



NUCLEUS
RESEARCH

| The value of migrating to the Hyland Cloud

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Executive Summary

Hyland is a Content Innovation Cloud provider, offering intelligent cloud-delivered enterprise content solutions, including Hyland OnBase and Hyland Alfresco. The vendor's multi-product portfolio offers content solutions to meet the needs of customers across its core industry verticals, including the public sector, healthcare, financial services, education, insurance, retail, and manufacturing. While Hyland supports on-premises, private, public, SaaS, and PaaS deployments, the ability to reduce ongoing on-premises costs such as server maintenance and downtime while taking advantage of novel technologies such as Intelligent Document Processing (IDP) and AI makes a compelling case for cloud deployment.

To better understand the benefits associated with an investment in the Hyland Cloud infrastructure, Nucleus conducted an in-depth assessment of multiple customers with Alfresco and OnBase deployments in the Hyland Cloud. On average, customers cited annual on-premises cost savings of \$518,112; paper, printing, and mailing cost savings of \$68,056; avoided administrative and IT headcount of one to five full-time equivalents; and productivity improvements of up to 100 percent across specific processes. Qualitative findings underscored the crucial role cloud deployments play in maintaining security and compliance and maintaining the quality and accuracy of data stored.

Summarized Benefits

The following direct and indirect benefits represent those most commonly experienced by the organizations analyzed in this report and comprise the largest share of returns.

Direct Benefits

Direct benefits include cost savings, cost avoidance, and other changes that impact a budget or profit and loss (P&L) statement:

► Retired Legacy Information Management Costs

Organizations transitioning to Hyland's cloud-based solutions eliminated costly annual fees associated with legacy on-premises information management systems and records management services. Customers who digitized all or a portion of previously manual, paper-based processes also experienced a reduction in paper, printing, and mailing costs.

"From an interface perspective, OnBase in Hyland Cloud is much more modern than our old IBM FileNet solution. It's easier to navigate and more attractive to users."

- Manufacturer

Reduction of legacy information management costs was the most common benefit experienced by interviewed customers.

► Labor Reallocation

Managed services through the Hyland Cloud helped interviewed organizations to significantly cut down on ongoing system maintenance, which taxes IT teams and system administrators. Process efficiency gains delivered through its cloud-based OnBase implementation also led, in some cases, to reallocation of time to higher-value initiatives.

Indirect Benefits

Indirect benefits include time savings from accelerated processes that can be quantified but have an indirect impact on a budget or P&L:

► Process Efficiency Gains

Workflow automation, RPA, and other technologies available through Hyland Cloud solutions enabled teams to drive process efficiency gains across areas such as annual audits, purchasing workflows, employee onboarding, and document indexing.

Unquantified Benefits

Benefits that were cited by customers but not quantified as part of the benefit analysis include reduced security and compliance risk and improved data quality and availability.

► Risk Reduction

Out-of-date on-premises solutions and high potential for system outages put organizations at risk of noncompliance, which is vastly reduced with the implementation of Hyland Cloud solutions. Additionally, one organization had no document retention policy before, crediting its OnBase deployment through Hyland Cloud to its ability to facilitate this and lower the associated security risk.

► Improved Data Quality and Availability

Many legacy information management solutions lack reporting and dashboard capabilities. Having these features available through Hyland Cloud solutions enabled organizations to better understand company data and quickly catch errors.

“Some document processes would require us to set up meetings to get everyone connected. Now, it can be done ad-hoc, saving tremendous time for several teams.”

- Healthcare Organization

“OnBase [in Hyland Cloud] has provided us with more information and availability. Now, every Monday, administrators can see anything that isn't in the correct format and make sure it's fixed.”

- Manufacturer

Summarized Challenges

Nucleus found multiple challenges that drove the adoption of Hyland Cloud solutions. These included high on-premises costs, an inundation of manual processes, and security and compliance risks.

