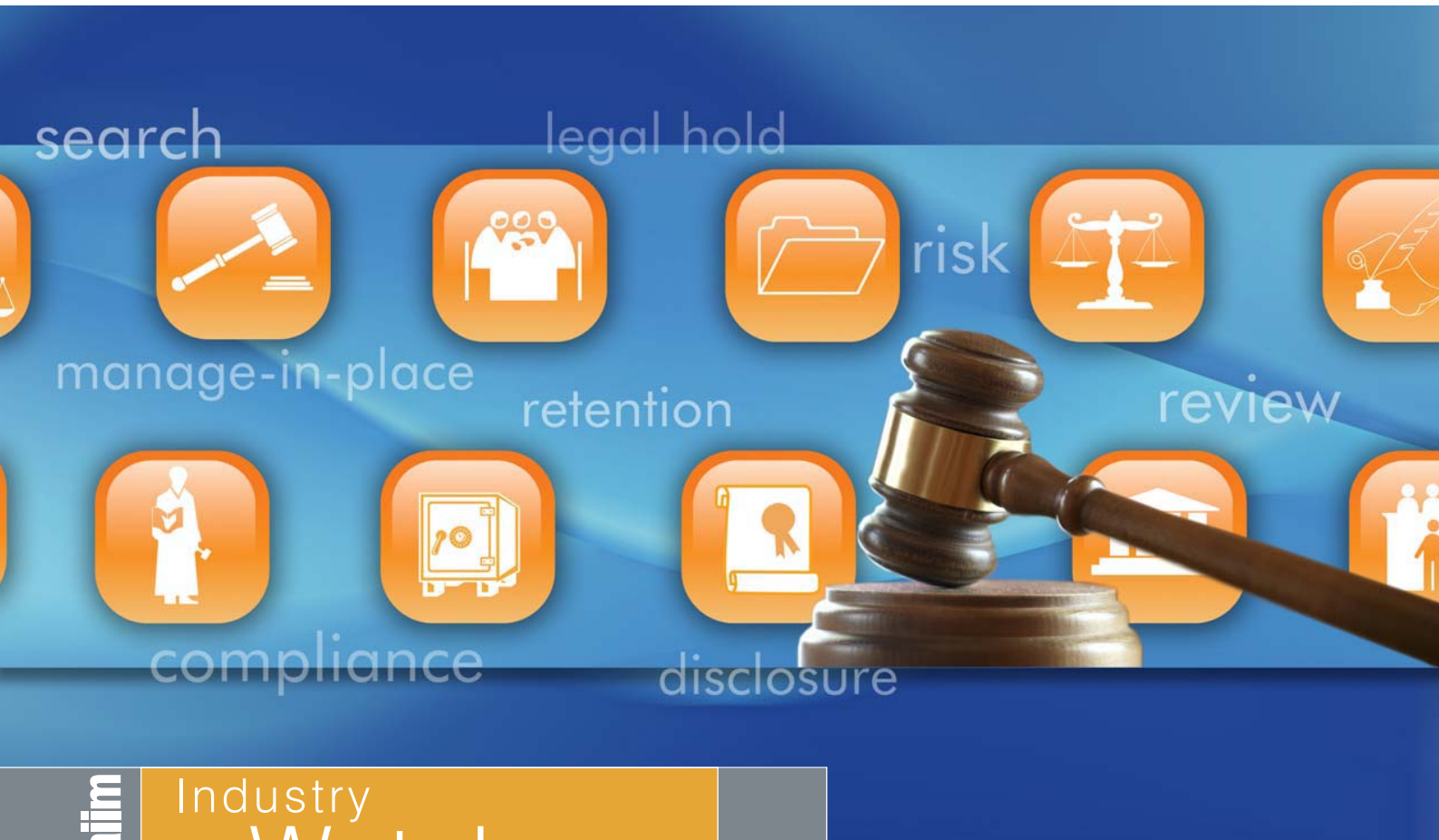


AIIM Market Intelligence

Delivering the priorities and opinions of AIIM's 65,000 community



Industry Watch

E-Discovery and ERM:

how is records management performing in the new spotlight?

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About the Research

As the non-profit association dedicated to nurturing, growing and supporting the ECM (Enterprise Content Management) community, AIIM is proud to provide this research at no charge. In this way the education, thought leadership and direction provided by our work can be leveraged by the entire community. We would like this research to be as widely distributed as possible. Feel free to use this research in presentations and publications with the attribution – “© AIIM 2010, www.aiim.org”

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Process Used, Survey Demographics and Terminology

While we appreciate the support of these sponsors, we also greatly value our objectivity and independence as a non-profit industry association. The results of the survey and the market commentary made in this report are independent of any bias from the vendor community.

The survey was taken by 709 individual members of the AIIM community between July 30th and August 19th, 2010, using a Web-based tool. Invitations to take the survey were sent via e-mail to a selection of the 65,000 AIIM community members.

Survey population demographics can be found in Appendix A. Graphs throughout the report exclude responses from organizations with less than 10 employees and suppliers of ECM products or services.

About AIIM

AIIM (www.aiim.org) is the community that provides education, research, and best practices to help organizations find, control and optimize their information. For more than 60 years, AIIM has been the leading non-profit organization focused on helping users to understand the challenges associated with managing documents, content, records and business processes. Today, AIIM is international in scope, independent and implementation-focused, acting as the intermediary between ECM (Enterprise Content Management) users, vendors and the channel. AIIM runs a series of training programs, including the SharePoint Certificate course.

About the Author

Doug Miles is head of the AIIM Market Intelligence Division. He has over 25 years experience of working with users and vendors across a broad spectrum of IT applications. He was an early pioneer of document management systems for business and engineering applications, and has most recently produced a number of AIIM survey reports on issues and drivers for ECM, Email Management, Records Management, SharePoint and Enterprise 2.0. Doug has also worked closely with other enterprise-level IT systems such as ERP, BI and CRM. Doug has an MSc in Communications Engineering and is an MIET.



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Introduction

Records management has been with us since the start of recorded history. Electronic management of paper records has been available for 25 years. On the other hand, electronic management of electronic records is a much more recent development. Only in the last 5 years has the significance of written electronic communications and electronic transactions been fully brought to account in the courts^{1,2}, and only in the last year or two, therefore, have we been in a position to measure the reliability and integrity of electronic records-keeping as seen from this new legal perspective.

Along with this increased scrutiny of the rapidly increasing volume of electronic transactions has come an increased need to minimize the labor resource required to handle the legal discovery process. To win more cases, we also need to maximize the analytic capabilities applied to the discovered content. E-discovery tools set out to do just this, from basic search enhancement, through hold and review mechanisms, to early case assessment and strategy setting.

In this report, we look at confidence levels in the integrity of electronic records, the business drivers for better management of electronic content, the adoption levels of records management (RM) systems, the strategies for their application, and the problems of email. We then review the issues of legal discovery across both paper and electronic records, and the benefits and returns reported by existing users of e-discovery systems. Finally, we measure the experience of AIIM users as reflected in their involvement in court proceedings based on electronic records keeping.

Key Findings

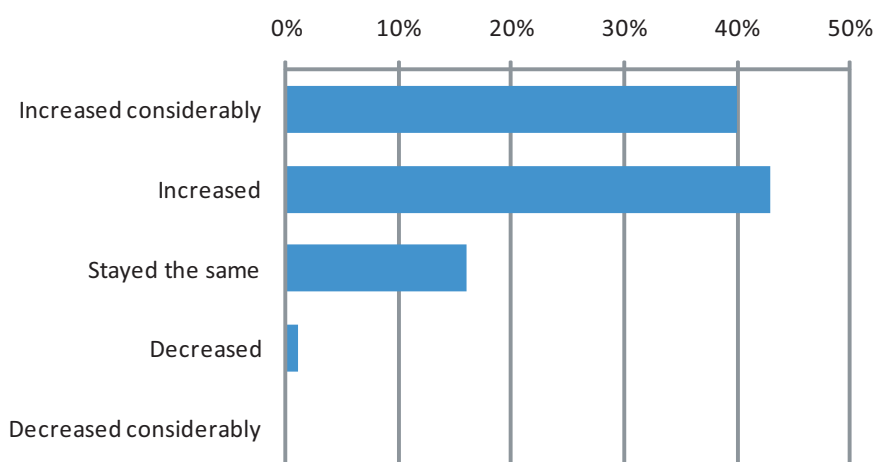
- In 57% of organizations, recent events such as the BP disaster, the Toyota recalls, and the banking crisis have made senior management “more” or “much more” conscious of risks to the business.
- 83% of respondents feel that the importance of records management has increased in the last 2-3 years, considerably so for 40% of them.
- Over the last 2 years, budgets for records and information management have increased in 43% of organizations and decreased in only 13%. They are expected to increase further in the next 2 years.
- If challenged, 37% of respondents are not confident that their electronic records have not been modified, deleted or inappropriately accessed.
- 43% of respondents believe that they have achieved RM integration across organizational units, including 17% who have extended coverage across the whole enterprise.
- 35% of the responding organizations are not using, nor planning to use SharePoint for document or records management.
- 25% of those who do use SharePoint plan to make use of the RM facilities in the 2010 release, whereas 33% prefer to use a 3rd-party RM system. 42% of SharePoint users have not yet considered their records management requirements.
- There is considerable confusion regarding the repository-of-record for emails. Using Outlook archives stored on a network drive is the most popular at 18%, but 9% are likely to store these files on local hard drives. 5% print and file, and the remainder are split between the ECM/RM system, a dedicated email archive, and shared folders in Exchange. A worrying 16% have no policy.
- 26% have indiscriminating policies on deletion of all emails, 23% keep everything just in case and 31% have no policies or non-enforced policies. The remainder either manually or automatically declare important emails as records and delete the others.
- For 31% of respondents (excluding 45% “Don’t Knows”), a lack of complete electronic information has been an issue with regulation authorities, and for 34% it has been an issue in a court case.
- 24% have had their records keeping policies questioned in court and 25% have sent a senior IT person to testify to the validity of their electronic records.
- In 26% of organizations, undeleted records beyond their retention period have affected a court case, twice as often weakening it rather than strengthening it.
- 20% of respondents have more than 50 discovery cases a year for regulatory or legal issues. 13% deal with more than 120 cases per year.
- 36% do not have any legal hold procedures, and a further 9% have a hold policy for paper records but not for electronic records. Whilst 55% have a hold policy for “electronic records”, only 35% include all active electronic documents.
- With regard to legal hold mechanisms, 29% have automated processes, 46% use manual tagging or copying and 30% rely on instructions to staff not to delete.

- For organizations with no RM system, a legal discovery process will take an average of 25 days. For those with a system the average is halved to 12 days. For comparison, a legal discovery process across paper records takes an average of 19 days, with 28% of organizations taking more than a month.
- The IT department is not involved in a paper records discovery process, but is likely to be tasked with electronic discovery in 29% of organizations.
- 44% of those with an RM system consider electronic-discovery to be 3 or more times as efficient as paper discovery.
- 47% use ad-hoc search across file shares and email systems to find discoverable records. 24% use native search in their ECM or RM system. 7% use Enterprise Search. 17% of survey respondents have access to specific e-discovery tools.
- Whilst acknowledging that it automates only part of the e-Discovery process, a third of those using Enterprise Search say it has dramatically improved their process.
- The main disadvantages of using Enterprise Search for e-Discovery are the breadth of hits, and the difficulties of integrating across multiple repositories.
- Only 7% of respondents' e-Discovery systems provide Early Case Assessment (ECA), despite an acknowledgement of the benefits - such as reducing the data volumes to be reviewed, projecting the potential costs of a case, and setting strategies.
- 60% of e-Discovery system users consider it to be at least twice as efficient as a basic electronic search, with 49% achieving payback in 18 months or less, and 72% within 2 years.
- Planned spending in the next 12 months is up in all areas of records management, particularly Enterprise Search and physical records management.

