



White Paper: Delivering Competitive Value

Analysis of Return on Investment:
VisualVault



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Executive Summary

Competitive Value can be achieved by providing greater service, support and responsiveness to clients while maintaining lower operating costs than your competition. These goals are mutual in the eyes of your customer, but are often mutually exclusive to deliver.

This White Paper proposes several different scenarios on making these goals synergistic and achievable. Cost and benefit are estimated across different types of businesses.

The primary tools for recognizing these gains are the following:

- Replacing manual business processes with automated workflows
- Replacing non-value-added work effort with automated processes
- Elimination of paper based forms with internet delivered tasks/emails
- Consolidation of various information locations with a single, searchable vault
- Distributed responsibility for content management and access to key stakeholders
- Use of projects sites which are secure, yet available to all key stakeholders

It will also be shown that given the ease-of-use, and ease-of-customization, that VisualVault can replicate your unique style of doing business and provide a return on investment that is measured in months, rather than years.

Enrich your competitive advantage with VisualVault.



Introduction

The total-cost-of-ownership (TCO) metric is not rigidly defined, and is often modified to address specific talking points. For purpose of this discussion, the TCO leading to return on investment (ROI) metric will be divided into components for which the reader can determine the applicability to their business environment.

- Out of the box costs: Application and Installation
- Customization
- Operating Expense
- Alignment with Future Business Needs

Application and Installation

VisualVault is a web-based application written in .Net. The IT infrastructure requirements are shared in Appendix I. This technical path was taken because of the established user base, the sophisticated development tools available to programmers, and the low incremental cost base for a new user. As a pure web based product, system maintenance is limited to single point, and any relatively modern browser can be used to access the application.

The application leverages the Microsoft Windows operating environment, including user management and security, internet server and web services. This allows for non-proprietary extensibility and best-of-breed capability.

The installation process, including database management is fully automated, typically requiring less than 5 minutes per install. Updates and maintenance kits are maintained on-line at www.visualvault.com, and are available to registered customers.

A single IT administrator can therefore set-up VisualVault with minimum effort. LDAP integration allows for migration of users from your network into VisualVault as named users. Users outside the corporate firewall can be added directly to the user database. At this point VisualVault is ready to be used by your organization.

Actual application pricing can be provided by your local area Value-Added-Reseller (VAR), but based upon several Auersoft competitive analyses, VisualVault pricing is at the lowest percentile for installed cost for any comparable document management system.

