

White Paper

# Justifying Web Content Management: The Business Case and ROI

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**THE GILBANE GROUP**

*Justifying Web Content Management: The Business Case and ROI*

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## Introduction

In today's harsh economic environment, many customers are lending a more critical eye to justifying an investment in Web Content Management (WCM). One of the most scrutinized considerations in their justification is, of course, return on investment (ROI). That is, customers need to know that the financial benefits of effective WCM will outweigh the time and expense of purchasing, designing, and installing enterprise-level software. In a significant percentage of recent consulting engagements, the Gilbane Group has been asked to review the solidity of clients' rationale in proceeding with their WCM purchases. This paper focuses largely on some of the cost savings that derive from the reuse of both content and design elements across websites, and it considers several ways that customers can go about estimating an expected ROI. In particular, we analyze the conceptual strength of an approach to site design and synchronization based on the separation of content, profiles, and applications at a centralized level while simultaneously allowing for localized variation. SDL Tridion, sponsor of this paper, offers this approach with its *BluePrinting* technology. We examine four main components of ROI, starting with the ways in which effective WCM increases revenue. We then move to considerations of how WCM decreases operational costs. Next, we enumerate many of the line items customers use in generating actual ROI metrics. And finally, we consider some of the factors that supersede ROI in terms of making the business case.

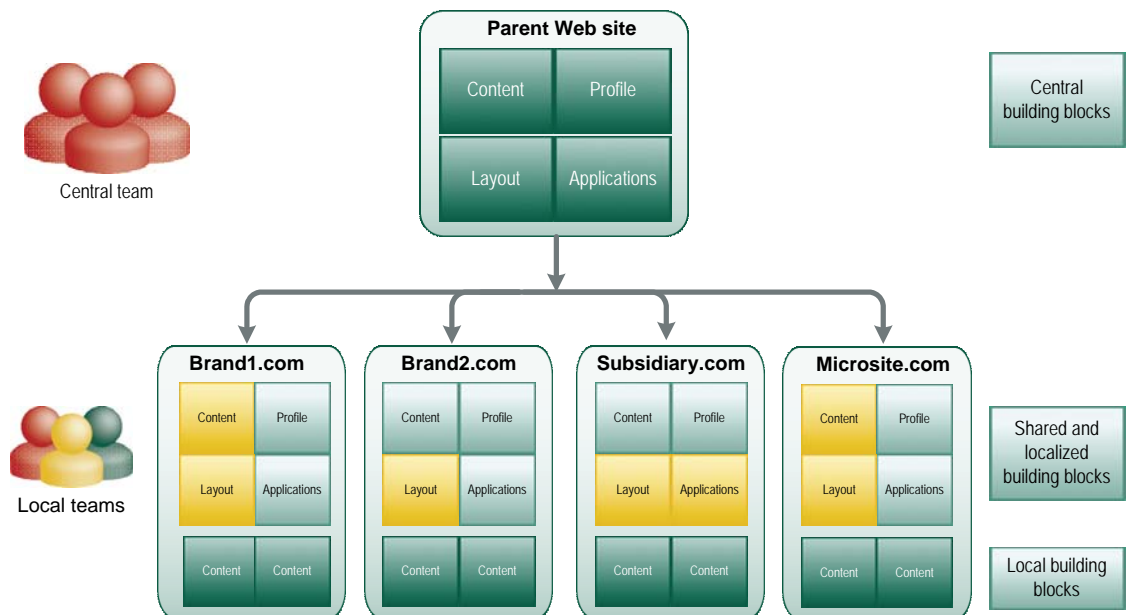
## WCM as a Driver of Increased Revenues

The ways in which businesses generate revenues vary largely by vertical. Media and entertainment companies generate revenue online by creating interactive experiences for potential consumers of their content in other venues (television programs, movies, etc.). This varies from businesses whose main source of revenue is online retail, where the relationship between the quality of user experience and successfully getting the customer to buy something on the website is very straightforward. Financial institutions like consumer banks increase revenue by providing web banking experiences that encourage customers to do business with them in the first place. Auto manufacturers increase revenues by disseminating the highest quality content about their automobiles, while providing highly interactive tools to generate interest in their cars. Product configurators, product comparisons, and highly engaging multimedia tools may bring customers to the showroom. Travel and tourism portals, on the other hand, may generate the majority of the revenue through heightening interest in their municipality or state. The common factor in these different scenarios is that the online web experience – powered by high quality web content and rich interactions – is the essential factor in engaging potential consumers.

