

# Covid-19, Remote Working, and Business Case for ECM

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# Key Points

- With offices empty or underutilized, organizations are re-evaluating their physical workplaces.
- If remote working continues, organizations can dispose of unneeded office space or avoid the cost of reconfiguring it.
- For this to happen, remote workers must have reliable online access to documents.
- An ECM implementation provides that capability.

# Questions to Assess Relevance

- How much longer will the Covid pandemic last?
  - Spanish flu (1918-1920)
  - Herd immunity depends on vaccination in U.S. and globally
- Is this a once-in-100-years event or one of a series of public health emergencies of varying severity?
  - Asian flu – H2N2 (1957-1958)
  - Hong Kong flu – H3N2 (1968)
- When will offices reopen?
- Will remote working cease when offices reopen?

# What is Remote Working?

- Any work performed at a location other than an employer's office—temporary or permanent, regularly or occasionally
- Working at home
  - Temporary due to public health emergency
  - Permanently for home-based businesses
- Third-place Working
  - Branch location or satellite office
  - Commercial co-working site or temporary rental space
  - Working while traveling
  - Working at customer location
  - Working in the field for data collection, research, inspections

# Historical Development

- Possibility of “telecommuting” or “teleworking” discussed for decades
- Futurists predicted that commuting to work would be obsolete by 1980s
- Growing acceptance of the concept by the mid-to-late 1990s but still few practitioners
- By early 2000s, over 17% of U.S. employees were teleworking at least part-time, over 50% favored permanent arrangement
- Recognition that many jobs can be done remotely at least part of the time

# Some Motives

- Public policy: Reduce energy consumption, traffic congestion, and air pollution
- Occupational psychology: greater job satisfaction, reasonable work-life balance
- Human resources: Attract and keep qualified workers with dependent-care responsibilities, mobility impairments, inability or reluctance to re-locate
- Environmental: sustainability issues
- Personal: Save time and money—Gallup survey found that half of remote workers preferred to continue indefinitely post-pandemic

# The Document Problem

- Access to documents is a precondition for successful remote working
- Transition to electronic recordkeeping is a critical factor
- Most documents originate in electronic form
- Many documents are received electronically
- Fewer documents are printed for filing
- Paper records are often scanned and saved electronically
- Broadband and VPN connections give remote workers online access to digital documents

# Limitations of Shared Drives

- Ungoverned repositories
- Few enterprise-wide rules for file and folder organization and labelling
- Official records co-mingled with drafts, superseded documents, duplicate records, personal files, other transitory content
- Limited housekeeping to remove obsolete, redundant documents
- Documents pertaining to a given matter may be scattered in multiple directories



# Limitations of Shared Drives

- Limited indexing and retrieval functionality, metadata limited or absent, browsing through folders and files required
- Limited safeguards against unauthorized access – privileges defined by individual employees rather than central authority
- Information can be accidentally or intentionally modified or deleted by anyone with access to a document
- No effective mechanisms for tracking access or use of documents—no audit trail or accountability for unauthorized access
- No workflow processes—important for expediting review and approval of transactions by remote workers

# Limitations of Shared Drives

- Limitations can be mitigated in an office context
- Can ask support staff or colleagues for help
- But remote working is a self-service environment
- Office workers can look for documents that are delayed or misplaced in routing cycle
- Not easily done by remote worker
- Remote access to shared drives poses cybersecurity issues

# The Office Space Problem

- Office space is an expensive organizational asset, important component of operating costs
- Pre-pandemic, some organizations had adopted “spaceless growth” approach through non-territorial workspace policies
- Reduction of office footprint accords with “lean thinking” focus on elimination of waste
- Smaller offices have lower utility costs, janitorial costs, renovation costs, equipment and furniture costs, insurance costs

# The Office Space Problem

- Typical space allocations range from 90 to 300 usable SF per employee
- Average gross rent for Class A space in U.S. was \$35.54 per SF per year in mid-2020 but much higher in some urban locations
- Gross rental rates must be increased by 1.5 time or more to account for utilities, janitorial services, insurance
- Total occupancy costs per employee range from \$4,500+ per year for clerical workstations to \$15,000+ per year for executive offices

# The Office Space Problem

- Persistent social distancing requirements may increase square footage allocation per employee with a corresponding increase in workspace costs
- Additional costs may be incurred for air sanitation improvements, enhanced cleaning services, thermal sensors or other health metric devices
- Employees may resist non-territorial workspace arrangements due to cleanliness concerns

# The ECM Alternative

- Offers a broad range of functionality to enable remote workers to perform document-dependent transactions and tasks
- Cost-effectiveness analysis compares two competing methods of accomplishing a specified objective.
- Objective = Accurate, efficient completion of document-dependent transactions and tasks
- Method 1 = In-office workers with paper files, shared drives
- Method 2 = ECM implementation
- ECM is a cost-effective business investment if the per-user cost of an ECM implementation to support remote workers is lower than the per-employee cost of office space such workers would occupy.

# ECM vs. Office Space

- Typical charges for cloud-based ECM range from \$100 to \$200 per licensed user per month, or \$1,200 to \$2,400 per employee per year
- Increase by 1.5 for database setup, user training, other implementation support for annual costs of \$1,800 to \$3,600 per employee per year
- The total occupancy cost for office space is \$6,200 per employee per year, assuming an average work area of 125 SF across all job categories and no pandemic-related modifications.
- A 100-user ECM implementation at \$3,600 per user will cost \$360,000 per year
- Office space for 100 users will cost \$620,000 per year.

# Simple ROI Calculation

- Accounting rate of return =  $(\text{Savings} / \text{Investment}) * 100$
- Assume:
  - Investment of \$360,000 per year for 100-user EMC implementation
  - Avoid lease payments of \$620,000 for office space for 100 employees
  - \$200,000 penalty for early termination of lease
  - First-year net savings of \$420,000
- Accounting rate of return =  $(\$420,000 / \$360,000) * 100$
- Accounting rate of return =  $1.17 * 100$  or 117 percent
- Return is greater than organization's cost of capital or borrowing rate



# Some Assumptions

- Remote working is compatible with organization's strategic objectives and employee's duties
- Sufficient number of employees will be required or allowed to work remotely to warrant disposing of office space
- Organization can dispose of unneeded space within a reasonable period of time
- ECM implementation will provide a managed repository
- ECM implementation will become operational within a reasonable period of time
- Organization will not pay remote workers for home office space, computers, network connections

# One More Point

- Public health emergencies are not usually cited among information risks because they do not destroy or impair information
- But pandemic has demonstrated potential to disrupt business continuity
- Because ECM facilitates remote working, it should be viewed as a critical component of an organization's emergency preparedness