

# Transform Insights, Improve Operational Excellence, and Delight Customers with Extended ECM

By: Connie Moore

## Content Increases in Value When Extended to Business Applications

Contrary to the widespread behavior so often seen in organizations, *digital information was not meant to sit on a shelf—physical or virtual—waiting patiently for someone to find it.* But despite being put into carefully structured repositories, a “shelf” is precisely where much unstructured information remains, robbing businesses of essential insights into their customers and business processes, and blocking key inputs to business decisions and actions.

Think about it for a minute. Not having access to critical content from core business systems like enterprise resource planning (ERP), customer relationship management (CRM), supply chain management (SCM), or human resource management (HRM) is akin to walking around the business with blinders on. Employees can't see—or worse, don't even know about—important information that could drastically influence their decision-making, efficiency, and even effectiveness.

It's well past time to take the blinders off by adding a world of rich, unstructured information to bolster, inform, update, and enhance how workers handle critical customer interactions, financial decisions, and operational processes. Enterprise content management (ECM) provides the needed

structure, classification, and governance, but that doesn't always fit smoothly into the business processes employees engage in to get their work done. To truly solve the problem, ECM needs to be extended into the core business applications, bridging the many digital silos and empowering workers.

## Just What Exactly Is Extended ECM?

Before defining and exploring the concept of extended ECM, it's important to agree on the meaning of ECM, which is the foundational building block for all unstructured information. AIIM, the leading association for promoting the effective management and use of unstructured information, defines ECM as:

“The systematic collection and organization of information that is to be used by a designated audience—business executives, customers, etc. Neither a single technology nor a methodology nor a process, it is a

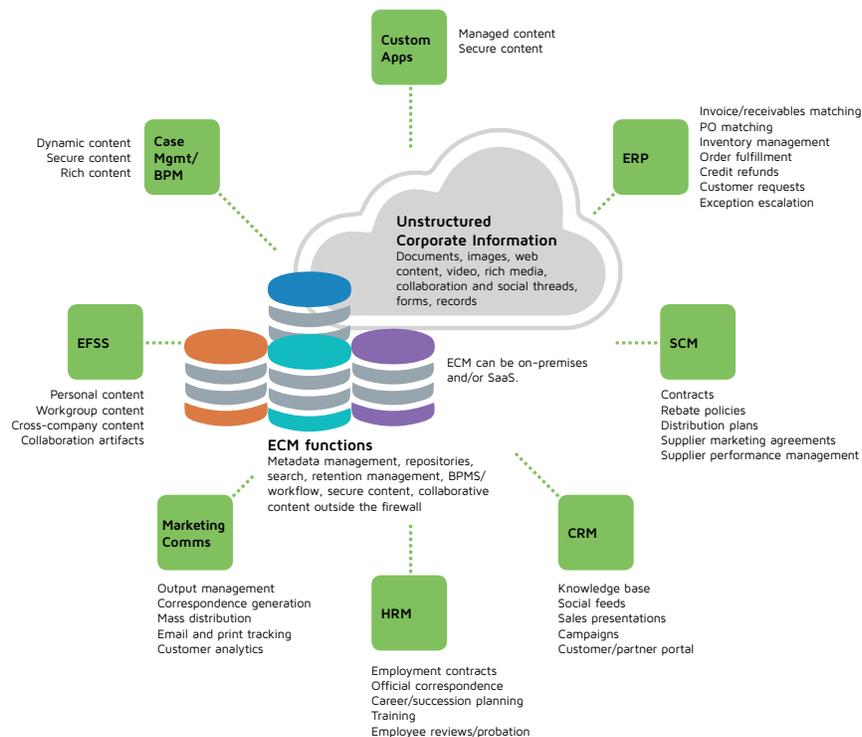
dynamic combination of strategies, methods, and tools used to capture, manage, store, preserve, and deliver information supporting key organizational processes through its entire lifecycle.”<sup>1</sup>

*Extended ECM* further expands the value of managing unstructured information in digital repositories to include the integration of business content with business applications. Digital Clarity Group defines *extended ECM* as:

“The unification of digital content and business applications by integrating ECM and packaged business suites—such as ERP, CRM, SCM, HRM, and PLM—and/or custom developed business applications. The integration may be prepackaged and delivered out of the box by the ECM or business applications vendor, or may be developed in-house by the IT organization or a service provider using the vendor's connectors” (see Figure 1).<sup>2</sup>

Figure 1.

