A Forrester Total Economic Impact™ Study

Commissioned By OpenText

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The Total Economic Impact™ Of OpenText

Cost Savings And Business Benefits Enabled By OpenText Enterprise Content Management (ECM) Suite

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Executive Summary

OpenText commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying OpenText Enterprise Content Management (ECM) Suite. The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of implementing OpenText ECM Suite on their organizations, to leverage the technology and related process improvements to win, serve, and retain customers.

To better understand the benefits, costs, and risks associated with an OpenText ECM Suite implementation, Forrester interviewed an existing customer (Sprint) with multiple years of experience using the software platform to provide an increase in automation of complex business processes and content, consolidate disparate content management systems into one platform, and enhance content compliance and security of its large volumes of information.

OpenText ECM Suite can help save costs and improve both business and IT productivity through its web-based end-to-end management of content through an organization's critical processes.

The costs and benefits over three years for Sprint, the United States' third-largest telecommunications provider, based on an in-depth interview of a senior manager of ECM, are:

- **License and maintenance costs: $1.4 million.**
- **Labor costs: $900,000.**
- **Total three-year benefits: $3.9 million.**

Prior to using OpenText ECM Suite, Sprint was managing its content through numerous shared drives. There was no enterprise solution, and each part of the organization had its own process for managing the content. There was also a strategic mandate to integrate and manage content throughout its life cycle and view the company's information as a critical business asset. Sprint also wanted to reduce its total cost of ownership for managing information and increasing both business and IT productivity. Said the senior manager of ECM at Sprint, "OpenText ECM Suite provides a mechanism to control and manage the life cycles of all of our documents, whether they are physical documents or electronic documents at an enterprise level."

OPENTEXT ECM SUITE REDUCES OPERATIONAL COSTS AND INCREASES IT AND BUSINESS PRODUCTIVITY

Our interview with Sprint and subsequent financial analysis found that the organization experienced the risk-adjusted ROI benefits and costs shown in Figure 1.[1]

The analysis points to three-year benefits of about $4.4 million per year versus implementation costs of $1.2 million and ongoing costs of $480,000, adding up to a three-year net present value (NPV) of about $2 million.

FIGURE 1
Financial Summary Showing Three-Year Risk-Adjusted Results

ROI: 81%	Payback: 13 to 14 months	Three-year benefits: $3.9 million	Three-year NPV: $1.8 million

Source: Forrester Research, Inc.

› **Benefits.** The interviewed organization experienced the following risk-adjusted benefits:

- **An increase in business productivity by 10%.** Sprint's knowledge workers gained productivity after implementing OpenText ECM Suite by having the ability to more easily access, store, and share information. This ability has helped streamline the way Sprint's employees use information to better win, serve, and retain their customers. As there are many factors that link to customer retention, Sprint has directly attributed OpenText ECM Suite to increasing productivity and estimated that in Year 1 it experienced a 5% productivity gain, which increased to 10% by Year 3.
- **A 25% increase in IT productivity.** Sprint realized IT productivity efficiencies of 25% over its previous ways of managing its information and content.
- **Compliance and governance risk-adjusted cost savings of $252,000 per year.** Sprint experienced a direct cost savings in governance and compliance of its information and content in accordance with laws and regulations after integration of OpenText ECM Suite into its environment.

› **Costs.** The interviewed organization experienced the following risk-adjusted costs:

- **Initial enterprise license and annual maintenance costs of $1.4 totaling over three years.** Sprint purchased an enterprise-wide license of OpenText ECM platform, including system integration of $500,000. Additionally, annual support and maintenance fees totaled $375,000 including software upgrades across all eight instances of the platform across its organization.
- **Direct and indirect labor costs of $300,000 per year.** Direct full-time employees (FTEs) who manage OpenText ECM Suite in-house at Sprint, as well as supporting FTEs, including DBAs, system architects, etc., come to approximately $300,000 per year.

Disclosures

The reader should be aware of the following:

› The study is commissioned by OpenText and delivered by Forrester Consulting. It is not meant to be used as a competitive analysis.

› Forrester makes no assumptions as to the potential ROI that other organizations will receive. Forrester strongly advises that readers use their own estimates within the framework provided in the report to determine the appropriateness of an investment in OpenText ECM Suite.

› OpenText reviewed and provided feedback to Forrester, but Forrester maintains editorial control over the study and its findings and does not accept changes to the study that contradict Forrester's findings or obscure the meaning of the study.

› OpenText provided the customer name for the interview but did not participate in the interview.

