more than a third (36%) have five or more platforms. A staggering 14% operate with more than 8. The reasons for this fragmentation lie outside the scope of this white paper, but the obvious point supporting the migration purposes is that reducing the number of content systems and consolidating these – possibly into one central repository – will result in a significant reduction of maintenance and license costs.

Move vs Improve: another report by Forrester (2022 Top Guiding Principles for Cloud migrations) shows that enterprises are more likely to focus on modernization as opposed to lift-and-shift migration than they were a few years ago.

APPROXIMATELY HOW MANY CONTENT MANAGEMENT PLATFORMS ARE CURRENTLY IN ACTIVE USE IN YOUR ORGANIZATION?

1-2 content platforms	3-4 content platforms	5-6 content platforms	7-8 content platforms	more than 8 content platforms
19%	45%	17%	5%	14%

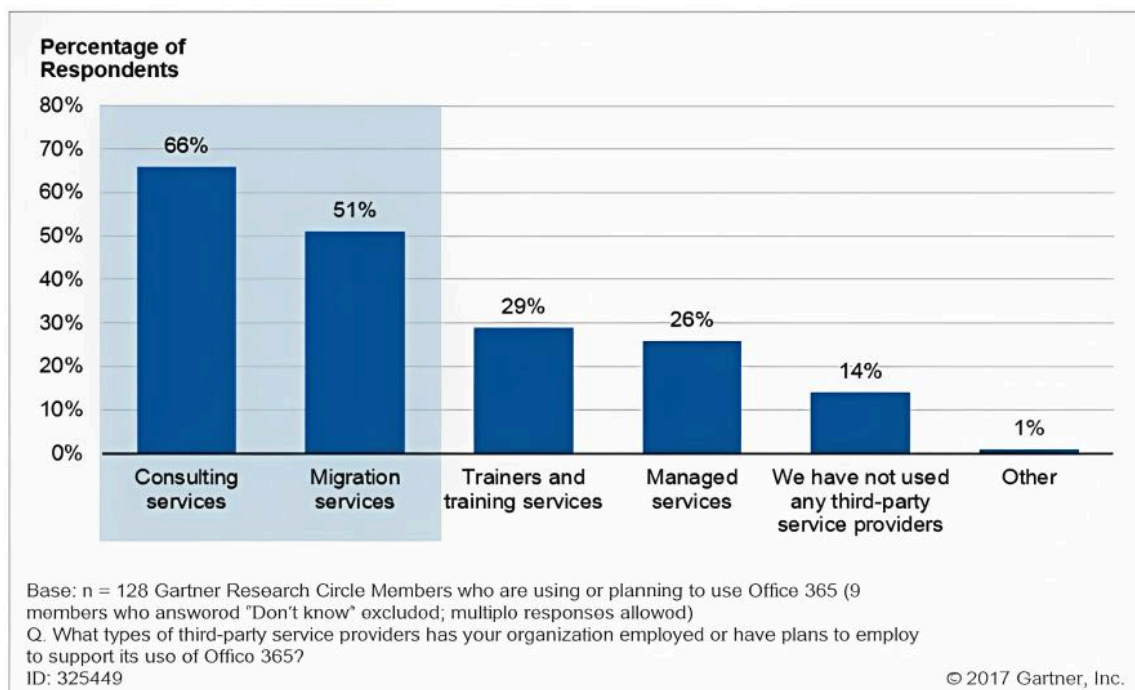**xillio**   liberate. innovate. elevate.

MIGRATING TO THE CLOUD

The shift towards Cloud adoption has also led to the migration of content services to the Cloud. Leveraging Enterprise Content Management in the Cloud offers many opportunities for innovation that cannot be achieved through on-premises deployments. Gartner, a leading research and advisory firm, predicts that the Cloud will be the core of new digital experiences and that by 2025, more than 85% of organizations will adopt a "Cloud-first" approach and will be unable to fully execute their digital strategies without utilizing Cloud-native technologies and architectures.

Small wonder then that organizations are switching to a Cloud model for their content management systems. A 2017 Gartner survey found that by 2021, more than half of those organizations will have adopted a purely Cloud-based strategy, or so Gartner predicts. The research does not single out a particular sector or company size – the Cloud is pulling in missioncritical content from every type of organization.

A Cloud application that has become virtually standard is Microsoft Office 365. Gartner Research Circle conducted a survey on Microsoft Office 365 Cloud office products in July 2017 which showed that most organizations have used or plan to use consulting and/or migration services to support their use of Office 365.

Figure 1. Third-Party Services to Support Office 365

Base: n = 128 Gartner Research Circle Members who are using or planning to use Office 365 (9 members who answered "Don't know" excluded; multiple responses allowed)
Q. What types of third-party service providers has your organization employed or have plans to employ to support its use of Office 365?
ID: 325449   © 2017 Gartner, Inc.