## Extended Content for Contextual 360-Degree View Inside Business Apps





## Providing Content in Context Drives ROI Higher

Content becomes even more valuable when it's *contextual* to the business activity and no longer falls between the cracks. Instead, all relevant information is logically linked to the business activity. Extending content to other systems matters for three reasons:

- **Content was meant to move.** It was meant to be consumed, used, and reused in a wide range of business applications, including BPM systems, case management systems, compliance software, collaboration tools, and knowledge management solutions. Some of the highest-growth segments of ECM are in areas that marry content with the software that automates business processes, such as packaged business applications, custom applications, and case management solutions that integrate content, collaboration, analytics, and BPM.
- **Integrating content with business applications significantly increases its value.** While it is certainly possible and worthwhile to create and maintain archives that are infrequently accessed (like knowledge management systems) or collections that are intentionally archival (like vital records), content is increasingly being integrated when packaged suites are first installed. But when existing, standalone ECM repositories are eventually integrated with core business applications, it's not unusual for the business value from contextual content to double or even triple.<sup>3</sup>
- **ROI typically increases three to five times when processes access content at the beginning of a business activity,** rather than having it tacked on as an afterthought or left to languish on the shelf.<sup>4</sup> And the ROI is increasing because today's digital content is much more than documents of the past. It not only includes everyday business documents, images, and web content, but also video, audio, still images, medical imagery, geophysical imagery, and every other piece of content you can imagine an organization producing. Plus, today's ECM implementations are interlinked with rich contextual information, such as social streams, collaboration threads, geolocation data, user preferences, and IoT data streams, providing significant value to the business application.

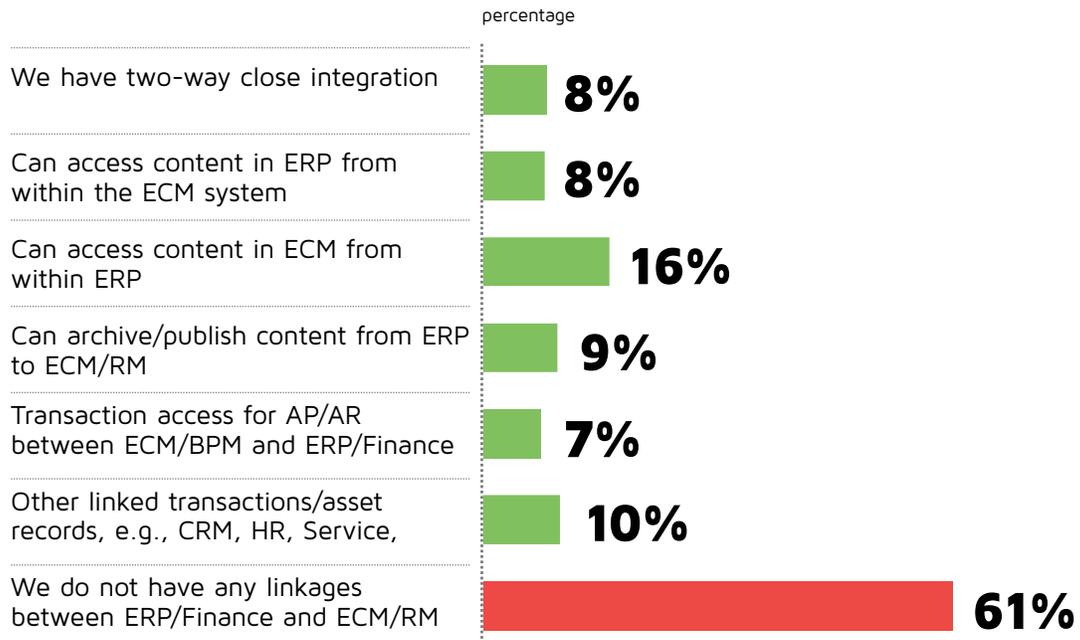
Although unstructured content is messier than structured data to codify, manage, and analyze, content fuels many of today's essential business activities. Just like data, content now lives at the heart of business decisions, and the business application most often integrated with ECM first is ERP.

