



Building Your Business Case for Managed File Transfer

Abstract

The following paper is designed to act as a resource for completing a business report for a Managed File Transfer Solution. The paper will begin by detailing some of the costs associated with traditional methods of file transfer, followed by benefits of having an MFT solution, and some resources for business report writing. The costs will be based on real life circumstances and statistics in order to provide tangible examples of traditional file exchange costs. The benefits of MFT will directly address each cost described below.



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Objective

Regardless of industry, communication is an integral aspect. While exchange of intellectual property is just a form of communication, every conversation has specific needs. Engineers communicate with team members by sharing design files perhaps through File Transfer Protocols. Human resources interact with group insurance providers regarding employee benefits, passing employees confidential information between the parties via email. The marketing division uses an internal file sharing server to send training videos on a new product. A legal department that has outsourced to an Indian Knowledge Process Outsourcing company uses a laptop shipped to the company. These are all means by which companies are communicating internally, externally and exchanging information between them.

The Consequences of Traditional Methods

There are serious complications that have arisen as a result of these traditional means of communicating and the more they are being used, the more they are becoming noncompliant, unreliable, and restrictive. The consequences of using these means of communication in order to converse is slowing the business process and resulting in rising costs to production, and security risks.

Compliance

Compliance has become far more prevalent in recent years. There are an increasing number of scandals and publicized incidences of companies comprising their employee, customer and product information through theft and loss. These incidences have inherent costs to the business via bad press and consumer backlash, and through fines and legal ramifications. Tarnished reputations only add insult to injury after the money lost through the costs of fines and harm to the business process.

A medical institution is transferring files from one department to another department located in a different location. The files are stored on an unencrypted USB and contain private information from names and addresses to social insurance numbers for 150,000 patients. The company uses a reputable courier service but the files are lost in transit. The hospital now must release a statement that despite extensive search, the files were not recovered thus causing 60,000 people to change hospitals. Furthermore, they are being subjected to a government investigation that will fine them varying on the results of the inquiry. Finally, the hospital must settle a class action suit being launched by those whom were affected by the lost information.



Cost Break Down

	Compliance Fines	Law suit (settled out of court)	Loss of Patients	Total
Cost	\$50 million	\$80 million	\$32 million	\$162 million

The story described borrows from an actual incident that occurred in the medical industry and uses the approximate figures from this story. This is directly applicable to any industry— remove hospital and replace it with a software company or automotive plant. The example is representative of the consequences of noncompliance. In a 2007 Forrester study, compliance fines could amount to as much as \$305 per record. There are massive financial repercussions, not to mention the intangible costs such as lost business due to a tarnished reputation. If given the choice, the majority of people would look for a doctor working in a hospital that had no record of losing patient information. That is the kind of long term costs that can cause deep scarring to the reputation of a business.

Productivity

Productivity is the typical focus of a business as it has the most direct and measurable effect on the bottom line. Communication is key in terms of creating the necessary flow to the business process for maximizing productivity while minimizing costs. As such hindrance in communication equates to slowing the business process. Therefore, business processes that are unreliable, slow, and complicated create inefficiencies that hinder productivity. By using an automotive manufacturing plant, this principle is perfectly demonstrated.



Cost Break Down

	Time	Number of employees	Costs	Total
Machinists	4h	5	32\$/h ¹	\$640
Work force	2h	2000	27\$/h ²	\$108.000
Lost production	270min	N/A	10,000-100,000 \$/min ³	\$2.7-27million
Total				\$2.8-27million

The cost of halting an automotives manufacturing line accumulates incredibly fast. "No longer can suppliers or OEMs wait for paper or e-mail to filter through people" said Davis Elis in an article for Inbound Logistics. Decisions and response to problems must be in real time as the consequences of idling are tens of millions of dollars. To amass such costs from something as simple as a file transfer is frustrating and needless

Lack of business agility

A business's productivity is very important however equally as important is agility. A company's ability to respond in real time to opportunities and adapt to changes in the market is imperative to the survival of a business. Obtaining new enterprising business prospects and staying competitive is of paramour importance to any business. This aspect of the business is difficult to quantify at times however in some instances it is very tangible. An example of a more quantifiable opportunity lost would be an ad agency missing a deadline for a proposal.

