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Business Value Highlights

606%

five-year ROI

11-month

payback period

\$144,043

average five-year benefits (discounted) per 100 users

91%

fewer instances of downtime for internal and external sites deployed on IBM Digital Experience Solutions

64%

enhanced user productivity for impacted users

65%

Faster time to market for internal sites and 70% for external sites

The Business Value of IBM Digital Experience Solutions

EXECUTIVE SUMMARY

As organizations transform into digital businesses — and increasingly interact with their customers, partners, and employees through digital channels — digital experience delivery has become a mission-critical competency. Companies of all sizes and in all industries must quickly deliver engaging digital experiences to their diverse stakeholders via an ever-growing list of digital touch points, including intranets, extranets, and public-facing websites; mobile websites and mobile apps; email campaigns and social media; and connected devices ranging from digital signs to wearables.

Companies need a modern, integrated digital experience platform that lets them quickly and cost effectively create, manage, and deliver cross-channel, cross-device experiences; measure the effectiveness of those experiences; and further optimize the experiences based on analytical insights. They are increasingly turning to platforms such as IBM Digital Experience Solutions to meet today's digital business requirements.

IDC conducted in-depth interviews with a number of organizations that utilize IBM Digital Experience Solutions. IDC's study revealed that IBM's customers are deriving significant business value from their investments, including increased revenue and quicker time to market, reduced costs and improved staff productivity, and increased customer and employee engagement.

On average, over a five-year period, customers are realizing total benefits of \$144,043 per 100 users (\$13.12 million per organization), which would equate to a five-year return on investment (ROI) of 606%. Through our analysis, we discovered that IBM Digital Experience Solutions enables the surveyed organizations to share information in a manner that increases employee productivity, reduces reliance on IT staff, enables self-service capabilities for internal users and customers, and accelerates the time to market for internal- and external-facing sites. Highlights of the benefits attained by surveyed organizations include:

- » Reduction in the time required to develop and deploy intranets and extranets by 65% and 70%, respectively
- » Improvement in productivity, resiliency, and reliability — 91% fewer instances of downtime for internal as well as external pages
- » Facilitation of revenue growth by improving the online experience for customers and external users — surveyed organizations that deployed their public-facing websites on IBM Digital Experience Solutions have realized an increase of \$1.75 million in annual revenue
- » Enhancement in user productivity for impacted users by 64%

This white paper discusses the benefits that IBM Digital Experience Solutions is providing to organizations that deploy it for their public-facing websites, extranets, or intranets.

Overview of IBM Digital Experience Solutions

IBM Digital Experience Solutions is a comprehensive, full-featured, and modern platform for quickly building and deploying engaging intranets, extranets, and public-facing web and mobile web experiences. IBM Digital Experience Solutions empowers business owners to create, assemble, and publish new sites without requiring IT or developer support and supports responsive and adaptive design.

A key capability is its support for rapid site assembly from reusable components and design elements; users can also pull in content from social media, video, or any embedded source to enrich the experience. IBM Digital Experience Solution's advanced rich text editor gives marketers and other business users an intuitive interface for updating content in place. Live previewing (for web and mobile) makes it easy to review and approve new content and push it live.

IBM's Digital Data Connector (DDC) enables organizations to infuse data into their digital experiences without coding. DDC can attach to any RESTful service, and IBM provides a set of connectors out of the box. DDC lets business users manage the data as content and format it in any way they wish as part of the authoring experience. This is another example of how IBM Digital Experience Solution's separation of roles (authoring, design, and development) speeds time to value.

IBM Digital Experience Solutions on Cloud

As the pace of digital business accelerates, interest in cloud-based digital experience platforms is growing. Nearly half of organizations that IDC has surveyed say availability as a cloud-based solution is an important selection criterion. IDC believes that organizations that adopt a cloud-based digital experience platform can realize significant additional benefits:

- » For marketers, customer service teams, HR, and other business owners, a cloud-based solution can dramatically accelerate time to value and enhance business agility.
- » For IT organizations, a cloud-based solution reduces spending on datacenter infrastructure and personnel, improves IT staff efficiency, and reduces risk of unplanned downtime.

IBM Digital Experience Solutions on Cloud, a managed cloud solution, brings the benefits of cloud deployment to digital experience delivery while preserving customer choice. Customers can freely move their IBM Digital Experience Solutions deployments between the cloud and their own datacenters without change to running applications; and they can configure or customize their implementation as needs dictate.