The Growing Importance of Records Management

The accelerating pace of modern business, the mounting levels of compliance regulation and the increasingly litigious trends in society have all contributed to a growing realization that keeping good records is important – even though some Records Managers perceive that they are being sidelined and issues are being ignored.

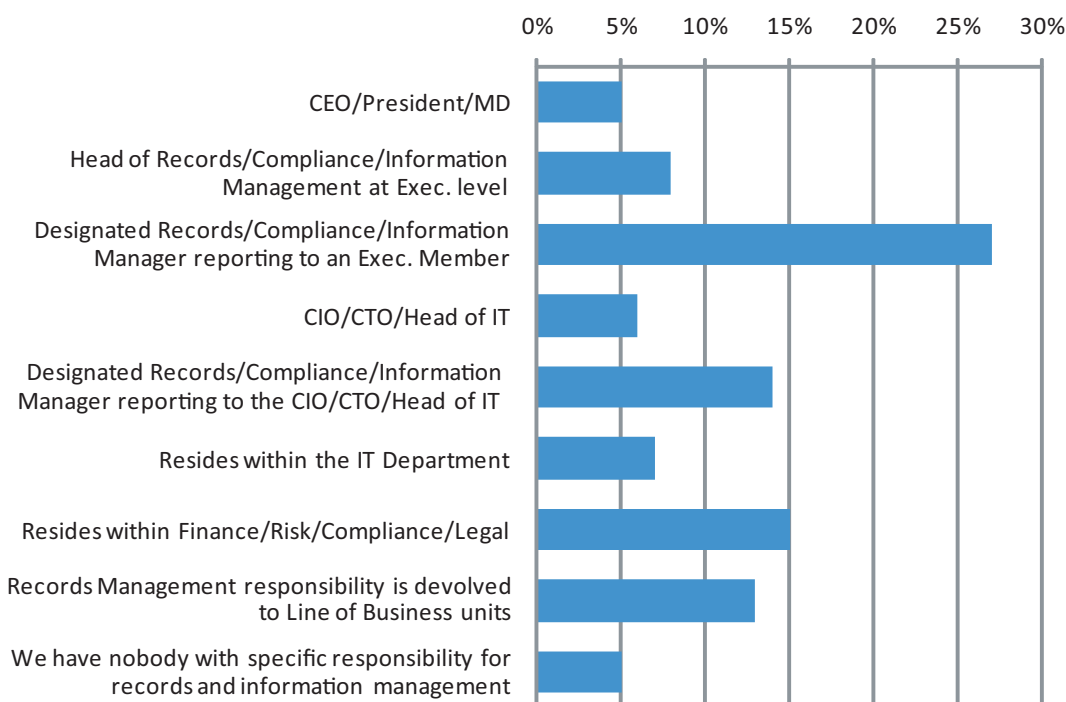
Figure 1: How has the importance of records management changed in your organization over the last 2-3 years? (N=659, 10+emps, non-trade)



In the last few years, some businesses have been dramatically impacted by unforeseen events, and in many cases, their information management has been called into question. We asked our respondents, "How would you say the senior management perception of risk to your organization has changed in the light of recent events such as the BP oil spill, Toyota recalls, the banking crisis and high profile government email leaks?" Over half felt that senior managers are now "more conscious" of the risks, with 20% being "much more conscious".

Another measure of the recognition of importance is the level of management responsibility within the organization.

Figure 2: What is the highest level of specific responsibility for records management/information management in your organization? (N=655)

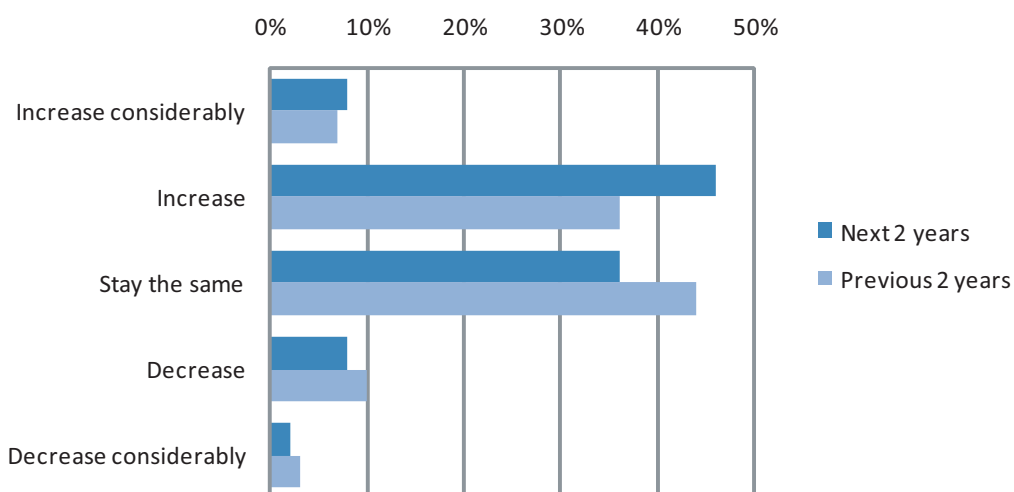


If we assume that the CIO is a member of the Executive level, then 19% of organizations set a direct responsibility at Executive level. A further 41% of responsible managers report directly to an Executive member. Overall, 27% of reporting is through the IT department, although paper records management may be separately assigned in some organizations.

Budget Allocation

A further measure of importance is budget allocation. Although not fully reflecting the increase in importance measured earlier, budgets have increased over the last two years in 43% of organizations, whilst decreasing in 13%. Over the next two years, 54% of organizations plan to spend more, with 10% spending less. Following many years of increasing content chaos, this is encouraging.

Figure 3: How has the budget allocated to records and information management in your organization changed in the last 2 years/expected in next 2 years? (N=652)

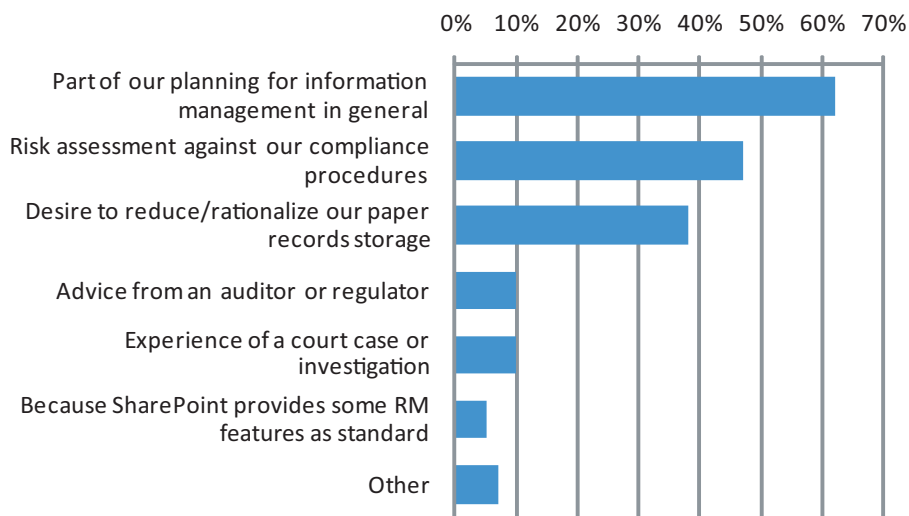


Senior management has become more aware of the risks to the business from poor information management, as reflected in a higher level of executive reporting and an increase in allocated budget.

Business Drivers

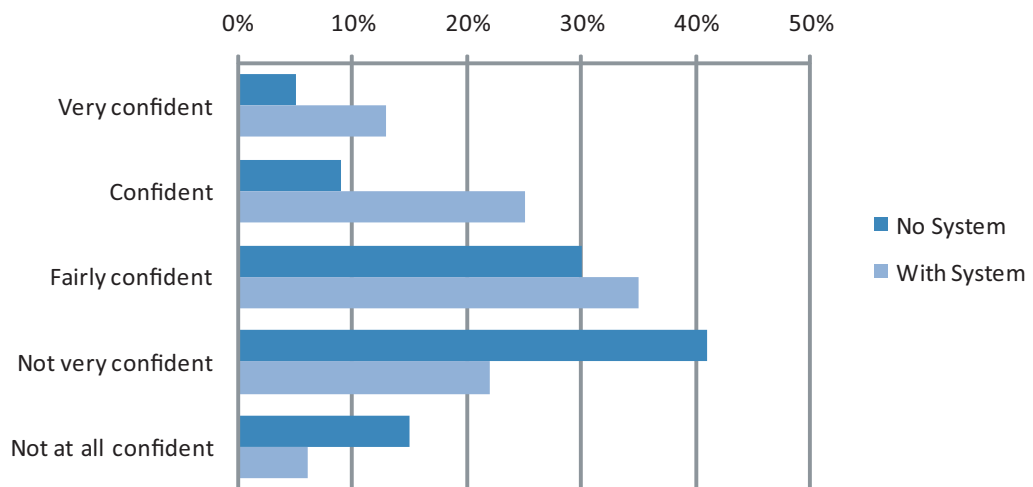
Of those planning or implementing a new records management system, 62% consider it to be part of their information management plans, but 47% are also driven by compliance procedures. When asked elsewhere in the survey (Fig 27), the majority - 54% - agreed that "Improved knowledge access and content sharing is a stronger benefit of ERM than compliance or e-discovery."

Figure 4: What would you say were the two main reasons that triggered your organization's decision to plan a Records Management system? (N=176 planning or implementing)



Most users have some misgivings about the robustness of their electronic records.

Figure 5: If challenged, how confident would you be that your electronic records have not been modified, deleted, or inappropriately accessed? (N=210 no system, 430, with a system)



Interestingly, the possession of a system does not universally improve confidence levels in the integrity of electronic records. This reflects systems with limited scope, particularly with regard to emails, which may or may not come under a records management remit – see Figs 12 and 13.