► High On-premises Costs

Maintaining and upgrading on-premises deployments and their associated hardware becomes progressively more expensive. This is especially prevalent when considering compounded costs beyond initial hardware and software licensing purchases. IT personnel, upgrades, security, maintenance, and downtime make up approximately 64 percent of total deployment costs over time. This also takes IT time away from other high-value initiatives, resulting in lost opportunities.

On-premises costs beyond initial hardware and software licensing purchases become progressively more expensive over time.

► Manual Processes

All organizations interviewed, whether previously on an on-premises system or operating with paper and spreadsheets, were inundated with manual processes. Manual processes are not only error-prone and inefficient but challenging to scale. Additionally, a lack of systematic tracking can hinder management's ability to oversee operations effectively.

► Security and Compliance Risk

On-premises systems require organizations to secure the physical location of servers and ensure that security patches are kept up to date. Keeping up with maintenance and patch schedules can become overwhelming, especially with IT responsibilities spread across several systems. Given this, the risk for noncompliance and security breaches is more prevalent than many organizations may recognize, as delayed updates and poor maintenance expose systems to vulnerabilities.

"When our old system became unsupported, it wouldn't be patched for security. Deploying OnBase in the cloud helped with risk avoidance."
- Public Sector

Analysis of Benefits

Nucleus found that companies deploying Hyland Cloud solutions experienced a range of benefits which were largely dependent on the size and complexity of their deployment, their content management infrastructure before migrating to the cloud, and the rate of technology adoption. The best technology business cases focus on a select number of key benefits that can guide deployment and adoption efforts. The benefits below represent those most commonly experienced by Hyland Cloud customers, with guidance ranges based on what customers typically experience.

Retired Legacy Information Management Costs

Nucleus found organizations were able to achieve average savings of \$413,112 annually when retiring on-premises licensure, and \$105,000

in annual server upgrade costs. A lack of access to new features, such as automation, through on-premises environments also led to additional standalone software costs for one organization, which was able to save up to \$70,414 by the third year of its deployment by taking advantage of full feature availability in the cloud.

Eliminated Paper, Printing, and Mailing Costs

One organization transitioned to the cloud from fully manual processes, eliminating the use of more than 700,000 sheets of paper per year. This translated to annual savings of more than \$27,000. Another organization avoided mailing costs due to improved ease of content sharing, resulting in an average annual benefit of \$153,020. Customers who digitized all or a portion of their content processes also experienced cost savings of up to \$24,150 by no longer relying on physical filing cabinets to store documents.

IT & Administrative Headcount Savings

In one organization's case, deploying OnBase in the Hyland Cloud eliminated a significant burden for the internal administrative team, with each able to reallocate 50 percent of their time previously spent on system maintenance to other higher-value tasks. This translated to one full-time equivalent (FTE) saving, leading to \$129,000 in annual benefit. The same organization also redeployed two IT employees to more meaningful work, saving \$220,000 annually. Another organization was able to pivot to a shared administrator model thanks to the visibility afforded by the Hyland Cloud. Five administrators previously served as points of contact for documents and approvals, and upon retiring, the positions did not need to be refilled. This benefit drove \$275,000 in annual cost savings.

Improved Productivity

Productivity benefits that did not result in headcount reduction represent a significant portion of the benefits achieved by interviewed organizations. The ability to automate workflows across various operational areas led to substantial cross-departmental time savings, enabling employees to dedicate more time to higher-value tasks. These processes spanned IT and other departments, with efficiency gains across ETL oversight, QA testing, system monitoring, document indexing, annual loan purchasing processes, and annual compliance audits. Productivity ranges across these areas range from 87 percent to a complete elimination of time spent on the process.

Annual on-premises
cost savings

\$518,112

Improved
productivity

87 - 100%

Annual paper,
printing, mailing and
storage cost savings

\$68,056

Headcount savings

1-5 FTEs

Customer Profiles

For the development of this ROI Guidebook, Nucleus interviewed several Hyland Cloud customers across different industries to identify the challenges they faced prior to deploying Hyland Cloud solutions, understand the implementation process, and examine the primary benefits of the deployment.