The Business Value of IBM Digital Experience Solutions

Study Demographics

IDC interviewed IBM's customers about their use of IBM Digital Experience Solutions. The organizations interviewed were of varying sizes and came from the following diverse industries: research, education, insurance, banking, retail, government, and construction. The surveyed organizations are using IBM Digital Experience Solutions for employee-, partner/supplier-, and/or customer-facing experiences. While most have deployed intranets using IBM Digital Experience Solutions, many have built extranets and public-facing websites. 80% of the interviewed customers have implemented IBM Digital Experience Solutions on-premise, while 20% have deployed IBM Digital Experience Solutions on Cloud.

The study reflects how IBM Digital Experience Solutions is used by a diverse spectrum of organizations to deliver digital experiences to their internal and/or external users and customers, including for-profit and nonprofit organizations. By size, interviewed organizations ranged from 2,500 employees to 60,000 employees, with an average of 15,878 employees. The total number of internal IT users ranged from 2,500 to 12,000, with an average of 9,110. External users ranged from 260 to 14 million, with an average of 3.65 million. Seven of the surveyed organizations are based in the United States; the remaining three are headquartered

in Canada, Denmark, and Spain. On average, the surveyed organizations have been using IBM Digital Experience Solutions for four and a half years. The demographics of the surveyed organizations are highlighted in further detail in Table 1.

TABLE 1

| Firmographics of Interviewed Organizations | | | |
|---|---|---------|-------------------|
| | Average | Median | Range |
| Number of employees | 15,878 | 6,550 | 2,500 to 60,000 |
| Number of IT staff | 1,119 | 239 | 15 to 4,500 |
| Number of internal IT users | 9,110 | 4,300 | 2,500 to 12,000 |
| Number of external users | 3.65 million | 5,130.0 | 260 to 14 million |
| Number of business applications | 1,126 | 150 | 30 to 4,500 |
| Months since the implementation of IBM Digital Experience | 55 | 48 | 9 to 120 |
| Regions | United States, EMEA | | |
| Industries | Construction, education, financial services, insurance, public sector, research, and retail | | |

n = 10

Source: IDC, 2016

Financial Benefit Analysis

The surveyed organizations implemented IBM Digital Experience Solutions because their internal and/or external users demanded an efficient, seamless, and cost-effective way to share information.

The surveyed organizations have experienced benefits in different areas, including technology and line-of-business-focused departments. The benefits translate into substantial business value for these organizations. Based on the interviews, IDC was able to calculate the effect of IBM Digital Experience Solutions on the organizations' costs, operations, and businesses. IDC projects that the surveyed organizations on average will achieve business benefits equivalent to \$3.8 million per year over a five-year period, resulting in a five-year ROI of 606%. This equates to \$41,674 per 100 users.

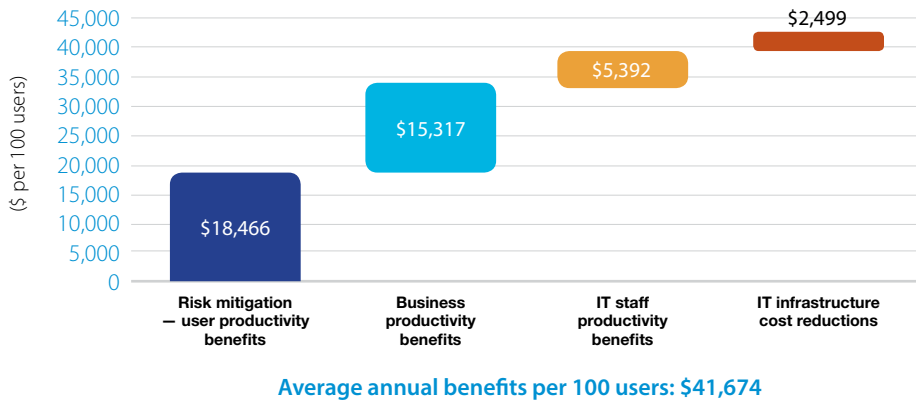
Regardless of the reasons for deploying IBM's Digital Experience platform, all of the companies in the study enjoyed significant financial benefits. IDC has grouped the benefits in the following four categories:

