

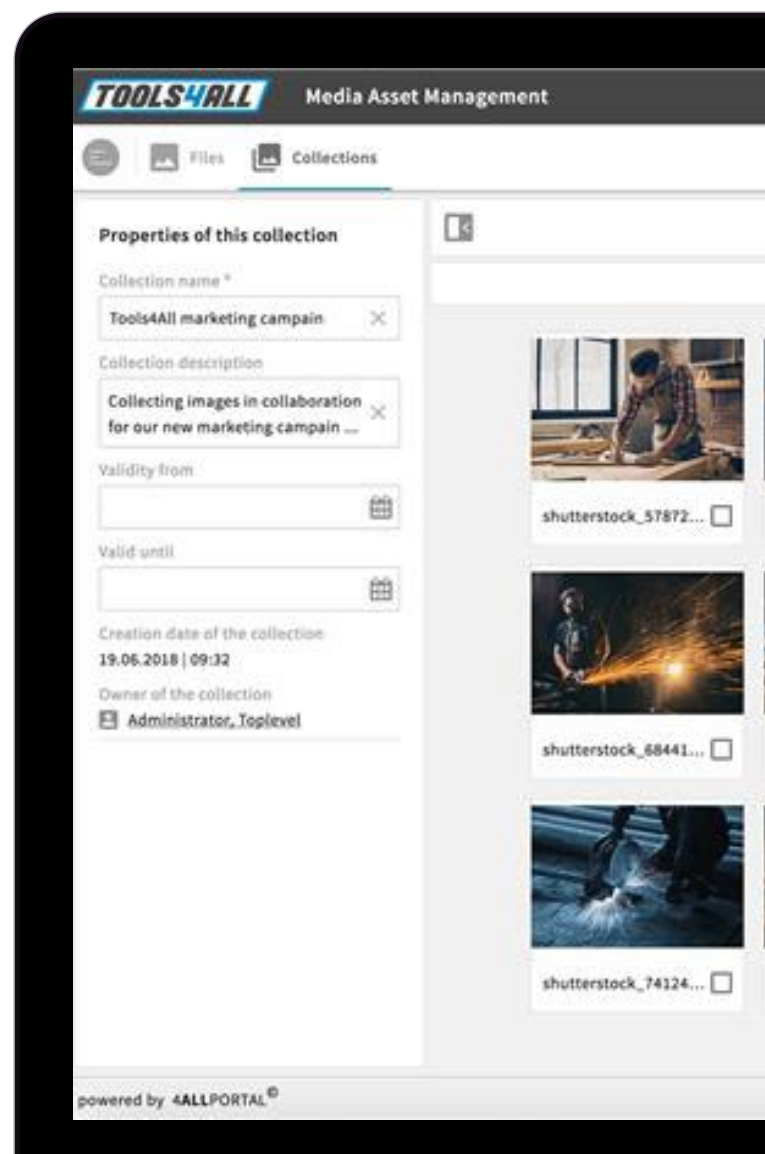
ROI FOR DIGITAL ASSET MANAGEMENT

FOREWORD

There are numerous aspects to consider when selecting a DAM system and ROI is an obvious priority. As with any software project, you need to aim for the greatest possible cost-benefit ratio when implementing Digital Asset Management, but devising relevant business cases is no trivial task. There are several points to bear in mind if you want to base your deliberations on solid figures.

This whitepaper will help you create an informative ROI calculation for your new DAM system to facilitate a sound investment decision. In the first part, we'll examine findings from studies and surveys that indicate the financial impact that generally results from DAM implementation. In addition, you will be given concrete calculation examples you can use as a basis for your own ROI calculation.

In the second part, you will find out which factors affect the long-term cost-effectiveness of a DAM solution and why 4ALLPORTAL offers especially high security of investment.









INTRODUCTION

FINANCIAL ADDED VALUE THROUGH **DIGITAL** **ASSET MANAGEMENT**

The key figure “return on investment” indicates how efficient an investment is in terms of the gain it produces. This calculation essentially involves two components: the amount of investment (cost) and the financial added value (return). The cost can be established relatively easily as it can be derived from the DAM suppliers’ quotations. Determining the return is more of a challenge. For this purpose, you first need to assemble all the factors that can impact the financial benefit of your DAM project. In the second step, these factors need to be substantiated with concrete figures.

To give you an idea of what impact the implementation of Digital Asset Management has had in other companies, we’ll start by taking a look at an IDC study. This study examined the following aspects:

-  **Increase in sales** through DAM
-  **Cost reductions** through DAM
-  **Risk minimization** through DAM
-  **Productivity increases** through DAM

Now let’s examine these aspects in detail.