Yet, according to AIIM, currently 61% of more than 300 companies recently surveyed have no connection between their ECM and ERP solutions. Of those that have integrated ECM with ERP, 24% only have a one-way content link, while a mere 8% have a two-way link, and only 7% have implemented an AP/AR transaction link. And the linkage between ECM and other applications, such as CRM and HRM, is less than 10%<sup>5</sup> (see Figure 2).



Figure 2.

### How Closely Coupled is Your ECM/DM/RM System to Your ERP Finance System?



Source: AIIM

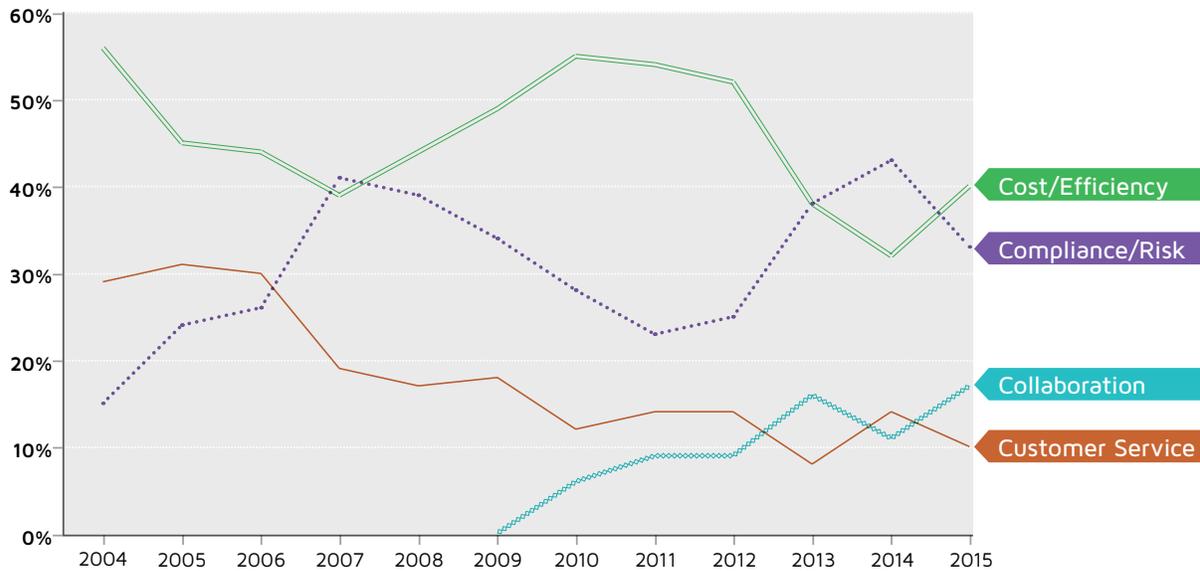
“Use digital content to inform and enrich business decisions, provide greater operational excellence, gain a complete view of customers, and offer a significantly better customer experience.”

The low implementation statistics for extended ECM in the AIIM research are ironic, since 373 respondents in the same survey identified lower costs and greater efficiency as the most important

business driver for ECM adoption<sup>6</sup> (see Figure 3). In reality, many companies have lowered their costs and gained significant efficiency by extending ECM to ERP and other business applications.

Figure 3.

### When You Consider Your Document and Records Management Projects, What is the Most Significant Business Driver for Your Organization?



Source: AIIM

## Extended ECM Usage Is Heating Up

One has to wonder: why is the integration of ECM and ERP (and other business applications) so low, given the clear ROI from extending ECM? It's because, for many years, most organizations installed ERP (and CRM, HRM, and other suites) and ECM separately. Often these initiatives were driven by different functional groups within the enterprise; it was not until the technologies matured recently that both camps started to come together.

Extending ECM into ERP began accelerating three to four years ago, as more companies considering cloud also saw the value of bringing business context to their large content stores. Once companies consolidated on single ERP and ECM platforms and began managing data in a consolidated manner (e.g., consolidated assets, clients, analytics, and transactions) did they realize that key information was missing (such as equipment failures, documentation, manuals, guidelines, schematics, visuals, contracts, and personnel documents, to name a few.) The realization that they would never be able to see the whole picture—and generate true operational and



customer excellence—until all the information came together became a big catalyst for moving to extended ECM.

