

# Solving the Unmanaged Content Conundrum

Dealing with the exploding volume of e-mail and other unmanaged electronic documents can cost a bundle unless the proper steps are taken.

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Recent federal rules, significant fines from regulatory agencies, and the threat of electronic discovery are driving organizations to better identify and manage the information they create and store. Companies need to ensure that their information is retained according to business needs and legal requirements.

To operate effectively, organizations also need to dispose properly of information that is no longer needed for business or legal reasons, including that store on shared and individual hard drives and in e-mail and other stored information systems.

Enlightened organizations realize that cleaning up unnecessary files improves employee productivity by reducing the time they spend searching (particularly through masses of e-mail) and allows them to share and re-use knowledge more effectively. It also reduces overhead costs associated with managing and maintaining storage

devices, where labor costs are far higher than storage media.

## The Problem

Today, most information is created in electronic form, and the volume of electronic documents is growing dramatically. It is not uncommon for large organizations to invest significant human and technological resources to store and manage millions of electronic documents and e-mail that may not be company records, that may never be accessed after their creation, and that

the organizations may not be required by law to keep.

Even in organizations that have record retention schedules, electronic files are often not managed according to them. Yet laws and regulations mandate retention of many types of records, including those in electronic format. Laws also require the production of all information relevant to any imminent or on-going audit, lawsuit, or investigation. Last year's amendments to the Federal Rules of Civil Procedure explicitly require discovery of electronically stored information.

In addition to the problem of unmanaged volumes of stored information, organizations must also deal with the reality that hard drives crash, laptops are stolen, thumb drives are lost, and employees and organizations are devastated by the loss of critical business information, company trade secrets, or exposure of customers' personal identifiable information.

Organizations are also quite con-

### At the Core

#### This article

- ▶ Identifies the challenge of managing the dramatic growth of electronic documents
- ▶ Devises a plan for solving the problem of unmanaged content
- ▶ Details the benefits of using program-management technologies

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cerned about identifying and protecting specific types of confidential information: trade secrets, employees' confidential information, passwords, and customers' financial data. There is a high likelihood that this information is sometimes contained in e-mail that is disbursed to several recipients and not treated as confidential.

Finally, while storage media may be inexpensive and the cost is going down, storing large volumes of information is not cheap. Well-paid IT staff members, who maintain storage systems, are an expensive cost of doing business. So is the cost of restoring millions of files when a disaster occurs, requiring days or weeks of combing through them to find the critical ones that the organization needs to stay in business.

Facing these challenges will force organizations to ask themselves many questions:

- How will they go through the millions of files, documents, and e-mails stored on local area networks, wide area networks, storage area networks, shared drives, and a host of other locations? How will they identify which are records rather than non-records, which ones are needed for lawsuits, and what can be disposed of without causing liability?
- How can they control and secure information that customers expect to remain private? How should they manage confidential documents or trade secrets, such as product pricing data?

- Can they expect employees to take the time to go back to all the documents they have created or saved across the enterprise to manage, preserve, and protect the files that constitute records?
- How will they unearth and dispose of unnecessary files while minimizing the risk of non-compliance with laws and regulations?
- How will they ensure that new records are identified as such and managed throughout their lifecycle?
- How will their IT departments avoid acquiring new storage systems and additional IT staff to maintain them if they fail to properly dispose of unnecessary information?
- Even if they have an enterprise content management system, how will their employees migrate documents from other systems with sufficient metadata to facilitate retrieval?

### The Solution

Information compliance experts, using state-of-the-art natural language "crawler" technologies, can save millions in litigation costs, productivity loss, and potential fines. Optimizing electronic content typically involves these steps:

1. Assessing current records management practices and IT processes for storing and backing up e-mail and other forms of electronic information
2. Developing queries used to crawl

through electronic information (including e-mail) and categorizing it according to pre-defined "buckets"

3. Developing queries to aid in identifying information related to a legal matter or audit
4. Identifying and destroying duplicate and unnecessary files
5. Applying business and records management rules to valuable files
6. Porting a subset of files that contain records to a repository
7. Adding metadata to these files to aid in retrieval
8. Storing files that are records but are not retrieved frequently to offline storage and assigning retention periods

### A CMS Return on Investment

Implementing a CMS with records management functionality can help organizations get control of their information and realize a positive return on their investment. Figure 1 is a projection of a cost/benefit analysis for a 1,000-employee organization without a records management program or staff that acquires such a CMS. Even though cleaning up hard and shared drives and migrating e-records to the new repository will cost as much as the organization's new system, their financial goals will be realized within one year.

