

## WHITE PAPER

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# Enterprise Content Meets Enterprise Business Processes: Open Text and SAP's Joint Solution

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## INTRODUCTION: INFORMATION MANAGEMENT CHALLENGES

Over the last couple of decades, enterprises and government organizations have made significant investments in enterprise applications (EA) including resource planning (ERP), customer relationship management (CRM), supplier relationship management (SRM), supply chain management (SCM), and product life-cycle management (PLM). These systems, in conjunction with business intelligence, analytical applications, and business activity monitoring, have given the organization a far more accurate and up to the minute view of its operations, and are a critical source of information for ensuring and verifying the organization's compliance with government- and board-mandated regulations.

But enterprise applications only manage a small part of the organization's information. They don't capture the growing volume of unstructured information that makes up the lion's share of enterprise information — business documents containing marketing or product plans, spreadsheets used for budgeting, engineering drawings, scanned images of invoices and sales orders, photos and rich media for promotions, the content of the organization's Web site(s), contracts, case files, employee files, compliance documentation, telephone records, emails, and so on. This "unstructured" content is a key part of the organization's business processes, relationships, and intellectual property, and it plays just as critical a role in compliance as the data housed in the organization's enterprise applications. (It also plays a critical role in regard to the organization's litigation preparedness.)

How can organizations bring this content into their enterprise business processes, so it is an integral part of those business processes? To accomplish this requires the integration of enterprise applications with enterprise content management systems. As IDC research shows, customers already see the need to integrate these technologies, so they can control their growing volumes of unstructured information in the context of their enterprise business processes. Happily, vendors are beginning to bridge the two worlds with integrated solutions. Let's explore the high-level business needs and pain points driving this integration trend.

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## **The Many Linkages Between Enterprise Applications and ECM**

There are myriad examples of the ways organizations link content to data today to enhance operational efficiency, improve information worker productivity, and assure regulatory compliance.

### ***Departmental: Content in the Back Office***

We can find examples in every department within large organizations. Accounting departments must effectively manage huge volumes of invoices, sales orders, contracts, and other documents to improve their cash management processes. All of this information needs to be linked to transactions in the ERP system. Finance departments need to manage spreadsheets and other business documents for strategic planning and budgeting. With the right information, procurement and vendor relations can negotiate additional discounts.

Human resources (HR) departments must manage the voluminous content associated with their employees — from resumes, to benefit enrolment forms, annual reviews, and termination paperwork — in order to retain top talent. These documents need to be linked to employee records in the HR system, so they are accessible to employees and managers via portals.

Customer support teams must effectively manage all of the content that (together with CRM data) makes up a customer record — including correspondence, statements, payment records, service records, specifications and documentation of deliverables, contractual commitments, and so on — to get closer to their customers and increase their loyalty. All of this information needs to be available to users of the CRM system and customer portals.

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### ***Industry-Specific Use Cases***

Every industry has its own unique needs in regard to ECM/EA integration. In the public sector, government agencies are implementing e-government solutions that enable citizens to transact directly, whether it's to pay their taxes, enrol in entitlement programs, register their vehicles, or register to vote. Here again, documents must be managed in the context of the business process.

In utilities, oil and gas, manufacturing, and construction, organizations must keep track of engineering documents and safety data sheets, facilities plans, operating procedures and maintenance records, and other information — in addition to budget, resource, and project management data — to support a product design and delivery life cycle, or ensure the ongoing performance of mission-critical assets. In financial services, pharmaceuticals, healthcare, and other highly regulated industries, documentation must accompany trades, transactions, clinical trials and research data, and patient care records. (In regulated industries, compliance requirements can only be met if documents are easily accessible during the legally defined retention period. Conversely, corporate liability is greatly reduced when unregulated and expired documents are destroyed in a timely manner.)

Let's look at a couple of scenarios in more detail.

### ***Quality Management***

When there are problems with goods a customer receives, it's the quality management (QM) system that controls the business process around notifications. The QM user needs more information than what's typically in the QM system: they need access to the latest customer correspondence, contractual information, and order information that describes what should have been manufactured and shipped. They may also need documentation from technical services, maintenance teams, or other customer support organizations. Without that information, dispute resolution stalls, further delaying payment. With an integrated ECM solution, all that information is readily at hand for the QM user — and it can be made selectively and securely available to the customer too, via a push process or a portal, further accelerating the problem resolution process and time to cash.