- » **Business productivity benefits:** Surveyed organizations have benefited from an increase in agility, user productivity gains, and an increase in revenue after utilizing IBM Digital Experience Solutions to deploy public-facing websites. On average, business benefits are equivalent to \$15,317 per 100 users.
- » **Risk mitigation — user productivity benefits:** IBM provides a high level of performance, stability, and efficiency to sites that are built on its Digital Experience platform. As a result, interviewed organizations experienced substantial user productivity gains from a reduction in instances of downtime. On average, these gains are equivalent to \$18,466 per 100 users.
- » **IT staff productivity benefits:** IBM has brought efficiencies to the IT departments within the surveyed organizations by accelerating time to market and reducing time spent on maintaining and running sites deployed through IBM Digital Experience Solutions. On average, IT staff productivity gains are equivalent to \$5,392 per 100 users.
- » **IT infrastructure cost reductions:** IBM’s customers, particularly the IBM Digital Experience Solutions on Cloud customers that IDC interviewed, have reduced their IT infrastructure costs. Reduction in the number of physical servers, storage costs, and third-party IT services contracts has driven an average reduction of \$2,499 per 100 users in IT infrastructure costs.

Figure 1 quantifies the average annual benefits realized across all of the companies in the study, normalized for every 100 users of IT services.

FIGURE 1

Average Annual Benefits per 100 Users



Source: IDC, 2016

“We no longer have a support phone line. Employees go to an internal website, pick a category, and the ticket or incident flows to the appropriate person. When I say the appropriate person, that’s everybody from our facilities management to HR to marketing to merchandising — everybody.”

User Productivity Benefits of IBM Digital Experience Solutions

IBM Digital Experience Solutions has had a significant impact on internal users. Depending on how the platform is being utilized, the surveyed organizations have optimized the experience for employees and increased overall agility. Owing to the simplicity and intuitiveness of the platform, users within the surveyed organizations are spending less time on deploying and maintaining websites. The surveyed organizations also mentioned that since deploying IBM Digital Experience Solutions, employees are able to independently update content and customize sites without necessarily requiring expansive IT resources.

IBM Digital Experience Solutions has also provided its customers with the ability to combine applications and content into unified environments. By consolidating information from multiple applications and sources on centralized sites deployed through the platform, users can efficiently gain access to and consume critical information that is required to fulfill their responsibilities.

In addition, organizations now have the ability to deploy environments that simplify and accelerate the process to engage with internal users and customers. For example, a CIO with an organization noted how different departments are able to efficiently address internal employee requests:

“We no longer have a support phone line. Employees go to an internal website, pick a category, and the ticket or incident flows to the appropriate person. When I say the appropriate person, that’s everybody from our facilities management to HR to marketing to merchandising — everybody.”

In totality, the experience for internal users who navigate sites deployed through IBM Digital Experience Solutions for their day-to-day tasks has been optimized. In addition, the user experience has been enhanced for employees who are directly responsible for developing and maintaining those sites. Further details of benefits accrued by users within the surveyed organizations are highlighted in the sections that follow.

Empowered Business Users

IBM Digital Experience Solutions has empowered internal business users with the ability to develop sites, update content, and customize pages with limited help from IT staff. The ability to utilize the platform with limited IT knowledge or assistance from IT departments has accelerated the time taken to develop and deploy sites. As one organization highlighted:

"We can develop pages so much faster now. Our business users build their sites and create new content using IBM Digital Experience Solutions. There are some incredible things about the platform such as the ability to create a virtual site and lay on the new stuff, and IT is only involved with a small percentage of it."

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Streamlined Workflows

Through centralized internal portals built on IBM's Digital Experience platform, the surveyed organizations have streamlined internal workflows such as new employee and client onboarding, enabling access to information based on users' security credentials, improving the process of addressing customer service issues, and provisioning resources for different projects. For example, a retailer with over 120 stores across the United States, including many that are franchises, articulated how an internal site deployed with IBM Digital Experience Solutions has improved its ability to onboard new employees:

"We have about 2,500 employees, and we certainly have turnover. I'll guess we probably have about 100 per month. That's a big round number, but I'm thinking about one employee per store. Onboarding has transformed the process because new employees can go to a centralized portal built on IBM Digital Experience Solutions and find important information. It has our handbook, our policies, our operations manual, our store design documents, etc. Everything they need is there."

Several of the organizations that IDC interviewed are using IBM Digital Experience Solutions to deliver public-facing websites. IBM Digital Experience Solutions makes it easy to build and deploy sites that enhance the client onboarding process and allows employees to focus on creating new value for customers:

"The operational benefits are centered on providing a single location to do all of the onboarding for our digital channel. Instead of reducing head count, we had a discussion with our onboarding folks, and IBM Digital Experience Solutions has enabled more and more clients with self-service capabilities. There are now more opportunities for our internal workforce to do something more creative and innovative with the time they save. It's not to do repetitive tasks but to focus on a better way to serve clients and do something better with their time."

