The Business Value of OpenText Digital Supply Chain Solutions

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Table of Contents

CLICK ANY HEADING TO NAVIGATE DIRECTLY TO THAT PAGE.

Executive Summary

The reality for most companies that run global supply chains is that more work is done beyond the four walls than within them. Most of the manufacturers with whom IDC engages manage hundreds, perhaps even thousands, of suppliers and a similar number of customers. They are outsourcing sizable percentages of their operational footprint and dealing with a diverse set of logistics services providers. This is not surprising to anyone who follows these companies, but it adds important context in the sense that the ability to easily, comprehensively, and efficiently manage this business-to-business (B2B) information exchange is critical to the efficient and effective operation of the supply chain.

OpenText offers integrated digital supply chain software solutions designed to connect and manage various critical points in supply chains ranging from manufacturing to purchasing and distribution. The solution is designed to provide visibility, operational management, and analysis of the supply chain network, while also enabling efficient collaboration with trading partners. Through a series of in-depth interviews with OpenText customers, IDC conducted research that explored the value and benefits for organizations using OpenText Digital Supply Chain Solutions to help them manage and optimize their supply chain operations.

Based on extensive quantitative and qualitative data derived from these interviews, IDC calculates that study participants will realize a very substantial 317% three-year return on investment by:

- Improving the overall management efficiency and effectiveness of supply chain operations
- Cost-effectively boosting the productivity of core supply chain teams including those in manufacturing and warehouse operations
- Enhancing the efficiency of additional teams that support supply chain operations including sales, procurement, and accounting teams
- Achieving better business results by lowering product release errors and improving customer satisfaction levels
- Increasing annual revenue via all of the above business process improvements

Business Value Highlights

Click each highlight below to navigate to related content within this document.

317%
3-year ROI

14 months
to payback

19%
more productive manufacturing staff teams

18%
more productive warehouse teams

11%
fewer product release errors

30%
more productive supply chain management teams

$6.06 million
in supply chain–related cost savings

19%
reduction in supply chain software and hardware-related costs

$5.35 million
total new revenue gained annually

7%
improvement in customer satisfaction

Situation Overview

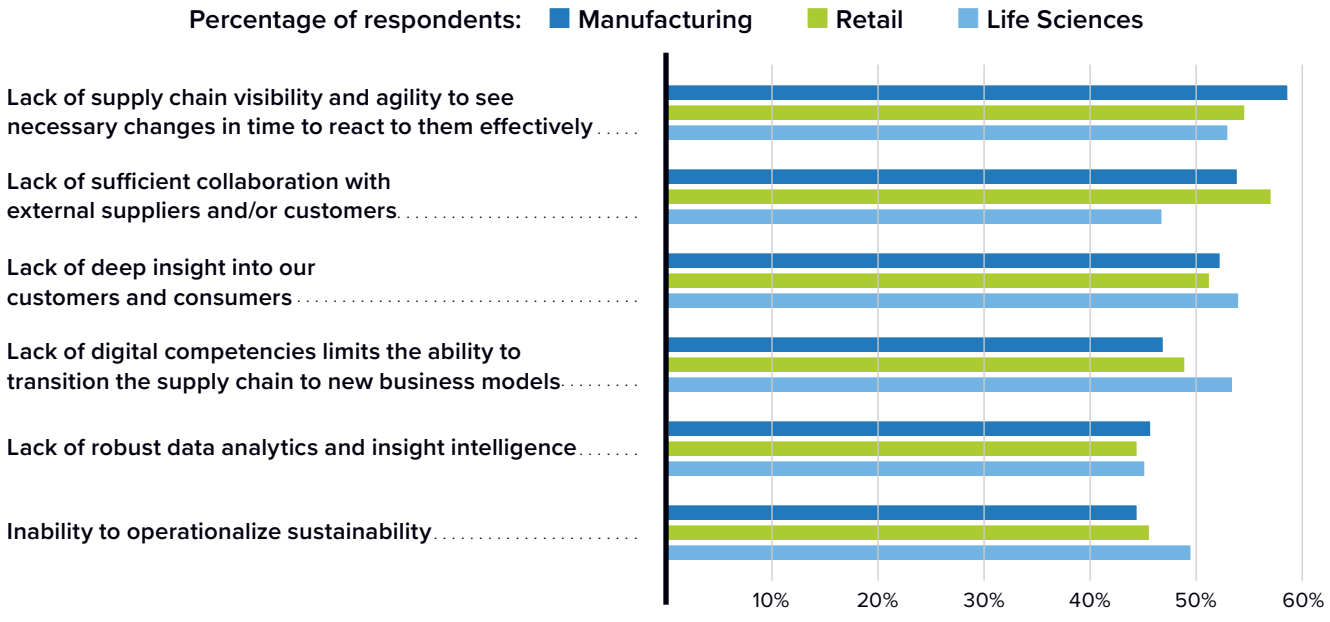
The subject of supply chain collaboration and B2B operations is one that has long struck a nerve for manufacturers, indeed for all industries. Although efforts over the past decade have worked to improve collaboration broadly, and B2B operations more specifically, and they have, this work remains incomplete. Indeed, one manufacturer with whom IDC has had many conversations on the subject, says *"At our company, collaboration is a four-letter word; we take a step forward in one area and a step backward in another."*

This is not just an opinion; the importance and opportunity for collaboration comes through strongly in IDC surveys as well. In IDC's March 2023 *Supply Chain Survey,* when asked about their most problematic and persistent gaps, respondents expressed a strong strategic need for improving collaboration with external suppliers and customers (see **Figure 1**). Although the past few years have been something of a struggle for supply chains, and we have speculated at IDC that there may be some incentive to bring certain areas back in-house, the inertia of outsourcing seems unlikely to change materially. As more and more things are outsourced, the need for better collaboration/B2B operations and better tools also grows.