### ***Enterprise Asset Management***

Utilities and energy companies need to have all of the necessary documentation in place before technicians can go out and perform maintenance on a plant, an oil rig, or a refinery. These organizations need to manage different types of equipment in different locations, and this requires the ability to manage huge volumes of documentation for these enterprise assets — from engineering designs to operating instructions that might be customer-specific to maintenance reports. The organization might be using a plant maintenance (PM) application, but the technical authors who write operating instructions probably don't know or use it (nor do they need to understand all of the processes associated with managing the life cycle of these assets). What's needed is a way to make relevant content available to the PM users in context — while it is also shared by the technical authors who work in other applications.

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### ***Benefits of Integration***

Managing enterprise content in a uniform way — and in the context of enterprise business processes — brings many benefits. Paper documents can be imaged and managed with electronic documents, freeing up office space occupied by file cabinets, reducing audit costs, reducing the cost of copying and printing, reducing or eliminating records warehousing costs, simplifying disaster/recovery planning, improving compliance, and reducing risk. With better control over enterprise information, it is easier to decommission legacy systems, further reducing costs. (Legacy data can be turned into reports and linked into the business context so that business workers can access that legacy data without the cost and complexity of maintaining another system.)

With precise control over the content that is delivered to information workers, the organization can drive more value from its processes. For example, it can provide up-to-the-minute collateral for cross-sell campaigns to customer call centre agents along with the documents that are personalized for the customer visit. Not only does this improve the quality of the service delivered to the customer, it enables sales personnel and agents to use some of the time saved to pursue new prospects and generate additional revenue.

The above examples are but a few of the many ways organizations in every industry and at every level of government are putting content to work in the context of their enterprise business processes and applications. (We describe more customer examples in the "In Action" section of this paper.) IDC believes the next five years will see tremendous growth in these content-enabled business processes.

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## **Customer Perceptions of the Need to Integrate ECM and Enterprise Applications**

To assess current customer perceptions of the importance of integrating ECM and enterprise applications, we surveyed IDC's Enterprise Panel in November 2008 (*IDC's Document Processes QuickPoll, November 2008, 302 respondents*).

Customer perception of the need for integration is already well advanced. Over half of respondents from large organizations (companies with 2,000 or more employees) say they need to integrate unstructured information with their ERP and CRM systems. 54% of respondents from large organizations agreed/strongly agreed with the statement "we need to be able to link records in our ERP system to documents and email, so we have the complete context of a business transaction for compliance purposes." 56% told us they need to be able to link records in their CRM system to documents and email for a complete view of customer interaction compliance purposes. Our survey responses also highlight the growing awareness that these needs are best addressed via an enterprise content management system: a third agreed/strongly agreed with the statement "storing documents within our ERP and CRM systems is a problem, because it creates additional silos of information; we need all of our documents to be stored in our ECM for compliance and litigation preparedness" (see Figure 1).

The desire to improve user productivity emerged as a key driver for ECM/enterprise application integration in our survey. 67% of respondents in large organizations agreed/strongly agreed that "it is time consuming to search multiple databases and repositories to find all the 'pieces' that relate to a particular customer transaction or matter." Organizations need unified access to enterprise information.

This finding is consistent with IDC's research, over the last several years, into the hidden costs of information work. Our research has shown that information workers spend nearly a quarter of their time searching for information, and they waste 3.5 hours a week in unproductive searches — that is, searching for information they don't find. They spend another three hours each week recreating content that already exists somewhere in the enterprise. Improving the findability of information would save large U.S. enterprises an estimated \$10 million a year in worker productivity. (See *The Hidden Costs of Information Work*, IDC #201334, forthcoming April 2006.)

Respondents also clearly recognize the role the enterprise content management system plays in facilitating collaboration. 60% agreed/strongly agreed that "an ECM system is critical for sharing documents that are used by multiple business processes (and even multiple enterprise applications); ECM is the foundation for enabling our staff to collaborate in cross-process workflows."