To win a contract with a highly successful shoe company, an agency creates a video proposal. They have to send the video as well as the power point slides from their presentation. The contract is worth \$4 million dollars, which includes a number of billboard and television ads. The shoe company has contacted a number of ad agencies and will chose based on the video presentations they propose.

¹ Ford Motor Machinist Hourly Pay. (Glassdoor, 2011).

² 2007 UAW-FORD NATIONAL NEGOTIATIONS MEDIA FACT BOOK. (Ford, 2007) 6.

³ Harrington L. Change Drivers: Navigating the New Auto Supply Chain. (Thomas Publishing Company, 2007)



Using cloud--based computing, the ad agency loads the file to the server however the company receives a corrupted file. The ad agency will soon discover that all their files have been corrupted in this fashion, be it at the hand of a competitor or simply random victimization of compromised security. It is too late to use a courier service so compression is the option selected but even that will ultimately take far too long. They will lose the million dollar contract, and subsequently will not be the first choice of the company in the future.

Cost Break Down

Costs	
Contract	\$4 Million
Future from this business	Unknown Millions With a successful ad campaign they could have found a permanent partnership with this company
Future business from other business	Unknown Millions A successful ad campaign with this company would have helped bolster the ad agencies reputation and generate further business
Total	Unknown Millions The possibilities are difficult to determine however it is unfortunate that the cause of this lost opportunity was poor file exchange methods

It is difficult to calculate the total sum of all costs associated with a lack of ability to respond quickly to changes and meet deadlines. The ad agency had only one manner in which to transfer the file on time. They lost the opportunity to partner with a well paying and successful client because they could not transfer the file in a timely manner to be considered. There was wasted time and effort put into a project that was ultimately in vain. Even assuming there had been enough time to compress the file, it would have to be the final version-- there could be no additions because that would take entail more time spent.

MFT to improve your return on investment

With an email integrated MFT solution, a company can eliminate all costs associated with large file transfers. With an MFT solution, a business can seamlessly integrate the process of file exchange in a manner that is compliant, efficient, and agile. This solution



streamlines the process of sending large files into a familiar business process. Transference of files becomes synonymous with sending an email.

MFT complete compliance

Compliance is an inherent feature of the MFT solution specifically incorporated to provide the user with complete peace of mind. With complete audit ability there is always a trail of every transaction stamped and dated. A file cannot be lost because the transfer is completely transparent. Accurate and reliable knowledge is bestowed upon the user granting them surety of the transaction. As such, it strongly diminishes the risk of fines, lawsuits, or lost faith by clientele and this means that a company can maintain their budget towards the costs of integration.

MFT safe and security

Beyond the compliance aspect of an MFT solution, a company's intellectual property is completely protected. The MFT server is safe and protected, storing the transfer until its fully transferred. In addition, the software encrypts the data in order to secure the transfer during the download and uploading process. This is a private server and access may only be granted to a select number of people whose actions are recorded and tracked. Therefore with an MFT solution, the movement within it is always monitored and protected from sabotage.

MFT is limitless and size easy to use

The MFT solution has no limitation on the size of file that can be transferred and is assimilated into the user's email. Thus, a user will never encounter complications of file transfer due to file size. The benefit that is afforded to the user is twofold. First, no limitation means that they only need one method of file transfer and secondly by integration into email the method is familiarized. This is an enabling feature that empowers users to independently execute file transfers without hesitation; thereby streamlining the file exchange process and enhancing productivity through consolidation of a difficult process into a familiar medium that requires no extra personnel.

MFT accelerated excellence

Production hinges not only on reliability but on speed. MFT solutions offer speed of transfer unmatched by traditional file exchange mediums. For example, email integrated MFT solution from OpenText is 30 times faster than that of an FTP. Thus, that file transfer that took 45 minutes is now only 1.5 minutes. In this example, the company would have lost only the hour it took to fix the machine rather than the half a day's work. Furthermore, it affords more time to finish or make changes to projects with incoming deadlines. It is the difference between millions of dollars spent on a problem that cannot be reasonably



anticipated. With a fast and reliable MFT solution, a company can increase productivity and ease the ability to communicate intellectual property between workers.