TEI Framework And Methodology

INTRODUCTION

From the information provided in the interviews, Forrester has constructed a Total Economic Impact (TEI) framework for those organizations considering implementing OpenText ECM Suite. The objective of the framework is to identify the cost, benefit, flexibility, and risk factors that affect the investment decision, in order to help organizations understand how to take advantage of specific benefits, reduce costs, and improve the overall business goals of winning, serving, and retaining customers.

APPROACH AND METHODOLOGY

Forrester took a multistep approach to evaluate the impact OpenText ECM Suite can have on an organization (see Figure 2). Specifically, we:

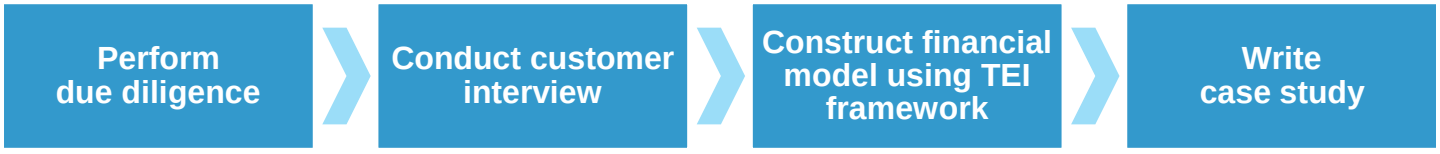
- Interviewed OpenText marketing, sales, and/or consulting personnel, along with Forrester analysts, to gather data relative to the marketplace for OpenText ECM Suite.
- Interviewed one organization currently using OpenText to obtain data with respect to costs, benefits, and risks.
- Constructed a financial model representative of the interview using the TEI methodology. The financial model is populated with the cost and benefit data obtained from the interview.
- Risk-adjusted the financial model based on issues and concerns the interviewed organization highlighted in interviews. Risk adjustment is a key part of the TEI methodology. While the interviewed organization provided cost and benefit estimates, some categories included a broad range of responses or had a number of outside forces that might have affected the results. For that reason, some cost and benefit totals have been risk-adjusted and are detailed in each relevant section.

Forrester employed four fundamental elements of TEI in modeling OpenText ECM Suite: benefits, costs, flexibility, and risks.

Given the increasing sophistication that enterprises have regarding ROI analyses related to IT investments, Forrester's TEI methodology serves to provide a complete picture of the total economic impact of purchase decisions. Please see Appendix B for additional information on the TEI methodology.

FIGURE 2

TEI Approach



Source: Forrester Research, Inc.

Analysis

INTERVIEWED ORGANIZATION

For this study, Forrester conducted an in-depth interview with the senior manager of ECM for Sprint which has been a customer of OpenText for over 10 years.

Based on the in-depth interview, Forrester constructed a TEI framework and an associated ROI analysis that illustrates the areas financially affected. Sprint is the customer of OpenText that Forrester interviewed, and has the following characteristics:

- Is the third-largest telecommunications and wireless network operator in the US.
- Has annual revenues of over $35 billion.
- Is headquartered in Overland, Kansas with over 30,000 employees worldwide.
- Serves more than 55 million customers.
- Operates wireless and wireline networks to serve individual consumers and business customers.
- Is widely recognized for developing, engineering, and deploying innovative technologies, including the first wireless 4G service from a national carrier in the United States.
- Continues to operate leading prepaid brands such as Virgin Mobile USA, Boost Mobile, and Assurance Wireless.

> *"OpenText ECM Suite has made Sprint much more organized and it is a much better solution for us. We are more definitely more productive as a result."*
>
> ~ Senior manager of ECM, Sprint

> *"Sprint has a lot of national security agreements, DOD certifications, and government standards to follow, so having OpenText ECM platform to secure our content and lock things down is invaluable to us."*
>
> ~ Senior manager of ECM, Sprint

INTERVIEW HIGHLIGHTS

Situation

Forrester interviewed a senior manager of ECM who is responsible for managing the OpenText ECM Suite within Sprint as well as managing the vendor relationship. Sprint made the decision to move to a comprehensive ECM platform because the corporation needed a mechanism to control and manage the life cycles of all of its documents for both its physical and electronic documents at an enterprise level. Prior to OpenText, Sprint had numerous in-house network, shared drives whose content was specific to each business unit. There was no control or visibility at an enterprise level.

Today Sprint has eight installations of the OpenText ECM Suite in its environment. One is the main enterprise document-sharing and document-management system, and the other instances are for Sprint's HR records, expense reports, records management system, and physical records archive. Most of the instances are on OpenText ECM Suite 10, with two instances on OpenText ECM Suite version 9.7.

