



## The Business Case for Migrating from IBM to the SharePoint Platform: The Cost Advantages

---

PIQUE SOLUTIONS

JULY 2011

Visit [www.piquesolutions.com](http://www.piquesolutions.com) to learn more about our market research and consulting services.

## Contents

Executive Summary .....	1
Framework Approach and Research Methodology.....	2
Research Methodology .....	2
Business Case Summary .....	3
Strategic Benefits—Improving Collaboration Ranks #1 .....	3
Economic Benefits—Tangible ROI by Reducing Cost of Ownership .....	4
Business Benefits—Dramatic Improvement in Adoption .....	7
Conclusion and Key Takeaways .....	8
Appendix—Framework and Cost/Value Drivers .....	9

Microsoft, Active Directory, SharePoint, SQL Server, and Windows Server are trademarks of the Microsoft group of companies.

All other trademarks are property of their respective owners.

## Executive Summary

A recent study by Pique Solutions in April 2011 highlighted a propensity among IBM customers to migrate from IBM collaboration tools to the Microsoft® SharePoint® 2010 platform. Among the many technical and business reasons cited in the research, and the benefits realized by companies that have migrated collaboration workloads from IBM to SharePoint, total cost of ownership (TCO) was a primary driver for the migration. In addition, the improved productivity of end users was cited as the leading benefit realized after the migration to SharePoint.

This paper draws on primary research in a related study to examine in detail the cost of ownership and related business aspects of migrating collaboration workloads from IBM to SharePoint, and it presents a business case for such migrations.

Key findings from the research include:

- ⊕ An impressive 296% average return on investment in the migration from IBM to SharePoint, based on cost savings related to the acquisition, implementation, administration, and business usage of collaboration tools.
- ⊕ Faster time-to-market/time-to-value for SharePoint, with an average 20% improvement in the time required to deploy.
- ⊕ A 50% average increase in user adoption and active utilization by business users.

This business case is based on a series of in-depth interviews and detailed cost, value, and business-metric data collected in May 2011 from companies that had completed migrations of several IBM collaboration workloads to SharePoint. In most cases, the data collected for workloads migrated represent the initial stages of an ongoing migration strategy.

A common theme in the interviews was that migrating to SharePoint improved the end-user experience and usability of collaboration tools, which in turn boosted adoption. In the words of one interviewee, an analyst for a U.S. federal government agency, “We’ve migrated our entire intranet—including collaboration, enterprise search and single sign-on—from IBM to SharePoint. We have seen our active usage and adoption of our collaboration solution go up by 55% after migration.”

---

“We did an internal justification for our CIO to migrate from IBM to SharePoint. We knew it was going to lower our total cost of ownership and manageability and projected in the course of the next three years we were going to save \$2.3 million dollars. Overall, we find it 30% less costly on an ‘all up’ basis to run and support SharePoint as compared to IBM.”

Director, IT Services  
Electronics Manufacturer

---

### Key Study Takeaways

- ⊕ Though participating organizations ranged in size from under 1,000 to more than 100,000 employees, there was commonality in migration benefits for licensing, implementation, administration, and business usage.
- ⊕ The major cost savings were in the areas of bringing development in-house, administration and development resources, and licensing/maintenance.
- ⊕ Key drivers for the migration included ease of use, better collaboration capabilities, user adoption, and integration with Microsoft infrastructure and desktop productivity tools.
- ⊕ Key business benefits included improved user adoption, faster time-to-value, better application performance, and far better enterprise search capabilities based on tagging and metadata.

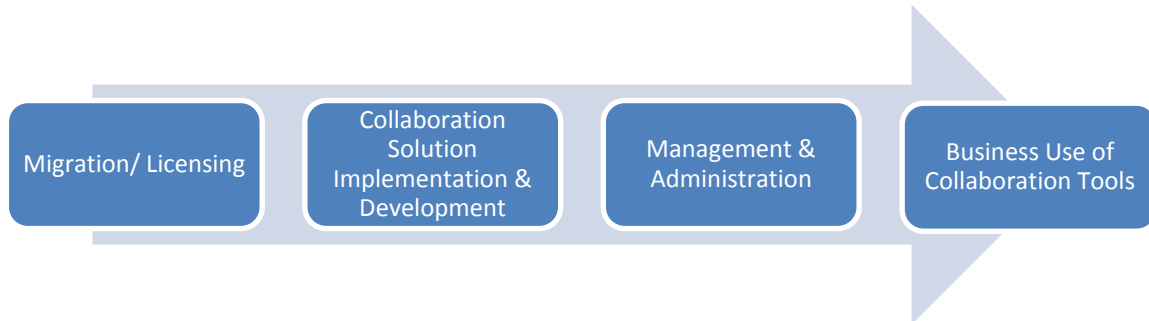
## Framework Approach and Research Methodology