The essential link between these rich user experiences and the actual development of high quality global websites relies on the ability of subject matter experts within the customer organization to create content centrally, and then to allow for customization of this content based on localized differences in (1) profiles of content consumers, (2)

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applications that impact content in specific geographic regions, (3) language, and (4) branding requirements. It is common knowledge that giving authoring control to those who know most about potential customers results in websites with timely, relevant, and highly compelling content. Much less well known – or at least realized – is that the quality of this content erodes when no consideration is given to the need for synchronizing content across geographies, languages, and cross-branded websites. The Gilbane Group often hears clients complain that introducing their IT departments into the content authoring and maintenance process removes a level of expertise that can result in poor quality content. We also see little or no understanding of how IT can be removed from the process of synchronizing and translating content on global websites. Everyone agrees that removing content responsibility from subject matter experts contributes to poor online user experiences. Relatively few have considered the damaging effects of inconsistent content quality as source content and code on a centralized server gets “customized” on local and regional bases. On commerce-oriented websites, WCM systems that allow non-technical subject matter experts to retain responsibility for centralized content quality and that simultaneously automate the process of proliferating changes globally – regardless of differences in the presentation layer, underlying code, and language – often dramatically increase online revenue. These tools include the ability to easily create new pages that contain relevant content as well as a high level of user interactivity through social computing tools such as blogs, wikis, and multimedia. IT lacks not only subject matter expertise, but also the bandwidth to keep mission-critical, revenue-generating sites optimized.



*As an example of balancing central control with regional customization, BluePrinting technology offered by SDL Tridion is a WCM feature that makes the sharing of complex content over multiple websites fast and easy, which can both drive increased revenue and decrease operational costs. Graphic courtesy of SDL Tridion.*

Increasing revenues also depends on healthy relationships with partners and employees. Corporate extranets are a primary means that organizations use to communicate effectively with partners. Investment banks use extranets as client communications tools that keep high value customers apprised of investment performance. And finally, employees use corporate intranets to stay up-to-date on what's happening within the company. In all of these scenarios, the link between effective WCM and increased revenues is easy to understand.

## **Decreasing the Operational Costs of WCM**

Most organizations realize the need for public-facing websites. So the question is not whether to have WCM, but rather what kind of WCM to have. Should enterprises invest time and energy into developing their own proprietary systems, or should they opt for commercially-available offerings? The answer is not automatic and predictable. There are scenarios in which requirements are so unique that significant components of WCM systems will need to be built in-house. However, these cases are relatively few and usually relate to high degrees of complexity in business processes. The Gilbane Group has seen in an overwhelming majority of consulting engagements that when clients choose to develop their own WCM systems, they typically make the same mistakes that software vendors made in the development of the first version of their products. Clients almost always underestimate the amount of time required to develop WCM applications, and they usually severely underestimate the cost of both initial development and ongoing maintenance.

To give two data points, one potential client decided not to spend \$150,000 on a commercially available product in 2004 because this was deemed "too expensive." The company subsequently spent more than \$700,000 over the next three years developing an in-house application that did not turn out to be user friendly. User adoption rates were very low and eventually the application had to be abandoned. The company then spent an additional \$190,000 on a packaged product. The total expenditure was nearly \$900,000 instead of \$150,000. In another engagement, a large financial institution made a solid business case for developing a highly-specialized WCM application internally. This was indeed a case where internal development made sense. However, the time and cost of developing the application was dramatically underestimated. Furthermore, internal IT had no experience with usability testing. The resulting user interface was therefore nearly unusable by non-technical resources. In the end, more than \$400,000 was spent on internal development of an application that could not be rolled out to its intended base. In these ways, it is easy to understand how professional-grade, commercial applications generally reduce operational costs given the requirement for a public-facing website.