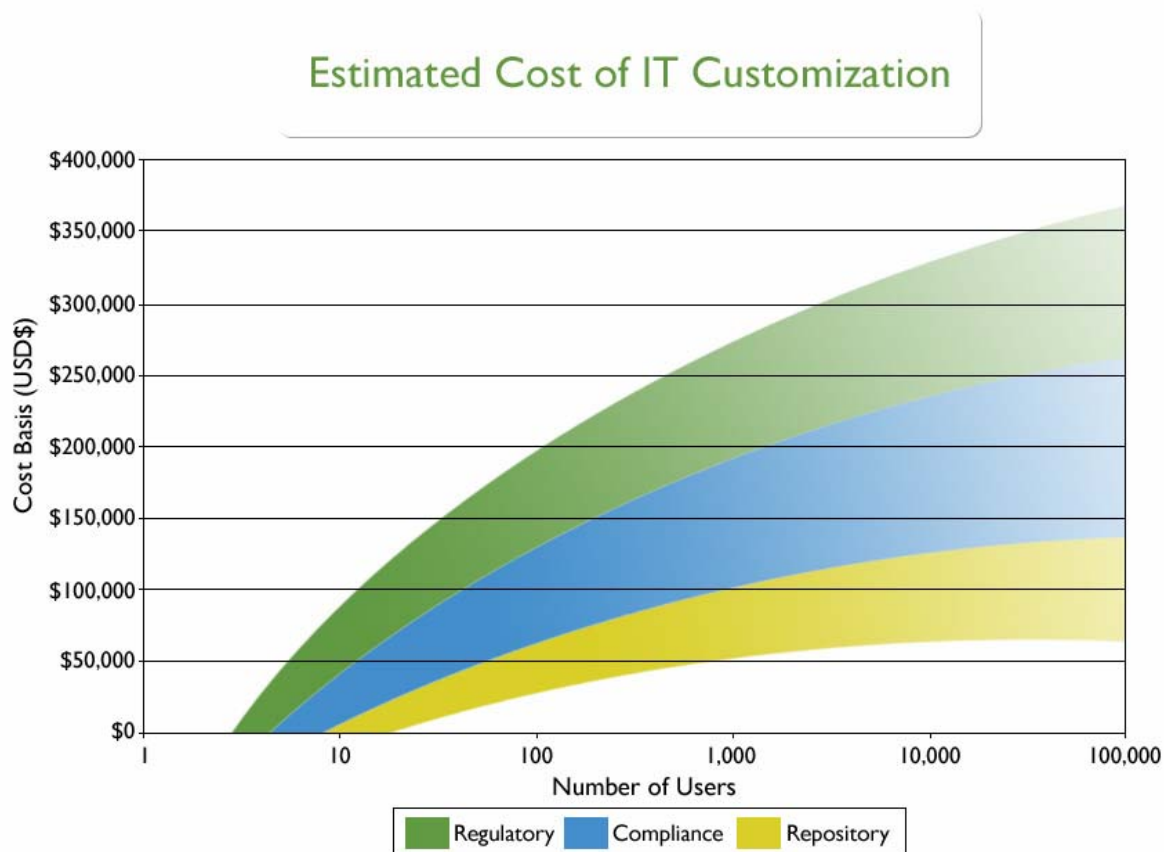
Customization

Once the application is live and available to users, customization is the key to achieving organizational benefits. For purpose of discussion, the following guide will be used for estimating costs across different types of implementations. The following definitions will be used:

- Regulatory is considered a fully integrated business model with process flows, audit trails and document control.
- Compliance is considered a complete set of forms and documents which are maintained for record management.
- Repository is a fully functional document management system where large amounts of files are maintained and structured for rapid retrieval.

Your organization is unique and survives because of the differentiated value offered to customers. Regulation, compliance standards or customer requirements stretch resources. The decision to move to a software solution has to consider your special corporate culture; the implementation must emulate and preserve it.

The nature and complexity of unique customization determines project cost. Typical costs are scaled with number of system users. There is no fixed rule for estimating costs, so on the basis of experience the following graph will be used to estimate project cost as a function of user base and type of implementation.



Industries have different employee demographic complexions and corresponding overhead rates. Typical SG&A rates can vary substantially within a market, but the following will be assumed:

Table I. Demographics by Industry Sector

Industry Type	SG&A Rate	# of Information Workers/ 100 employees
Manufacturing	17%	8
Service	22%	14
Health Care	38%	22
Legal	42%	28
Consulting	48%	33

Various Gartner Group, IDC and McKinsley studies have documented the costs associated with information management and collaboration. In general, the following metrics are cited on a frequent basis:

- 30% of information worker time is spent searching for documents
- 40% of new project time is spent re-creating established corporate information
- 30-50% of workers store information on local hard drives
- 15-25% of corporate documents are misplaced and often need to be replaced
- by 2006, over 100M individuals will be mobile workers in the US alone
- Customers are increasingly turning to the internet to find content and to interact with businesses

Two of the benefits associated with an enterprise content management solution are increased efficiency and productivity. The solution must enable an organization to perform tasks better, faster and cheaper. The key areas for improvement include:

- Replacing manual business processes with automated workflows
- Replacing non-value-added work effort with automated processes
- Reduction of paper based forms, shipping and communication costs with internet delivered content
- Consolidation of various information locations with a single, searchable vault
- Enhance and work synergistically with other deployed software solutions: MS Office, ERP and CRM.

VisualVault provides all the key functionality to automate workflows, maintain complete record tracking of all forms and data used in the business, set rules for document and record archiving or purging and provide a complete training records management system. Thus, an estimated annual costs savings for a typical 100 person organization would be as follows:

Table 2. Cost:Benefit Analysis Across Different Industry Sectors for Automated Document Management: 100 employee basis

Industry Type	Average Cost per Employee	Cost of Information Searching	NVA Records Management	Paper, Shipping & Delivery	Estimated Annualized Savings*
Manufacturing	\$30,000	\$72,000	\$30,000	\$20,000	\$122,000
Service	\$25,000	\$105,000	\$75,000	\$30,000	\$210,000
Health Care	\$25,000	\$165,000	\$50,000	\$35,000	\$250,000
Legal	\$30,000	\$252,000	\$90,000	\$45,000	\$387,000
Consulting	\$30,000	\$297,000	\$90,000	\$35,000	\$422,000

* Note: these costs would scale with size of the organization, and are based on the prior table.

Perhaps more important to the projected hard cost savings are the intangible savings associated with rate of response. Connecting mobile workers and integrating task awareness with email ensures that all information workers have immediate knowledge of pending work activities. The use of custom reports or event subscription notices allows for on-going oversight to the system.