INVESTMENT IN DAM PROFITABLE IN SEVERAL WAYS

In 2015, IDC conducted an extensive survey of creative and marketing professionals as well as an online survey among 123 North American managers working in marketing, creative services, digital asset management and IT. Fifty percent of respondents worked in manufacturing and trading companies. Businesses of varying sizes were included. The study's findings can easily be transferred to the German-speaking market. There was a general recognition among the surveyed experts that an investment in DAM software pays off in several ways:

- **79 percent** saw an **increase in sales** of at least 10 percent
- **97 percent** saw a **reduction in the cost** of asset creation by at least 10 percent
- **86 percent** saw a **risk reduction** of at least 10 percent
- **97 percent** saw an **increase in productivity** of at least 10 percent

These aggregated figures already paint a clear picture. A more detailed examination, however, makes the extent of the potential even clearer.





INCREASE IN SALES THROUGH DAM

On average, companies increase their sales by 24 percent through Digital Asset Management, according to the IDC study. Around a quarter even see increases in sales of 40 percent and more. Among other things, this is achieved through shortened publication cycles of marketing campaigns. The number of campaigns conducted within a defined period also rises. Not least, time-to-market can be reduced and global product launches speeded up.



COST REDUCTIONS THROUGH DAM

Virtually every organization (97 percent) achieves a cost reduction of 10 percent or more through DAM. On average, the cost of creating assets is reduced by 28 percent. The main reason is the central data management. It not only makes for significantly shorter search times but the fact that files can be found quickly and reliably also means significantly fewer assets need to be newly created (or purchased).



RISK MINIMIZATION THROUGH DAM

Violations of licensing or intellectual property rights and the use of unapproved assets regularly generate enormous costs. According to the IDC study, companies reduce the associated risks by an average 23 percent with a DAM system. Besides avoiding legal costs, DAM solutions also facilitate more secure forwarding of assets.



PRODUCTIVITY INCREASES THROUGH DAM

97 percent of companies experience a boost in productivity after implementing a DAM system. The average increase in **productivity amounts to 34 percent**. There are several aspects involved here. For one, the time spent searching for assets is significantly reduced. In addition, there are better monitoring and approval processes available, and (digitized) collaboration with external partners is optimized.

ONE EXAMPLE

CALCULATION OF ROI:

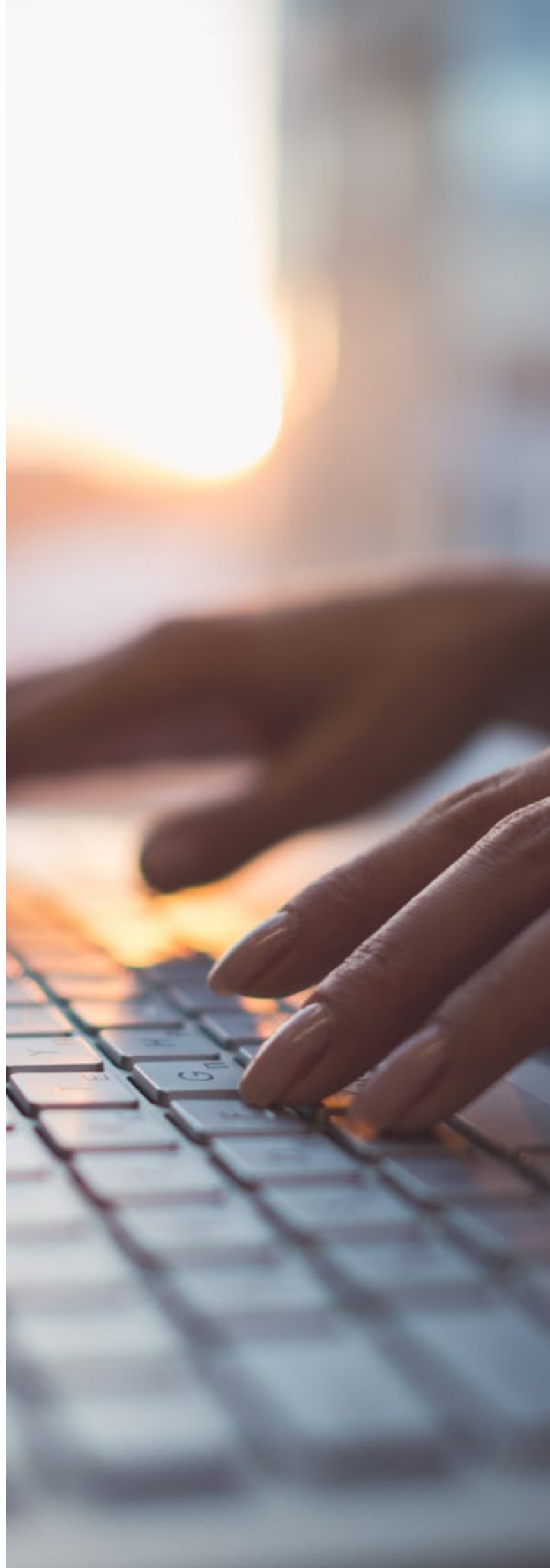
Let's perform a calculation with concrete figures as an example, based on the study results cited above. You can replace all variables with the specific figures for your company to produce your own ROI calculation.