Solution

Sprint selected OpenText ECM Suite for its ability to provide an enterprise-wide solution to integrate Sprint's content across businesses and manage it in one consistent approach that more easily links with multiple systems including OpenText repositories. Additionally, after evaluating other document- and content-management solutions, Sprint chose OpenText ECM Suite "because it is a much more robust system that you can do a lot more with," according to the senior manager of ECM. Sprint had different use cases, and OpenText ECM Suite applications had the ability to meet most of them without much customization or major development efforts.

Results

The customer interview with Sprint revealed that:

› **OpenText ECM Suite increases business productivity by providing more-reliable, easier, and faster access to information retrieval.** The most significant benefit experienced was the increase in employee productivity from accessing, storing, and sharing information for day-to-day business tasks. The productivity is measured by the additional time savings realized by Sprint's employees to better win, serve, and retain customers.

› **OpenText ECM Suite increases IT productivity through decreased support costs.** The burden of managing disparate systems and shared drives and system reliability is relieved by having an enterprise platform**.** Sprint was able to increase its IT support productivity by decreasing the percentage of time supporting business process and tasks related to managing and hosting the company's content and information.

> *"We just have not had a lot of application issues with OpenText ECM suite. So that's the best part for me as the IT owner that the system across all of the instances has been very reliable for us."*
>
> ~ Senior Manager ECM, Sprint Corporation

› **A centralized system to manage content at an enterprise level reduces compliance and governance costs.** Sprint has recognized direct cost savings in managing its compliance to government regulations as a result of OpenText ECM Suite.

BENEFITS

Sprint experienced a number of quantified benefits in this case study:

- Increase in business productivity by 10%.
- Increase in IT support productivity by 25%.
- Reduction in compliance and governance costs.



Increase In Business Productivity

Sprint indicated that a key benefit from implementing OpenText ECM Suite was the increase in productivity for its knowledge workers, who rely on accessing, sharing, and storing information to conduct their daily business activities. OpenText ECM Suite allows Sprint's knowledge workers to more efficiently collaborate, simultaneously review documents, and provide the ability author the same document across multiple participants. Additionally, OpenText ECM Suite manages how content flows within and across departments, manages what systems it touches, and allows knowledge workers to access information more easily. OpenText ECM solution provides knowledge workers the ability to manage and control their documents for comprehensive reporting, and provides secure online and offline access to documents.

Increase in business productivity was calculated (see Table 1) based on 40% of Sprint's knowledge workers that rely on accessing content to conduct their daily business tasks. Additionally, 20% of their productive time is required to access, share, and work on content supported by OpenText ECM solution. Sprint experienced a 10% increase in business productivity gains from the implementation of OpenText ECM Suite.

TABLE 1
Increase In Business Productivity (Knowledge Workers)

Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3	Total	Present Value
A1	Number of knowledge workers employees			10,000	12,000	14,000		
A2	Percentage of knowledge workers' relying on information (access and sharing of information to conduct business daily)			40%	40%	40%		
A3	Percentage of knowledge workers time relying on accessing, sharing, storing information			20%	20%	20%		
A4	Avg. hourly cost per FTE			$75	$75	$75		
A5	Avg. working hours in a year			2,040	2,040	2,040		
A6	Efficiency gained by implementing OpenText ECM Suite			10%	10%	10%		
A6	Actual additional productivity realized for organization from the additional time savings			5%	7%	10%		
At	Increase in employee productivity		$0	$612,000	$1,028,160	$1,713,600	$3,353,760	$2,693,536
	Risk Adjustment		90%					
Atr	**Increase in employee productivity (Risk-Adjusted)**		**$0**	**$550,800**	**$925,344**	**$1,542,240**	**$3,018,384**	**$2,424,182**

Source: Forrester Research, Inc.



Increase In IT Productivity

Sprint indicated that another key benefit from the OpenText ECM Suite implementation was a significant savings in IT support required to manage content across its life cycle at an enterprise level. Prior to Sprint's investment in OpenText ECM Suite software, there was a great deal of strain on the internal IT team to support business processes and tasks related to evaluating projects, communicating with vendors, making investment decisions, and archiving documents for compliance purposes. As a result, Sprint largely relied on multiple systems and processes to manage its workflow operations, requiring a large amount of IT support. Additionally, before implementing OpenText ECM Suite, Sprint had outsourced its business process management needs to an outside vendor but lacked end-to-end automated processes across all lines of business globally.

