

TAKING CONTROL: REDUCING YOUR RECORDS MANAGEMENT RISK



A Frost & Sullivan White Paper
Sponsored by Iron Mountain

Author: Jarad Carleton, Principal Consultant

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Frost & Sullivan
2400 Geng Rd., Suite 201
Palo Alto, CA 94303-3331, USA

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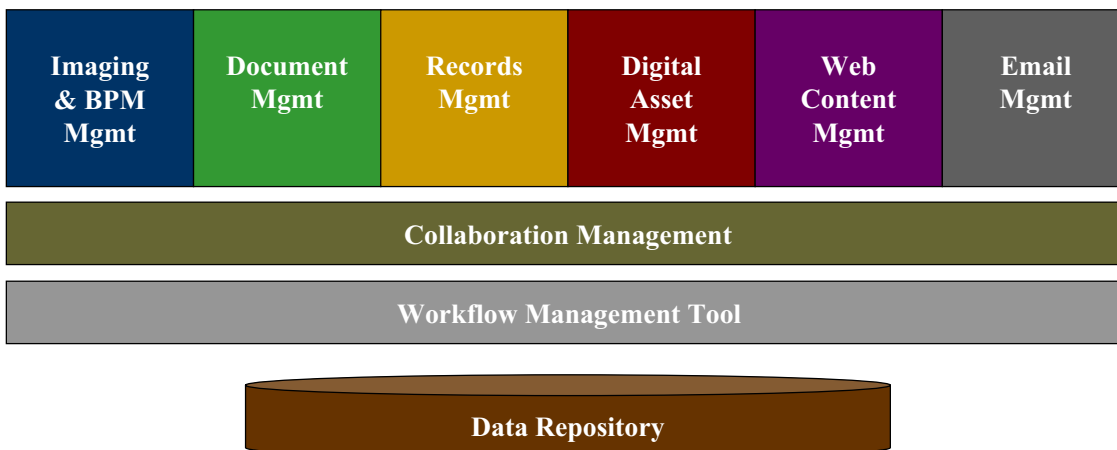
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AN INTRODUCTION TO THE MODERN RECORDS MANAGEMENT CHALLENGE

Modern records management has become increasingly complex in recent years. Whereas records management used to be wholly focused on paper-based records, the lines between paper-based records and electronic records have become blurred. This hybrid records environment is expected to remain the norm for decades due to the relation between records creation, the continued need for hard-copy records and multiple regulatory environments around the world that change faster than most multinational corporations can keep up with. The hybrid paper and electronic records management environment has created the increasingly complex challenge of managing both paper and electronic records.

Enterprise content management systems were created to manage the overwhelming volume of electronic information generated by organizations and put an end to content chaos. In many instances ECM has been effective; however ECM has traditionally ignored the basic reality that paper-based documents won't disappear just because information begins its lifecycle in electronic form.



Source: Frost & Sullivan

In the organizations that rely on ECM systems, a question may arise: “where do the paper-based records and documents come from?” The answer is so simple that it has remained a blind spot for many ECM solutions today – paper-based records are generated on a regular basis from the electronic files themselves.

Thus, while the world has embraced the digital information lifecycle and has implemented solutions to manage the electronic content being created, it has overlooked the fact that enormous volumes of paper continue to be generated as an integral part of daily business.

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Examples include, but are not limited to:

- Signed credit card receipts
- Checks – personal, bank, cashiers, etc.
- Invoices
- Contracts
- Human resources personnel document
- Medical office health questionnaires
- Department of Motor Vehicles documents
- Psychiatric exams for law enforcement personnel
- Expense reports and associated receipts

The reality of today's business environment is that organizations must cope with a complex records management environment that is a hybrid of paper and digital files and the ECM systems developed to manage digital files weren't created to manage a hybrid environment. ECM systems were created with the assumption that information created electronically would not take paper-based form. That assumption is incorrect regardless of industry or national boundaries.

KEY FACTORS IMPACTING THE MANAGEMENT OF RECORDS AND INFORMATION

Operating in this hybrid paper and digital environment is challenging and regardless of whether records are paper-based or digital, critical records management goals must be achieved for all business critical records. Common goals include cost control, compliance, risk mitigation, and litigation readiness. However, many enterprises struggle to achieve these goals for reasons that may not always be obvious.

