

# WHITE PAPER

## THE BUSINESS CASE FOR A COMPANY INTRANET

The costs associated with paper-based documentation systems often ensure that information grows stagnant in filing cabinets or storerooms. An intranet, on the other hand, greatly improves the transaction of knowledge. It can be an invaluable instrument for the measuring of knowledge activity, knowledge transfer, and knowledge value within a company. The development of new innovations and solutions that intranets foster can provide a company with a definite competitive edge. As a corporate communications tool that enables rapid and company-wide access to highly relevant information, an intranet rivals telephone, fax, and mail systems in terms of the unmistakable value it can bring to a company, both now and in the future.

## What is an intranet?

An intranet is a secure network incorporating Internet communication standards and protocols to enable the sharing of information. Additionally, it can supply access to utilities, resources, and applications through a single interface and login. Basically, it is a smaller version of the Internet, one that only members of the organization can see. Intranets, or “internal webs,” are becoming increasingly popular due to the explosion of the Internet.

In July 1996 there were over 12 million servers and desktops connected to the Internet. Companies began to use Internet technology first for email, then set up servers in order to publish simple corporate websites. The most recent trend is to use the same tools for publishing information worldwide to publish information internally. That is, to use a private network or intranet.

All the advantages and capabilities that attach to the World Wide Web hold true also of the intranet. The only difference is that companies can keep this web highly manageable and entirely secure.

Typically, intranets are implemented across the company, and so are accessible by every authorized department, division, and individual. Intranets recognize no geographic boundaries and so greatly facilitate knowledge flow, collaboration, and the exchange of information within a firm.

## What's wrong with paper?

Most corporations' knowledge repository is found in paper-based forms: manuals, handbooks, user guides, newsletters, client files, memos, annual reports ... The list goes on and on.

The problem with paper-based documents is that they are static, and so often become outdated with remarkable speed. Information is not exchanged, but flows in one direction: document creators pour out their knowledge onto paper, which is promptly stored away. The costs – not only in terms of money, but also effort and time – of duplication and distribution of paper-based formats often ensures that information grows stagnant in filing cabinets or storerooms.

Printed material is especially prone to obsolescence in the corporate world, where current, up-to-date information is the *sine qua non* of valuable business transactions. In the information age, decisions need

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to well-informed and they need to be made right away. But paper is not fast, neither in printing nor distribution, and waiting for information in any form does not make good business sense. The paper-based approach can have a tremendously harmful impact on the corporate balance sheet.

Employees do not have the time, and will not for much longer have the patience, to sift through reams and reams of paper documents to find the piece of information they need to do their job. There are also, of course, the costs associated with paper:

- Printing, storage, duplication, and distribution costs. Printing and storage costs will apply even for documents that are infrequently used or never consulted.
- Time spent searching through paper documents means delays in responding to customers, partners, and employees, which in turn means dissatisfaction, loss of sales, diminished goodwill, and the forestalling of positive word-of-mouth and future sales.
- Employees who base their decisions on out of date, inaccurate information will often make bad decisions. This can hurt the company in both manifest and unseen ways, both immediately and down the line.
- The transaction of knowledge locked in paper formats is slow. Therefore, information exchange between employees and executives is slow. This means the company may not be able to respond as quickly as it must to fluctuating industry conditions. This, of course, can only mean lost revenue.

## Why an intranet?

Primarily, an intranet enables the transaction of knowledge. It can also prove to be an invaluable instrument for the measuring of knowledge activity, knowledge transfer, and knowledge value within a company. The introduction of an intranet into a firm can encourage the amplification of both the quantity and quality of high-value knowledge transactions.

## An **intranet** combats **wasted time**, **effort**, and **resource**

The development of new innovations and solutions that intranets foster can provide the company with a definite competitive edge.

Companies today need an open-architecture, cost-effective solution for sharing and distributing information throughout their organization. Employees, by the same token, want access to more relevant information, and they want that access to be faster. An intranet offers exactly this combination of benefits.

