FORRESTER®

The Total Economic Impact™ Of iManage Work

Cost Savings And Business Benefits
Enabled By iManage Work

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Consultant: *Mary Anne North*

Executive Summary

Forrester's analysis of six iManage customers found that their corporate legal departments' use of iManage Work decreased the time spent accessing and uploading documents and email. It also ensured easier collaboration and secure handling of sensitive and high-value content. A composite organization modeled after the interviewed organizations achieved a 378% ROI over three years by replacing a legacy document management system, shared drives, and personal drives with iManage Work.

iManage Work is an email and document management system that improves professionals' productivity, collaboration, and knowledge management. Its intuitive, efficient, and user-designed experience — particularly for the search and upload of content, and version control — encourages adoption. iManage Work also ensures secure handling of sensitive and high-value content by managing internal and external access according to organizational policies and establishing an audit trail around who has accessed and changed content. iManage Work is integrated with leading email and office productivity applications and can be integrated with numerous other third-party or internally developed solutions via its API and extensive range of partners.

iManage commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) corporate legal departments may realize by deploying iManage Work. The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of iManage Work on their organizations.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed six customers with experience using iManage Work. For the purposes of this study, Forrester aggregated the experiences of the interviewed customers and combined the results into a single composite organization.

KEY STATISTICS

Return on investment (ROI)
378%

Net present value (NPV)
$3.46M

Prior to deploying iManage Work, the interviewed organizations managed legal department content using a combination of a document management system, shared drives, and personal drives. The combination of information fragmentation and inefficient search and upload capabilities significantly impaired the productivity of legal teams. The organizations lacked security controls and a thorough audit trail that accounted for user access of specific content and how those individuals could work with that content. Internal and external collaboration was difficult, and there was nothing preventing institutional knowledge from being lost when legal team members left their roles.

KEY FINDINGS

Quantified benefits. Risk-adjusted present value (PV) quantified benefits, which are totaled over three years of iManage Work usage, include:

- **End-user productivity improvement of $4 million from faster search and upload.** Interviewed organizations reported a substantial decrease of an average of 7 minutes in search time per document, due to: iManage Work's powerful search capabilities; the ability for various practice areas to determine their preferred filing structure; and the consolidation of content into a single repository. Legal team members also saved both an average of 3.5 minutes on each document upload through the auto-assignment of metadata and 30 seconds per email save via predictive filing. Given the frequency of those actions, each user saved 240 hours annually.

> Time saved annually
> by each end user
>
> **240 hours**

- **IT productivity improvement of $60,379 from simplified secure external document exchange.** Because end users can quickly set up secure shared folders within iManage Work, IT departments no longer spent time implementing a secure exchange mechanism for each new external contact. This saved 1.5 hours of IT staff time per exchange and enabled legal staff to immediately initiate external document-sharing instead of waiting for an IT response.

- **Cost avoidance of $324,534 from retiring the legacy document management solution.** After implementing iManage Work, the composite organization retired its prior document management system. This eliminated not only the ongoing costs for software licenses and on-premises servers and their maintenance, but also the compensation of one FTE who previously

provided ongoing management and support for that legacy solution.

Unquantified benefits. Benefits that are not quantified for this study include:

- **Streamlined workflow provided by a single source of truth.** iManage Work enabled end users to search across pertinent documents and email at the same time and to readily access a document's latest version.

- **More time available for higher-value activities.** iManage Work provided legal team members with additional usable time on a daily basis that they could dedicate to higher-value activities, instead of searching for, uploading, or recreating content.

- **Decreased risk of security incidents involving legal department content.** With iManage Work now providing better security, control, and visibility around who is granted access to specific content, organizations decreased their risk of security incidents.

- **Greater ability to ensure and indicate compliance with standards and regulations.** iManage Work enabled organizations to more easily achieve and confirm compliance with international standards and regulations.

- **Easier collaboration across the legal department and with other functional areas.** With iManage Work, legal team members could more easily identify and engage with other practice areas that were working on various aspects of a project or matter. They also could now provide read-only access to other functional areas.

- **Better knowledge management and business continuity.** Organizations removed the risk of losing access to institutional knowledge when a legal team member moved within or left the company.

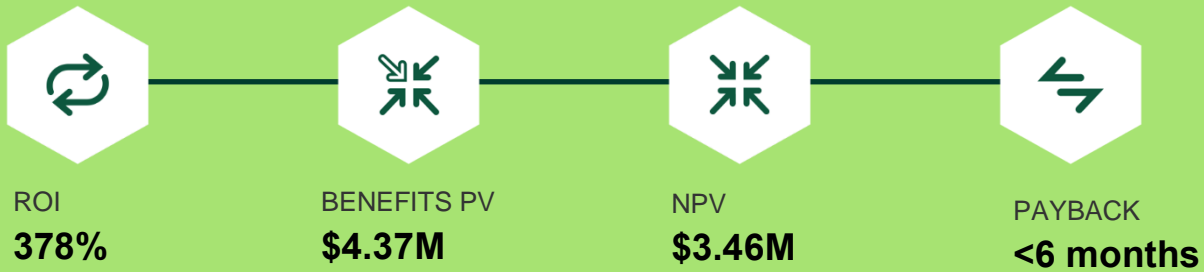**Costs.** Risk-adjusted PV costs, which are totaled over three years of iManage Work usage, include:

- **iManage fees of $451,005.** iManage fees included subscription costs for the cloud-based version of iManage Work, based on the number of users, with no additional fees for support.

