Cycle Time

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ACTIVITY-BASED MODELS: KEY TO QUANTIFYING THE VALUE OF DAM

In this column, we will examine another cornerstone of DAM, namely automation activities and tasks throughout a content supply chain (last issue) or across asset lifecycle. We will narrow our focus to a single activity and argue that a simple collection of 10 or so of what we call activity-task automation cells will provide irrefutable proof of DAM's value! These activity-task automation cells also depict the before and after for one use-case. When you think about it you can "atomize" the value of DAM down to a few dozen use-cases, showing with hard data the economic and intangible gains in ways that no one would argue: "game, set, and match. DAM!"

In the left-most column of the graphic, you will see the phases of a Marcom Asset Lifecycle Model (examined more fully in Issue I, Vol. 5). The particular sub-phase of this model indicates a *general activity*, Gather Media Assets, correlating to the *particular activity* "marketing manager locates and collects images, artwork, copy and styleguides and delivers to agency for use in developing new collateral piece."

From the top of the activity automation cell downward, the model depicts five subordinate *Labor Tasks* needed to complete the activity. In a side by side comparison, the model provides a "before DAM" and "after DAM" snapshot of the activity with explanatory notes to right. We also include a row of data indicating "reworks due to errors" — a very conservative figure indicated here but many times or many fold higher in real life environments.

Cycle Time data indicate the number of calendar days typically required to complete the task, with and without the support of DAM.

Labor costs data indicate another essential set of figures, calling attention to what types of workers that the completion of this task will require, their individual labor rates (fully burdened with overhead and related labor expenses), and a blended or averaged rate. The model precalculated their time spent by the blended labor rates. If we implemented this as dynamic calculator (just ask us), we would provide a more accurate calculation using individual labor rates multiplied by individual time spent.

Material costs provide a straightforward explanation except as it might entail international airfreight charges, customs fees, and special handling fees.

Annual costs derive from calculating the number of times per year that an organization performed this activity multiplied by the summary labor costs for each instance the activity is being performed — again with and without the support of DAM. This simple operation demonstrates a \$107,217 annual savings, reinforcing our core thesis: simple activities performed once or twice a week really add up over the period of a year. It also calls attention to the huge disparity between labor costs and material costs.

Economic gains summarize three types of savings provided by DAM: labor time savings, material cost eliminated, and the elimination of the redundant work of "we lost it and must now recreate it or make something workable in its place."

Intangible gains emphasize another class of economic value. *Fewer days time-to-market* for this particular type of content can have huge impacts on revenues — especially if images being downloaded support a product launch or primary selling activity. *More stakeholders served*

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MARCOM ASSET LIFECYCLE MODEL

IDEATION
Research
Specify
Quantify
Draft proposal
Review
Authorize
CREATE
Compose
Review
Annotate
Approve
Create reuse template
Digitize media
License media
Gather media assets
Proof
Review
Annotate
Approve
MANAGE
Ingest-upload
Index-catalog
Store
Clear Rights
Declare Entitlements
Track
Audit
DISTRIBUTE
Search
View
Download
Render
Encrypt
Collect Assets
Package
Promote
LOCALIZE
Interpret strategy
Locate source copy
Regionalize imagery
Create localized content
Copyfit & rework
Validate
Format & publish
CONSUME
Order
Version-acquire
Decrypt-unlock
Print or play
Customerize
Process royalties
Warehouse-dispose
ANALYZE & ARCHIVE
Query
Analyze
Report
Certify
Journal
Offline-archive
Destroy

Marketing manager locates and collects images, artwork, logos, copy, and style guides and delivers to agency for use in developing a new collateral piece.

