

# EDRM System Implementation Toolkit

## Stage 5: Making the business case

- Step One
  - Cost Savings
- Step Two
- Step Three
- Step Four
- Deliverables for stage
- Resources for stage
- Tools for stage
- FAQs for stage
- Hints & Tips for stage

## References

# Stage 5: Making the business case

## Reason for stage

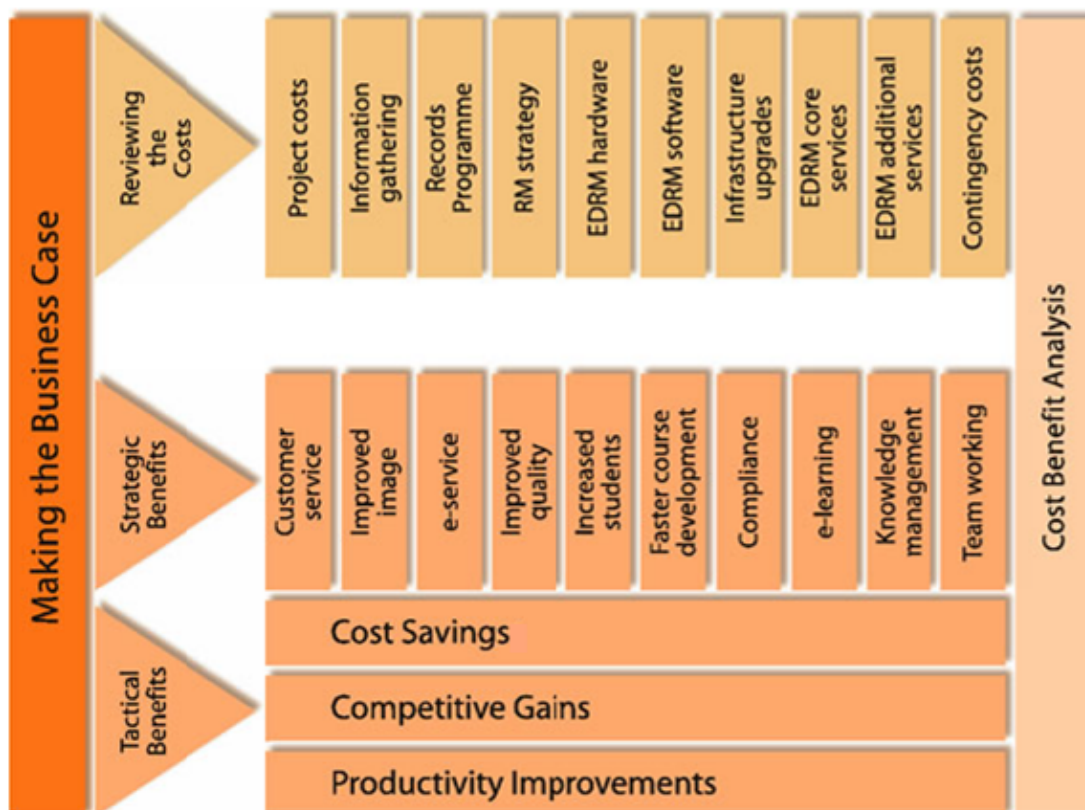
This stage is designed to help the project team to make the strongest business case possible for procuring and implementing the preferred EDRM solution across their education organisation. Again EDRM can mean an EDRM solution or a full enterprise content management suite as determined in stage four.

## Definition of stage

Stage five takes you through the process of compiling a business case for an EDRM solution.

Firstly you need to review the tactical or hard benefits that the solution will bring. Secondly you need to review the strategic or soft benefits that will be achieved. Thirdly you need to establish the real costs involved in implementing the preferred solution. Fourthly you need to conduct a cost benefit analysis and make the overall case for an investment in a corporate EDRM solution. Stage five is therefore divided up into four steps.