FIGURE 1

Gaps That Must Be Addressed

As you think about the future of your supply chain, what current gaps are likely to be most problematic if not addressed?



n = 1,513; Source: IDC's *Supply Chain Survey,* March 2023

For an accessible version of the data in this figure, see Figure 1 Supplemental Data in Appendix 2.

The reality is that collaboration and effectively managing B2B operations is hard, and traditional manual or fragmented approaches have proven unequal to the task. Supply chains are highly complex, and while many business processes have been digitized/digitalized and automated to great success, others remain firmly in the realm of emails, faxes, and phone calls — not all that surprising, yet an immense opportunity.

IDC's March 2023 *Supply Chain Survey* included over 1,500 global organizations across five different industries and illustrated three of these industries (manufacturing, retail, and life sciences). While the exact numbers vary somewhat, they still tell a similar story. Collaboration and B2B operations are opportunities, regardless of industry. It is an incomplete journey everywhere.

Specific Challenges to Traditional B2B Operations

Beyond the growth in the number of suppliers, customers, and other parties that represent the B2B landscape for most companies, IDC has heard about other challenges to effective and efficient B2B operations. In no particular order:

1. Modernizing legacy/on-premises systems by moving to the cloud creates both challenges and opportunities for B2B operations. Clearly, companies cannot move everything to the cloud simultaneously, so legacy connections and integrations can create issues for B2B systems.
2. Transactions are not getting less diverse or complex; they are getting more diverse and complex, which stresses legacy systems and legacy approaches. IDC also sees many companies forced to 'throw' labor at the problem, which is neither efficient nor effective.
3. Speed is also a challenge in B2B operations, and legacy systems are just not fast enough to meet modern business requirements.
4. Legacy systems are also more vulnerable to cybersecurity attacks and can prove problematic given the large number of B2B transactions that occur.

OpenText Digital Supply Chain Solutions Overview

OpenText has long been a significant player in the B2B and supply chain integration space, offering supply chain solutions as integrated software designed to connect and manage various critical points in supply chains ranging from manufacturing to purchasing and

distribution. The solution is designed to provide visibility, operational management, and analysis of the supply chain distribution network, while also enabling efficient collaboration with trading partners.

OpenText fully understands the challenges faced by manufacturers and retailers, such as lack of resources, competing priorities, a lack of document/communication standards around the world, and increasing cost to manage an integration environment, particularly if part of the answer is to throw people at the problem. OpenText Digital Supply Chain Solutions are designed to address these issues with modern cloud-based tools.

The Business Value of OpenText Digital Supply Chain Solutions

Study Firmographics

IDC conducted research that explores the value and benefits for organizations of using OpenText Digital Supply Chain Solutions to help organizations with their supply chain operations. The project included nine interviews with organizations that are using these solutions and have experience with or knowledge about the benefits and costs of using OpenText for their supply chain operations. During the interviews, companies were asked a variety of quantitative and qualitative questions about the solutions' impact on their IT and supply chain operations, core businesses, and costs.

Table 1 (next page) presents the aggregated firmographics of interviewed organizations. The organizations that IDC interviewed had a base of 172,500 employees with annual revenues of $32.5 billion. These companies had IT staff of 2,738 supporting 418 business applications. In terms of location, five companies were based in the United States with the remainder in Belgium, Canada, Germany, and Switzerland. There was a mix of vertical markets represented including the manufacturing (4), retail (3), and food and beverage (2) sectors. (Note: all numbers cited represent averages.)

TABLE 1

Firmographics of Interviewed Organizations

Firmographics	Average	Median	Range
Number of employees	172,500	130,000	2,000–700,000
Number of IT staff	2,738	2,000	64–10,500
Number of business applications	418	125	4–2,000
Revenue per year	$32.5B	$15.0B	$121.1M–$105.2B
Countries	United States (5), Belgium, Canada, Germany, Switzerland		
Industries	Manufacturing (4), retail (3), food and beverage (2)		

n = 9; Source: IDC Business Value In-Depth Interviews, June 2023

Choice and Use of OpenText Digital Supply Chain Solutions

The organizations interviewed by IDC described their rationale for selecting OpenText to cost-effectively help their organizations manage supply chain operations. These companies faced multiple challenges including customer and management demand for greater visibility into supply chain operations and more sustainably manufactured products. Study participants noted that the platform gave their organizations the ability to address the lack of real-time data across their entire operation while providing better inventory management. Study participants also appreciated the platform's ability to help correct problems with their current electronic data interchange (EDI) systems, some of which resulted in missing orders. In addition, they noted that the platform helped them with integrating system-to-system with system-of-records and unifying data serving those transactional processes. Finally, they highlighted benefits for streamlining management of current and historical data.

Study participants elaborated on these and other selection criteria:

Lack of data across the entire operations, North American food and beverage:

"The challenges we ran into were, first of all, a lack of real-time data. Second, we didn't have inventory management — if someone bought a product off a shelf, we didn't know how many products were left, so we had difficulty in managing the inventory. At the time, we had

handheld devices plugged into the KWI client, and we had to manually input purchases at the end of the day — it was kind of cumbersome. Overall, the biggest challenges were real-time data and shipping and tracking — we couldn't track and trace products being ordered to resupply our store."

