State of the IIM Industry 2020

Are You a Digital Transformation Leader or Follower?

In Partnership with

Microsoft

AIIM Industry Watch

As the non-profit association dedicated to nurturing, growing, and supporting the information management community, AIIM is proud to provide this research at no charge to our members. In this way, the entire community can leverage the education, thought leadership and direction provided by our work. We would like these research findings to be as widely distributed as possible.

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About AIIM's Industry Watch Research

This State of the Industry report takes a top level view at each of these four capabilities and how they are integrated into an overall information management strategy. Specifically, this report covers these CIP topics:

- **The business case for information management**
- **Business requirements for information management**
- **System design and implementation**
- **Change management**
- **High-level understanding of linkages between CIP domains**
- **How organizations are incorporating AI and Machine Learning in their IIM strategies**

Over three years ago, AIIM introduced the concept of Intelligent Information Management, or IIM, and began researching the connections between IIM and Digital Transformation.

Our 2020 Industry Watch research program looks at the impact of the rising tide of information chaos on the effectiveness of transformation initiatives, the adoption rates of core IIM technology building blocks, and IIM best practices.

We specifically structure this research around the four core IIM capabilities that provide the framework for AIIM's Certified Information Professional (CIP) program:

1. **Creating, Capturing, and Sharing Information**
2. **Digitalizing Information-Intensive Processes**
3. **Extracting Intelligence from Information**
4. **Automating Governance and Compliance**

Our editorial calendar for this year *(with release dates in parentheses)* is as follows:
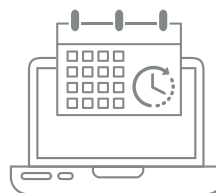
- State of the IIM Industry *(Jan 2020)*
- Intelligent Capture, assisted by Artificial Intelligence *(Mar 2020)*
- Process Automation and RPA *(June 2020)*
- Automated Governance, assisted by Machine Learning *(Sept 2020)*
- Maximizing Your Microsoft 365 and SharePoint Investment *(Nov 2020)*

About the Survey

We value our objectivity and independence as a non-profit industry association. The results of the survey and the market commentary made in this report are independent of any bias from the vendor community. The data shared in this report is just a small sample of the overall data generated in preparation for each research report, and distribution of the full set of findings is limited to the underwriters.

The survey was taken using a web-based tool in early January 2020. 63% of the survey participants were NOT associated with AIIM prior to taking the survey. Non-AIIM survey participants were drawn against the following criteria:

- **Director/Manager, Other decision maker**
- **Organization size > 10 employees**

All potential survey participants were given the following description of Intelligent Information Management, and asked this qualifying question: "Are you generally familiar with these technologies?" A total of 482 individuals participated in the survey who met this initial screening criteria.

1. **Creating, Capturing, and Sharing Information** (i.e., Multi-Channel Capture, Document Management, Collaboration, Content Migration & Integration, Knowledge Management)

2. **Digitalizing Information-Intensive Processes** (i.e., Business Analysis, Business Process Management, Robotic Process Automation, Case Management, Decision Management)

3. **Extracting Intelligence from Information** (i.e., Metadata, Taxonomies, Data Recognition/Extraction/Standardization, Analytics/Machine Learning/AI, Search)

4. **Automating Governance and Compliance** (i.e., Information Governance, Records Management, Information Security, Privacy and Data Protection, eDiscovery, Digital Preservation)
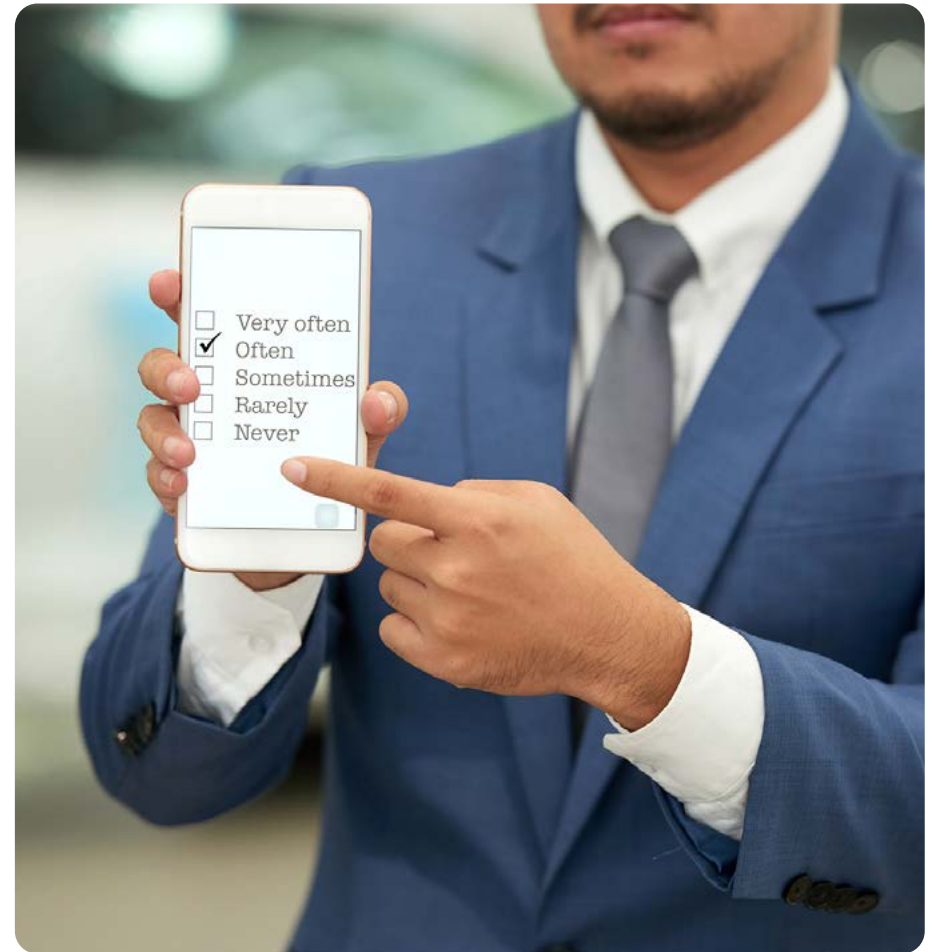
We also asked survey participants to evaluate the importance of Digital Transformation to their organization, the effectiveness of their transformation initiatives, and their overall organizational effectiveness relative to others in their peer group. This self-evaluation was done on a 100-point scale.