Another important consideration in decreasing operational costs is the ability to deploy IT resources more strategically. Instead of involving IT in the web authoring process, they are instead made available as strategic technical resources for departments throughout the enterprise. Even in small WCM deployments, efficient use of IT resources can result in burdened personnel savings of \$200,000 or more (three resources at \$70,000 per year, e.g.).

A third and essential consideration in decreasing operational costs comes from risk mitigation in the avoidance and elimination of redundant and potentially conflicting web content. Without effective WCM, content authors have no visibility into what information is available in other departmental silos, resulting in duplicate content. And even when authors are aware of pre-existing content, they may use it and only update their own versions. Over time, this creates a high probability of bad business decisions based on erroneous information. When business processes incorporate flawed data, the iterative nature of processes ensures that the error will only grow over time.

Effective WCM also enables the maintenance of content across multiple languages and regions, providing the same timely, relevant, and compelling information to consumers regardless of location. When regional variations in web content are necessary, localized instances of the central repository can be modified individually, therefore allowing for simultaneous global content consistency and local variation.

For all of the reasons in this section, the Gilbane Group encourages enterprises to seriously consider the benefits of packaged WCM applications: savings in development time, ongoing maintenance costs, strategic deployment of IT resources, and the possibility of maintaining global content consistency with required local variation.

## Calculating ROI

Before going into detail about the essential line items in any ROI calculation, the Gilbane Group always issues caveats to potential WCM purchasers: *ROI calculations can be easily manipulated to produce any desired result.* For example, by simply changing the number of content authors required to maintain a web page from three to two, an organization can easily demonstrate a cost savings of \$100,000. Whether the process will actually take three or two may not be clear. What is clear is that this difference radically impacts the numbers generated by the ROI calculator. The main point is that ROI calculators are only as reliable as the assumptions that go into creating them. That said, with careful attention to individual line items and an unbiased desire to understand potential return on investment, ROI calculators can be useful in developing some idea of whether the business case for WCM can be justified on the grounds of ROI. To that end, Gilbane provides examples of potential line items in an ROI calculator. A complete list of line items is beyond the scope of this paper. The following, however, are two critical and often very cost-intensive categories where an effective WCM system can dramatically reduce costs: site development and user training costs. Within these two categories, we have provided a list of line items contained in each, along with basic formulas for developing cost estimates.

**Site Development**

Web Page Design and Development Costs		
<i>Factor</i>		<i>Formula</i>
A	Average time to design, develop, review and deploy a web page (hours)	
B	Fully burdened cost of a web developer	
C	Cost of one web page	$A \times B = C$
D	Number of web pages to be designed, developed and deployed	
E	Total estimated web page design and development costs	$C \times D = E$

Web Template Design and Development Costs		
<i>Factor</i>		<i>Formula</i>
A	Average time to design, develop, review and deploy a web template (hours)	
B	Average hourly consultant development rate	
C	Cost of one web template	$A \times B = C$
D	Number of web templates to be designed, developed and deployed	
E	Total estimated web template design and development costs	$C \times D = E$



**Reduced Training Costs versus Proprietary Authoring Tools**

Training Costs		
Factor		Formula
A	Average time to train content authors on proprietary content author tool (hours)	
B	Number of content authors to be trained	
C	Total number of hours to train content authors	$A \times B = C$
D	Average hourly cost to train content authors	
E	Total estimated cost of training content authors	$C \times D = E$
F	Average time to train a web developer on new proprietary authoring tools (hours)	
G	Number of web developers to be trained	
H	Total number of hours to train web developers	$F \times G = H$
I	Average hourly cost to train web developers	
J	Total estimated cost of training web developers	$H \times I = J$
K	Total estimated training costs	$E + J = K$

Because WCM systems with high degrees of usability dramatically accelerate and simplify the site development process, approximately 70 to 80 percent of the cost estimate generated in the “Site Development” section above can be eliminated with their use. Similarly, because the content authoring environment in these systems often mimics the authoring tools that content authors already use – such as Microsoft Word – training times can be cut by more than 90 percent when compared to proprietary content-authoring point solutions.