- **Third-party professional services fees of $230,000.** This effort included technical implementation, data migration, setting up databases, and sharing best practices.

Initial and ongoing internal labor costs totaling $234,560. Internal implementation and training costs included the time of a legal operations manager, end users, and IT staff. Ongoing costs included management and support provided by a legal operations manager.

The customer interviews and financial analysis found that a composite organization experiences benefits of $4.37 million over three years versus costs of $916,000, adding up to a net present value (NPV) of $3.46 million and an ROI of 378%.

" **Much of the time people spent trying to get information in and out of our content repository was essentially refunded and can be applied to higher-value activities. And the frictionless user experience has really inspired adoption. iManage clearly spent a lot of time figuring out how lawyers like to work.** "

— **Legal operations and global technology manager, restaurants**

ROI
378%

BENEFITS PV
$4.37M

NPV
$3.46M

PAYBACK
<6 months

Benefits (Three-Year)

End user productivity improvement from faster search and upload — $4.0M

IT productivity improvement from simplified secure external document exchange — $60.4K

Avoided costs of prior solution — $324.5K
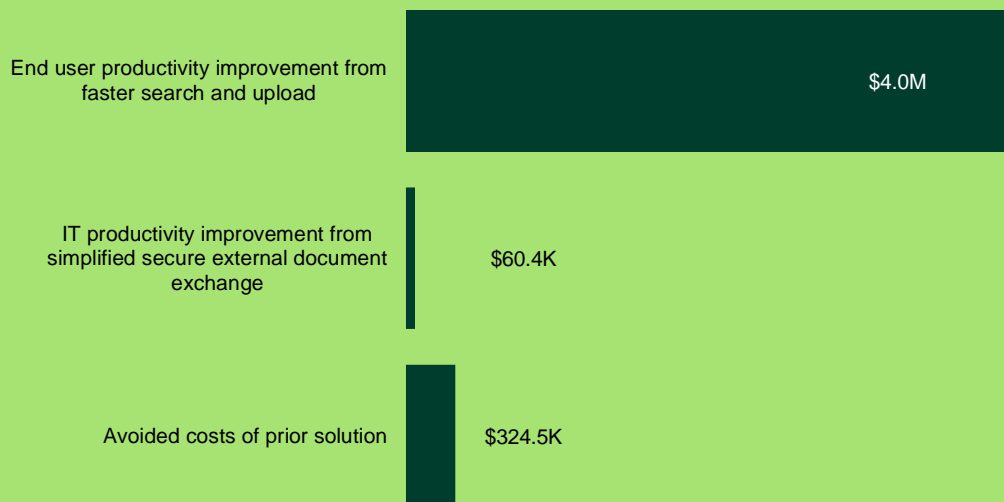
TEI FRAMEWORK AND METHODOLOGY

From the information provided in the interviews, Forrester constructed a Total Economic Impact™ framework for those organizations considering an investment in iManage Work.

The objective of the framework is to identify the cost, benefit, flexibility, and risk factors that affect the investment decision. Forrester took a multistep approach to evaluate the impact that iManage Work can have on an organization.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by iManage and delivered by Forrester Consulting. It is not meant to be used as a competitive analysis.

Forrester makes no assumptions as to the potential ROI that other organizations will receive. Forrester strongly advises that readers use their own estimates within the framework provided in the report to determine the appropriateness of an investment in iManage Work.

iManage reviewed and provided feedback to Forrester, but Forrester maintains editorial control over the study and its findings and does not accept changes to the study that contradict Forrester's findings or obscure the meaning of the study.

iManage provided the customer names for the interviews but did not participate in the interviews.

DUE DILIGENCE
Interviewed iManage stakeholders and Forrester analysts to gather data relative to iManage Work.

CUSTOMER INTERVIEWS
Interviewed six decision-makers at organizations using iManage Work to obtain data with respect to costs, benefits, and risks.

COMPOSITE ORGANIZATION
Designed a composite organization based on characteristics of the interviewed organizations.

FINANCIAL MODEL FRAMEWORK
Constructed a financial model representative of the interviews using the TEI methodology and risk-adjusted the financial model based on issues and concerns of the interviewed organizations.