Performance was a major issue, North American manufacturing:

"Our EDI system was on-prem. Our executives considered us in 'ICU' status, which means it was in a very dire state. Every week, our system was down, and it took several days to weeks before we could figure out what the impact was. I was given a directive to fix it at whatever cost, to do whatever it took to fix it, because it disrupted our supply chain, we missed orders from our customers, invoices, all the different transactions we needed to do were being impacted. So, I looked at the market, saw who was the best, and we ended up with OpenText."

Wanted integration with multiple technologies, European manufacturing:

"OpenText is the primary vehicle for integration. Whether that means integration of system-to-system-to-system-of-records or system-to-system where we're trying to unify certain data to serve those transactional processes; or it becomes a vehicle to manage interactions to systems of engagement (physical endpoints sitting outside the company: a mobile app, a transactional service, etc.). So, we needed something that could quite easily slot into our ecosystem without it just being another half-thought, half-baked solution."

Needed a solution that could handle complex operational setup, North American transportation:

"We have extremely complicated supply chains. So, we use OpenText tools to be able to streamline and better manage our supply chain. We have several different implementations of it. For example, we have the IOT technologies and robotic technologies, and we're receiving tons of data from our shop floors. It helped us to streamline our management of current and historical data. In one instance we're using OpenText to archive data that we can access as needed, and this is helping us streamline our business process by allowing us to only have current-month data in SAP, and then we have our more historical data in historical order in OpenText."

Table 2 (next page) describes the organizational usage associated with interviewed companies' deployment of OpenText. Note that there was a substantial footprint of usage across all companies as evidenced by 45% of all revenue supported or associated with the platform. In addition, on average, companies reported having 1,508 suppliers, 464 additional partners, and 68 manufacturing facilities supported by OpenText and 1,719 direct users. Additional metrics are presented.

TABLE 2

OpenText Digital Supply Chain Solutions Environment

	Average	Median
Number of suppliers	1,508	120
Number of other partners	464	12
Number of manufacturing facilities	68	15
Number of products	235,900	3,000
Number of applications	230	8
Number of direct users of OpenText	1,719	35
Number of internal users being supported	31,800	2,000
Revenue being supported	45%	30%

n = 9; Source: IDC Business Value In-Depth Interviews, June 2023

Figure 2 shows the array of use cases that were included in IDC's evaluation. As shown, the greatest number of use cases were found in the areas of procurement (80%), order management (80%), and invoice management (60%).

FIGURE 2

OpenText Digital Supply Chain Solutions Use Cases

(% of organizations' use cases)

n = 9; Source: IDC Business Value In-Depth Interviews, June 2023

Business Value and Quantified Benefits

IDC's Business Value model quantifies the benefits for organizations using OpenText Digital Supply Chain Solutions to cost-effectively improve the overall management efficiency and effectiveness of their supply chain operations. The OpenText platform helped these companies boost the productivity of core supply chain operations involving their manufacturing and warehouse teams. In addition, it served to enhance the efficiency of other teams engaged in supporting supply chain operations including sales, procurement, and accounting teams. Combined, these various improvements helped companies achieve better business results by optimizing their operational profiles, lowering product release errors, and improving customer satisfaction levels, ultimately leading to increased annual revenue.

In their comments to IDC, study participants described these and other benefits in detail:

Freed up staff time for other projects, North American food and beverage:

"Time is the biggest benefit of using OpenText. We're not spending a ton of time doing everything manually or trying to work with a piece of software that doesn't do what we need it to do. This gives us time to do other things we need to do."

Better access to data, North American transportation:

"We've been able to reduce our cost and improve our efficiency by having real-time data, and producing analysis of that data and review of that data which is sent to our internal employees in a timely manner. We've been able to accelerate our time to get results, specifically through the workflows for which we've used OpenText. We can produce the right part at the right time, delivered to our customers just in time. It's also been able to make us more confident in the decision making that we're doing — we have more real-time data to base our decisions on."

Better stability means improved business opportunities, North American manufacturing:

"The stability of their system is the biggest benefit for us. When we had our on-prem system, we always had downtime. When we moved to OpenText, their system is stable and dependable — we can expand our customer base. Some customers say, "I won't do business with you unless X." We're now able to commit to that customer because we know how long it will take for us to deliver that solution."

Integration with other tools helps work with various suppliers, North American food and beverage:

"Connection with our suppliers. A lot of our suppliers use similar software if not OpenText itself, or they use SAP, and OpenText works really well with SAP. We're able to connect and work with our suppliers, and it's an easy process to bring on new suppliers or to deal with problems with an existing supplier. Also, product and inventory management are benefits.

OpenText helps to give us the data we need to see where everything is in stores so we can manage everything properly."

Based on interviews with the nine intensive users of OpenText Digital Supply Chain Solutions, IDC quantified the value that these study participants will receive over three years at an annual average 317% return on investment (ROI) with an expected payback period of 14 months. More granular metrics and calculations are presented in the following sections.

Operational Impacts of OpenText Digital Supply Chain Solutions

Supply chains are currently in a state of transition. Customer demand for greater visibility into supply chain operations is accelerating investment in cloud-based platform management. In the meantime, consumer demand for more sustainable products is pushing companies toward green supply chain initiatives. In addition, companies are finding that supply chain disruptions have encouraged more near-shore production and migration to a 'just-in-case' style of inventory management. Given these trends, supply chain companies will require improved end-to-end views of their logistics networks and business operations.

