

Putting Retention Management on the Right Track

Forrester suggests ways to get an organization on track and prepared to meet today's e-discovery challenges.

Nikki Swartz

One year ago, new Federal Rules of Civil Procedure (FRCP) amendments went into effect, requiring organizations large and small to be able to demonstrate, if necessary, that their electronic information is accurate, accessible, and trustworthy. While many businesses took notice, fewer have taken action to meet the new FRCP requirements.

Several major studies have been released over the past year – all showing that organizations are just not ready for electronic discovery requests, leaving them vulnerable to the risk of steep fines and penalties that may result in the event of litigation.

For example, an April 2007 AIIM report found that almost half of all organizations surveyed were only slightly confident or not confident at all in the accuracy or trustworthiness of their electronic records. In addition, 62 percent of organizations that showed high confidence levels in 2006 (before the FRCP amendments took effect) reported a decrease in confidence this year.

In a July survey, "Abysmal: The State of Retention Management," Forrester Research interviewed information management and IT professionals from 25 different \$1 billion-plus U.S. enterprises. Not surprisingly, it, too, found that most are not ready to meet their obligations as set forth in the FRCP amendments.

According to Barry Murphy, Forrester principal analyst and author of the study, the amendments have not received the proper attention in organizations for two reasons: "First, legal and IT are two departments that do not traditionally communicate," he said. "Plain and simple, there is a lack of ownership around FRCP readiness within more large organizations."

However, he said organizations in highly regulated and/or highly litigious industries have been focusing and implementing retention management strategies. "They are deploying tools like e-mail archiving and records management to stop the bleeding for now," he explained. "Unfortunately, organizations that aren't regulated or don't find litigation a burning problem today are

going to have to be burned by a complex e-discovery situation before they realize that a proactive approach is the smarter one."

For those organizations, the Forrester study went on to suggest several crucial steps they can take to begin a proactive strategy to not only manage e-records, but also meet their e-discovery and FRCP obligations.

Glaring Gaps

According to the Forrester study, the gap between where organizations are today and where they should be regarding e-records retention is enormous due to organizational obstacles and immature technology.

Organizational Issues

"The biggest stumbling blocks are organizational in nature – a lack of workable policies for electronic content; a lack of budget and process ownership around e-discovery and retention management; a lack of visibility into the value of information assets," Murphy explained. "The budget issue becomes

the big one as companies try to kick-start their efforts – who pays for this? If it can't be surfaced to a high level within the organization and turned into a capital expense, some department (usually IT) will be left to try and fit it into a budget – and that leads to paying as little as possible with the chance of getting it very wrong.”

Indeed, Forrester found that retention management initiatives typically are the ugly stepchildren in organizations, scattered among different departments and managed in diverse technology silos like records management (RM) and message archiving.

Because the FRCP have forced businesses to think about information management across the entire organization, organizational stumbling blocks are plentiful and potentially paralyzing. According to the Forrester study, one part of the organizational problem is that companies and government agencies don't know where to position retention and RM programs within their hierarchies. The AIIM survey revealed that 37 percent of companies surveyed indicated that the department or employees responsible for managing electronic records report to the chief information officer/IT, and a full 20 percent said their RM function is responsible to no specific department.

Forrester found that 14 of the 25 organizations interviewed had created formalized cross-functional teams to address retention initiatives, while virtually all had at least established an informal team. While this may sound good, Forrester found that those same organizations stressed that their cross-functional team formally exists but doesn't really execute. According to the study, “often those teams don't execute because of the newness of having to think about information retention across the organization.”

This is where employee buy-in and involvement come in. According to the Forrester study, visibility of retention management issues is critical. In many organizations, Murphy said, informa-

Help for the Hesitant

Why haven't more organizations rushed to ensure they can meet their FRCP and e-discovery obligations?

Barry Murphy, Forrester Research principal analyst, said the problem may stem more from the basic wording of the rules, which is confusing and vague for many organizations. For example, “terms like ‘reasonable’ and ‘good-faith efforts’ do not exactly provide the impetus every organization needs to spend millions of dollars on technology solutions,” he said. “Each organization must have its Office of General Counsel interpret what the rules mean for them in particular.”