- Step one looks at the tactical benefits that the preferred solution will deliver.
- Step two looks at the strategic benefits that the preferred solution will deliver.
- Step three reviews the costs involved in implementing the preferred solution over an agreed time period.
- Step four comprises the cost benefit analysis step.



## **Objectives of stage**

This stage is designed to help ensure that the EDRM project team considers all the likely costs and benefits related to the implementation of an EDRM system and hence is in a position to make a realistic and comprehensive business case.

This stage assumes that you have agreed the preferred approach – the generic type of EDRM solution you require and the scope of the system implementation. It provides you with a step-by-step guide to making a business case for the preferred solution. It shows you how to assess the costs of the solution, the strategic benefits which it will bring and the hard or tactical benefits that can have a financial value placed on them and be used to offset the costs.

## **Step One – reviewing the tactical benefits**

The tactical or hard benefits can be presented under the following headings.

### **Productivity improvements**

If, by investing in an EDRM solution, you can improve staff productivity in administration departments in particular then you can achieve tangible benefits. The benefits could be the savings involved in reducing the staff numbers required to process existing business levels or in processing more business in future with the same number of staff. In the latter case the savings would have to be against an agreed plan to spend more money on extra staff to meet a projected growth in business. Many higher education institutions are looking to handle more students but are being given lower per student grants. Hence if EDRM and improved business process management allows you to administer more students with the same number of staff then this is helping the organisation achieve its business objectives.

### **Competitive gains**

If the introduction of an EDRM solution enables you to keep your web site more up to date and to provide more information on site for your potential students to read then as a result you may attract more students to take up your courses.

Another example involves reducing the time from initial concept to delivery of a new course and hence speeding up the return on the investment through the use of an EDRM solution.

A third would include speeding up the time taken to respond to a research grant offer and producing a higher quality submission through the use of an EDRM solution. This can result in your education organisation winning a higher share of the research grants that it applies for.

### **Cost savings**

#### **Printing and stationery**

If you place all your key content on your external website and use web content management software to ensure the content is up to date and secure and potential students and regulatory bodies and funders can access and download the content in digital format then you can save considerable amounts of money in printing, postage, copying, stationery and filing costs. You can also save furniture and consumable costs if you are replacing large numbers of cabinets and folders.

Many organisations are already using EDRM to automate the policy making process and in particular the way in which committee agendas, papers and minutes and procedures and regulations and policies are distributed to committee members and made available to staff and students as applicable.

## **Telephone costs**

Providing staff in student administration and support services with access to all the information held about a student online in digital form via the student administration system and the EDRM can save significant telephone costs as queries can be answered immediately while the student is on the telephone and there is no need to pay for a return call because you cannot answer the question immediately as the paper file is not available.

## **Space savings**

A detailed review of your record keeping requirements, the development of a retention schedule and a review of your existing records systems can result in very significant space savings and hence cost savings. Your audit may discover significant sets of duplicate paper files. The duplicates can be destroyed to free up space. You may find paper records kept for many years longer than they need to be. They can be destroyed to free up space. You will identify large collections of semi-current records that need to be kept for legal purposes but can be moved out of offices and to low cost off site storage. The EDRM solution can hold the metadata so staff can continue to search for and identify folders and then request that they be returned to them. If your education organisation does not currently operate a central semi-current records service then establishing one can provide significant savings. Many organisations have found that as a result of a similar exercise they have been able to sell off accommodation or avoid the need to build or lease new office accommodation.

If you have a paper-intensive process and install a digital system you will save space. If you avoid recruiting additional staff as a result of improving productivity you will save additional space. Whether an accountant allows you to claim space savings depends on whether you can re-use the space or prove that if space was not saved extra space would need to be built or a move to larger premises needed. In the latter cases space savings can be very significant. In the former case they are less so.