We shall start with the following assumptions regarding the situation before the implementation of a DAM system:

Example

- SME company
- Annual sales volume: EUR 2,500,000
- 10 users handling digital assets
- Labor cost: 50 euros per hour (incl. ancillary labor costs)
- 21 working days per month
- Inventory of 50,000 digital assets
- Time spent searching for assets per user and day: 40 minutes
- 5 percent of assets need to be recreated each year because staff cannot find them, generating costs of 100 euros each
- 100 assets need to be forwarded to external partners per month, each taking 30 minutes

Now we shall calculate the impact that implementation of a DAM solution will have.



A background image showing a fisherman on a small boat on a body of water at sunset. The sun is low on the horizon, creating a warm, golden glow. In the background, there are several large, rounded hills or mountains. A large, white fishing net is draped over the boat and extends into the air, catching the light. The fisherman is silhouetted against the bright sky, holding the net. The water reflects the sunset colors.

🔍 INCREASE IN SALES

Thanks to implementation of a DAM system, the marketing employees in our sample company have more free capacity. They can therefore realize more marketing projects at shorter intervals. Products can also be taken to market more quickly. Sales (originally EUR 2,500,000) increase by 24 percent.

Result:
increase in sales by EUR 600,000 per year



COST REDUCTIONS AND PRODUCTIVITY INCREASES

In total, every employee spends 14 hours a month on asset searches (40 minutes x 21 working days). With 10 employees (50 euros an hour), the asset search thus equates to labor costs of EUR 7,000 per month or EUR 84,000 per year. Thanks to the DAM system, search time is reduced by 75 percent.

→ **Result: reduction in labor costs by EUR 63,000 per year**

Each year, 2,500 digital assets (5 percent of the existing 50,000 assets) need to be newly created or purchased because employees cannot find them. For the sake of simplicity, let's assume the cost of recreating or purchasing each asset is 100 euros (internal cost + external service provider + licenses, etc.). Thanks to DAM software, these costs are totally eliminated.

→ **Result: reduction in asset costs by EUR 250,000 per year**

In our sample company, 100 assets per month need to be forwarded. This is done using cloud storage, e-mails, USB sticks or CDs. Added to this are constant queries from the data recipients that need to be dealt with. Each forwarding instance therefore takes around 30 minutes. This adds up to 600 hours a year, which can be totally eliminated thanks to digital workflows and online access facilities provided by the DAM system.

→ **Result: reduction in labor costs by EUR 30,000 per year**



CONCLUSION: SIGNIFICANT **RETURN**

Our sample company realizes sales increases of EUR 600,000 a year. Added to this are savings totaling EUR 343,000, not including factors such as cost reductions due to minimized legal risks and reduced storage capacity requirement. And no figures have been put yet on improved brand consistency and enhanced brand value, either.

In our example, the implementation of DAM generates an **annual return of EUR 943,000**. We used average figures from a representative study, which means that this figure can definitely be seen as realistic. Even if you use conservative figures, you will find that a good DAM system always generates considerable financial added value.

To be able to calculate the ROI, you now need to know the investment amount, i.e. the overall cost of the DAM system. You will need to distinguish between the initial costs (one-off implementation costs) and the operating costs. You should always calculate the ROI over an extended period of time (ideally 3 to 5 years). It is not really possible to quote general examples as the providers' charging and licensing models differ greatly, so your best option is to use actual figures made available to you in specific quotations.

Important: Don't be blinded by offers that seem particularly inexpensive. Remember that circumstances may change. Your user numbers, access instances, assets, formats, and output channels are likely to increase over time. This will naturally affect operating costs. In the second part of this whitepaper, we deal with important issues relating to security of investment.