Specialty Distribution

This specialty distributor has approximately 470 locations across North America and provides clients with residential and non-residential building products. A portion of the organization's locations have been on the Alfresco platform for more than eight years, prior to Hyland's acquisition of Alfresco. However, approximately 300 locations outsourced content management operations to a third party. For locations with the on-premises version in place, an additional software provider was brought in to fill in gaps in automation that were not readily available, leading to increased annual software costs. Motivated to unify the organization's content management infrastructure, leaders decided to migrate to Alfresco in the Hyland Cloud in 2020 due to employee familiarity with the system and ease of migration over starting fresh with a net-new deployment.

The implementation took approximately six months, with the director of IT and solution business owner managing the bulk of the work internally. The organization also brought on a third-party implementation partner to help accelerate the process and ensure that best practices were upheld. A senior IT manager noted that training was conducted internally but on more of an "as-needed" basis, incurring no significant time or costs. Ongoing support for the Hyland Cloud deployment includes about two hours of oversight per week by the IT team. Meanwhile, enhancements and configurations are managed by a third-party professional services group.

Upon migrating to Hyland Cloud, the organization was able to offload its outsourced content management operation service costs, translating to an average of \$458,448 in annual cost savings. In addition to this, the availability of automation features within Hyland Cloud enabled the organization to lessen its reliance on its standalone automation provider over time, saving \$59,230 in year two of the deployment and \$70,414 in year three. The downstream mailing process was challenging prior to the cloud migration, as an admin at every location had to spend about 10 working days per year sorting, batching, and preparing documents for delivery. Upon the migration's completion and subsequent

The specialty distributor previously faced challenges with its fragmented approach to content management.

Moving away from the outsourced content management operations service enabled the distributor to save an average of \$458,448 each year.

digitization of content, this time was virtually eliminated, leading to \$1,207,990 in annual productivity benefits. Reliance on mail service providers such as UPS and FedEx also vastly decreased, with approximately \$153,020 saved annually in mailing costs. Additionally, a data integration specialist previously spent one hour per week overseeing extract, transform, and load (ETL) processes for legacy data. The Hyland Cloud deployment eliminated this need, saving the company about \$2,205 per year.

Manufacturing

This manufacturing and construction organization is unique in that it also owns a mortgage company that provides insurance and retail services. The company previously used a legacy version of IBM FileNet for its enterprise content management (ECM), which was sunseting. This was convenient timing, as leaders noted that managing access permissions for employees across the different businesses and providing relevant, secure access to content became increasingly challenging.

The implementation of OnBase through the Hyland Cloud took place in 2018, initially taking a “big bang” approach before restructuring for a phased model for deployment to account for the project team’s leanness. This took approximately six months, with one month dedicated to each phase. Training on OnBase was conducted half in-person and half through Zoom, where users were taught how to import, search, and query on the new system. Ongoing support is provided by a team of two analysts, including routine maintenance such as testing each weekend.

Upon implementing OnBase through the Hyland Cloud, the organization was able to retire the licensure of its legacy IBM deployment, which came out to approximately \$875,000 each year. The migration to the cloud also enabled further digitization of previously manual work, which led the organization to eliminate the use of 70 file cabinets. Additionally, OnBase significantly impacted the efficiency of specific processes. Before the migration, loan purchasing processes took two sales employees approximately 150 hours over three weeks on average. With OnBase in place, the organization built an export workflow to gather documents in a folder and send them out, reducing the time spent gathering and sending this data by 89 percent. This time can now be allocated to higher-value sales activities, presenting an annual benefit of \$8,871. Annual compliance audits were also highly taxing, with 12 administrators taking two full workdays to complete. Post-deployment, each administrator has reduced time spent collecting audit data by 81 percent thanks to the use of dashboards. Overall, the

Digitization of content virtually eliminated time spent on the Distributor’s downstream mailing process, leading to more than \$1.2 million in annual productivity benefits.