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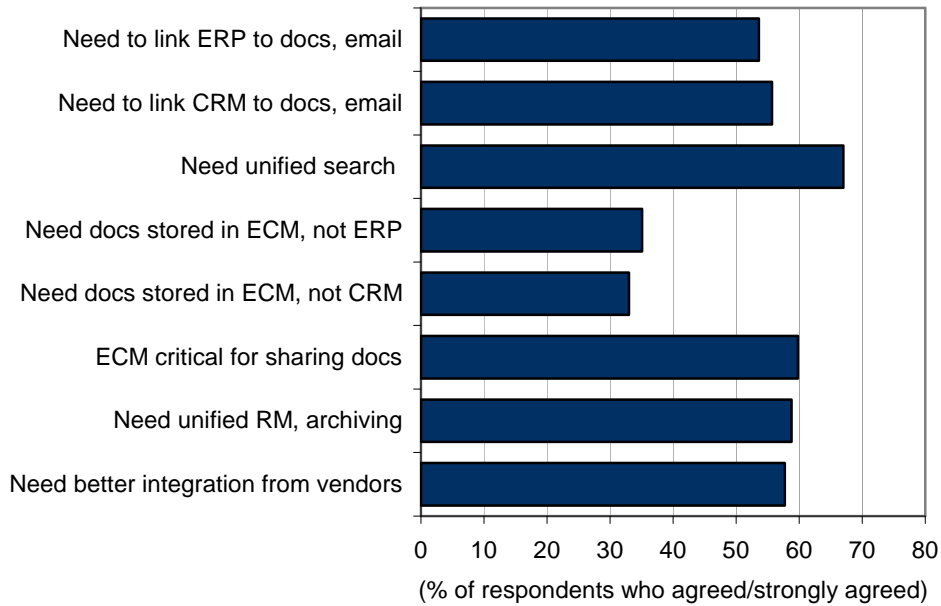
The role of a unified records management solution was clearly top of mind among our survey respondents. Nearly 60% of respondents from large organizations told us they need unified records management and archiving across all their content — including email and documents stored in their ERP and CRM systems, Microsoft SharePoint, and their content management system(s). At the same time, organizations still lack automated methods for classifying content to assist with this process: only 13% reported they have automated systems that classify emails and mark them as records, according to rules.

Finally, our respondents clearly appreciate the difficulty in attempting to address ERP/ECM integration challenges on their own, without the proactive support of their vendors. 58% of respondents from large organizations agreed/strongly agreed with the statement "we need better integration between our ECM and enterprise applications, and would like to see vendors work together to provide preintegrated solutions."

**FIGURE 1**

Customer Perceptions of the Need to Integrate ECM and EA

Q. Please indicate your level of agreement with the following statements:



n = 97, organizations with 2,000+ employees (total sample n = 308); multiple responses allowed.

Source: November QuickPoll Document Processes, IDC's Enterprise Panel, November 2008

## INTEGRATED ECM: NEEDS AND KEY CAPABILITIES

As our survey research shows, lack of integration between ECM and enterprise applications creates significant challenges for organizations. Information workers are unable to search for and find content fragmented across a variety of separate applications. Content assets locked up in siloed applications can't be shared across business processes and among users of different applications. There is a high rate of duplication as content is copied from one application to another, or shared via email, to make it usable in multiple contexts — increasing inefficiency and compliance risk and escalating storage costs. The lack of a consistent approach to records management across all of the organization's content not only jeopardizes compliance but also increases the organization's discovery costs and limits an organization's ability to create and leverage a consolidated view of its operations or customers.

What's needed is a holistic approach to information management — what might be called "extended ECM for enterprise applications." IDC believes there are several critical requirements for a successful solution. It must address two broad areas of need: the need to improve information worker productivity and collaboration, and the need to optimize information management costs and reduce risk. Let's explore these in more detail.

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### Improved User Productivity and Collaboration

Information workers need access to information *in the context* of their work — that is, from within the applications they use every day. As we noted above, the average information worker wastes hours each week searching for information. An integrated ECM solution must put the information users need at their fingertips — from within their existing applications and user interface(s).

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Further, it must foster team collaboration. Effective collaboration across geographical boundaries, time zones, and cultures is central to accelerating new products and services and reducing time to market (and time to revenue). That's more important today than ever before — especially in these challenging economic times.

To address user productivity and collaboration needs, an integrated solution needs to provide:

- ☒ **Seamless access to content from within enterprise applications.** Users need to be able to file and retrieve business documents directly from within their enterprise applications, including ERP, CRM, SRM, PLM, and SCM. EA users should not need to learn or use additional applications, nor should they need to manually correlate information from multiple systems or repositories to get their work done.