Cost Control

Corporate governance programs tend to emphasize several key issues, such as business continuity and productivity enhancement as well as cost containment. The challenge for all enterprises today is that the hybrid paper-based and digital records environment has made controlling costs problematic. Cost control has become more complex in part due to the fact that records management at many companies has become more complex in the modern hybrid records environment. Increasingly records managers find themselves moving back and forth between multiple records management systems to locate files, establish audit trails, place litigation holds, and ensure uniform retention and destruction of different classes of business information.

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The use of multiple systems to accomplish the over-arching goal of applying a uniform records management policy has created the need for additional personnel, business processes, training, software systems and maintenance contracts. All of these factors amount to incremental increases in operational costs, while also decreasing productivity. In fact, the complexity of the problem has pushed many multinational organizations to adopt a “save everything” mentality, further exacerbating the goal of cost containment.

Compliance

Compliance with government regulations or those developed by self regulating organizations (SRO's) is an integral part of any corporate governance program. It is also a goal that can be difficult or impossible to achieve in the hybrid records management environment that many organizations operate in today. When records management teams are tasked with implementing a uniform records management program, having records in digital and paper form provides more opportunities for records to be accessed without authorization, to be accidentally or intentionally altered or destroyed, and to be misplaced, mislabeled, or lost altogether.

In cases where records cannot be produced for a government or SRO investigation or audit, monetary fines and costly remedial actions can result as well as negative publicity that can irreparably harm the reputation or brand of the affected organization.

Risk Mitigation

Strict and uniform records management also has the effect of mitigating outside liability risk, since some records are used by companies to exonerate themselves in disputes with employees, business partners, customers, and government bodies. The problem arises when a hybrid records management environment becomes so complex, with multiple business processes and software systems, that records that should be used to defend an organization can't be found. This leads to unnecessary operating expense to pay for legal defense, may cause a firm to settle out of court unnecessarily, or lead to possible fines from an unfavorable judgment against an organization that has done nothing worse than mismanage its own records.

Litigation Readiness

The unfortunate fact of records management is that even when business processes are established and in place, they aren't always followed. This type of situation is increasingly troublesome in hybrid records management environments, where records managers aren't able to assert the same levels of control over digital records that they have traditionally held over paper-based records. Despite the fact that ECM systems today can help records managers assert control over digital records, the use of different systems across large organizations greatly complicates the goal of creating and enforcing a uniform retention and disposition policy, and being able to prove that the policy has been followed consistently. Complicating matters further, offices that don't follow established processes for paper-based records can also end up with lost, destroyed, damaged, or misplaced records.

Well-indexed records ensure easy access while reducing legal discovery time and financial costs, whereas poor indexing methods result in additional expense and higher personnel costs.

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In either situation, the end result is that the organization may be unprepared to defend itself from civil or criminal litigation. Well-indexed records ensure easy access while reducing legal discovery time and financial costs, whereas poor indexing methods result in additional expense and higher personnel costs.

A 2007 Iron Mountain Compliance Benchmark Report representing interviews conducted across vertical industries of almost 2,000 companies worldwide indicates that the process of records retrieval is inconsistent in 35% of the companies that participated. Regardless of whether or not records required by a court of law can be located, there is still the issue of establishing irrefutable audit trails, and ensuring that records are submitted to the court rapidly enough to avoid punitive damages, fines, remedial actions, and negative publicity that can never be undone even if a negative judgment is overturned.

ACHIEVING CONSISTENCY FOR PHYSICAL AND DIGITAL RECORDS

Achieving consistency for physical and digital records should be the goal of records management - regardless of industry or geography since the alternative is increased liability risk, decreased productivity, and an inability to comply with government and SRO regulations. Achieving consistency requires a combination of factors including software integration, records management for on-site and off-site records, fully leveraging existing infrastructure, aligning your organizational goals across all departments in order to achieve a consistent and centralized records management program.

