# Content

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## The Document Management System Buyer's Guide

5 Lessons for Purchasing the Right Document
Management System the First Time

**Ademero**

s o f t w a r e

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# INTRODUCTION

Whether your career focus is delivering solutions or the business value that technology can bring, finding and buying the right document management system (DMS) can be daunting.

What platform should you select? It seems like a simple question. Unfortunately, it is not.

There is no single universally "best system" that spans industries, companies and scenarios. The right document management system is the one that best meets the needs of your organization, but identifying it can be a challenge. Long lists of options and seemingly endless streams of terminology can make just knowing where to start difficult.

Business isn't going to stop and wait for you to make a decision. At least 10% of an enterprise's information changes monthly (Delphi Group, 2002). Year-over-year office document growth rates are approximately 22 percent (Lyman & Varian, 2003). Digital and paper document volumes will continue to climb and become more unmanageable. This constant growth can negatively impact productivity and accessibility to valuable business information. You need to get up to speed fast. The Document Management System Buyer's Guide can help.

In five lessons, it will equip you with all the information you need to select a document management platform. The Document Management System Buyer's Guide begins with an introduction to the language of document management, which explains the terminology, jargon and concepts you are likely to encounter in your search for a document management solution. It then guides you through the entire process of finding and acquiring a DMS, including how to create a compelling business case and other tips for success. Welcome to boot camp.

A quick search for "document management system" in any search engine yields tens of millions of results. While it is comforting that a wealth of information exists on the topic, it can quickly become difficult to decipher the tangle of jargon.

**Figure 1 - Document Management Buzzwords**

The Association for Information and Image Management (AIIM) defines document management systems,

> "Document management, often referred to as Document Management Systems (DMS), is the use of a computer system and software to store, manage and track electronic documents and electronic images of paper based information captured through the use of a document scanner." (AIIM, 2012)

This definition is valid, but document management is more than just technology. All businesses, even those without document management technology, create and manage documents. However, in many organizations, these processes are inefficient and time consuming, which can increase operating costs, lower staff productivity and lead to missed opportunities. Document management is the practice of optimizing these processes.

**Document management systems (DMS) are technology solutions that facilitate the capture, storage, retrieval, control, sharing, tracking and preservation of documents – all documents, whether those documents are in paper or electronic format.**

Documents are an important business asset, but they are not the only form of information that organizations create and manage. Therefore, it is useful to understand how document management relates to the larger concept of managing enterprise information.



**Figure 2 - Managing Organizational Information**

There are commonalities. All information must be stored. Information is produced and retrieved within the context of a business activity (workflow). Information should be secured. There are many additional similarities, but enterprise information types are far from consistent. Each form of information has its own unique qualities, requirements and challenges. Systems and processes for managing one type of content are often inadequate for managing other information types. Understanding this concept helps keep project efforts focused on what your organization requires from a DMS.

# 1 | Define Success

You must define success to achieve it. This is not just some slogan for a motivational poster Define goals. Determine requirements and constraints. Then use this information to guide research and evaluate solutions. Identifying and prioritizing what your organization desires from a DMS before attempting to select a platform helps ensure the solution is right for your business. Skipping this step is one of the most common and costly reasons for project failure.

Understanding your business' needs does not have to mean engaging in a long, complex and costly requirements exercise. Small organizations may be able to define and prioritize success criteria in just a few meetings with stakeholders. The most vital characteristic of defining success is that your organization does it, not what methodology you use. Leverage what works best for your organization as long as the outcome is a well-defined and clearly prioritized "list" of success criteria and constraints.

Success criteria should provide a holistic definition of success that considers functional, technical, quality and strategic perspectives. This helps ensure you select a solution that will work within your environment, in the manner users need, for the budget leaders expect.