CASE STUDY
Employed four fundamental elements of TEI in modeling the investment impact: benefits, costs, flexibility, and risks. Given the increasing sophistication of ROI analyses related to IT investments, Forrester's TEI methodology provides a complete picture of the total economic impact of purchase decisions. Please see Appendix A for additional information on the TEI methodology.

The iManage Work Customer Journey

Interviewed Organizations			
Industry	**Region**	**Interviewee**	**Prior solution**
Restaurant	Global	Legal operations and global technology manager	Document management system, shared drives, and personal drives
Professional services	Asia Pacific	Enterprise content management manager	Multiple document management systems, shared drives, personal drives
Information technology	Global	Senior manager, legal operations	Document management system
Insurance	North America	IT director, corporate legal and records management technology	Shared drives, personal drives
Media	North America	Senior vice president, technology	Document management system
Financial services	North America, Europe, Asia Pacific	Vice president of legal knowledge management; director of technology management	Document management system, shared drives, and personal drives

KEY CHALLENGES

Prior to deploying iManage Work, the interviewed organizations managed legal department content using a combination of a document management system, shared drives, and personal drives. The interviewees described a range of challenges that drove their organizations' decisions to deploy iManage Work:

- **Reduced legal team productivity due to information fragmentation and inefficient search and upload.** The daily challenge of grappling with information fragmentation caused by having multiple content repositories — none of which had effective search capabilities — frustrated legal teams and significantly impaired their productivity. Instead of working with content, legal staff spent valuable time simply trying to find it, which often meant either navigating through complex folder structures or emailing colleagues. They also spent time recreating lost documents.

    The process of storing documents and emails was equally challenging, due to 1) the absence of

an intuitive and consistent folder structure and naming conventions, and 2) the lack of integration between document management systems and an organization's office productivity tools and email systems.

One interviewee said: "We had a lot of issues with people naming the same document differently or creating their own folder structure even within a single practice area. We needed a single centralized repository, without duplicate or

> **"Trying to find content in our previous environment was a nightmare. It wasn't properly structured so that content could be quickly located. Sometimes documents couldn't be found at all."**
>
> *Senior vice president technology, media company*

misfiled documents." Another noted, "People were dragging their emails onto shared sites to preserve records for the longer term."

- **Time-consuming IT team setup for** — **or absence of** — **secure external document exchange.** Because the interviewed organizations lacked a secure self-service means for their staff to exchange documents with external parties, establishing a new external exchange required a legal team member to get IT department assistance. That created a speedbump for legal staff and a burden on IT staff. Alternately, some legal team members shared documents as email attachments or on a USB drive, despite the resulting risk exposure and lack of a digital audit trail.

- **Inadequate controls, governance, and risk protection.** The interviewed organizations lacked controls and an audit trail for who could access documents and how those individuals could work with that content (e.g., make changes vs. read-only), both internally and externally. One interviewee described having to manually check for and then delete external collaborators who were never properly removed from the system by the person that invited them. Another observed: "We wanted better governance. We wanted to be able to ensure we had security and protection for our content." Organizations also sought to more easily comply with standards and regulations around information and information technology.

> **"It was very difficult for us to manage who had access to what information."**
>
> *Enterprise content management manager, professional services firm*

- **Suboptimal collaboration, knowledge management, and business continuity.** With legal documents spread across multiple sources — including personal drives — legal teams struggled to collaborate among themselves or with other functional areas. That information fragmentation also impeded knowledge management efforts and business continuity since there was nothing preventing institutional knowledge from being lost when legal team members left their roles.

Key assumptions
- **Multibillion dollar global organization**
- **200 iManage Work legal department users**
- **iManage Work 10 cloud version implemented**

COMPOSITE ORGANIZATION

Based on the interviews, Forrester constructed a TEI framework, a composite company, and a ROI analysis that illustrates the areas financially affected. The composite organization is representative of the six companies that Forrester interviewed and is used to present the aggregate financial analysis in the next section. The composite organization has the following characteristics:

Description of composite. The composite organization is a multibillion-dollar organization headquartered in North America and serving businesses and consumers worldwide. Its legal department consists of lawyers (65%) and paralegals, administrators, and other legal support

staff (35%). The department's IT needs are managed by a six-person legal operations team in collaboration with the organization's IT staff. Its documents span a diverse range of the organization's high-risk/high-value intellectual property and other sensitive documents including contracts, litigation, human resources documentation, financials, methodologies, patents, and executive transition materials.

Deployment characteristics. After evaluating multiple vendors, the composite organization selected the cloud-based version of iManage Work 10 and implemented it using internal staff assisted by a professional services firm. The composite organization uses the full range of iManage Work capabilities including iManage Share for secure external exchange of documents, and email integration. Before iManage Work went live, 200 end users each received 2 hours of training. Internal staff members provide ongoing management and maintenance of iManage Work.