Pique Solutions research and analysis were designed to identify and quantify the costs and benefits associated with the migration of collaboration workloads from IBM to SharePoint. In terms of the business case framework, the approach taken provides a way to structure and present the value of SharePoint in a manner that communicates the strategic, economic, and business benefits based on *actual usage* of the collaboration solutions:

- ⊕ **Strategic**—Highlights the strategic drivers of the collaboration solution and the overall benefits with respect to organizational business objectives.
- ⊕ **Economic**—Demonstrates the quantitative business case for migration from IBM to SharePoint, using a three-year TCO/ROI model based on tangible cost savings and business value. Measuring the return helps companies determine which potential business investments can allow them to use “scarce” financial resources judiciously.
- ⊕ **Business**—Measures the tangible improvements in important metrics for the collaboration solution’s adoption, active usage, productivity, and time-to-value. These benefits may not explicitly map to tangible dollar savings or return on investment (ROI), but they are often important measures of the effectiveness of the collaboration solution.

This business case is organized along the adoption and usage life cycle of collaboration tools by customers, as illustrated in Figure 1. The cost and value drivers for the design and execution of the primary research phase of the project are explained in Appendix A.

**Figure 1: Collaboration Deployment Life Cycle**



## Research Methodology

With the business case framework and drivers identified, Pique Solutions designed an in-depth, multi-phase data collection and interview process comprising 10 complete customer data collections. The initial and follow-up interviews with participants used 70 unique, quantitative data elements, along with a provision for qualitative descriptions of the responses. The interviewees included CIOs, IT directors, IT service managers, and architects.

The data elements collected included the workloads migrated, the deployment scope in terms of numbers of users and servers, the costs involved in the migration, and the quantitative accounting of the post-migration benefits. On the basis of the quantitative data and relative savings figures, a three-year investment and savings model was created in which the cost savings and value calculations of owning, implementing, and managing SharePoint were compared to those of owning, implementing, and managing IBM. The migration investment and savings figures used in the calculations were pulled directly from the primary research and based on actual usage of both platforms.

## Business Case Summary

The research conducted by Pique Solutions demonstrates a very strong case, from a cost and value perspective, for the migration from IBM collaboration workloads to SharePoint. While legacy migrations can be fairly costly and in some cases risky initiatives, the demonstrated benefits of the migration to SharePoint make it very compelling for companies of all sizes.

### Strategic Benefits—Improving Collaboration Ranks #1

A macro-level element of the business case sought to understand the strategic benefits of migrating from IBM to SharePoint and shed some light on the link of such a migration to broader IT and business strategies. In the data collection exercise, a list of 12 strategic benefits was presented to respondents, and they were asked to stack-rank the top three benefits.

The synthesized results for the top three strategic benefits are listed in Table 1. “Improved collaboration among employees and functional teams” was the leading strategic driver for the migration from IBM to SharePoint. Companies interviewed mentioned that SharePoint both increased user adoption and made it easier to collaborate by using the familiar tools they use on a day-to-day basis. The second-ranked strategic benefit was the “standardization of the technology infrastructure.” Many of the companies with legacy IBM deployments had several different products installed, including Lotus Notes for messaging, Lotus Quickr for collaboration, FileNet for document management, and WebSphere for portal infrastructure. A strategy of migrating to SharePoint enabled them to transition over time to a single platform that serves multiple workloads. In several cases, it also enabled companies to migrate toward a single collaboration vendor, i.e., Microsoft.

“Collaboration is impossible if users can’t easily use the tools meant to facilitate it. This was the main reason we migrated from IBM to SharePoint.”

CIO  
Retailer

Rank	Strategic Driver
1	Improved Collaboration among Employees and Functional Teams
2	Standardization of the Technology Infrastructure
3	Better Integration with Internal or External Systems and Applications

Finally, the companies interviewed cited “better integration with internal or external systems and applications” as the third most important benefit. This included integration with communication services, databases, directory services, Web infrastructure, and configuration and management tools. According to a lead architect for a hospital information services provider to the U.S. military, “Our previous IBM deployment required WebSphere and MQ Series servers and expertise internally and for each of the dozens of partners we connected to. With the integration of SharePoint and Exchange, we were able to replace the portal and messaging infrastructure, reducing software costs and enabling our Exchange administrators to administer SharePoint. This ultimately led to a resource reduction savings of 20%.”