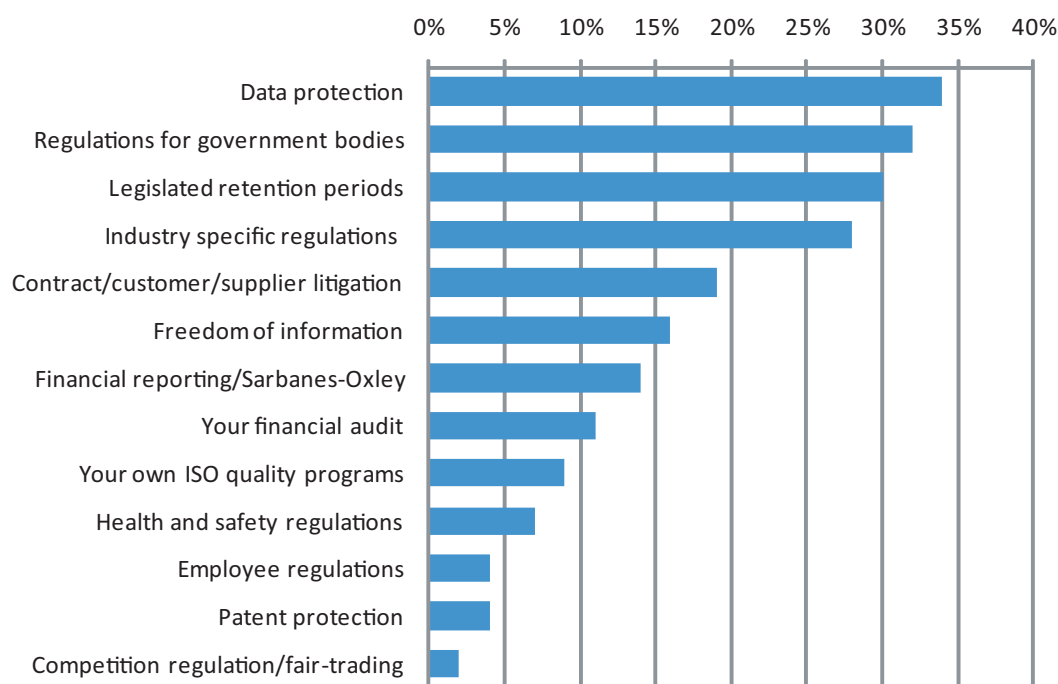
56% of those with no form of ERM system in place have little or no confidence in their electronic records compared with 28% or those with some form of system. Overall, 37% have little or no confidence - an improvement over the 52% measured 2 years ago.

Whilst still at an alarmingly low level for some organizations, records management systems have improved overall confidence in the integrity and reliability of electronic records compared to previous surveys. Concerns about where and how to manage emails is still a risk factor, even for those with systems.

Compliance Drivers

Compliance drivers will obviously vary considerably across industry sectors and between private and government organizations. Legislative mandates and government regulations are the most prevalent drivers, followed by industry-specific regulations (including regulations for public bodies) and then customer-supplier disputes.

Figure 6: Thinking about the compliance benefits of Records Management, which of the following are the TWO most important compliance drivers in your organization? (N=650)



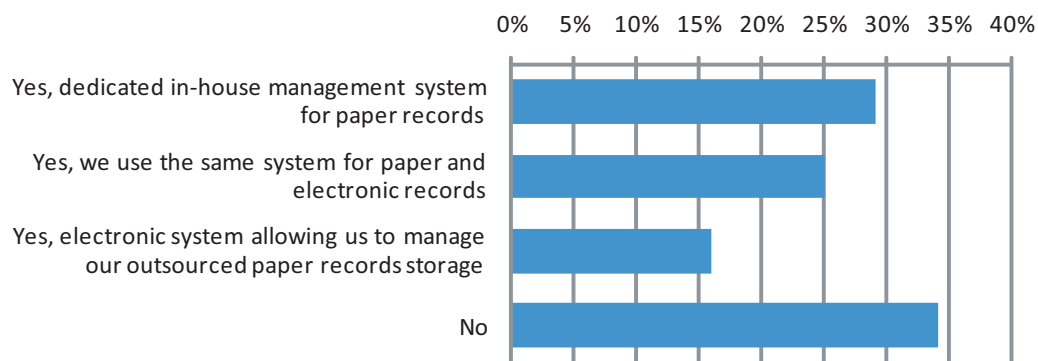
Adoption Levels and Scope

Paper vs. Electronic

Just 1% of organizations consider paper-based records to be their only repository of record, although a further 8% know that they have electronic records in need of management but have taken no steps to do so. At the other end of the spectrum, 7% report that they are now reliant on electronic records over and above paper copies, with a further 24% having an integrated environment including electronic and paper records.

Integrated management of paper and electronic records is the ideal, but a dedicated database system managing the locations and lifetimes of paper records in the paper store offers a useful level of visibility. 29% of organizations have a dedicated in-house system for this. Many outsource storage providers also offer this facility, with 16% of our sample managing outsourced paper records in this way.

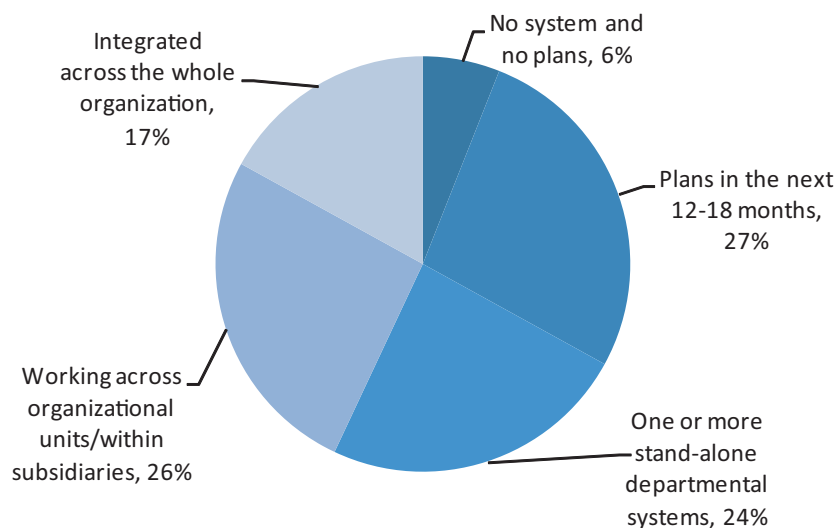
Figure 7: Are any of your paper records managed with an electronic management system?



Management of Electronic Records

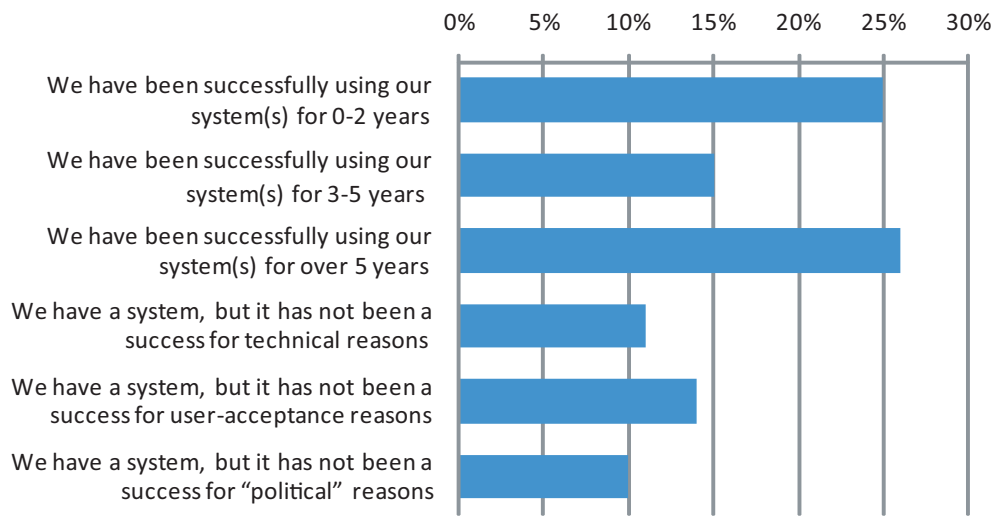
Looking specifically at electronic records, 67% are utilizing some form of electronic records management, with 17% achieving the goal of enterprise-wide records integration.

Figure 8: How would you describe the scope of your electronic records management system(s)? (N=645)



Of those planning a new system, 56% are implementing for the first time, 23% are adding a records management capability to an existing document management or ECM system, and 21% are replacing an existing system. Replacement of legacy systems is quite likely to be driven by failed implementations, although the reasons are balanced between technical, user and political issues (which would likely include acquisitions and reorganizations). 41% of our respondents have successful long-term implementations of two years or more.

Figure 9: How would you best describe your organization's past history with electronic records management projects?
(N=429)



Amongst existing users, 41% have stand-alone systems, 45% are integrated with their document management (DM) system, and 13% consider they have an integrated records management capability across multiple DM and RM systems, and other enterprise applications.

SharePoint and Records Management

The 2007 release of SharePoint was by Microsoft's own admission somewhat lacking in records management functionality, and they have taken some steps to correct that in the 2010 release.

Figure 10: Have you evaluated the records management functionality of SharePoint 2010?
(N=632, 413 SharePoint users)

	% Total	% SharePoint Users
Do not use, nor have any plans to use SharePoint for document or records management.	35%	-
We use SharePoint for DM but have not yet evaluated records management in 2010.	27%	42%
We evaluated the RM capabilities in SharePoint 2007 and committed to using a 3rd party RM / ECM / Archive system for the foreseeable future.	10%	16%
We have evaluated the RM capabilities in SharePoint 2010, but feel it still does not meet our needs, so we will use / continue to use a 3rd party RM / ECM / Archive system.	11%	17%
We use the Records Center functionality in SharePoint 2007 and will upgrade to 2010.	3%	5%
We have evaluated the RM capabilities in SharePoint 2010 and plan to make use of it.	13%	20%

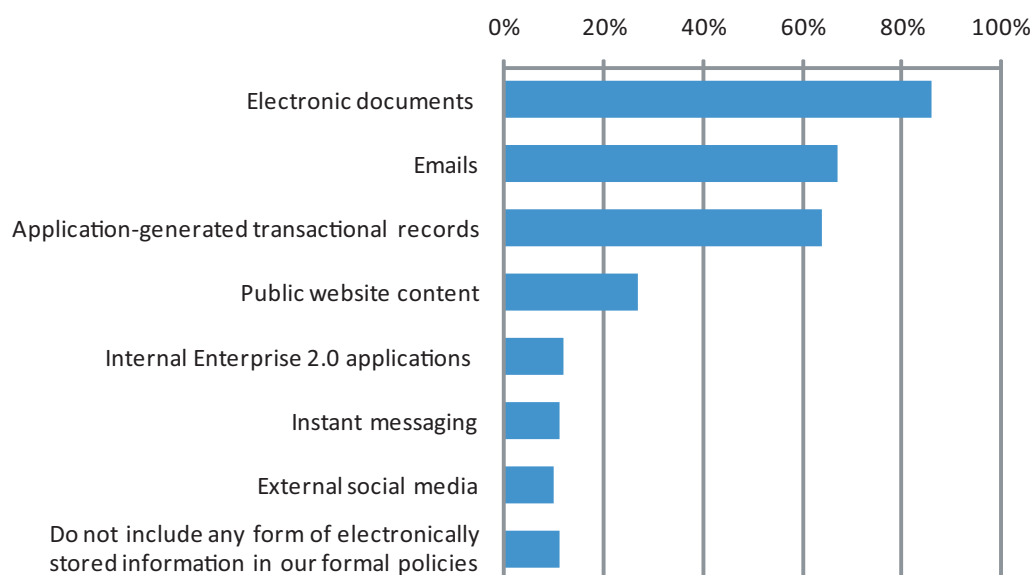
Excluding the 35% of organizations that have no intention of using SharePoint for document or records management, we can see that 42% of users have yet to evaluate the changes in SharePoint 2010. Meanwhile, 16% of user organizations made the strategic decision, based on the 2007 release, to use a 3rd party records management, ECM or archive system for the foreseeable future. A further 17% have decided that despite the additional 2010 features, they will continue to use an alternative system. 25% of SharePoint users will either upgrade their use of Records Center from the 2007 version, or plan to bring in records management with the 2010 roll out.

Whilst SharePoint has provided an opportunity for many organizations to adopt ERM for the first time, 42% of users have yet to consider its applicability to their business. Of those users who have evaluated the new RM features in the 2010 version, 25% plan to use it for their records management, whilst 33% will use, or continue to use, a separate 3rd party ERM system.