Analysis Of Benefits

▪ Quantified benefit data as applied to the composite

Total Benefits						
Ref.	Benefit	Year 1	Year 2	Year 3	Total	Present Value
Atr	End-user productivity improvement from faster search and upload	$1,425,531	$1,639,344	$1,781,906	$4,846,781	$3,989,539
Btr	IT productivity improvement from simplified secure external document exchange	$22,200	$24,420	$26,640	$73,260	$60,379
Ctr	Avoided costs of prior solution	$130,500	$130,500	$130,500	$391,500	$324,534
	Total benefits (risk-adjusted)	$1,578,231	$1,794,264	$1,939,046	$5,311,541	$4,374,452

END-USER PRODUCTIVITY IMPROVEMENT FROM FASTER SEARCH AND UPLOAD

Evidence and data. Search efficiency improved greatly after the interviewed organizations migrated their legal documents from multiple disparate sources to iManage Work, which several interviewees described as being their single source of truth. All interviewed organizations reported substantial decreases in search time per document, ranging from 4 to 12 minutes for each organization. This was due to the consolidation of documents, how the documents could be organized, and iManage Work's powerful search capabilities.

In addition, legal team members also spent less time uploading documents and storing emails. iManage Work's integration with organizations' office productivity tools and email systems simplified document uploads and rendered email uploads nearly instantaneous by prompting users with a suggested location. This method of predictive filing is based on other emails a particular user has filed or other thread and addressee analyses. After an initial email is filed, the system automatically files any related responses with it. To avoid redundant effort, the system uses a green checkmark to indicate whether or not a document or email has already been filed.

Practice groups that preferred a matter-centric approach created templates so that if a new matter or workspace were named appropriately the desired subfolders were automatically set up. Metadata and retention policies were then auto-assigned as content was added into folders.

> **"People found information much faster because they need only one piece of key information whether that's a contract number, a name, a type of document, or who edited it last. All those things are searchable, and everything is fully indexed and filterable."**
>
> *IT director, corporate legal and records management technology, insurance company*

Interviewees shared:

- "Team members found things fast because iManage Work is laid out in a way that makes sense to them."

- "Being able to set up workspaces and matters, and then see them and drill down, enabled the more visual members of our legal team to go really fast."

- "We've heard from many users about the ease of returning to recently accessed documents, and the immediate identification of latest versions."

- "After we got iManage Work, people could stop spending hours after they got home from the office just trying to file documents."

- "The lawyers no longer have to worry about 'where does it go?' — they know exactly where to put content."

- "iManage Work's integration with our email system is really intuitive, and it just works."

- "You simply hit one button to save an email, instead of clicking 'file' and 'save as' buttons, and then navigating to the location where you want it to go."

- "Having email included in a workspace so it's available to team members reduces the amount of email we're passing back and forth internally."

"Our legal team previously wasted a lot of time trying to figure out what metadata to tag against in order to save a document — and their manual tagging wasn't necessarily accurate. iManage Work completely removed that. They don't have to add metadata to save something — they just select the folder to which they're saving it and hit 'save.' The metadata is automatically associated."

Director of technology management, financial services firm

Time saved annually
by each end user

240 hours

- Each end user uploads 950 documents annually.

- Using iManage Work cuts 3.5 minutes from each document upload.

- Each end user stores 3,900 emails annually.

- Using iManage Work cuts 30 seconds from each email save.

- Fully burdened end-user hourly compensation is $70 for a legal team that consists of lawyers (65%) and paralegals, administrators, and other support staff (35%).

To be conservative, a 50% productivity recapture is applied to the time savings, reflecting the legal team's knowledge-related activities.

Risks. Risks that may impact the realization of this benefit include:

- Number of end users.

- Number of documents uploaded.

- Number of emails saved.

Modeling and assumptions. For the composite organization, Forrester assumes that:

- There are 200 end users of iManage Work in Year 1, 230 in Year 2, and 250 in Year 3.

- Each end user searches for 1,300 documents annually.

- Using iManage Work cuts 7 minutes from each search.

- An organization's prior state for legal document management.

- Prevailing local compensation rates.

To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $4 million.

Ref.	Metric	Calculation	Year 1	Year 2	Year 3
End-User Productivity Improvement From Faster Search And Upload					
A1	Number of end users		200	230	250
A2	Average number of documents searched for annually by each user		1,300	1,300	1,300
A3	Time savings per search (minutes)		7	7	7
A4	Average number of documents uploaded annually by each user		950	950	950
A5	Time savings per upload (minutes)		3.5	3.5	3.5
A6	Average number of emails stored annually by each user		3,900	3,900	3,900
A7	Time savings per email stored (minutes)		0.5	0.5	0.5
A8	Total end user time savings (hours)	((A1*A2*A3)+(A1*A4*A5) +(A1*A6*A7))/60	47,917	55,104	59,896
A9	Blended end-user hourly compensation, fully burdened	$145,600/2,080	$70	$70	$70
A10	Productivity recapture		50%	50%	50%
At	End-user productivity improvement from faster search and upload	A8*A9*A10	$1,677,095	$1,928,640	$2,096,360
	Risk adjustment	↓15%			
Atr	End-user productivity improvement from faster search and upload (risk-adjusted)		$1,425,531	$1,639,344	$1,781,906
	Three-year total: $4,846,781		**Three-year present value: $3,989,539**		

