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## Information Management Best Practices: Centralization And Decentralization Of Information Management

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Information Management Best Practices: Centralization And Decentralization Of Information Management  
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## Why This Topic?

As large organizations globalize and the world gets smaller, many information management (IM) functions are rethinking the ways they deliver their services. Efficiency and value are the names of the game.

IM continues to centralize at a rapid pace, especially in the corporate sector and in the face of industry consolidation and the resulting company globalization. Outsell has recently fielded many questions from clients on centralizing various IM services: they see the benefits others are gaining, or they want to eliminate redundancies because of an organizational push to fully leverage every resource.

Still, some IM services don't lend themselves to centralization as well as others. This Briefing breaks apart traditional IM service offerings into four broad categories and details examples of best practices and the decision points that will drive the centralize/decentralize strategy.

### **A Note on Methodology**

In the context of this Briefing, we use the term “centralization” to mean the assembly of various components of IM, as well as their different organizational homes, into one unified functional unit. Centralization does not necessarily mean co-location. Rather, it suggests a common reporting structure, which may or may not require being in the same geographic location.

Outsell's data on IM's scope of organizational support was gathered in our annual study, Information Management Benchmark, last completed in 2005. We invited participation from a broad audience and received responses from 214 corporate and 97 government-sector IM leaders. We base additional commentary on interviews and discussions with the IM community that are part of Outsell's daily routine, as well as on our own observations and opinions. We reference examples from these case studies throughout the report.

## The State of Centralization

### Bottom Line

**Global-level responsibility is now the prominent scope of support for corporate IM functions, while government IM tends to support a department or division. The global support model is on a rapid upswing in the corporate world. In both sectors, though, the degree of globalization depends on what specific activity or service is being examined.**

The corporate world is more centralized/globalized than the government space, probably reflecting the nature of the enterprise as much as the goals of their respective IM communities. Companies continue to merge as industry consolidates, while this is less prominent among government agencies.

More than twice as many corporate IM functions now describe their scope of support at global (48%) than they did in 2002 (21%), in a similar study. There is no reason to think this trend won't continue for the foreseeable future, at least in the corporate sector.

### Scope of Organizational Support

Scope of Support	Corporate	Government
<i>Base</i>	(214) %	(97) %
<b>Global/Enterprise-wide</b>	48	14
<b>One Department/Division/Office/Bureau</b>	20	34
<b>Major Subsidiary/Institution/Operating Unit</b>	18	28
<b>Multiple Departments/Divisions/Offices/Bureaus</b>	14	24

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The scope of responsibility for managing a specific "content domain" tends to be either big or small – not so much "medium." For all content domains listed in our survey and in the following table, the largest percentages of respondents' scopes of responsibility were global and one department/one division – that is, global and one department/one division each took the No. 1 or No. 2 spot within each domain. Because interoperability and the elusive "federated search" are common goals in large institutions, a strong case can be made for centralization of these activities.

Some of the domains that are more client-facing or role-based, such as training, portals, and knowledge management, continue to heavily serve single departments or divisions (records management is the exception). Managing these domains often requires a strong "local" presence to be successful, so it makes sense that they're more likely to be decentralized. (Though not considered a "content domain," and therefore not represented on the following table, based on what Outsell hears from the marketplace, research and analysis services also follow this pattern.)

### Scope of Organizational Support by Content Domain

Scope	Knowledge Mgt.	Corporate Data/Business Intelligence	External Content	Portal/ Web Content	Internal Docs.	Records Mgt.	Digital Assets	Training
<i>Base (those with responsibility for the various domains; corporate and government combined)</i>	(133) %	(49) %	(296) %	(202) %	(142) %	(105) %	(95) %	(101) %
<b>Global/Enterprise-wide</b>	34	41	36	31	32	33	26	24
<b>Major Subsidiary/Institution/ Operating Unit</b>	17	14	22	23	19	12	25	23
<b>Multiple Departments/Divisions/Offices/ Bureaus</b>	21	22	16	15	23	22	20	18
<b>One Department/Division/Office/ Bureau</b>	29	22	26	32	26	32	28	36

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## Centralization Decision Points

### Bottom Line

**A number of factors come into play when IM decides whether or not to centralize. The decision points differ depending on the IM activity under consideration. It usually makes sense to develop a hybrid centralized/decentralized model, with some services falling into each category.**

In this section, Outsell looks at some common IM activities and suggests the reasons why each might or might not be centralized. Moreover, there may be culture issues that drive different organizations to make different decisions. Different IM strategies and different outside drivers may result in different outcomes. Some of these factors are discussed further in Outsell's publication, *TrendAlert: Globalization And Distributed Corporate Information Centers* (Vol. 6, No 10, April 25, 2003).