Retention Policies and Processes

Although we make reference to “electronic records” throughout this report, for many organizations this has a somewhat narrow definition. Whilst 86% include standard office documents, emails are only managed and retained as records by 66% and transactional records such as invoices, statements, pay slips, policy docs, delivery reports, etc., by 64%. Only 12% are managing any kind of Enterprise 2.0 or social media content including instant messaging, whilst 11% are still not including any electronic documents in their formal policies.

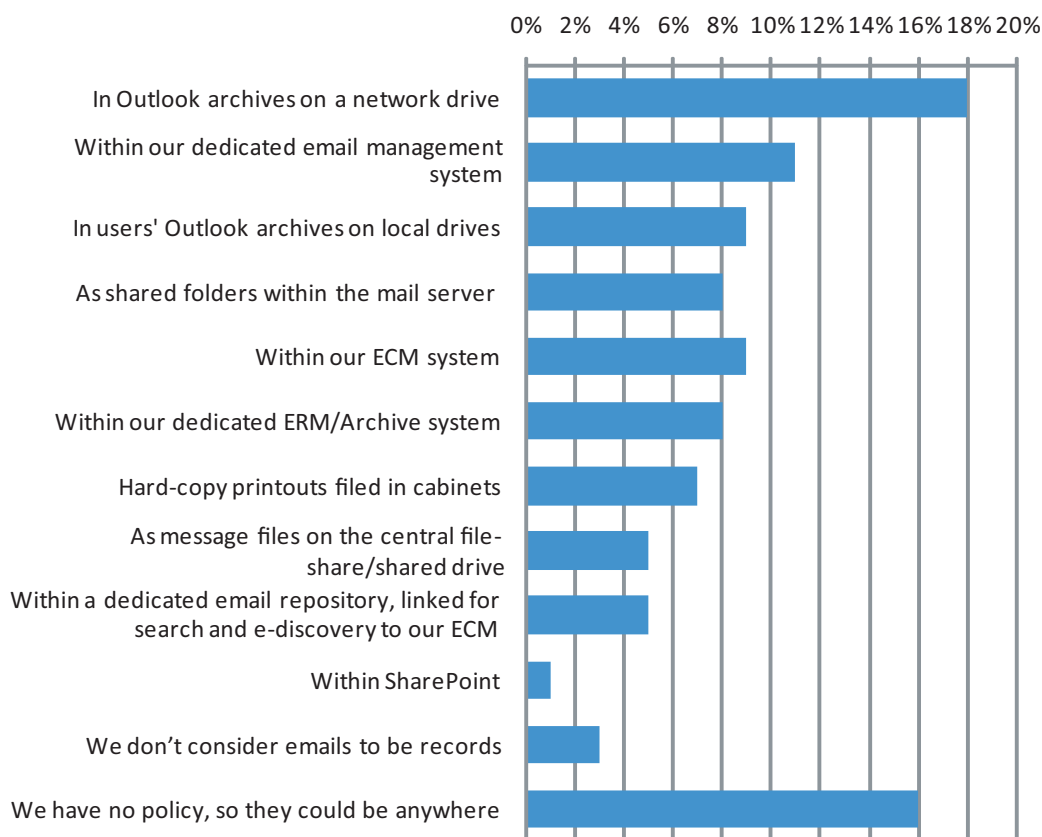
Figure 11: Which of the following types of electronic content do you include in your retention policies and RM processes? (N=413)



Email

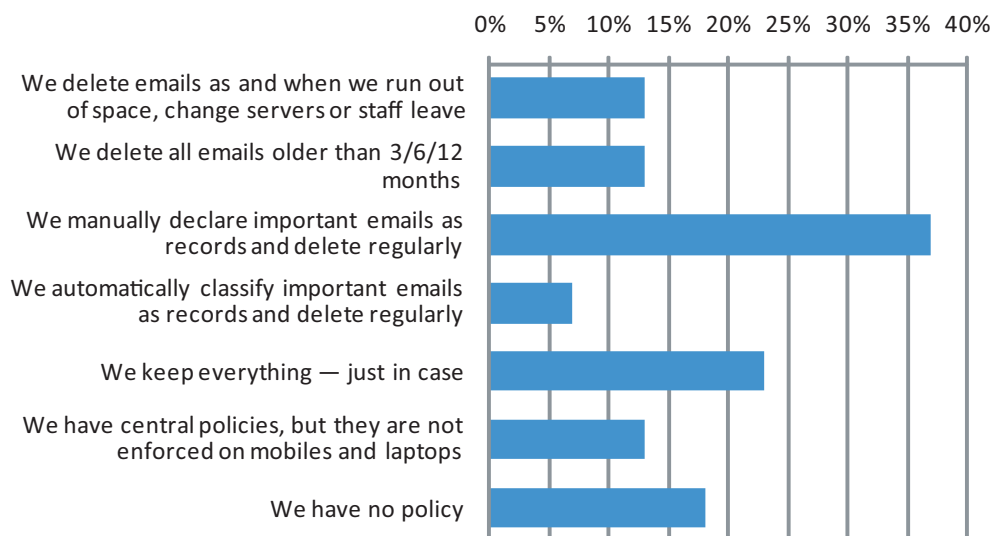
There is general agreement amongst our respondents that managing emails is the biggest single issue for records management, and a small majority consider that emails are best managed within the general records management system rather than in a dedicated email management system. Having said that, there is considerable confusion, and indeed bad practice, with regard to where email archives should be stored.

Figure 12: What is your organization's repository-of-record for important emails?
(N=629)



Deletion policies are equally split between the "keep everything" and the "delete everything" camps, with 26% having indiscriminate deletion policies and 23% keeping everything "just in case". Of some concern are the 31% who have no policies or non-enforced policies, which includes some of the largest organizations.

Figure 13: How would you best describe your organization's overall philosophy regarding email? (Tick all that apply)
(N=629)

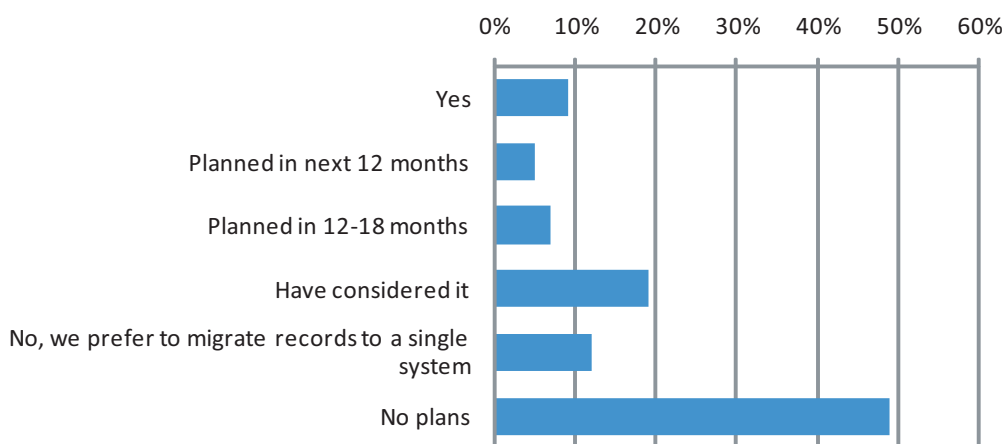


Managing emails as records is a high priority for our respondents, but there is no universal agreement as to where they should be stored and how to select those that are important. Although, 44% direct important emails to their ECM or mail management systems, nearly a third have no enforced policy. Those remaining are evenly split between indiscriminate “delete-all” practices and equally unsafe “keep-everything” policies.

Manage-In-Place

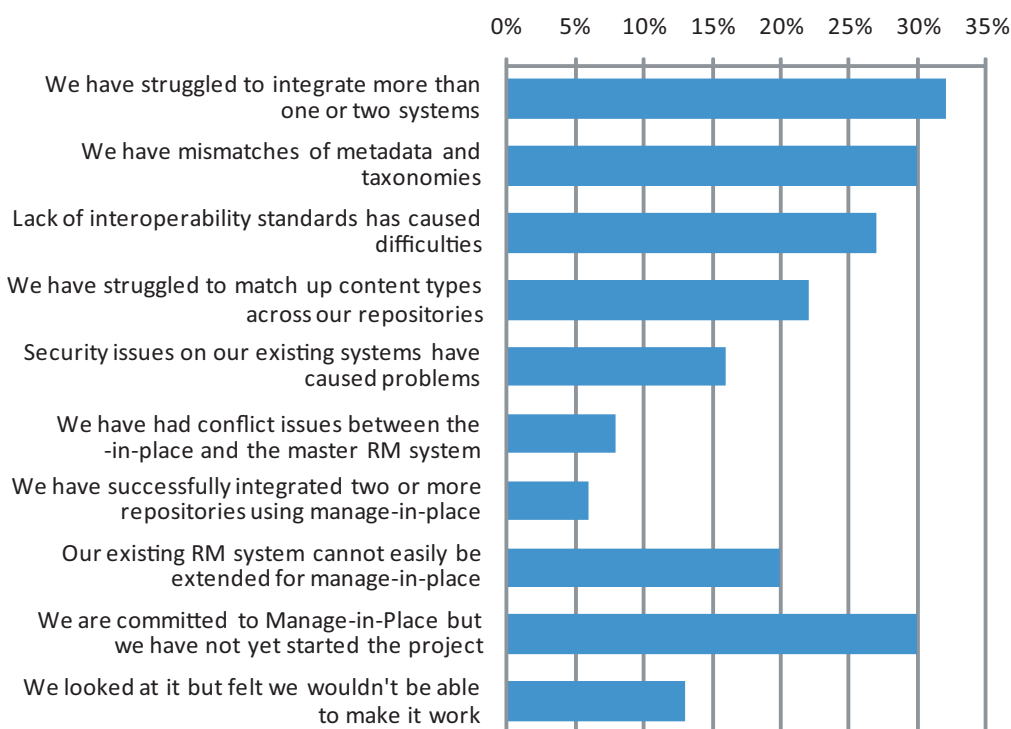
As part of the drive to integrate records management policy across multiple repositories, the concept of manage-in-place has arisen. The idea here is to apply centralized indexing, retention and hold policies across multiple enterprise applications and repositories, without migrating them to a dedicated archive. 9% of our respondents are already using this concept, with a further 12% planning to do so.

Figure 14: Are you using or considering Manage-in-Place to link together multiple records repositories? (N=590)



It has to be said that our users have found a number of implementation issues, but this is always to be expected with any data integration project.

Figure 15: What has been your experience of using Manage-in-Place for linking repositories? (Tick all that apply) (N=235 users, planned or considered)



It is likely that most legacy RM systems and do-it-yourself projects will struggle with the level of connectivity and search required to achieve a successful manage-in-place regime, compared with the more sophisticated capabilities of the latest products.