IT PRODUCTIVITY IMPROVEMENT FROM SIMPLIFIED SECURE EXTERNAL DOCUMENT EXCHANGE

Evidence and data. iManage Share enabled end users to quickly set up secure shared folders within iManage Work and then email a link for instant access to that content by external contacts. Previously, users would have to submit an IT request and wait for a response before they could begin to

Total IT staff time saved annually

750 hours

securely exchange content. This process improvement allowed legal teams to move faster and eliminate the time IT previously spent implementing a secure exchange mechanism for each new external contact.

Modeling and assumptions. For the composite organization, Forrester assumes that:

- In Year 1, 500 secure document exchanges are established. This increases to 550 in Year 2 and 600 in Year 3, reflecting additional users and business growth.

- The IT department previously spent 1.5 hours to establish each secure document exchange.

- The fully burdened compensation of IT support staff is $37 per hour.

Risks. Risks that may impact the realization of this benefit include:

- The number of secure document exchanges established each year.

- Prior means of establishing those exchanges.

- Prevailing local compensation rates.

To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV of $60,379.

Ref.	Metric	Calculation	Year 1	Year 2	Year 3
B1	Average number of secure external document exchanges established annually		500	550	600
B2	IT time savings per external document exchange established		1.5	1.5	1.5
B3	IT support staff compensation, fully burdened (per hour)	$76,960/2,080	$37	$37	$37
Bt	IT productivity improvement from simplified secure external document exchange	B1*B2*B3	$27,750	$30,525	$33,300
	Risk adjustment	↓20%			
Btr	IT productivity improvement from simplified secure external document exchange (risk-adjusted)		$22,200	$24,420	$26,640
	Three-year total: $73,260		Three-year present value: $60,379		

IT Productivity Improvement From Simplified Secure External Document Exchange

AVOIDED COSTS OF PRIOR SOLUTION

Evidence and data. By implementing iManage Work, the composite organization could retire its prior document management system. This not only eliminated the ongoing and maintenance costs for previous software licenses and on-premises servers, but also removed the IT staff time needed to support the legacy solution. These avoided costs are a gross benefit; related ongoing expenses for iManage Work

and its support are noted in the Analysis Of Costs section of this study.

Modeling and assumptions. For the composite organization, Forrester assumes that:

- Avoided licensing fees are $40,000 annually.

- Avoided infrastructure costs are $35,000 annually.

- The composite organization can redeploy the one FTE who provided ongoing management and support for the legacy solution. The fully burdened annual compensation of that FTE is $70,000.

Risks. Risks that may impact the realization of this benefit include:

- Nature and scope of prior document management solution.

- Infrastructure needed for that prior solution.

- Internal labor time needed to manage and maintain the prior solution.

- Prevailing local compensation rates.

To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of $324,634.

Avoided Costs Of Prior Solution					
Ref.	Metric	Calculation	Year 1	Year 2	Year 3
C1	Licensing fees		$40,000	$40,000	$40,000
C2	Infrastructure	On-premises servers and maintenance costs	$35,000	$35,000	$35,000
C3	Internal labor for ongoing management and support	Fully burdened compensation for one FTE	$70,000	$70,000	$70,000
Ct	Avoided costs of prior solution	C1+C2+C3	$145,000	$145,000	$145,000
	Risk adjustment	↓10%			
Ctr	Avoided costs of prior solution (risk-adjusted)		$130,500	$130,500	$130,500
Three-year total: $391,500			Three-year present value: $324,534		

UNQUANTIFIED BENEFITS

Additional benefits that customers experienced but were not able to quantify include:

- **Streamlined workflow provided by a single source of truth.** iManage Work streamlined legal teams' workflows by providing them with a single source for their content. It also enabled them to search across documents and email at the same time because all content related to a matter is aggregated in a single workspace, project, case, or deal (depending on an organization's

preferences). Interviewed organizations appreciated iManage Work's versioning control, which ensured access to the latest version of a document.

- **More time available for higher-value activities.** By reducing time spent searching for documents, uploading documents, storing emails, and recreating lost documents, iManage Work provided legal staff with additional usable time each day that they could dedicate to higher-value activities.

- **Decreased risk of security incidents involving legal department content.** One interviewee noted that prior to using iManage Work, their organization had one or two incidents each year when some intellectual property was accessed without authorization and leaked to the press, injuring its brand and image. With iManage Work now providing better security, control, and visibility around who is granted access to specific content, the organization has not had an incident. Another interviewee mentioned the variety of ways that organizations can securely share content externally, including via expiring links.