Sprint has 300 IT employees and claimed that about 35% of their time was spent managing workflow and business process tasks. Since the implementation of OpenText ECM solution, Sprint has seen an increase in productive time of 30% in Year 1 to 50% in Year 3 due to more-efficient management of the company's content at an enterprise level and ease of integration with other systems. Sprint estimates that about 25% of this increased productive time is translated into efficiency gains for the company. This results in a risk-adjusted three-year NPV of approximately $885,000 (see Table 2).

TABLE 2
Increase In IT Productivity

Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3	Total	Present Value
B1	Number of IT employees			300	300	300		
B2	Average hourly burden rate IT employee			$75	$75	$75		
B3	Number of working hours per year			2,040	2,040	2,040		
B4	Percentage of IT employees responsible for system integration with OpenText ECM Suite, managing multiple shared drives, and storing information			35%	35%	35%		
B5	Percentage increase in productivity by implementing OpenText ECM Suite			30%	40%	50%		
B6	Actual IT realized cost savings			25%	25%	25%		
Bt			$0	$301,219	$401,625	$502,031	$1,204,875	$982,940
	Risk Adjustment		90%					
Btr	**Actual IT realized cost savings (Risk-Adjusted)**		**$0**	**$271,097**	**$361,463**	**$451,828**	**$1,084,388**	**$884,646**

Source: Forrester Research, Inc.

Reduction In Compliance And Governance Costs

Sprint indicated that an additional benefit derived from the OpenText ECM Suite implementation is its ability to now more-efficiently comply with government standards and regulations. In 2012, Sprint was purchased by SoftBank, a Japanese company, and as a result has to comply with many more government regulations, provide transparency, and allow internal groups to access information to share with outside groups.

Sprint saved about 200 hours a year across eight FTEs who are responsible for disclosing data and sharing information in order to comply with government standards and regulations. With an average price per FTE of $175/hour, this results in a three-year risk-adjusted direct cost savings of about $625,000 (see Table 3).

TABLE 3
Reduction In Compliance And Governance Costs

Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3	Total	Present Value
C1	Average time saved (hours) per compliance FTE			200	200	200		
C2	Number of FTEs working on compliance and governance of the organization's information			8	8	8		
C3	Hourly cost per compliance team FTE			$175	$175	$175		
Ct	Direct cost avoidance : Compliance and governance-related costs		$0	$280,000	$280,000	$280,000	$840,000	$696,319
	Risk Adjustment		90%					
Ctr	**Direct cost avoidance : Compliance and governance-related costs (Risk-Adjusted)**		**$0**	**$252,000**	**$252,000**	**$252,000**	**$756,000**	**$626,687**

Total Benefits

Table 4 shows the total of all benefits across the three areas listed above, as well as present values (PVs) discounted at 10%. Over three years, Sprint experienced risk-adjusted total benefits to be a PV of about $4 million.

TABLE 4
Total Benefits (Risk-Adjusted)

Ref.	Benefit Category	Initial	Year 1	Year 2	Year 3	Total	Present Value
Atr	Increase in Employee Productivity	$0	$550,800	$925,344	$1,542,240	$3,018,384	$2,424,182
Btr	IT Cost Savings (Storage, IT efficiency, and IT Support)	$0	$271,097	$361,463	$451,828	$1,084,388	$884,646
Ctr	Reduction in Compliance / Governance Related Costs	$0	$252,000	$252,000	$252,000	$756,000	$626,687
	Total Benefits (Risk-Adjusted)	**$0**	**$1,073,897**	**$1,538,807**	**$2,246,068**	**$4,858,772**	**$3,935,515**

Source: Forrester Research, Inc.

COSTS

Sprint incurred two costs associated with the OpenText ECM Suite:

- Enterprise software license and annual maintenance costs.
- Direct and indirect labor costs.

These represent the costs experienced by Sprint for initial implementation and ongoing maintenance associated with the solution.

Enterprise Software Licenses And Annual Maintenance Costs

Sprint incurred about $500,000 in license fees to acquire enterprise software to implement OpenText ECM Suite into its environment. Additionally, Sprint spends about $375,000 in annual maintenance costs, which includes support services, integration of other systems, and ongoing software updates. This resulted in about $1.4 million in costs over three years for Sprint (see Table 5).

Implementation and maintenance costs vary from organization to organization, considering different licensing agreements, what other products may be licensed from the same vendor, and other discounts.

TABLE 5
Enterprise Software License And Annual Maintenance Costs

Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3	Total	Present Value
D1	Enterprise software license		$500,000					
Dt	Annual maintenance, support, software upgrade cost	A1		$375,000	$375,000	$375,000	$1,125,000	$932,569
	Risk Adjustment		100%					
Dtr	**Annual maintenance, support, software upgrade cost (Risk-Adjusted)**		**$500,000**	**$375,000**	**$375,000**	**$375,000**	**$1,625,000**	**$1,432,569**

Source: Forrester Research, Inc.