The adoption pattern for extended ECM varies, depending on the organization's business strategy. These initiatives can be driven by line of business executives or the CIO:

- **The first use of extended ECM is often with finance, HR, and asset management because the value is clear-cut and most companies have well-established ERP and HRM applications and processes.** Additional extended ECM applications support many other business functions, including supply chain, production, marketing, customer service, and sales.
- **Customer engagement will become one of the most widely deployed uses of extended ECM as companies embark on transformation and decide to link CRM and other customer support applications with ECM.** For example, retailers seek to link content from the call center, stores, and websites with business applications in order to gain deeper insight into customer activities and better serve them with targeted communications and information.

## Success Story: Extended ECM Generates Efficiency and Transformation at Hydro Tasmania

One of the biggest problems companies face with their physical and digital content is the many content repositories and file stores that frequently lead to duplicated, conflicting, lost, and out-of-date information. For power utilities, when critical maintenance documents are out of date, lives are at

stake (and, sadly, have been lost), not to mention the reliable uptime of a particular part of the infrastructure, which can impact tens of thousands of customers or more. A reliable, single source of the truth is essential for safety, accurate assessment and planning, asset efficiency, and customer satisfaction.

Hydro Tasmania, Australia's largest producer of renewable energy, faced this exact problem. Personnel in the field would update maintenance and procedure documents over the years, but didn't always check them back into the repository. Users simply didn't see the existing technology provided to them as adding value to their processes, resulting in the system of record being an inaccurate representation of the truth.

To add to that, major shifts in the energy industry that reverberated around the world were forcing Hydro Tasmania towards large-scale change.<sup>7</sup> Business disruption came fast and furious from many quarters—customers became more energy-conscious, seeking alternative power sources for their houses, investing in more energy-efficient appliances, and moving to lower energy consumption through smart metering/smart grid. In parallel, this new generation of digital-native consumers had skyrocketing expectations—at a minimum, expecting 24x7 access information related to their accounts.

Ironically, the demand for power fell just as customer expectations began to climb. The result was that Hydro Tasmania needed to do more (improve processes and delight customers) with less (fewer people and lower costs). This was quite a challenge because the existing applications and information systems, plus the accumulated organizational practices, were not up to the task. Specifically:

- The utility found it more difficult than expected to integrate existing repositories of structured and unstructured information.

- The organization didn't know what information the various business users needed for making business decisions.
- Existing content repositories and business applications were rife with duplication and erroneous information, leading to serious questions about ever finding the elusive "single source of truth."

To put the organization on a successful trajectory and address its IT infrastructure needs, the new CEO announced a decision to move from a best-of-breed software approach for enterprise systems to an ERP suite. Soon afterwards, the ERP vendor recommended that the organization manage its content in an ECM system and integrate the two systems through an out-of-the-box connector. Hydro Tasmania is now about 50% done with back-end integration and has deployed the new consolidated system to approximately 25% of the organization. This approach has set them on the right path to support rapidly increasing customer expectations, while also becoming more efficient and effective in an industry undergoing major, rapid change.

## Get the Benefits from Integrating Content and Core Processes

Hydro Tasmania and many other businesses and government agencies can point to substantial benefits from extending content into key business processes. Their experiences validate and underscore that organizations deploying ECM typically reap a three- to five-times greater ROI when integrating content with core business processes at the beginning of a business activity. Yet, the AIIM survey of 300 organizations shows that this greater ROI benefit is still latent for many companies; 61% of the organizations surveyed by AIIM have no connection between their ERP and ECM/RM deployments. And this doesn't even

factor in the opportunities and benefits from integrating content with other core processes, such as CRM, SCM, and HCM. Despite the fact that organizations in the AIIM survey are pursuing ECM to become more cost-efficient, they have overlooked a major opportunity by keeping extended ECM on the sidelines.