The core areas of responsibility for the survey participants were:

- **11% – Executive level**
- **11% – Line of business**
- **21% – RM/DM/CM**
- **11% – Compliance/legal**
- **18% – Human resources**
- **13% – Finance and admin**
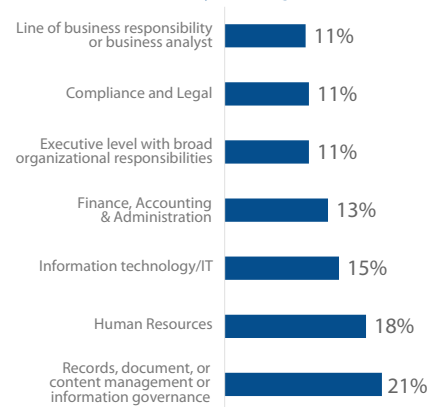- **15% – Information technology/IT**

83% of participants were from organizations with > 100 employees; 43% from organizations with > 1000 employees.

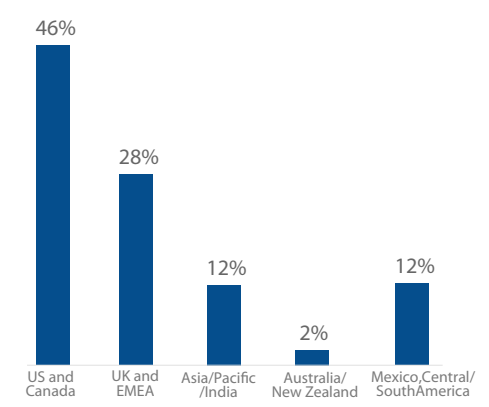54% of the participants were from outside the United States and Canada.

The largest industry segments represented in the survey were:

- **Financial services (finance, banking, insurance)**
- **Government**
- **Education**
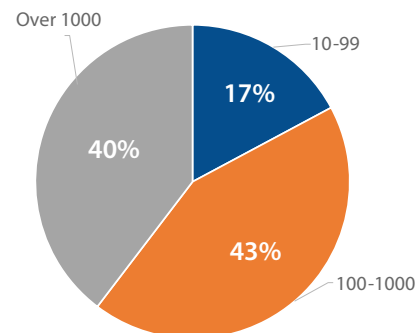- **Legal and Professional Services**
- **Manufacturing**

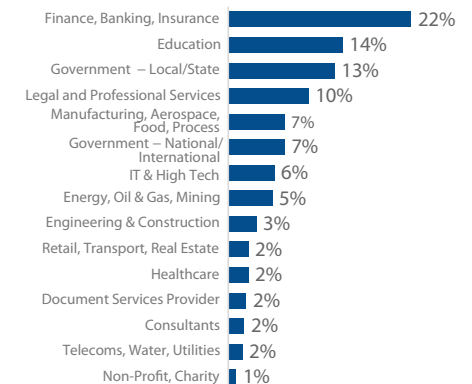### Which of the following best describes your function or role in your organization?

Role	%
Line of business responsibility or business analyst	11%
Compliance and Legal	11%
Executive level with broad organizational responsibilities	11%
Finance, Accounting & Administration	13%
Information technology/IT	15%
Human Resources	18%
Records, document, or content management or information governance	21%

Where is your organization headquartered?

Region	%
US and Canada	46%
UK and EMEA	28%
Asia/Pacific /India	12%
Australia/ New Zealand	2%
Mexico, Central/ South America	12%

How many employees are there in your organization?

- Over 1000: 40%
- 10-99: 17%
- 100-1000: 43%

Which of the following best describes the primary business of your organization?

Business	%
Finance, Banking, Insurance	22%
Education	14%
Government – Local/State	13%
Legal and Professional Services	10%
Manufacturing, Aerospace, Food, Process	7%
Government – National/ International	7%
IT & High Tech	6%
Energy, Oil & Gas, Mining	5%
Engineering & Construction	3%
Retail, Transport, Real Estate	2%
Healthcare	2%
Document Services Provider	2%
Consultants	2%
Telecoms, Water, Utilities	2%
Non-Profit, Charity	1%

The State of Digital Transformation – 2020

Chapter 01

The State of Digital Transformation – 2020

Most organizations and departments have a mandate to continuously improve operations. A conventional change agenda involves better tools and technology, better behaviors, and better processes, all focused on generating better efficiencies and improved productivity.

Ultimately, AIIM believes Digital Transformation is more than conventional change. Digital Transformation is about doing things differently – and doing different things as well. And different not just for the sake of being different, but in support of the key strategic objectives facing every organization in the age of digital disruption. In other words, Digital Transformation is not about incremental process improvement. *Digital Transformation is about using information in brand new ways.*

So while "Digital Transformation" is on the radar of most senior executives, the reality of Digital Transformation lags significantly behind these good intentions. We asked survey participants to

evaluate themselves against three key metrics – 1) the importance their organization places on Digital Transformation; 2) how effective they believe their transformation efforts are; and 3) relative to peer organizations, how would they assess their overall organizational effectiveness.

