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ROI Evaluation Report Microsoft Office SharePoint Portal Server 2003

THE BOTTOM LINE

Microsoft SharePoint Portal Server can increase employee productivity by improving tactical and strategic collaboration and information access. Companies using a previous version of SharePoint Portal Server will find upgrading can reduce the technology costs of supporting collaboration.

KEY RETURN AREAS

- Increased general employee productivity
- Increased IT staff productivity
- Reduced administrative overhead
- Reduced communication costs
- Reduced employee training costs

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Today, many organizations have some kind of intranet, portal, or shared file system to support access to information and collaborative tools. However, many have found that challenges with content and application integration, usability, and portal support impact the real ability of users to be more productive.

As portal technology evolves, Nucleus finds many companies are reassessing their portal strategy to seek opportunities for improvement. To help users understand the potential returns of deploying Microsoft SharePoint Portal Server, Nucleus Research developed this evaluation of the potential ROI from the latest version of the solution — Microsoft SharePoint Portal Server 2003. The accompanying Nucleus Research financial modeling tool can be used to calculate the potential returns from a deployment in a specific environment.

Microsoft SharePoint Portal Server enables organizations to develop a portal to support improved collaboration and information access. Nucleus Research evaluated the initial release of SharePoint Portal Server in late 2000 and early 2001 and found many companies achieved a positive ROI from deploying SharePoint Portal Server to support improved information storage and retrieval, workspace and document-based collaboration, and basic document management. The first release provided basic portal functionality but required substantial Microsoft technology knowledge to drive success because of limited functionality and tight integration with the Office 2000 environment.

SharePoint Portal Server 2003 provides new capabilities to support key portal requirements: single sign-on, integration capabilities, flexible deployment options, and enhanced management tools to support portal management and evolution. In addition to advanced functionality, this release is another step toward encouraging workers to "live" within the Microsoft environment. Built on Windows SharePoint Services, SharePoint Portal Server 2003 includes the following features:

- News and topics
- My Sites with personal and public views
- Indexing and searching across file shares, Web server, Exchange public folders, Lotus Notes, and SharePoint sites
- Change alerts
- Integration with BizTalk Server and single sign-on

Companies can create Web sites for information sharing and document collaboration using Windows SharePoint Services.

KEY BENEFIT AREAS

Nucleus Research identified a number of areas where companies could achieve potential returns from an investment in SharePoint Portal Server 2003: improved information organization and access, improved strategic and tactical collaboration, and improved

technology management. The first two benefit areas focus primarily on increased end-user productivity. Companies without a portal today, or companies with a portal that doesn't effectively support cross-company search and team and enterprise collaboration, will likely see significant returns. Companies that already have search and collaboration technology that is being used effectively will likely achieve incremental returns.

Improved Information Organization and Access

Document management and portals are nothing new for many organizations. Numerous companies have also invested in groupware applications to deliver shared folders, calendars, and task lists. However, in many cases, a divide still exists between technology and the ability of users to access the information they need. This challenge arises in three key areas:

- Access for additional users. As projects and collaboration areas evolve, new users often need to have access to information. If providing access requires IT time or administrative procedures, there's an impact on IT productivity and time to access for users.
- Effective search for existing users. As new topics or projects evolve, if the information can't be automatically added to a shared portal or information base, search engine results are limited.
- Information contribution. Although expert users may be able to rapidly add new information and topics to a portal or knowledge base, information entered in a "personal" application often doesn't make its way to the corporate knowledge base.

The latest version of SharePoint Portal Server provides functionality to help alleviate many of these challenges. Enhanced search capabilities enable users to rapidly find information and contacts, and users can receive alerts about contributions from specific people or on specific topics.

Providing users with access to administrative privileges enables SharePoint Portal Server users to rapidly add new users to projects and collaboration spaces without IT staff intervention. The same functionality ensures that new content and user contributions are rapidly included in search capabilities — without the need for IT support.

Probably the greatest improvement in this version of SharePoint Portal Server over previous versions — and an advantage over other portal products — is tight integration with Microsoft Office. All of a site's collaborative content can be read and edited in Word, Excel, or PowerPoint. This integration enables non-expert users (or unmotivated users) to rapidly contribute content and information to a shared space without intensive training or demands on IT staff.

SharePoint Portal Server also enables IT departments and users to customize the portal experience, delivering relevant line-of-business and Office program content to users. My Sites enable users to

maintain personal portal pages where they can rapidly access important information programs and SharePoint sites as needed.

The document indexing and categorization functionality in SharePoint Portal Server will be a key area companies should keep in mind when evaluating potential returns. SharePoint Portal Server supports indexing of documents stored in Microsoft applications and servers as well as Lotus Notes databases and Internet and intranet servers. Some evaluation may be needed to determine how to best establish categories and indexes to ensure that search results are as useful as possible to end users.

Key returns from improved information organization and access include the following:

- Increased worker productivity
- Reduced marketing/sales collateral development costs
- Reduced product rework
- Reduced communication costs
- Reduced/management time to market
- Lower employee turnover
- Reduced employee training costs
- Reduced Web publishing costs

Improved Strategic and Tactical Collaboration

SharePoint Portal Server can support improvements in both strategic (long-term or ongoing) and tactical (project or task-oriented) collaboration.

Tactical collaboration is the practice of sharing knowledge, ideas, and expertise with a team to accomplish a specific goal. It is often time critical. One big challenge for tactical collaboration is often how to create new sites or discussion areas to support new or changing teams. SharePoint sites created by Windows SharePoint Services give teams an area to capture and share information, collaborate on documents, and participate in discussions — via either a Web browser or a rich client interface. Teams can rapidly build sites for projects without IT intervention.