OpenText Digital Supply Chain Solutions are designed to help companies meet these challenges as a single-source integrated software solution designed to connect and manage various critical points in supply chain operations ranging from manufacturing and supply to purchasing and distribution. The solution is designed to provide visibility, management, and analysis of the distribution network, while also enabling efficient collaboration with trading partners.

Interviewed organizations confirmed that OpenText added significant value to their supply chain operations. In their comments to IDC, they called out the platform's ability to minimize downtime disruptions to their business. They also appreciated that OpenText helped them with insight and visibility into their suppliers, thereby allowing them to become more agile and customer-centric. They also noted that they could significantly shave the time between receipt of an order and delivery of a product.

Study participants elaborated on these and other benefits:

Better performance means less downtime, North American manufacturing:

"Operationally, before, it took several hours to days when our systems were down. Sometimes we couldn't ship out products or ship in supplies because our systems were down. We couldn't accept products into the manufacturing facility [and] had trucks lining up in our warehouses because the system was down. Now, our customers, our manufacturing sites, our logistics — they're able to stay up and running and have those products being shipped out of the gate — that's the impact."

Can optimize entire supply chain operations, North American transportation:

"It goes back to reduced delivery time of our supply chain, better communication with our supply chain, and overall potential cost reduction, because our inventory levels within our supply chain and within our own facilities have been more agile. The sweet spot is being able to have enough inventory to run your business without excess inventory, and from a supplier standpoint, having not only inventory, but the right inventory at the right time. OpenText has given us direct insight into our suppliers and our supply chain, and this particular visibility has allowed us to become more agile."

Better access to information means time savings, European manufacturing:

"Since information is exchanged nearly in real time between different partners, we save time. The time between receipt of an order and delivery of a product to a customer is about six to seven weeks. Thanks to the solution, we've gained at least a week. Manual operations are now done automatically, which reduces total time, which makes for a financial gain. Reduction in time is also better service to the customer, and also, we've reduced working capital, which is good for our balance sheet."

Can communicate with a wide variety of suppliers, European manufacturing:

"Had I been transacting only native EDI, that would be a very large system-to-system interchange. Anything with a purchase order, or a delivery notice, or an invoice, etc. But if I put the application layer on top of it, I want to interchange data with a supplier who doesn't have EDI, those less mature suppliers: Now I can do this through OpenText. If I were to take a small/medium-sized customer who doesn't have ERP systems at their end, and they want to place an order with our system but not pick up the phone or send us a fax or an email, they can now do that through a mobile app. So, they now have a vehicle to interact with us through an application which OpenText supplies. The use of OpenText has greatly improved our ability to reach out to different kinds of trading partners."

To develop an accurate profile of OpenText impacts and benefits, IDC analyzed how the solution improved the performance of various teams, beginning with inventory and manufacturing floor teams. Organizations told IDC that OpenText helped them identify and address various inefficiencies in their manufacturing/inventory process.

Table 3 (next page) quantifies these benefits. As shown, interviewed companies saw a 19% productivity boost in the work performed by their IT infrastructure teams. This amounted to the equivalent of adding 63.2 FTEs. In other words, after adoption, 328 FTEs on average could do the work of 391 FTEs without needing to add any headcount. IDC calculated that this improvement resulted in an annual salary savings of $4.43 million for each organization.

TABLE 3

Inventory/Manufacturing Floor Team Impact

	Before OpenText	With OpenText	Difference	Benefit
Inventory/manufacturing floor staff productivity impact, equivalent FTEs	328.5	391.7	63.2	19%
Salary cost per year per organization	$23.0M	$27.4M	$4.43M	19%

n = 9; Source: IDC Business Value In-Depth Interviews, June 2023

IDC then evaluated impacts on warehouse teams. Interviewed companies reported that OpenText helped warehouse staff have a better understanding of the inventory they needed to keep track of in their typical workday operations.

Table 4 quantifies these benefits. As shown, interviewed companies saw an 18% productivity boost in the work performed by these teams. After adoption, 192 FTEs could do the work of 228 FTEs. This productivity boost offered significant average annual salary savings for these companies ($2.5 million for each organization).