To the large number of organizations – large and small – who aren't properly managing e-records and, presumably, also could not meet FRCP requirements in the event of litigation, Murphy offers this advice:

- *Stop ignoring the e-discovery problem.*
- *Do not believe in the “archive everything” approach.*
- *Simplify and automate retention policies:* Keep it simple, Murphy advises. “The tendency in records management has been to create complex schemes for the declaration and organization of critical company records,” he explains. “The volume of electronic information, however, makes complex schemes untenable. Organizations make it as easy as possible for people to identify and classify information that needs to be retained, leveraging auto-classification where possible.”
- *Centralize, centralize, centralize views of information:* “The best possible way to ensure a central view of information is to create a formalized information management team that can act as a lens to diverse information repositories,” Murphy says. “In the absence of a true, dedicated team, however, firms should establish a project team that reports to the chief information officer (CIO) but liaises with the legal and business departments to cover all the e-discovery requirements bases.”
- *Use technology to educate the business about information retention and classification:* However, Murphy warns that technology is not a cure-all. Tools that span multiple parts – collection, preparation, review, and production – of the e-discovery process do exist, but he says firms will not find a one-stop-shop technology solution. “Organizations that believe an ECM or RM system will solve the e-discovery problem will be sorely disappointed,” he adds. “Such systems can help but will not cover all short-term needs.”
- *Avoid executing in a vacuum:* Centralized control over e-discovery eliminates this risk, according to Murphy.
- *Establish a dedicated retention management team.*

tion retention is not something employees take seriously unless there's a legal issue, which then may create chaos because there's no practiced process in place.

“Not only do all employees need to

understand the importance to the organization of correctly classifying and storing their information, but C-level executives must also stress to employees the critical nature of records management,” the study states. “Executives must

also allocate specific budgets for dealing with retention management issues, such as training employees on how to apply records management policies and practices – both legally and effectively.”

To solve the many organizational issues, Forrester advises firms to clearly define roles and responsibilities. When it comes to information retention, three major stakeholder groups – legal/compliance, business, and IT must have a place at the table. The first step is to create an information management group (preferably a formal one) tasked with incorporating the needs of all three constituencies and managing the change that goes along with implementing retention management.

Technology Trials

Assembling the right team and finding budget dollars for retention-related initiatives can be challenging. But, according to Forrester, they can be exacerbated by two technology-related problems: First, many organizations naively assume that the RM or e-mail

archiving technology that they have deployed will solve all their problems; second, other organizations haven’t deployed any technology at all.

In the 25 interviews conducted by Forrester, the range of technologies implemented to meet retention needs was categorized by Murphy as diverse, fragmented, and immature. For example, 15 of the 25 firms interviewed said they use message archiving technology. More than half (13) of the organizations reported using RM and/or e-discovery tools, while less than one-third use enterprise content management (ECM) for information retention. The majority – 13 out of 15 organizations – that have deployed message archiving have done so as a standalone tool and have not integrated it with RM or ECM initiatives, Forrester found.

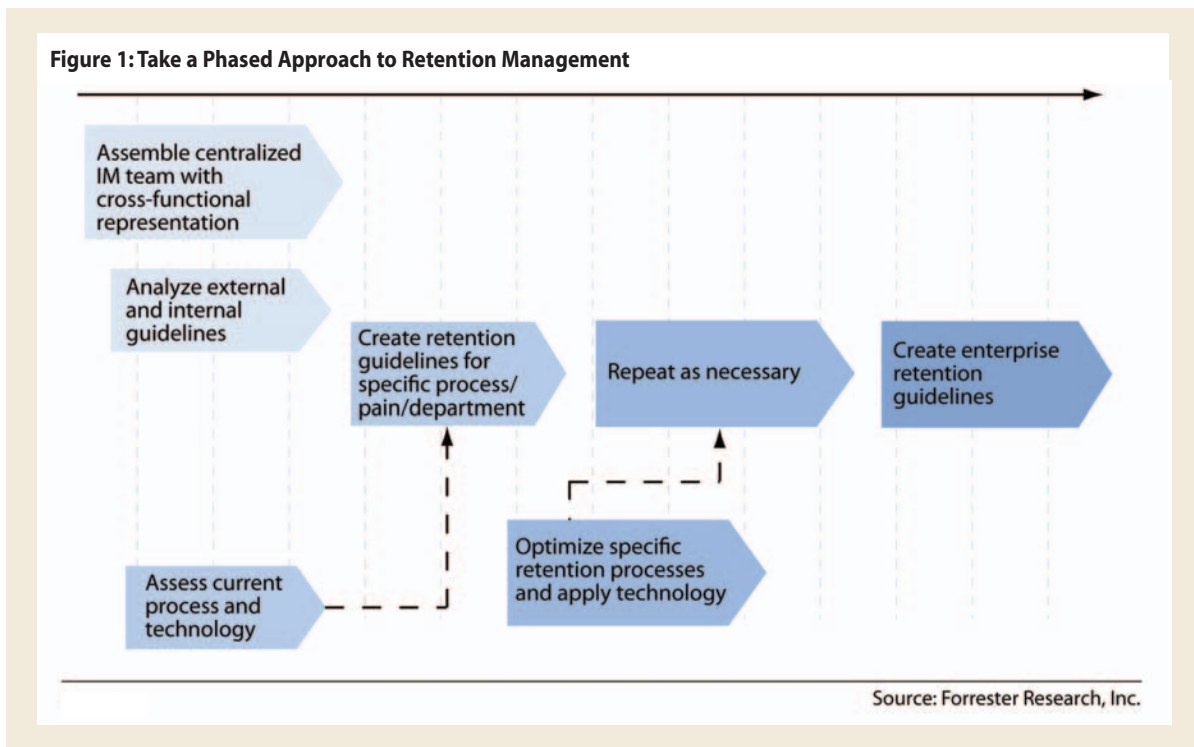
The survey also revealed that many of the organizations interviewed still input documents into their message archiving system by printing hard copies and then scanning them. According to Forrester: “This is simply