- ☒ **Comprehensive enterprise content management and collaboration facilities.** As our survey highlights, storing business documents within enterprise applications creates information silos that are inaccessible to other applications and user interfaces. Organizations need to be able to provide access to business documents and other unstructured information to all their users — via their customary desktop applications and office productivity tools — along with the collaboration facilities that make teams effective.

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## Reduced Operational Costs and Risk

The main drivers today for ECM/ERP integration from a "hard dollar" return on investment (ROI) perspective include ensuring compliance and mitigating risk, improving litigation preparedness and reducing discovery costs, and reducing storage costs. These drivers are very strongly interlinked and need to be addressed together.

Managing information effectively is the key to improving litigation preparedness and reducing discovery costs. Although total costs for discovery depend on the size of the corpus, the complexity of the matter, the types of data involved, and the readiness of the organization in terms of its information management policies and procedures, discovery costs are directly correlated to the volume of information that legal teams must sift through. Content that's buried in multiple application silos is often poorly categorized and difficult to find, and as noted above, it is usually highly redundant. By centralizing the management of the organization's content, an integrated ECM solution can help organizations reduce the size of the collection required for a given discovery action, yielding commensurate savings in legal costs. Typically, preservation, collection, and processing typically account for 10% to 15% of the total cost per matter, with document review and production accounting for the other 85% to 90% (see *How are Corporations Managing ESI for Legal Holds?* IDC #215424, November 2008).

Managing information effectively is also the key to controlling storage costs. IDC's storage workloads research indicates that organizations spend more than \$12 billion annually on storage hardware to support business processing and decision support workloads. (See IDC's *Storage Workloads 2008* study, September 2008.) As our research shows, the amount of storage associated with business processing and decision support is growing at a compound annual growth rate of more than 50%, and will exceed 17 petabytes by 2012.

To address these needs, the solution needs to provide:

- ☒ **Automatic classification of content.** Content should be automatically classified according to business rules rather than asking users to spend time filling out forms with metadata. Automatic classification helps to ensure that content is accurately tagged, and the context of the business process is properly captured. This not only makes users more productive, it is critical for automating records management, retention, and archival.

The main drivers today for ECM/ERP integration from an ROI perspective include ensuring compliance and mitigating risk, improving litigation preparedness and reducing discovery costs, and reducing storage costs.

- ☒ **Comprehensive records management facilities.** The solution must give organizations a way to better manage their physical and electronic records, so they can apply retention schedules, manage disposition, and implement legal holds across all of their content — including email, the documents in their enterprise applications, content in Microsoft SharePoint, information in their enterprise content management system that may be unrelated to enterprise applications, and even the physical records or items in their warehouses.
  
- ☒ **Archival facilities.** The solution must provide content migration, deduplication, and archival facilities, to help organizations better manage their rapidly growing volume of unstructured information and reduce storage costs. Moving from "local" application-specific content repositories to integrated ECM lets customers reduce the number of duplicate copies of information they maintain today, and gives them a flexible way to manage it — leveraging less expensive storage for information only rarely accessed.

It goes without saying that the solution must also be scalable and highly available, it must manage all types of content with granular levels of security and authorization, and it must interoperate with all of the organization's applications that need to access content — leveraging standards where they exist and providing a common set of Web services for extensibility.

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## **Vendor-Supplied Integration**

Developing integrations between ECM and enterprise applications requires domain expertise in two very broad and deep technology stacks and a long-term vision of how best practices in information management will evolve — along with standards. It also requires vertical industry domain expertise: the business workflows that need to combine content and data vary from one industry to another.

IDC believes that ECM/EA integration is a task best left to the vendors: vendor-supplied integration is a far more robust, future-proof, and cost-effective approach. As our survey shows, this is an area where customers are looking to their vendors for support. Customers tell us developing custom integrations between ECM and enterprise applications is difficult and expensive work. Custom integration code also becomes part of the organization's legacy IT asset: it adds significantly to the cost of software upgrades/migrations, and its ongoing maintenance diverts IT resources from other efforts that could create new value for the enterprise.

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## **THE OPEN TEXT EXTENDED ECM FOR SAP SOLUTION**

As leaders in ECM and EA, Open Text and SAP can bring significant resources to bear to address the challenges around integrating content with business processes.