### Economic Benefits—Tangible ROI by Reducing Cost of Ownership

An important aspect of the overall business case involved the quantification of the economic benefits of the migration to SharePoint, as evidenced by customers and partners who had migrated from IBM. The composite profile used for the analysis, based on all of the companies interviewed in the study, is provided in Table 2.

Table 2: Composite Profile for Business Case (Postmigration)	
Average Company Size (Users)	15,464
Average Size of Migrated Workloads (Users)	4,957
Average Size of Collaboration Administrative Staff	3.8 FTEs
Average Size of SharePoint Development Staff	18.1 FTEs
Average Number of Active Development Projects	8
Average Migration Time	6 months

It is important to note in the composite profile that the data collected represent completed migrations of an initial set of workloads as part of ongoing, longer-term migration strategies. Companies are largely phasing the migrations over the course of several years, starting with those that yield the fastest and highest returns. The initial migrated workloads most often included content management, team collaboration, portal, and/or line-of-business applications.

The composite profile was used as the basis for an ROI analysis of the SharePoint migration, which calculated the net present value of the investments and tangible benefits achieved, on average, by the interview participants. Specifically, the investments in acquiring, deploying, and managing SharePoint were compared to the costs of going forward with the existing IBM collaboration solution(s). Table 3 presents the summary ROI analysis, which demonstrates a 296% ROI.

Table 3: ROI Summary (U.S. Dollar/Exchange Rate = 1)		
SharePoint Migration from IBM: ROI and Net Present Value (Three-Year Analysis)		
Total SharePoint Cost Savings/Value (PV)*	>>>>>>>>>>	\$2,305,629
Total Migration Investment (PV)*	>>>>>>>>>>	\$582,406
Total Net Present Value (NPV)*	>>>>>>>>>>	\$1,723,224
Return on Investment for SharePoint Migration	>>>>>>>>>>	296%

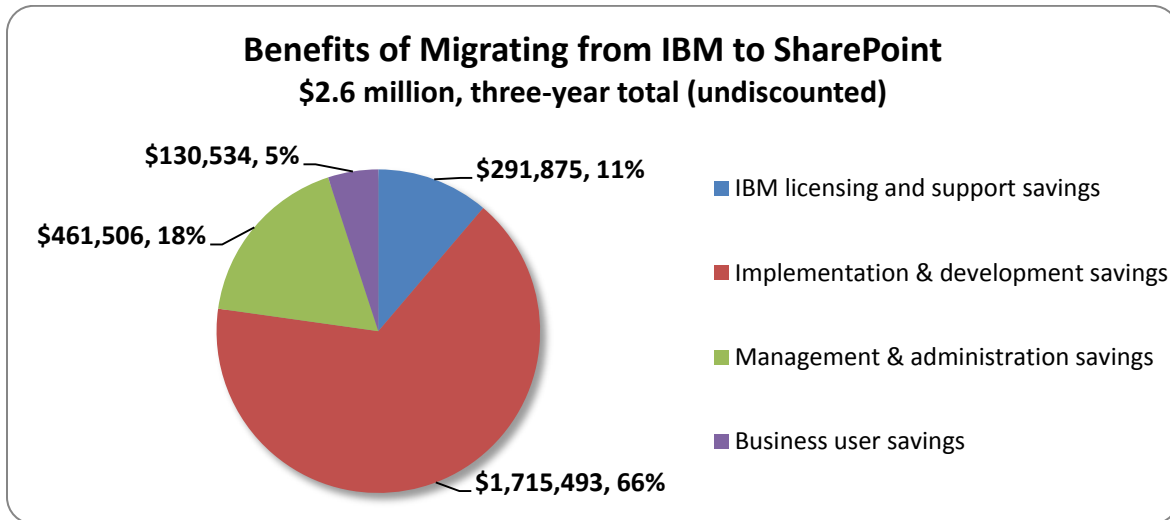
\*Present value calculations are based on a discount rate of 6%.

“Overall, we find it 30% less costly on an ‘all up’ basis to run and support SharePoint as compared to IBM.”