While the centralization decision points vary from service to service, some general considerations apply across the board.

### General IM Centralization Pros and Cons

Pros	Cons
<ul style="list-style-type: none"><li>■ Elimination of redundant activities performed in multiple locations. Better "scaling" of services.</li><li>■ Increased standardization and leveling of services across locations.</li><li>■ Flexibility in managing individual IM staff's varying workloads.</li><li>■ Better capture of total costs of content management.</li><li>■ Enhanced peer-to-peer learning, mentoring, and professional development among IM staff.</li><li>■ More opportunities and capabilities for IM team-building.</li></ul>	<ul style="list-style-type: none"><li>■ Reduced sensitivity to local or specialized needs.</li><li>■ Less experiential learning and interaction with end users.</li><li>■ Loss of connection to local users and workgroups, resulting in loss of knowledge or control over internal content.</li><li>■ Decreased awareness of IM among users in distant locales.</li><li>■ Time, energy, and patience required to build the business case and gain buy-in from stakeholders.</li><li>■ Challenges of working across time zones, and communicating virtually.</li><li>■ Harder to develop IM esprit de corps.</li></ul>

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With those generalities in mind, IM managers that are addressing centralization need to examine their major service offerings individually.

In the following, Outsell breaks out the standard IM service portfolio into four broad categories – external content procurement, research/analysis and portals, internally generated content, and training – and then makes the case for centralization or decentralization of each category.

## External Content Procurement

In a 2002 Briefing, *ToolKit: The Why And How Of Enterprise-Wide Contracts* (Vol. 5, No. 44, October 9, 2002), Outsell pointed out that “Enterprise contracts are a logical extension of the information center’s role in supporting global operations and in trying to achieve the most efficient, cost-effective support possible.” Outsell knows from discussions with the marketplace that when most IM functions describe themselves as “global,” this determination almost always applies to the content procurement service.

Certainly, it makes sense for central procurement of the truly enterprise-wide content. Staff competencies in needs assessment, product and vendor evaluation and selection, licensing and negotiation, desktop deployment, and performance evaluation are best concentrated into a single operating unit.

Further, Outsell believes in managing content portfolios strategically and holistically, rather than as a series of one-off products and decisions. True “content portfolio management” calls for regularly assessing the mix of purchased content from a high level. Does all of the organization’s purchased content fit together, without unintended redundancies *or* gaps, to reflect enterprise goals and needs? Is the organizational money spent on purchased content fully leveraged across multiple user and potential user segments? Does the way purchased content is formatted and delivered meet the organization’s standards for integrating it with other content? It is best to address these questions centrally because they require a “macro” perspective. And redundant or overlapping purchases can be minimized more effectively when buyers are working in close concert.

### Case Study

Management at a large financial services organization realized that massive content spending was going on all over the enterprise. Executives wanted to understand the extent of this spending and if cooperative procurement could reduce it. The organization established a central global content procurement unit, with four preexisting content-buying-professionals from around the organization pulled together into one department. They first built a coalition – by invitation, not by mandate – of the largest known buyers (the “low-hanging fruit”) from various research groups, marketing, competitive intelligence, R&D, and sales. This “buyers’ forum,” led by the centralized procurement unit, created and agreed to standards for content purchasing, cooperation, and information sharing among themselves.

The largest content vendors were informed that going forward, the centralized function would be their main point of contact. Salespeople being what they are, enforcing this point sometimes required the organization’s high-level executives to communicate the point directly to the vendor’s executives.

Newly identified content buyers were invited to join the content coalition and usually agreed to join due to the benefits (less individual work, professional contract and product advice, corporate compliance, management encouragement) and the prospect of cost savings. Executive management encouraged participation across the entire organization, from the top down. By its third year of operation, the central content procurement function believed it had identified and recruited most of the significant content buyers. The enterprise's finance and procurement offices helped along the way by identifying additional, previously unknown content buyers.

The centralized content procurement department did not attempt to "control" every content purchase – only the truly enterprise ones – but did catch and correct redundant buying, non-compliant contracts, and inefficient workflows, and did provide valuable negotiations and product selection advice on non-centralized purchases.

Initial years' savings were in the millions.