Source: Gartner (December 2017)

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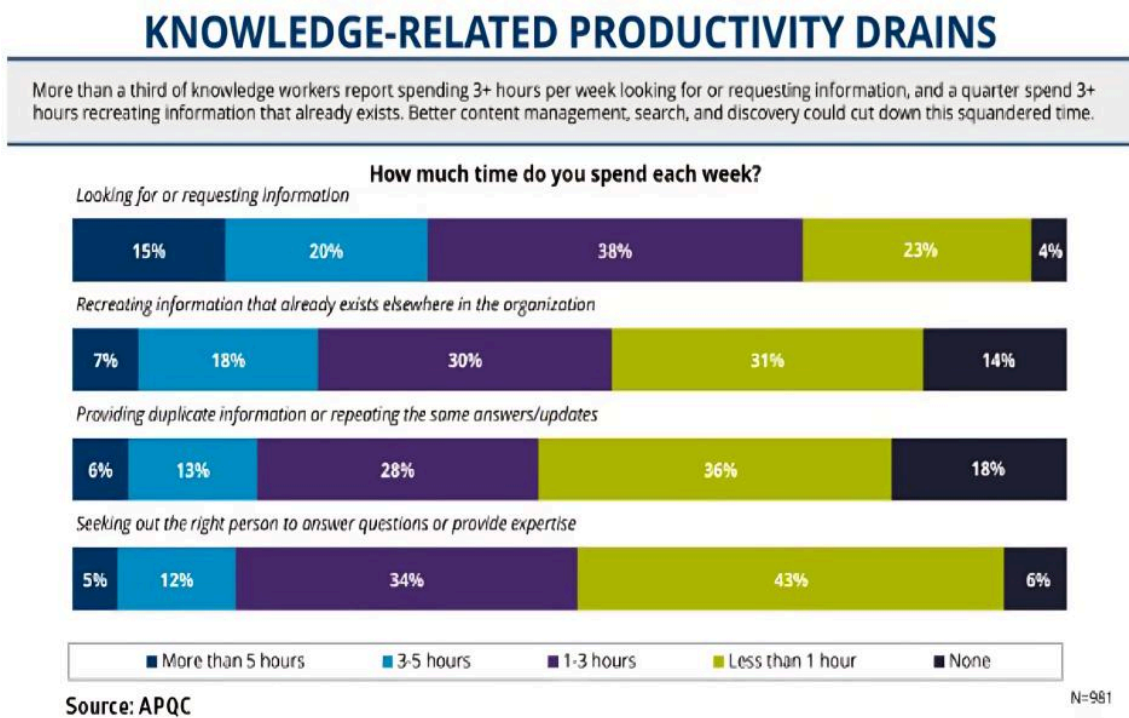
Several organizations are still cautious about migration to the Cloud – usually for reasons of data security – and make a first step with hybrid environments. But such a first step would usually still involve a content migration project.

BUSINESS-DRIVEN

USER EXPERIENCE

The fragmentation of ECM systems is burdensome and inefficient for most if not all organizations. Unstructured data is scattered across various content repositories and different geographical locations, making it unnecessarily complicated for users to find the right (version of a) document. And this takes time, much more than we think.

KNOWLEDGE-RELATED PRODUCTIVITY DRAINS

More than a third of knowledge workers report spending 3+ hours per week looking for or requesting information, and a quarter spend 3+ hours recreating information that already exists. Better content management, search, and discovery could cut down this squandered time.

How much time do you spend each week?

Looking for or requesting information

| 15% | 20% | 38% | 23% | 4% |

Recreating information that already exists elsewhere in the organization

| 7% | 18% | 30% | 31% | 14% |

Providing duplicate information or repeating the same answers/updates

| 6% | 13% | 28% | 36% | 18% |

Seeking out the right person to answer questions or provide expertise

| 5% | 12% | 34% | 43% | 6% |

| ■ More than 5 hours | ■ 3-5 hours | ■ 1-3 hours | ■ Less than 1 hour | ■ None |

Source: APQC   N=981

An APQC 2021 study, [Fixing Process and Knowledge Productivity Problems: Survey Report,](#) showed that more than a third of the knowledge workers spend 3+ hrs per week searching for relevant information and a quarter on recreating information that already exists.

So, for close to half a day, productivity is eaten up by information searches, which include searching for content. There is a tipping point for every organization when this inefficiency begins to impact and damage every part of the business – and content consolidation becomes unavoidable.

FUNCTIONAL REQUIREMENTS

IT is wasting time and money on maintaining and supporting legacy systems that lack the functionalities business needs to stay ahead of the competition. Add-ons, connectors, and IT tools can be brought into the paper over the cracks but only for so long. Inertia is a powerful force, and organizations tend to sit on their hands for as long as possible to avoid the cost and business interruption of a migration project. But at some point, the momentum for change shatters this inertia.