Director, IT Services  
Electronics Manufacturer

Figure 2 provides a breakdown by category of the undiscounted, three-year benefits of the migration from IBM to SharePoint. While there were significant savings in each of the four categories, the majority of the savings (66%) stemmed from the implementation of collaboration solutions on top of SharePoint vis-à-vis the existing IBM solution. It should be noted that, by and large, companies were migrating away from IBM to SharePoint to reduce the need for expensive and time-consuming customization and integration of tools like Lotus Notes, Lotus Domino, and WebSphere and to take advantage of the capabilities that come “out of the box” with SharePoint.

**Figure 2: SharePoint Benefits and Savings by Category**



A description of the savings in each category is as follows:

- ⊕ **IBM licensing and support savings**—The three-year savings of \$291,875 includes \$107,917 in average “one-time” savings related to eliminated or avoided costs for licensing IBM collaboration software for the workloads migrated to SharePoint and an additional \$57,708 in annual savings associated with the nonrenewal of annual maintenance and support agreements. In several cases, a major upgrade or license renewal for the IBM collaboration solution in place was a catalyst for the migration to SharePoint.
- ⊕ **Implementation and development savings**—The \$1.72 million in average three-year savings for implementation includes \$119,375 in initial deployment savings realized by taking advantage of “out of the box” SharePoint capabilities and independent software vendor (ISV) applications, in addition to savings in the integration effort and cost required to build the SharePoint solution rather than the existing IBM collaboration solution. The bulk of the savings over the three-year period stems from the ability to bring significant portions of the collaboration development in-house versus using IBM or IBM partner resources for development. On average, companies were able to increase the utilization of in-house development resources by 27%, which, based on 18.1 full-time employees (FTEs) postmigration, equates to a substantial savings of over \$1.59 million over the course of three years.

“In the past, we relied more on IBM to help us with development and administration. That is a big part of the hard dollar cost savings that we realized, not using IBM services for development and administration but rather bring it in-house.”

Director, Architecture & Engineering  
Insurance Services

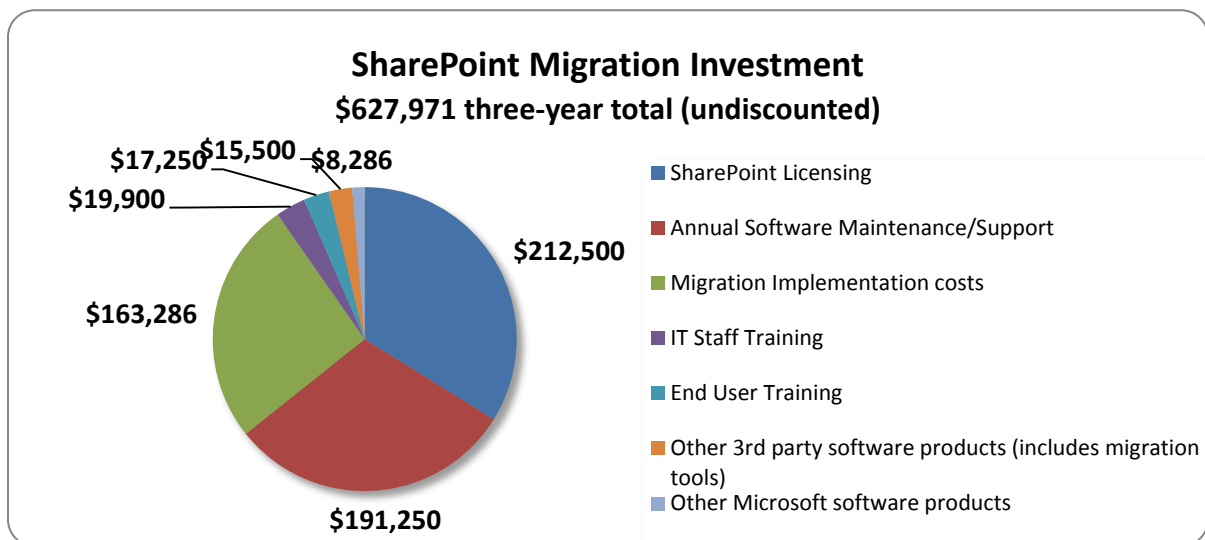
- ⊕ **Management and administration savings**—The \$461,506 in management and administration savings is based on interviewee data showing that, on average, there was a 31% cost reduction in administrative activities upon migration from IBM to SharePoint. In part, this reduction was because SharePoint administration required less specialized resources and could utilize resources already performing administration activities for related server applications, such as Microsoft Exchange and Microsoft SQL Server®. Based on an average of 3.8 FTEs dedicated to SharePoint administration after migration, this cost reduction equated to \$92,301 in savings in year one and \$184,602 in each of years two and three.
- ⊕ **Business user savings**—Savings of \$130,534 were associated with the tangible cost savings and value created for business users as a result of the migration from IBM to SharePoint. An average of \$15,950 of this total was associated with savings in end-user training costs: SharePoint required little to no training because the interface was familiar to most business users. The other major component of the business user savings was an average savings of \$114,584 over three years, which was associated with the ability to deliver collaboration capabilities and content to end users more quickly with SharePoint than with the existing IBM solution.

