Industry Watch

Industry Watch #2

A Summary of Findings from User Research in Six Countries

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Back to Basics: The Search for Efficiency AND Compliance

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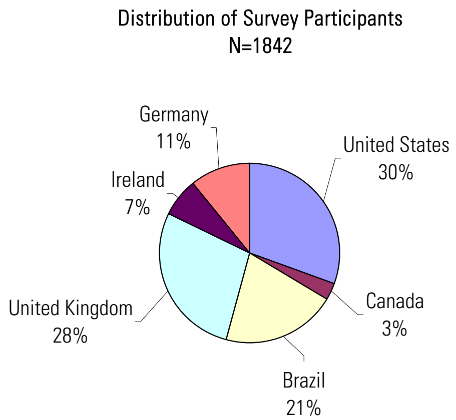
About the Study[1]

Over the course of 2003, AIIM surveyed over 1,800 end-users of content and document management technologies in six countries—United States, Canada, Brazil, United Kingdom (Great Britain and Northern Ireland), Ireland, and Germany.



The surveys were conducted independently, in local language, and by participants at the following major industry events:

- AIIM Content Management Solutions Seminars
- AIIM Information Management Expo (sponsored by PricewaterhouseCoopers LLP)
- AIIM InfoIreland (sponsored by PricewaterhouseCoopers LLP)
- InfoImagem (Brazil, sponsored by Cenadem)
- DMS (Germany, sponsored by Advanstar Communications)

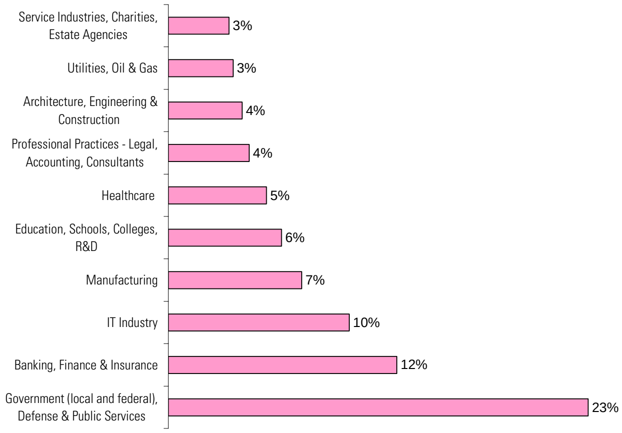
The surveys consisted of 15-20 questions. Three-quarters of the questions were consistent from survey to survey, allowing us to compare and contrast user concerns and perspectives across six major markets.

Over 1,800 respondents participated in the surveys. Respondents came from a variety of industries, with significant representation from Manufacturing (7%); Banking, Finance, and Insurance (12%); and Government, Defense, and Public Services (23%)[2]. There was some modest variation in this industry representation across the six countries.

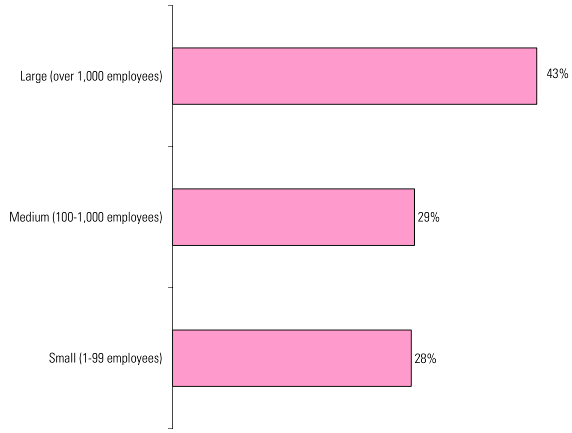
Across the entire sampling, there was a good representation of organizations of all sizes. Small organizations (1-99 employees) represented 28% of the overall sample, medium-sized organizations (100-1,000 employees) were 29%, and large organizations (over 1,000 employees) were 43%.

[1] The study should be cited as: "Back to Basics: The Search for Efficiency AND Compliance, Conducted by AIIM International, 2003"
[2] Throughout this document, the term "organizations" is used to refer to all private, public, non-commercial, and other entities conducting business.

Survey Demographics: Industry Distribution



Survey Demographics: Organizational Size



Executive Summary

The survey results point to six major findings relative to user concerns and challenges about Enterprise Content Management (ECM) technologies:

- **It's back to basics time.** Given 22 different possible choices, the top three project interests among users in 2004 are Document Control (44%), Records Management/Archiving (42%), and Information Capture (32%). These results were remarkably consistent across the six countries.