REGULATORY COMPLIANCE REQUIREMENTS

Ensuring compliance with regulations such as GDPR, CCPA, and other industry laws is a crucial aspect of mitigating risks within an organization. However, the proliferation of data across disparate ECMs and other file storage solutions, including simple file-sharing systems, hinders transparency around personal data and compliance pressures. Additionally, older systems cannot identify and capture all personal data, which can expose organizations to significant risks and penalties.

M&A ACTIVITY

You have acquired a company with a different ECM (or more likely, different ECMs) from yours. If the synergies that you promised your shareholders are to become a reality, you will have to integrate your systems, and that means decommissioning some systems, and migrating data to the system left standing. Companies do extensive due diligence before they commit to a merger or acquisition, but they often fail to factor in the cost of content integrations. But make no mistake if the content isn't merged you haven't properly acquired a company.

What is the cost of migration?

Five Ways to Consolidate and Transfer Content, we analyzed the options available to organizations embarking on a migration project. The costs of the project – and therefore the ROI available to you – depend completely on what route you take. Some companies opt to develop the migration tools themselves, which are cheaper on paper if nothing goes wrong. But as we said, the complexities of migrations are always underestimated, and organizations choosing to go it alone often find that halfway through a project, the consultants must be called in.

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When it comes to migration tools, the market offers a plethora of options, some of which are more user-friendly than others. While these tools may seem like a viable solution for simple migrations, our experience has shown that they often fall short of delivering a complete migration process. In the case of large, automated migrations, these tools are insufficient. Additionally, even the most pre-configured tools require a certain degree of training, typically a week or less for an IT manager with ample experience, but more time may be required if the project or tool in question is more intricate.

The more granular your preparations for migration, the more likely you are to contain costs further down the line. Every migration needs content owners to make decisions about the content that needs to be (or doesn't need to be) migrated to the new environment. Again, don't skimp on the time you budget for business users to come to the right decision, which could take anywhere from two to 10 weeks per system per business user, depending on the complexity of the project.

Content that cannot be migrated automatically needs to be handled manually by the content owners. You will need the knowledge of content owners to tell you which content is valuable enough to transfer and to check the test migration. The amount of time needed from internal people is one the toughest questions to answer as it depends completely on your migration strategy.

Another consideration is the pricing model of the vendor. Some base the fee on the number of users, others on the number of terabytes migrated. Either way, make sure you are aware of what you get for your money: some vendors provide tools that are a part-solution and still require third-party input (that is to say, expensive consultants); others will quote you a fixed price, with a guaranteed outcome so there are no unpleasant surprises.

What are the benefits of content migration?

Any organization considering a reboot of its content management strategy will have a vivid notion of the benefits. We call them "intangible" or "soft" because they cannot be accurately priced, and do not show up in budgets. But there is nothing intangible about spending 30 minutes a day searching for documents instead of 1.8 hours, which is the McKinsey estimate. A leaner content management landscape improves efficiency, communication, and collaboration. Decisions are made faster (and are almost certainly based on more comprehensive data) and client relationships are improved.

If your data is stored across 5, 6 or 7 ECMs the security of your data is probably compromised. As we saw, GDPR is making that punishable to the tune of €4 million, hardly a "soft" amount of money. Your legacy systems almost certainly no longer meet post-GDPR compliance standards. The data on them is nonsearchable – but just because you can't find it doesn't mean you are not liable for it. A more holistic content landscape minimizes the risk of data breaches, and decisions being made based on incomplete or obsolete content.

Storage, especially on-premise, is expensive. Most recent estimates put the cost of storing a single TB of file data at $3,351 per year. Mind you this is excluding hardware, software, and personnel required to manage and protect the data. With projected growth rates at 61% by IDC (in 2025), smart use of storage and processing power is mandated. Something your legacy systems are not equipped with. Cloud Object Storage is pegged $418,600 per PB/ year of savings (IDC, 2019), but more importantly, Cloud-based operation will give you dynamic scaling, flexibility, and tight controls over your desired performance. Of course, migration does not make your content disappear, but all migrations lead to a cull in content. For an ECM project, this is usually 10%; for a file share migration, this figure rises to 50%.

If you decommission a system – the goal of migration – you no longer pay the licensing and maintenance costs of that system. This is of course a tangible saving, which will vary enormously from one organization to the next. A recent large client of ours recently decommissioned a system that cost $1m a month to maintain in fees and maintenance.

What are the annual costs associated with maintaining your content management systems, including the necessary hardware and storage infrastructure, as well as the staff required to keep the system running? Consider the potential savings that could be realized by decommissioning one or two of these systems and weigh that against the cost of migrating the content to a new environment.

These sums should be a good starting point for your organization to establish if it makes sense for you to embark on a migration project, and to make a rough estimate about how quickly you would begin to see a return on your investment – that is to say, the tangible, "hard" cost savings.

Our clients always reach ROI within a year (no exceptions), but some get there in as little as six months. We leave you to do the sums for your organization

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