mind-boggling – it creates a huge added cost and adds a tremendous labor burden, not to mention chain-of-custody issues for e-discovery.” Forrester also found that e-discovery deployments are incomplete – 8 of the 13 organizations that reported having deployed e-discovery tools were actually referring to their message archiving tool.

Initiating Retention Efforts

To solve these problems and improve retention management practices, the Forrester study concludes that firms must tackle organizational challenges first, use technology solutions such as message archiving to ease e-discovery, and slowly evolve retention management strategies across the entire organization (See Figure 1).

Of course, creating an environment in which employees proactively and properly retain critical information – which enables the firm to find information that must be discovered and control e-discovery and storage costs – is paramount to the effort.



To get retention management initiatives off the ground, Forrester advises records and information managers to:

- *Formalize the relationship between legal and IT.* Organizations successfully rolling out retention programs typically evolve their RM group into an “information management” group to lead the effort, Forrester said. This group is formally charged with understanding the way the business uses information, the legal and regulatory implications that affect that information, and the technologies for managing it. The group works with all the various departments to ensure that cross-functional requirements are fully considered. For organizations that are not able to create such a group, Forrester suggests at least moving toward formalizing the relationship between legal and IT to ensure that the firm can conduct e-discovery efficiently.
- *Consider retention management a cost of doing business.* Organizations that rely on IT’s budget to pay for information retention initiatives wind up with the lowest-cost solution, which rarely meets the needs of everyone involved. Forrester said top organizations don’t silo the budget within any one department; instead, they raise the issue to the executive level, realize that retention and the training associated with it are the costs of doing business in today’s regulatory environment, and allocate specific budget to solving the problem.
- *Use the maturity model to guide actions.* Success is unlikely if an organization overreaches. Forrester said some firms are ready for full-blown federated records management, while others need to start smaller projects for a select group of users. It is up to each organiza-

How Mature Is Your Organization?

According to Forrester Research, successful retention management initiatives evolve over a three- to five-year period. Many enterprise-specific component activities should occur in the process. To determine which activities are right for your organization, Forrester suggests checking out where it is within the retention management maturity model (below).

By assessing where your organization is in the maturity model, you can to determine what kinds of technologies can best support your efforts and what business results you can expect.

Figure 2: Retention Management Maturity Model

	Phase 1	Phase 2	Phase 3	Phase 4
What	Physical (paper) records	<ul style="list-style-type: none"> • ERP reports • Contracts • Advertisements • Supplier invoices • Articles of incorporation 	<ul style="list-style-type: none"> • Web pages • Selected email • Collaboration workspace files • Product plans 	<ul style="list-style-type: none"> • All email • Network file shares • Desktop content • Mobile device content • Hard drive files
Where	Warehouse (onsite/offsite)	Standalone records repository	Combination standalone records repositories and some in-place storage (information stays where users put it)	In-place storage
How	Physical RM software	<ul style="list-style-type: none"> • Electronic RM software: standalone records repository • Search and index 	<ul style="list-style-type: none"> • Electronic RM software: standalone repository or federated RM • Message archiving • Search and index 	Electronic RM software: federated RM; integrated with message archiving and search and index
Business impact	Compliance and secure storage of official records	Less paper storage costs via imaging physical records	<ul style="list-style-type: none"> • Lower-cost eDiscovery • Improved compliance processes 	<ul style="list-style-type: none"> • Efficient compliance processes • Proactive, repeatable, cost-managed eDiscovery processes • Improved information access via better (and automatic) classification

Most organizations are here

Source: Forrester Research, Inc.

tion to determine its needs. (See Figure 2.)

According to Forrester, there is a compelling business case today for retention management – lower e-discovery costs and more efficient compliance processes. The good news is that organizations are beginning to

implement ways to more effectively conduct e-discovery, leading to managing information better overall. The bad news is that if your organization is not one of them, it may miss the business benefits as well as the long-term dividends that will result from such efforts. ■

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