**Success factors:**

- Management bought in to a clearly articulated driver that reflected a corporate goal.
- Centralized procurement developed and matured over time. They exercised patience in getting smaller buyers on-board.
- Participants were lured rather than forced, engendering trust.
- The strategy was to "own" only enterprise and large contracts, and limit themselves to advising on/coordinating others.
- High-level executives were willing to go to bat against non-compliant vendors.
- The organizational model was a single centralized purchasing function, supplemented and supported by an extended content buyers' forum.

Of course, it bears acknowledging that not all content requires centralized procurement. Individual departments or locations may have unique content needs that apply only to them and not to the entire enterprise. In these cases, the centralized procurement unit may act in an advisory capacity and not actually take on all the activities around bringing the content in-house. Even in these situations, it behooves organizations to at least coordinate product selection to recognize redundancies, suggest alternatives, and ensure compliance with organizational standards.

*Decision points:*

- Is there an organizational mandate to save money and eliminate redundancies?
- Does executive management generally support centralization?
- Are individual content buyers around the organization ready and willing to cede some control of this activity to IM?
- Does IM have the requisite competencies to justify taking control of this activity centrally?

## Research/Analysis and Portals

Research and analysis services, along with knowledge management (KM) and team- or role-oriented portals, are generally seen as inherently client-facing activities where co-location and direct alignment to user groups add value. Aside from the face time that enhances relationships with users, this model allows researchers to become specialized and proactive. Hence, the concept of distributing researchers and portal developers among user groups has gained traction, particularly in large organizations.

The organizational models that result from decentralizing research and portal teams come in two standard flavors. Either the researchers and portal managers have a solid-line reporting relationship to IM with dotted-line reporting to the department(s) they support, or they have solid-line reporting to their respective departments with a dotted line to IM. Outsell strongly advocates retaining some type of federation of researchers/analysts in particular, regardless of the organizational model chosen, to facilitate peer-to-peer learning, mentoring, and professional development, and to help with balancing workload among researchers.

### Case Study

A global professional services firm operated in a centralized research model, with all incoming requests feeding into a common operation where a pool of generalist researchers divided the work based on individual workloads and availability. While this model made it possible to easily manage individual workloads, the research center's manager realized that researchers were not actively engaged with practice groups, and therefore they had trouble becoming specialized enough to provide the high level of support expected by users. Further, since researchers were not included on project teams, there was no mechanism for anticipating incoming work, or for providing information proactively.

The research manager approached partners in practice groups that were the heaviest users, and broached the concept of embedding or aligning researchers more specifically to their practices. As individual partners warmed to the idea (usually due to the prospect of more proactive, specialized, local, or native language support), volunteers from the generalist research pool were converted into specialists who primarily (or sometimes completely) supported a single practice area, performing both research and knowledge management activities. Eventually, this model became successful. Many of the firm's practice leaders adopted it, and specialization became something that researchers aspired to. An unintended benefit was the creation of a career ladder for researchers.

In cases where the result was a one-to-one (one researcher to one practice area) relationship, the organizational model shifted from reporting centrally to the research manager to reporting to the practice leadership with a dotted line to the research manager. Where researchers were aligned to more than one practice specialty, they continued to report to the research manager, with a dotted line relationship to practice leaders.

The current hybrid decentralized-specialist/centralized-generalist model has resulted in better user satisfaction for practices with embedded researchers, while still facilitating a reasonable level of workflow flexibility via the remaining generalists. Practices that have not taken on an embedded researcher still have access to generalists.

To foster peer-to-peer learning, the research manager convenes annual in-person meetings of all researchers (centralized generalists and decentralized specialists), focusing on role-based professional development and knowledge transfer. This annual meeting is also the main forum for discussing any non-research, centralized IM activities and initiatives (e.g., changes to the vendor list) that are relevant to researchers and knowledge managers. Additional ad hoc meetings occur throughout the year via conference calls or Webinars.

**Success factors:**

- Practice leaders (mostly partner level) decided whether they want an embedded researcher.
- The hybrid centralized-generalist/decentralized-specialist model provided the best of both worlds.
- Even decentralized researchers belonged to the centralized research function’s professional coalition, facilitating role-based knowledge transfer and peer-to-peer learning.
- The current model evolved over time, versus trying to make the change all at once.
- Researchers were ready and willing to specialize.

In smaller enterprises, co-location and/or embedding of researchers into user work groups (“departments”) may be less necessary, and for those who are resource-constrained, less feasible.