Direct And Indirect Labor Costs

Sprint incurs about $300,000 in both direct and indirect labor costs to support OpenText ECM Suite. Sprint has 2.5 full-time resources to support the environment. This includes 1.5 resources in the US (representing approximately $150,000 per resource per year) and one offshore resource, on which they spend $50,000 per year. Additionally, Sprint incurs indirect labor costs from the support of other engineers, developers, DBAs, and architects. This amounts to about an additional $100,000 in labor costs for the organization. For Sprint, this resulted in a three-year PV cost of about $745,000 (see Table 6).

Maintenance costs will vary from organization to organization. Some organizations outsource, and others manage these responsibilities in-house, perhaps augmented with third-party consulting help.

TABLE 6
Direct and Indirect Labor Costs

Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3	Total	Present Value
E1	Onshore FTEs to manage ECM Suite (1.5 FTE at $100,000/Year)			$150,000	$150,000	$150,000		
E2	Offshore FTE to manage ECM Suite (1 FTE at $50,000/year)			$50,000	$50,000	$50,000		
E3	Indirect labor: database and system architects, engineers, and developers			$100,000	$100,000	$100,000		
Et	Total implementation and customization costs		$0	$300,000	$300,000	$300,000	$900,000	$746,056
	Risk Adjustment		100%					
Etr	**Total implementation and customization costs (Risk-Adjusted)**		**$0**	**$300,000**	**$300,000**	**$300,000**	**$900,000**	**$746,056**

Source: Forrester Research, Inc.

Total Costs

Table 7 shows the total of all costs as well as associated present values, discounted at 10%. Over three years, Sprint expects total costs to total a net present value of a little more than $2.1 million.

TABLE 7
Total Costs

Ref.	Cost Category	Initial	Year 1	Year 2	Year 3	Total	Present Value
Dtr	Enterprise software license and annual maintenance costs	($500,000)	($375,000)	($375,000)	($375,000)	($1,625,000)	($1,432,569)
Etr	Direct and Indirect Labor Costs	$0	($300,000)	($300,000)	($300,000)	($900,000)	($746,056)
	Total Costs (Risk-Adjusted)	**($500,000)**	**($675,000)**	**($675,000)**	**($675,000)**	**($2,525,000)**	**($2,178,625)**

Source: Forrester Research, Inc.

FLEXIBILITY

Flexibility, as defined by TEI, represents an investment in additional capacity or capability that could be turned into business benefit for some future additional investment. This provides an organization with the means or the ability to engage in future initiatives but not the obligation to do so. There are multiple scenarios in which a customer might choose to implement OpenText ECM Suite and later realize additional use cases and business opportunities. Flexibility would also be quantified when evaluated as part of a specific project (described in more detail in Appendix B).

Sprint has the opportunity to use more-sophisticated features and functionality through customization that will allow Sprint to further manage and share disparate amounts of content across its organization. Additionally, Sprint has the flexibility to scale up the number of users who can both engage with the platform and benefit from it, without increasing costs.

RISK

Forrester defines two types of risk associated with this analysis: “implementation risk” and “impact risk.” Implementation risk is the risk that a proposed investment in OpenText ECM Suite may deviate from the original or expected requirements, resulting in higher costs than anticipated. Impact risk refers to the risk that the business or technology needs of the organization may not be met by the investment in OpenText ECM Suite resulting in lower overall total benefits. The greater the uncertainty, the wider the potential range of outcomes for cost and benefit estimates.

TABLE 8
Benefit And Cost Risk Adjustments

Benefits	Adjustment
Increase in business productivity	↓ 10%
Increase in IT productivity	↓ 10%
Reduction in compliance and governance costs	↓ 10%

Source: Forrester Research, Inc.