- **The bottom line is still the bottom line.** For the most part, users still view ECM technologies in terms of expense reduction rather than revenue enhancement.

- **Compliance is a growing concern—but not yet in all markets.** The effectiveness of compliance as a marketing message—at least in terms of how users interpret the term—varies widely by geography.

- **Memo to suppliers #1: Don't change the message now.** There is some evidence that users are finally beginning to understand the term "Enterprise Content Management (ECM)."

- **Memo to suppliers #2: It's not about you, it's about us.** While there is a surface level of understanding about ECM, most users are still relatively early in the learning curve on these technologies.

- **Memo to suppliers #3: We're willing to spend.** There is evidence that users understand the relative costs involved in implementing an ECM solution and are willing to spend significant funds on these technologies.

Key Findings: Getting Inside the Heads of Users

It's back to basics time.

Users are focused on the basics. Given 22 different possible choices, the top three project interests among users for 2004 are Document Control (44%), Records Management/Archiving (42%), and Information Capture (32%). These results were remarkably consistent across the six countries. Document Control and Records Management/Archiving ranked #1 or #2 in five of the six countries, the only exception being Germany. Perhaps reflecting the greater attention in the U.S. on compliance issues resulting from Sarbanes-Oxley and from rising litigation concerns, American and Canadian users ranked Records Management/Archiving as their #1 concern for 2004.

	United States	Ireland	Brazil	Germany	United Kingdom	Canada
#1	RM/Archiving	Doc Control	Doc Control	Tech Doc Cont	Doc Control	RM/Archiving
#2	Doc Control	RM/Archiving	RM/Archiving	Doc Control	RM/Archiving	Doc Control
#3	Capture	Web Publishing	Process Auto	E-mail Mgmt	Capture	Web Publishing

But one size doesn't fit all. For example, there is wide regional variation about the importance of projects involving technical documents, ERP, and compliance. Technical Document Management ranked #1 in Germany, no higher than #4 anywhere else, and #12 in the UK. Enterprise Resource Planning (ERP) ranked #11 in Germany, but was last among Canadian users. Statutory & Regulatory Compliance ranked #9 in the U.S., but was only #19 in the list of project concerns in Brazil.

Rank Order	US	Ire	Braz	Germ	UK	Can
Accounting	14	11	17	10	16	15
Accounts Payable	15	17	20	16	20	20
Business Continuity/Risk	12	9	14	18	11	14
Case Management	17	20	18	19	15	17
Claims Processing	18	21	15	22	22	16
Collaborative Commerce	22	19	22	20	18	19
Customer Service	11	6	7	15	6	9
Document Control	2	1	1	2	1	2
e-Government	13	14	12	13	8	11
Email Management	6	7	9	3	7	6
Engineering Resource Planning (ERP)	20	22	16	11	21	22
Forms Handling	10	13	11	5	9	8
Human Resource Management	16	16	10	12	14	13
Information Capture	3	4	6	4	3	4
Library and Knowledge Management	4	5	5	8	4	5
Process Automation	8	8	3	6	10	10
Records Management/Archiving	1	2	2	7	2	1
Statutory & Regulatory Compliance	9	12	19	17	13	12
Supply Chain Management	21	18	21	21	19	21
Technical Document Management	7	10	4	1	12	7
Transaction Processing	19	15	13	14	17	18
Web Publishing	5	3	8	9	5	3

The bottom line is still the bottom line.

It's still all about money. For the most part, users view ECM technologies in terms of expense reduction rather than revenue enhancement. In all six countries, the top business drivers were cost-related—such responses as "improve efficiency," "reduce costs," and "increased profit, better performance." At the top of user shopping lists are technologies that will help them reduce cost from their businesses and thus improve their bottom line performance.

	COST-DRIVEN USERS	RISK-DRIVEN USERS	CUSTOMER-DRIVEN USERS
Survey terms	"Improve efficiency" "Reduce costs" "Increased profits, better performance"	"Compliance" "Risk management & business continuity"	"Leadership, competitive advantage" "Better customer service" "Faster turnaround, improved response"
United States	50%	21%	29%
Ireland	61%	12%	24%
Brazil	49%	6%	42%
Germany	76%	5%	15%
United Kingdom	56%	17%	27%
Canada	47%	34%	19%

What is the most significant business driver behind your current interests?	
Improve efficiency	32%
Reduce costs	17%
Better customer service	16%
Compliance	11%
Increased profits, better performance	7%
Faster turnaround, improved response	7%
Leadership, competitive advantage	6%
Risk management/Business continuity	4%

Compliance is a growing concern – but not yet in all markets.