In fact, the two companies already have a long history of cooperation spanning nearly two decades (it began with SAP's alliance with IXOS, an archival software vendor headquartered in Germany that Open Text acquired in 2003). The Open Text/SAP partnership has broadened and deepened over time, and today SAP resells several Open Text solutions, including SAP Archiving by Open Text, SAP Document Access by Open Text, SAP Invoice Management by Open Text, and the OCR Option for SAP Invoice Management. The companies' joint products are already widely used: according to Patrick Barnert, vice president of Open Text's SAP Solutions Group, over 3,000 major customers use Open Text's SAP solutions today for archiving and document access.

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### **Content Life-Cycle Management**

Whereas SAP Archiving by Open Text and SAP Document Access by Open Text are concerned with the management of "fixed content" — that is, the preservation of content at the end of its life cycle — Open Text Extended ECM for SAP takes this a step further. It provides all necessary facilities — such as capture, document management, collaboration, content access, DoD 5015.2-compliant records management, and archiving — to manage content throughout its life cycle, from creation through archival and destruction.

Because it includes SAP Archiving and SAP Document Access, Open Text Extended ECM for SAP also provides users of these two solutions with an upgrade path that lets them leverage their existing investments as they embrace enterprise content management in its fullest definition. (It also provides Open Text LiveLink customers with an upgrade path to integrate their existing investments with SAP.)

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### **Capabilities and Benefits**

Open Text speaks of "journeys" when it describes the many routes that customers take as they progress along the path from point solutions and targeted content applications to extended enterprise content management. We continue to see customers implement point solutions to address specific content-related business problems, and it can often be difficult later on to integrate these into a holistic enterprise content management strategy.

With Open Text Extended ECM for SAP, customers can deploy selectively in phases, beginning with those aspects of the overall solution that address their most pressing needs, and then expand out as business priorities dictate without creating information silos that could be difficult to rationalize down the road.

Let's briefly explore the many aspects of how Open Text Extended ECM for SAP benefits the organization and its information workers.

Open Text Extended ECM for SAP gives existing users of SAP Archiving, SAP Document Access, and Open Text LiveLink an upgrade path.

## ***Enterprise Content Management in the Context of Users' Applications***

As we noted earlier, one of the most important aspects of an integrated approach to enterprise content management is the ability to surface content from within users' customary applications — the applications they spend time in every day to get their work done. What's needed is the ability to *transparently* extend these applications to access content in the enterprise content management system without changing existing applications or user interfaces, or handing users yet another separate application.

### **Transparent Access to Content from SAP Applications**

Open Text Extended ECM for SAP provides transparent access to enterprise content of all kinds — whether customer correspondence, scanned images of invoices, contracts, or word processing documents and spreadsheets — from within users' familiar SAP applications. This makes users much more productive because it provides them with the content they need *in context*, i.e. in the context of their work. Users don't need to spend time browsing or searching for information: the application delivers precisely the right content to the information worker according to his/her role and/or process step. This not only saves time and cost filing and retrieving information, it drives additional value from the business processes themselves — all the while improving compliance by automating process controls.

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By transparently extending local SAP document storage with an enterprise class repository, Open Text Extended ECM for SAP enables organizations to embrace enterprise content management without the disruption or the costs they would otherwise incur in user training and application support.

### **Access to Content From Non-SAP Applications**

Open Text Extended ECM for SAP lets SAP customers extend access to "SAP content" to users who don't need (or shouldn't have) access to their SAP applications, in a controlled manner. These non-SAP users can transparently access "SAP content" from within the applications they use every day, using familiar user interfaces, as Open Text Extended ECM for SAP leverages Open Text's integrations with Microsoft Outlook, Microsoft SharePoint, and file shares.

Open Text Extended ECM for SAP lets SAP customers extend access to "SAP content" to users who don't need (or shouldn't have) access to their SAP applications, in a controlled manner.

Because content is stored in the enterprise content management repository rather than within separate application-specific document databases, it can be made available in a secure manner (in accordance with highly granular business rules) to all of the organization's workers. This benefits the organization by enabling it to leverage its content assets across business processes — facilitating collaboration among all of its information workers, and thus boosting productivity and accelerating business decisions.