Improved Access to Information

Several of the surveyed organizations are utilizing IBM Digital Experience Solutions to optimize the user experience by building and maintaining centralized internal sites that

“Saving time for people to locate stuff is probably the biggest factor. Our researcher’s time is one of our most important assets. A lot of what we do here is to save people’s time. If things are organized, they can find where things are at and so forth. Also, they can get access to the relevant content in a timely manner. For me, those would be the real benefits.”

consolidate information from multiple sources. As a result, users are able to gain access to critical information and data on centralized pages in a timely manner. For example, a leading research institute that IDC interviewed has developed a centralized site for its vast network of researchers across different departments to share information, collaborate with another, and search for research publications on a centralized repository:

“Saving time for people to locate stuff is probably the biggest factor. Our researcher’s time is one of our most important assets. A lot of what we do here is to save people’s time. If things are organized, they can find where things are at and so forth. Also, they can get access to the relevant content in a timely manner. For me, those would be the real benefits.”

On average, the surveyed organizations reported a 64% increase in the productivity of 410 users. The user productivity benefits of IBM Digital Experience Solutions are summarized in Table 2.

TABLE 2

| Impact of IBM Digital Experience Solutions on User Productivity | |
|---|----------------|
| User productivity | |
| Number of impacted users | 410 |
| Productivity gain — attributable to IBM Digital Experience Solutions | 64% |
| Additional productive hours per year per impacted user | 81 |
| Value per year of increased productivity per organization | \$1.23 million |
| Value per year of increased productivity per 100 users | \$13,497 |
| Business process improvement | |
| Value of increased agility per organization | \$79,722 |
| Total value of business productivity — business operations per organization | \$1.31 million |
| Total value of business productivity — business operations per 100 users | \$14,372 |

Source: IDC, 2016

"I can't remember the last time in three years that my portal has been down. It's rock solid! I think with the older platform, it wasn't uncommon for me to see an outage report once a month, maybe twice a month."

Organizations interviewed reported a significant improvement in the reliability and availability of sites deployed with IBM Digital Experience Solutions. The reduction in instances of downtime, particularly unplanned outages, resulted in substantial productivity gains for internal users. Previously, unexpected outages negatively impacted employee productivity because access to critical information and data was unavailable, and employees were often unable to collaborate with one another. In addition, certain surveyed organizations mentioned that outages impacted their ability to interact with external users and customers. For example, a provider of construction equipment noted how its new website has helped reduce revenue losses:

"Our previous website experienced several outages a month. This impacted our active pipeline and revenue since many of our customers request quotes or even order parts online. In some cases, this cost us millions when the website was down. Having a reliable and accessible online channel is an important part of our strategy to increase business, and IBM Digital Experience Solutions has helped us significantly reduce downtime, thereby avoiding revenue losses."

Another organization that IDC interviewed validated the reliability and stability of environments deployed with IBM Digital Experience Solutions:

"I can't remember the last time in three years that my portal has been down. It's rock solid! I think with the older platform, it wasn't uncommon for me to see an outage report once a month, maybe twice a month."

Before implementing IBM Digital Experience Solutions, several of the surveyed organizations relied on legacy systems that were no longer meeting changing business requirements and SLAs. A major bank noted how it can now run its critical customer-facing environment without disruptions — improving the customer experience:

"Our external site is a 'tier 1' environment from a criticality perspective. We use it mainly for client-facing access although the back office as well. We have built the environment with great resiliency and redundancy and load balancing and all that. The IBM platform was able to support those sort of requirements and SLAs, so it's the right fit. Has it reduced the downtime? Yes. We had issues with the old platform mainly because it was old and not maintained well. It was a legacy platform, but that was a solution issue and not infrastructure ..."

On average, organizations witnessed a 91% decrease in instances of downtime for sites deployed with IBM Digital Experience Solutions. Further details are provided in Table 3.

