



WHITE PAPER

Assessing a Cloud DMS Considerations for Transition



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Introduction

In 2011, “cloud” was the latest buzzword in the document management space. However, misconceptions about the cloud, such as it was storage only or that it wasn’t secure, kept many organizations from considering it in their strategy. Applications like Dropbox, Box, Salesforce, and Google Drive made file sharing and collaboration easily accessible to individuals, but they raised a heap of issues when people began using them to circumvent processes within their organizations. These applications all grew in popularity quickly among individuals, and they were working hard to change the mindset of organizations that were wary of using them as central repositories for storing important information. Rather than giving up on enterprises, they worked to convince organizations that there was true value added by adopting these kinds of technologies and including them in their daily processes. Here we are, years later, and we are beginning to see a clear shift in the marketplace offerings. More vendors are transitioning their on-premise applications over to the cloud, and the demand for SaaS-based applications, like a cloud-based DMS, is rising.

The increasing popularity of such systems is no surprise. Over the past year or so, we have noticed the shift in the legal industry (particularly Am Law 200 firms) onto cloud-hosted DMS applications like iManage and NetDocuments. The 2017 ILTA Technology Survey shed more light on the topic by mentioning that the conversation about cloud has transformed from “will we” to “when are we going to” adopt a cloud DMS. Other cloud-hosted systems, like HighQ for external client collaboration, are also increasing in popularity among firms.

With more and more DMS vendors transitioning their offerings from on-premise to cloud- or SaaS-based solutions, we thought it would be appropriate to discuss the assessments that organizations go through when considering their transition. This choice comes with a lot of pros and cons for many firms, and considering your next move involves quite a few variables. We’ll touch on some of the standout items.

In this white paper, we are going to walk through some of the various assessments and considerations to make when selecting a cloud DMS. The topics we are going to discuss are:

- 1. Customizations, Integrations, and Flexibility: cloud software is less flexible and customizable than on-premise**
- 2. Ease of Deployment: a competitive advantage for cloud solutions**
- 3. Information Governance: keep content secure and compliant**
- 4. Security: do you trust the cloud company you’ve chosen?**
- 5. Scalability: cloud is easily scalable – add users without worrying about your own infrastructure, etc.**
- 6. Upgrades and Maintenance: control over upgrades with on-premise vs. cloud**
- 7. Cost: changes to cost structures**



1. Customizations, Integrations, and Flexibility

Organizations with on-premise systems are likely to have built some customizations, or third-party integrations, into their DMS systems over the years. On-premise systems usually allow for the flexibility of adding on features and functionality through third-party applications as your users' needs change. Whereas, cloud-hosted systems are less flexible in terms of building customizations and integrations in-house. Typically, the host has full control over the system and its features and the functionalities it provides. However, this does not mean that you are completely limited by the cloud.

This consideration is important because it can have both an upside and a downside related to moving to the cloud. On the upside of things, SaaS-based DMS typically have all the modern features your users are looking for in a DMS. The functionality is uniform, and users will be comfortable using it. The downside is that many firms (and individual lawyers) have different ways that they prefer to work. They may have added functionality over time to their on-premise systems and, they have become accustomed to those features that won't be available if they switch to a SaaS-based DMS.

2. Ease of Deployment

One of the pros of SaaS-based DMS is that it is easily deployed. In many cases, once you subscribe to the service, you can roll out and implement the solution quickly. This has gotten a lot of attention lately because rather than using all of your IT resources to deploy and configure an on-premise DMS, hosted environments provide your organization a competitive advantage by keeping that responsibility separate. The need for manual backups and extra firewalls goes away. A common misconception about utilizing hosted systems is that you need to decrease your IT staff. While hosted environments can free up your IT team, it doesn't mean that you have to let people go. Alternatively, your staff is available to work on other projects that are

going to be more impactful to your organization. This misconceived downside to cloud adoption also ignores the fact that your staff can increase the value of your investment in the cloud by receiving training. IT leadership can then spend more time implementing best practices for how to leverage your cloud-based systems in the context of the business goals.

3. Information Governance

Another upside to making the switch from on-premise to SaaS-hosted DMS is that Information Governance (IG) is built into the system. In years past, the fear surrounding the move to the cloud was that organizations lost control of their data. In countries like Canada, regulations require that an organization must store their data on servers within the borders of the country. In the early years of cloud, this was a huge struggle for organizations. Today, vendors are careful to pay attention to regulations surrounding governance and privacy, and they have worked to make sure that they have servers for their hosted environments that comply with these regulations (e.g., HighQ's recent establishment of a data center in Canada). From a governance perspective, hosted environments can be just as, or more, compliant than those of on-premise systems since they have teams and resources dedicated to ensuring security.

SaaS-based DMS also increases user adoption. Since these systems are web-based, and are usually accessed from a browser, it increases user experience. The incoming generation of workers is used to accessing their content when and where they want it. An increase in user experience and adoption will also lead to an increase in users following IG initiatives and a decrease in users circumventing important processes. When systems are easy to use, there is a higher probability that users will maintain their content within the repository of record rather than within external file shares, making IT's job easier.