**Case Study**

A small financial consulting firm operates with a research staff of fewer than five, making wholesale specialization infeasible. Instead, researchers have mini-specialties and assigned ownership of relationships with specific practice groups, while remaining a centralized/generalist operation. They have realized that in a resource-limited context, facilitating user independence is paramount. Because the firm is small, it is housed entirely in a single location. So a centralized research model is less of an issue – everyone in the firm basically knows everyone else, everyone is aware of new projects ramping up or new client pursuits, everyone speaks the same language, and all employees are aware of the researchers because they see them every day.

Researchers in this firm take advantage of their centralized situation by creating lots of face-time with users. Projects are delivered in person. Researchers make it their business to join in hallway conversations. Because centralized researchers are so “present,” departments/practice groups don’t request or desire embedded resources.

**Success factors:**

- The centralized, single-location research function worked because the firm itself is single-location.
- Researchers compensated for not being embedded by being highly visible and “present.”

- Though generalists, the researchers each “owned” relationships with designated departments/practices and maintained what they call “mini-specialties.” They described this solution as “very organic.”

*Decision points:*

- Are we staffed adequately to assign researchers and portal developers to specific user groups? Will decentralization make our service delivery more efficient?
- Do our user groups or departments desire an embedded IM resource? Will embedded IM support result in a better information environment and increased value for users?
- Does our organization foster and encourage decentralized service delivery?
- What is our IM staff’s level of readiness to work in a decentralized way?

## **Internally Generated Content**

IM functions in large organizations are actively working toward the end goals of system interoperability and the elusive “federated search.” If IM is to meet these objectives, close cooperation is required among the different players involved in managing internal content. Centralization facilitates this cooperation. That is why Outsell recommends centralization of such activities as KM, corporate data management (sometimes called “business intelligence”), internal documents and records management, and digital assets management. These functions must all be working with shared taxonomies and meta-data standards to make the various content management systems around the enterprise play nicely together.

### **Best Practice**

The concept of overarching management of all an organization’s data assets is nascent, and, therefore, strong case studies are hard to come by. A 2006 study by The Economist Intelligence Unit, *Business Intelligence: Putting Information To Work* ([www.eiu.com/business\\_intelligence](http://www.eiu.com/business_intelligence)), resulted in strong recommendations for consolidation and centralization of this role, with a top-down emphasis.

Outsell believes this advice holds true for the broader enterprise content management (ECM) endeavors as well. Information professionals tell Outsell that a vacuum at the top is often a barrier to pulling internal data assets together, even when there is a designated CIO (chief information officer). High-level sponsorship and leadership is clearly a key success factor to making ECM work.

From a practical perspective, organizations generally manage internal content in a hybrid centralized/decentralized manner. The centralized units managing each domain set standards and ensure compliance, build systems, and train users. The distributed workers take responsibility for selecting and inputting content, given their usually closer relationships to end users. Distributed internal content managers are often co-located with employees (or at least closely aligned to them) who are generating the

content, so they have better access to the content and knowledge of what's truly meaningful. But they rely on the centralized IM functions to provide content management systems, maintain and educate them on protocols, standards, and tools, and otherwise advise them.

### **Case Study**

One government agency combined many of its content management functions into one umbrella group called Knowledge Services. The new unit includes all the following activities:

- Library services.
- Knowledge management.
- Records management.
- Library asset management.
- Web content and stewardship (internal and external).
- Taxonomy.
- Information architecture.
- Publishing.
- Electronic dissemination to internal and external clients.

The combined Knowledge Services group works to unified technology standards. It feels its content moves more easily among its various components, and has better control of information “from womb to tomb.” Digital assets are better preserved because they’re under one roof. Previously, it was more of a mish-mash of inefficient processes, redundant and overlapping work activities, and a catch-as-catch-can attitude toward internally generated content.

### **Success factors:**

- Strong top-down leadership had the requisite broad scope of responsibility to pull it off.
- IM staff in the various functions had experienced enough frustration in the decentralized model that they were ready for the change.
- Knowledge Services successfully adopted the mindset of content as an organizational asset that should be managed across its entire lifecycle.

### *Decision points:*

- Is there a high-level executive champion of this initiative?
- Is the organization explicitly working toward system interoperability, enterprise search, or federated search?
- Does IM have the requisite competencies to “own” these content domains in a centralized way? Does IM have sufficient resources to lead this activity for the whole organization?

- Will distributed internal content managers be willing to cooperate with a centralized federation led by IM?
- Are sister functions (IT, Legal, Communications) ready and willing to cooperate in building a centralized internal content management unit? Is there buy-in from executive management?