# 1.1 | Functional Criteria

Functional criteria, also called business requirements and constraints, capture the capabilities a DMS should have. They help clarify who will use the DMS, how they plan to use it and what they are trying to accomplish. User goals and preferences can vary dramatically by role. Therefore, strive to have a stakeholder and representative (may be the same person) provide input for each type of user that will interact with the DMS. Also, be sure to consider the future; adding or changing business processes and structures often means you should engage new resources.

Many tools from vision documents and use cases to RACI charts and requirements documents filled with simple need statements (e.g. The system must ...) exist to capture functional criteria. No matter what technique your organization uses, several key questions can help clarify needs.

| Question | Purpose |
|---|---|
| Who is using the system? | Helps identify stakeholders to ensure their goals are represented. Different user types can (e.g. technically adept vs. non--technical, internal vs. external) have dramatically different needs. |
| How many users will access the system? How will the number of users grow over time? | Influences pricing and technical architecture. |
| What business problem(s) are being resolved or opportunity(ies) being pursued? | Helps identify required system capabilities. |
| What types of documents do users need to manage? How will users capture and manage documents? | Helps clarify the features that are most important in the DMS. For example, if an organization has a complex review and approval process, workflow features are likely more critical. |
| How should users be able to locate documents?  Is support for check--in/check--out necessary? | Should the DMS support simple or complex search or is only category or tag based browsing required? |

**Table 1-- Key Functional Question**

## 1.2 Technical Criteria

Technical criteria describe the technology related requirements and constraints for the DMS. The technical characteristics of a DMS may not be directly observable by users, but they often have directly observable effects. Failure to define technical criteria can result in everything from the inability for users to access a solution to higher training costs. Key questions to consider include:

| Question | Notes |
|---|---|
| What operating systems, devices and browsers must be supported?<br><br>What end-user application (e.g. MS Word, Outlook) integrations should be supported?<br><br>What enterprise/back-end application (e.g. CRM) integrations must be supported?<br><br>Preferred deployment model. | Should the solution be available as a service, hosted or installed on premises? |
| What input/creation techniques should the DMS support?<br><br>What is the source for user information?<br><br>Should the solution adhere to any specific technical standards? | Do you plan on manually managing users in the DMS or should the system integrate with existing security tools like LDAP or Single-Sign-On? |

**Table 2 - Key Technical Questions**

## 1.3 Quality Criteria

Quality criteria, also known as non-functional requirements, primarily define constraints for the DMS. Key questions to answer include:

| Question | Purpose |
|---|---|
| Are there legal or regulatory requirements?<br><br>Are there are any special usability requirements (e.g. supports, keyboard, shortcuts)?<br><br>What are the security and access control requirements?<br><br>How long must inactive documents be stored and accessible? | Compliance |
| When must the solution be available?<br><br>What types of logging and auditing are required to monitor and troubleshoot? | Indicates if the solution must support a high availability configuration, and if so, what type.<br><br>Drives SLA for service-based and hosted platforms.<br><br>May drive cost. |

**Table 3 - Key Quality Questions**

## 1.4 Project and Strategic Criteria

Project and strategic criteria look beyond the capabilities and qualities of the DMS to what's necessary to operate the solution within your organization. These criteria may not directly relate to the platform, but they are equally important for ensuring long-term success.

Key questions to consider include :

| Question | Purpose |
|---|---|
| What is the budget for the project? | Constrains solution options. |

| Question | Purpose |
|---|---|
| What is the total cost of ownership for the project? | What is the total cost your organization's configuration (e.g. number of CPUs, users, version) of the DMS plus any fees for other items like annual support and maintenance, installation and configuration? |
| Is the vendor stable? | Will the vendor be around and accessible long enough to support and evolve the project? |
| What type of references should the vendor have?<br><br>Is it necessary for the vendor to have expertise in a specific solution area? | Long term success |
| What support options exist for the solution? | Long term success. |
| What is the availability of documentation and resources to support the solution? | Will you be able to find answers to questions? |
| Are any billing/contractual models preferred?<br><br>How soon must the solution be in place? | Clarifies any constraints related to how the organization/project will allocate cost or manage the contract. |

**Table 4 - Key Strategic Questions**

# 2 | Make the Business Case

We are in the age of the smart enterprise. Businesses are now more aware of the value of information for making decisions, driving strategy and operating efficiently, and much of that organizational knowledge is captured and communicated via documents. As the importance of information grows, so do document volumes. Even small and medium businesses are dealing with unprecedented quantities of documents, which can magnify existing complexity and inefficiencies.