An intranet combats wasted time, effort, and resource. It also generates new opportunities for collaboration and productivity. And it does all this through one open-standard client – the web browser – which becomes the common interface for accessing corporate data and business processes. This means users on every platform can exchange information through the one interface: the UNIX user can communicate with the Windows user who can communicate with the Mac user. And the open architecture upon which an intranet is founded makes a company's information “future proof” – that is, the Internet protocols and standards used are governed by independent global bodies, which means data printed in dog-eared manuals or trapped in legacy databases can now be republished with the full confidence that they will be fully usable and repurposable ten, twenty, fifty years from now.

The intranet allows employees to more effectively acquire, access, and share time-sensitive information. The speed with which even sizeable files can be transferred is limited only by the network's bandwidth. Even the slowest legacy intranets are much faster than paper alternatives for performing most information-sharing functions.

The company intranet can greatly diminish if not entirely eradicate the onerous “paper trail” associated with many office applications. Most companies today recognize that digital databases, electronic invoices, and computerized records are much more cost-effective than their hardcopy counterparts. But what not all of them recognize is that an intranet can radically reduce not only the costs associated with storing data, but those associated with maintaining,

modifying, and transmitting that data throughout their organization.

Information published on the intranet instead of printed in a paper newsletter, or sent via email instead of by interoffice memo, enables employees to make faster and more informed decisions. As the hub of rapid information exchange, the intranet empowers all members of an organization to do their own jobs more effectively. And, through the facilitation of collaboration and communication that an intranet allows, many individuals will find that they're helping others do their jobs better, too.

The benefits of an intranet include:

1. Easy to use
2. Inexpensive: modest TCO
3. Cost-effective: significant ROI
4. Open architecture
5. One universal interface
6. Interoperability: connects disparate operating system platforms
7. Helps achieve paperlessness
8. Faster access to information
9. Better decision making
10. Secure global access
11. Multimedia capabilities
12. Improved interdepartmental collaboration

Virtually any department for whom the rapid and convenient exchange of information is a necessity can greatly profit from an intranet. In other words, every group and sector in any organization can reap the benefits. Here are some examples of the ways that different departments can harness the potential of an intranet.

### **Human Resources**

- Employee handbook
- Employee database (including telephone and email directory)
- Employee surveys
- Employee FAQ
- Job postings
- Career development courses and training information
- Collection and management of payroll information

<b>Marketing</b>	<ul style="list-style-type: none"> <li>• Product information</li> <li>• Pricing information</li> <li>• Sales training resources (including interactive and multimedia interfaces)</li> <li>• Sales tracking, reports, and forecasts</li> <li>• Online catalogs</li> <li>• Market, industry, and competitor research</li> </ul>
<b>Corporate</b>	<ul style="list-style-type: none"> <li>• Online newsletters</li> <li>• Corporate events calendar</li> <li>• Tax and legal information</li> <li>• Stock market information</li> <li>• Departmental data (e.g. contact information, employee directory)</li> <li>• Outside links (e.g. news, weather, industry information)</li> </ul>
<b>Information Technologies</b>	<ul style="list-style-type: none"> <li>• Troubleshooting information</li> <li>• Remote technical support</li> <li>• Self-service help desk</li> <li>• Email help desk</li> <li>• User guides and documentation</li> <li>• Knowledge databases</li> <li>• Intranet FAQ</li> <li>• Content management interface for publishing to the intranet</li> <li>• Internet resources</li> </ul>
<b>Accounting</b>	<ul style="list-style-type: none"> <li>• Accounts receivable / payable information</li> <li>• Financial reports (e.g. expense reports, asset management reports)</li> <li>• Budgeting information</li> <li>• Online forms (e.g. invoices, expense logs, time sheets)</li> </ul>

There are not many minimum technical requirements for the development of a corporate intranet, but every intranet must contain some basic components. Some companies decide to provide these internally, while others may choose to outsource their intranet backbone through professional consultants or contractors. The basic components include:

#### **Network**

Generally, an organization must have or install a network. In order to serve as the structure upon which the intranet is implemented, this network must use TCP/IP as its networking protocol. It is important that the network have the requisite bandwidth to handle the efficient transfer of whatever types of multimedia are deemed necessary.