While the average importance placed on Digital Transformation is a high 70 (on a 100-point scale), there is significant variation in responses.

- **Only 45% rate their Digital Transformation Importance as >75.**

- **Only 24% rate their Digital Transformation Effectiveness as >75.**

- **Only 28% rate their Overall Organizational Effectiveness as >75.**

Digital Transformation Importance
Average = 70 on 100 pt scale

■ over 75 ■ 0-75
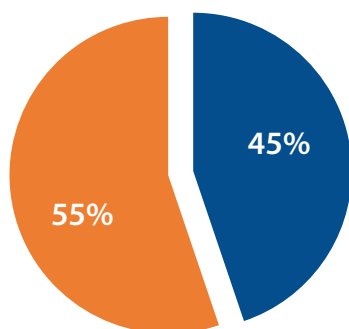
- 45% (over 75)
- 55% (0-75)

Digital Transformation Effectiveness
Average = 57 on 100 pt scale

■ over 75 ■ 0-75
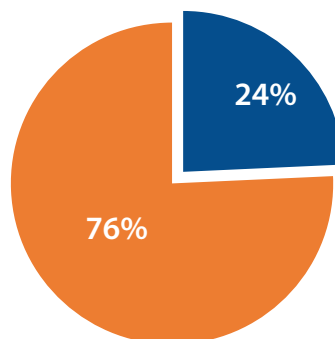
- 24% (over 75)
- 76% (0-75)

Overall Organizational Effectiveness
Average = 62 on 100 pt scale

■ over 75 ■ 0-75

- 28% (over 75)
- 72% (0-75)
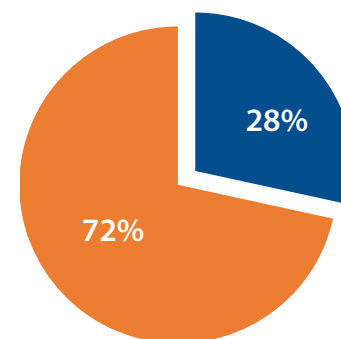
The Digital Transformation performance gap – only **18%** of organizations rate themselves above 75 (on a 100 pt scale) on BOTH Digital Transformation **IMPORTANCE** and **EFFECTIVENESS**.

Digital Transformation Importance (x-axis) vs. Effectiveness (y-axis)
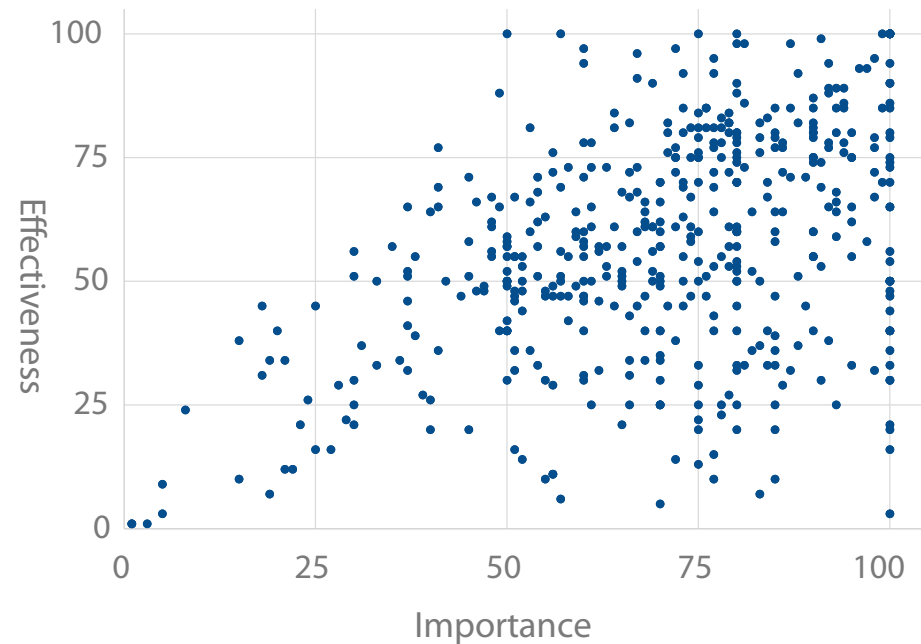
Of the 482 organizations surveyed, only 18% rank in the top quartile relative to both transformation metrics – 1) the importance the organization places on Digital Transformation and 2) their effectiveness at translating these good intentions into action.

" Organizations that work at "the speed of paper" are increasingly being rendered non-competitive and irrelevant. On the one hand, organizations need to "digitize everything that moves" – as early in the process as possible. On the other hand, every effort should be made to "digitalize" processes by working digitally as much as possible: born-digital documents stay digital; their flow into and through the organization is streamlined and automated; and how they are managed and ultimately disposed of is automated as well.
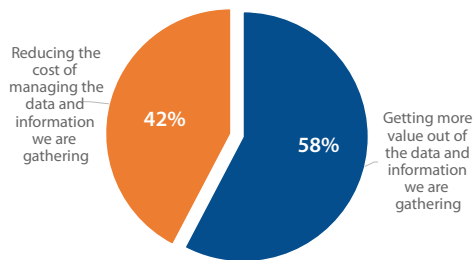
(Source: AIIM CIP Study Guide)

Why do so many organizations struggle with the journey toward digital maturity?

As the currency that fuels and funds the journey, information is an organization's most valuable asset. This means that the focus for information management must become broader than simply reducing information-based costs and risks. While this is important, it is insufficient. Rather, organizations need to focus on how to effectively monetize their information assets, directly and indirectly, in order to move the organization forward. Information management must become a business enabler. It is encouraging that 58% of organizations realize they need to move up the information management value chain from simply mitigating risk and cost to creating value.