The Manufacturer saved 12 administrators about 81% of their time previously spent collecting audit data by using Dashboards in OnBase through the Hyland Cloud.

organization's cloud deployment of OnBase has provided substantial visibility gains, leading to better data quality. For example, IBM couldn't do reporting or dashboards. Now, every Monday, administrators can run reports and quickly identify and correct any data that is inaccurate or in the wrong format.

Higher Education

This small, private university has approximately 3,000 students and 1,500 employees, offering undergraduate and graduate programs in fields of study, including liberal arts and business. Previously, the organization had no document management system, and instead fully relied on manual, paper-based processes. Workflows were inefficient, with many involving up to nine steps of manual review and approval. In addition to this, the university needed to maintain paper files for incoming students. Considering that each student in a class of 700 had a minimum of 14 sheets of paper records to store and update regularly, it is no surprise that administrators became overwhelmed.

Leaders at the university selected OnBase as its document management system due to its strength in workflow automation. The solution was to be deployed through the Hyland Cloud with managed services, enabling the organization to avoid the costs and labor associated with managing an on-premises system. The primary goal of the deployment was to streamline workflows, with necessary functionality initially implemented over three months. Later, the organization rolled out document storage capabilities. The meticulous planning by internal teams at the university led to a quick time-to-value and mitigated the need for professional services or implementation guidance from Hyland. On an ongoing basis, support for the platform is shared by the senior project manager and one IT employee, who spend a combined 10 hours per week updating workflows, fixing bugs, and managing updates.

Upon implementing OnBase, the university was able to streamline several processes, including its academic petition process, which had 11 steps of approval that have been automated. Other processes impacted by the implementation include those related to purchasing, new hire onboarding, and more than 2,000 annual employee evaluations. The time savings experienced by administrators are best reflected in the organization's ability to shift to a shared administrator model, whereas before, five administrators were designated to different types of documents and approvals. As these administrators retired, the positions did not need to be refilled, leading to annual savings of \$275,000. Another substantial benefit of the OnBase deployment was

The Hyland Cloud enabled the Manufacturer to take advantage of dashboards and reporting capabilities, improving visibility and data quality.

Meticulous planning by the University's internal teams led to rapid time-to-value without the need for professional services or implementation guidance.

the university's ability to virtually eliminate paper use. Previously maintaining physical files for incoming classes of students and using paper for all of its processes, digitizing its workflows led to a 700,000 sheet decrease in paper use in the first year of the deployment, with an additional 10,000 sheets saved in the second year when the document management portion went live. These combined savings translate to an annual benefit of more than \$27,000 annually.

Healthcare

This US-based healthcare system has approximately 25,000 employees. The organization previously had an on-premises instance of OnBase integrated with its Epic Health Information Management (HIM) solution. Leaders wanted to take advantage of improved cybersecurity in the cloud, ultimately deciding to migrate the OnBase deployment to the Hyland Cloud in 2021. Due to how embedded OnBase was with its Epic HIM and how much data it had stored in the system, the organization did not consider other vendor options. It also opted to add-on managed services by Hyland.

The migration from on-premises to the cloud spanned one year and six months, with the majority of it managed by the vendor and one internal IT team member. The migration was followed by a seven-month testing period, which was primarily handled by the IT team. Hyland provided training for IT staff members, which was then disseminated to end-users in different groups through a "train the trainer" approach. Managed services cover ongoing support for the system, although the IT team is still able to make configurations on an as-needed basis.

Upon migrating to OnBase in Hyland Cloud, the organization avoided \$80,000 in new server costs and upgrade costs of \$70,000 every other year. Additionally, system monitoring used to take 20 hours per week, but now it takes one hour. This 95 percent reduction represents an annual benefit of \$30,000. Additionally, the opportunity to take advantage of robotic process automation (RPA) capabilities led to substantial time savings for Epic HIM and OnBase administrators, translating to \$63,194 in annual savings.