SharePoint sites enable team and site managers to create sites and manage content and activity without higher-level IT administration skills. For strategic or closely managed projects, managers can monitor and moderate participation, set security and task responsibilities, and reuse sites and lists as best practices for future projects. Other key collaboration features include:

- Document management and document-based collaboration functionality, including document check-in and checkout, versioning, approval routing, profiling, and meta data capture
- Integration with Exchange and the ability to automatically link e-mail attachments to specific document repositories
- Extranet sites to extend collaboration to partners and customers

Key returns from improved strategic and tactical collaboration include the following:

- Increased worker productivity
- Reduced administrative overhead
- Increased profits
- Reduced partner and customer management costs
- Reduced cost of sales
- Increased customer retention

Improved Technology Management

In addition to the ability to delegate site creation and administration tasks to end users, the latest version of SharePoint Portal Server provides other key capabilities and tools to reduce the IT burden of supporting a SharePoint environment.

Single sign-on, integration capabilities, and new management tools enable an administrator to better manage security and performance without additional work. Built-in BizTalk Server, SOAP, and application connector integration enables a single point of access to industry applications such as SAP and Siebel.

Site usage can be monitored to detect and retire inactive sites, and administrators can set and enforce quotas on storage, sites per server, and users per site to ensure scalability and performance. The new version also supports load-balanced Web farm and clustered database deployments.

Key returns from improved technology management include the following:

- Increased IT productivity
- Reduced hardware and software costs
- Reduced IT training trainings
- Reduced development costs
- Accelerated returns from new applications

KEY COST AREAS

Nucleus has identified a number of key cost areas organizations should consider when evaluating a potential SharePoint Portal Server investment.

Software

In addition to SharePoint Portal Server licensing and software assurance (if required), organizations will need to make an investment in supporting Microsoft software, including Windows Server 2003 and Office 2003, if they have not already done so.

Hardware

Companies will need to consider the number of potential sites and users as well as the way SharePoint Portal Server will be used to determine the amount of hardware investment required. It is likely that all organizations will need to invest in standalone server hardware to support a SharePoint Portal Server deployment. The

amount of server hardware needed to support a project will depend on the number and size of sites created, the number of locations supported, and performance requirements.

Consulting

The amount of consulting investment required to support a new SharePoint Portal Server deployment will depend on available internal IT staff and their level of expertise with Microsoft technology as well as any integration or customization requirements.

Companies planning to use SharePoint Portal Server and Windows SharePoint Services to support new strategic or tactical collaboration practices may want to invest in consulting to determine how to best configure sites and document categorization. Additional consulting investment may be needed in years two and three as users look to increase the functionality or capabilities of their SharePoint Portal Server sites.

Personnel

Companies considering an investment in SharePoint Portal Server should consider the personnel investment on both the IT and business sides for planning, deployment, and ongoing management and support. Because SharePoint Portal Server is an integrated component of a Microsoft environment, it's likely there will be some skill and task overlap among Windows and other administrative staff.

Training

Use of a portal such as SharePoint Portal Server, for employees with existing Web and Microsoft Office experience, will require limited training on functionality — but training and incentives may be necessary to drive successful adoption, particularly if the use of SharePoint will have a significant impact on the way employees currently do work.

When calculating the cost of training, organizations should consider any trainer and location fees as well as the cost of lost work time of employees participating in training.

DEPLOYMENT STRATEGIES

Given the evolution of the portal technology space, it's likely that many organizations evaluating SharePoint Portal Server 2003 will already have an existing investment in some type of portal, shared file system, or collaborative environment. Because ROI is a measure of change, companies with less sophisticated technology to support information organization and access and strategic and tactical collaboration will likely achieve the greatest ROI from an investment in SharePoint Portal Server 2003. However, that doesn't mean companies considering upgrading from an existing technology shouldn't do so — it just means their potential ROI is likely lower because the margin for improvement is smaller.

Companies evaluating SharePoint Portal Server 2003 as an upgrade strategy should consider the following key benefit areas and strategies:

- General user productivity. If your organization uses another portal, intranet, or shared file system today, end users may recognize only a small additional increase in productivity from deployment of SharePoint Portal Server 2003. To maximize returns, you'll want to consider a two-pronged deployment strategy:
 - Make sure the basic time-saving technology (such as search) is deployed and being used effectively by as many users possible as quickly as possible.
 - Target key user groups, such as the sales department or human resources department, that are likely to deliver greater returns from setting up their own collaborative sites and using higher-level functionality, and make sure they're trained effectively.
- Time to performance. If more rapid access to collaborative tools can enable reduced employee ramp-up time, faster team performance, or improved time to market, you should focus on those key areas and ensure that the training — as well as the technology — is in place to deliver returns.
- Technology management. If your organization has an existing portal or intranet solution, increased IT staff productivity and reduced IT costs may be key areas where you can achieve returns from an upgrade. Often some of these technology costs are "hidden" because a number of IT staff members are spending a portion of their time supporting user needs. Close examination of IT time needed to support your current technology — and a road map for how those costs can be reduced — will deliver maximized ROI.

CONCLUSION

SharePoint Portal Server 2003 and Windows SharePoint services enable enterprises to develop portals to support improved information organization and access as well as tactical and strategic collaboration while managing technology costs. Enabling a single point of access to multiple systems, rapid development of sites without IT staff intervention, and tight integration with other Office applications can help companies to achieve positive ROI by giving individuals tailored access to the tools they need to work effectively. Use the associated Nucleus Research financial modeling tool to quantify the returns from SharePoint Portal Server 2003 in a specific environment.

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