

# The ROI of Collaboration

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## Introduction

We all participate in collaborative activities, everyday, all day in both the work place and socially. Simply stated, collaboration occurs when two or more individuals work together toward a common end. From picking out a movie to see with your friends to working on engineering plans with a group that spans from Seoul Korea to New York (one of the projects my company is involved with) all constitute collaboration. The very simplicity of this definition can lend its self to an overly broad definition of those tools that allow us to collaborate.

## Collaborative tools

There exists a wide range of collaborative tools in the market place from companies such as Microsoft, SAP and Documentum, and they fall into three primary buckets. So in order to begin to make the correct ROI (Return on Investment) analysis for you company it's important to have an inventory of what's available out there and then to examine which of these tools begins to address your company's pain.

- Electronic Communication tools
  - Traditional and well known systems such as Telephone conferencing, email, and fax
  - Document management systems to control versioning, history and auditing of document history
- Electronic conferencing tools
  - Instant messaging
  - Internet based meeting and application sharing systems such as Microsoft Live Meeting
- Collaborative management tools.
  - Workflows to achieve efficiency and insight over business process automation
  - Business Intelligence so your staff can make informed decisions
  - Knowledge management tools to share and retain your company's intellectual property
  - Project based calendars

If everything from a telephone call to enterprise content management solutions can be defined as a collaborative tool, then the evaluation of ROI can be become equally clouded. How then best to make these determinations?

## The Road to ROI

### Optimizing your business infrastructure

*It's not about one solution but how to bring solutions together*

The first thing to understand is that to achieve the efficiencies and bang for the buck that drive your considerations of collaborative tools you should look at your businesses infrastructure as a whole and from there figure out how to optimize its use. Microsoft offers a free online assessment tool <http://www.microsoft.com/business/peopleready/bizinfra/ac/bpioassessment.msp?page=1> to help make these judgments. BPIO, or Business Process Infrastructure Optimization, is a model, not a product, put forth by Microsoft that emphasizes a holistic view to technology and the solutions these systems provide.

The basic premise is simple, proactive planning in the context of leveraging what you are already running. For instance if you are already running a Windows based network, the document management system you adopt should take advantage of the single sign on credentials you are already using to log on to your computer everyday (Active Directory/LDAP integration). If you are bringing on Business Intelligence tools and you have a choice between two products that both serve your need - is one running Oracle when you already are running MS SQL, (or vice a versa)? The idea is to keep the new technologies you adopt to a minimal foot print and to make sure they will play nice with what you already own.

A steep learning curve and the administration of a whole new set of backend technologies can easily erode any of the efficiency gains you may have made in adopting new tools.

### **Choosing the right tools**

The principle of KISS (Keep it Simple Stupid) should be considered in selecting collaborative tools.

A steep learning curve is the kiss of death (pardon the pun). Without the buy in of your peers and staff you may well have bought a white elephant. It's a balancing act - you don't want to implement a tool that doesn't grow with you, but by the same token, buying a sledge hammer that nobody uses when you all you needed was a hammer to begin with is something to consider when shopping for a solution.

And again please consider the impact to IT and the administration of a new technology when adopting. If it builds on what you already own, IT will be grateful, the project successful, in the long run bring you the best value

### **Making the calculation**

And now down to the brass tacks of making the calculation. As managing partner in my firm, I live by the ROI proposition. The services we offer need to be justified to offset the expense of adoption and happily we are able to make the case far more often than not. In this section I will put into context collaborative solutions and their ROI.

We at Gig Werks are experts in SharePoint 2007 and leverage that platform to deliver a range of collaborative solutions for our clients and I regularly present webinars on the topic. Despite the perception of a partisan slant, my own familiarity with the platform offers the best context in which I can relate how to gauge ROI.

## ROI considerations

The trick with determining ROI is knowing what the correct questions are first to get to the right answer. Some of the calculations are easy to make, some more intangible, but this is very much the case where the whole is greater than the sum of the parts.

- **Document management and work spaces**

For the most part professional services firms work in groups and across departments and geographic areas. This means they are sharing documents across these groups to a common end.

In calculating the ROI for this solution set consider the following.