TABLE 4

Warehouse Team Impact

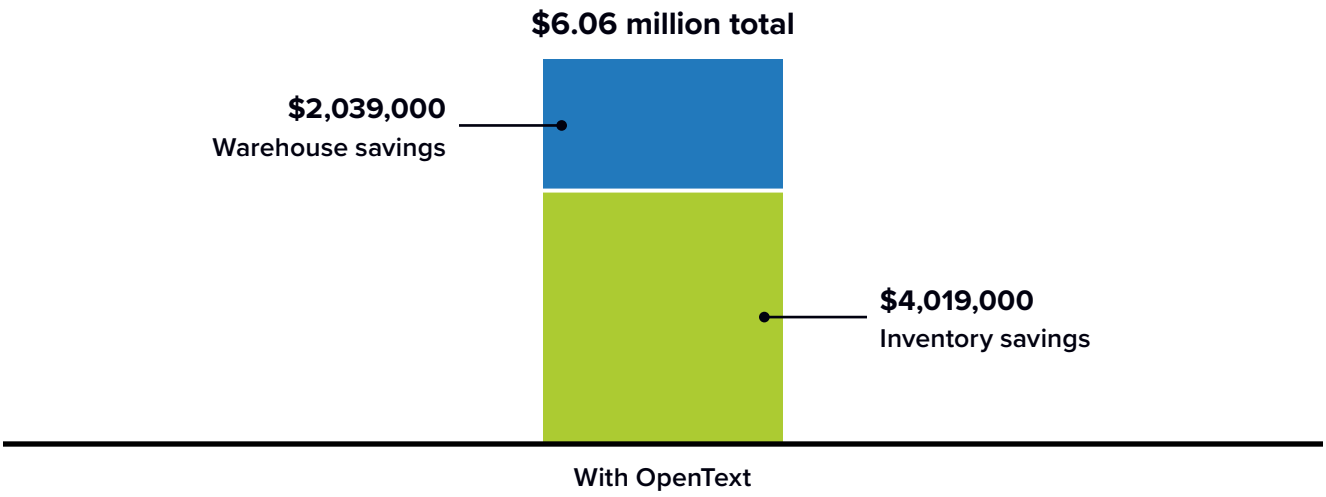
	Before OpenText	With OpenText	Difference	Benefit
Warehouse staff productivity impact, equivalent FTEs	192.9	228.0	35.1	18%
Salary cost per year per organization	$13.5M	$16.0M	$2.50M	18%

n = 9; Source: IDC Business Value In-Depth Interviews, June 2023

OpenText helped interviewed companies run their operations more cost-effectively because better visibility into warehouse and inventory operations and higher-quality data allowed these organizations to identify key cost savings. **Figure 3** (next page) presents data on both warehouse and nventory-related savings amounting in total to $6.06 million.

FIGURE 3

Warehouse and Inventory-Related Savings



n = 9; Source: IDC Business Value In-Depth Interviews, June 2023

For an accessible version of the data in this figure, see Figure 3 Supplemental Data in Appendix 2.

IDC then looked at impacts affecting order fulfillment. In this critical area, interviewed companies reported that having better information and improved decision making had positive downstream impacts for the entire spectrum of supply chain operations. For example, organizations told IDC they were able to get products out the door quicker. IDC evaluated these benefits by identifying and measuring several key key performance indicators (KPIs). **Figure 4** shows that order/product delivery time was 18% faster after adoption with a 6% increase in order/product volume that these organizations were able to push out of the door.

FIGURE 4

Order Impact

(% improvement)

n = 9; Source: IDC Business Value In-Depth Interviews, June 2023

Because having better information leading to improved decision making was able to improve operations throughout the entire supply chain, organizations were able to get their products out the door and into the hands of customers quicker. At the same time, they could also use information to understand any manufacturing quality issues and address them. As shown in **Figure 5,** the time to resolve per product release affected by error/defect was 27% faster with OpenText. In addition, the percentage of product releases affected by errors/defects decreased 11%.

FIGURE 5

Product Release Impact

(% improvement)

n = 9; Source: IDC Business Value In-Depth Interviews, June 2023

In addition to warehouse teams, supply chain management teams also derived benefits. Interviewed companies reported that OpenText provided their supply chain managers with the tools they needed (or integration with other supply chain–related applications) in order to make better business decisions.

Table 5 (next page) quantifies these benefits. As shown, interviewed companies saw a 30% efficiency boost in the work performed by their supply chain management teams. Essentially, this means that 22 FTEs of supply chain managers' time was freed up to allow them to work on more strategic tasks instead of just trying to firefight issues or handle information gathering.

TABLE 5

Supply Chain Management Team Impact

	Before OpenText	With OpenText	Difference	Benefit
Supply chain management staff productivity impact, equivalent FTEs	76.1	53.4	22.7	30%
Salary cost per year per organization	$5.32M	$3.74M	$1.59M	30%

n = 9; Source: IDC Business Value In-Depth Interviews, June 2023

Interviewed companies also reported that procurement teams benefited because they were able to communicate with their business partners more effectively — especially with greater visibility into supplier activity. As a result, they were 32% faster at procuring supplies for their teams. As shown in **Table 6,** interviewed companies saw a 26% efficiency boost in the work performed by these teams, freeing up 0.9 FTEs and resulting in an average annual savings of $59,800 for each organization.

TABLE 6

Procurement Team Impact

	Before OpenText	With OpenText	Difference	Benefit
Procurement staff productivity impact, equivalent FTEs	3.3	2.5	0.9	26%
Salary cost per year per organization	$233,300	$173,500	$59,800	26%

n = 9; Source: IDC Business Value In-Depth Interviews, June 2023

Business Improvements and Impacts

Interviewed companies told IDC that, after implementing OpenText Digital Supply Chain Solutions, they experienced significant and measurable benefits for their supply chain–related business operations and results. Better performance for various teams as described was a major contributor to these improvements. In their comments, companies noted major gains in both customer fidelity and customer loyalty. They appreciated being able to improve communication with business partners using EDI connection through OpenText. In addition, they noted that the business was able to be more responsive to customer needs.

Study participants elaborated on these benefits:

Increase in customer loyalty, European manufacturing:

"A major gain for us is customer fidelity and customer loyalty. The customer can buy automatically, which makes for a strong link, and keeping the customer buying from us — customer partnership means customer retention."

Improved communication with business partners, European retail:

"We have established state-of-the-art communication types with our business partners with EDI connection through OpenText."

Business can be more responsive to customers' needs, European manufacturing:

"We have a standard message with the customer. This avoids discussions afterwards, misunderstandings. Innovation is important for us — when we have a new product we have to discuss with the customer, we have a more structured discussion, and more detailed in the expression of the customer's needs."