What does this mean? Simply put, your organization has a major opportunity to turn the unrealized benefits from extended ECM into a tangible reality by integrating content solutions with existing and future business applications. To seize the initiative, business and technology leaders should:

- **Review existing and planned ECM deployments to determine what types of content and what core processes are supported.** Then, examine the extent to which these systems can be integrated and the anticipated business benefits from such an integration. This will most likely require teams that have not worked together to expand their view of the business processes and content solutions involved.
- **Canvass the organization to surface other strategic content that currently falls outside the scope of existing and planned ECM solutions.** Such content may be key to business processes but outside the reach of existing and planned ECM systems and outside the thinking of project teams. It's important to identify all the content critical to the core business process(es) under review, not simply the content that has been considered important historically. New types of information and new technologies are always entering the organization—such as documents created outside the firewall by workgroups within the organization and its business partners, or social and collaboration threads not previously considered part of the organization's content mix.

- 
- **Add the integration of unstructured information and core business processes to the technology roadmap.** There's so much untapped business opportunity to be realized from integrating content and processes, but these initiatives cannot be done overnight. Implementing the packaged software solutions that could potentially leverage content are already significant efforts on the data and process side alone—bringing content to the mix will take even more time and require additional skill sets. Recognize that deploying extended ECM is a strategic initiative that takes time, planning, and an implementation roadmap.
  - **Use extended ECM to further the business strategy.** Most organizations with a strategic focus on operational excellence and compliance, like utilities and manufacturing companies, usually start their extended ECM

journey by integrating ERP with ECM. In fact, this is the most prevalent use of extended ECM in general. However, companies in industries focused on enhancing the customer experience—like professional services, telecommunications, and banking—are increasingly turning their attention to extended ECM and CRM.

No matter where the organization is on its maturity level for using extended ECM, significant opportunities can be gained. The key challenge for project teams is to figure out what has the greatest strategic impact for the organization and then get started.

---

## Notes

1. For more on the definition and usage of ECM, see <http://www.aiim.org/What-is-ECM-Enterprise-Content-Management#sthash.9zaP5t3M.dpuf>.
2. For survey data about ECM usage, see “ECM Decisions: Strategic Options for Managing, Accessing, and Preserving Content,” AIIM Market Intelligence, 2015. <http://www.aiim.org/Research-and-Publications/Research/Industry-Watch/ECM-Decisions-2015>.
3. This observation is based on the author's extensive reviews of ECM case studies.
4. This data is based on the author's ongoing analysis of more than 100 in-depth case studies.
5. See “ECM Decisions: Strategic Options for Managing, Accessing, and Preserving Content,” AIIM Market Intelligence, 2015. <http://www.aiim.org/Research-and-Publications/Research/Industry-Watch/ECM-Decisions-2015>.
6. Ibid.
7. For more on the upheaval in the energy sector, see the DCG report, “Who Drives Customer Experience: The CIO, the CIO, or Fill-In-The-Blank?” <http://www.digitalclaritygroup.com/customer-experience-cio-cmo/>.



## About Digital Clarity Group

Digital Clarity Group is a research-based advisory firm focused on the content, technologies, and practices that drive world-class customer experience. Global organizations depend on our insight, reports, and consulting services to help them turn digital disruption into digital advantage. As analysts, we cover the customer experience management (CEM) footprint – those organizational capabilities and competencies that impact the experience delivered to customers and prospects. In our view, the CEM footprint overlays content management, marketing automation, e-commerce, social media management, collaboration, customer relationship management, localization, business process management, analytics, and search. As consultants, we believe that education and advice leading to successful CEM is only possible by actively engaging with all participants in the CEM solutions ecosystem. In keeping with this philosophy, we work with enterprise adopters of CEM solutions, technology vendors that develop and market CEM systems and tools, and service providers who implement solutions, including systems integrators and digital agencies. For more information about DCG, visit [www.digitalclaritygroup.com](http://www.digitalclaritygroup.com) or email [info@digitalclaritygroup.com](mailto:info@digitalclaritygroup.com).

### Contact Us

Email: [info@digitalclaritygroup.com](mailto:info@digitalclaritygroup.com)

Twitter: [@just\\_clarity](https://twitter.com/just_clarity)

[www.digitalclaritygroup.com](http://www.digitalclaritygroup.com)

© April 2016 Digital Clarity Group, Inc.