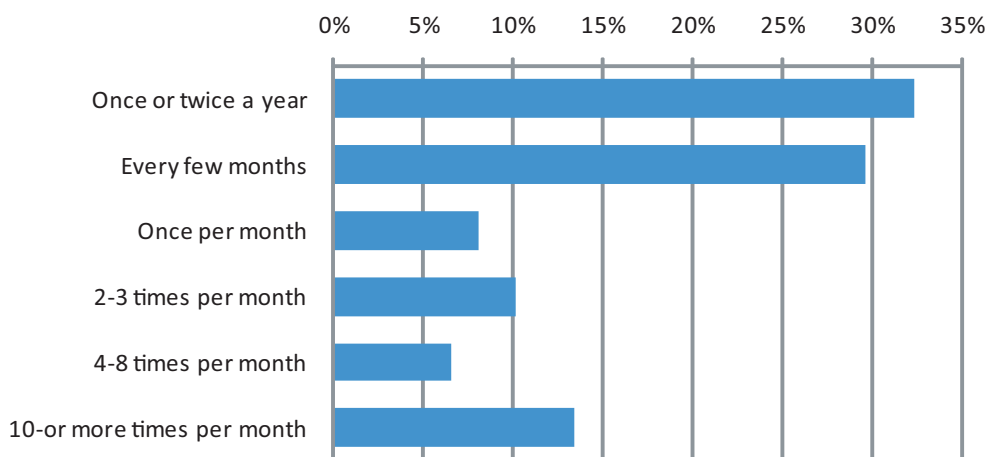
It should be noted that the “In place records management” feature introduced with SharePoint 2010 refers only to records stored within the SharePoint document folders, allowing them to be selectively declared as records without needing to be moved to another location. Externally-stored records are generally not included.

Legal Discovery

The rules governing legal procedure as regards exchange of information prior to and during a court case vary considerably between countries, particularly where this involves information on individuals. The term “disclosure” is used in Europe and other parts of the world, and in many business-to-consumer cases, is likely to be limited by data protection rules. Another area of discussion is the jurisdiction of US courts requesting discovery from overseas subsidiaries of US companies. More details can be found in Reference 2.

The number of discovery cases in a year does not completely reflect the size of the organization. 22% of smaller companies are likely to run a discovery process once a month or more, whilst 20% of the largest organizations have 10 or more cases a month.

Figure 16: How often is your organization required to provide documentation to support or defend a legal case, potential legal case, customer/supplier dispute, HR case, regulatory issue, external audit? (n=396, excl. 209 “Don’t Knows”)



Discovery Experiences

Any organization will do its utmost to stay out of court, and disputes are more likely to be settled beforehand. However, this does not mean that the discovery process does not need to take place. It is an important step in evaluating the strength of the case, and deciding whether to proceed or settle out of court.

A third of our respondents have been challenged in the past over the completeness of their electronic information, both in court and with regulatory authorities. Of the court cases, half involved emails, and a fifth involved transactional records. The integrity of records has been questioned for a quarter of respondents, with a senior IT person being required to attend court to respond.

Figure 17: Discovery experiences
(N=215+, excl. 349 "Don't Knows")

Has a lack of complete electronic information ever caused an issue with your regulatory authorities (not court-based)?	Yes: 31%	-
Has a lack of complete electronic information ever been an issue for you in a court case or potential court case?	Yes: 34%	inc. 15% due to emails, and 5% due to transactional records
Has the validity of your electronic records, records keeping policies or litigation holds ever been questioned in court?	Yes: 24%	inc. 9% due to emails and 5% due to transactional records
Has a senior IT person from your organization ever been required to attend/testify in court as to the validity of your electronic records management procedures?	Yes: 25%	-
Have un-deleted records (electronic or paper) held beyond their retention period ever had an effect on the strength of a court case involving your organization?	Yes: 26%	18% weakened case 8% strengthened case

Un-deleted records held beyond their retention period pop up in court with surprising frequency, and are much more likely to weaken a case than to strengthen it.

Discovery Process – Paper vs. Electronic

Elapsed time for the discovery process is an indication of the cost. We found that discovery of electronic records for those without a records management system took longer than discovery of paper records. This time period can, of course, be a time of some uncertainty as to the potential liability of the case, and can also cause issues with the court administrators.

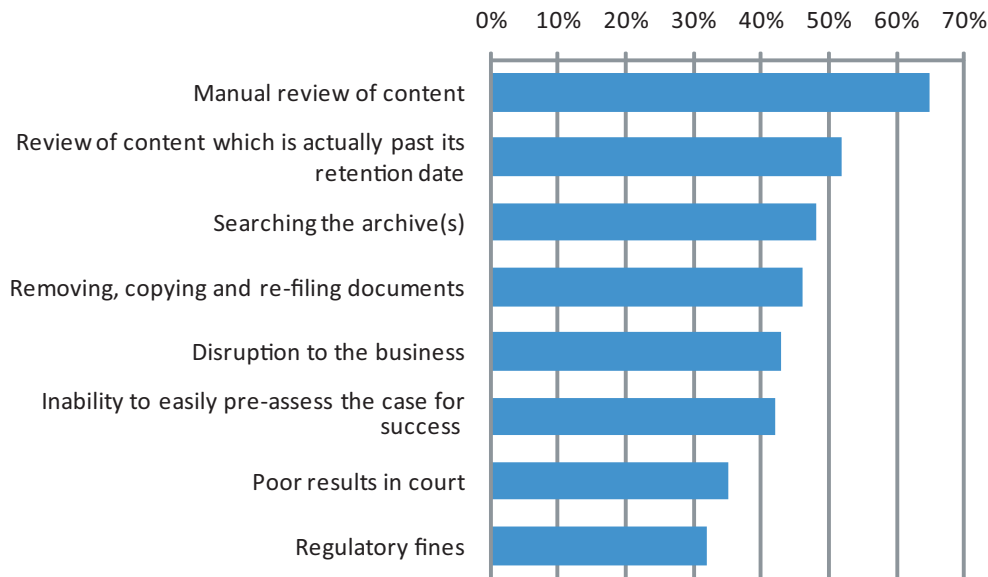
Figure 18: How long would a legal discovery collection process take across your paper/electronic records and documents? (N=580, range of days/months given)

	More than one month	Average
Paper-based records and documents	25%	17.0 days
Electronic records and documents – without RM system	35%	24.7 days
Electronic records and documents – with RM system	20%	12.4 days

When asked to compare likely costs between paper-based and electronic discovery, 44% of those with a system felt electronic to be at least three times more efficient. This compares to 28% of those without a system, indicating that the potential discovery benefits of a records management system may easily be underestimated by non-users.

Breaking out the different steps in the discovery process for paper-based records shows that the review process is more costly than the archive search itself. Text search processes and phrase-matching will, of course, considerably speed up the review process on electronic documents.

Figure 19: How would you rank the relative cost or potential cost to the business of the following aspects of the discovery process for paper records? (N=605)



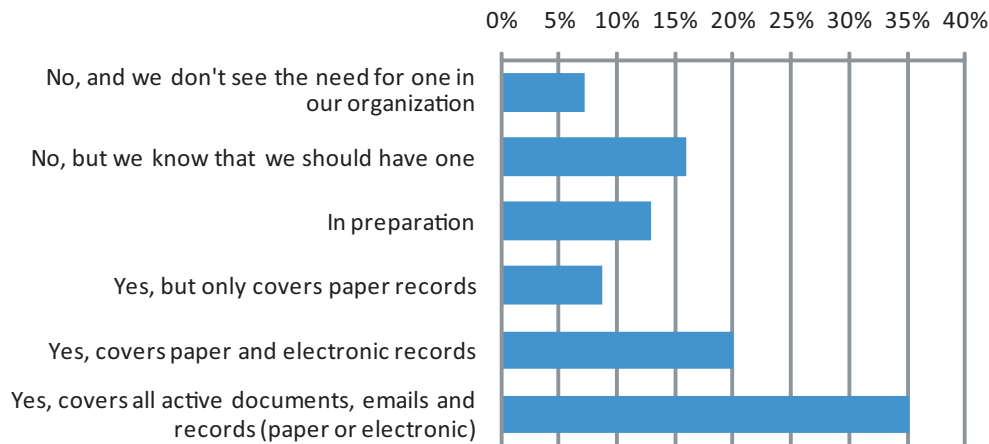
Also of note here is the unnecessary cost of reviewing content which is past its retention date. When considered with the previous question regarding the effect on the case outcome of undeleted material, the benefits of an enforced retention regime become even greater. Ensuring timely disposition is not necessarily easier on electronic records, although it is a physically simpler process.

With regard to the resources used for the discovery process, 80% of organizations use in-house staff, 13% use their outsourced hardcopy storage provider, 10% use their retained lawyers, and just 4% use a dedicated legal discovery outsource.

Legal Hold

Looking a little more specifically at legal cases, once a case is in prospect it is important to prevent movement or deletion of potentially relevant records, whether deliberately or as part of a disposition program. For the organizations in our survey, 36% have no hold process at all, with a further 9% having a process that covers paper records only.

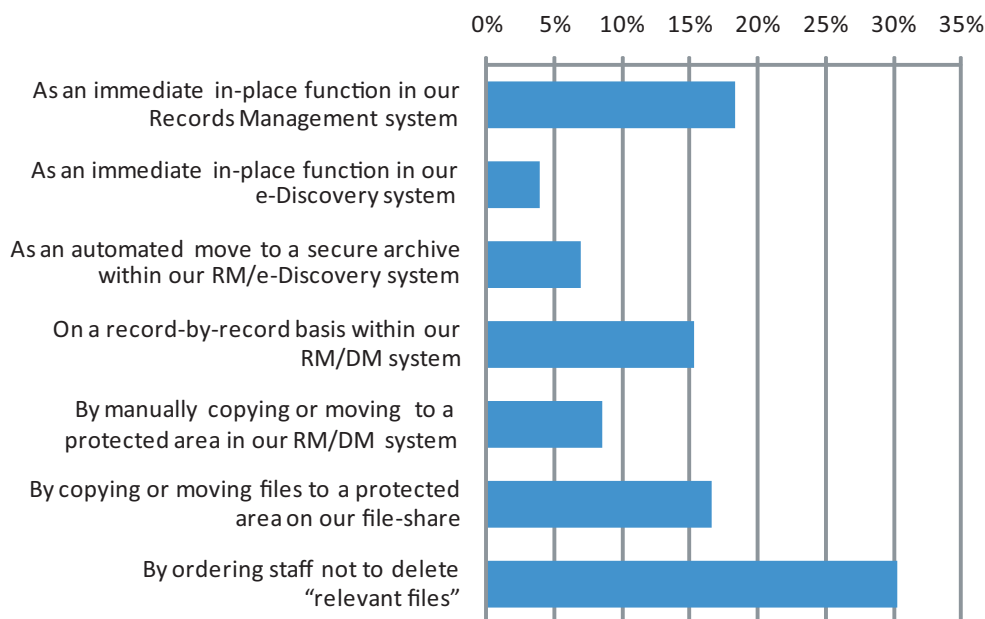
Figure 20: Do you have a legal hold procedure in place that can be invoked as soon as a legal action is raised? (N=518, excl. 94 "Don't Knows")



Whilst 55% have a hold process for electronic documents, only 35% include all active documents emails and records within that. This is an area of some debate. The US court regulations use the term ESI – Electronically Stored Information – without defining a particular concept of stored records. As we will see in Figure 27, a large majority of our respondents agree that the distinction between active documents and records is false as regards legal discovery. There is similar agreement that ESI refers to transactional documents as well as forms, communications and contracts.

A legal hold policy should define the mechanism by which a hold will be placed on the relevant content, and this is more complex for electronic documents and emails.