Other intangible benefits include the following:

- Document lifecycle management
- Complete document histories
- Distributed responsibility for content management and access to key stakeholders (often functional department heads)
- Use of projects sites which are secure, yet available to all key stakeholders
- Web accessible document repositories where content is managed off-line

Using VisualVault to create a smart, connected organization can provide significant hard cost savings, eliminate job positions that are non-value added, and improve the customer experience through greater responsiveness and ability to electronically collaborate. By retaining the uniqueness of your organization and organizational work processes, VisualVault can enhance your customer satisfaction.

Operating Expense

The replacement of manual, unstructured, or paper based systems with VisualVault was shown to provide significant cost savings, depending on the nature of your business. This cost will be offset with some of the following considerations:

- File Storage and Back-up Costs
- Training (short term at implementation or new employee), Higher Skilled Staff
- Paper will never be completely eliminated, but substantially reduced
- Optional Maintenance Fee for Upgrades/Maintenance Packs

These operating expenses are approximately 25% of the cost savings estimate (assuming the on-going software assurance agreement is maintained), therefore, the nominal cost elimination should be consider 75% of those reported in Table 2.

Return on Investment

Using the data presented herein, the actual return on investment will depend upon the nature of your business, the level of sophistication for business process automation and record and document automation, and the type of implementation: regulatory, compliance or repository.

The average hard cost savings per 100 employee organization was measured at \$278,200. Using the offsetting on-going expense, the net cost savings should be estimated at \$208,650.

The average implementation cost per 100 employee organization is measured at approximately \$122,000. Thus, on this simple premise, the ROI period would be estimated at: 7 months. Furthermore, the on-going annualized cost savings equates to more than \$200,000/yr, which is approximately equivalent of 7 full time staff.

In the worst case, an implementation for a lean manufacturing organization, would provide an ROI in 12-18 months, however, the benefits of print management, coordinated quality system management and on-line project collaboration provide additional benefits to the organization.

Summary

Hard and soft cost benefits have been described for a variety of implementations and industry types. The average ROI period is 7 months with on-going cost savings of greater than \$200,000/year for a nominal 100 person organization.

VisualVault gives users the power for automating business processes, providing complete document and record management and provides a basis for collaboration – all on a low cost, web based platform.

The key considerations for increasing competitive value are present. Lowering operating costs, while providing greater responsiveness to customer needs. Reducing your costs of compliance or regulation management, while increasing effectiveness of audit trails and data histories are additional benefits.

Your customers will feel the difference. You will experience the benefits.

Enrich your competitive advantage with VisualVault



Appendix 1. IT Infrastructure Requirements for VisualVault

Server Requirements

VisualVault requires a minimum of 1 Server.
The following operating systems are acceptable:

- Windows 2000 Server
- Windows 2000 Enterprise Server
- Windows 2003 Server

Security Model

- Windows NT domain
- Active Directory
- Novell

Server Processor

- Min. 1 Ghz processor
- 2 Ghz or higher recommended

Server Memory

- Min. 500mb RAM per server
- 1Gb recommended

Single Server Software Requirements:

- Microsoft .Net Framework version 1.1 or higher.
- Microsoft Database Engine (MSDE) for lower document storage capacity requirements.
- Microsoft SQL Server 2000/2005 for sites requiring additional document storage capacity. There is no performance difference using MSDE.
- Microsoft Internet Information Server
- The latest operating system, SQL server, and .Net Framework service packs are installed.

Server Disk Space

- Min. 400mb available disk space per server.
- VisualVault application files take up less than 50mb of disk space, however it is important the server has adequate disk space for virtual memory use and database storage.
- The minimum disk configuration recommended is a RAID 5 disk array
- For sites with more than 100 users a separate disk controller and drive array should be used on the SQL Server for log files and a multi-server installation should be considered.

Multi-Server Software Requirements:

Sites requiring more than 100 concurrent users may consider using multiple servers to distribute application load. The simplest multi-server installation is physically separating the web application and database services. VisualVault can easily be configured to operate with a remote SQL Server to take advantage of an existing database server or to balance server load. Single server minimum requirements apply to each server used in a multi-server environment.

Physical Network Details

VisualVault requires Internet/Intranet availability to the network (using the TCP/IP protocols).

Client Work Stations

- CPU Speed - Pentium 2 processor min.
- Memory - 128mb RAM min.

Client Software

- Microsoft Windows - version 2000 or XP
- Internet Explorer version 6.0 or higher
- Mozilla Firefox

Internet Connection Type And Speed

- For remote access to VisualVault, 256K is the min. Internet bandwidth recommended.
- T1, Fractional T1, DSL, Cable, Microwave or Dial-Up may be used.

Back-Up Procedures (recommended)

The database server (either MSDE or SQL 2000) should be configured to perform on-line nightly backups of the VisualVault database and transaction logs at a minimum.