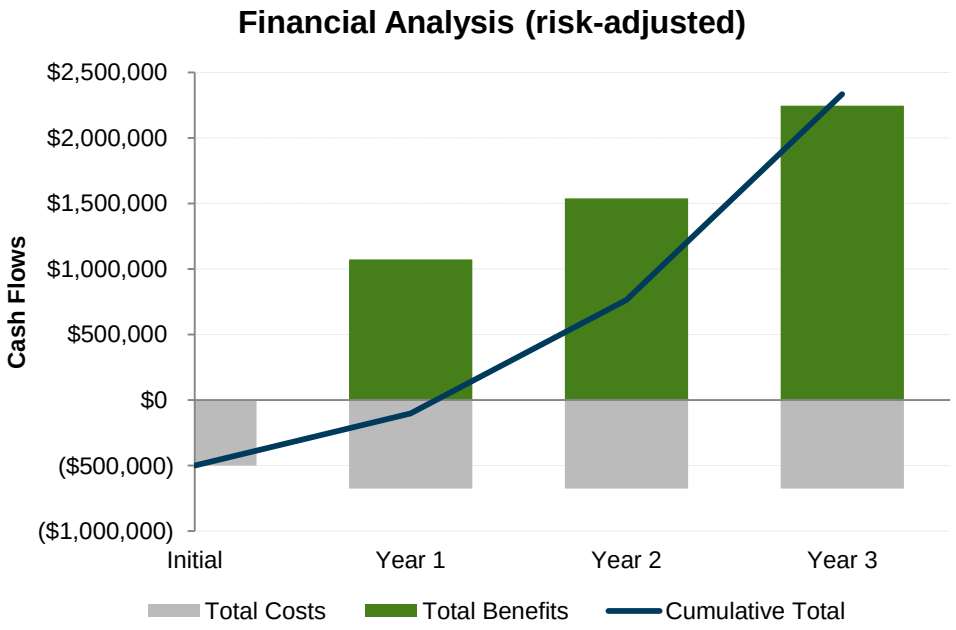
Quantitatively capturing implementation risk and impact risk by directly adjusting the financial estimates results provides more meaningful and accurate estimates and a more accurate projection of the ROI. In general, risks affect costs by raising the original estimates, and they affect benefits by reducing the original estimates. The risk-adjusted numbers should be taken as “realistic” expectations since they represent the expected values considering risk.

Financial Summary

The financial results calculated in the Benefits and Costs sections can be used to determine the ROI, NPV, and payback period for the interviewed organization's investment in OpenText ECM Suite.

Figure 3 below shows the risk-adjusted ROI, NPV, and payback period values. These values are determined by applying the risk-adjustment values from Table 8 in the Risk section to the unadjusted results in each relevant cost and benefit section.

FIGURE 3
Cash Flow Chart (Risk-Adjusted)



Source: Forrester Research, Inc.

TABLE 9
Cash Flow (Risk-Adjusted)

Summary	Initial	Year 1	Year 2	Year 3	Total	Present Value
Total Costs	($500,000)	($675,000)	($675,000)	($675,000)	($2,525,000)	($2,178,625)
Total Benefits	$0	$1,073,897	$1,538,807	$2,246,068	$4,858,772	$3,935,515
Total	**($500,000)**	**$398,897**	**$863,807**	**$1,571,068**	**$2,333,772**	**$1,756,890**
ROI						**81%**
Payback Period (months)						**13.4**

OpenText ECM Suite Overview

Global organizations face complex and daunting challenges in managing the business content they create and receive. But these challenges are also an opportunity to increase productivity and compliance and to reduce storage costs.

Today's information workers are creating and editing ever-increasing volumes of content, often collaborating with internal peers and external stakeholders. Deadlines are tight, email inboxes are clogged, and understanding whether the right person has the right version at the right time is often needlessly confusing and time consuming, reducing productivity.

Compliance officers and General Counsels are worried that by not identifying and managing content appropriately (business records and non-business records), users are increasing the organization's exposure to risk. And IT is watching storage costs balloon as they have no effective way to identify duplications in email attachments and file shares, what is important to keep, for how long, and what can safely be pushed to lower-cost storage media. Managing, controlling, and securing content is critical to an organization's overall information governance strategy.

OpenText Content Suite is the foundation for Information Governance and an enabler of transformation of paper-based processes into integrated digital processes. With Information Governance to mitigate cost and risk, strategic organizations can focus on using information to drive growth and innovation.

Available on premises, in the cloud or in hybrid environments, OpenText Content Suite is a set of enterprise content management (ECM) technologies includes capture, document and records management, workflow, search and archiving as well as applications and add-ons such as email, eDiscovery, auto-classification, contract management and engineering document management.

Content Suite ensures an organization can effectively:

- Manage information flows across the organization from capture through archiving and disposition
- Apply dependable, consistent governance policies across any type of content in the enterprise, regardless of where it originates—be it a source inside or outside the enterprise or in the cloud
- Transform business process and embed ECM into business processes and applications that users work in every day—for example SAP®, Oracle®, and Microsoft®
- Provide users with rapid and seamless access from any device, or any location—web, desktop, or mobile
- Ensure rapid access to a secure, single source of truth, optimizing business processes and provide deeper insight into information to support agility and innovation
- Maintain compliance and security while addressing the challenges of an increasingly complex and dynamic regulatory landscape
- Leverage a common, documented, standard layer of development tools that reach across all Content Suite components to extend the value of content and make rapid application creation and system integration easy

With OpenText Content Suite, an organization can harness the value of its information and enable the strategic CIO to transform every line of business and better compete in the new information economy.

