White Paper

IBM FileNet Records Manager
Cost Effective Electronic Records Management
An Assessment

Prepared by
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Abstract

Given the ever-increasing growth of litigation, investigations and regulatory actions coupled with the explosive growth of electronic records, automation of an organization's records management policies, processes and business practices is no longer an option; it is now a necessity.

Electronic Records Management Systems (RMSs) have been available for nearly ten years. However, they have not been adopted or implemented at the anticipated level of success because the process of declaring and classifying records has been largely manual. To facilitate the adoption of needed new records management systems, all manual operating costs associated with the system's use and operation must be minimized.

IBM FileNet Records Manager was designed with the goal of automating as much of the declaration and classification process as possible. FileNet Records Manager' approach – called "FileNet ZeroClick" – is to tightly integrate the automation of records declaration, classification and administration functions with business and document lifecycle management processes.

This white paper provides Cohasset Associates' assessment of FileNet Records Manager software and associated products with regard to the capabilities these products provide for improving the effectiveness and efficiency of managing electronic records. Cohasset believes that IBM's approach provides one of the greatest opportunities to fully justify the cost effective management of electronic records by commercial and public entities.

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1. Introduction

Records management issues, particularly those associated with the protection and production of electronic records, are increasingly the subject of significant attention from both senior management and corporate boards of directors.

Records management issues, particularly those associated with the protection and production of electronic records, are increasingly the subject of significant attention from both senior management and corporate boards of directors. This "new awareness" in records management issues is in sharp contrast to the inattention that historically has been pervasive – to such an extent that there was seemingly "benign neglect" in senior management's support for the effective management of records.

Today's new awareness is due to many high profile legal and regulatory events specifically relating to records management issues that have occurred recently which include:

- Litigation and prison sentences related to corporate malfeasance:
  - Four executives face prison terms of up to 10 years (in addition to $250,000/person fines) for their concealment and destruction of documents related to potential price fixing at The Morgan Crucible Company (a United Kingdom industrial materials manufacturer).
  - Frank Quattronne's sentence of up to 25 years for encouraging destruction of electronic files while a criminal probe was underway.
- Regulatory investigations, lawsuits and very large fines:
  - Arthur Andersen had to close its auditing business (and was fined $500,000) because a court found that it had willfully destroyed electronic documents and e-mail in the face of pending legal discovery.
  - The Chairman of the Board at Prudential Insurance was fined $1,000,000 because employees were destroying records when the company was under a court ordered records hold order – due, in the judge's opinion,

to the company not having an effective system for communicating a "record hold" to its employees.

- Five securities broker/dealers were fined $8,250,000 for failure to produce requested e-mails in a timely manner.
- J.P. Morgan Securities Inc. agreed to pay penalties and fines totaling $2.1 million when the SEC determined it lacked adequate systems or procedures for the preservation of electronic mail communications.
- The Interior Department and its Secretary, Gale Norton, were sanctioned by a federal court for many hundreds of thousands of dollars in the Indian Trust Fund case – where one of the central issues is the quality of the processes by which records were managed.

The unprecedented increase in legal and regulatory pressures, together with the explosive growth of electronic records, is driving more and more organizations – both commercial and public – to implement higher standards of performance and new levels of automation in the management of their records.

- New regulations, particularly Sarbanes-Oxley, that significantly impact the financial and audit records of every public corporation - independent of market or size.
- Spiraling costs to produce vast volumes of electronic records under legal discovery.

This unprecedented increase in legal and regulatory pressures, together with the explosive growth of electronic records, is driving more and more organizations – both commercial and public – to implement higher standards of performance and new levels of automation in the management of their records.

Although electronic Records Management Systems (RMSs) have been available for nearly ten years, the adoption and implementation rate has not been what was anticipated for three reasons:

1. **Historically, records management has not been a priority for senior management.** New legislation, such as the Sarbanes-Oxley Act (SOX) and the Health Information Portability Accountability Act (HIPAA) as well as powerful regulatory authorities like the Securities and Exchange Commission (SEC), has significantly increased the requirements for managing electronic records. Now, to ensure that organizations "get it right" and have accurate reliable and trustworthy records in both their content as

well as the process by which they are managed, the potential of jail terms has been instituted and high profile cases already are being brought to trial – demonstrating the seriousness of the lawmakers' and enforcers' intentions.

2. **Early RMSs required multiple searches (on different systems) to acquire all related content.** This occurred because it was necessary to "transfer" the records to the RMS system for storage and proper protection and disposition management. This, in turn, tended to segment the record and non-record content that was pertinent to a specific customer, supplier or partner.

3. **In many implementations, companies and agencies (hereafter referred to as "organizations") found that significantly more time and costs were incurred to declare and classify records than was estimated by the vendors and anticipated by the users.** Users balked or simply refused to take the time to correctly declare and adequately classify records. Management expectations for a positive return on such an automation investment were largely unrealized due to their drag on worker productivity and costs.

Many past RMS implementations therefore were not successful because they placed time consuming and costly demands on both declaring and classifying records as well as administering their disposition – demands that were not anticipated nor accounted for in the original system justification.

Accordingly, a major opportunity now exists to provide cost-effective electronic records management; specifically, systems that capitalize on the actions and events related to document-based content which is received or produced by the applications and workflows that are part of normal business processes. FileNet Records Manager is the first system to leverage business process events (and the state or status of content) as an integral means for automating both the declaration and classification of electronic records as well as many of the processes associated with records administration.

IBM engaged Cohasset Associates, Inc. to conduct an assessment of their IBM FileNet Records Manager software and associated products with regard to the capabilities these products provide for improving the effectiveness and efficiency of managing electronic records.

Cohasset Associates (www.cohasset.com) is widely recognized as one of the nation's foremost consulting firms specializing in document-based information management. Now in its fourth decade of serving clients throughout the United States, Cohasset Associates provides award-winning professional services in three areas: management consulting, education and publishing.

The focus of Cohasset Associates' consulting practice is to prove the programs, processes, and systems that manage document-based information. This ranges from establishing effective corporate records management programs to planning state-of-the-art electronic records systems. Using its unique combination of records management, legal, and technical skill sets, together with its extensive problem-solving experience, Cohasset Associates works to provide its clients with cost-effective solutions that will achieve their business objectives and meet their legal/regulatory responsibilities.

