

YOUR ECM BUSINESS IS PROBABLY NOT WORTH WHAT YOU THOUGHT IT WAS WORTH.

An UNDRSTND Group Industry Insight—ECM Market



The time has come for the ECM industry to understand the fundamental changes in market dynamics and buyer behavior taking place... as well as what impact that has had on business and revenue streams... and why you need a new strategy.



UNDERSTAND THAT THE MARKET HAS CHANGED

During the 2000's, Enterprise Content Management (ECM) products and platforms enjoyed a 15+ year run as a preferred technology for building a wide range of on-premise solutions for content and process centric, high value use cases. Big companies were happy to buy a large ECM software license and supporting services and then spend several years and several million dollars to build out and deploy solutions for use cases such as claims processing, lending functions, customer on boarding, constituent services in government, FDA drug approval processes etc.

But the ECM market has changed rapidly in the last few years. ECM vendors and their solution partners, whose Go-To-Market strategies were working well as recently as two to three years ago and who delivered compelling products and solutions have lost their punch. ECM ISV's and System Integrators selling the same solutions in the same way as they did in 2010 - 2012 are facing the reality of declining revenues and find their businesses at a cross roads.

UNDERSTAND THAT BUYER BEHAVIOR IS NOT THE SAME AS IT WAS BACK THEN

To understand why this is happening, one must get into the mind of the customer and analyze why and how their business priorities and behaviors have changed. Huge investments were made in ECM technologies over the last 15 years to automate labor intensive back-office processes where companies were incurring significant costs and where process standardization was desperately needed.

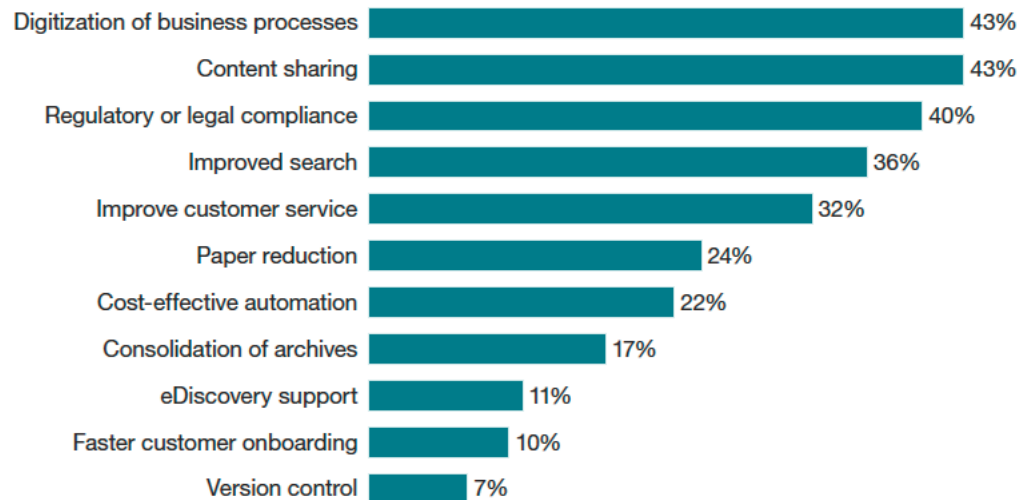
By implementing ERP and CRM systems and enabling these systems with collaborative and content management tools, then building specialist solutions to handle the exceptions in the most efficient way—organizations drove down their operating costs and increased their profitability. Customers got very good at procuring, deploying and managing these systems only to find in the last few years that the battle lines had moved. Start up competitors with new slick business models that use mobile devices, have customers do some (even all!) of the work and give immediate access to the status of business processes are winning in the market where it matter most—in engaging the customer!

This sent a shock wave through many industries—transportation, insurance, banking, retail, telecommunications—and a massive redeployment of budget, focus and effort to find ways of moving the back-office efficiencies and successes to the front office and into the face of the ultimate customer.

Because of this shift, buyer behaviors have changed. Information management tools need to be extremely easy to use, cloud enabled, need to work on any device anywhere anytime, and can be paid for from Opex not Capex. Even though almost every business solution is driven by digital content and a need to manage business processes, nobody is budgeting to buy an “ECM Platform” for customer engagement and front office solutions—they are budgeting to buy Salesforce.com, NetSuite, Adobe Experience Manager, Box, Slack.....and that is a big change in buyer behavior.

CONTENT SHARING AND DIGITIZATION OF BUSINESS PROCESSES ARE THE TOP DRIVERS FOR ECM

“Which of the following are the most important for your organization's investment in ECM?”



Base: 130 content management professionals
(multiple responses accepted)

Source: Forrester's July 2015 Global Enterprise Content Management Online Survey

UNDERSTAND THE IMPACT AND WHAT IT MEANS FOR YOU

To understand the impact on the ECM industry of the above trends, one must look no further than the historical ECM market leaders. ECM revenue declines at the market leaders are well documented and their attempts to add analytics capabilities, compelling mobile user experiences and Cloud/SaaS offerings are a clear sign of their attempt to adapt to the changing market conditions and retain relevancy in this rapidly changing market.