On average, the volume of incoming information will grow from X to 4.5X in the next two years.

Assume the current volume of incoming information is "X" -- what do you think it will be in 2 years?

| X | 2X | 3X | 4X | 5X | 6X | 7X | 8X | 9X | 10X |
| 6% | 15% | 17% | 19% | 14% | 9% | 4% | 7% | 2% | 6% |

58% of organizations are trying to move up the information management value chain.

Which is more important in your organization as you prioritize information management investments?

Reducing the cost of managing the data and information we are gathering — 42%

Getting more value out of the data and information we are gathering — 58%
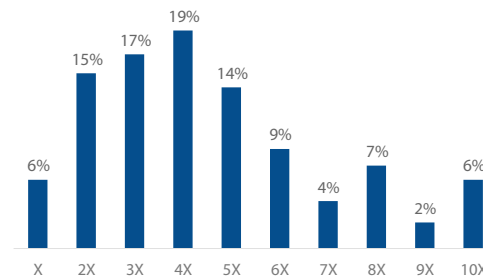
However, a rising tide of information chaos and confusion imperils the Digital Transformation journeys of many organizations. The volume, velocity, and variety of information that most organizations need to manage, store, and protect now exceeds their ability to even marginally keep pace.

On average, organizations expect the volume of information coming into their organizations to grow from X to 4.5X over the next two years. They expect more than 57% of this information to be unstructured (like a contract or a conversation) or semi-structured (like an invoice or a form).

The content management crisis is accelerating-- on average, 57% of the information that must be managed is unstructured.

What would be your best guess for the percentage of UNSTRUCTURED information in your organization?

| 10% | 20% | 30% | 40% | 50% | 60% | 70% | 80% | 90% | 100% |
| 2% | 6% | 9% | 12% | 17% | 14% | 15% | 15% | 6% | 3% |
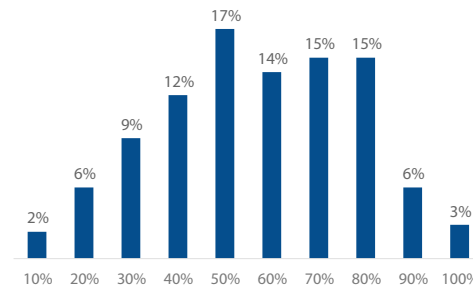
It is the convergence of these twin forces – information volume and information variety – that creates information chaos and makes true Digital Transformation so challenging.

Core Transformation Challenges Facing End User Organizations

Chapter 02

Core Transformation Challenges Facing End User Organizations

Survey participants were asked to evaluate their organizations on a 100-point scale relative to these factors:

- **Overall organizational performance compared to their peer group (average score = 62)**
- **Digital Transformation importance (average score = 70)**
- **Digital Transformation effectiveness (average score = 57)**

In the analysis that follows, we identified the organizations that performed above average on all three metrics (a total of 143 organizations, or 30% of the total). In the analysis we call these organizations **Transformation Leaders**, and compare their performance on a number of factors to everyone else – **Transformation Followers**.
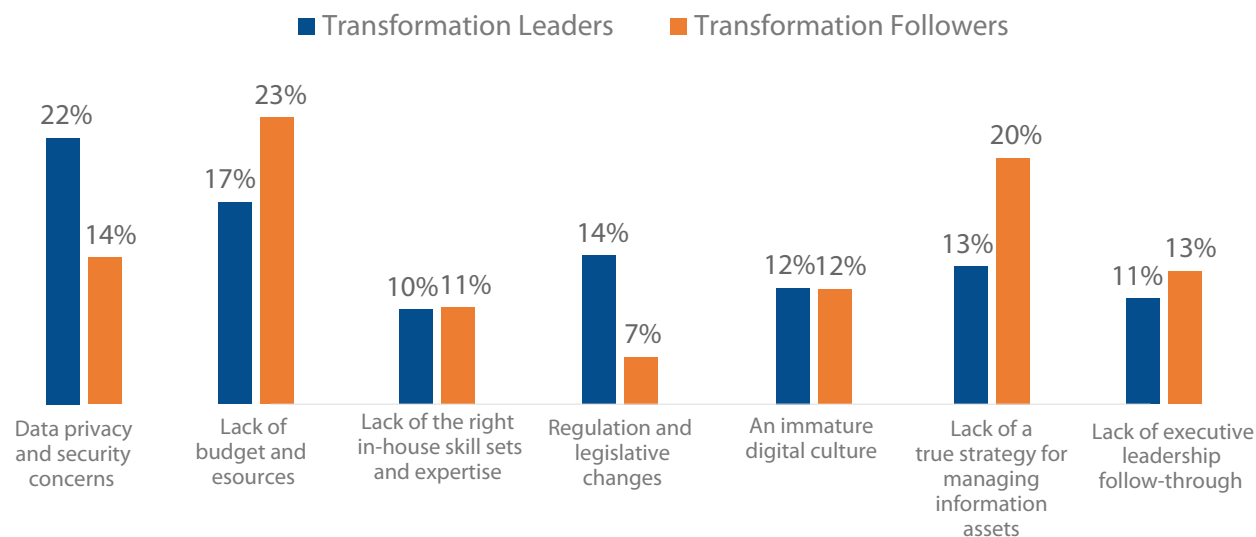
So what are the biggest challenges standing in the way of becoming a true digital organization?

For organizations of any level of digital maturity, matching money with strategy is always a challenge. The challenge "Lack of a true strategy for managing information assets" registers seven points lower for Leaders than it does for Followers. This difference – 35% lower in percentage terms – likely also drives differences in the "budget and resources" data point.