Almost everyone that has worked in an office is familiar with the frustration of sharing documents over email or trying to locate the right version of a document. The true impacts of improperly managing documents are much larger than small hindrances. Research supports that perception.

Coopers and Lybrand found in 2004 that companies spend on average $20 in labor to file a physical document, $120 in labor to find a misfiled document and $220 in labor to reproduce a lost document. An A.T. Kearney study estimates that inefficiencies related to content publishing cost organizations about $750 billion globally. The study also estimates that "knowledge workers" spend 15 to 25 percent of their time in non--productive document related activities (AT Kearney, 2001).

| Tangible | Intangible |
|---|---|
| • Time savings from reduced effort to find or access documents, file paper, access information and re-create/re-key information<br>• Lower physical file storage space costs<br>• Lower paper supply and printing costs<br>• Eliminate legal and regulatory non-compliance costs<br>• Lower mailing, faxing and delivery costs to provide access to files<br>• Lower losses and faster time to recover from data loss or disaster<br>• Cost reductions from reduced hold time on toll--free numbers (faster information access) | • Improved brand consistency<br>• Higher document quality and integrity<br>• Better employee satisfaction<br>• Higher organizational knowledge retention<br>• Improved customer responsiveness<br>• Better document security<br>• Better collaboration<br>• Faster product cycles/competitive advantage |

**Table 5 - Tangible and Intangible Benefits of Document Management**

# LESSON 2:  MAKE THE BUSINESS CASE

The motivation for document management may seem obvious, but it can still be difficult to create a compelling business case to justify investment. Approaching the activity in a series of steps can make the process much easier.

## 2.1 | Identify Opportunity & Key Success Factors

The first step to building a compelling business case is to provide a description of the opportunity the DMS will address at the highest level.

Is the main goal of the initiative cost savings, higher productivity, faster product cycles or something entirely different? Once you have captured the goal, identify the key factors that drive success (see lesson 1) and why. Be sure to discuss the goal and success criteria from the perspective of each key stakeholder, which may include senior management, sales and marketing, IT, legal, operations or other areas.

In addition, you should also detail the scope of the effort to clarify exactly what you intend to deliver. This is especially important if there will be a phased delivery. Stakeholders should be able to easily discern what is in scope and what is excluded by phase. Consider adding high-level milestones and a schedule if it will help with buy-in.

## 2.2 | Define Assumptions & Decision Criteria

Define and discuss any major assumptions made while creating the business case that might impact the success of the initiative if they were no longer true. For example, is implementation cost based on the project beginning on a specific date due to a contract that has not been signed with a staffing provider? Identifying assumptions provides stakeholders more complete decision-making information and can be an input for monitoring the ongoing health of a project.

Also identify the criterion that are important for decision makers to consider. This can help stakeholders make a better decision and even speed the decision making process. Clearly specifying decision criterion is especially important if a large number of stakeholders with different viewpoints will participate in the approval process.

## 2.3 | Assess Business Impact

The business impact assessment is the most substantial component of the business case. It outlines and quantifies expected benefits and costs over time and identifies required resources. Lesson three describes the process to quantify costs and benefits.

## 2.4 | Identify Risks

Describe any key risks to the initiative's success that should be mitigated. Common risks include user acceptance, schedule, budget, technology and leadership commitment. As with success factors, discuss risks from the perspective of key stakeholders. If a plan exists for mitigating a risk, describe it in the business case.