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As clients will understand from the brief cost estimates above, savings from these two criteria alone can run well into the tens or even hundreds of thousands of dollars annually. In addition, consider other key factors:

- Incremental savings from the reduced number of calls to customer service from improved content quality and better online help.
- Increased average transaction amounts on retail sites due to personalized user experiences.
- Increased revenues stemming from the use of integrated analytics.
- Savings from integrated translation management for multinational sites.

Taken together, it becomes difficult for potential buyers of high-quality WCM solutions not to see that the business case for WCM could indeed be justified on ROI alone.

## **Beyond ROI**

Detailed considerations of ROI aside, the critical nature of a high quality website in some scenarios is a necessary cost of successfully doing business. That is to say, WCM can sometimes be analogous to cost centers rather than profit centers. These cases arise when web technologies provide the means of communication for essential business relationships. A healthcare provider's patient education website is a good example. In this case, the technology required to run the website has a cost that may or may not be recovered. All the same, the website is seen as essential in establishing a position of expertise and authority in the field. While it is true that such a website may drive more patients to a given hospital, determining exactly how many or what the increased revenues may be is very difficult. Nevertheless, healthcare organizations consistently choose to have such websites because of the authority they convey. This is fundamental brand protection.

## **Brand Equity: The Silver Bullet**

Brand maintenance is another consideration that trumps pure ROI metrics for companies whose most important asset is the brand. That is, company viability is not commodity-based, but is instead founded upon the perception by customers that the brand itself is valuable. Customer loyalty of this kind can only be maintained through high quality user experiences. Because the web is one of the primary tools for most companies to build and maintain their brands, WCM is essential and would even be fully justified when ROI calculations produce negative numbers. In such cases, without the brand, there is no company.

## Recommendations

- Identify all areas associated with managing web content that currently exist. These include, but are not limited to, costs associated with the time required for developing web pages and templates, time to train content authors and web developers to use authoring tools, poor user adoption of difficult-to-use authoring tools, and the elimination of IT from the content authoring process.
- Try to ascertain through a proof of concept from WCM vendors a clear idea of how the costs in the first recommendation would change with effective usage of their WCM solutions. Many vendors are willing to provide serious potential customers with 30-day access to full versions of their products. Take advantage of such offers to test your ideas about potential cost savings.
- Ask the references provided by WCM vendors whether they have ROI metrics for their implementations. In cases where deployment scenarios are similar, use these metrics as estimates for your own potential ROI.
- For global websites on which IT plays a significant role in modifying localized versions, be sure to include ROI criteria in your business case for cost potential savings associated with maintaining centralized content quality while allowing for regional customization.
- Finally, be wary of easily-manipulated components in any ROI calculation. As mentioned above, such components can be tweaked to generate any desired prediction. With careful and unbiased attention to the components of your own business case, ROI calculations can often be a useful means of justifying WCM initiatives.

## **About SDL Tridion**

*Gilbane Group thanks SDL Tridion for contributing the content in this section.*

SDL Tridion is a leading provider of Web Content Management Systems. Our enterprise solutions empower businesses to deliver personalized, persuasive content to their target audiences when it is most effective- immediately.

SDL Tridion's proprietary BluePrinting™ technology makes sharing complex content over multiple websites fast and easy while maintaining centralized control and brand consistency. According to industry analysts, SDL Tridion excels when personalization, multi-website and multi-language functionality are WCM requirements.

Our flagship product, R5, quickly delivers a return investment by significantly improving customer experience while reducing operational costs. Over 1000 organizations rely on SDL Tridion's WCM solutions including MetLife, Canon, Goodyear, Honda, ING, and Toyota.

For more information about SDL Tridion and our WCM solutions, please call 646-512-5173 or visit us online at [www.sdltridion.com](http://www.sdltridion.com).

*R5 BluePrinting is a trademark of SDL Tridion.*