Figure 21: Do you have a legal hold procedure in place that can be invoked as soon as a legal action is raised? (N=476, excl. 103 "No Idea")



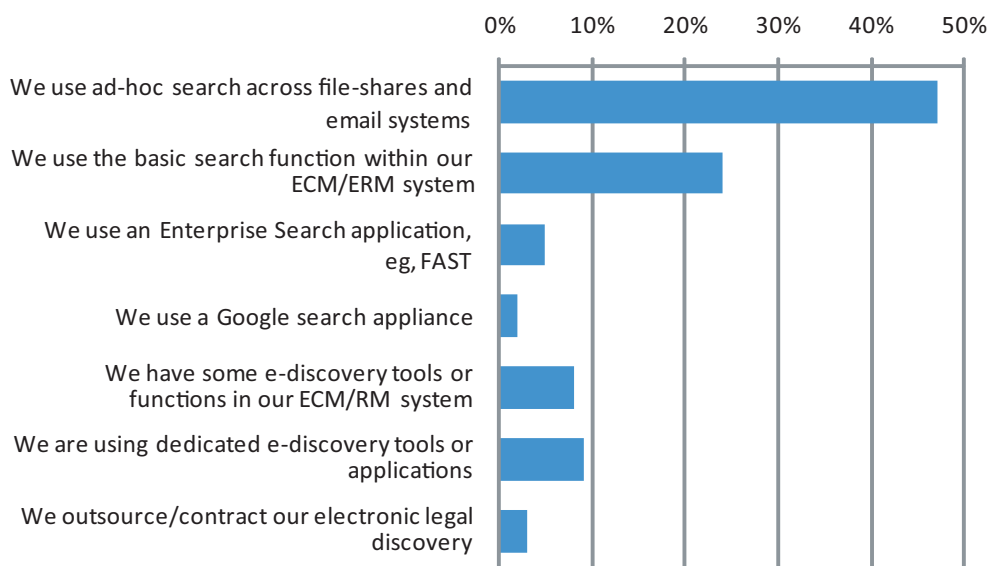
Overall, 29% have some form of automated hold process, whilst 43% rely on manual tagging or copying. Of some concern are the 30% who would rely on instructions to staff not to delete the content. The mechanism used for the hold process can have a considerable effect on the disruption to ongoing business activity. It is also important to maintain the context of discovered records, and there is a risk that this may be compromised by the hold mechanism. Whilst back-up tapes do not constitute a suitable records archive, copies of deleted documents that are still on back-up tapes can compromise a valid retention scheme³.

Legal hold procedures for electronic documents are immature in the majority of organizations. Accepted interpretation of the court rules is that all relevant active documents and transactional records, electronic or paper, should be available for disclosure, but policy in two thirds of organizations does not extend to this.

E-Discovery Systems

There are a number of mechanisms that could be used for the search process itself. 47% of organizations use ad hoc search across file shares and email systems, which explains why in 29% of organizations, the IT department are tasked with legal discoveries. Basic search functions within ECM or RM systems are used by 23% of organizations, with 7% using some form of enhanced Enterprise Search. 17% have access to e-Discovery tools, either as modules within ECM or as dedicated applications. These are likely to be provided as role-based applications for the legal department, who are tasked with e-discovery in 25% of organizations.

Figure 22: How would you best describe the primary method you use for identification of electronic records for e-discovery? (N=605)

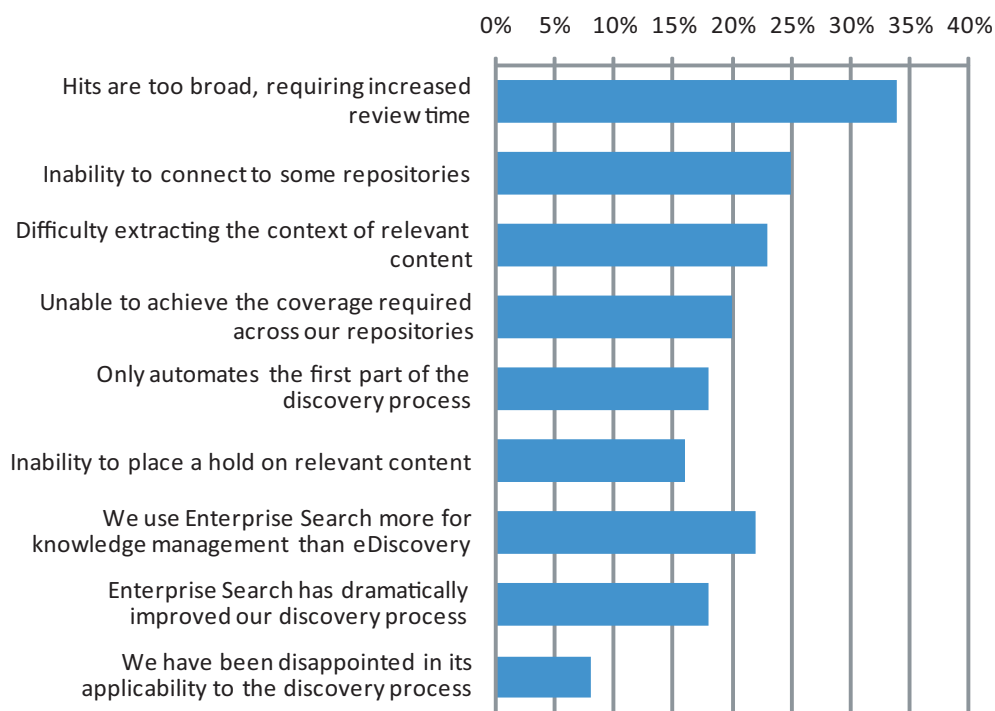


Ad-hoc search across file shares and email systems is the primary e-Discovery search mechanism for nearly half of organizations. IT staff are frequently involved in searches of this kind.

Enterprise Search

Although only used by a small percentage of users in our survey, we were keen to explore the successes and issues around Enterprise Search.

Figure 23: What has been your experience of using Enterprise Search for e-discovery? Check all that apply. (N=46 Enterprise Search users)

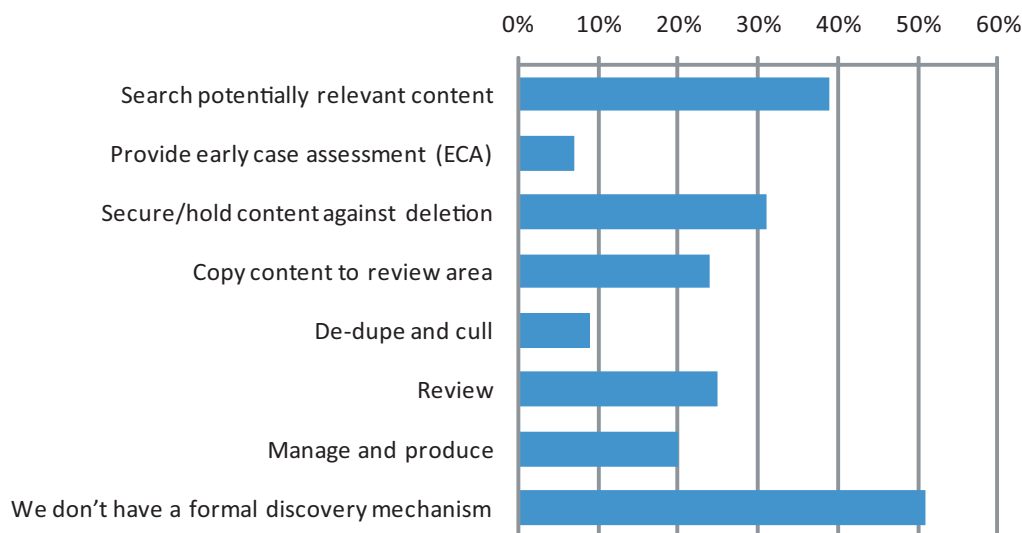


Despite some of the drawbacks, a significant number of users consider Enterprise Search to be a very useful addition to their e-Discovery toolset, and there is an additional benefit of improved knowledge management.

E-Discovery Toolsets

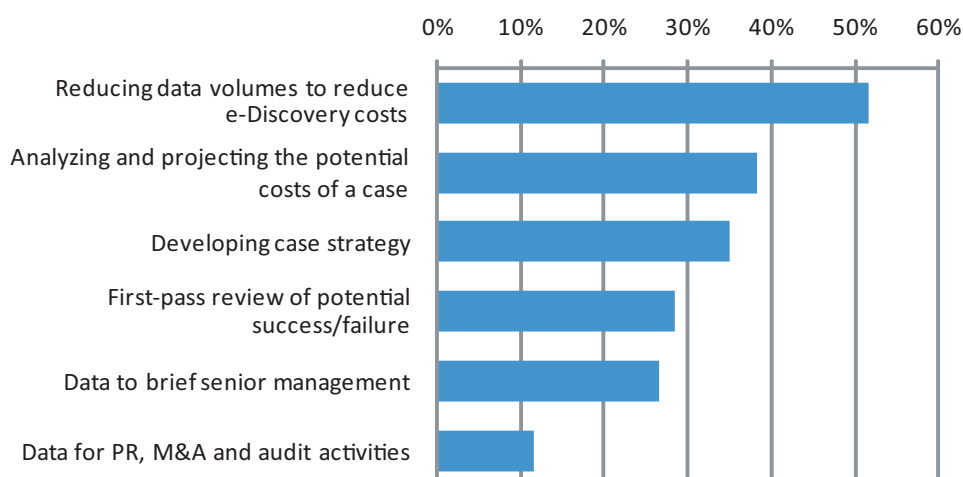
There are a number of recognized steps in the discovery process, which are supported to a greater or lesser extent by the mechanisms described above.

Figure 24: Which of the following functions is your discovery mechanism able to provide?



Early case assessment is a recent addition to the e-Discovery toolset, and can offer the legal team a number of important benefits. Primarily, these are realized in planning and containing the case process, and estimating potential costs. However, considering the risks to the business from major incidents, one can see how vital it might be to gain an early assessment of the legal exposure, the potential for liability, and suitable defensive responses to the press, to regulators and to shareholders.

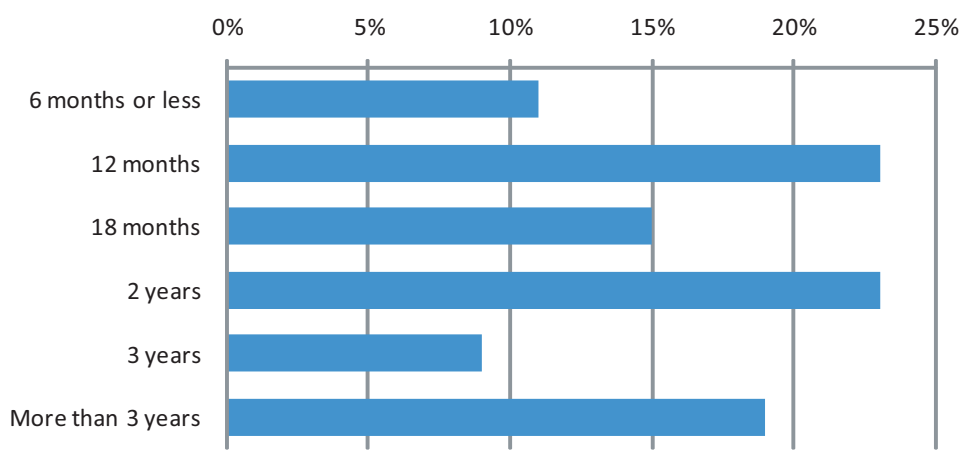
Figure 25: Which two of the following would you consider to be the biggest potential benefits of an Early Case Assessment (ECA) capability? (N=330, excl. 232 "Don't Knows")



ROI for e-Discovery Tools

Most users of e-Discovery tools experience a considerable efficiency boost compared to basic electronic search, with 60% considering them to be at least twice as efficient, and 37% considering them to be three times more efficient. When evaluated in ROI terms, nearly half achieved a payback within 18 months, rising to 72% within 2 years.