Lack of focus and an inability to match information strategy to business strategy create cost pressures for Follower organizations. *A more efficient IIM strategy allows Leader organizations to focus on the next generation of information challenges – a focus on security, customers, analytics, and alignment.*

Which of the following is your BIGGEST obstacle to your efforts to become a truly digital organization?

■ Transformation Leaders ■ Transformation Followers

	Transformation Leaders	Transformation Followers
Data privacy and security concerns	22%	14%
Lack of budget and resources	17%	23%
Lack of the right in-house skill sets and expertise	10%	11%
Regulation and legislative changes	14%	7%
An immature digital culture	12%	12%
Lack of a true strategy for managing information assets	13%	20%
Lack of executive leadership follow-through	11%	13%

Transformation Leaders are focused on security, customers, analytics, and alignment

Which THREE are your organization's biggest information management challenges?

■ Transformation Leaders ■ Transformation Followers

Category	Transformation Leaders	Transformation Followers
Rising customer expectations for information access and use	38%	28%
Moving from data/content storage to data/content analysis	41%	33%
Legacy system maintenance costs	20%	24%
Cloud migration issues	23%	24%
Long-term information preservation	21%	29%
Managing information throughout Its lifecycle	31%	44%
Digitizing, automating, and integrating processes	40%	49%
Information security and privacy challenges	43%	35%
Aligning IT capabilities to the speed of the business	42%	34%

Looking specifically at how cost and effort aligns with the four core IIM capabilities, the "catch-up" gap for Followers is clear. Followers are relatively more focused on getting the basics under control (Creating, Capturing, and Sharing Information and Automating Governance and Compliance), while Leaders are focused on taking past investments and pushing into gaining greater insight from the information they've gathered and surfacing content capabilities within key process applications.

Creating, Capturing, and Sharing Information is the spending priority for both Leaders and Followers, but more efficient Leaders can translate this efficiency into a greater focus on insights and process enablement.

In rough terms, how is your CURRENT IIM spend allocated across these main areas?

■ Transformation Leaders ■ Transformation Followers

Category	Transformation Leaders	Transformation Followers
Creating, Capturing, and Sharing Information	26.5	30.1
Extracting Intelligence from Information	24.7	23.8
Digitalizing Information-Intensive Processes	24.9	21.1
Automating Governance and Compliance	24.7	26.9
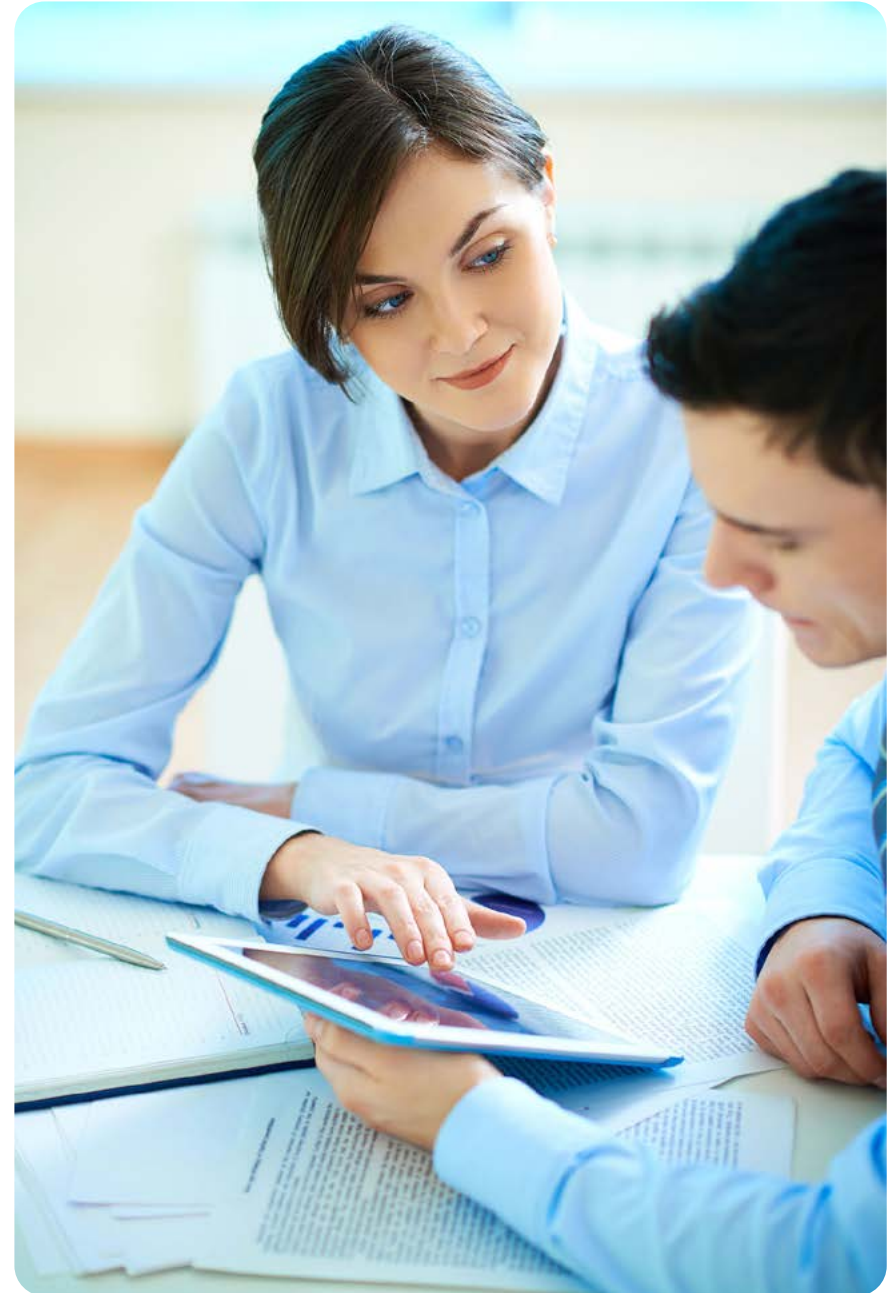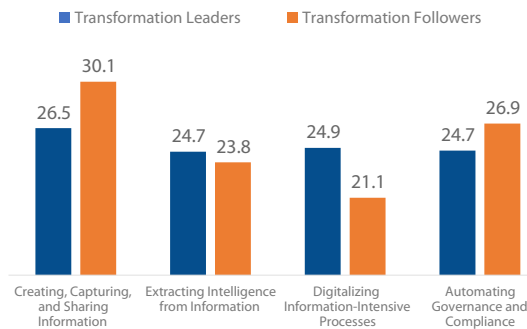
Building Your Action Plan