### Increased Productivity

Because the company is growing

**Figure 1: Projected ROI for Implementing a CMS in a 1,000-employee organization**

| <b>Costs</b>                                       | <b>Pilot</b>    | <b>Yr 1</b>    | <b>Yr 2</b>       | <b>Yr 3</b>       |
|----------------------------------------------------|-----------------|----------------|-------------------|-------------------|
| Records management full-time equivalents           | 1               | 2              | 3                 | 4                 |
| Staffing costs (5% annual raises)                  | 100,000         | 180,000        | 269,000           | 362,450           |
| Training and Travel                                |                 | 25,000         | 30,000            | 35,000            |
| Consulting                                         | 60,000          | 60,000         |                   |                   |
| Content management software licenses               | 100,000         | 600,000        |                   |                   |
| Hardware                                           | 250,000         | 100,000        |                   |                   |
| Hardware and software maintenance                  | 26,000          | 160,000        | 160,000           | 160,000           |
| Cleaning up and converting electronic records      | 600,000         | 100,000        | 100,000           | 100,000           |
|                                                    | 1,136,000       | 1,225,000      | 559,000           | 657,450           |
| <b>Benefits</b>                                    |                 |                |                   |                   |
| Increased productivity                             | 624,000         | 1,872,000      | 12,480,000        | 24,960,000        |
| IT salary avoidance                                |                 |                |                   | 65,000            |
| Reduced offsite paper storage costs                |                 | 50,000         | 100,000           | 150,000           |
| Tighter contract management                        | 50,000          | 100,000        | 200,000           | 200,000           |
|                                                    | 674,000         | 2,022,000      | 12,780,000        | 25,375,000        |
| <b>Revenue Benefits</b>                            |                 |                |                   |                   |
| Increased sales – centralized customer information |                 |                | 300,000           | 600,000           |
|                                                    | 0               | 0              | 300,000           | 600,000           |
| <b>Risk Avoidance</b>                              |                 |                |                   |                   |
| Reduced litigation costs                           | 100,000         | 200,000        | 400,000           | 800,000           |
| Avoided regulatory fines                           |                 |                | 50,000            | 50,000            |
|                                                    | 100,000         | 200,000        | 450,000           | 850,000           |
| <b>Total Cumulative Benefit</b>                    | <b>-362,000</b> | <b>635,000</b> | <b>13,606,000</b> | <b>39,773,550</b> |

rapidly, productivity improvements will translate into avoiding new hires.

Consolidating information about existing customers will help focus communications with them, resulting in increased sales.

Industry average for increased productivity ranges from 5 percent to 30 percent, depending on the type of work employees do. Taking a conservation approach of 5 percent productivity improvement at \$60 an hour x 1,000 employees, will result in an annual

(recurring) savings of \$6.24 million.

The organization's analysis projects a conservative 5 percent productivity improvement based on:

- Pilot year - 100 users
- Year 1 - 300 users
- Year 2 - 2,000 users
- Year 3 - 4,000 users

#### **Salary Avoidance**

Based on the company's growth of electronic storage, IT would have to hire

an additional operations staff person to perform storage management. The industry average is said to be \$500 to \$1,000 per GB to maintain network drives, according to a major U.S. oil company. (The average was said to be about \$2,000 in 2002, but has since been lowered to reflect changes in the industry.) Instead, many of the storage management responsibilities for the content repository will be assumed by the new records management staff (with the exception of routine backups).

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### **Reduced Litigation Costs**

By cleaning up files on existing storage systems and migrating records to a managed repository, legal staff will have significantly fewer files to review. Over time, the centralized repository will contain the majority of records needed for litigation.

The projected savings are extremely conservative in light of a recent case where legal staff time amounted to \$500,000 to search for and reorganize 41,000 documents. (This case was revealed at recent conference presentation by a company that declined to be disclosed.) Also, if the organization can produce documentation early in potential legal cases, lawsuits may be dropped

or settled for a fraction of the cost of a full-blown court case.

### **Avoided Regulatory Fines**

Divisions/departments will be able to organize regulated information in structured folders stored in the managed repository. Centralizing information storage and powerful search technology will expedite internal and external audits.

### **Achieved Goals**

Implementing a CMS with records management functionality not only can help organizations meet the challenges of effectively managing their information, protecting confidential and vital information, and limiting their risks during e-discovery, it can provide a positive return on investment through avoiding increased storage and staffing costs and increasing productivity. ■

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