> **"iManage Work's security is very robust. With our previous system, end users had to manage their own permissions. With iManage Work, we can set up an agreed upon security default and have that default applied to any document depending on where it goes in a workspace or matter. End users don't have to worry about that, although they can provide access or add restrictions like read-only."**
>
> *Senior manager, legal operations, information technology company*

- **Greater ability to ensure and indicate compliance with standards and regulations.** An interviewee cited their organization's use of iManage Work to determine where data was stored and how it was managed as a key reason it was able to be certified as compliant with ISO 27001, which is an international standard on how to manage information security. Another interviewee noted that the organization's higher adoption rate with iManage Work resulted in having more data stored in a single location. This

helped it comply with privacy regulations like the General Data Protection Regulation (GDPR) and the California Consumer Privacy Act (CCPA) because it could more easily locate its content covered by those regulations.

> **"With iManage Work, we can fully audit who's got access to what, and who has given access to that information. End users know there's a trail there."**
>
> *Enterprise content management manager, professional services firm*

- **Easier collaboration across the legal department and with other functional areas.** For projects and matters handled across multiple practice areas, having the entire legal team storing their documents in the same place made it easier to identify and engage with other practice areas that were working on various aspects of a given project or matter. The legal team was able to provide colleagues in other functional areas with read-only access as needed, e.g., when a mergers and acquisitions practice needed to work closely with the finance department on a pending transaction.

- **Better knowledge management and business continuity.** Deploying iManage Work removed the risk of losing access to information when a legal team member transferred within the company or left the company, or if content was accidentally or deliberately deleted. An interviewee said: "We have an iManage Work policy set up where end users cannot delete content. That has to be done by an administrator." Another interviewee explained: "If a new team member comes in as a replacement and is given a workload of matters, and

everything they need is in the system and findable on day one, that's a better start." Another interviewee noted: "We've seen institutional knowledge improve. There are fewer places we have to check before someone leaves, to ensure that tribal knowledge stays with the tribe."

FLEXIBILITY

The value of flexibility is unique to each customer. There are multiple scenarios in which a customer might implement iManage Work and later realize additional uses and business opportunities, including:

- **Use custom fields within iManage Work to address needs.** For instance, the financial services firm used a custom field to ask end users who were creating a new matter whether or not they planned to use outside counsel. An affirmative answer would prompt a link to a list of preferred outside counsel firms.

- **Use iManage's API to build out custom solutions.** Customers can build their own solutions and integrate them with iManage Work.

> **"As we continue to evolve our legal technology ecosystem, we've found iManage's API very robust and very easy to work with. They also have a strong partner program that we're looking into to deliver more value for our users."**
>
> *IT director, corporate legal and records management technology, insurance company*

- **Integrate products from iManage's partners.** Interviewees commented on iManage's wide range of partners and the ease of integrating partner products with iManage Work.

- **Deploy additional iManage products.** iManage Work is part of a broader iManage platform. Interviewed organizations generally were either using additional parts of the iManage platform or considering doing so, including: Security Policy Manager for additional data protection; Records Manager for both physical and electronic records; Threat Manager for advanced internal and external threat detection; and RAVN for AI-based contracts analysis.

- **Expand usage beyond the legal department.** An interviewed media company used iManage Work in its legal department, its business affairs group, and to a lesser extent its IT and finance and accounting departments. For the interviewed professional services firm, iManage Work was used primarily by its client-facing staff. The insurance company deployed iManage Work to its claim and reinsurance departments, although those additional users are not addressed by this study. Additionally, the interviewed restaurant company may consider expanding its iManage Work use later.

Flexibility would also be quantified when evaluated as part of a specific project (described in more detail in Appendix A).

Analysis Of Costs

Quantified cost data as applied to the composite

Total Costs

Ref.	Cost	Initial	Year 1	Year 2	Year 3	Total	Present Value
Dtr	iManage fees	$48,000	$144,000	$165,600	$180,000	$537,600	$451,005
Etr	Third-party professional services fees	$230,000	$0	$0	$0	$230,000	$230,000
Ftr	Internal labor for implementation, management, and support	$154,388	$29,661	$34,491	$32,881	$251,420	$234,560
	Total costs (risk-adjusted)	$432,388	$173,661	$200,091	$212,881	$1,019,020	$915,565

IMANAGE FEES

Evidence and data. iManage fees for the composite organization include subscription fees that vary depending on the number of users. The subscription fee includes support services. Consult with iManage for pricing that is specific to your organization when conducting your own analysis.

Modeling and assumptions. For the composite organization, Forrester assumes that:

- There are 200 end users of cloud-based iManage Work in Year 1, 230 in Year 2, and 250 in Year 3.

- The subscription fee is $720/year/user.

- Subscription fees are paid during the four-month implementation period.

Risks. Risks that may impact iManage fees include:

- Number of end users.

- Duration of the implementation.

In the case of the composite organization, the subscription cost for a given number of users and a specified implementation period is known, and there are no associated risks. The resulting three-year, risk-adjusted total PV (discounted at 10%) is $451,005.