Cohasset also is widely known for its excellence in education. This includes organizing and sponsoring the renowned annual Managing Electronic Records (MER) conference, with its special focus on the legal, technical and operational issues (www.merconference.com); preparing thought-leadership white papers addressing key issues regarding electronic records management; and providing the definitive survey research on electronic records management issues (www.MERresource.com/whitepapers/survey.htm).

2. Objectives

This objective of this white paper is twofold: to identify and define specific areas for improving the cost effectiveness of managing electronic records, and then provide an assessment of the capabilities of FileNet Records Manager to realize these "opportunities for improvement" using the content and business process-oriented capabilities of IBM's FileNet P8 enterprise content management platform.

The intended audience for this white paper is those individuals within business organizations who are charged with having an in-depth understanding of the legal, regulatory and business requirements for managing electronic records, and therefore are responsible for the evaluation, selection and implementation of electronic record management solutions that can meet those requirements.

In conducting this assessment, Cohasset Associates drew upon extensive industry knowledge and experience as well as information provided by IBM in the form of verbal presentations, product demonstrations and discussions, written materials provided by IBM or acquired from IBM web sites, and responses to questions posed by Cohasset.

This assessment represents the professional and independent opinion of Cohasset Associates based on the information provided and analyzed. This assessment should not be construed as an endorsement or rejection by Cohasset Associates of the FileNet Records Manager or other IBM products.

3. Cost Effective Records Management – An Overview

The explosive growth in the volume of electronic records, especially electronic transactions and messaging, makes the traditional methods of handling records classification both time and cost prohibitive using administrative records management personnel.

There are two major areas of electronic records management where time and cost can be critical factors:

- Identification, declaration and classification of records, especially the time and cost required for assigning the record to its appropriate record series and retention schedule (classification).
- Records administration, where the most repetitive and burdensome tasks (in addition to the potential need to classify declared records) are:
  - Ongoing disposition management of records (deletion),
  - File Plan maintenance (e.g., adding and updating record series or categories and retention schedules), and
  - Setting up and maintaining the lifecycle management rules.

In the world of paper and micrographic records, the tasks of identifying and declaring the records (filing them while active, and then shipping them to records management or a records center) are generally performed within specific functional areas by the same business users who receive or produce the records. In contrast, the classification of hardcopy records is usually an administrative task which is performed by the records management personnel (labeling file folders or boxes with appropriate identification and assigning destruction dates).

The explosive growth in the volume of electronic records, especially electronic transactions and messaging, makes the traditional methods of handling records classification both time and cost prohibitive using administrative records management personnel. Accordingly, the responsibility for identifying, declaring and classifying records now has shifted to the business personnel who receive or create the record.

This burden on the user has the potential to negatively impact productivity because it is an additive task to the existing document-based tasks that the individual normally must perform. To alleviate this negative impact on productivity requires new methods and means that will automate the process of declaring and classifying records. Without automation, the economic justification for introducing records management into existing document-based business processes (or applying it to future applications) will be very difficult.

As previously noted, early versions of electronic records management systems provided little, if any, automated means to identify, declare and classify records. This was because they stored and managed the content separately from the applications and systems that received or produced the records, such as a transaction application or office productivity tool. In such systems, the burden to identify, declare and classify was, by default, the responsibility of an end user or possibly a records administrator. To identify, declare and classify a large volume of electronic records required additional records management personnel.

The business process and the associated business application determine what records are being received or produced.

There have been attempts to automate the classification of records using "auto-categorization" methods that are based on full text analysis and use of a taxonomy. These technologies, however, have not been able to produce the accuracy levels required – achieving only a 50-70% accuracy level in most cases.

Cohasset Associates has long recognized – and business users as well as records management systems vendors now are increasingly recognizing – that the majority of an organization's records are received or produced as part of normal business work processes or applications. Whether a record is received as a key-entered or web-based transaction (purchase order, application, invoice, customer request) or produced as part of a user-initiated process (customer statement, correspondence, explanation of benefits, presentations, e-mail, etc.), there is an established, well-known and usually repetitive process driving it.

In turn, the business process and the associated business application (accounts payable, loan applications, insurance applications, insurance claims, etc.) determine what records are being received or produced. The user creating or receiving a record knows what type of record it is, and generally applies

certain attributes to the record for purposes of identification and retrieval (e.g., customer, supplier or partner name or number, correspondence, marketing presentation, etc.).

Once the type of document is identified to the application or system capturing the record, automatic classification can occur – without user or records administration intervention. One of the most productive and cost effective methods for automating the identification, declaration and classification of records is to have these activities performed as an integral part of the business application or other electronic process that receives or creates the record. Accordingly, in business situations where the past burden of declaring and classifying records by users can be significantly reduced or eliminated, the productivity of the user can be retained or improved by allowing them to focus their time on mission-critical business functions.

One of the most productive and cost effective methods for automating the identification, declaration and classification of records is to have these activities performed as an integral part of the business application or other electronic process that receives or creates the record.

Cohasset's Assessment

IBM clearly recognized that using the "event-driven" and "active content" characteristics of their new IBM FileNet P8 platform presented an opportunity for automating the identification, declaration and classification of electronic records. IBM also recognized that existing or applied metadata (related to documents) can provide the key to automated classification of the documents as records.

Two of the fundamental operating principles in IBM's new IBM FileNet P8 platform are "active content" and "event-driven" processes. These two principles can be employed to automate the identification, declaration and classification of records. For instance, with active content, the filing of an object into a particular folder can initiate the declaration and classification of a record based on the state of the content or the attributes associated with the content. In an event-driven business process, the "event," such as the receipt of an order, insurance claim, or customer complaint, triggers the "received" record to be automatically declared and classified. The event-driven process can be applied in both transaction-oriented business processes (purchase orders or applications) or based on a step in the document creation and maintenance lifecycle (a "final" version of correspondence). IBM has dubbed this automated declare and classify

capability "IBM FileNet ZeroClick" because where it can be effectively applied, it essentially eliminates the time and cost of a user making multiple "clicks" of a pointing device to declare and classify a record.

The event-driven business process capabilities also can be applied to provide automation for many of the traditional electronic records administration functions, such as the process of record disposition and the updating of records series and retention periods.

The process-driven capabilities of the IBM FileNet P8 platform and the ability to leverage them in conjunction with the FileNet Records Manager software presents significant opportunities for minimizing the time and cost associated with traditional records management and administration.

This white paper assesses IBM's current capabilities to substantively improve the cost effectiveness of electronic records management.