Integration of Software Systems

In most organizations, there are multiple software systems in use that manage critical business records. Examples include electronic document management databases, paper-based records tracking databases, invoice databases, contract databases, human resources databases, email databases, and more. Today, with the proper planning and foresight, many databases can be integrated into an umbrella ECM system; however that still leaves the issue of paper-based records software remaining out of the integrated management loop. In order to streamline records management, both ECM systems and paper-based records tracking software must be fully integrated in order to create and enforce a uniform and consistent records management policy organization wide.

Managing Physical and Digital Records – On-site and Off-site

The reality of physical records management is that file rooms only store a limited amount of data based on business importance and the age of the records. Older or less important physical records are usually stored off-site at a secure warehouse owned by the organization or managed by a trusted third party. The same general rule applies for certain types of digital records for organizations that haven't made the leap away from tape-based data archiving.

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Whether the archived records are paper-based or stored on tape, the need to manage them regardless of their geographic location is critical to ensuring a consistent and uniform records management program. Companies that lack the ability to effectively manage records on-site and off-site have been subjected to intense international negative publicity and millions of dollars in punitive damages for failing to produce records for a court of law.

Alignment of Records Management (RM) and Organizational Goals

Achieving a consistent and uniform records management program isn't a task that the records management (RM), or IT Departments can accomplish alone. It requires assembling a broad team or "Steering Committee" that includes RM and IT as well as legal council, risk managers, and internal auditors. Collaboration between all stakeholders in a series of meetings is the best way to align an organization with the needs of a uniform records management program. In depth meetings that involve all key influencers in the process will ensure a strategic alignment of the records policy with organizational goals.

Detailed explanations of the business needs of different departments and records management requirements will increase levels of understanding and allow the IT Department to offer intelligent suggestions for how to meet or surpass organizational goals. Transparent communication is important for a records management program to eliminate inconsistencies that could lead to failure and increased liability and business continuity risk.

The Importance of Centralized Policy Management and Enforcement

In the end, centralized records management policy creation and enforcement is the only way to mitigate risk as well as ensure compliance, litigation readiness, enhance productivity, and reduce operational costs. An integral part of any centralized policy management and enforcement program rests in three key areas:

1. **Classification** – Proper classification of records is the first step in a uniform records management program. This ensures that records are archived and retained for corporate as well as government mandated retention periods. It also streamlines legal discovery efforts and minimizes the potential of not locating a record when it is needed.
2. **Retention Management** – retaining records for the appropriate length of time not only helps to ensure business continuity, but also reduces storage costs associated with "keeping everything." Strict retention management also minimizes the risk of inappropriately destroying records that could cause irreparable damage to a firm, such as what occurred with the accounting firm Arthur Andersen in 2002.
3. **Business Process** – Establishing the proper business processes around the classification, archiving, and retention of business records enables an organization to prevent the destruction or alteration of business records due to an inadvertent mistake or intentional act by an employee.

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WHY ORGANIZATION-WIDE MONITORING AND ACCOUNTABILITY IS CRITICAL

Internal Audit professionals advise any organization to have checks and balances around issues that have the potential to expose the business to external liability. What this means is in the case of records management is that records that must be retained due to government regulation or due to a potential need in a court of law, should be protected from alteration, theft, and premature destruction. This requires the ability to track and protect records during retention periods and litigation holds as well as establishing irrefutable audit trails that identify who accessed a record, at what time, for how long, and where.

EVALUATING STRATEGIC PARTNERS

For IT Departments that are tasked with evaluating and implementing a records management solution capable of managing digital and paper-based records on-site and off-site, it's important to take time to not only evaluate the solution, but also the vendor itself. Thus, making an assessment of the financial health of the vendor, if the vendor is a potential acquisition target, and if the vendor has a history of commitment to records management are all important factors that should be part of any evaluation. Skipping over this critical step in the evaluation process could result in the purchase of software that may not be supported in the future and could expose a company to the risk of not fulfilling future records management obligations. For this reason alone, a financially stable vendor with a substantial history and commitment to records management should be considered.

THE IRON MOUNTAIN SOLUTION

Falling in line with the recommendations for evaluating potential strategic partners for records management solutions, Iron Mountain has shown a commitment to records management for over 55 years. In that time, they have worked with most of the Fortune 100, over 10,000 legal firms, and over 100,000 corporate clients in 38 countries on 5 continents. The experience gained by servicing clients around the world earned Iron Mountain a the reputation as a top tier, financially sound services and solutions firm with a deep understanding of the business challenges of consistent records management.