## Training

Organizational models for formalized user-training programs are all over the map. Outsell sees this as another IM activity that works best as a hybrid, similar to our recommendations for internal content management. That is, a strong centralized role can effectively concentrate competencies in adult learning, curriculum creation, computer-based training, and presentation development, while decentralized IM professionals can deliver person-to-person training locally or based on specialization.

The centralized role is key to eliminating redundancy and maintaining standards for training. Further, training is increasingly delivered using technology, such as Webinars and online or other computer-based training, so co-location is not necessary in these instances. Training is still often delivered in traditional formats (e.g., in classrooms or one-on-one at the user's desk), or it is tailored for specific locations, foreign languages, or user roles. These situations call for decentralized training.

### Case Study

A global manufacturing company decided to make training and end-user self-sufficiency the centerpiece of its IM strategy. Before this transition, the information professionals at each site handled training, at their discretion, and with virtually no outside support. All training was delivered through traditional (person-to-person) methods. Informational specialists, whose main responsibility was research and reference at that point, occasionally exchanged training materials, but there was not substantial cooperation. In short, training was highly decentralized.

As IM's strategy to focus on training developed, the company centralized the function for several reasons:

- Though all company locations had similar training needs, the quality and content of training offered from site to site varied dramatically. Centralizing training fostered better consistency across locations.
- The work done to create and deliver training at the different locations was largely redundant. Some sharing of training materials was taking place, but it was limited and ad hoc. Creating standard training materials once for use across all sites eliminated this redundancy.
- Consolidating the available human resources and making training their sole focus allowed them to specialize and dive deeply into the field of adult learning and teaching strategies. Moreover, training was professionalized. Centralizing this activity at the headquarters location enabled IM trainers to work cooperatively with the organization's HR and Training department.

- With a critical mass of training staff consolidated into a centralized function, additional time and resources were available to exploit technology-based training that could be delivered from anywhere to anywhere in the organization, mitigating the need for decentralized staff to deliver training in-person.

The result is streamlined information-resource training that is high-quality, is standardized across sites, is mostly delivered through technology platforms, leverages corporate-level expertise, and requires no redundant activities across locations.

**Success factors:**

- The centralization of information resource training fed into a larger organizational strategy to eliminate redundancy and centralized multi-site functions.
- IM staff embraced their new roles as training specialists.
- Corporate HR was willing to partner with and mentor IM as it transitioned to its training emphasis.
- Use of technology to deliver training mitigated the effects of being remotely located from users.

*Decision points:*

- Are sister functions (HR/Training, IT) ready and willing to cooperate with, and allow IM to lead research and content centrally for the organization? Is there already a centralized training unit in our organization whose competencies can be leveraged for IM purposes?
- Is it important to standardize information training in our organization?
- Will centralizing training result in a more efficient delivery of this service? Or will it be less efficient? Is decentralized information training currently being offered?



## Imperatives for Information Managers

Overall, the key success factors when centralizing (or decentralizing) various IM functions revolve around strong leadership, organizational and IM staff readiness, and a strong belief or evidence that the new model will be more efficient or result in higher value. Centralization of IM activities often mirrors similar strategies going on in other places around the enterprise.

The decision to centralize IM services is a big one. While there are myriad advantages to centralization, it might not be the best course of action in all cases, and managers must consider a range of factors. Following are a few key imperatives for those mulling such a change:

### **1. Approach Each Service Offering as an Individual Decision**

Make sure you're clear on whether an individual service is truly enterprise-wide in nature, and focus on those that are. It might be best to leave decentralized those services that are highly customized for a single department, role, or user. Centralization makes the most sense when organization-wide standards are required, when services are one-to-many and scaleable, or when economies of scale and reduction in redundancies will result.

### **2. Consider a Hybrid Model as an Alternative to All-or-Nothing**

Many services work very successfully in an operational model that centralizes parts of the task and decentralizes others. The best outcome for any given service might combine a central unit – that creates standards, builds systems, or meets the one-to-many needs – with embedded resources that are aligned to users, work “in the trenches,” or handle one-to-one interactions. Think of centralization and decentralization as a spectrum.

### **3. Take Organizational Culture and Stakeholder Preferences into Account**

Centralization requires buy-in from business partners, management, and IM staff. This buy-in is a key success factor; gauge it carefully before forging ahead. If you're confident that centralization is the right step, but you don't have buy-in, take the time build a business case that will sway all players to your way of thinking. Articulate drivers that align with larger organizational goals. Centralization takes time, so be patient in the face of challenges.



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