4. Major Opportunities for Cost Improvement

In order to have an electronic records management program that does not place an undue burden on end users or require a large dedicated staff of records administration personnel, the records management system must automate, to the greatest extent possible, the process of identifying, declaring and classifying records, and also automate basic records administration functions. The following four areas are evaluated in this white paper as major opportunities for cost containment or reduction that can be positively affected by automation of records activities and processes:

1. **Business Process Management** – automatic declaration and classification of records based on a specific event in a business application or process workflow.
2. **Document Lifecycle Events** – automatic declaration and classification of documents as records based on the status of a document (e.g., approved or final) or the "action" state of a document (e.g., filed in a specific folder).
3. **Records Administration** – automatic initiation and control of labor-intensive records administration processes, particularly the final disposition of records (e.g., the review, approval and deletion process once records have met their retention requirement and are not subject to a legal hold).
4. **Bulk Conversion of Existing Electronic Files** – the immediate and automatic identification, declaration, and classification of existing electronic content, such as a large repository of document images.

There are two additional areas evaluated in this white paper where costs can be significantly lowered and also where process effectiveness can be approved. They are influenced by the successful implementation of any or all of the four cost containment areas identified above. The two additional areas are:

1. **Legal Discovery and Audit Requests** - by reducing the search time for records and allowing relevant records to be placed automatically on hold.
2. **Storage Management** - by reducing the size of storage requirements and the associated cost for maintaining the storage through timely disposition (deletion) of records once the retention period and applicable legal or regulatory holds have expired. The appropriate review of disposition actions is also ensured.

The following areas also can be positively affected in terms of cost containment and process improvement by implementation of any or all of the four primary cost containment and process improvement areas identified above:

1. **Evidentiary Support** - The metadata and automated processes built Into the FileNet Records Manager application can provide evidence that business processes and policies for managing records throughout the organization have been enforced and followed. This can provide a significant advantage in litigious situations if the authenticity or reliability of records are questioned, reducing the cost of litigation.
2. **Records Integrity** - Eliminates missing or misfiled records because record "filing" Is systematically enforced by workflow. Also protects the integrity of "final version" documents/records from inadvertent or malicious deletion or overwrite, which is critical for legal discovery or regulatory investigations.
3. **Uniform Management of Disparate Repositories** - Provides visibility and control of records across platforms, both physical and electronic, and across all business applications.
4. **Improved Accuracy** - Ensures correct capture and classification by matching process or metadata attributes to a File Plan.

5. **Records Program Auditing and Monitoring** - Reports can automatically be produced based on pre-packages reports or through customized reports generated from the metadata collected through the business and records management processes.

In the next section, Cohasset assesses the potential of FileNet Records Manager to contain or reduce the cost of managing electronic records with respect to the four primary and two additional cost areas identified above.

5. IBM FileNet Records Manager – Cost Effectiveness Assessment

5.1 Business Process Management

Operational business processes can generate hundreds, thousands or even tens of thousands of document-based business records per day – depending on the application and the size of the organization.

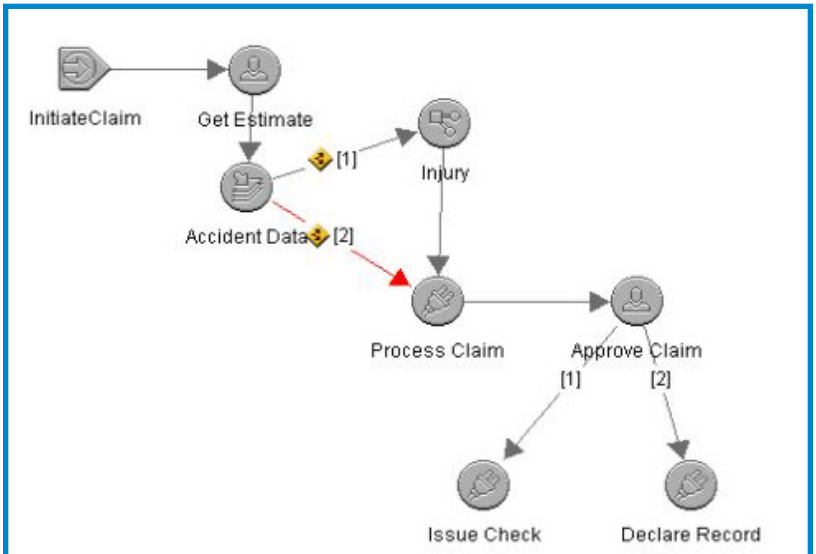
Operational business processes can generate hundreds, thousands or even tens of thousands of document-based business records per day – depending on the application and the size of the organization. These business records relate to the day-to-day transactions that organizations have with their customers, suppliers, partners and employees. Whether the business records are received (e.g. applications, claims, orders, invoices, correspondence, etc.) or are created internally by business applications (e.g. loan or insurance documentation, customer invoices or statements, explanation of benefits, etc.), the records that are produced must be retained for a specified period of time – the retention period – based on specifically identified laws, regulations and business needs.

Most of these operational records are stored and managed today in one of two forms:

- In electronic form, but without the benefit of good recordkeeping controls for managing retention and disposition.
- In hard copy format (either reproduced in paper or micrographic format) because there is no easy or cost-effective way to control the retention and disposition of the records in electronic form.

A substantial and increasing number of these business records are "born" digitally and therefore can be retained in electronic form. Additionally, records that are received or created in paper form often are converted into a digital format (e.g., scanned as images) and accordingly are retained, stored and accessed for the balance of their "life" in their new digital form.

Many large and medium-sized organizations already employ electronic content or document management systems and workflow applications to control and track the document-based steps and events of transaction-oriented business processes. These processes are generally quite well defined both in the steps or events that make up the process, as well as in the records that are received or created in the course of the process. The knowledge that is inherent in the workflow system regarding the type of document-based transactions being processed (based on metadata associated with the document) and/or the state of a document (claim approved, application reviewed and approved, etc.) allows the document to be identified, declared and classified automatically as a record - without any human intervention. The following diagram shows an example of an insurance claim process in which the documents are automatically declared as records upon approval of the claim.



Source: IBM

There is a significant opportunity, therefore, to place the transaction-based documents under records management control automatically as an integral part of a workflow controlled business process. To do this, it is necessary to declare and classify document-based transaction information as records without placing additional burdens on the knowledge workers or adding any cost to the process.

Automatically declaring and classifying business transaction records as part of the business process workflow application can provide the following benefits:

There is a significant opportunity, therefore, to place the transaction-based documents under records management control automatically as an integral part of a workflow controlled business process.

