



IPSWITCH FILE TRANSFER WHITE PAPER

Can you afford another day without Managed File Transfer (MFT)?

Introduction

It's easy to understand why many organizations are confused about the need for a Managed File Transfer (MFT) system. There are a lot of different products in the market, file transfer product functionality is not clearly defined and often overlaps with other solutions, "MFT" is not fully understood, and there are a lot of mixed messages in the marketplace. But in a recent survey of IT leaders, Ipswitch found that roughly two thirds of all organizations said that file transfer is mission-critical. Why the disconnect? Most of the disconnect stems from the lack of understanding around the business value that MFT provides.

To summarize:

- The number of files being transferred is expected to increase dramatically, with both the volume and complexity increasing exponentially, and IT teams are not staffed to keep up.
- Security threats are also growing at an astronomical pace, and the average cost of a breach is over \$5M.
- Today's widely used technologies such as email, FTP, or drop boxes have significant limitations.
- Investments in Managed File Transfer (MFT) provide significant returns in improved IT productivity, reduced operational costs, and improved operational efficiency.
- Organizations that have adopted MFT had 26% fewer errors and file transfer problems and resolved those errors almost 5 times faster than those that didn't.

"I have more important projects than MFT right now"

The number of files being transferred is expected to increase dramatically, with both the volume and complexity increasing exponentially. In addition, the commercial value of those file transfers is increasing at a staggering rate. According to Aberdeen Group, the number of end users needing to transfer files is growing between 6% and 9% year-over-year. This includes not only employees, but also temporary employees, contractors, business partners, and customers.¹ And it's not just users that are increasing, but both the volume and size of files is growing at 11% and 7% respectively. What makes matters worse is the fact that IT staff associated with file transfers is not keeping up and growing, at most, only 2% a year.²

“If you don't have a good file transfer system in place, IT ends up having to do a lot of extra work to manage all of those file transfer processes, often on an ad hoc basis.”

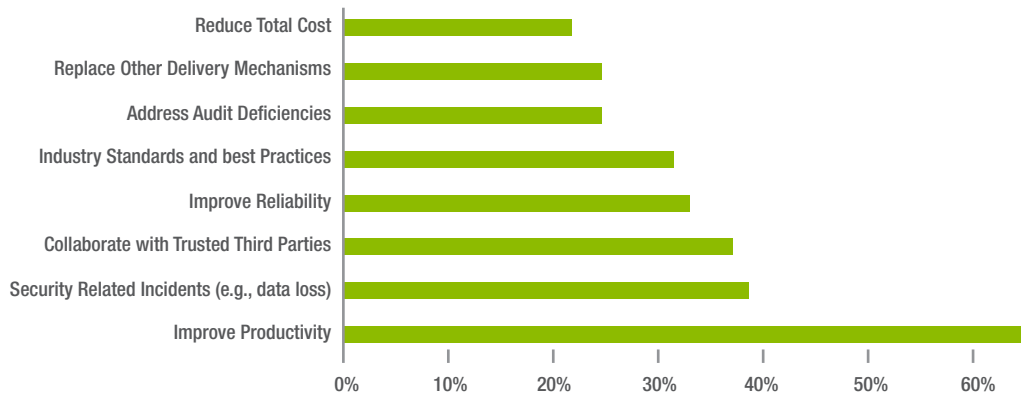
Analyst Michael Osterman



1. "From Chaos to Control: Creating a Mature File Transfer Process," Aberdeen Group, November 2013.

2. Ibid

Top Drivers for Investments in File Movement Initiatives³



Without an MFT solution, companies run the risk of violating a growing number of security statutes and regulations designed to protect sensitive data from being breached. In fact, many businesses will find that regulatory requirements are the primary reason for adopting MFT. In the *2013 Cost of Data Breach Study: Global Analysis* report sponsored by Symantec, the average number of breached records per security incident was 28,765 in the US, with an average cost of \$188 per record. This means that, on average, the total cost per security incident in the US is \$5,407,820. Such costs include expense outlays for detection, escalation, notification, and after-the-fact response. Also included in this figure are the financial impact of lost or decreased customer trust and confidence and the costs associated with customer turnover. Again, the situation is only getting worse. According to Aberdeen, the number of security and compliance incidents related to file transfer grew by an average of 4% year-over-year. When combined with the nagging inefficiencies around errors that plague up to 5% of all file transfers and the time to correct them, organizations are looking at significantly higher costs, just to maintain the status quo.