Management of Active Records

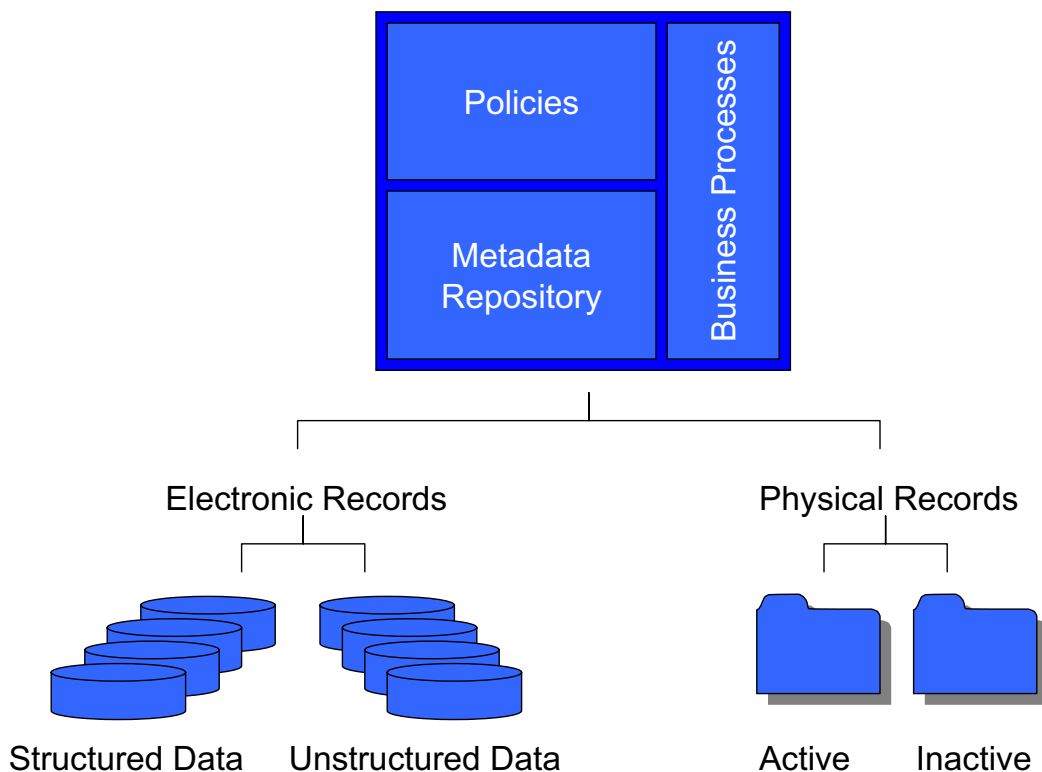
Iron Mountain's Accutrac® is designed to be functional in an active records environment as well as for inactive files. For active records, Accutrac Software provides records managers with file room workflow that enables immediate classification and metadata descriptions to be attached to a record when it is created. It also enables users to establish a logical workflow that can reliably track records as they are converted from physical to digital form, which is important since the physical versions of converted documents tend to be destroyed after the digital conversion process. Providing a reliable method to track and protect physical documents during the conversion process will help an organization protect against accidental or intentional document destruction prior to digital conversion.

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Records Management

Accutrac Software provides users with a flexible and configurable solution that can conform to the unique business processes and needs of any organization. Accutrac allows users to perform easy and intuitive searches based on classifications and metadata attached to the records in the system. This enables an organization to not only quickly find records for internal audits or legal discovery, but also makes it possible to restrict records access to specific individuals or working groups.

Accutrac® Software



Source: Iron Mountain

The search capabilities can also identify in which file cabinet or shelf location a record resides or if it has been relocated to an off-site Iron Mountain storage facility. When records need to be retrieved for business or operational reasons, Accutrac provides check-out and check-in workflow capabilities.

Searching and requesting records stored on-site or off-site at an Iron Mountain facility can be easily accomplished through the Accutrac interface via Iron Mountain Web Services. Records retention and litigation holds can be easily applied to improve program consistency. This broad set of Accutrac capabilities helps effectively manage records inventory and daily order transactions, while streamlining the retrieval of records, and supporting litigation preparedness and compliance requirements.