Appendix A: Interviewed Organization Description

For this TEI study, Forrester interviewed the senior manager of ECM management at Sprint, based in the United States. The financial analysis and case study to illustrate the quantifiable benefits and costs of implementing OpenText ECM Suite are based on this in-depth interview. The interviewed organization has the following characteristics:

- Is the third-largest telecommunications and wireless network operator in the US.
- Has annual revenues of over $35 billion.
- Is headquartered in Overland, Kansas and has over 30,000 employees worldwide.
- Serves more than 55 million customers.
- Operates wireless and wireline networks to serve individual consumers and business customers.
- Is widely recognized for developing, engineering, and deploying innovative technologies, including the first wireless 4G service from a national carrier in the United States.
- Continues to operate leading prepaid brands such as Virgin Mobile USA, Boost Mobile, and Assurance Wireless.

FRAMEWORK ASSUMPTIONS

Table 10 provides the model assumptions that Forrester used in this analysis.

The discount rate used in the PV and NPV calculations is 10% and the time horizon used for the financial modeling is three years. Organizations typically use discount rates between 8% and 16% based on their current environment. Readers are urged to consult with their respective company's finance department to determine the most appropriate discount rate to use within their own organizations.

TABLE 10
Model Assumptions

Ref.	Metric	Calculation	Value
C1	Hours per year		2,040
C2	Average hourly cost — knowledge worker globally		$75
C3	Average hourly cost — IT support FTE		$75
C4	Average hourly cost — compliance		$150

Source: Forrester Research, Inc.

Appendix B: Total Economic Impact™ Overview

Total Economic Impact is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders. TEI assists technology vendors in winning, serving, and retaining customers.

The TEI methodology consists of four components to evaluate investment value: benefits, costs, flexibility, and risks.

BENEFITS

Benefits represent the value delivered to the user organization — IT and/or business units — by the proposed product or project. Often, product or project justification exercises focus just on IT cost and cost reduction, leaving little room to analyze the effect of the technology on the entire organization. The TEI methodology and the resulting financial model place equal weight on the measure of benefits and the measure of costs, allowing for a full examination of the effect of the technology on the entire organization. Calculation of benefit estimates involves a clear dialogue with the user organization to understand the specific value that is created. In addition, Forrester also requires that there be a clear line of accountability established between the measurement and justification of benefit estimates after the project has been completed. This ensures that benefit estimates tie back directly to the bottom line.

COSTS

Costs represent the investment necessary to capture the value, or benefits, of the proposed project. IT or the business units may incur costs in the form of fully burdened labor, subcontractors, or materials. Costs consider all the investments and expenses necessary to deliver the proposed value. In addition, the cost category within TEI captures any incremental costs over the existing environment for ongoing costs associated with the solution. All costs must be tied to the benefits that are created.

FLEXIBILITY

Within the TEI methodology, direct benefits represent one part of the investment value. While direct benefits can typically be the primary way to justify a project, Forrester believes that organizations should be able to measure the strategic value of an investment. Flexibility represents the value that can be obtained for some future additional investment building on top of the initial investment already made. For instance, an investment in an enterprisewide upgrade of an office productivity suite can potentially increase standardization (to increase efficiency) and reduce licensing costs. However, an embedded collaboration feature may translate to greater worker productivity if activated. The collaboration can only be used with additional investment in training at some future point. However, having the ability to capture that benefit has a PV that can be estimated. The flexibility component of TEI captures that value.