## **Improved cash flow**

Another major area can be cash flow. Many organisations which currently have lost control of their supplier payment process can improve cash flow and save interest payments by drawing down only the money they know they will need to settle payments over a set period. At present with so many payments in the paper-based approval cycle and no workflow management (WFM) software feeding them back statistics, they have to draw down considerably more money in case they have to pay all outstanding commitments; hence, they lose the interest on that money. If new orders can be processed in 24 hours with e-procurement rather than the previous five or ten days, then cash flow can be significantly improved as well. Similarly if incoming paper invoices are scanned and digitised and digital images routed to budget holders for approval this can speed up the approval and payment cycle significantly.

Tactical benefits:

- Productivity improvements
- Competitive gain

- Cost savings
- Space savings
- Improved cash flow

## Step Two – reviewing the strategic benefits

In addition to the hard financial benefits the implementation of an EDRM solution will also deliver softer strategic benefits. These are more difficult to quantify but can, in many cases, prove even more significant. Indeed in many cases the strategic benefits are vital and hence outweigh any tactical considerations. Some of the key strategic benefits which a records management programme and an EDRM solution can provide to the education community include the following:

Strategic benefits:

- Improved customer (student) service to agreed targets
- Improved visibility and image (to UK and overseas students)
- Ability to meet e-business and electronic service delivery targets
- Ability to deliver improved quality levels to agreed financial targets
- Increased student population – higher percentage take up of courses
- Reduced delivery cycles for new courses and learning material
- Regulatory record keeping compliance (FOI, DPA, EIR etc)
- Support e-learning initiatives
- Improved knowledge management
- Support move to process-oriented/team working
- Ensure the education organisation is more responsive to change
- Full disaster recovery

Traditionally, such vital strategic benefits are regarded as soft and many accountants will not attach a cost figure to them. However, if your analysis of business activity establishes that these strategic benefits are vital and you have senior management backing to achieve them, you are in a much stronger position.

At the very least you can look at the cost of achieving these benefits via conventional means which will include additional staff costs and system costs. You can then compare the costs of the EDRM solution and justify them against the higher costs involved in meeting those objectives via conventional means, e.g. more staff.

In most cases you will be able to demonstrate that an EDRM solution is the most cost-effective solution and in some cases you will be able to show that it is not possible today to achieve the desired business objectives without using these technologies.

If your information gathering and analysis indicates that you are not currently meeting your record keeping obligations and requirements and are not complying with legislative requirements—you cannot provide up-to-date, accurate sets of the records required by your inspectorate – then you need to quantify the risks you run – one of the key strategic benefits could be survival itself.

One of your key corporate objectives may be to improve customer service and your education organisation may have decided that the answer is to implement a "one stop shop" for student administration and support service. The process analysis exercise may confirm that you have problems managing student data and documents. Unless you also invest in a new Internet-based student administration system, EDRM and business process management software, your investment in a "one stop shop" will not necessarily improve your customer service levels.

## Step Three – reviewing the costs

The real costs of investing in records management and an EDRM solution will include some or all of the items listed in the following table. Costs:

- Project management (internal and consultancy) costs
  - Information gathering and analysis (internal and consultancy) costs
- Records management tool development (internal and consultancy) costs
- Records management strategy implementation (internal and consultancy) costs
- EDRM specialised hardware costs
- EDRM standard software costs
- Infrastructure upgrade costs
- EDRM implementation core service costs
- EDRM additional services costs
- Contingency costs

The costs should be quantified and divided into one-time capital costs and ongoing revenue costs. The one-time costs go into the model as the initial system costs. The ongoing costs are balanced against the ongoing system savings to arrive at an overall figure for ongoing system savings.

The project management costs would include the costs of third party consultancy support plus the internal project team costs. The project management resource requirements for each stage of the toolkit are provided in the toolkit.

There are very few specialised hardware costs today. If you have a large document capture requirement there will be significant scanner costs and if you are capturing high volumes of document images or other multimedia content you will have some significant initial storage costs although these should be offset over time by a significant reduction in the number of duplicate e-mails and electronic content files stored on existing servers.