Chapter 03

Building Your Action Plan
A Ten-Point Digital Transformation Competency Assessment

Leading organizations follow these steps in building the Intelligent Information Management strategy that is the foundation for Digital Transformation competency:

1. *Identify your organization's current state.* This will help in setting baselines as part of success measurements and identify what is needed across the organization.

2. *Do a review of the organizational environment.* Identify the behaviors that need improvement, understand what support will be available to the IM team for various project phases and activities, and document what tools and processes are currently in place. Documenting this insight into the current environment will help get clarity on the scope of work and change needed to achieve the third element – the desired future state.

3. *Document the future state.* Make this a collaborative, iterative activity, defining the model with ongoing consultation of stakeholders.

To begin this task, AIIM recommends that organizations focus on ten key business problems. A key starting point is understanding current strengths and weaknesses in each area, identifying how these capabilities tie to each other, and building a vivid picture of their desired future state.

For each element in the competency assessment, we've provided data outlining how the specific technologies associated with each major area vary among Digital Transformation Leaders and Followers.

" *Readers are encouraged to take AIIM's on-line Ten-Point Digital Transformation Competency Assessment to find out how your organization compares with others.* "

Creating, Capturing, and Sharing Information

1. Intelligent capture – Do you use artificial intelligence to help automatically process and categorize incoming information in all forms as it enters the organization and automatically extract the data and information that is necessary to initiate or drive core business processes?

2. Digital workplace – Do you have an explicit strategy and systems to encourage collaboration, especially across virtual workforces and organizational boundaries?

Digitalizing Information-Intensive Processes

3. Customer journeys – Have you documented the major journeys that are core to customer experience and satisfaction and how these journeys cut across departmental processes?
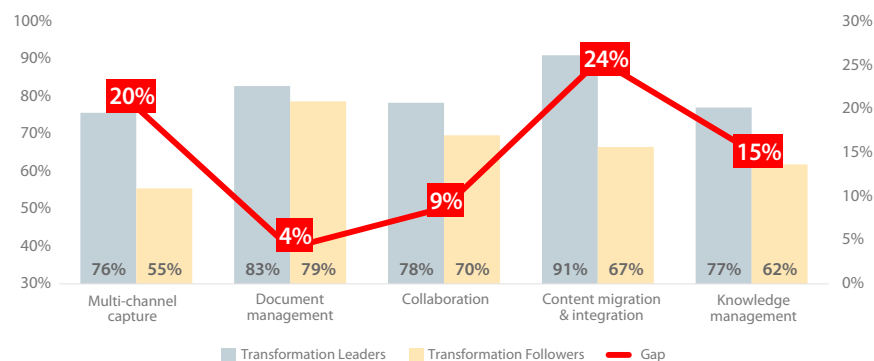
4. Robotic process automation – Have you deployed tools to empower knowledge workers to identify and automate the costly and repetitive manual tasks that surround their work processes?

5. Agile development – Does your process management platform and strategy focus on connecting systems and capabilities through APIs rather than through custom integration?

Do you have a solution? Creating, Capturing, and Sharing Information
Right axis (line) shows gaps between Leaders and Followers

	Multi-channel capture	Document management	Collaboration	Content migration & integration	Knowledge management
Transformation Leaders	76%	83%	78%	91%	77%
Transformation Followers	55%	79%	70%	67%	62%
Gap	20%	4%	9%	24%	15%

Do you have a solution? Digitalizing Information-Intensive Processes
Right axis (line) shows gaps between Leaders and Followers

	Business analysis	Business process management	Robotic process automation	Case management	Decision management
Transformation Leaders	78%	84%	67%	81%	81%
Transformation Followers	69%	64%	45%	64%	67%
Gap	9%	20%	22%	17%	15%
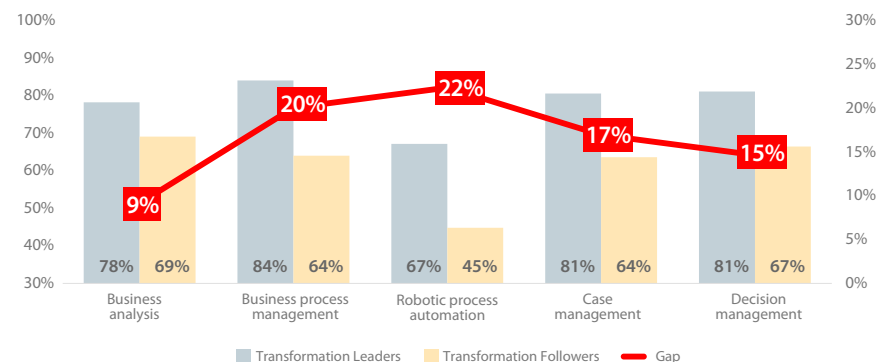
Automating Governance and Compliance