### ***Managed Content Reduces Risk and Cost***

When content is stored in an enterprise content management system rather than in application-specific document stores it can be managed effectively throughout its life cycle — from creation through disposition. Open Text Extended ECM for SAP captures, manages, and controls the organization's business content by providing:

- ☒ Automated classification of content, which ensures that the business context of content is accurately captured and managed, and also frees users from the onerous task of filling out metadata forms
- ☒ A consistent, standards-based approach to records management across all enterprise content (whether SAP or non-SAP content) to ensure compliance with regulatory and internal controls
- ☒ Efficient storage management, enabling the organization to optimize storage and reduce its overall storage costs

### **Automatic Content Classification**

Open Text Extended ECM for SAP provides automatic classification of content according to business rules in a manner that is transparent to the user. This frees users from the onerous task of filling in forms of metadata to classify documents (saving time and effort); it ensures that the SAP business process context is automatically captured and maintained for a given document (making the document easy to retrieve, and also enhancing compliance and litigation preparedness), and it also improves the accuracy of the process (studies over the years have shown that even professional librarians are only about 50% consistent — with themselves — in tagging information). By embedding content management directly in the business process, documents are automatically classified and the *context* of the content is automatically maintained.

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### **DoD 5015.2 Certified Records Management**

Open Text Extended ECM for SAP enables organizations to manage and control both their physical and electronic records. It lets them apply DoD 5015.2 certified records management controls to content in their SAP applications, email systems, non-SAP applications, and document repositories. According to Open Text, it is the only ECM vendor that provides a DoD 5015.2 solution for SAP today.

Thanks to Open Text Extended ECM for SAP's automatic content classification facilities, record declaration can be fully automated and made transparent to the user. SAP metadata can be used to drive retention schedules, and rules for retention can be implemented either via SAP's rules engine or in Open Text ECM. Records management facilities include legal discovery, legal hold and disposition, and warehouse space and circulation management. (Open Text is currently pursuing MoReq 2 certification.)

SAP metadata can be used to drive retention schedules, and rules for retention can be implemented either via SAP's rules engine or in Open Text ECM.

## **Archival**

Many SAP customers are concerned about escalating storage costs, and the need to contain these costs has been a key driver for the market success of Open Text Archiving for SAP and Open Text Document Access for SAP. In addition to helping reduce storage costs by moving infrequently accessed files to less expensive tier 2 storage, Open Text Extended ECM for SAP's deduplication, migration, and archiving facilities save customers significant time and cost with application upgrades, migrations, and consolidations.

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## **Vendor Commitment and Support**

Open Text Extended ECM for SAP was jointly developed and is co-sold. The customer signs an Open Text end-user license agreement (EULA), and Open Text provides product support and typically takes the lead on implementation services. This business arrangement has helped to facilitate a very strong working relationship between the two companies at the field sales and technical levels, and makes it easy for them to bring their respective (and deep) expertise in ECM and enterprise business processes to bear to ensure customer success.

Both vendors provide strategic consulting services to assist customers with developing a solid ROI model. Open Text's Value Advisory Group helps customers gather metrics, benchmark their costs, and evaluate scenarios using a methodology called Value Blueprinting. The Value Advisory Group leverages industry-specific best practices, the experiences of customers with similar problems, and its expertise in ECM technical architecture to help customers plan and implement an effective strategy. SAP's Value Engineering team benchmarks industry performance metrics and helps SAP customers compare their key performance metrics (KPIs) to those of their peers, then can help with a deeper assessment to assess potential ROI from a potential investment in SAP solutions. This is an approach that Open Text is also adopting going forward.

### ***SAP-Endorsed Business Solution, Powered by NetWeaver***

As a SAP-endorsed business solution, Open Text Extended ECM for SAP has been developed in accordance with SAP guidelines, and leverages the SAP NetWeaver platform. This makes Open Text Extended ECM for SAP a safe investment for organizations that are heavily invested in the SAP platform. Significant joint development effort goes into assuring the compatibility of this solution with the SAP platform: to receive SAP endorsement, a solution must pass a rigorous set of qualifications — typically a four-month process, and one that must be repeated with every new release. According to Barnert, Open Text Extended ECM for SAP is the only ECM solution fully integrated with SAP today, i.e. built within SAP's ABAP stack.

## ***Partnership and Long-Term Vision***

Of course, both Open Text and SAP partner with other vendors, including each other's competitors: Open Text partners with Microsoft and Oracle, and SAP partners with IBM and EMC. The spirit of cooperation prevails whenever customer requirements include integration with existing investments in applications and/or content repositories, and in fact these other partnerships add value to the Open Text-SAP alliance — they enable the two vendors to respond to the broader legacy integration needs of large enterprises.