“Email works just fine for most of our file transfers”

Email is well understood and used by everyone, but has significant limitations on file transfer. First, email limits the file size of attachments, usually to 10Mb or less. This has not kept pace with the general size of most digital files these days, particularly in unstructured, multimedia formats (video files, audio files, images, CAD, etc.) Secondly, email systems were never designed to handle files of those sizes, and sending them through email servers causes significant performance problems that affect reliability and file delivery. Third, large email attachments often mean multiple copies which can quickly use up allocated storage and create administrative headaches to manage that storage. Fourth, if you need to understand where your files are across your organization, either for yourself or for an auditor, there is no way to provide that visibility. And finally, adherence to security and compliance policies rely on the appropriate end user behavior, and we all know how reliable end users are in this regard.

If you need to understand where files are across your organization, **there is no way to provide that visibility with email file transfer.**



3. “From Chaos to Control: Creating a Mature File Transfer Process,” Aberdeen Group, November 2013.

“Our secure FTP software works well enough for our needs”

FTP Servers do a good job of secure file transfer but do have significant limitations. FTP has no inherent method for encryption during transport which means sensitive or regulated files could be intercepted in motion. FTP is largely a manual process with no native means for automation and integration into business processes. Files stored on an FTP server stay there until they are manually removed. Of course, you can develop customized scripts that automate and integrate, but these require development skills to create and change to match quickly evolving business needs. FTP servers require significant investments in management resources. Account administration (setup, deletion, change management) require some action to be taken by a system administration, every single time. Depending on the task involved, this can take hours or days to be fulfilled which can delay the transfer of important files.

Organizations that have adopted MFT had, on average, **26% fewer errors, exceptions, and problems with file movements.**

Additionally, while secure file transfer via FTP does an excellent job of reliably transferring files between systems, servers and clients over hardened protocols, it doesn't include the core elements of Managed File Transfer: Connectivity, Administration, Automation, and Reporting.

- Connectivity ensures that employees can access the system via mobile devices, email, or a web browser. IT retains control yet workers maintain high levels of productivity through easy to use, flexible access.
- Administration so that IT managers can easily set up, control, and manage their organizational file transfers, provision users/accounts easily and can on-board partners and control access.
- Automation to make sure that files route appropriately according to key business processes and they integrate into other applications for scheduling and routing.
- Reporting for enterprise visibility and control, compliance and governance and to easily provide reports for auditing and regulatory inquiries.

“We already have a file sharing drop box, why would we want MFT?”

Drop box type solutions are fine for collaboration on unstructured, office-type documents that employees create and edit, such as spreadsheets, word processing documents, pictures and presentations. Usually, these types of file sharing solutions, also known as Electronic File Sync and Share (EFSS), involve a large library of content with multiple versions, document access control, and other standard document management functionality. Like Microsoft SharePoint, they usually involve some level of integration with other collaborative tools like email, discussion forums, and instant messaging. These are file “sharing” solutions, not file “transfer” solutions and focus on improving the collaboration process.



Managed File Transfer (MFT), on the other hand, is very different from EFSS in that it focuses on the management and infrastructure of file movement for business processes. While both enterprise collaboration and business operations are ways that work gets done in an organization, they have very different needs and so do their file transfer systems. Using the wrong file transfer system for the wrong purpose is a recipe for failure. For example, while EFSS file sharing systems have an easy to use interface and are readily adopted, they are built on a lightweight infrastructure and often cannot support enterprise level requirements for security, auditability, reliability, and visibility.

Organizations that have adopted MFT resolve errors on average 4.8 times faster than those that did not have MFT.

EFSS is also unlikely to reflect the organization's current policies around security and compliance, whereas MFT, built to be part of the IT infrastructure, provides visibility and reporting around adherence to security standards and regulations. EFSS, by its very nature, sets up a document library to "share" across employees in an organization. For certain documents and departments, this works great. However, for some businesses and processes, adding an additional layer of storage management, security and administration is an unwelcome hassle and expense. MFT is about the managed "transfer" of files to further business process, not about storing multiple copies of files in lots of places.