## 2.5 | Recommend an Action Plan

Articulate the proposed course of action for the initiative.

# 3 | Calculate the Real Cost and Returns

How many documents does your business create each year? How much effort is required for each document? How much of the information contained in the documents your business creates is easily accessible throughout your organization? How long does your business need to retain documents? What are the effort and cost associated with retrieving archived documents? What percentage of much existing document content is recreated because prior work cannot be found? What does the term "document" mean in your business? Most businesses don't know the answers to these questions.

However, this information is an important part of understanding how document management is impacting your organization. Calculating the cost to implement and maintain a DMS and the expected return on investment (ROI) is a critical part of building a business case and measuring success. Few business leaders are willing to approve a DMS effort without first understanding cost and ROI, but calculating these items can be tricky.

Multiple techniques exist, but a simple approach is to:

1. Define the measurement period
2. Identify the benefits of implementing a DMS (see table 5)
3. Quantify each benefit in terms of money
4. Normalize and calculate costs

Segment one-time items from reoccurring items It is also beneficial to identify capital and operational items independently.

Vendors use various techniques to price their products and services. Some vendors charge per user, while others charge based on document volume and configuration. This can make it difficult to compare costs across solutions. Normalize pricing by defining one or more standard implementation cases based on your organization's requirements and constraints. Each case should specify a total number of named/concurrent users, deployment model, access model, CPU/server configuration and other factors that impact pricing. For each case, capture the following costs:

- License
- Install, integrate and extend/customize
- Required modules/components
- Infrastructure
- Support and maintenance

It is always best to use actual benefits and costs, but if that is not possible, estimate the cost of operating with the existing process and project savings using industry benchmarks. Use the model below with your own example figures.

| Input Factor | Example |
|---|---|
| # of resources that manage paper documents | 100 |
| # times per day each resource retrieves or files a paper document | 10 |
| minutes per person to retrieve each paper document | 3 |
| average resource salary per hour | $16.00 |
| minutes per person to make a copy/fax/mail | 5 |
| average # of copies/faxes/mails per day per resource | 15 |
| total minutes spent filing paper per day | 10 |
| monthly off-site file storage cost | $200.00 |
| total hours per month spent accessing off-site storage | 3 |
| monthly filing supply cost | 75 |

| | |
|---|---:|
| monthly delivery service cost | 525 |
| Total Daily Minutes Spent Managing Paper | 3000 |
| Total Daily Hours Spent Managing Paper | 50 |
| Total Daily Cost for Managing Paper | $800.00 |
| Total Annual Cost for Managing Paper (2012) | $208,800.00 |
| Total Daily Minutes Spent Copying/Faxing/Mailing Paper | 7500 |
| Total Daily Hours Spent Copying/Faxing/Mailing Paper | 125 |
| Total Daily Cost for Copying/Faxing/Mailing Paper | $2,000.00 |
| Total Annual Cost for Copying/Faxing/Mailing Paper (2012) | $522,000.00 |
| Total Daily Minutes Spent Filing Paper | 1000 |
| Total Daily Hours Spent Filing Paper | 16.66666667 |
| Total Daily Cost for Filing Paper | $266.67 |
| Total Annual Cost for Filing Paper (2012) | $69,600.00 |
| Total Annual Off-Site File Storage Cost | $2,400.00 |
| Total Annual Storage Access Cost | $576.00 |
| Total Annual Filing Supply Cost | $900.00 |
| Total Annual Delivery Service Cost | $6,300.00 |
| **Grand Total Annual File Related Cost** | **$810,576.00** |

# 4 | Find and Buy

It is impossible to perform a detailed evaluation of every available DMS. Create an initial solution list and narrow it to 3-7 options by performing a high-level assessment of the following high-level categories. Leverage a simple scale (e.g. high, medium, low) to facilitate solution comparison.