It is also clear that just adding more features and a range of deployment options is not enough to save the likes of IBM/FileNet, EMC/Documentum, Kofax and others from reducing new client revenue streams and in the case of EMC/Documentum being acquired again, this time by the nemesis of nearly every ECM vendor—OpenText. This second round of acquisitions and mergers is removing some of the best known brands and companies of the ECM era from the front line. If you are a solution provider and depend on these brands for marketing and sales support then the reality is that you are increasingly left to fend for yourself.

All of this can leave the smaller ECM ISVs, Solution Providers, VARs and System Integrators feeling like a small boat in a big ocean in the middle of a storm. The strategies and offerings that allowed steady businesses growth over the past 5 to 10 to 15 years are just not working today. Riding the coattails of the large ECM providers and the momentum of the ECM market to provide a steady flow of new pipeline is no longer enough. Positioning as “ECM Experts”, which was once a proud badge to wear, now seems tarnished.

What this means is that abdicating the development of a business strategy, go to market plans and solutions roadmaps to a large vendor who used to provide the help, insight, support and talent to do so is simply going to fail. If you have spent 10, or maybe even 20 years, building a business in an around the ECM market that has a customer base, revenue streams and talented employees you are at risk of losing them all—and possibly really quickly if you don’t take matters into your own hands and act now!

UNDERSTAND WHY YOU NEED A COMPASS, A STRATEGY, A PLAN

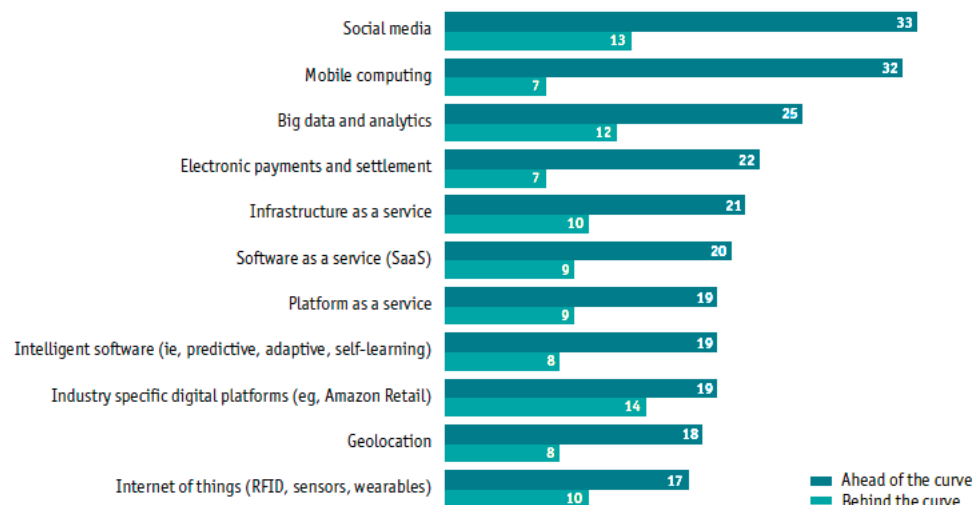
The market and demand for high value business solutions that manage digital content, deliver it in the context of business processes to increase efficiency and productivity still exists but, put simply, it has a very different narrative, vocabulary and most of all new use cases and solutions that need serious research and thought.

Early research work in this area by Forrester Group resulted in the emergence of the Smart Process Apps category—a new way to think about a new set of business solutions needed in the emerging digital economy. More recently Gartner Group’s focus on “Business Moments” as smaller, more granular steps in business processes that deliver information exactly when and where it is needed is another emerging category. Both these examples are creating the basis for a new narrative that embraces digital content and associated processes but talks about it in context of the digitization of business, customer engagement management, the new customer experience and the delivery of information via the Cloud to mobile devices anywhere on the globe.

COMPANIES THAT ARE AHEAD OF THE CURVE ARE SIGNIFICANTLY MORE LIKELY TO RECEIVE GREATER-THAN-EXPECTED VALUE FROM THEIR DIGITAL INVESTMENTS

Are your current digital technology investments delivering the expected business value?

(% of respondents who answer ‘Exceeding expected value’)



Source: Economist Intelligence Unit Survey

UNDERSTAND THE NEED FOR A NEW NARRATIVE TO FUEL GROWTH

These new opportunities and market dynamics require new thinking, new positioning, new messaging, some new capabilities, renewed go-to-market efforts, some new investments and, yes, some risk taking. Your organization needs to build a new platform to communicate to buyers whose behavior, budgeting and business needs have all changed. This includes work to PREPARE the positioning and messaging that will resonate with the market and not just fall on deaf ears. It also includes the need to build a new model to PERFORM in sales, marketing and solution development terms in order to drive growth and new revenue streams. And finally, it means you, like every “digital economy” vendor you will be competing with, need a strong plan to build the valuation of your business, show investors and shareholders you have a grip on the exciting new opportunities in front of you, and, when the time is right to EXIT your business at the highest possible value.