Accutrac can also extend the value of Enterprise Content Management systems by providing the full suite of compliance and retention management capabilities to electronic records already managed by those systems. Accutrac leverages existing technology investments with support for a wide range of content management systems and data bases. Accutrac integrates with systems such as IBM® FileNet® providing consistent and accurate records management and policy enforcement across the entire organization reducing both cost and risk while improving productivity and efficiency.

By integrating Accutrac and IBM FileNet, customers have a solution that is highly robust and feature-rich that meets business requirements for reliability while seamlessly supporting records management and compliance business processes. The unified approach reduces costs and complexity by enabling IT to consolidate multiple point solutions and free resources previously required to maintain disparate applications and integrations.

Policy Management

Iron Mountain's Accutrac Software also provides organizations with the means to quickly classify records based on business importance, apply customizable retention periods for all records and business obligations, and restrict access to records based on roles or departmental groups. The benefit is that records can be better controlled to prevent unauthorized access, alteration, or destruction.

Ease of record classification also simplifies searches for information during internal audits or legal discovery and ensures that records managers can easily place a legal hold on pertinent records to prevent scheduled destruction of records during the course of litigation. Further, by having the ability to assert centralized record management control over physical and digital records, clear audit trails can be established, which is critical when information is submitted to a court of law.

Just as important as proper retention, managing and restricting access to records, audit trails, and litigation holds is the ability to have the system notify records managers when retention periods have expired and records can be destroyed. Accutrac Software provides a destruction eligibility workflow for defining and approving records ready for destruction whether they are physical or electronic. In addition, electronic records approved for destruction by records managers are permanently disposed of using DoD 5015.2 data destruction standards.

Disposition is just as important to an organization as proper retention schedules because as electronic and physical records expire, their destruction ensures that the business doesn't continue to bear the electronic storage or physical storage costs of maintaining records that are no longer needed. More importantly is that timely disposition of expired records ensures that information that should have been destroyed will not be swept up in a wide reaching legal discovery exercise during civil or criminal litigation. Thus, timely disposition reduces potential liability risk while lowering operational costs, thereby benefiting the organization twofold.

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Professional Services and Consulting

As with any enterprise class software solution, the proper configuration, installation, implementation, and training will increase productivity and enhance adoption of the new system. Iron Mountain professional services and consulting can offer these capabilities to customers as well as services including retention schedule development and audit services to ensure that your organization is compliance and litigation ready.

IN SUMMARY

The business challenges of modern records management in the hybrid records environment are difficult, but not insurmountable. The key to regaining control over your records management program is a solution that can manage the hybrid records environment with a single user interface that integrates into ECM systems and creates workflows for physical and digital records in the organization. Though it is not the only solution available, Iron Mountain's Accutrac Software comes from a financially strong organization with a long history of understanding and commitment to records management. As a result, Iron Mountain's Accutrac should be considered for your final evaluation list.

CONTACT US

Beijing
Bengaluru
Bogotá
Buenos Aires
Cape Town
Chennai
Delhi
Dubai
Frankfurt
Kolkata
Kuala Lumpur
London
Melbourne
Mexico City
Milan
Mumbai
New York
Oxford
Paris
San Antonio
São Paulo
Seoul
Shanghai
Silicon Valley
Singapore
Sydney
Tel Aviv
Tokyo
Toronto
Warsaw

Silicon Valley
331 E. Evelyn Ave.
Suite 100 Mountain View, CA 94041
Tel 650.475.4500
Fax 650.475.1570

San Antonio
7550 West Interstate 10, Suite 400,
San Antonio, Texas 78229-5616
Tel 210.348.1000
Fax 210.348.1003

London
4, Grosvenor Gardens,
London SW1W 0DH, UK
Tel 44(0)20 7730 3438
Fax 44(0)20 7730 3343

877.GoFrost
myfrost@frost.com
<http://www.frost.com>



Iron Mountain
745 Atlantic Avenue
Boston, Massachusetts 02111
(800) 899-IRON
www.ironmountain.com

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US-DMS-WP-121508-001