As a result of increased regulatory and litigation risks associated with mismanagement of electronic information (e.g., Sarbanes-Oxley, HIPAA, Enron/Andersen), many suppliers are currently emphasizing compliance and risk reduction themes in their marketing messages. The effectiveness of compliance as a marketing message—at least in terms of how users interpret the term—varies widely by geography. In the United States, where perhaps the greatest focus has been given to compliance issues, over 17% of users identify compliance as the *primary business driver* for their interest in ECM technologies. This compares to only 6% of users in Brazil and 5% in Germany. Particularly in these markets, "Compliance" concerns alone are not enough to get users to buy.

Effective supplier marketing programs emphasize the full range of benefits from ECM deployment. While in most countries, compliance is not a sufficient driver *in and of itself* to drive deployment, in some markets it is a *necessary* element in supplier marketing programs *because of the internal constituencies that see risk reduction and compliance as a business necessity*.

Memo to suppliers #1: Don't change the message now.

There is some evidence that users are finally beginning to understand the term "Enterprise Content Management (ECM)." As noted previously, there is a remarkable consistency across the six countries in terms of what users are trying to do (their project priorities). There is a growing sense that they are beginning to understand the link between these priorities and the technologies necessary to achieve them. In the surveys, users were given a choice of 22 technologies and asked to identify which technologies were instrumental in implementing their 2004 project priorities. The 22 technologies covered the full span of ECM technologies:

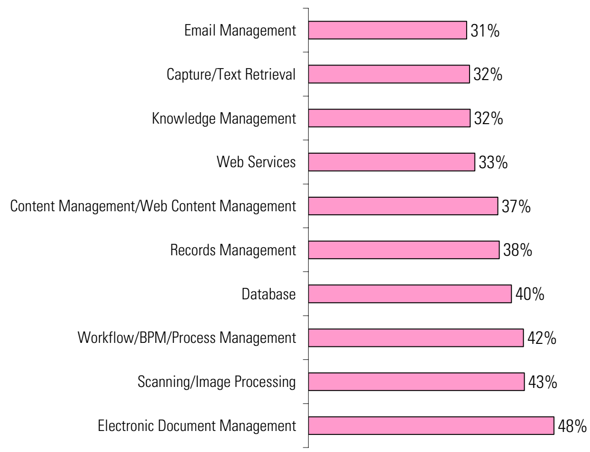
Capture/Text Retrieval
COLD/ERM/COM
Communications
Content Management/Web Content Management
Customer Relationship Management
Data Mining/Warehousing
Database

Electronic Bill Presentment/Payment
Electronic Document Management
Email Management
Forms Processing
Knowledge Management
Messaging
Mobile/Wireless
Records Management

Scanning/Image Processing
Security
Storage
Web Infrastructure
Web Services
Workflow/BPM/Process Management
XML

Across the six countries, the following technologies ranked highest in terms of their relevance to implementing user project priorities. There are some interesting variations in the data across the six countries.

- The only technologies to make the top 10 list in every country were Electronic Document Management and Scanning/Image Processing.
- Email Management, Web Services, Content Management, Records Management, and Workflow were on the top 10 list in five out of the six countries.
- XML was ranked in the top 10 in every country except Brazil, where it ranked 18th out of 22 technologies.



The conclusion: The industry and AIIM have worked to position this industry as the source of technologies used to capture, manage, store, preserve, and deliver content related to organizational processes. It appears that users are beginning to understand the message.

Memo to suppliers #2: It's not about you, it's about us.

While there is a surface level of understanding about ECM, most users are still relatively early in the learning curve on these technologies:

- 30% of the respondents characterized themselves as "Looking at a first project, still a lot to learn" and an additional 17% described themselves as "Enhancing an initial system and with limited personal experience." Perhaps reflecting a new influx of potential customers to the market as a result of compliance and regulatory mandates, over 60% of the U.S. respondents characterized themselves in these two categories.
- Nearly 50% of the 1,800+ respondents could clearly benefit from industry and association educational initiatives designed to move them along the learning curve for these technologies.

This dynamic is also reflected when users are asked about their primary obstacle to ECM deployment.

- Despite the millions spent on marketing by suppliers to differentiate their products from those of their competitors, supplier/product differentiation is not an obstacle for most users. In the United States, Brazil, Ireland, and the United Kingdom, this was the *least* important factor keeping users from buying.
- The major hurdles to deploying ECM technologies still come down to ones that are little related to the choice of technology—understanding and specifying requirements, change management, and getting Board and executive commitment.