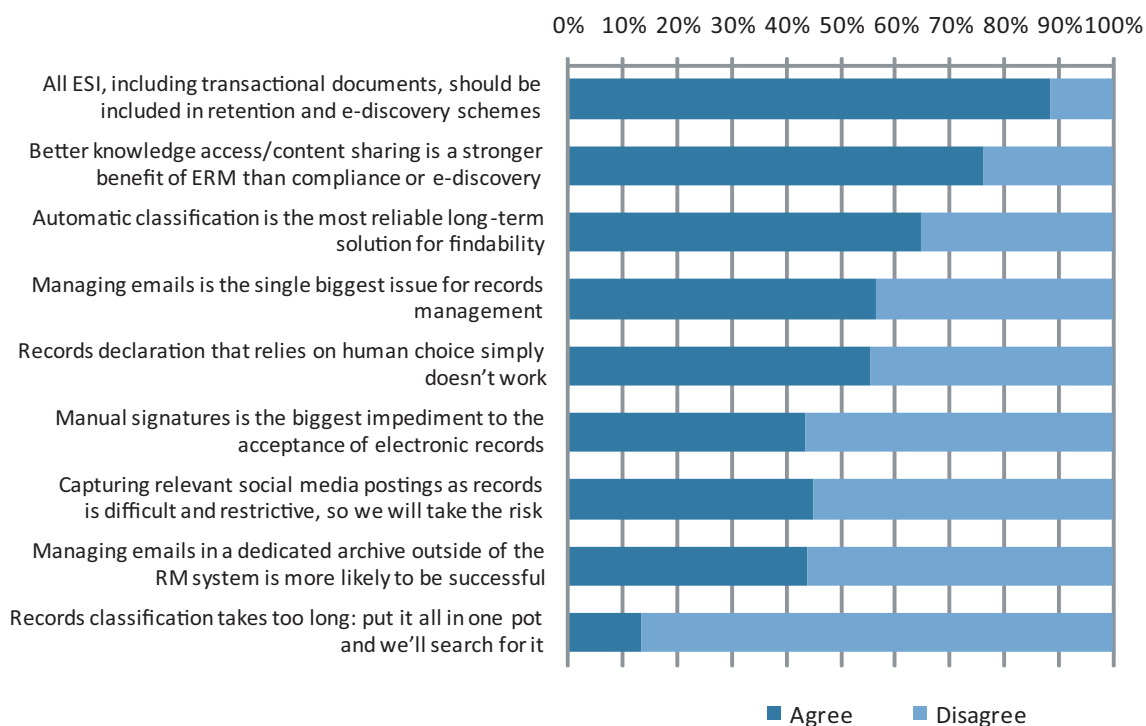
Figure 26: What payback period would you say you have achieved or are likely to achieve from your dedicated e-Discovery investments (N=81 e-Discovery users)



Priorities and Spending Plans

There are a number of interesting discussions taking place in the records management world at present, and we sought the opinions of our respondents on some of these issues.

Figure 27: How do you feel about the following statements about records management? (N=543, normalized against neutral views)



Despite all the debate about integrating multiple repositories, managing social media content and storing records in the Cloud, the priority issues for our respondents concern the day-to-day issues of emails, electronic sprawl and corporate classification schemes.

Figure 28: What would you say are the TWO most important ERM issues or current projects for you right now? (N=550)

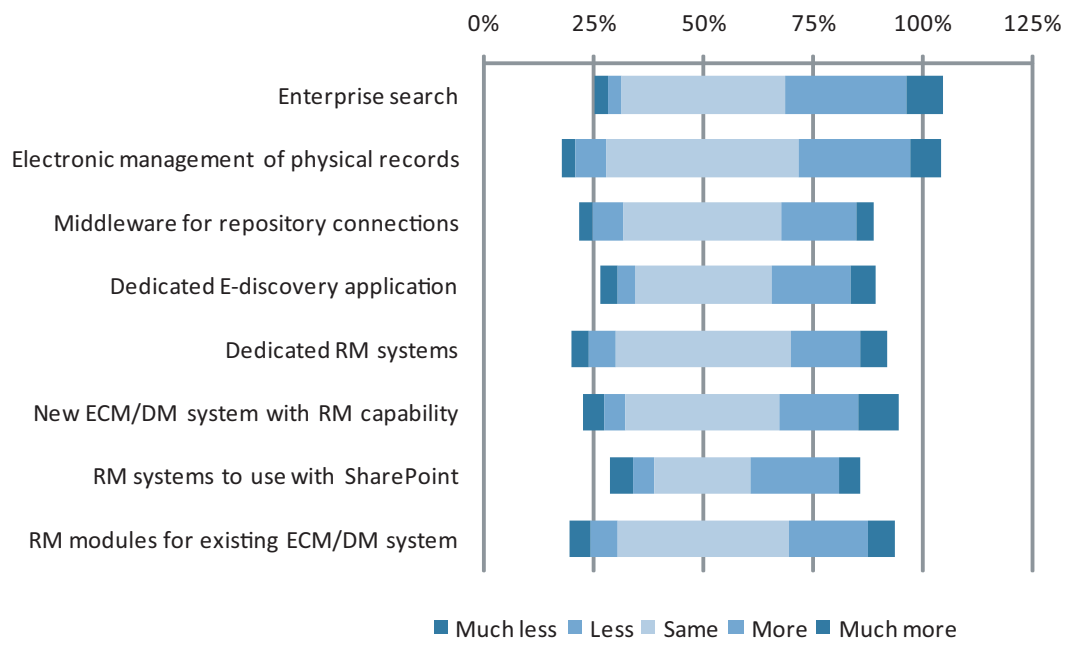


Records managers are too busy struggling with emails, dealing with content chaos and agreeing on corporate classification schemes to worry about social media content, software-as-a-service and records in the Cloud.

Spend

As implied in an earlier question, spend on records management in general is increasing. Reviewing each area separately reveals strong growth in each category, particularly electronic management of physical records and Enterprise Search.

Figure 29: What are your spending plans for the following product areas in the next 12 months compared to the last 12 months? (N=523, no trade. Shorter lines reflect, "We don't spend anything on this")



Conclusion and Recommendations

Managing emails is still the highest records management priority for most of our respondents, and we have found a very wide range of different practices, many of which are putting organizations in a very vulnerable state. Confidence in the integrity and retrievability of electronic records is still at a low level for 37% of respondents, although this has improved compared to previous surveys. In organizations that have some form of ERM system, confidence is twice as high as for those without. Recent high profile events have heightened awareness of risk, and it is good to see that records management budgets have increased in the last two years, and are set to increase further.

Most existing users have found that the information and knowledge sharing benefits from a successful ERM system implementation are greater than the compliance benefits, and taking control of the information chaos figures strongly as a trigger to invest in an ERM system. Compliance with regulations and risk management are the next significant drivers

A third of our respondents have experienced compliance audits and court cases where their information management practices have been called into question. Undeleted records held beyond their retention periods have frequently influenced the outcome of the case, as well as creating additional costs at the pre-trial review stage.

Discovering electronic records takes twice as long for those organizations with no management system compared to those who have a system – and indeed takes longer than the same process for paper records. Even when the relevant documents have been found, 45% of organizations do not have a recognized legal hold process for electronic documents to prevent deletion or tampering. Of those who have a policy, a third do not include *all* relevant active documents as opposed to documents previously declared as records.

E-discovery tools can provide very specific help to those involved in frequent cases, generally providing an ROI in two years or less. An early case assessment feature would seem to offer the benefits of reduced volumes for review, and a better ability to predict overall case costs.

Recommendations

- The business case for records management should include the benefits of information and knowledge sharing as well as an evaluation of the risks of court action and non-compliance with regulations.
- Track the man-days involved in discovery processes in your organization, both for paper records and electronic records. Identify which staff roles are involved. Use the efficiency gains detailed in the report to calculate potential savings from an electronic records management system.
- Review your strategy for the next step in records management maturity, including integration across multiple repositories and other enterprise systems.
- If you already have Enterprise Search capability for knowledge access, consider using it as an additional tool for e-Discovery, and vice-versa – keeping in mind that Enterprise Search only automates one part of the discovery process.
- Check that you have a suitable legal hold process for all active documents, paper and electronic, and that staff know how and why to implement it.
- Validate that your retention policies are being applied across paper and electronic records. Undeleted records can have big implications for both the cost of a discovery process and the outcome in court.
- Consider the costs of running your legal department, or your external lawyers and auditors, and consider how much their efficiency and success could be improved with a dedicated e-Discovery tool set.
- Evaluate how the benefits of an Early Case Assessment feature could assist you in setting strategies and predicting case costs.

References

- Federal Rules of Civil Procedure, Rules 16(b), 26(b), 34 & 37, Amended, December 1, 2006.
- EU Working Party 00339/09/ENWP 158, Pre-trial discovery for cross border civil litigation, February 2009, PDF.
- Sedona Principles 2007: Best Practices Recommendations & Principles for Addressing Electronic Document Production (The Sedona Conference Working Group Series)

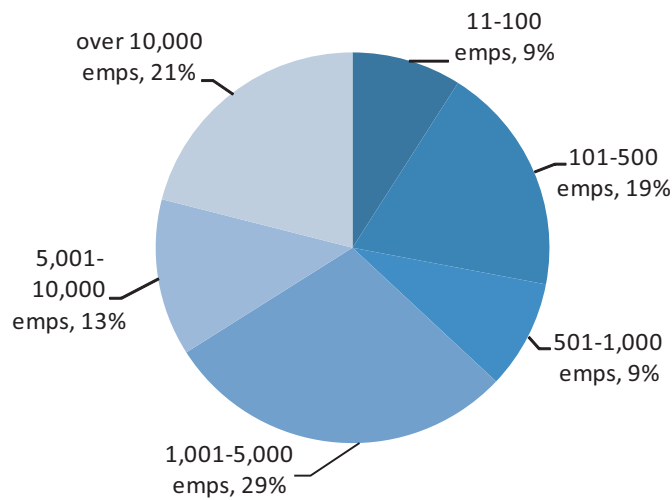
Appendix 1 - Survey Demographics

Survey Background

709 individual members of the AIIM community between July 30th and August 19th, 2010, using a Web-based tool. Invitations to take the survey were sent via email to a selection of the 65,000 AIIM community members.

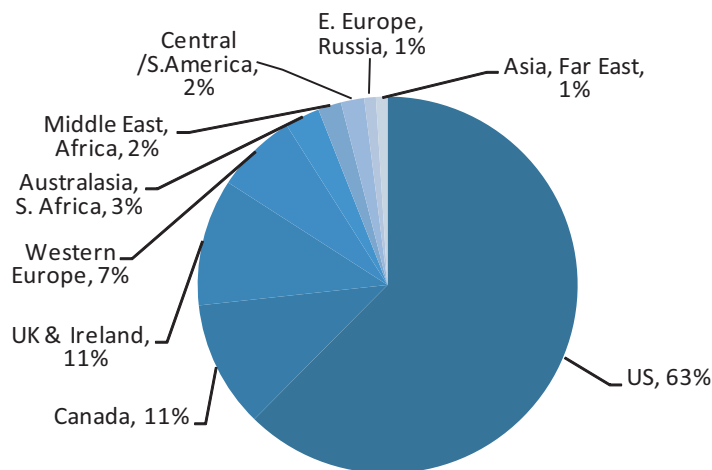
Organizational Size

Survey respondents represented organizations of all sizes. Larger organizations over 5,000 employees represent 34%, with mid-sized organizations of 500 to 5,000 employees at 38%. Small-to-mid sized organizations with 10 to 500 employees constitute 28%. Organizations of less than 10 employees (26) are not included in the report.