6. Lifecycle information management – Do you have a strategy for managing and automating the management, retention, and disposition of information throughout its lifecycle?
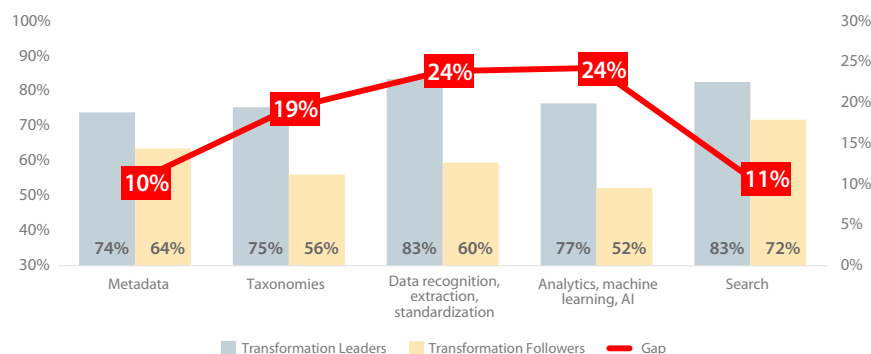
7. Planned modernization – Do you have a written decommission and transition strategy for legacy system modernization/replacement that includes a retention, disposition, and migration plan for the information they contain?

08. Information privacy and security – Does your data privacy and security plan include all content assets and protect the personal information within these assets?

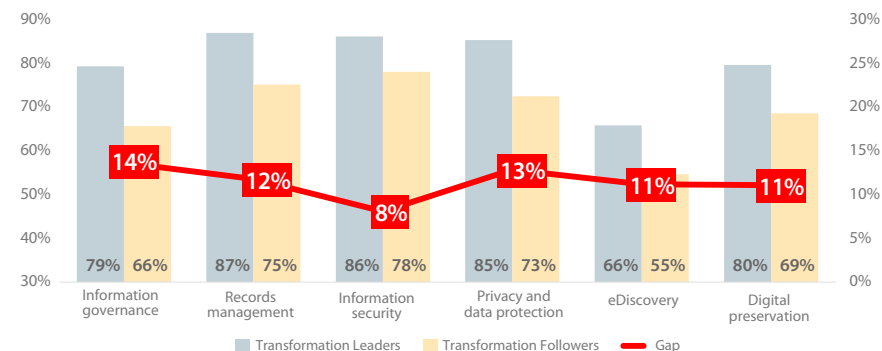## Extracting Intelligence from Information

9. Machine Learning ready – Is the information in your unstructured information archives and repositories capable of being understood and analyzed by next generation machine learning engines, or is it just "dark data"?

10. Understanding information context – Do your systems merely store information, or do they also understand its context so that humans may as well?

Do you have a solution? Automating Governance and Compliance
Right axis (line) shows gaps between Leaders and Followers

	Metadata	Taxonomies	Data recognition, extraction, standardization	Analytics, machine learning, AI	Search
Transformation Leaders	74%	75%	83%	77%	83%
Transformation Followers	64%	56%	60%	52%	72%
Gap	10%	19%	24%	24%	11%

Do you have a solution? Extracting Intelligence from Information
Right axis (red line) shows gaps between Leaders and Followers

	Information governance	Records management	Information security	Privacy and data protection	eDiscovery	Digital preservation
Transformation Leaders	79%	87%	86%	85%	66%	80%
Transformation Followers	66%	75%	78%	73%	55%	69%
Gap	14%	12%	8%	13%	11%	11%

Final Thoughts

Chapter 04

Final Thoughts –

Five Steps to Developing an IIM Program Strategy

1. **Articulate the business vision.** The business vision will help shape what the future state could look like after delivering the IM program. Interviews with executives or other internal stakeholders should capture their business objectives, and express an understanding of the competitive forces, market position, customer and revenue cycles, supplier ecosystems, and company success factors.

2. **Outline the critical success factors that will determine how the program can be assessed.** Organizations frequently embark on a transformation initiative without identifying a clear picture of what they hope to attain.

3. **Identify the key performance indicators (KPIs) that will be the measurements and data used to assess how well the critical success factors are met.** KPIs for an information management strategy could include reductions in storage costs, reductions in time or cost to particular business processes, increased innovation, and many others.

4. **Establish success measurements so that tangible progress can be measured on a regular basis.** Showing clear and realistic reporting and communication plans to stakeholders will improve buy-in.