The surveyed organizations also benefited from a reduction in planned downtime as a result of being able to run regular maintenance on sites and update content without bringing the environment down:

TABLE 3

| Risk Mitigation — Impact of Unplanned Downtime | | | | |
|---|---|---------------------------------------|------------|-----------|
| Downtime | Before IBM Digital Experience Solutions | With IBM Digital Experience Solutions | Difference | % Benefit |
| Instances of unplanned downtime per year | 58 | 5 | 53 | 91 |
| Mean time to resolution (hours) | 4.9 | 0.1 | 4.8 | 98 |
| Productive hours lost per year due to unplanned downtime | 53,091 | 1,321 | 51,769 | 98 |
| Productive hours lost per year due to unplanned downtime per user | 5.8 | 0.1 | 5.7 | 98 |

Source: IDC, 2016

“We used to have at least 6-8 downtime incidents per month before IBM Digital Experience Solutions. Earlier there was no content management system because the concepts were still evolving, and for any simple change in the rule, we had to bring down the whole site based on the data, and now we don’t have to do all those things.”

“Planned downtime has been reduced, at least for the online public-facing websites. Because we’ve designed the deployment mechanism so that we can be running while we do deployments ... so we just do them during normal daily operations and removed the requirement for having monthly nightly deployments. This saves time. It means we don’t have downtime either.”

One organization mentioned that with its previous content management system, a minor change or update would have brought its website down:

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Business Benefits

Since implementing IBM Digital Experience Solutions, the surveyed organizations have experienced a variety of business benefits. IBM’s customers have increased engagement among employees and customers as well as enabled mobile-responsive portals, and organizations running public-facing websites on the platform have witnessed an increase in their revenue through online channels. Further details of benefits accrued by the interviewed organizations are highlighted in the sections that follow.

Faster Time to Market

On average, interviewed organizations were able to develop and deploy internal sites using IBM Digital Experience Solutions in four weeks compared with their previous solution where customers spent

“Absolutely it’s a shorter time frame, especially when we’re reusing content. Being able to rebrand and reuse, build a virtual site, tag a couple of things together is a major benefit ... letting business people develop those pages and add content on the fly. It’s really good at giving that advantage to our external customers.”

an average of 12 weeks — thereby improving the time to market by 65%. The surveyed organizations are able to develop and deploy external sites in seven weeks, whereas previously on average they spent 23 weeks. Therefore, organizations deploying external sites have improved the time to market by 70%. As a result, the surveyed organizations have benefited through increased levels of employee and/or customer engagement. Organizations deploying internal websites with IBM Digital Experience Solutions are able to swiftly transform ideas into digital experiences for their employees, thereby encouraging greater collaboration among employees and making more information accessible. For customer-centric organizations, the accelerated rate of deployment for websites enables efficient interaction with customers through online channels.

The accelerated time to market can be partially attributed to IBM Digital Experience Solutions empowering business users with the ability to create sites and update content themselves. An insurance company building external sites noted:

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One of the interviewed organizations also stated that the “simplicity of the platform” has accelerated time to market:

“Earlier when we had to deploy anything, we had to build this whole gigantic application. Now with IBM Digital Experience Solutions, it’s very easy to manage the pipelines. Once we have everything set up, if there is any change coming on a specific tool, we can just apply that to the tool without even putting out a downtime message because in less than a minute the tool will come up. Earlier, we used to go to once a quarter, and now we can deploy once in two weeks. Sometimes, we can even deploy a simple change to content in a week.”

Increased Engagement Among Employees and Customers

Since implementing IBM Digital Experience Solutions, the surveyed organizations have expanded the use of content management technology and found innovative ways to deliver digital experiences to their employees and customers. As a result, organizations have developed and deployed a larger number of intranets, extranets, and public-facing websites and witnessed an increase in the number of employees and/or customers interacting with sites deployed through IBM Digital Experience Solutions. Further details are provided in Table 4.

TABLE 4

| Impact on Employee and Customer Engagement | | |
|--|---------|-------------------|
| | Number | Annual Growth (%) |
| Number of intranets | 47 | 8 |
| Number of intranet users | 4,101 | 62 |
| Number of extranets | 20 | 6 |
| Number of extranet users | 110,083 | 30 |
| Number of public-facing websites | 106 | 8 |

Source: IDC, 2016

“Customer satisfaction has definitely gone up ... I think especially when we launched our solution that was built entirely on IBM Digital Experience Solutions, about 1-1.5 years ago, client uptake was good. We had lots of positive client feedback, and I think it has helped our clients in using the application.”