- **Significantly reduce or eliminate potential costs** of requiring end users to manually declare and classify some or all transaction records.
- **Reduce the legal or regulatory risk that any records are either not being declared or are improperly classified due to human error** by enforcing the declaration of business records programmatically.
- **Allow the business process events (such as a loan payoff or an insurance payout) to trigger certain records management actions** – for example: starting the final retention period for event-based records, or causing the record to transition from an on-line storage media to an off-line storage media.
- **Reduce discovery costs** because the declared records will be disposed of in a timely manner, thereby reducing the total volume of records being stored.
- **Reduce storage capacity and associated costs** because records will be disposed of in a timely manner, thereby reducing the volume of records that must be stored.
- **Provide visibility into each business operation's recordkeeping practices.**
- **Reduce IT support requirements where the user's involvement in the process can be eliminated.**

Table 1 provides an estimate of the potential cost containment or avoidance that could be achieved by allowing business transaction-related records to be declared and classified automatically. For example, if 100 users manually declare and classify 100 records per day, the annual cost avoidance from eliminating this manual process would be more than $240,000. High volume operations with a larger number of users potentially could achieve annual cost avoidance as high as $1.5 million to $6 million.

Automated Capture by Business Processes – Potential Annual Cost Avoidance for Automated Declaration and Classification of Records

Table 1

Number of Users	Number of Records Declared per Day				
	1	50	100	200	250
1	**$24**	**$1,214**	**$2,428**	**$4,857**	**$6,071**
50	**$1,214**	**$60,712**	**$121,424**	**$242,849**	**$303,561**
100	**$2,428**	**$121,424**	**$242,849**	**$485,698**	**$607,122**
250	**$6,071**	**$303,561**	**$607,122**	**$1,214,244**	**$1,517,805**
500	**$12,142**	**$607,122**	**$1,214,244**	**$2,428,489**	**$3,035,611**
1,000	**$24,285**	**$1,214,244**	**$2,428,489**	**$4,856,978**	**$6,071,222**

Calculations are based on a burdened salary of $50k, 235 day work year, and each record requiring 10 seconds to manually declare and classify.

Cohasset's Assessment

IBM FileNet has clearly recognized the opportunity to contain the cost of declaring and classifying records and for improving the accurate and complete capture and classification of records by providing a standard means for this function as part of the FileNet Records Manager product. The uniqueness of the IBM approach to automatically declare and classify records is due to the tight integration between its new FileNet Records Manager software and the long-renowned workflow capabilities of its IBM FileNet Business Process Manager.

IBM's automatic declaration and classification methods and "IBM FileNet ZeroClick" technology are designed to essentially eliminate the number of "clicks" users otherwise must perform because the following key functions are automated:

- Identifying and declaring a record,
- Classifying a record,
- Triggering or signaling an event that influences the records lifecycle, e.g., starts the final retention period for event-based records (e.g., mortgage loans, insurance policies, etc.).

IBM FileNet Business Process Manager comes with pre-built workflows for the declaration and classification of records that can be customized to fit the needs and requirements or each specific business process.

FileNet Records Manager comes with pre-built workflows for the declaration and classification of records that can be customized to fit the needs and requirements or each specific business process. Serving as a template, these pre-built workflows can be implemented quickly, thereby saving considerable time and expense when designing, building, and implementing the system.

5.2 Document Lifecycle Events

Document creation and the related process of reviewing and finalizing documents are integral functions of an organization's knowledge workers. These documents typically are created using office productivity tools (such as a word processing, spreadsheet, or graphic presentation application) for a variety of purposes including:

- Internal projects and programs (e.g., product development, procurement specifications, training, etc.)
- Customer, partner or supplier facing projects or activities (e.g., correspondence, purchasing specifications or plans, drawings, etc.)
- Marketing materials (advertising, promotion, web-publishing, etc.)
- Legal documentation (forms, agreements or contracts, warranties, order/purchase conditions, claims, litigation, etc.)
- Policies and procedures (human resources, business processes, etc.).

Many of the final versions of documents produced will be considered business records that are subject to retention, protection, and management based on specifically identified laws, regulations and business needs.

Many large- and medium-sized organizations are using (or plan to use) document management or content management applications to automate and apply controls to the lifecycle of their documents, i.e. the process of creation, revision (including check-out/check-in), review/comment, approval and publication. These systems also provide capabilities for controlling the storage, integrity protection and retrieval of these documents.

Most document or content management systems do not provide the inherent ability to identify, control and manage documents as business records, i.e., (a) declare them as a record and then classify them with a retention period, (b) protect them from deletion or alteration during the retention period, (c) place holds on those records that are the subject of litigation or investigation, and (d) provide control of the records disposition once the retention period and all legal holds have been met.

There are, however, document-related capabilities and information available in many document and content management systems that provide a solid basis for automatic declaration and classification of records:

- The lifecycle management capabilities of some document and content management systems track certain "events" such as "check-in," "approve," or "publish." Other "events" might include use of a network file system WebDAV folder to capture documents placed within it. Such events also could act as a trigger for declaring the document as a record.
- Document and content management systems typically store (or can be configured to provide) sufficient metadata related to each document or folder (e.g., document class, document type, role/function of user, etc.) to allow all such documents or folders to be automatically classified.

When these capabilities of a document or content management system are combined with the capabilities of a records management application, the potential to automatically declare all document-based information as records

can become a reality. There are 12 key benefits of this automation process. Following each benefit, the organization's primary beneficiary is identified in italics.

1. **Automatic classification of records** based on matching document metadata attributes with the appropriate record series or category in a corporate file plan – *records management.*
2. **Significant reduction or elimination of the need for records administrators to be involved in the classification process** (an almost insurmountable task if a significant level of automation is not achieved) – *records management and information systems*.
3. **Automatic declaration of a document as a record** as a step in the lifecycle process (e.g., at the point of check-in, approval, or publishing) without any user intervention – *business operations*.
4. **Significant reduction or elimination of manual declaration and the resulting productivity improvements and cost savings** – *records management.*
5. **Consistent and uniform application of declaration and classification** to all documents – *records management.*
6. **Elimination of costs associated with users declaring/classifying records** – *business operations*.
7. **Reduction or elimination of human judgment and key-entry errors** involved when records are manually declared and classified – *records management*.
8. **Automation of retention policies** – *business operations*.
9. **Assurance that records are correctly retained pursuant to applicable laws or regulations** – *legal and compliance.*
10. **Assurance that only one records management business process is used consistently throughout the organization** – *legal and compliance*.