“In migrating from the WebSphere Portal environment to SharePoint, we were able to re-assign four collaboration admin staff from low-value, back office activities to high-value, partner facing roles.”

Lead Architect  
Hospital Information Service Provider  
to U.S. Military

The migration investment of \$627,971 in Figure 3 includes the three-year licensing and support costs for workloads migrated to SharePoint as well as the migration implementation and training costs based on the aggregate data provided from the research participants. As illustrated in Figure 3, SharePoint licensing was the leading element of the investment in the migration from IBM, followed by annual support and migration implementation costs. Migration implementation costs included both internal and third-party investments in migration planning, installation, configuration, and integration of SharePoint for the IBM workloads replaced. It should be noted that because several of the companies interviewed already had enterprise licensing agreements with Microsoft, the licensing costs to adopt SharePoint represented a modest, incremental investment.

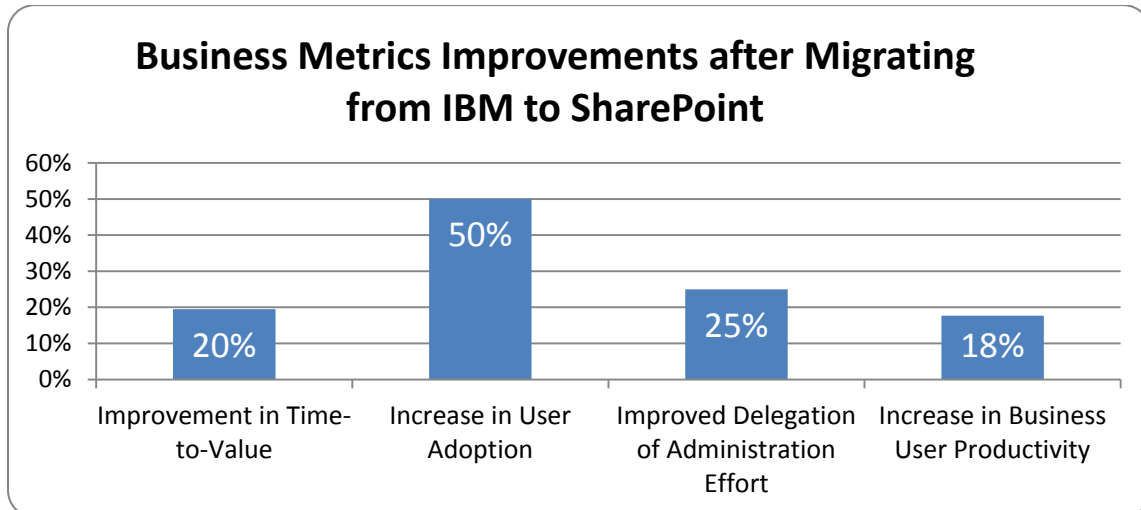
**Figure 3: IBM to SharePoint Migration Investment**



## Business Benefits—Dramatic Improvement in Adoption

In addition to the tangible cost savings, several key business metrics for collaboration solutions were also affected by the migration from IBM to SharePoint. Based on the average responses from the companies interviewed, Figure 4 presents the impact on business metrics measured in the study.