Cost savings from having applications consolidated inside OpenText, European manufacturing:

"Lower cost of ownership is a big benefit. Why? Because we're now not having to invest in the 50 software applications which we would typically have had to buy service for and network it up, apply maintenance patches, etc. They have lowered the total cost of ownership of those solutions by providing a highly available, highly resilient solution. It helped us consolidate apps — it simplifies the operational aspect of that."

IDC quantified these anecdotal observations in several key areas including impacts on supply chain IT teams. Interviewed companies reported that these teams had fewer applications to manage and were able to improve their performance through the use of OpenText. Overall, companies saw a substantial efficiency boost (45%), freeing up about 9.7 FTEs, resulting in an annual salary savings of $973,100 for each organization, as shown in **Table 7** (next page).

TABLE 7

Supply Chain IT Team Impact

	Before OpenText	With OpenText	Difference	Benefit
Supply chain IT staff productivity impact, equivalent FTEs	21.7	12.0	9.7	45%
Salary cost per year per organization	$2.17M	$1.20M	$973,100	45%

n = 9; Source: IDC Business Value In-Depth Interviews, June 2023

Other line-of-business (LOB) teams also saw improvements. Study participants noted that their sales teams were able to obtain more meaningful insights from high-quality customer data. This helped them to optimize their processes and gain better visibility into existing inventory. At the same time, these sales teams felt more confident in making delivery promises to potential customers because of the benefits mentioned in the previous sections. These teams boosted productivity by 16%, which means that 25.6 FTEs could now do the same work as 29.7 FTEs without needing to hire 4.1 FTEs. This would lead to an annual productivity-based salary savings of $283,700 for each organization (see **Table 8**).

TABLE 8

Sales Team Impact

	Before OpenText	With OpenText	Difference	Benefit
Sales staff productivity impact, equivalent FTEs	25.6	29.7	4.1	16%
Salary cost per year per organization	$1.79M	$2.08M	$283,700	16%

n = 9; Source: IDC Business Value In-Depth Interviews, June 2023

IDC then drilled down on this benefit. Study participants reported that sales teams were more confident in closing out deals because they could address and discuss improved order delivery options with potential customers. IDC quantified these benefits by evaluating several sales team KPIs (see **Figure 6,** next page). After adoption of OpenText, deals were closed 13% faster, and 9% more deals were closed.

FIGURE 6

Sales Team Key Performance Indicators

(% improvement)

n = 9; Source: IDC Business Value In-Depth Interviews, June 2023

Because these organizations were able to improve customer satisfaction while bringing new products and orders to market faster, they were able to capture more revenue. The above data sets show that increasing the effectiveness and productivity of both various supply chain and LOB teams translated into better business results and higher revenues for the companies that IDC studied.

IDC quantified revenue gains from better addressing business opportunities. **Table 9** shows significant revenue gains through business enablement, with $5,347,000 in total additional annual revenue for each organization. IDC's financial model applies a 15% operating margin assumption, resulting in net revenue gains of an average of $802,200 per interviewed organization.

TABLE 9

Revenue from Better Addressing Business Opportunities

	Per Organization	Per 100 Partners
Total additional revenue per year	**$5.35M**	**$271,100**
Assumed operating margin	15%	15%
Total recognized revenue, IDC model, per year*	**$802,200**	**$40,700**

*The IDC model assumes a 15% operating margin for all additional revenue.

n = 9; Source: IDC Business Value In-Depth Interviews, June 2023

Having better access to information meant that accounting teams could close out books 26% faster. Overall, interviewed companies saw a 27% efficiency boost in the work performed by their accounting teams, which means that about 4.6 FTEs were freed up from having to hunt for information needed to perform their jobs (see **Table 10**).

TABLE 10

Accounting Team Impact

	Before OpenText	With OpenText	Difference	Benefit
Accounting staff productivity impact, equivalent FTEs	17.0	12.4	4.6	27%
Salary cost per year per organization	$1.70M	$1.24M	$460,200	27%

n = 9; Source: IDC Business Value In-Depth Interviews, June 2023

Customer service teams also benefited from having better visibility into their customers' profiles, preferences, and order status. After adoption, they were able to handle 11% more tickets. **Table 11** illustrates and quantifies these improvements, showing a 13% efficiency gain.

TABLE 11

Customer Service Impact

	Before OpenText	With OpenText	Difference	Benefit
Customer service staff productivity impact, equivalent FTEs	57.5	50.5	7.0	13%
Salary cost per year per organization	$4.04M	$3.53M	$504,600	13%

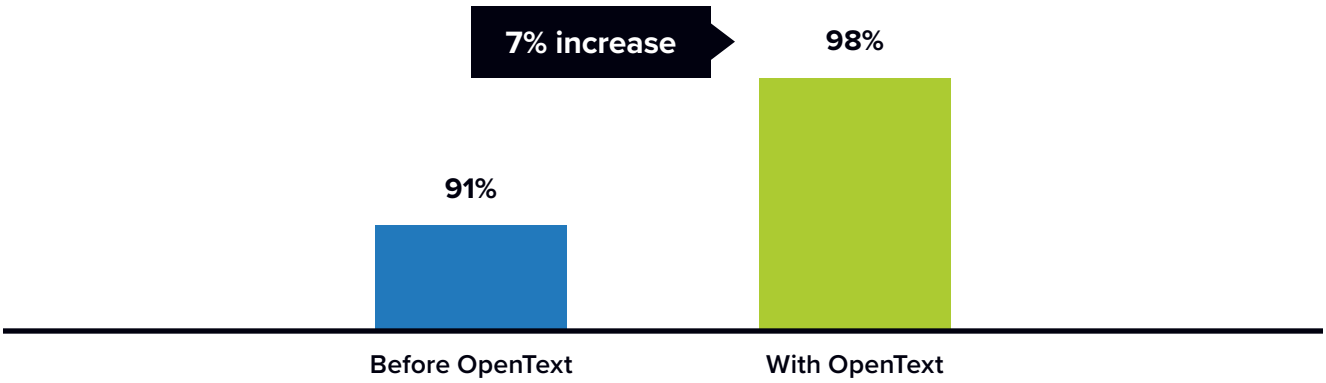
n = 9; Source: IDC Business Value In-Depth Interviews, June 2023