- **Solution Maturity:** How long has the product been available and implemented in a production environment? Has the product been recently acquired by a new vendor? Selecting a newer product

typically means accepting more risk and having access to fewer knowledgeable resources.

- **Technical, Legal and Regulatory Standards and Guidelines:** If support for a particular standard, guideline or regulation is required, exclude solutions that do not conform.

- **Critical Success Criteria:** At a high level, does the solution adhere to the critical success criteria?

- **Implementation and Post-Implementation Support:** What resources are available to install, configure and support the solution? Are local resources available? Does the actual solution vendor support the product or a partner?

- **Documentation and Help Resources (including third party content user communities)**

- **Cost of Ownership**

After narrowing the list of platform options, collect detailed information about each solution. In many organizations, this requires creating a request for proposal (RFP) or other procurement document.

A RFP typically describes the response timetable and expectations, your organization's goals and success criteria, environment, requirements, constraints and rollout plans; it asks vendors to detail their:

- organizational structure and background
- proposed solution
- implementation plan
- post-implementation support structure, cost and conditions
- support for the defined requirements
- references
- license and maintenance options (including a sample agreement)
- pricing

Compile the solution information and distribute to everyone participating in the selection process. Many organizations prefer to remove pricing information before distributing it to the general selection team to avoid influencing their decisions with financial details.

In addition to compiling the solution details, identify one or more use cases to use to demo the solutions. If possible, have all members of the selection team participate in a demo in addition to reviewing the solution information. Demos provide a more concrete understanding of how a solution functions than can be conveyed with documentation. Compare the information and collect feedback from the decision team to select or recommend a solution.

| Activity | Considerations |
|---|---|
| **Rollout** | • Identify user training requirements, schedule and resources<br>• Define user on-boarding plan<br>• Define, test and execute legacy system and data migration<br>• Does the DMS need to operate in parallel with another solution for any period?<br>• What change management activities are required? |
| **Maintenance and Support** | • How will system updates and patches be managed?<br>• Update existing support and governance processes to include the DMS |

# 5 | Implementation and Beyond

Selecting and purchasing a solution is only one part of the long-term success of a DMS initiative. Start planning for what will happen when the DMS implementation is complete before the project is complete. Key post implementation activities:

| Activity | Considerations |
|---|---|
| **Acceptance Testing** | • Verify user access and system functionality adheres to requirements<br>• Verify back and recovery procedures work as expected<br>• Verify adherence to technical design and architecture |

# 6 | Getting it Right the First Time

There are a few additional strategies that will help you find and acquire the right DMS.

# 6.1 | Find a Champion

Grassroots efforts can be successful. However, initiatives that have the potential to dramatically change business process and culture, like document management, require strong, visible executive support. A champion can help communicate the project vision to leadership and help resolve competing concerns. In addition, executive support is often critical for guiding an organization through a cultural change. Executives are in a better position to impart the importance of document management across organizational levels and have the power to implement incentives that encourage adherence.

# 6.2 | Pilot the Solution

Once your organization selects a solution, start small. Define a pilot project with clear objectives that can provide quick wins, identify potential issues and validate the projected ROI is achievable. Pilot projects are a great way to reduce the risk of a large DMS project.

# 6.3 | Learn Best Practices

Your organization is not the first to buy a DMS. Take advantage of existing knowledge to avoid making the same mistakes that have derailed other projects. Read case studies, talk to other companies, attend training or engage a

specialist to learn recommended practices for success.

# ABOUT ADEMERO

Ademero Inc., based in Lakeland, Florida, specializes in departmental to enterprise document management solutions. Ademero's flagship product, Content Central, is an all-in-one, browser-based document management platform with a straightforward pricing model.

Organizations worldwide select Content Central to capture information, manage document life cycles, automate approval processes and streamline workflows. Ademero has an established 24-hour support center, coordinates and assists in all solution implementations, and uses the most efficient technology available today. If you have questions or would like more information, contact us.

Questions: 888.276.2914
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