Facilitated Revenue Increase Through Enhanced Online Channels

30% of the surveyed organizations that IDC interviewed utilize the IBM Digital Experience Solutions platform to develop and maintain their public-facing customer-centric websites. IBM Digital Experience Solutions enabled the surveyed organizations to optimize the online experiences for their customers. Organizations are able to provide their customers with the ability to seamlessly navigate online channels, find relevant information, undertake transactions, and communicate with their vendor. This has led to greater customer satisfaction and traffic on public-facing websites:

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As a result, the organizations have witnessed an increase in revenue through online channels. On average, the surveyed organizations attributed an annual revenue increase of \$1.75 million to the use of IBM's Digital Experience platform. For example, a major insurance company articulated how its new website has helped its wholesalers onboard new advisors, which has translated into more business for the organization:

"The response of the users who use it think it's the greatest thing since sliced bread. There are a couple of experiences I talk publicly about, especially when we rolled out the first site. I had one wholesaler who said, 'If I had known life insurance was this easy, I would have started doing this a long time ago.' I had one of my wholesalers out visiting an advisor and about 10 minutes into the demo of the site, he said, 'I want you to stop and start over, but I need five minutes.' He got up and left the office then brought in about 15 other people to join him in seeing the demo. Those types of stories, when you hear it from the users, they just resonate, and everybody comes in and wants to see it and get involved; it's huge. It's very powerful."

Encouraged Mobility

Three of the organizations that IDC interviewed have witnessed a significant increase in the number of mobile-responsive internal and external sites. The organizations also saw an increase in the number of mobile users interfacing with their respective environments. Organizations with public-facing websites highlighted how IBM Digital Experience Solutions has enabled them to build mobile-responsive pages and as a result increased customer satisfaction:

"We can seamlessly move our pages to the web and mobile devices, thereby allowing customers to engage with us through their mobile devices and in turn increasing overall satisfaction."

On average, the internal users within organizations delivering mobile-based digital experiences have experienced a 17% increase in productivity since interfacing with intranets on their mobile devices. Further details on the impact on mobility within the surveyed organizations are provided in Table 5.

"We can seamlessly move our pages to the web and mobile devices, thereby allowing customers to engage with us through their mobile devices and in turn increasing overall satisfaction."

TABLE 5

| Impact on Mobility | Before IBM Digital Experience Solutions | With IBM Digital Experience Solutions | Difference | % Benefit |
|---------------------------------------|---|---------------------------------------|------------|-----------|
| Number of intranets on mobile devices | 33 | 89 | 56 | 167 |
| Number of internal mobile users | 133 | 502 | 369 | 277 |
| Number of extranets on mobile devices | 42 | 114 | 72 | 167 |
| Number of external mobile users | 150 | 1,252 | 1,102 | 735 |

Source: IDC, 2016

IT Staff Productivity

The interviewed organizations attained considerable benefits among their IT departments. As a result of business users increasing their level of involvement in the deployment of sites, IBM's customers have 43% less IT staff involved in the day-to-day operations of developing and managing content management technology. IT staff within the surveyed organizations are now able to add substantially more value by increasing their participation in the creation and delivery of digital experiences to employees and/or customers. As one customer highlighted, IBM Digital Experience Solutions has allowed its IT staff to focus on creating value rather than the day-to-day maintenance and upkeep of portals:

"We have reassigned our IT staff to work on customer-facing solutions instead of building the actual platform. You could say their focus has changed to adding value instead of adding framework for value."

Another interviewed organization echoed similar sentiments about empowering business users and reducing reliance on the IT department:

"I know that before we had at least one individual that was just keeping content fresh. People would email him, and then he would put the content out there. Then it was only as good as what he could do in a day. Now marketing keeps their own content. HR keeps their own content. Everything expires, the content is fresh, and we're not the bottleneck anymore."

IDC also measures IT staff productivity by the improvement in the IT help desk operations. Since deploying sites with IBM's Digital Experience platform, the surveyed organizations' IT departments have received on average 24% fewer calls related to their internal- and external-facing sites. Further details are provided in Table 6.

"We have reassigned our IT staff to work on customer-facing solutions instead of building the actual platform. You could say their focus has changed to adding value instead of adding framework for value."

TABLE 6

| Impact on IT Help Desk Operations | | | | |
|--|---|---------------------------------------|------------|-----------|
| | Before IBM Digital Experience Solutions | With IBM Digital Experience Solutions | Difference | % Benefit |
| Number of calls per year | 17,225 | 13,182 | 4,043 | 24 |
| Average time per call (hours) | 0.4 | 0.4 | | |
| Number of hours responding to calls per year | 6,818 | 5,218 | 1,600 | 24 |
| Equivalent FTEs per year | 3.6 | 2.8 | 0.8 | 24 |

Source: IDC, 2016

IT Infrastructure Cost Reductions

The reduction in IT infrastructure costs has largely been driven by interviewed organizations that have deployed IBM Digital Experience Solutions on Cloud. On average, these organizations have reduced their IT infrastructure costs by \$2,499 per 100 users. One organization that deployed IBM Digital Experience Solutions on Cloud articulated that it expected to see a continual decrease in IT infrastructure–related costs:

“In just 9 months by moving to the cloud, we have seen a 25% reduction in cost as well as time required to develop and deploy pages. Our target is now to reduce costs and development and deployment time by 50%.”