Organizations told IDC that they were able to improve their customer satisfaction scores by ensuring faster delivery of products and services. Before OpenText adoption, levels were 91%. After adoption, they improved to 98% (see **Figure 7**).

FIGURE 7

Customer Satisfaction

(%)



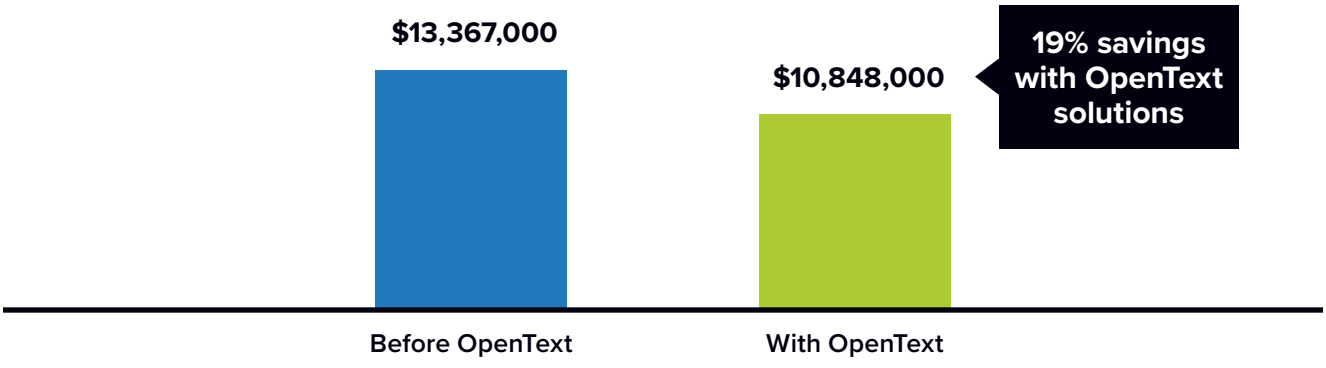
n = 8; Source: IDC Business Value In-Depth Interviews, June 2023

Finally, IDC evaluated the overall cost-effectiveness of the OpenText solution. Because organizations were able to consolidate and retire certain tools, IDC projected that costs could be reduced by 19% over a five-year period (see **Figure 8**).

FIGURE 8

Cost of OpenText/Other Supply Chain Solutions, 5 Years

($)



n = 9; Source: IDC Business Value In-Depth Interviews, June 2023

ROI Summary

IDC's analysis of the financial and investment benefits related to study participants' use of OpenText Digital Supply Chain Solutions is presented in **Table 12.** IDC calculates that, on a per-organization basis, interviewed organizations will achieve a total discounted three-year benefit of $27.3M based on better overall supply chain operational performance, improved supply chain and LOB team productivity, and improved business results. These benefits compare with projected total discounted investment costs over three years of $6.56 million on a per-organization basis. At these levels of benefits and investment costs, IDC calculates that these organizations will achieve a three-year ROI of 317% and break even on their investment in approximately 14 months.

TABLE 12

Three-Year ROI Analysis

	Per Organization	Per 100 Partners
Benefit (discounted)	$27.30M	$1.39M
Investment (discounted)	$6.56M	$332,500
Net present value (NPV)	$20.80M	$1.05M
ROI (NPV/Investment)	317%	317%
Payback	14 months	14 months
Discount factor	12%	12%

n = 9; Source: IDC Business Value In-Depth Interviews, June 2023

Challenges/Opportunities

The B2B integration and operations space is both an opportunity and a challenge for OpenText.

It is an opportunity because the ROI is quite compelling, and so many companies report issues with their current B2B and supply chain integration approaches. The reality is that labor is not the best way to accomplish the business needs for speed and efficiency.

It is a challenge because OpenText is not the only company offering strong B2B operations tools, and manufacturers and retailers can get confused about where to look and whom to partner with. Clarity of message and ROI goes a long way to helping to eliminate any confusion.

Conclusion

Supply chains face growing complexity in terms of efficient operational management, visibility, and collaboration. Better tools are required to help companies manage this complexity and to finally address years-long deficiencies in both visibility and collaboration. The fact is that manual approaches to both have not been effective, and to continue to do those same things over and over while expecting a different result seems foolish.

OpenText has long realized this and has been among the most vocal evangelizers of business networks and supply chain integration platforms. In this study, the OpenText Supply Chain Solutions are able to demonstrably drive significant benefits to users who can expect to realize a very substantial 317% three-year return on investment by:

- Improving the overall management efficiency and effectiveness of supply chain operations
- Cost-effectively boosting the productivity of core supply chain teams including those in manufacturing and warehouse operations
- Enhancing the efficiency of additional teams that support supply chain operations including sales, procurement, and accounting teams
- Achieving better business results by lowering product release errors and improving customer satisfaction levels

These areas all align well with high-priority supply chain goals and offer a way to finally break the visibility/collaboration log jam.