Figure 4: Business Metrics Improvement after Migration



- ⊕ The time required to implement the collaboration solution (time-to-value) improved by an average of 20%, in part because of the easier and faster integration with other infrastructural components such as Active Directory®, Exchange, and Microsoft Office, in addition to better developer productivity (which also increased by 26%).
- ⊕ User adoption increased by an average of 50% after migrating from IBM collaboration tools to SharePoint. This was based on the ease of use and familiarity with other Microsoft products in use on the desktop, including Microsoft Office. End-user adoption was also an extremely important driver and catalyst for the migration and, from a cost of ownership perspective, actually reduces the cost per user as compared to former IBM solutions that had limited adoption.
- ⊕ Related to both improved implementation time and user adoption, companies were able to achieve a 25% gain from distributing administrative effort and activities to the business units themselves, enabling the business units to manage the day-to-day aspects of managing sites and subsites and providing local access controls. According to the companies interviewed, this was a newly gained capability for them; the IBM collaboration tools didn't allow the delegation of tasks to nontechnical administrators.
- ⊕ Finally, the companies interviewed achieved, on average, an 18% improvement in end-user business productivity because of the time saved by using SharePoint for collaboration and content management. While not explicitly included in the ROI calculations, this was cited as an important area of improvement with SharePoint as compared to IBM.

“We’ve seen an 80% increase in active user adoption based on our migration to SharePoint. The familiarity of the interface and the richness of information available drive this increased usage.”

Manager, IT Services  
Financial Services (Hedge Fund)

## A Better Collaboration Experience for an Insurers' Employees and Agents

As part of a long-term collaboration platform migration, a large insurance company migrated from IBM to SharePoint to drive higher adoption, provide a common user experience, and integrate better with desktop productivity tools, all while reducing the need for external resources to help with customization.

**Industry:** Insurance

**Company Size:** 25,000 employees

**Role of Participant:** Director, Architecture and Engineering Group

**Workloads Migrated:** Collaboration, portal, content management (5,450 users for the initial migrations)

**IT Infrastructure:** A fairly heterogeneous server environment (65% Windows Server®)

### Migration (SharePoint) Investment:

- ⊕ \$750,000 in SharePoint licensing (a mix of Suite and Stand-alone CALs); \$200,000 for migration implementation; \$75,000 in third-party software; and \$3,500 in IT training

### IBM to SharePoint Migration Benefits:

- ⊕ \$150,000 in "out of the box" deployment and integration savings
- ⊕ 25% increase in use of in-house resources for development; 20% improvement in developer productivity
- ⊕ 15% improvement in deployment time (\$250,000 per year in value to the business)
- ⊕ 30% increase in administrator productivity; 20% transfer of administrative effort to business units

## Conclusion and Key Takeaways

Pique Solutions' detailed research with companies that have migrated collaboration workloads from IBM to SharePoint demonstrates the important strategic, economic, and business advantages resulting from the migration. In many cases, the data represent the results from the initial phases of an ongoing, longer-term migration strategy. As identified in previous Pique Solutions survey research, total cost of ownership (TCO) is a major factor for many organizations considering the migration of their collaboration platform.

The tangible cost savings and the lower cost-profile of SharePoint vis-à-vis IBM indicate that an impressive 296% return on investment can be achieved, on average, in the migration from IBM to SharePoint. This is based on cost savings related to the acquisition, implementation, administration, and business usage of collaboration tools. A significant portion of the savings was achieved by bringing development activities in-house versus using IBM or IBM partner resources.

Time-to-market (value) was another key benefit realized by the companies in the study. They were able to improve deployment and delivery time by 20% upon migrating from IBM to SharePoint. SharePoint also enabled the delegation of administrative activities to the business units and business users, which also facilitated faster time-to-value.

Lastly, our study showed that companies were able to increase active user adoption by 50% due to the ease of deployment, ease of use, and integration with other Microsoft desktop productivity tools. While this finding was not explicitly calculated in the economic analysis, increased adoption further brings down the average cost per user when rolling out the collaboration solution to the enterprise.

---

**“Utilization was the key driver for our organization. The whole point of migrating from IBM to SharePoint was to get people actually using the collaboration solution and not just something we have sitting here that IT uses.”**