ROI Analysis

IDC uses a three-step methodology for conducting ROI analysis:

- » **Gather quantitative benefit information during the interviews using a before-and-after assessment.** In this study, the benefits included IT staff productivity increase, user productivity increases, higher revenue, and IT cost reductions.
- » **Create a complete investment (five-year total cost analysis) profile based on the interviews.** Investments go beyond just the solution’s hardware and software. IT departments spent staff time installing and configuring the new solution, removing old equipment and/or software, and then maintaining the new solution over five years. Ancillary costs directly related to the solution, such as user input to planning; outsourced installation, configuration, or maintenance; and IT staff or user training, are also included in the analysis.

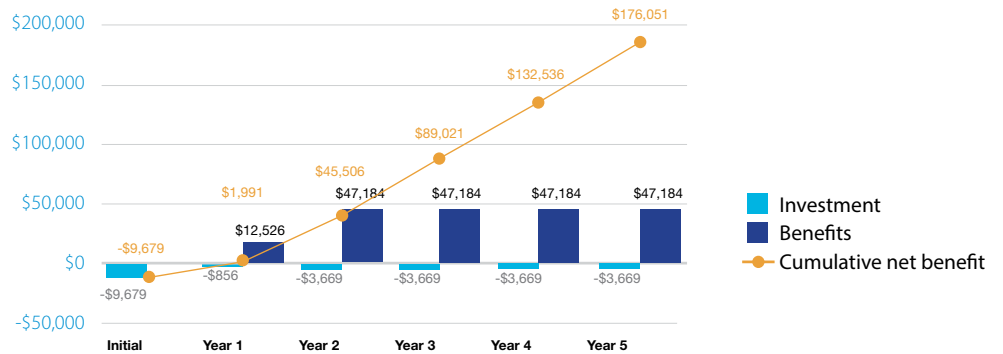
» **Calculate the ROI and payback period.** IDC conducts a depreciated cash flow analysis of the benefits and investments over a five-year period.

Because the full benefits of the solution are not available during the deployment period, IDC prorates the benefits on a monthly basis and subtracts the appropriate amount for the deployment time from the first-year savings.

IDC uses a discounted cash flow methodology to calculate the ROI and payback period. ROI is the ratio of the net present value (NPV) of the net benefits and the discounted investment. Payback period is the point at which cumulative benefits equal the initial investment. IDC uses a standard 12% discount factor (allows for risk and the missed opportunity cost that could have been realized using that capital). The point at which the line intersects the x axis in Figure 2 represents the average breakeven point at which the interviewed organizations start to see a return on their investment in IBM’s Digital Experience platform.

FIGURE 2

Cost-Benefit Analysis per 100 Users



Source: IDC, 2016

The five-year ROI analysis shows that on average, the organizations in this study spent \$20,393 per 100 users deploying and maintaining IBM Digital Experience Solutions software and received \$144,043 per 100 users in benefits for an NPV of \$123,651. The companies saw a payback period of 11 months and an ROI of 606% (see Table 7).

TABLE 7

| Five-Year ROI Analysis per 100 Users | |
|--------------------------------------|---------------|
| | Per 100 Users |
| Benefit (discounted) | \$144,043 |
| Investment (discounted) | \$20,393 |
| Net present value (NPV) | \$123,651 |
| Return on investment (ROI) | 606% |
| Payback period | 11 months |
| Discount rate | 12% |

Source: IDC, 2016

Challenges/Opportunities

All of the IBM customers we interviewed were able to demonstrate significant ROI by implementing IBM Digital Experience Solutions. It's possible that other customers may fail to reap similar rewards for some unforeseen reason. As IDC research has shown in the past, inadequate requirements are the most common cause of IT project failure. Organizations must be sure to enlist all of their key project stakeholders and establish a clear process for requirements definition.