11. **Reduction of discovery costs** by ensuring that all records related to an account or subject have been retained and are readily accessible – *legal and compliance*.

12. **Reduction of time and cost for record discovery and record hold administration** because system-enforced records declaration results in a larger number of records declared, classified and retained and, therefore, more readily accessible, in a content management and records management system – *records management and information systems*.

Table 2 provides examples of the potential cost avoidance that could be achieved when records can be declared automatically versus manually. The costs detailed are based on the assumption that it typical takes a user an average of ten seconds to declare and classify a record – a time that certainly varies depending on the experience of the user and the complexity of the classification decision process. The mid-point of this potential cost avoidance table is 100 users manually declaring and classifying 10 records per day. This would result in an annual cost avoidance of approximately $36,000. As the matrix details, for organizations with significantly more than 100 users and many more records to be declared per day, the potential cost avoidance could be as high as $300,000 to $700,000 per year.

Document Life Cycle - Potential Annual Cost Avoidance for Automated Declaration and Classification of Records

Table 2

Number of Users	Number of Records Declared per Day				
	1	50	100	200	250
1	**$36**	**$182**	**$364**	**$546**	**$729**
50	**$1,821**	**$9,107**	**$18,214**	**$27,320**	**$36,427**
100	**$3,643**	**$18,214**	**$36,427**	**$54,641**	**$72,855**
250	**$9,107**	**$45,534**	**$91,068**	**$136,602**	**$182,137**
500	**$18,214**	**$91,068**	**$182,137**	**$273,205**	**$364,273**
1,000	**$36,427**	**$182,137**	**$364,273**	**$546,410**	**$728,547**

Calculations are based on a burdened salary of a knowledge worker at $75k, 235 day work year and each record requiring 10 seconds to manually declare and classify.

The ability of a records management application – in conjunction with a document or content management system – to contain or avoid the potential additional costs for records declaration and classification could significantly influence the economic justification for implementing a records management system.

Cohasset's Assessment

The ability of a records management application – in conjunction with a document or content management system – to contain or avoid the potential additional costs for records declaration and classification could significantly influence the economic justification for implementing a records management system.

IBM clearly recognizes the need and the opportunity to reduce the cost impact of declaring and classifying records that are produced as part of a document lifecycle creation and maintenance process. FileNet Records Manager, in conjunction with the document lifecycle management capabilities of IBM FileNet Content Manager, provides the capability to automatically declare and classify document-based records using the following techniques and methods:

- During the lifecycle of a document that is controlled by FileNet Content Manager, a specific event or combination of events (such as check-in, approval, or publish, etc.) can be defined to trigger the automatic declaration and classification of the subject document as a record in FileNet Records Manager.
- Network file system folders, and folders in FileNet Content Manager can be defined so that it automatically triggers the declaration and classification of all records saved to that folder (e.g., via a "Save As" action or by dragging and dropping the document into the folder) by FileNet Records Manager.

FileNet Content Manager, using the metadata associated with the document, offers a great deal of flexibility in defining the attributes that could allow a document to be automatically classified as a record. This metadata or status information could relate to:

- A process step in the document's lifecycle or,
- The metadata attributes that are directly associated with a document, such as document class or document type or possibly the role a user's role or function, and
- The attributes used to define the characteristics of a folder (e.g., document class, status, etc.).

5.3 Records Administration

Records administration involves the management of records during their lifecycle, including the retention period and any legal, investigatory or audit holds that may be placed on them. Records administration typically includes the following functions:

- **Development and oversight of records management policies, procedures and best practices.**
- **Definition and maintenance of a file plan.** This would include (a) defining a record series or categories structure by which records are classified and a retention period is assigned as well as (b) the definition of any rules to be applied during the lifecycle of the record.
- **Classification of records** – by the record series or category, particularly hard copy records.
- **Responding to legal, regulatory or audit requests** that typically involve placing and managing holds on records, and which may also include searching for and producing the requested records.
- **Managing the final disposition of records** – most frequently, this involves the deletion/destruction of records – when the established retention period has expired and any applicable record holds have been released.

IBM clearly recognizes the need and the opportunity to reduce the cost impact of declaring and classifying records that are produced as part of a document life cycle creation and maintenance process.

In the media-centric paper environment, records are typically "declared" by a business function (according to the file plan) and then passed to records administration for classification. This was usually done at a box or possibly folder level, not at the individual document level, thereby keeping the number of classification events to a manageable size.

However, with the exponential and rapid growth in the volume of individual electronic records being received or produced in most organizations, the ability to centrally and manually perform the records administration declaration and classification tasks has become extremely burdensome and very costly – probably not economically justifiable.

So from the perspective of cost effectiveness, the automation of these records administration processes is critically important for two very compelling reasons:

- The manual classification of the large volume of electronic records by a central organization is clearly impossible to (a) perform with the speed necessary, (b) staff with the necessary resources, as well as (c) cost justify in today's very cost-sensitive business environment.
- Over time, the volume of records requiring final disposition (typically deletion) will grow to be at least equal to (and possibly greater than) the volume of records being classified, depending on length of the retention period for the records being retained.

While records administration functions in most organizations tend to be relatively small (from three people in many small to medium organizations and as many as ten or more personnel in larger organizations that store and manage most records in-house), the productivity gains and resulting savings from automating records administration functions are still compelling.

Content continues to grow at an astounding rate, and the resulting records management requirements must keep pace. A recent study by the School of Information Management and Systems at the University of California at Berkley estimates that the amount of Information stored on paper, film, magnetic and optical media has doubled in the last three years. Newly stored Information grew 30% a year between 1999 and 2002, and the electronic information flowing though various sources contained almost 18 exabytes in 2002 alone. E-mails account for about 400,000 terabytes per year world-wide. Records management departments are faced with the challenge of Ingesting much of this Information Into their organization's records program, often with no ability to add staff to keep pace with this growth.

The productivity gain from automated records administrative functions translates in turn to the existing staffs to manage more records as the organization grows. For example, if there is a 20% gain in productivity (not uncommon from business process automation), that translates into the ability of the same number of staff to manage 20% more records. This provides ROI from the cost avoidance of hiring more records administrators to manage the additional records. As

shown in Table 3, if a 30- to 50% productivity gain is achieved in an organization with a five person records administration staff, the potential cost savings could range from $90,000 to $150,000 per year (assuming $60K salary with benefits, etc.). In larger organizations, with a staff of ten or more in records administration, the savings could be $150,000 to $300,000 per year.