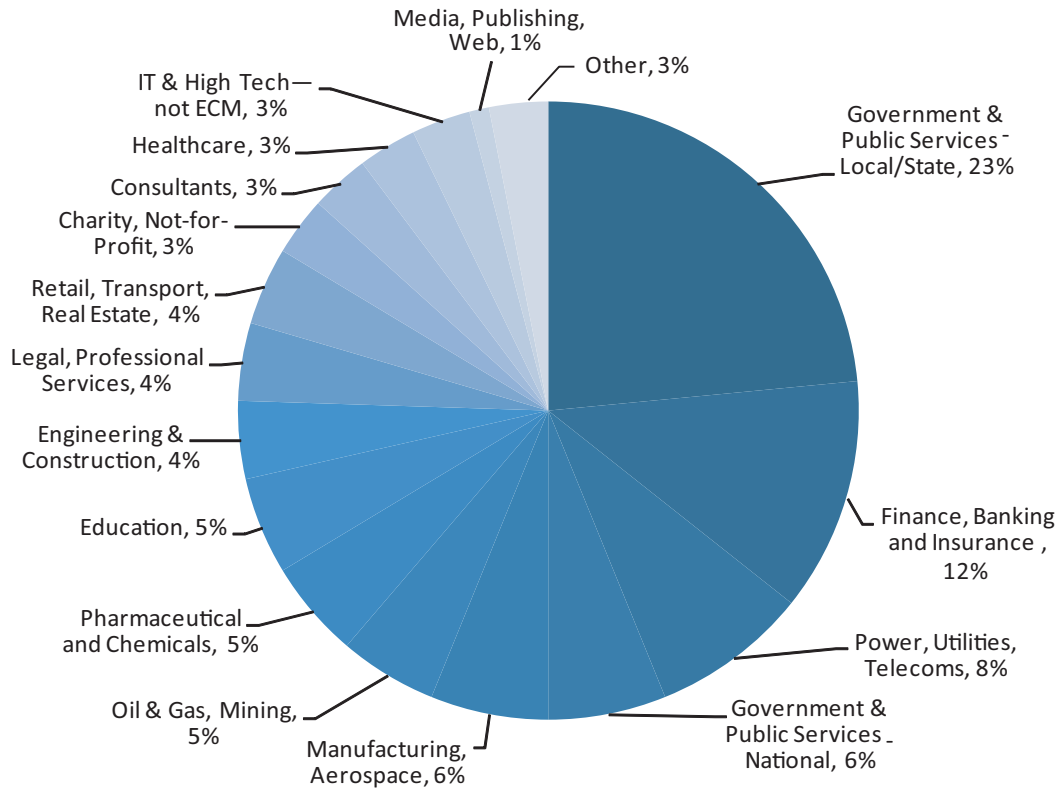
Geography

74% of the participants are based in North America, with most of the remainder from Europe.



Industry Sector

Local and National Government together make up 23%, reflecting the importance of records to government bodies. Finance, Banking and Insurance represent 12%, and Power, Utilities & Telecom, 8%. The remaining sectors are evenly split. To avoid bias, suppliers of ERM have been removed from all of the report, but consultants have been included as they are a small part of the sample, and are likely to have records issues in their own right.



Appendix 2

General Comments Regarding ERM and e-Discovery

Do you have any general comments to make regarding ERM and e-Discovery?

- Electronic records management has been embraced by most of the staff but our efforts to move forward have been stymied by a handful of upper & senior level management that prefer paper.
- Gaining buy-in at the highest level and ensuring IT have bought into the concept will help implement this much easier.
- Senior management don't see it as a problem, it is an overhead cost that can be cut to the bone. If it ends up in litigation, insurance will cover the cost.
- Compliance has become a major concern due to major litigations.
- Recent events have only solidified the two "camps" of risk perception though: those who think we need to keep everything and those who think we need to get rid of things faster
- They still don't get the importance of records but the light bulb is forming slowly over their heads.
- I think discussing records management outside of overall ECM is not worthwhile. Records are a type of content. Develop the larger strategy, then focus on specific tactics associated with various types of content.
- Implementing a solution such as email archiving is effective going forward but if the organization has used backup tapes for legal hold, dealing with the legacy data is extremely difficult.
- Very few people understand the issues or language surrounding records management.
- In many, many organizations, electronic "records management" does not exist. Many, many organizations are simply creating "document retention" systems managed by IT. Ours is no exception.
- Management is still skittish about electronic signatures. We need an industry standard across well known platforms that can be used out of the box and acceptable in a court of law...in a perfect world of course.
- Our issue is getting RM to work with IT. RM is new to this county and IT thinks they know it all. They have kept everything forever and they do not apply any retention.
- Our IT department doesn't understand records management and sees records management as an obstacle to their progress.
- The distinction between "records" and "non-records" becomes irrelevant very quickly when faced with e-discovery or (for government) public information requests. Thus, systems that rely on declaring "records" lose their usefulness quickly in those circumstances.
- You assume that our records management program is actively supported by management (more than just lip service), that the plan is more than an unread document filed in the RM office, that RM has a budget (mine is and always will be \$0), that the organization is knowledgeable/understands basic RM principles, that line managers even know there is an RM program and a Records Manager, that RM is invited and involved with major projects AND that RM has the ability to communicate and educate management to further RM goals.
- Court scrutiny and skepticism is increasing: some federal courts already outstrip our (IT & management) level of sophistication.
- In the past we have met court expectations by utilizing outside services/systems at a high cost. We will be implementing in-house technology to improve response, compliance and potentially reduce cost.
- E-Discovery is a wonderful tool to help the Information/Records team to provide correct information to the information seekers in a timely manner with low cost.

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ASG-Records Manager™ provides comprehensive life-cycle management for all electronic records in their original format, including holds, automatic folder structures, and advanced retention—with parametric events that automatically execute from line-of-business applications through standard Web Services. ASG-Records Manager has been tuned specifically for managing records in high-volume environments. Classification, retention and disposition management activities can be automatically performed or coordinated by authorized users depending on individual record type requirements.

Solution Components:

ASG-ViewDirect® is used to ingest and securely store application-created content directly from mainframe applications, high-speed imaging capture subsystems, or from other line-of-business and ERP applications in both mainframe and distributed environments.

ASG-DocumentDirect for the Internet® gives authorized users secure, remote access to search and retrieve all content stored anywhere in ASG-ViewDirect, including AFP, DJDE/Metacode, PDF, PCL, Postscript, XML, e-mail, HTML, images, text, rich media, word processing, spreadsheets, and more. It also provides the end-user interface for managing and viewing enterprise folders hierarchies and holds.

ASG-Total Content Integrator™, with the ViewDirect Adapter, is a Web Services-based content integration services bus used to federate content repositories, retention, events, and line-of-business applications. It coordinates all event messages and retention changes.

ASG-RMHub is a Web-based user interface, specially designed for records managers. It serves as the central point of operations where a records manager can define and maintain the corporate retention schedule, assigning retention policies to each record type, and managing the event templates to facilitate automation of retention changes.

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EMC

Organizations need to find and manage content for compliance, litigation, and internal or regulatory investigations. Electronically stored information (ESI) continues to grow exponentially and exists in an ever-expanding variety of disparate systems across the enterprise, so the need for Records Management and eDiscovery solutions has never been greater.

EMC enables organizations to effectively manage information according to business value and risk and to respond rapidly and accurately to compliance and discovery requirements—while controlling costs and reducing overall risk and exposure.

The **EMC Documentum Records Management solution** provides customers with the tools to manage content across its lifecycle with maximum control and flexibility to meet business needs – yet it also minimizes the impact on daily user behavior. From content creation to safeguarding content, from content access to content destruction, the EMC Records Management solution helps manage content according to a broad range of system-enforced policies. The modular, service-oriented architecture provides flexibility without increasing complexity. Now customers can manage all their records with a single set of policies that meet business needs and help with overall information governance.

EMC SourceOne™ eDiscovery - Kazeon is a fast-to-deploy solution that integrates all aspects of the eDiscovery process to enable automated, in-house eDiscovery processes that are forensically-sound, complete, and accurate. With this product, organizations can quickly gain visibility and control over the eDiscovery process by automatically searching, processing, preserving, analyzing, and reviewing terabytes of files and e-mails from information sources across the organization.

EMC SourceOne eDiscovery - Kazeon is a quick-to-deploy, appliance-based solution that automates in-house identification, collection, preservation, processing, analysis, and review of content that resides in data sources such as desktops, laptops, Common Internet File System (CIFS) and Network File System (NFS), Microsoft Exchange, Symantec Enterprise Vault, and IBM Lotus Notes/Domino, and in corporate archives and content repositories, such as **EMC® Documentum®**.

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Iron Mountain

Iron Mountain provides information management services that help organizations lower the costs, risks and inefficiencies of managing their physical and digital data. The company's solutions enable customers to protect and better use their information—regardless of its format, location or lifecycle stage—so they can optimize their business and ensure proper recovery, compliance and discovery.

The **Iron Mountain Enterprise Discovery Suite** transforms, automates and integrates information governance and discovery processes to proactively prepare for litigation, simplify workflow and make costs predictable. Enabling practical deployments within complex environments, integrated suite components include: **Iron Mountain's NearPoint** archive as a repository of record for Microsoft Exchange, SharePoint and file system data. NearPoint provides a unified, highly-scalable archive to manage in-place enterprise retention policies and item-level legal holds. For data on PCs and mobile laptops that is not under archive management **Connected® Classify and Collect** enables forensically sound, policy-based identification and collection of potentially relevant documents. To quickly respond to investigations or litigation Iron Mountain eVantage is an on-premises early case assessment appliance that seamlessly ingests documents and emails from NearPoint and Classify & Collect. Attorneys or compliance officers can examine documents and emails to quickly develop case strategy and reduce data volumes that may require review using advanced analytical capabilities including metadata-based Faceted Search, concept organization and email thread analysis. When potentially relevant document collections need to be reviewed by outside counsel, Iron Mountain Legal Discovery provides a secure, easy-to-use hosted platform for high-productivity review with extensive matter portfolio management capabilities. The Enterprise Discovery Suite also includes records management and litigation readiness planning as well as complex matter guidance from Iron Mountain Consulting.

Founded in 1951, Iron Mountain manages billions of information assets, including business records, electronic files, medical data, emails and more for organizations around the world.

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About AIIM

AIIM (www.aiim.org) is the community that provides education, research, and best practices to help organizations find, control, and optimize their information. The AIIM community has grown to over 65,000 professionals from all industries and government, in over 150 unique countries, and within all levels of management including senior executives, line-of-business, and IT.

For over 60 years, AIIM has been the leading non-profit organization focused on helping users to understand the challenges associated with managing documents, content, records, and business processes. Today, AIIM is international in scope, independent, implementation-focused, and, as the representative of the entire enterprise content management (ECM) industry - including users, suppliers, and the channel - acts as the industry's intermediary.

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