#### **Hardware and software**

The basic prerequisites as regards hardware and software are a web server, and web clients or browsers on the individual desktops for accessing the web server and its content. Content creators will require both composition tools (e.g. a word processor) and website design tools (e.g. an HTML editor) – or they can use an all-in-one content management solution.

#### **Security**

If the intranet is to be connected to the Internet – for example, in order to allow employees to access the intranet remotely – a firewall, with appropriate security rights for different users, will have to be installed in order to keep hackers at bay.

## **Return on investment (ROI)**

Many managerial decisions will boil down to that familiar bottom line – the return on investment. This approach only makes good business sense.

But it can be hard to measure or strictly quantify some of the benefits an intranet confers. An intranet can be a strong employee-retention tool, improving employee loyalty and commitment by keeping them informed and in touch with important corporate developments. An intranet can revolutionize the way an organization communicates internally. By allowing the instantaneous dissemination of information to everyone who needs it, the organization is invested with the pronounced ability to grow and adapt.

How do you go about putting a price tag on benefits like that?

## **Total cost of ownership (TCO)**

An intranet is actually quite inexpensive to implement. Browsers such as Netscape Navigator or Microsoft Internet Explorer are virtually free. A basic web server can be installed for a few thousand dollars. Server software can even be downloaded for free from the Internet. Many companies are able to use only one person to manage and maintain their intranet. And with the introduction of powerful, intuitive, and, most of all, reasonably-priced content management tools, the company-wide publishing of content to the intranet has never been easier or more attainable.

Intranets can, in fact, be one of the most difficult projects to calculate ROI for. This is because many of an intranet's returns are not as tangible or quantifiable as the returns afforded by other investments. These intangible benefits are in "soft dollars." Soft-dollar rewards include improved employee satisfaction, improved employee productivity, improved intradepartmental communication and improved corporate-wide collaboration.

It can be hard to apply fiscal metrics to such benefits. Some managers don't even bother trying to do so. Some believe a detailed ROI analysis would exhaust more time and resource than simply going ahead and building the intranet itself. This may certainly be true, considering the modest TCO of implementing an intranet solution.

To illustrate this point, consider the fact that companies rarely bother to quantify the ROI of their other communication systems. Telephones, fax machines, and mailrooms are not submitted to rigorous ROI analysis because common sense dictates that their latent value – in terms of facilitating communication both internally and externally – greatly exceeds their relatively nominal cost of implementation. Making the case for an intranet could, and often does, rely on this very same intuitive sense of its inherent, inestimable value.

Nevertheless, here are some of the more tangible returns that investors in an intranet can expect to see.

#### **Hardcopy reduction**

An intranet extends the ability and reduces the cost to communicate information throughout the establishment. Savings can accumulate by replacing paper with electronic documents. Not only is the physical cost of hardcopy reduced, so are the administrative costs of maintaining, storing, searching, and sharing the hard medium. This means duplication, production, and distribution expenditure can be drastically decreased.

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#### **Time savings**

With hardcopy document management systems, approximately 20% of an employee's time can be expected to be spent searching for information. That equates to roughly eight hours a week. This time is as good as wasted, since the search itself provides no concrete gain. The gain comes only from what is done with the information after it has been found. With an intranet, you can expect this wasted time to be decimated.

#### **Knowledge is not lost**

Sometimes employees change projects, are transferred to other departments, or quit altogether – taking their knowledge and experience with them. An intranet, however, allows companies to gather, store, and collate all the knowledge of employees, past, present, and future. Never again must organizations be left in the lurch due to personnel changes.