But it's clear from our interviews with executives from Open Text and SAP that the partnership is very strategic for both of them. As Barnert points out, Open Text is the only ECM vendor that sells solutions through the SAP channel today, and Open Text appears to be well on its way to becoming the "gold standard" for ECM within the SAP customer base. According to Ragunath Ramanathan, senior vice president at SAP, "Open Text is our leading partner today. It's not an exclusive partnership, but it's a very special and important partnership, and commercially speaking, it's also a very successful partnership."

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Open Text Extended ECM for SAP will continue to evolve based on customer needs. Ramanathan adds, "We are pushing ahead with Open Text to define what the future looks like for combining enterprise applications and content management. What do these solutions need to look like? How do we make our products talk to each other? How do we embed these capabilities in the context of a business process? There's a lot of investment going on, from both sides." Clearly, Open Text's and SAP's joint customers will be the beneficiaries of this partnership.

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## **Open Text Extended ECM for SAP in Action**

To gain an understanding of how Open Text and SAP customers are putting Open Text Extended ECM for SAP to use today, we spoke with some of Open Text's account teams (including sales and implementation staff) about their customers in financial services, utilities, oil and gas, and the public sector. Their stories illustrate just how varied customers' "ECM journeys" are, and highlight the value to customers of being able to adopt ECM in a flexible, phased manner.

For example, a large financial services institution headquartered in the U.K. has a heritage of SAP and Siebel applications, and its applications strategy has been quite siloed. The HR group had been doing document archiving for about a decade, but was singled out in an internal audit a year ago as it had manual processes that were not well documented. As a result of the audit, the group was tasked to create a centralized SAP repository for employee and contractor files with automated categorization, records management, and retention schedules to ensure compliance with personal data protection regulations.

Open Text engaged with the customer on a strategic level, working through requirements definition and analysis prior to winning the deal. Its account team believes that its up-front commitment was appreciated, as the HR people tasked with the project were relatively new to the organization. Open Text proposed a hosted solution managed out of Zurich to meet the customer's tight deadline, and the new system went live at the end of 2008. Open Text cites the customer's clear vision

around its goals for the records management implementation as one of the key success factors. The organization is now embarking on a strategic, five-year plan to move to an all-SAP environment, and will ultimately be able to leverage its investment in Open Text Extended ECM for SAP into other areas in support of that global rollout.

A large Canadian power utility and long-time SAP account was looking for an end-to-end ECM solution. In fact, the customer's needs extended beyond records management and content life-cycle management: they also included Web content management, the integration of content with geographical information system (GIS) data, SharePoint integration, and contract management. SAP brought in Open Text.

According to the account team, Open Text Extended ECM for SAP provided the foundation, but it was the breadth of Open Text's ECM Suite that was key to winning this account. The alternative was a multivendor "best-of-breed" approach that would have required multiple integrations. Open Text's consulting group worked with both IT and LOB stakeholders from a strategy perspective, and helped shape the customer's vision of an overarching ECM solution. (Open Text believes that its ability to demonstrate working solutions as part of this process was key to the customer's confidence in that vision.)

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A large county in California had been using a third-party integration tool to tie information in its SAP system to a legacy eDOCS repository, but it didn't work well. Open Text and SAP teamed up to host workshops for the customer to explore how they were using their current solution and map their processes, and then went back to the customer with suggestions as to where they could pick up additional business efficiencies.

Their recommendation: upgrade from eDOCS to Open Text Extended ECM for SAP. The county was getting more involved with records management, and Open Text Extended ECM for SAP incorporated the records management capabilities the county would need down the road. Of course, budgets are tightening in the current economic climate, especially in the public sector. Open Text's Value Advisory Group helped the county build its ROI case. The county is currently in deployment and the solution will go live soon in support of the accounts payable process. Subsequent areas at the top of the priority list include agenda management for the administrative office and human resources.

In summary, Open Text's and SAP's joint customers appear to be selecting Open Text Extended ECM for SAP for three main reasons: operational productivity, archiving, and compliance (records management). All of these areas are key contributors to the bottom line in medium and large organizations. An integrated solution helps implementation costs and risks, and customers can expect strong support from both vendors as they continue along their ECM journeys.