Good user interface (UI) design is also a critical part of any platform delivering digital experiences. Ideally, UI design is carefully mapped out during the requirements definition phase. Ultimately, however, companies need a solution that lets them revise and enhance that experience as they learn more about how their users engage with it. (This is just as important for employee experiences as it is for customer and partner experiences.) Modern digital experience platforms are designed to support the diverse roles that are involved in creating and delivering digital experiences. This role-centric design is ultimately what frees marketers and other business users to create, assemble, and deliver exceptional experiences without needing assistance from IT or developers for every change — reducing the time and effort required and speeding time to value. These are all areas where IBM has clear strengths.

Companies need to invest in training — for both users and IT staff — if they are to make optimum use of the new technology they acquire. They also must be able to rely on good support from their vendor as they build their skills. It's important to choose a vendor that backs up its technology promise with expert assistance and prompt support. Global

companies with distributed IT teams should select a vendor that can provide follow-the-sun support. These are also areas where IBM can offer help.

Finally, many companies will benefit from a cloud service. The benefits of cloud deployment are readily apparent for organizations that lack IT operations resources or that must get up and running quickly, but IDC believes most companies can realize significant ROI from a managed services approach.

Conclusion And Recommendations

Customers looking to deploy intranets, extranets, or public-facing websites should consider IBM Digital Experience Solutions. As our study shows, organizations from a wide array of industries around the world are realizing substantial benefits in productivity, business agility, and reduced operating costs from deploying IBM Digital Experience Solutions.

Those benefits are compounded when customers leverage IBM's solutions across multiple use cases — that is, for a mix of intranets, extranets, and/or public-facing websites. These use cases share many common requirements, so it makes good sense to leverage a common technology stack to address them all. Doing so enables organizations to standardize IT skill sets and better leverage their IT staff — for both development and ongoing support.

Finally, companies should investigate IBM Digital Experience Solutions on Cloud to assess how a managed cloud service can further increase their return on investment by relieving them of operational tasks and ensuring performance, scalability, and availability.

Companies contemplating investment in an intranet, extranet, or public-facing website solution should ask themselves the following questions:

- » Does our current solution enable us to rapidly develop and deploy engaging digital experiences and respond quickly to enhancement requests from employees, customers, and partners, or is it a struggle to implement new functionality to meet their expectations?
- » Does our current solution provide robust support for all of the different roles that need to collaborate, including site owners, designers, UI developers, application developers, and operational staff? Does it allow them to work independently of one another while enabling them to leverage each other's work?
- » Does our solution make it easy to integrate existing enterprise applications and data into new experiences and manage the deployment of content and application functionality in a unified way?

- » Does our current solution make it easy and intuitive for business users to add, change, and delete content, or must they queue up content changes for IT? Do our business users have the power and flexibility they need to create and assemble new experiences from reusable components?
- » Does our solution provide robust workflow capabilities that streamline the publishing process and ensure the organization's approval processes are followed?
- » Does our solution provide out-of-the-box support for mobility, enabling us to deliver responsive web, mobile web, hybrid app, and native app experiences as required by our stakeholders? Is it easy to leverage our content across user and/or customer touch points, or are we stuck in a siloed publishing approach?
- » Does our solution address our broader social business needs by providing enterprise social networking, online communities, and social publishing to connect our employees, customers, and partners?
- » Are robust ecommerce capabilities important for us? Do we envision providing B2B or B2C — or both?
- » Are we supporting multiple web publishing/portal solutions today? When something breaks, does IT need to navigate multiple vendors' customer support organizations to determine the root cause? Are our support costs escalating because we're running a mixed stack? Is it difficult to find people with all of the skill sets our current solutions require?
- » Is it difficult or expensive to integrate new modules or new functionality with our existing solution? Would it be easier if we could rely on a vendor that has a large ecosystem of partners that provide pre-integrated solutions?
- » Are we experiencing significant downtime or system outages — either unplanned or scheduled? Is our help desk fielding calls from users who either can't access our sites or find it difficult to use them?
- » How does our current solution stack up when it comes to security, reliability, and scalability?
- » Does our web content management system empower business users to manage and update the content on their digital properties — without requiring help from IT?

These are some of the challenges that organizations using homegrown solutions or a mixed, customized stack must contend with. Integrated solutions such as IBM Digital Experience Solutions can help overcome them.

Today's customers, partners, and employees are digitally savvy and have high expectations — expectations that have been set by the online consumer experience. Organizations can't afford to be left behind because of legacy investments. Customers and employees alike expect an exceptional digital experience.

The good news, as our business value study shows, is that most organizations can justify the cost of IBM Digital Experience Solutions based on quantifiable hard-dollar savings within a relatively short period of time.

Note: All numbers in this document may not be exact due to rounding.

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