4. Security

A main concern for many years regarding the cloud was security. The adoption of SaaS-based DMS was slowed by the belief that it was not secure. While there have been issues in the past with data breaches (e.g., Equifax and Verizon), many are the result of social engineering. In most large breaches, traditional or on-premise systems were targeted rather than cloud systems. People have felt as if cloud-based solutions were too risky, and they were willing to pay the extra cost to build and maintain an on-premise infrastructure if it meant that they had complete control over their data.

However, as time has passed, cloud-based solutions have proven themselves to be more secure than their on-premise competition. First, security for cloud providers is their livelihood. They make it their number-one priority because nobody wants to use a hosted environment that has been breached. Second, data stored in the cloud is almost always encrypted. Third, in many cloud environments, data can easily move between servers, so if one machine fails, data can move to another with minimal downtime. With on-premise systems, downtimes can be experienced for longer and the organization might not have extra storage available to handle another machine's failure.

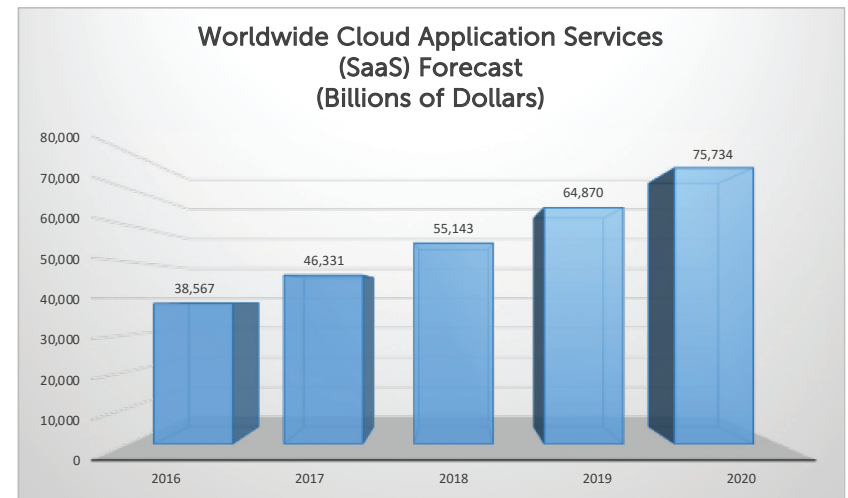
5. Scalability

In today's day and age, information that we store daily has exponentially increased to a point that it may no longer make sense to store content on-premise. Currently, data stored in the cloud globally has exceeded 1 exabyte. That is the equivalent of 100,000 times the printed material in the Library of Congress which shows the power and necessity of storing content in the cloud. Eventually it will become too great of a burden to continue to store and manage content on-premise. A key benefit of a cloud-based DMS

is that it is easy to add or reduce the number of users or storage space. Instead of waiting days, weeks, or even months to add to an on-premise environment, you can basically add or subtract in an up-to-the-moment fashion.

While the scalability of SaaS-based DMS is certainly a positive aspect, another consideration to think about is the cost to adjust, or increase, your subscription costs. Mergers and acquisitions often lead to large influxes of data entering a DMS, and a SaaS-based DMS is the clear winner when it comes to how to store these large amounts of data. While you increase cost through your subscription, you are avoiding larger costs associated with hardware to store and manage said data.

The SaaS industry generates \$55 billion annually and is expected to grow to \$76 billion by 2020



Source: Gartner (February 2017)

6. Upgrades and Maintenance

Finally, upgrades and maintenance are the responsibility of the DMS host in a SaaS-based solution. This takes the responsibility off the organization and the IT teams, saving them time and money. The greatest benefit of cloud solutions is that their upgrades and maintenance are far less disruptive than those of on-premise solutions. Hosts of cloud-based DMS systems update and maintain their systems in a seamless, invisible to the user, way. Hosts are also responsible for ensuring that their systems are always accessible and many pride themselves on close to 100% uptime. Additionally, your organization can take advantage of the cloud provider's expertise. That's part of the price you pay when you subscribe to the service, right? Rather than asking your IT team to become proficient at everything, you can rely on the host to keep their systems upgraded

7. Cost

While each of the points above deal with cost in their own way, there is a true cost benefit to SaaS-based DMS versus on-premise DMS. A large benefit is transitioning your costs from capital expenses to operating expenses. This structure is going to be more favorable to you as your monthly subscription may change based on your needs. You can easily scale up or down in terms of storage, which then equates to scaling up or down in price. On-premise systems don't offer the same kind of flexibility when it comes to cost because adding storage space and users falls into the capital expenditures bucket. If you overbuy in terms of storage, you're often stuck with it in the long term. One of the largest firms in the U.S. has recently moved to a cloud-based DMS which has saved them millions in the end. The cost difference easily justified their move, and with our help, support for their integrations made the cutover easy.

Conclusion

Considering any kind of change to applications and systems you are going to use within the context of your business is a large undertaking. With 63% of firms and corporate legal departments surveyed by ILTA predicting that their cloud adoption is going to increase, it is important to be well informed with the considerations that can make or break the decision. While this list is not exhaustive of all the considerations out there, it is certainly representative of the main concerns many organizations have when going from an on-premise DMS to a cloud DMS. While you may lose some customization and flexibility, you can add value to your firm by leveraging the expertise of hosts and their environments. A move to the cloud will help you save money and will give you flexibility when adding users and extra data. Finally, your data will be more secure in a cloud environment versus an on-premise environment.



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