The software costs are sometimes hard to define as different suppliers have different pricing policies. Look at server costs, per user costs and concurrent user costs. You may also have separate costs for additional modules such as Web content management; Business process management and collaboration modules.

You should be able to obtain fixed costs for the hardware and software as a result of the tendering process. The development or core service costs are more difficult to pin down. If you follow the implementation plan advocated in [stage four](#) of the toolkit then you should expect to obtain a fixed price to provide phases one to three (specification; model office and pilot/s. Once you move into phases four to six (roll out and corporate applications) it is less realistic to expect a fixed price as the amount of integration and business process management and change management services are very hard to define. What you should be looking for there are fixed daily rate costs for all staff levels and an indicative number of days to support the roll out based on a given set of assumptions. Support costs can be clearly defined and agreed at contract stage.

One set of additional service costs will cover the scanning and indexing of any legacy or backfile paper documents. Suppliers should be required to provide a framework of costs which can be used to agree the cost of any specific requirements that emerge during the project.

Training costs can be significant for a large number of users. Options here include paying the supplier to train the administrators, operators and a small number of users who are given the task of then training the other users. This approach is referred to as 'train the trainers'.

## Step Four – cost benefit analysis

To make a tight financial case your figures must be accepted. Ideally, your education organisation will follow a standard methodology for measuring the finance case for an investment in new technology. If they do, you should follow it. If not, make a strong case and follow good practice and your methodology could become the corporate model in future.

You need to use terms and measurements that are widely accepted in the financial world and use your education organisation's internal standards for project lifetime and internal rate of return, etc.

Your business case should include the following:

- an explanation of why the education organisation should invest in the preferred solution
- a statement of what the solution will cost to implement (broken down into components)
- a statement of when the education organisation will start to see a payback on the investment
- a statement of the savings that will result over the project life
- a statement of additional strategic benefits that will result from the investment
- optimistic and pessimistic sensitivity analyses

You need to obtain firm initial system implementation costs and running costs from suppliers or consultants with experience of implementing such systems.

To put a firm value on staff savings, space savings and improved cash flow you will need to obtain agreed figures from the Finance Department. These will include salary costs, space costs, overhead costs, inflation rates, projected business and head-count growth, the corporate tax rate and other key financial figures. Make sure these are agreed before you present your case.

Deciding on the project life can be complex. Too long a period and you will have to factor in the ongoing costs associated with replacing hardware and software. Too short a period and you are not allowing long enough to amortise the costs of the information gathering and analysis and the development of records management tools or the development of complex workflows.

You can then present:

- the cost of doing nothing
- the cost of investing in the solution
- the period before you reach the discounted project payback stage
- the payback you will receive from the solution over the agreed project life.

You can then present the expected return on investment and compare that with the return your education organisation would get from investing the money. A discounted project payback of under 36 months should be the objective if the project life is five years. The value of the savings that will be achieved over the life of the project should be presented as a net present value, i.e. the value today of the money that will be received over the five-year period using an agreed interest rate figure.

Finally, because very few IT projects come in under budget, you should also factor in as many risks as possible using optimistic and pessimistic sensitivity analysis techniques. A good business case will stand a pessimistic view—20 per cent reduction in staff savings, 20 per cent budgetary increase, etc.—before it begins to look marginal.

If there is a strong business case after the cost benefits analysis, the tactical benefits will provide you with a good return on investment and the strategic benefits can be regarded as a very valuable bonus that should make a compelling case for investment.

If the case is more marginal, you will need strong senior management backing to help you prove that the strategic benefits have a value greater than the costs of achieving them. This is increasingly the case as EDRM becomes strategic for all public sector bodies.

## Deliverables from stage five

After completing stage five of the toolkit you should be able to produce as many of the following deliverables as you need for your project

Step	Deliverable
1	A documented set of tactical benefits that will result from implementing the preferred EDRM solution.
2	A documented set of strategic benefits that will result from implementing the preferred solution.
3	A documented set of costs for implementing the preferred solution
4	A documented cost benefit analysis for implementing the preferred solution.