SAFETY ZONE

DAM-SYSTEM

IT IS IMPORTANT TO ENSURE LONG-TERM SECURITY OF INVESTMENT

It must be said that the return shown above can only be achieved if you choose a high-performance DAM system. “High-performance” in this context can be defined as follows:

- **Full integration capability** with existing (and future) systems such as ERP and CMS
- **Resilient** (e.g. via server clustering)
- **Central file storage for all asset types** (photos, videos, text files, audio files, PDFs, In-Design or Office documents)
- **Tagging function**
- **Powerful search function**
- Tools for **companywide collaboration** (e.g. online access facility, digital workflows, task tool, asset collections, image rights management, and commenting function)
- **Individual configuration** options

4ALLPORTAL Digital Asset Management fulfils all these requirements and therefore allows the financial potential to be realized in full. Our solution stands not only out due to its functionality. There are further aspects that make the 4ALLPORTAL DAM a particularly secure investment:



“Superflat” licensing model (independent of **user number**)



Technological openness (REST APIs, flexible metadata structures, push connectors)



Extremely flexible without upgradability issues

Because of their high importance, we’ll examine these aspects in greater detail.



THE LICENSING MODEL HAS A MAJOR EFFECT ON FUTURE COSTS

A company can naturally buy a DAM system that costs “only” EUR 5,000, for instance, and covers 20 users. This would be adequate for the core team to get started, but after implementation it is often discovered that considerably more members of staff need access to metadata. These can be employees in sales, marketing and product management, among others. Added to these users are external service providers, such as agencies, freelancers, and photographers. Over time, it becomes clear that numerous individuals are involved in the process of asset management and editing. There are also further target groups that would like to access contents such as logos, corporate design guidelines, or exhibition photographs. Thanks to the high demand, the DAM project is a great success. However, the number of licenses required is not just 20, but has ballooned to 120. That means that your DAM system will suddenly cost five times as much as the original price or even more.

This is where the considerable added value generated by the licensing models of 4ALLPORTAL comes to the fore. Contrary to most other providers’ models, there is no restriction on user numbers with 4ALLPORTAL DAM. With the “Superflat”, any number of users, administrators, and external partners can access assets without any extra cost being incurred. The number of access instances is also unlimited.

4ALLPORTAL offers yet another advantage where scalability is concerned: The DAM can process and manage over a billion assets without impacting speed and stability. And it can display and manage over 1,000 file formats without any additional software.



GENUINE CENTRAL DATA STORAGE THROUGH TECHNOLOGICAL OPENNESS

The success of a DAM project hinges on the fundamental concept of central data storage. If this is to be implemented comprehensively, the DAM solution needs to communicate seamlessly with all third-party systems. Put another way, every system must be capable of retrieving its media data exclusively from one central source – the DAM solution.

And this applies not only to existing systems – due to the rapid pace of technological development, new software solutions and channels that use metadata appear all the time. A DAM system must therefore be flexible not only where APIs are concerned but also with respect to metadata. Push connectors represent another relevant component; they make data available to third-party systems in pre-processed form.

4ALLPORTAL incorporates these components. This means the system can be integrated into existing IT infrastructures without any problem, and thanks to its open architecture, it will also easily interface with future channels, target systems, and technologies. This high degree of flexibility helps avoid future costs for additional integration requirements and makes the system future-proof.





ADAPTABILITY WITHOUT INDIVIDUAL PROGRAMMING

DAM solutions should be highly adaptable to individual requirements. That is the only way to realize smooth processes. There are several ways to achieve the appropriate level of customization. One approach is to commission custom programming, which carries a high price. The modification of existing software is another option but this entails risks with respect to upgrades and updates.

4ALLPORTAL therefore uses a different approach. It is equipped with a modular development platform – the Core Engine. This allows customers' wishes to be realized through configuration that follows a modular design principle. There is no custom programming involved. This approach is more cost-effective and also ensures total compatibility with future updates.



CONCLUSION

ROI AND FUTURE-PROOF DESIGN ARE OF EQUAL IMPORTANCE

To summarize our findings: the implementation of a high-performance DAM system produces significant increases in sales and cost reductions. The ROI will be particularly high if the solution allows genuine data centralization, integrates seamlessly into existing IT landscapes, and can be adapted to individual requirements.

Determining the ROI should never be for the short-term because the numbers of digital assets, users, access instances, third-party systems, and channels will very likely increase. General circumstances are also subject to constant change. A long-term positive ROI as well as enduring security of investment will therefore only be guaranteed by solutions that ensure upscaling and adaptations will not result in escalating costs.



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Are you interested in experiencing our high-performance solution live and finding out exactly how you and your company can benefit from it? If so, why not sign up for a free DAM demo or non-binding consultation today?