LABOR TASKS (minutes)	MANUAL	AUTOMATED	NOTES
Locate source file candidates	240	15	Find images on network and in vendor asset stores; engage colleagues and vendors for assistance <i>DAM search by keywords, product, and owner allows rapid access</i>
Identify correct files to distribute	120	10	Copy files to workstation and review files; diverse formats may require assistance of production personnel <i>DAM thumbnails, previews, and metadata provide immediate identification</i>
Retrieve, format, and verify files	240	0	Format files to appropriate standards; may require assistance from production personnel <i>Universal DAM access and system-based rendering avoid necessity of downloading and formatting files</i>
Package files for delivery	120	3	Draft identification and descriptive notes; burn CDs <i>DAM system allows files to be tagged as members of user-defined collections while preserving unique identifiers</i>
Deliver files to agency	60	5	Burn, package, label, and address CDs for delivery to agency <i>DAM system messages agency staff with link to established collection</i>
Confirm correct files have been delivered	60	5	Contact agency personnel via email and/or phone to confirm correct files have been delivered <i>DAM system allows agency personnel to quickly review and message sender with acceptance/confirmation</i>
Reworks due to errors	180	20	Inappropriate source materials, identification, poor version control
SUBTOTAL (minutes)	1020	58	Time required to locate and distribute one set of images
CYCLE TIME			
Calendar days required to complete	2	0.15	Per one set of assets
LABOR COSTS (\$)	MANUAL	AUTOMATED	Difference based on portion of work completed by each actor
Marketing manager	\$33.75	\$48.75	\$75 per hour fully burdened rate
Shipping personnel/admin	\$6.00	\$0.00	\$60 per hour fully burdened rate
Agency account supervisor	\$16.50	\$0.00	\$165 per hour billing rate
Agency traffic manager	\$11.00	\$11.00	\$110 per hour billing rate
Agency designer	\$43.75	\$43.75	\$175 per hour billing rate
Blended labor rate	\$111.00	\$103.50	Represents proportional hourly rate of team involved
LABOR COSTS SUBTOTAL	\$1,887	\$100	Per one set of assets
MATERIAL COSTS (\$)	MANUAL	AUTOMATED	NOTES
Physical media (CD/DVD)	\$1.20	\$0	2 CDs burned by marketing manager at \$0.60 per CD
Freight, courier, express mail	\$17.00	\$0	2 mailings at \$8.50 average corporate rate
MATERIAL COSTS SUBTOTAL	\$18.20	\$0	Per one set of assets
ANNUAL COSTS (\$)	MANUAL	AUTOMATED	NOTES
Image distributions per year	60	60	
Annual labor costs	\$113,220	\$6,003	
Annual material costs	\$1,092	\$0	
Incremental DAM utility cost	\$0	\$2,160	Given 125 users, 5-year cost recovery model, and \$270K system cost
TOTAL ANNUAL COSTS	\$114,312	\$8,163	
ECONOMIC GAINS (\$)	SAVINGS	PERCENT	
Total labor savings	\$107,217	94.70%	Percent reduction in costs, automated vs. manual
Total material cost savings	\$1,092	100.00%	Percent reduction in costs, automated vs. manual
Re-creation costs avoided	\$15,000		5% asset loss requiring re-creation of content at \$5,000 each
TOTAL ECONOMIC GAIN	\$123,309		
INTANGIBLE GAINS	VALUE	EFFECT	
Cycle time	111		Days gained in time-to-market for this content per year
Stakeholder service	30%		More stakeholders served with this content per year
Brand touchpoints	20%		More brand touchpoints fulfilled by this content per year
Brand consistency infractions	80%		Fewer off-brand messages with this content per year
Legal compliance infractions	15%		Fewer compliance infractions related to this content per year

means that a larger number of authorized employees, trade partners and press had access to heretofore-inaccessible images. DAM also supports activating *more brand touch points* — websites of partners, feature articles, field presentations, etc.

Brand consistency results from having the right image or asset instead of making do with less-than-perfect images or content. Finally, giving the right people the right image when and where they want reduces the number of *compliance infractions* — a very significant concern

in regulated industries such as medicine or financial services.

In summary, these simple activity-task automation cells demystify a historically complex and daunting problem: “show me the money!” For advanced DAMsters, I suggest that you build these activity-task automation profiles into your system journals, calculating year to date savings by class of user or business unit the economic and intangible gains that you have delivered to the organization. More on the ROI dashboard later!