## Resources required to complete stage five

The resources required for stage five are not too demanding provided you have conducted stages one to four in full.

Step	Resource estimate (days)	Description
1	10	Project and/or consultancy resource to produce and agree the document.
2	5	Project and/or consultancy resource to produce and agree the document.
3	5	Project and/or consultancy resource to produce and agree the document.
4	5	Project and/or consultancy resource to produce and agree the document.
Total Steps 1 – 4	25	

## Tools to complete stage five

A spreadsheet is the key tool for this stage. Otherwise no special tools are needed to complete this stage.

## Frequently asked questions

### Question:

Do I need to cost justify an EDRM solution?

### Answer:

That depends on your education organisation and how successful you are in promoting the case for an EDRM solution. If you do need to cost justify the investment then the above steps give you the tools to build the case. Increasingly, however, organisations are less inclined to try and justify an investment in EDRM on staff savings and space savings and other savings. Rather they take the

view that EDRM is an infrastructure investment. You need an EDRM system to manage your records effectively so provided you can afford to implement and support a system you should implement one. Very few education organisations cost justify an investment in a finance system or a human resource system or e-mail or the telephone system. They are accepted as core tools and technologies. The same approach can and should increasingly be taken to EDRM.

---

**Question:**

Where can education organisation obtain real financial savings?

**Answer:**

See Step One of this stage. The main financial savings result from real core virtual staff savings; increased student numbers; space savings; reduced telephone, printing, stationery and copying costs and improved cash flow.

---

**Question:**

What are the key strategic benefits?

**Answer:**

See Step Two of this stage. The importance of each strategic benefit will vary from one education organisation to another. Key benefits include improved customer service; support for electronic service delivery and e-learning; reduced delivery cycles for new courseware and the fact that these solution enable your organisation to fully meet its record keeping requirements and support the move to team working and a knowledge management culture.

---

**Question:**

How can we quantify savings?

**Answer:**

Staff costs can be obtained from Human resources and finance departments. Space costs can be obtained from Estates and finance departments. IT costs can be obtained from the ICT department and copying and printing costs can be obtained from Reprographics and finance department. Be persistent and you will obtain the data you need.

## Hints and tips for stage five

1. Consult widely with your stakeholders and sponsor to agree what kind of business case you need to make. If you do not need a full cost benefit justification then you can save some resource and just focus on assessing the likely cost of the solution for budget planning purposes.
2. Do not to just go to one supplier to obtain solution costs. Suppliers tend to underestimate total costs when asked. Faced with a tight Invitation To Tender followed by a contract they will suddenly remember additional costs elements they had not quoted to you before. Ask existing users of these solutions or seek advice from an independent consultant who can confirm or adjust your estimates for you.
3. Always define all your assumptions carefully and present the benefits and costs in a spreadsheet so that if certain elements of the costs or benefits need to be changed this can be easily accomplished and the case recalculated.

4. Recognise and make clear in your project documentation that you cannot produce an accurate business case at the start of a project as part of a PID. The elements of the business case can only be calculated once you have completed your information gathering and analysis and decided on your preferred approach. That is why we cover the business case in stage five. Even here we have to add the caveat that at this stage the business case is based on assumptions and informal quotations. The cost part of the case has to be revisited during stage seven (procurement) when you receive the supplier quotations as part of their tender.
5. Politically it is always a good idea, where they are published, to link your business case to the stated organisational goals or mission statement. These may be published in a strategic plan or strategy. You should analyse them and then point out how they translate into specific goals set for the EDRM project. One example would be if an organisational goal was to increase student intake by 20% then you could point to how the implementation of an EDRM would help you to answer student enquiries more quickly and efficiently and hence improve the image of the education organisation and contribute to this goal.