5. **Outline the drivers for change.** What imperatives are compelling the business to improve its handling of content, encourage better collaboration or communication, or raise productivity levels? Sources of this information will be senior management interviews, external industry or market research, internal business or marketing plans.
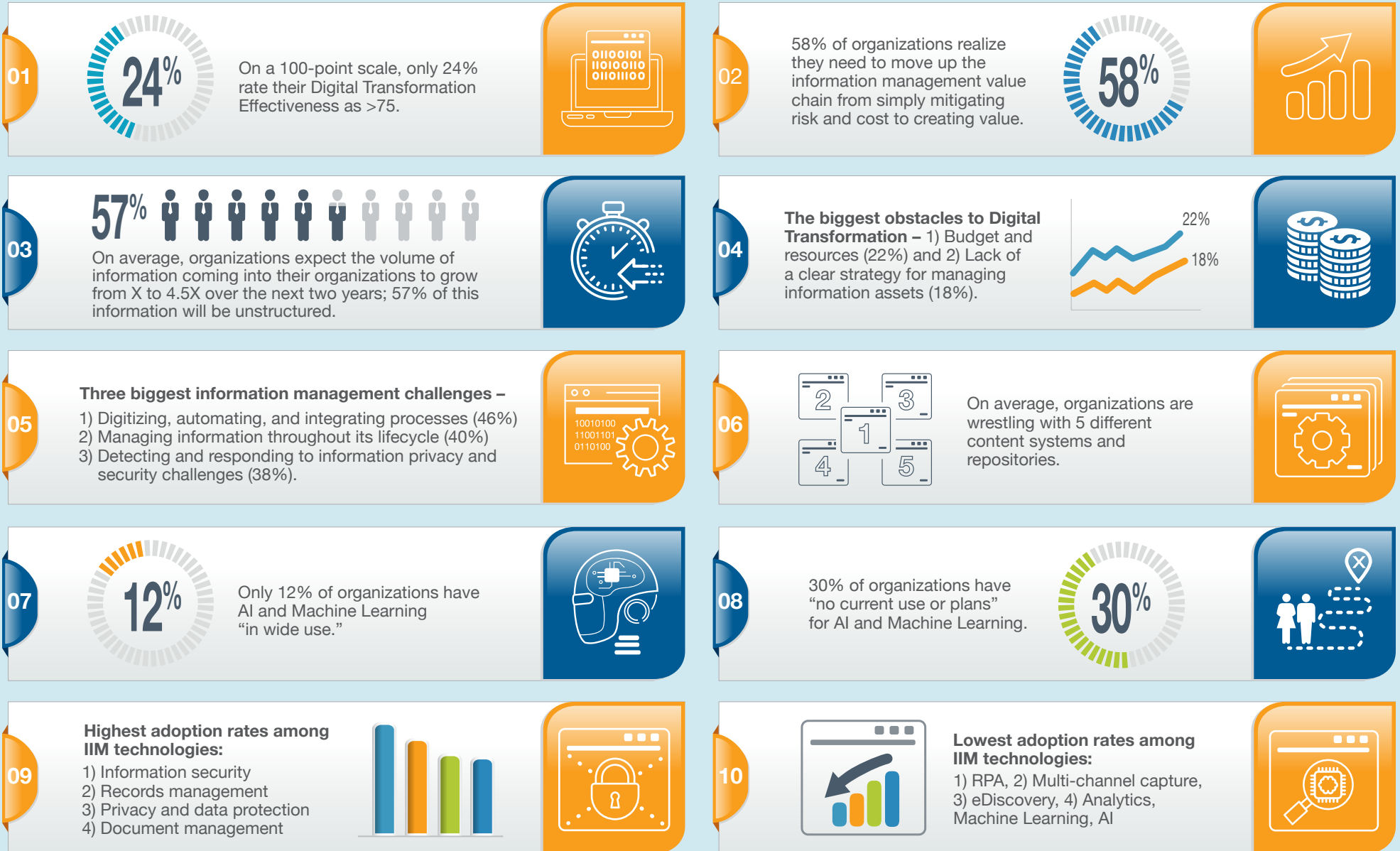
Source: AIIM CIP Study Guide

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10 Things you need to know about Digital Transformation

01 **24%** On a 100-point scale, only 24% rate their Digital Transformation Effectiveness as >75.

02 58% of organizations realize they need to move up the information management value chain from simply mitigating risk and cost to creating value. **58%**

03 **57%** On average, organizations expect the volume of information coming into their organizations to grow from X to 4.5X over the next two years; 57% of this information will be unstructured.

04 The biggest obstacles to Digital Transformation – 1) Budget and resources (22%) and 2) Lack of a clear strategy for managing information assets (18%). 22% 18%

05 **Three biggest information management challenges –**
1) Digitizing, automating, and integrating processes (46%)
2) Managing information throughout its lifecycle (40%)
3) Detecting and responding to information privacy and security challenges (38%).

06 On average, organizations are wrestling with 5 different content systems and repositories.

07 **12%** Only 12% of organizations have AI and Machine Learning "in wide use."

08 30% of organizations have "no current use or plans" for AI and Machine Learning. **30%**

09 **Highest adoption rates among IIM technologies:**
1) Information security
2) Records management
3) Privacy and data protection
4) Document management

10 **Lowest adoption rates among IIM technologies:**
1) RPA, 2) Multi-channel capture,
3) eDiscovery, 4) Analytics, Machine Learning, AI

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About Microsoft Corporation

Microsoft enables digital transformation for the era of an intelligent cloud and an intelligent edge. Its mission is to empower every person and every organization on the planet to achieve more.

Microsoft 365 brings together Office 365, Windows 10, and Enterprise Mobility + Security to deliver a complete, intelligent, and secure solution that empowers people. It's designed to effectively unleash the power of creativity in the enterprise with Office 365 productivity tools, while Windows 10 helps streamline management of company devices and data across a range of environments.

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Are you using your information to its full potential?

As you read in this report, Digital Transformation is all about using your information in brand new ways in support of key strategic business objectives.

This age of digital disruption requires new strategies and skills that extend beyond traditional ECM – a modern approach we call Intelligent Information Management.

AIIM's Foundations of Intelligent Information Management training course will guide you through an exploration of how your role as an information professional can be empowered to accelerate business activities, enrich customer experiences, and improve operational agility.

Are you ready to transform? <u>Click here to start!</u>

About AIIM

Here at AIIM, we believe that information is your most important asset and we want to teach you the skills to manage it. We've felt this way since 1943, back when this community was founded.

Sure, the technology has come a long way since then and the variety of information we're managing has changed a lot, but one tenet has remained constant — we've always focused on the intersection of people, processes, and information. We help organizations put information to work.

AIIM is a non-profit organization that provides independent research, training, and certification for information professionals.

Visit us at www.aiim.org.

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Content Strategist and Past President of AIIM

John is a well-known author and speaker on information management and digital transformation.