UNDERSTAND WHY YOU NEED TO DO SOMETHING?

Its not too late but the reality is that a major shift has already taken place in the market. Some ECM vendors and ISV's have already made the change and have moved to new models – Cloud, SaaS, Mobile Solutions; Cognitive Computing and Predictive Analytics Driven Decision Making; Digital Content Delivery for Customer Experience and eCommerce and much more. These players, major vendors like IBM with Watson, Google and the native, born-in-the-cloud vendors like Salesforce.com, BOX, Dropbox, Slack and others have changed the landscape—those that don't change will ultimately be left behind and die a slow, post ECM death!



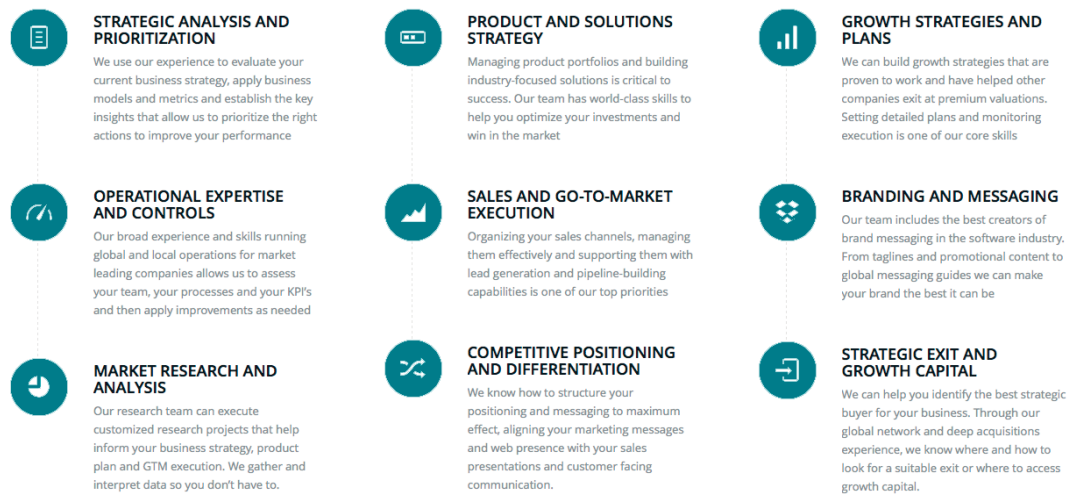
UNDERSTAND WHY YOU NEED TO DO SOMETHING NOW?

The longer your existing strategies, offerings and go-to-market efforts have produced business growth, the harder it typically is to see, accept and execute the changes needed today to continue to grow. As we engage with clients facing these challenges we often find a level of stagnation in strategy, offering and go-to-market efforts, which set against the backdrop described above, just will not produce growth moving forward. There is no time to waste!

Major projects and deployments for front office, customer facing projects are already underway. Mobile content capture solutions, claims processing on mobile and tablet devices where customers do the work for insurance companies, loan portals where customers upload application documents for banks and many more solutions are already live. Organizations small and large are embracing new business models fueled by technology to compete more effectively—right now! Wait any longer and you will be at the back of a long line of vendors trying to catch the leaders!

UNDERSTAND WHY YOU NEED DO IT WITH UNDRSTND GROUP?

At UNDRSTND Group, we help our customers see these realities and address them. We help you to build a strategic plan to match your capabilities and skills that best fits growth markets available to you. We help you update your positioning and messaging to align with your potential customers' investment interests and budgets, so that you will be seen as a leading edge, high value solution provider, as opposed to just "ECM Experts". And we help you to reinvigorate you sales and marketing execution to take on the task of converting the strategy and positioning into pipeline and revenue. Ultimately, we help you to forge a new path for growth, not starting from the ground up, but instead building upon your existing capabilities and expertise. And last, but not least, we help your company maximize your valuation in the market for exit or other capital investment events. Obviously, reestablishing sustainable growth and profitability are critical to valuation but so is the markets served and solutions offered, as investors will place higher value on companies participating in high growth markets. For better or worse, a Cloud/SaaS Solution provider with customer engagement, mobile and analytics applications will be valued significant higher than an ECM on premise solutions provider with identical financials.



UNDRSTND GROUP

UNDRSTND Group is a team of high caliber, proven executives that have built, repositioned and sold companies in the digital content and business process markets. We also have deep experience in building acquisition strategies, acquiring companies, integrating products and teams together—and we have done this on a global basis—for companies in the US, Canada, Latin America, South America, Europe, Africa, and Asia.

When we advise our clients on strategy development and execution for global or local markets, we aren't guessing or repeating some standard consulting lines – we have run sales, marketing, product and finance operations for some of the best and most successful companies in the industry who exited at high valuations on the back of world class positioning and sales execution—let us share our experience to help you do the same!

LET'S DISCUSS YOUR OPTIONS

We would be more than happy to sit down with you to show you how the UNDRSTND Group can help you PREPARE, PERFORM, and EXIT your business. E-mail us at info@undrstndgroup.com to get the help you need to transform your business.

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