How to Build your Business Case

The most effective way to implement an MFT solution is using a Return on Investment (ROI) business report. This persuasive report is designed to call attention to a problem, quantify the costs of this problem followed by qualitative and quantitative benefits of the solution. The following details what to address and suggests areas to explore in the writing your business case for an MFT solution.

Part I: What is ROI?

ROI stands for Return on Investment: it is the expected profit anticipated as a result of the purposed action. In order to calculate ROI, you must calculate the Total Cost of Ownership (TCO) of the solution and from that compare it to the projected savings. Typically the ROI is done over a couple years to estimate the time at which profit from the solution begins. The ROI substantiates the benefits of MFT in a quantifiable way. Explaining the competitive edge that it lends to your company.

Calculating TCO

To calculate TCO you must quantify all possible costs that are attached to a particular business solution. TCO is made of two categories of costs: direct and indirect.

Direct: those attached directly to the acquisition or the usage of a business solution (ie. License costs).

Indirect: those that do not have a directly quantifiable relationship with the business solution but nonetheless are influenced by it (costs of support).



Calculating ROI

ROI is the measure of investment profitability. It indicates how much gain/profit to be had from an investment.

Time	1 year	2 years	3 years	4 years	5 years
Cost (cumulative)	100	120	140	160	180
Profit (cumulative)	50	100	150	200	250
ROI (in value)	-50	-20	10	40	70
ROI (in percent)	-50%	-17%	7%	25%	39%



Part II: calculating MFT ROI

Calculating the MFT ROI requires the following:

Cost: MFT license + annual maintenance

Profit: cost savings + incremental profits enabled by MFT

The following charts are examples of the many areas in which MFT could make quantifiable improvements to the business area.

ROI Angle	Type	Metrics
Improve productivity	Incremental Top Line improvement	<ul style="list-style-type: none">• Time spent on babysitting critical transmissions• Time lost due to transfer size limits imposed by sender's or receiver's email system• Time lost seeking alternatives to transfer large files• Missed business opportunities due to delay
Optimize network resource	Cost saving	<ul style="list-style-type: none">• Cost of bandwidth \$ per GB, \$ per dedicated line, \$ per user• Cost of network acceleration hardware
Control IT overhead	Cost saving	<ul style="list-style-type: none">• # of men hours wasted to hunt down and shut down problematic FTP servers• # of men hours required to set up ad-hoc transfer service• # of men hours spent to locate missing files• # of men hours spent to manually prepare reports• # of men hours spent to develop and maintain home grown software and scripts
Mitigate downtime	Cost saving	<ul style="list-style-type: none">• # of men hours lost because transfers are interrupted• # of men hours spent to resending files



ROI Angle	Type	Metrics
Eliminate physical shipment	Cost saving	<ul style="list-style-type: none">• Cost of shipping DVDs or hard drives• # of men hours spent on travelling with hard drives
Compliance and auditing	Incremental Top Line improvement	<ul style="list-style-type: none">• Cost of audit and compliance burden• Cost of security breach due to insecure transfer• Penalties for failing compliance requirements• Damage to corporate reputation• Money lost on service level agreement (SLA) penalties
New revenue streams	Incremental Top Line Improvement	<ul style="list-style-type: none">• Money earned by raising prices on existing services or charging for new services• Money earned by attracting new customers to your organization• Money earned by serving more needs of internal customers, especially lines of business

PART III: business case aids

The following links provide helpful tips for composing and templates to use for composition of a white paper.

Ten Timeless Persuasive Writing Techniques

<http://www.copyblogger.com/persuasive-writing/>

Business Case Guide

<http://www.tbs-sct.gc.ca/emf-cag/business-rentabilisation/bcg-gar/bcg-gartb-eng.asp>

Business Case Template (Treasury Board of Canada)

<http://www.tbs-sct.gc.ca/emf-cag/business-rentabilisation/bcg-gar/bct-mar-eng.asp>

Business Case Template (Project Management Docs)

<http://www.projectmanagementdocs.com/templates/business-case-template.html>



About OpenText

OpenText is the world's largest independent provider of Enterprise Content Management (ECM) software. The Company's solutions manage information for all types of business, compliance and industry requirements in the world's largest companies, government agencies and professional service firms. OpenText supports approximately 46,000 customers and millions of users in 114 countries and 12 languages. For more information about OpenText, visit www.opentext.com.

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