Records Administration - Potential Annual Cost Avoidance of Future Staffing Requirements

Table 3

% of productivity gains	20%		30%		40%		50%	
No. of Staff	$ Savings	FTE's saved	$ Savings	FTE's saved	$ Savings	FTE's saved	$ Savings	FTE's saved
5	$60,000	1	$90,000	1	$120,000	2	$150,000	2
10	$120,000	2	$180,000	3	$240,000	4	$300,000	5
15	$180,000	3	$270,000	4	$360,000	6	$450,000	8

Assumes average fully burdened salary of records administration staff to be $60,000. This includes all benefits, corporate G&A, etc.

Automation of records administration processes can provide many benefits to important functions (identified in italics) within organizations:

Key Benefits

- Key administration functions, such as a legal discovery search and hold process, can be driven by pre-determined workflows, thereby improving productivity and reducing cost.
- Final record disposition can be automatically initiated and controlled using a workflow process that is triggered when retention periods expire and holds against records are released:
  - Reduces the manual labor time and cost of initiating and controlling the record disposition process.
  - Timely disposition of records can reduce potential legal discovery costs by eliminating the inadvertent and unnecessary retention of those records where the retention period has expired and all legal holds have been released.

- Record lifecycle rules can be automatically "triggered" by events that occur in a business process workflow (i.e., triggering the start date for the final retention period for event-based records, such as from a loan payoff or an insurance payout).

Who Benefits

- The records management and administration functions of an organization are the primary beneficiaries of the potentially significant cost reductions – estimated by Cohasset to be as great as 25-50% of total projected costs.
  - Automated triggering of disposition reviews based on disposition status or workflow event – reduces manually initiated and controlled disposition reviews and activities.
  - Upon final approval as part of a disposition workflow process, a list of records for deletion can be created and acted upon by the records management software and the content management software. This will reduce or eliminate virtually all manual intervention in the executing of record deletion.
- Depending on the degree of automation that is implemented, the need for adding records management administration personnel and associated costs could be avoided – and it is likely that current staffing could be reduced.
- With the assured timely disposition of an organization's records, the legal and compliance functions could benefit significantly from lower costs for legal discovery.
- IT would benefit due to reduced storage requirements resulting from the timely disposition of records.

Better records administration and management also can reduce the risk of fines or sanctions that could result from compliance and litigation by being able to promptly find and produce records that otherwise may not have been able to be located.

Cohasset's Assessment

The automated records management administrative functions within FileNet Records Manager can help alleviate the burdens of the clerical, repetitive tasks of an already over-extended records administrative staff. This would enable records administrators to focus on more higher-value tasks, such as vital records review, working with new lines of business In developing new file plans, retention and disposition schedules and other tasks such as reviewing and updating legal requirements and retention schedules. The records administration staff could apply more time, using IBM tools, towards monitoring and auditing records processes that will help to ensure that records policies are in compliance with regulatory requirements.

FileNet Records Manager, in conjunction with FileNet Business Process Manager and FileNet Content Manager, provide the ability to support automation of many key records administration activities.

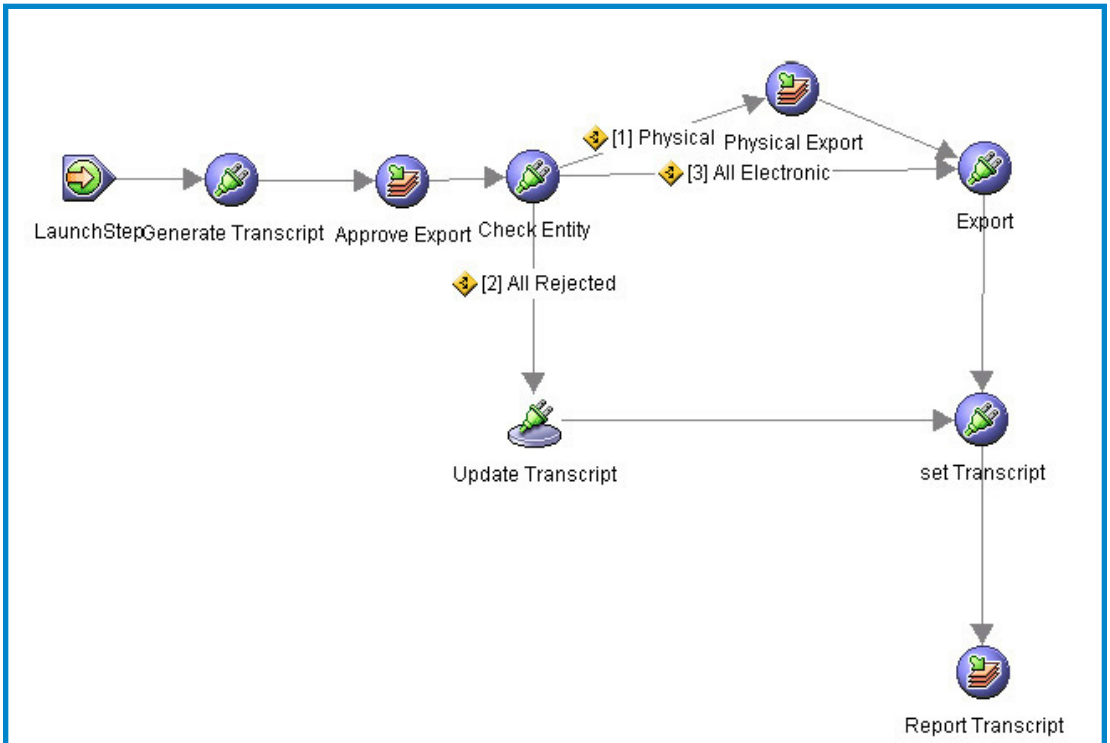
FileNet Records Manager, in conjunction with IBM's FileNet P8 enterprise content management platform, provides the ability to support automation of many key records administration activities, such as: (a) automating the execution of certain lifecycle management rules, (b) monitoring the retention schedule for each record, and (c) automatically changing the status of a record according to preset rules. For example, when a loan payoff is made, the business process event could trigger an automatic change in the status of the loan document from active to inactive, and then initiate the start of the final retention period.