Appendix 1: Methodology

IDC's standard ROI methodology was utilized for this project. This methodology is based on gathering data from current users of OpenText Digital Supply Chain Solutions.

Based on interviews with these organizations, IDC performed a three-step process to calculate the ROI and payback period:

1. **Gathered quantitative benefit information during the interviews using a before-and-after assessment of the impact of OpenText Digital Supply Chain Solutions.** In this study, the benefits included IT cost reductions and avoidances, staff time savings and productivity benefits, and revenue gains.
2. **Created a complete investment (three-year total cost analysis) profile based on the interviews.** Investments go beyond the initial and annual costs of using OpenText Digital Supply Chain Solutions and can include additional costs related to migrations, planning, consulting, and staff or user training.
3. **Calculated the ROI and payback period.** IDC conducted a depreciated cash flow analysis of the benefits and investments for the organizations' use of OpenText Digital Supply Chain Solutions over a three-year period. ROI is the ratio of the net present value (NPV) and the discounted investment. The payback period is the point at which cumulative benefits equal the initial investment.

IDC bases the payback period and ROI calculations on a number of assumptions, which are summarized as follows:

- Time values are multiplied by burdened salary (salary + 28% for benefits and overhead) to quantify efficiency and productivity savings. For the purposes of this analysis, IDC has used assumptions of an average fully loaded $100,000 per year salary for IT staff members and an average fully loaded salary of $70,000 for non-IT staff members. IDC assumes that employees work 1,880 hours per year (47 weeks x 40 hours).
- The net present value of the three-year savings is calculated by subtracting the amount that would have been realized by investing the original sum in an instrument yielding a 12% return to allow for the missed opportunity cost. This accounts for both the assumed cost of money and the assumed rate of return.
- Further, because OpenText requires a deployment period, the full benefits of the solution are not available during deployment. To capture this reality, IDC prorates the benefits on a monthly basis and then subtracts the deployment time from the first-year savings.

Note: All numbers in this document may not be exact due to rounding.

Appendix 2: Supplemental Data

The tables in this appendix provide an accessible version of the data for the complex figures in this document. Click "Return to original figure" below the table to get back to the original data figure.

FIGURE 1 SUPPLEMENTAL DATA

Gaps That Must Be Addressed

	Manufacturing	Retail	Life Sciences
Lack of supply chain visibility and agility to see necessary changes in time to react to them effectively	58.3%	54.2%	52.7%
Lack of sufficient collaboration with external suppliers and/or customers	53.6%	56.7%	46.5%
Lack of deep insight into our customers and consumers	51.9%	50.9%	53.6%
Lack of digital competencies limits the ability to transition the supply chain to new business models	46.7%	48.7%	53.0%
Lack of robust data analytics and insight intelligence	45.3%	44.2%	44.9%
Inability to operationalize sustainability	44.2%	45.3%	49.3%

n = 1,513; Source: IDC's *Supply Chain Survey,* March 2023

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FIGURE 3 SUPPLEMENTAL DATA

Warehouse and Inventory-Related Savings

	Label 1
Warehouse savings	$2,039,000
Inventory savings	$4,019,000
Total	**$6,058,000**

n = 1,513; Source: IDC's *Supply Chain Survey,* March 2023

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About the IDC Analysts

Harsh Singh

Senior Research Analyst, Business Value Strategy Practice, IDC

Harsh V. Singh is a senior research analyst for IDC's Business Value Strategy Practice, responsible for developing return-on-investment and cost-savings analysis on enterprise technological products. Harsh's work covers various solutions that include datacenter hardware, enterprise software, and cloud-based products and services. Harsh's research focuses on the financial and operational impact these products have on organizations that deploy and adopt them.

More about Harsh Singh

Simon Ellis

Program Vice President, IDC

As a program vice president, Simon Ellis is responsible for providing research, analysis and guidance on key business and IT issues for manufacturers. He currently leads the supply chain strategies practices at IDC Manufacturing Insights, one of IDC's industry research companies that addresses the current market gap by providing fact-based research and analysis on best practices and the use of information technology to assist clients in improving their capabilities in critical process areas. Within the supply chain practice, Simon is directly responsible for the research in the supply chain planning strategies practice while also managing the supply chain execution strategies practice. These supply chain practices specialize in advising clients on supply chain network design, sales and operations planning (S&OP), global sourcing (profitable proximity and low-cost sourcing), transportation, logistics, and more. He also supports IDC Retail Insights IT strategies practices.

More about Simon Ellis

Message from the Sponsor

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OpenText Business Network helps companies transform and future proof supply chain integration environments by enabling seamless and secure digital collaboration across people, systems, and things. This allows users to automate business processes, gain deeper insights, and drive greater operational efficiencies across their supply chain to optimize cost, build stronger relationships, and make decisions faster.

With OpenText Business Network, companies join a network of 1.1 million connected organizations in embracing a scalable supply chain integration solution that evolves with changing business needs. The digital supply chain solutions provided by Business Network are built on a unified integration platform and complemented by a powerful suite of SaaS applications that expand collaboration, enhance visibility, improve data quality, and support regulatory compliance based on specific user needs.

Learn more

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