Customers appear to be selecting Open Text Extended ECM for SAP for three main reasons: operational productivity, archiving, and compliance (records management).

## CHALLENGES/OPPORTUNITIES

We're in the early days of ECM/enterprise application integration — we've only just begun the journey to integrated enterprise information management. There are myriad potential integration points between ECM and enterprise applications and it will take years to address them all in the context of different industries and their unique business processes. Customer case studies demonstrating ROI are still scarce. Standards are still evolving, and they will need to be informed by real-world customer needs. Vendor solutions don't address the full spectrum of customer needs out of the box: professional services will continue to be an important component of integrated ECM/enterprise application deployments for the indefinite future. But this will change over time, as vendors incorporate lessons learned and industry best practices into their products.

Given the complexity of ECM/enterprise application integration work, IDC believes customers should look to vendors that are taking a pragmatic, customer-driven approach to product development and that can deliver useful integrations today, while at the same time participating in standards efforts that could make these integrations easier in the future. As SAP's Ramanathan points out, "Rather than trying to come up with a grand vision that could be very difficult to implement at the product level, we are moving industry by industry, assessing how integration can address industry needs. This approach is something SAP is very strong in — we understand how customers think in every industry, and we know what their challenges are. This method is the best solution roadmap for integrating ECM with SAP business processes and applications. In parallel, we are working on a technical integration strategy based on standards that will help make it easier and faster to implement some of these business processes from a technical perspective." Both Open Text and SAP are taking part in the Content Management Interoperability Standard (CMIS) effort.

One of the challenges Open Text and SAP face today is finding the right people within an organization to talk to because ECM and enterprise applications remain separate disciplines in most organizations. As Barnert points out, staff are "either responsible for SAP or for ECM. There are very few companies looking at it from a holistic approach — from a pure information management requirement." As IDC research shows, awareness is growing, but it will require more customer education from Open Text and SAP to cultivate this. As Ramanathan told us, "We see a change. A few years ago, if we'd asked our customers to rank the importance of integrating ECM with enterprise applications, it wouldn't have been at the top of their priority list. But it's increasingly becoming a priority. It's partly an issue of CIOs wanting to get the most out of their IT assets. But it's also about the line-of-business stakeholders, who want to see content in the context of their business processes — not as a standalone archiving solution."

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The key drivers for a holistic approach to enterprise information management remain compliance, mitigating enterprise risk, and managing down litigation costs, although as we have seen, organizations stand to benefit significantly from improved operational efficiencies, and they can often justify ECM/enterprise application integration projects on the basis of storage savings alone. As Ramanathan points out, "The pressure on IT and LOB to move in that direction varies by industry. Healthcare, financial services, utilities, and the public sector all have immediate needs. The need to combine ECM and enterprise applications to drive business value is more acute there, but other industries will eventually catch up."

## CONCLUSION AND RECOMMENDATIONS

In the current economic climate, organizations may be inclined to postpone large IT investments. Investment in an integrated ECM/EA solution, however, could help the organization save millions of dollars over the next few years — and improve its cash flow — at a time when many organizations are challenged to maintain profitability.

There are many starting points for the journey to ECM. The good news is that customers can pick their area of greatest need as their departure point, and expand their investment over time. This choice reduces project risk and accelerates time to value. We believe SAP users will see tremendous benefit in the ability to transparently leverage ECM in conjunction with their portfolio of SAP applications, without needing to change their existing processes, reimplement their applications, or retrain their users. They can start with one SAP application area and roll out to others across the organization without disruption to the business. Rarely does IT have such a good opportunity to enhance the organization's controls over information management without impacting existing users and applications.

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IDC recommends that organizations embarking on the path to integrated ECM and enterprise applications leverage the resources of vendors such as Open Text and SAP to help them:

- Develop a solid business case and ROI model, one they believe is realistic, attainable, and measurable
- Map their priorities into a phased implementation plan that is nonetheless architected for the future
- Choose a solution that is as preintegrated as possible, to avoid writing custom code, and to leverage their vendors' domain knowledge, expertise, best practices, and practical experience from customers that have gone before

We believe Open Text and SAP have correctly anticipated the emerging needs of enterprise customers for an integrated enterprise information management approach, and are well positioned to address the evolving needs of customers in diverse industries.

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