IManage Fees

Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3
D1	Subscription fees	Number of users*$60/month/user*12; 4 months of fees during implementation	$48,000	$144,000	$165,600	$180,000
Dt	iManage fees	D1	$48,000	$144,000	$165,600	$180,000
	Risk adjustment	0%				
Dtr	iManage fees (risk-adjusted)		$48,000	$144,000	$165,600	$180,000
	Three-year total: $537,600			**Three-year present value: $451,005**		

THIRD-PARTY PROFESSIONAL SERVICES FEES

Evidence and data. The interviewed organizations used third-party consultants to supplement the capacity and capabilities of their internal staff, enabling them to accelerate implementation and ensure user needs were met. This effort included technical implementation, data migration, setting up databases, and sharing best practices. Third-party professional services costs varied depending on a number of organization-specific factors.

Modeling and assumptions. For the composite organization, Forrester assumes that:

- Third-party professional services fees total $200,000 during the implementation period.

- No professional services are used in subsequent years.

Risks. Risks that may impact third-party professional services fees include:

- Complexity of the implementation.

- An organization's pre-iManage Work state.

- Number of documents migrated into iManage Work.

- Magnitude and nature of an organization's internal resources.

- Availability and cost of external consultants.

To account for these risks, Forrester adjusted this cost upward by 15%, yielding a three-year, risk-adjusted total PV of $230,000.

Third-Party Professional Services Fees						
Ref.	**Metric**	**Calculation**	**Initial**	**Year 1**	**Year 2**	**Year 3**
E1	Third-party professional services fees		$200,000			
Et	Third-party professional services fees	E1	$200,000	$0	$0	$0
	Risk adjustment	↑15%				
Etr	Third-party professional services fees (risk-adjusted)		$230,000	$0	$0	$0
	Three-year total: $230,000		**Three-year present value: $230,000**			

INTERNAL LABOR FOR IMPLEMENTATION, MANAGEMENT, AND SUPPORT

Initial costs. Interviewed organizations typically implemented iManage Work in approximately four months using legal, legal operations, and IT staff with assistance from a professional services firm. A legal operations manager coordinated internal resources and external consultants, prepared data for migration by determining the mapping process, and supported change management efforts.

The project team included representatives of the various practice areas within the legal department who: provided input on the business requirements; defined the folder structure and set of templates for each type of workspace and matter they had; created the metadata fields for those workspaces and matters; established the look and feel of the user interface; determined governance processes; prepared for change management; and participated in user acceptance testing. Technical staff provided technical project management, created the folder

structure and metadata fields, modified the available user interface options, and set up single sign-on.

Legal staff found iManage Work intuitive and easy to use and could be trained on its basic functionality in about two hours by a legal operations manager.

Modeling and assumptions. For the composite organization's initial costs, Forrester assumes that:

- A legal operations manager dedicates 80% of their time to a four-month implementation.

- Eight legal team FTEs each spend 15% of their time for four months.

- Two IT FTEs each spend 20% of their time for four months.

- 200 end users each spend 2 hours in training.

Ongoing costs. Once implementation was complete, organizations found that cloud-based iManage Work needed minimal ongoing management. A legal operations manager answered end user questions, provided support as needed, and trained additional end users.

Modeling and assumptions. For the composite organization's ongoing costs, Forrester assumes that:

- A legal operations manager spends 416 hours each year on iManage Work management and support.

Risks. Risks that may impact initial and ongoing internal labor costs include:

- Complexity of the implementation.

- An organization's pre-iManage Work state.

- Number of documents migrated into iManage Work.

- Number of end users trained.

- End users' comfort with technology.

- Prevailing local compensation rates.

To account for these risks, Forrester adjusted this cost upward by 15%, yielding a three-year, risk-adjusted total PV of $234,560.

> **"The product itself doesn't need much care and feeding. Some users may need help now and then. No ongoing training is needed, although people can choose to learn more. We can summarize any product updates by email with pictures, and that's enough."**
>
> *IT director, corporate legal and records management technology, insurance company*

Internal Labor For Implementation, Management, And Support

Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3
F1	Legal operations manager hours required for implementation and ongoing management and support	Initial: Approximately 80% of 1 FTE for 4 months Ongoing: 20% of 1 FTE	550	416	416	416
F2	Legal operations manager hourly compensation, fully burdened	$128,960/2,080	$62	$62	$62	$62
F3	End user hours required for implementation design and testing	Approximately 15% of 8 FTEs for 4 months	825			
F4	Number of end users trained		200		30	20
F5	Hours spent in training, per end user		2		2	2
F6	Blended end user hourly compensation, fully burdened	$145,600/2,080	$70		$70	$70
F7	IT hours required for implementation	Approximately 20% of 2 FTEs for 4 months	240			
F8	Blended IT hourly compensation, fully burdened	$124,800/2,080	$60			
Ft	Internal labor for implementation, management, and support	(F1*F2)+((F3+(F4*F5))*F6)+(F7*F8)	$134,250	$25,792	$29,992	$28,592
	Risk adjustment	↑15%				
Ftr	Internal labor for implementation, management, and support (risk-adjusted)		$154,388	$29,661	$34,491	$32,881
	Three-year total: $251,420			**Three-year present value: $234,560**		