IBM provides pre-built workflows as part of their FileNet Business Process Manager product that can be customized to fit the records needs and requirements of each organization.

IBM provides pre-built workflows as part of their FileNet Records Manager product that can be customized to fit the records needs and requirements of each organization. Examples of the predefined records administration workflows include:

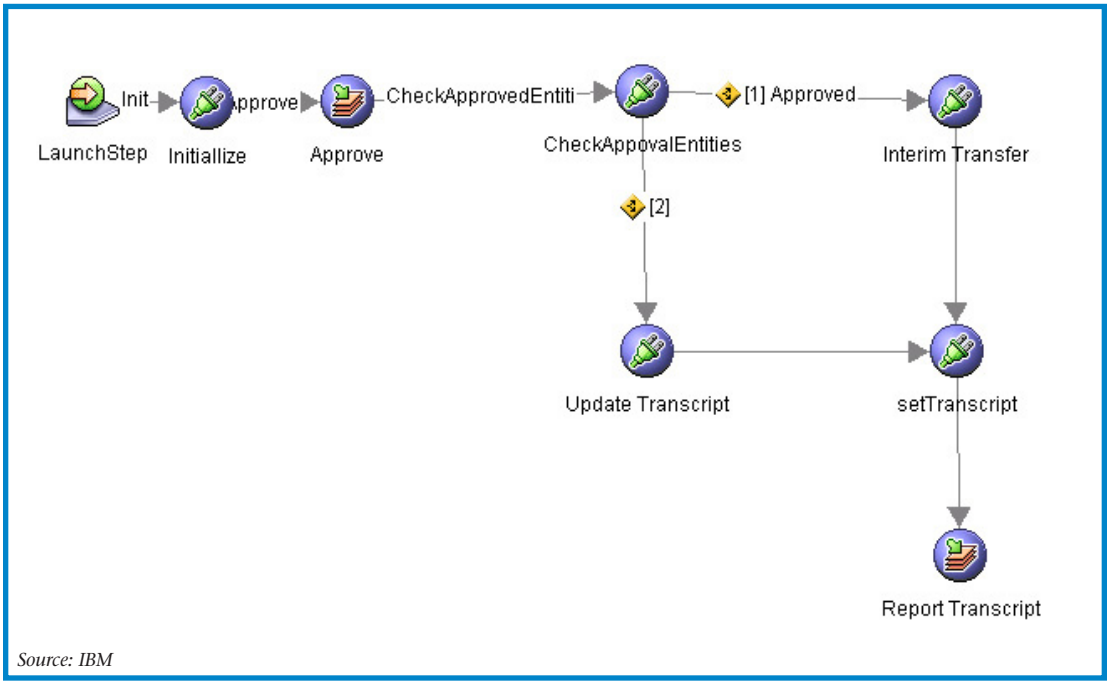
- **Process Driven Records Screening.** Enables the reviewer to screen records before the execution of workflow associated with a disposition phase. The entire process is managed and tracked.
- **Process Driven Records Cutoff.** Used to control the records cutoff process to end the use of old records and begin the active use of new ones. This ensures that the Records Manager approves the cutoff date.

- **Process Driven Records Export (Migration).** Ensures that electronic records are exported (or migrated) for making backups or for transferring to lower cost storage options as they become less active in their lifecycle. The following example illustrates the process.



Source: IBM

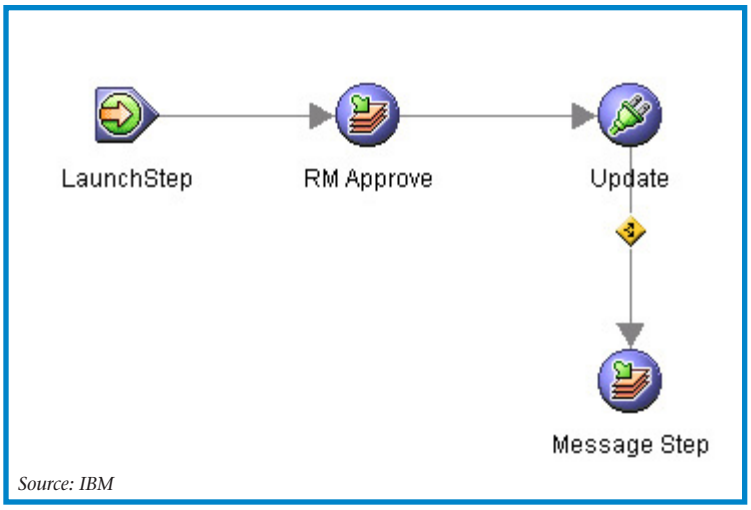
- **Process Driven Interim Records Transfer.** This workflow ensures that the home "physical" location of a physical record and location of electronic Record Information Object is changed to the specified location at the end of the retention period or a phase. The entire process is managed and tracked as seen below, with an export step for electronic records.



Source: IBM

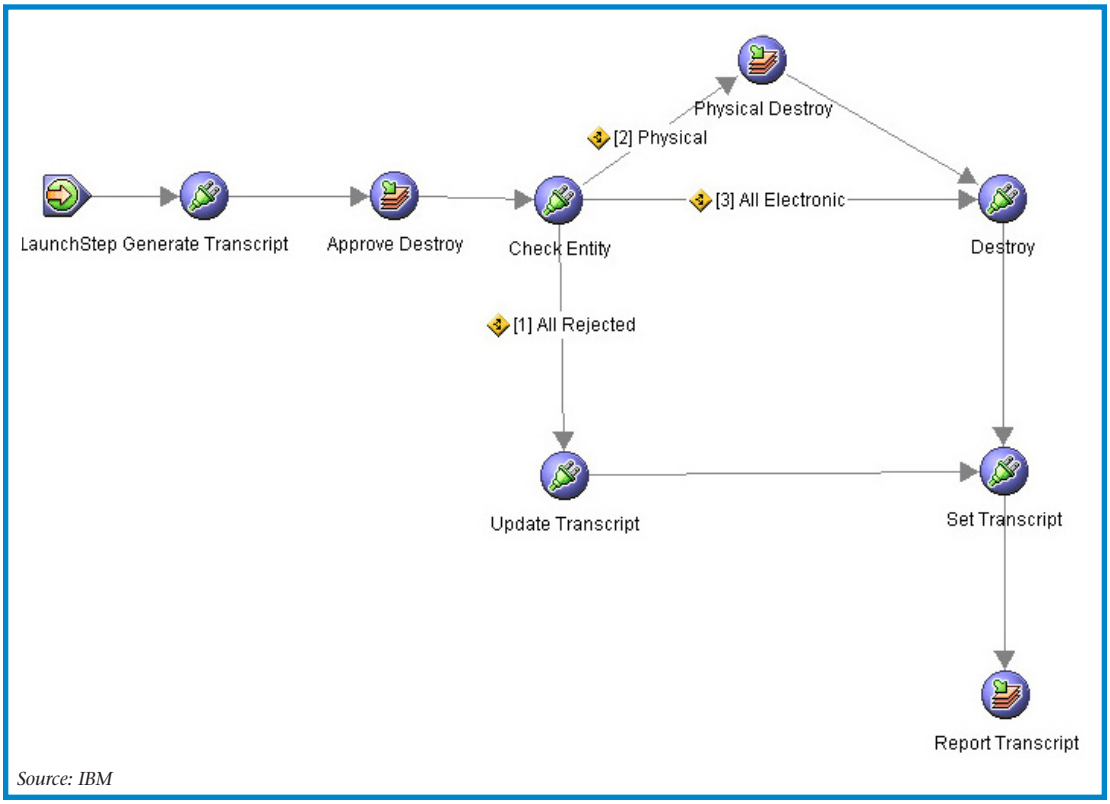
- **Process Driven Records Transfer.** Ensure that entities get transferred to a specified location such as Archives or off-site storage at the end of the retention period of a phase by exporting records to the specified destination and then destroying these entities from the original location on confirmation of export and approval for destruction.