"I don't have budget for MFT"

This is often the most common concern when purchasing a Managed File Transfer system. Unfortunately, many enterprises view Managed File Transfer as a cost / expense rather than an investment. In reality, most organizations that have implemented MFT have saved money, boosted productivity, improved operations efficiency and reduced operational costs.

Boost IT Productivity

Managing file transfers in an organization can be a cumbersome and time consuming process. Provisioning users and partners, determining integration techniques, and mapping the technology to the business process all takes time and money. To make matters worse, business conditions and processes change all the time and organizations need to adapt to stay competitive. It is not unusual for IT to spend days or even weeks on setting up file transfer systems, wasting organizational resources, funds, and time.

MFT systems help make life easier for IT teams, addressing pain points such as audits and reporting and freeing up time to focus on more important tasks—instead of wasting time dealing with ad hoc file transfer requests, sifting through file transfer data to debug an issue, and locating lost files. An MFT customer confirms, "We had issues with researching and finding specific transmissions and reporting on specific timeframes of file transmissions. And then trying to do an audit and report on specific clients was difficult and very time-consuming. Just doing any kind of research on any transmission was difficult. It took a lot of meeting hours to get things accomplished."



Reduce Operational Costs

Managing file transfers when an MFT system is in place means reducing that amount of time from days and weeks to just minutes and reducing the costs in both real dollars and opportunity costs. IT gets freed up from the tedious, manual file transfer tasks like repetitive file transfer operations, partner on-boarding, managing data and file exchange with partners, and tracking status of file transfers at request of business management. IT staff is then free to work on more relevant, strategic projects that help elevate both the IT department and the company in general. As a side boost, IT turnover decreases, as do the related costs, when they work on more strategic, relevant projects.

Analyst Michael Osterman explains, "If you don't have a good file transfer system in place, IT ends up having to do a lot of extra work to manage all of those file transfer processes, often on an ad hoc basis. The creation and maintenance of file transfer technologies becomes a real burden for IT simply because they have to do things like write custom scripts to move files, they need to build additional security around FTP servers that in many cases are just inherently insecure, they have to devote IT staff resources to manage the file transfer process where they otherwise wouldn't have to if you had a good solution in place, and they have to use staff resources to manage all of the security and really the risk mitigation that goes along with file transfer."

Boost Operational efficiency

File transfers are the lifeblood of many businesses. Systematically improving file movement and distribution means improving the overall efficiency of the business. File transfers happen faster and more reliably, improving your customer service, sales operations, reputation in the marketplace, and marketing impact. Consolidating file transfers into a single system, across employees, partners, applications and systems means less administration, fewer points of failure, and simpler integration efforts. MFT supports a broader range of protocols than traditional FTP servers, guarantees file delivery, and offers more familiar ways for users to send and receive files - including from web browsers and email clients - in addition to through traditional FTP clients.

How Investments in Managed File Transfer Can Pay Off

Recent research demonstrates how a Managed File Transfer (MFT) solution reduces problems, resolves issues faster, and reduces costs. Organizations that have adopted MFT had, on average, 26% fewer errors, exceptions, and problems with file movements, and resolved the errors they did have on average 4.8 times faster than those that did not have MFT. Additionally, those organizations that adopted MFT were successful in making year-over-year improvements in security, compliance, reliability, and support for the organization's business objectives, while those that didn't actually got worse.⁴

Ipswitch File Transfer provides solutions that move, govern and secure business information between employees, business partners and customers. The company's proven solutions lead the industry in terms of ease of use, allowing companies of all sizes to take control of their sensitive and vital information and improve the speed of information flow. Ipswitch lets business and IT managers govern data transfers and file sharing with confidence and enable compliance by balancing the need for end user simplicity with the visibility and control required by IT. Ipswitch File Transfer solutions are trusted by thousands of organizations worldwide, including more than 90% of the Fortune 1000, government agencies, and millions of prosumers. For more information on Ipswitch File Transfer and its products, go to www.IpswitchFT.com.