Financial Summary

CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS

Cash Flow Chart (Risk-Adjusted)
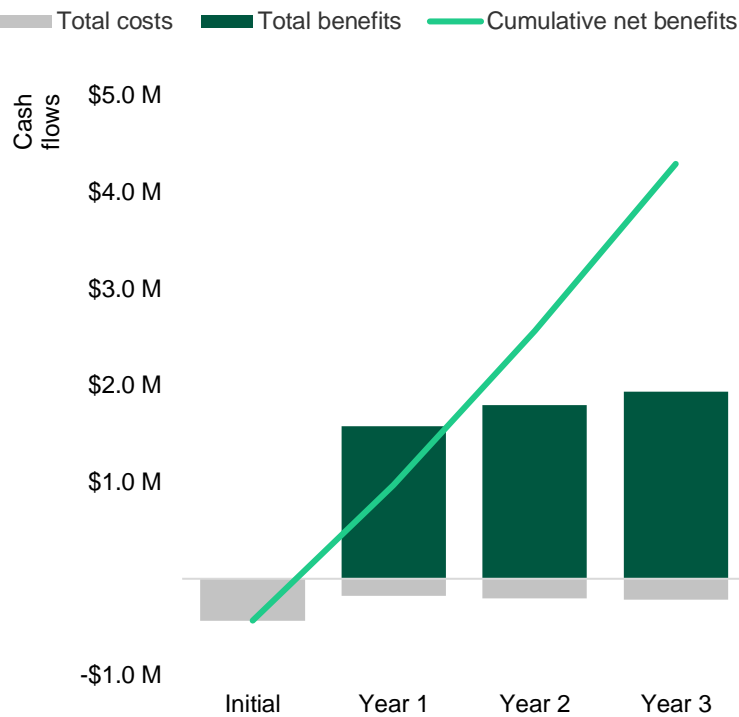
The financial results calculated in the Benefits and Costs sections can be used to determine the ROI, NPV, and payback period for the composite organization's investment. Forrester assumes a yearly discount rate of 10% for this analysis.

These risk-adjusted ROI, NPV, and payback period values are determined by applying risk-adjustment factors to the unadjusted results in each Benefit and Cost section.

Cash Flow Analysis (Risk-Adjusted Estimates)						
	Initial	**Year 1**	**Year 2**	**Year 3**	**Total**	**Present Value**
Total costs	($432,388)	($173,661)	($200,091)	($212,881)	($1,019,020)	($915,565)
Total benefits	$0	$1,578,231	$1,794,264	$1,939,046	$5,311,541	$4,374,452
Net benefits	($432,388)	$1,404,570	$1,594,173	$1,726,165	$4,292,521	$3,458,887
ROI						378%
Payback period						<6 months

Appendix A: Total Economic Impact

Total Economic Impact is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.

TOTAL ECONOMIC IMPACT APPROACH

Benefits represent the value delivered to the business by the product. The TEI methodology places equal weight on the measure of benefits and the measure of costs, allowing for a full examination of the effect of the technology on the entire organization.

Costs consider all expenses necessary to deliver the proposed value, or benefits, of the product. The cost category within TEI captures incremental costs over the existing environment for ongoing costs associated with the solution.

Flexibility represents the strategic value that can be obtained for some future additional investment building on top of the initial investment already made. Having the ability to capture that benefit has a PV that can be estimated.

Risks measure the uncertainty of benefit and cost estimates given: 1) the likelihood that estimates will meet original projections and 2) the likelihood that estimates will be tracked over time. TEI risk factors are based on "triangular distribution."

PRESENT VALUE (PV)

The present or current value of (discounted) cost and benefit estimates given at an interest rate (the discount rate). The PV of costs and benefits feed into the total NPV of cash flows.

NET PRESENT VALUE (NPV)

The present or current value of (discounted) future net cash flows given an interest rate (the discount rate). A positive project NPV normally indicates that the investment should be made, unless other projects have higher NPVs.

RETURN ON INVESTMENT (ROI)

A project's expected return in percentage terms. ROI is calculated by dividing net benefits (benefits less costs) by costs.

DISCOUNT RATE

The interest rate used in cash flow analysis to take into account the time value of money. Organizations typically use discount rates between 8% and 16%.

PAYBACK PERIOD

The breakeven point for an investment. This is the point in time at which net benefits (benefits minus costs) equal initial investment or cost.

Related Forrester Research

"Defining The Online Marketing Suite," Forrester Research, Inc., October 17, 2007

Online Resources

More information about computer animation is available at [www.link.com].

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