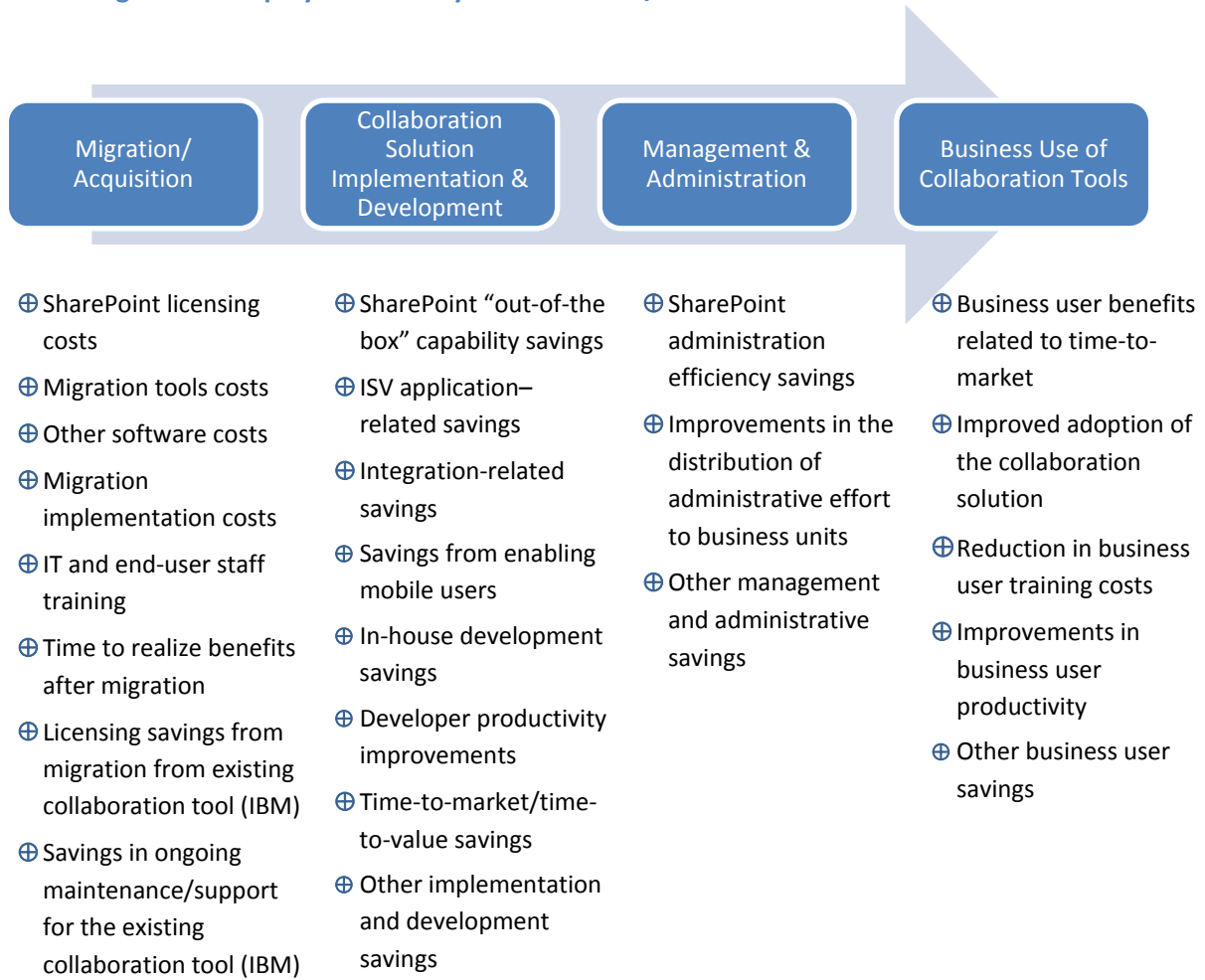
IT Director, Infrastructure  
Insurance

---

For help with assessing the value of migration to SharePoint for your organization, and with developing a business case specific to your company, please send a request to: [modernization@piquesolutions.com](mailto:modernization@piquesolutions.com) or call 415.685.3392.

## Appendix—Framework and Cost/Value Drivers

Figure 5: A Deployment Life Cycle Framework/Drivers Used in the Business Case



### Strategic Benefits

Also included in the business case framework were the strategic business value drivers realized because of the migration to and usage of SharePoint for collaboration workloads. The following list of strategic drivers was included in the framework and corresponding research:

- ⊕ Improved collaboration among employees and functional teams
- ⊕ Better informed decision making
- ⊕ Reduction in risk
- ⊕ Improved customer or partner relationships or satisfaction
- ⊕ Better overall business agility (time-to-market)
- ⊕ Standardization of technology infrastructure
- ⊕ Improved competitive positioning
- ⊕ Better predictability of costs
- ⊕ Access to skilled resources
- ⊕ Enablement of a remote or extended workforce
- ⊕ Better integration with internal or external systems and applications
- ⊕ Enablement of the adoption of cloud computing resources