## Additional References and Case Studies

Design criteria standard for electronic records management software application (version 19, June 2002) US Department of Defense, Washington 2002. DOD Directive 5015.2.  
<http://jitc.fhu.disa.mil/recmgt/p50152s2.pdf>

MoReq – Model requirements for the management of electronic records. CECA–CEE–CEEA. Bruxelles Luxembourg 2001.  
<http://www.ispo.cec.be/ida>

Functional requirements for ERMS 2002. The National Archives.  
<http://www.nationalarchives.gov.uk/electronicrecords/reqs2002/pdf/requirementsfinal.pdf>

For Project Management, as well as the infoKit the OGC PRINCE2 website has further details of the PRINCE2 project management methodology.  
<http://www.ogc.gov.uk/prince/index.htm>

The OJEC website for details of EC procurement procedures  
<http://www.ojec.com/>

The industry yearbook published by Cimtech provides a comprehensive list of all the main suppliers in each of the categories described in stage one, step one. It also provides a detailed management guide to the subject. Electronic document, records and content management: a comprehensive guide to electronic document, records and content management and a directory of products and services 15th edition 2004 Cimtech Ltd, University of Hertfordshire, College Lane, Hatfield, Hertfordshire AL10 9AB.  
[http://www.cimtech.co.uk/Main/Pub\\_EDRCM.htm](http://www.cimtech.co.uk/Main/Pub_EDRCM.htm)

The DIRKS Manual, Steps A – D

<http://www.naa.gov.au/recordkeeping/dirks/dirksman/contents.html>

BSI–ISO 15489 – 2001 – Information and documentation – records management. Standards. BSI Customer Services 389 Chiswick High Road, London W4 4AL

<http://www.bsi-global.com/>

For modelling and redesigning business processes there are a number of useful reference works available as well as the Process Review infoKit. The following are three which we would recommend.

- Dave Chaffey. Groupware, Workflow and Intranets. Re–engineering the enterprise with collaborative software. Digital Press. Butterworth Heinemann. ISBN 1555581846.  
<http://books.elsevier.com/marketing?isbn=1555581846>
- Thomas M Koulopoulos. The Workflow Imperative – building real work business solutions. Van Nostrand Reinhold. 1995 ISBN 0442019750.
- Rosemary Rock–Evans. Data modelling and process modelling. 1992 Butterworth Heinemann, ISBN 0750607394.

For guidance on the conduct of records audits, the design of business classification schemes and retention schedules you are recommended to visit the National Archives website.

<http://www.pro.gov.uk/recordsmanagement/standards/default.htm>

Magazines which contain useful case studies describing how organisations have successfully implemented an EDM or EDRM system include the following:

Managing information and documents MiD. Infoconomy Ltd, 17–18 Margaret Street London W1W 8RP.

<http://www.infoconomy.com/>

Information management & technology. Cimtech Ltd University of Hertfordshire, College Lane, Hatfield, Hertfordshire AL10 9AB.

<http://www.cimtech.co.uk/>

Web sites that contain useful information on all aspects of EDRM include the following plus individual supplier web sites:

- <http://www.aiim.org>
- <http://www.cimtech.co.uk>
- <http://www.document-manager.com>

---

***Disclaimer***

We aim to provide accurate and current information on this website. However, we accept no liability for errors or omissions, or for loss or damage arising from using this information.

The statements made and views expressed in publications are those of the authors and do not represent in any way the views of the Service.

The JISC infoNet Service offers general guidance only on issues relevant to the planning and implementation of information systems. Such guidance does not constitute definitive or legal advice and should not be regarded as a substitute therefor. The JISC infoNet Service does not accept any liability for any loss suffered by persons who consult the Service whether or not such loss is suffered directly or indirectly as a result of reliance placed on guidance given by the Service.

The reader is reminded that changes may have taken place since issue, particularly in rapidly changing areas such as internet addressing, and consequently URLs and email addresses should be used with caution. We are not responsible for the content of other websites linked to this site.

This material is licensed under the [Creative Commons License](#) – 2006

---