Public Sector

This United States city government, which has approximately 12,000 employees, used an on-premises instance of OnBase before migrating to the cloud in 2022. The primary goal of the migration was to automate workflows to route items to support and publish meeting agendas, which was previously done manually. While preparing for the migration

Digitizing its workflows enabled the University to reduce its paper use by 700,000 sheets in the first year of deployment, with additional reductions in the second year when it went live with document management.

"Managed services have been a blessing, and we wouldn't have access to this support without the cloud."

- IT manager

was a struggle internally, the migration weekend itself was “flawless.” After this point, an internal team of about 10 employees did testing.

Upon migrating to the cloud, the city was able to retire approximately \$2,000 in annual costs for multiple services it needed to run its proxy server. Additionally, being deployed in the cloud enabled the city to reduce downtime and ensure that its meeting agendas were available online within 72 hours of the meeting. This has helped it to maintain compliance with a law that would result in substantial fines and legal action if violated. The docket liaison noted that the most impactful change stemming from the migration was the quality of Hyland’s support, specifically through a cloud help portal for submitting tickets. With no access to this resource before, the ability to quickly rectify issues has been a massive benefit.

Packaging

This global company specializes in manufacturing packaging for food and beverages and has approximately 15,000 employees. The organization was initially using five different content management solutions, leading to vendor management complexity and poor support levels. Leaders decided that the company needed a single, comprehensive system rather than a combination of point solutions. After considering a handful of vendors, including KnowledgeLake, OpenText, and IBM, the organization selected Hyland OnBase. OnBase, delivered through Hyland Cloud, was ultimately chosen due to its feature parity compared to required use cases, enabling Hyland to be the central source of record for the organization’s content management operations. The migration took approximately one year, with a combination of internal resources and assistance from Hyland. Once the migration was complete, the organization took advantage of online training provided by the vendor. Ongoing support for the platform is managed by Hyland.

Upon implementing OnBase, the organization was able to retire the licensure of its legacy content management solutions and save \$192,000 per year. Additionally, by moving to the cloud, the company was able to offload an additional \$140,000 in server costs. Two internal administrators were previously dedicated to managing the old systems. Upon moving to OnBase, this administrative burden was reduced to the point where each administrator was able to reallocate 50 percent of their time to other activities. This savings is reflected in one FTE saving, equating to \$129,000 in annual labor cost savings. Additionally, two IT employees were redeployed to other ongoing projects, resulting in an additional \$110,000 in annual benefits. Overall, moving off of legacy

“One serious thing we have recognized [since migrating to the cloud] is the improvement in Hyland support.”

- Docket Liaison

“We needed a more comprehensive solution, not a mixture of vendors.”

- Development manager

The packaging company was able to reallocate 50% of its two administrators' time to other types of work, leading to one FTE saving.

solutions and onto the cloud with OnBase enabled the organization to get more value from their investment. For example, the system enabled the organization's tax team to take advantage of reporting capabilities to find documents more easily.

Guidebook Methodology

Based on in-depth interviews with Hyland Cloud customers, Nucleus has developed a benefit framework for organizations that are considering a Hyland Cloud investment. The framework can be used by potential and existing customers to understand the benefits that impact their potential return on investment. The Nucleus Guidebook development process includes:

Technology Review

Nucleus interviewed Hyland product managers and subject matter experts, participated in product demonstrations, and conducted a full review of technical documents and data sheets to gather data on OnBase, Alfresco, and the Hyland Cloud products.

Customer Interviews

Nucleus analysts conducted in-depth interviews with six organizations deployed in the Hyland Cloud to understand their business challenges, strategy, deployment processes, benefits achieved, and best practices learned from their deployments.

Benefits Guidance

Based on the variability and clustering of benefits in the aggregate, Nucleus provides appropriate averages, ranges, and estimation factors to guide other customers in using the framework to develop their own projections.