How long does it take for an average Information worker to find the correct information as it relates to a specific project? If a staff member is looking in their emails sent items, received items, external websites, their local desktop and then a file share, it is safe to assume *at least* 20% of their day is spent looking for relevant documentation. With 100 employees making an average of \$75,000 per year, you would have a payroll of 7.5 million annually. Therefore a 20% increase in efficiency yields 1.5 million dollars in returned productivity. Take a much lower number and the savings in productivity is still quite compelling. If you all you saw were a 5% improvement a firm would be up more than \$375,000 in annual productivity gains. In today's market, this would buy a lot of solution.

Another consideration when calculating the ROI of solutions is the ability to control versions. Try to gauge the impact of releasing the wrong document to clients and what its prevention means. Also, what is the potential cost of over writing the correct version of a document with the wrong one and having no clear journey back? If a team of 6 works for 2 months on a presentation or client deliverable and loses the correct draft you lost one month's salary. The wrong document all together can cost you an account.

- **Knowledge retention**

By creating wikis, blogs and other knowledge retention systems, your firm is offered a vehicle to retain its most important asset – the information inside its employee's heads. While a more difficult metric to derive, the loss of key personal can have dramatic negative impact on an institution. Having the ability to retain knowledge can take a catastrophic loss of staff and render it merely inconvenient.

- **Business Intelligence (BI)**

BI is in fact an essential tool for effective collaboration with a profound effect on the bottom line. Groups need to know the facts on the ground in as close to real time as possible and know that they are all using the same set of data.

So the ROI calculation questions to ask are:

- As a company are we using in time data to make decisions and if not what can that cost us?
- Do groups and teams all work with a uniform set of metrics when working together?
- Are these metrics available to everyone in one place and within the context of the project (which ties back to the observation above in how long it takes for staff to find the information they need)?
- How long and how labor intensive is the current process to acquire Business intelligence

- **Business Processes and Forms**

Forms automation and workflows that connect departments is one of the most effective ways to drive efficiency within the enterprise.

- Try and calculate how long and how often a current paper driven process takes within your company – e.g. a new hire form and all the departments and processes that that touches from benefits, to keys for the office to a new user account to login to the corporate network. Take the length of process times the frequency of occurrence and multiply the two against the hourly wages to accomplish this task.

- **Portals**

Be it working from home or from the branch office, portals serve as powerful tool to support geographically disperse workers.

Two quick ROI calculations are:

- Can my company save money by relocating some percent of staff to outlying offices with lower rent and reduced overhead?
- Will my work force be more effective when working on the road or at clients?

- **Enterprise Search**

On the surface, the ROI on this is easy, more data takes more time, powerful search tools, yield a powerful return on investment. But what you search needs to be considered as well, to understand the full potential of search. There is searching for documents, email, and other traditional assets, but there is also searching for people - e.g. you have a new Japanese client - does anyone in the firm speak Japanese, or have expertise with a particular technology or process?

There is also how you search. A Google like search, which brings back everything to you in the world, is not the most efficient way to search within in your company. Searching should take

into consideration who you are (Bob from accounting) and return first the most relevant results in the correct order (excel documents over word docs for instance.)

## **Conclusion**

Managing and working with the glut of data that the technology revolution has created represents both a challenge and opportunity to businesses. Collaborating in groups large and small requires the adoption of tools but as always the right tools can mean great success and the wrong ones can lead to failure. The bottom line of collaboration and calculating the return on investment a solution represents is a somewhat alchemistic calculation. There are some hard metrics to help make the determination of value as well as some considerations which don't lend themselves as well to a spreadsheet and calculator.

Where possible create real world scenarios and start to assign time expenditures, evaluate what kind of efficiencies can be achieved and add them up. Evaluate other things such as accuracy, quality and institutional retention of knowledge. Finally, don't look at each pain point in your company as series of separate issues. If you do the outcome of will be costly, difficult to maintain and leads to poor buy in from staff and low adoption rates. Overall, the best advice on making decisions on collaborative tools requires thinking in term of your overall infrastructure and how technologies fit together to create more compelling solutions with lower cost of ownership.

### **About Joe Giegerich**

Joe Giegerich is founder and managing partner of Gig Werks, an award winning Microsoft Gold Managed partner in the New York Metropolitan area. Gig Werks specializes in SharePoint 2007 based solutions for collaboration and business intelligence. You can learn more about Gig Werks at [www.gig-werks.com](http://www.gig-werks.com)