What is the most challenging aspect of information/content management in your organization?	
Understanding/specifying requirements	30%
Planning/Managing implementation, change management	20%
Justifying the investment, board commitment	19%
Getting employee commitment	9%
Content control, data migration, classification	9%
Selecting products, suppliers	6%
Other	5%

Memo to suppliers #3: We're willing to spend.

There is evidence that users understand the relative costs involved in implementing an ECM solution and are willing to spend significant funds on these technologies. A total of 239 end users out of 1,380 who described their purchase plans indicated that they were planning on spending *over $1,000,000 or* **€** *500,000 in 2004 on document and content solutions—a* stunning 17% of the overall sample.

What is your anticipated total expenditure on ECM projects in 2004?	US	Ire	Braz	Germ	UK	Can
<$100,000	41%	35%	51%	37%	40%	59%
$100,000-$200,000	17%	15%	21%	20%	14%	6%
$200,000-$500,000	19%	15%	11%	16%	15%	12%
$500,000-$1,000,000	12%	9%	3%	8%	10%	0%
>$1,000,000	11%	26%	14%	18%	21%	24%

Figure 1: User Project Priorities – 2004

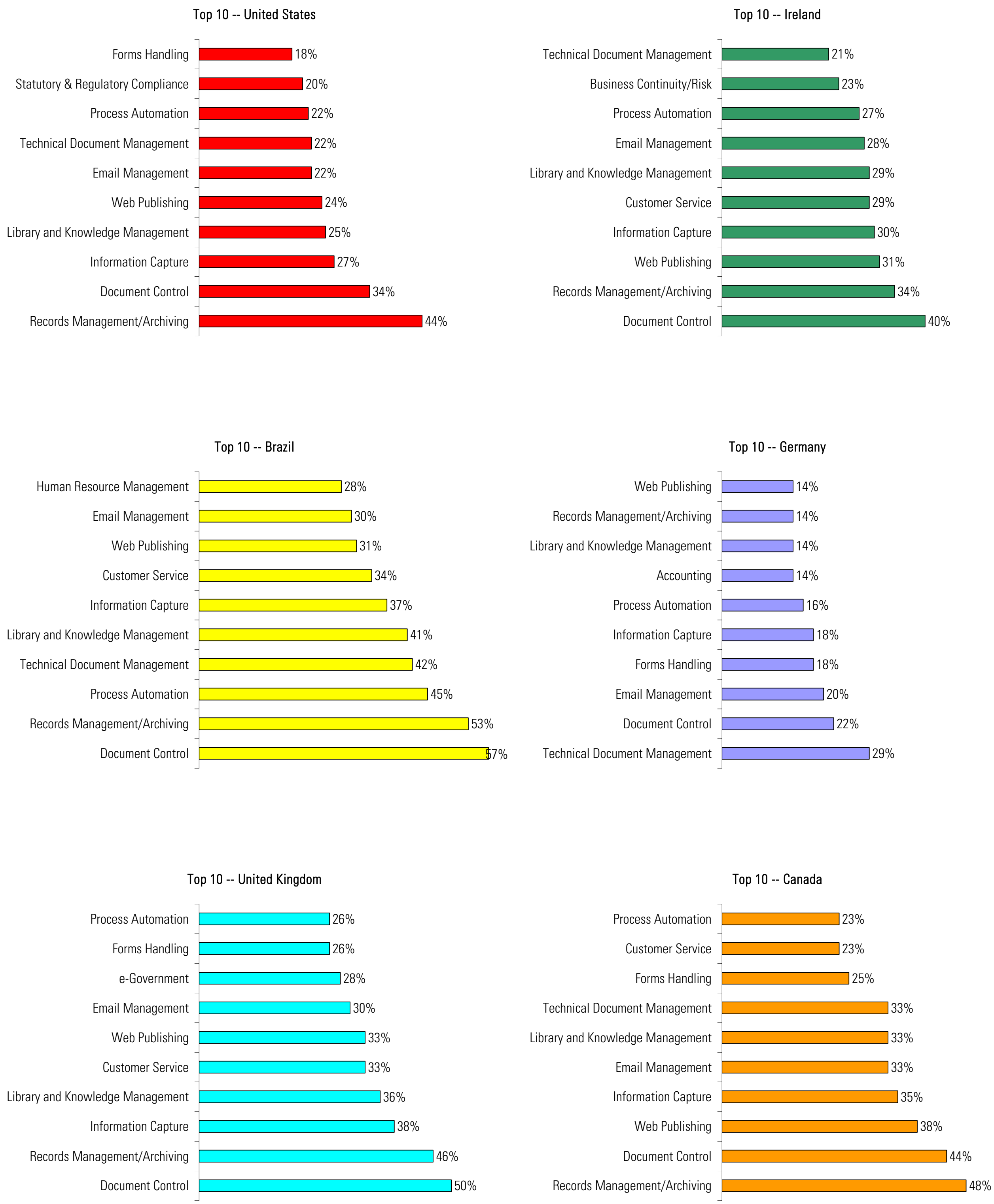


Figure 2: Technologies Needed to Support Key Projects

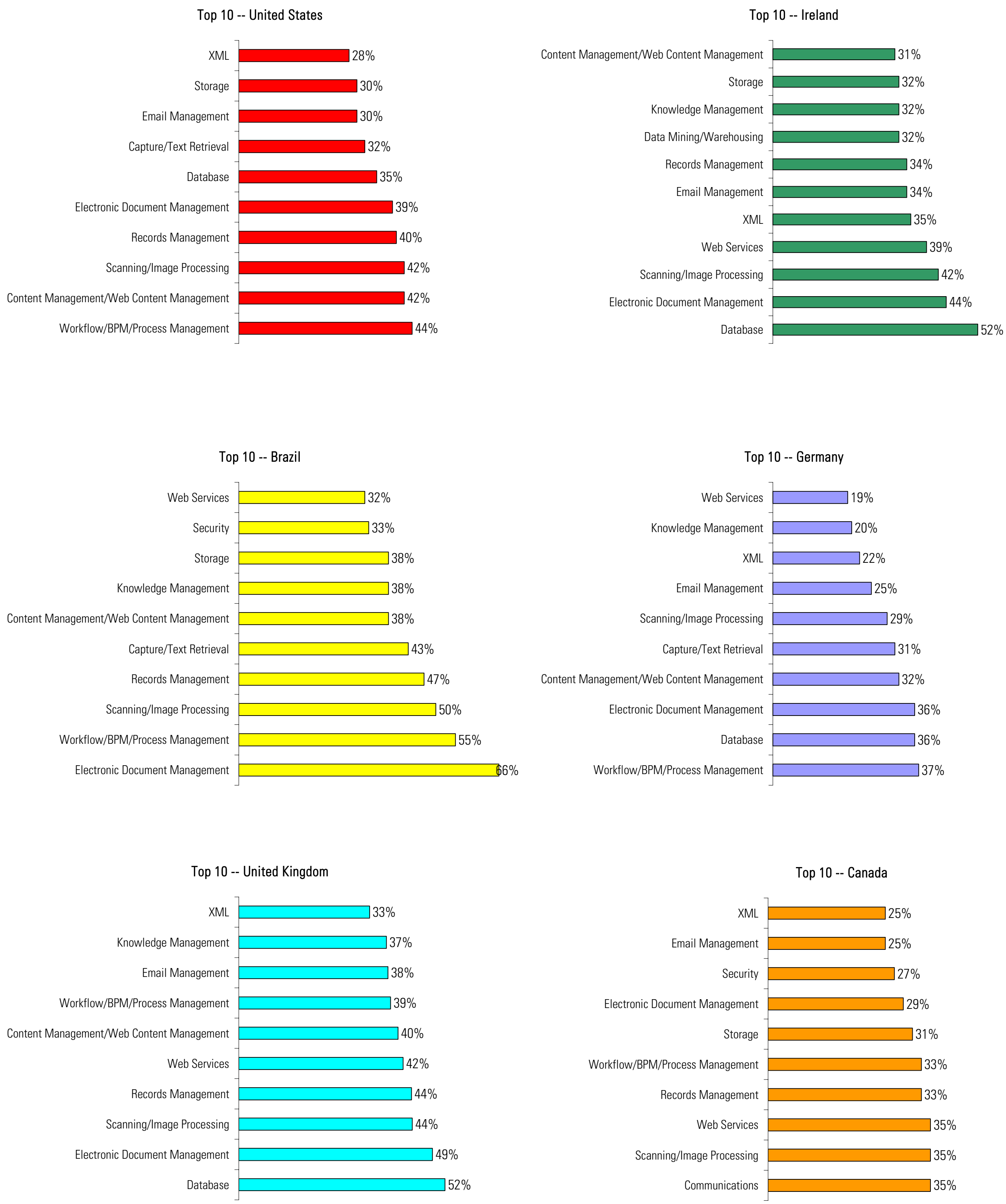


Figure 3: Primary Business Driver for Your Interest in ECM Technologies

Figure 4: Primary Obstacle to Deploying ECM Technologies