#### **The left hand knows what the right hand is doing**

As a collaborative tool, the intranet ensures that all levels and areas of the establishment know as much as they need to about what is going on at other levels and in the other areas. The improved efficiency of information sharing makes the duplication of effort and the redundancy of tasks less likely.

#### **Employee autonomy**

Since the intranet makes relevant industry and corporate information available at one centralized location in one standardized format, employees become better equipped to find and make use of the material they need. In this way, intermediaries, messengers, and translators are no longer needed to communicate information between departments. Empowered, autonomous employees are sure to be more productive, make better decisions, and derive greater satisfaction from their work.

In summary, an intranet offers considerable long-term gains for exiguous short-term outlay. The initial costs, though not formidable, will invariably pay for themselves in the long run. A significant ROI, though not easy to quantify, is virtually guaranteed.

Unlike a project incorporating printed materials, an intranet's costs are largely due to the initial, one-time investment. Whereas a properly installed and managed intranet becomes practically self-sustaining, hardcopy systems require perpetual expenditure: every update, every revision, every duplication, and every new publication will incur additional expense.

Even if embarking on an intranet venture is slightly more daunting in the short-term, it is sure to be far less painful in the long-term.

## Potential obstacles

As with the introduction of any new technology, tool, or project, there may potentially be some obstacles to overcome after the implementation of an intranet.

### Bandwidth

Because an intranet can take advantage of multimedia – including text, illustrations, audio, video, animations, etc. – employees previously restricted to text and rudimentary pie charts may get carried away with the possibilities. It is important that the intranet's bandwidth not be eaten up by the transfer of unnecessarily oversized files or the execution of non-critical applications. Of course, this will not be an issue if the intranet's infrastructure is sufficiently robust.

### Knowledge is power

Some executives may fear that providing such a formidable repository of information may inspire dissatisfaction among the entry-level employees. Considering the overwhelming quantity of information readily available on the Internet, however, this is unlikely to prove a problem. Employees will generally appreciate being kept in the loop, and increased loyalty and job satisfaction – not disgruntlement – are the likely upshots of installing an intranet.

### Security

The idea of keeping all of a corporation's knowledge stored in one location can make some managers uneasy. They may worry that a computer glitch or power failure will compromise their data. And, if the intranet is connected to the Internet, there may be fears of hackers or other unauthorized access. These worries can usually be allayed by the realization that the information stored on intranet servers can be

backed up frequently and reliably, and that firewalls and other sophisticated security measures prevent any users – even internal ones – from accessing data that is not intended for their eyes.

### Collaboration, not competition

Many businesses find it fruitful to encourage a little harmless competitive behavior among their employees. Since intranets promote cooperation, idea exchange, and interdepartmental collaboration, management may fear that competitive behavior will drop off – or, on the contrary, that it may impede the free interplay of knowledge. Ultimately, the executive level will have to decide which tendency is the more valuable, and which they want to cultivate: divisive competition, or unifying collaboration.

## Conclusion

The corporate intranet is likely to have a very substantial positive impact on overall job quality, speed of decision making, and the free exchange of ideas within the organization that implements it. While the total cost of ownership of an intranet will vary, generally the initial outlay will pay for itself both in qualitative and quantitative terms. The manifold benefits realized greatly outweigh any obstacles that may be potentially encountered. As a corporate communications tool that enables rapid and company-wide access to highly relevant information, an intranet rivals telephone, fax, and mail systems in terms of the unmistakable value it can bring to a company, both now and in the future. The choice between an intranet and its paper-based alternative is not a difficult one to make.



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**Corporate Headquarters**  
74 Wingold Ave.  
Toronto, ON M6B 1P5  
CANADA

Tel: (416) 785-3553  
Toll-Free: 866-785-3553  
Email: [info@comspec.com](mailto:info@comspec.com)  
Web: [comspec.com](http://comspec.com)