RISKS

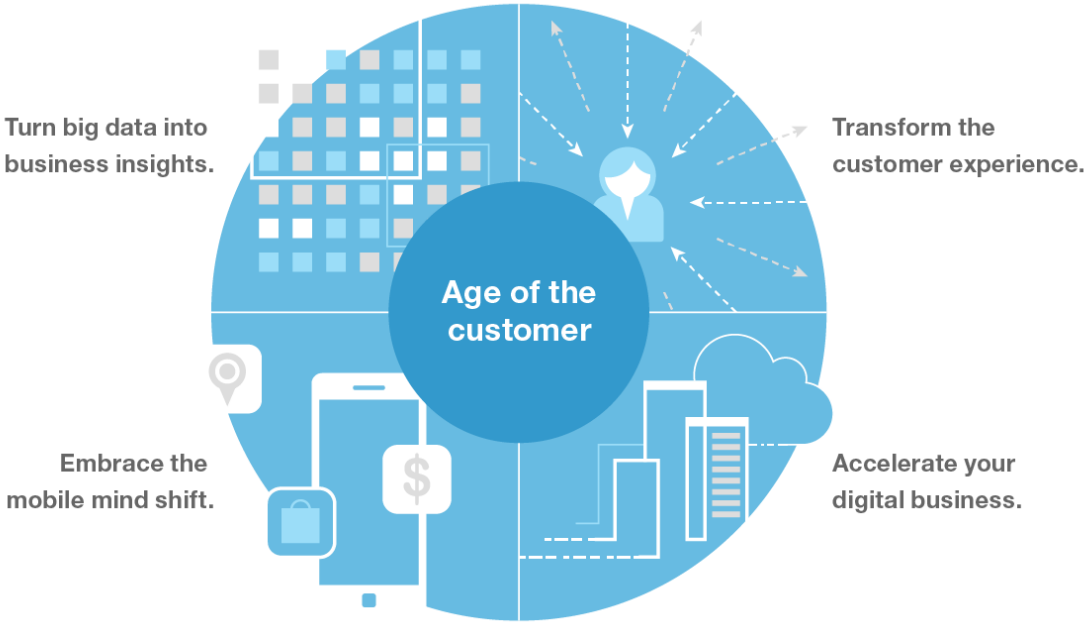
Risks measure the uncertainty of benefit and cost estimates contained within the investment. Uncertainty is measured in two ways: 1) the likelihood that the cost and benefit estimates will meet the original projections and 2) the likelihood that the estimates will be measured and tracked over time. TEI risk factors are based on a probability density function known as "triangular distribution" to the values entered. At a minimum, three values are calculated to estimate the risk factor around each cost and benefit.

Appendix C: Forrester And The Age Of The Customer

Technology-empowered organizations now know more about products and services, pricing, and reputation. Your competitors can copy or undermine the moves you take to compete. The only way to win, serve, and retain customers is to become customer-obsessed.

A customer-obsessed enterprise focuses its strategy, energy, and budget on processes that enhance knowledge of and engagement with customers and prioritizes these over maintaining traditional competitive barriers.

CMOs and CIOs must work together to create this companywide transformation.



Forrester has a four-part blueprint for strategy in the age of the customer, including the following imperatives to help establish new competitive advantages:

Transform the customer experience to gain sustainable competitive advantage.

Accelerate your digital business with new technology strategies that fuel business growth.

Embrace the mobile mind shift by giving customers what they want, when they want it.

Turn big data into business insights through innovative analytics.

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Appendix D: Glossary

Discount rate: The interest rate used in cash flow analysis to take into account the time value of money. Companies set their own discount rate based on their business and investment environment. Forrester assumes a yearly discount rate of 10% for this analysis. Organizations typically use discount rates between 8% and 16% based on their current environment. Readers are urged to consult their respective organizations to determine the most appropriate discount rate to use in their own environment.

Net present value (NPV): The present or current value of (discounted) future net cash flows given an interest rate (the discount rate). A positive project NPV normally indicates that the investment should be made, unless other projects have higher NPVs.

Present value (PV): The present or current value of (discounted) cost and benefit estimates given at an interest rate (the discount rate). The PV of costs and benefits feed into the total NPV of cash flows.

Payback period: The breakeven point for an investment. This is the point in time at which net benefits (benefits minus costs) equal initial investment or cost.

Return on investment (ROI): A measure of a project's expected return in percentage terms. ROI is calculated by dividing net benefits (benefits minus costs) by costs.

A NOTE ON CASH FLOW TABLES

The following is a note on the cash flow tables used in this study (see the example table below). The initial investment column contains costs incurred at "time 0" or at the beginning of Year 1. Those costs are not discounted. All other cash flows in years 1 through 3 are discounted using the discount rate (shown in the Framework Assumptions section) at the end of the year. PV calculations are calculated for each total cost and benefit estimate. NPV calculations are not calculated until the summary tables are the sum of the initial investment and the discounted cash flows in each year.

Sums and present value calculations of the Total Benefits, Total Costs, and Cash Flow tables may not exactly add up, as some rounding may occur.

TABLE [EXAMPLE]
Example Table

Ref.	Metric	Calculation	Year 1	Year 2	Year 3

Source: Forrester Research, Inc.

Appendix E: Endnotes

[1] Forrester risk-adjusts the summary financial metrics to take into account the potential uncertainty of the cost and benefit estimates. For more information, see the section on Risks.