- **Process Driven Vital Records Review.** Ensures periodic reviews of vital records, an automatically recurring event after a specified interval. The review process helps the reviewer (records administrator and/or business user) complete the review of records to determine if they are still considered Vital Records.
- **Process Driven Folder Creation.** The Folder Creation workflow is used to manage the process of creating new record folders created by business users upon receiving approval from the Records Manager.
- **Process Driven Disposition Review.** Ensures that a Records Manager reviews the records at the end of the retention period of a phase before moving the records to the next phase in the disposition schedule. This is illustrated in the process diagram below. A similar process could be used for different review actions, such as a vital records review or transfer.



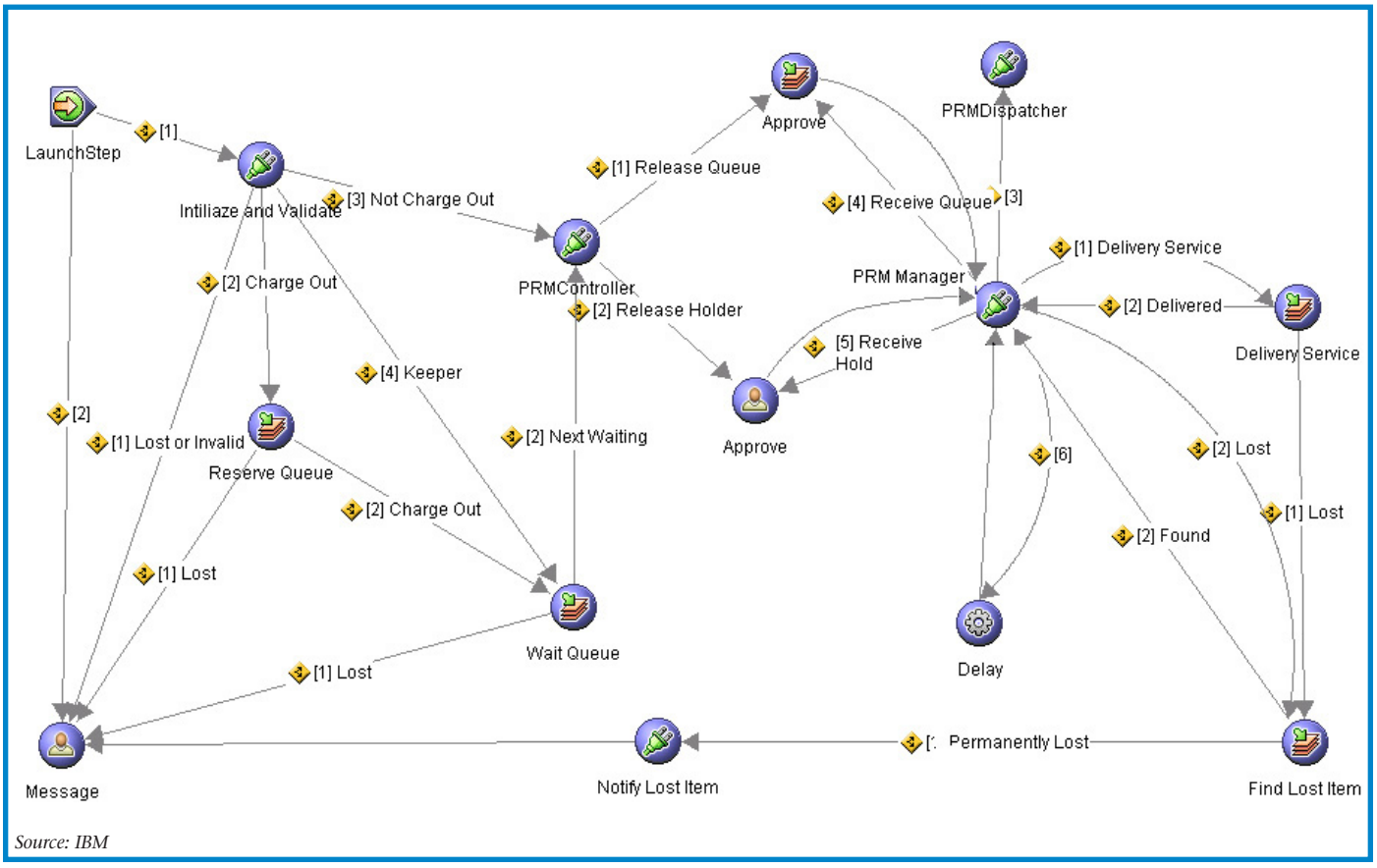
Source: IBM

- **Process Driven Destruction.** This workflow ensures that entities are permanently destroyed at the end of the retention period. In case of electronic entities, both metadata and content will be automatically expunged. For physical records, the metadata gets deleted in conjunction with the physical record. The process flow below shows the steps used in destroying either physical or electronic records, with an approval step in the beginning. A record of the destruction action is also maintained to provide an audit trail should It be questioned.



Source: IBM

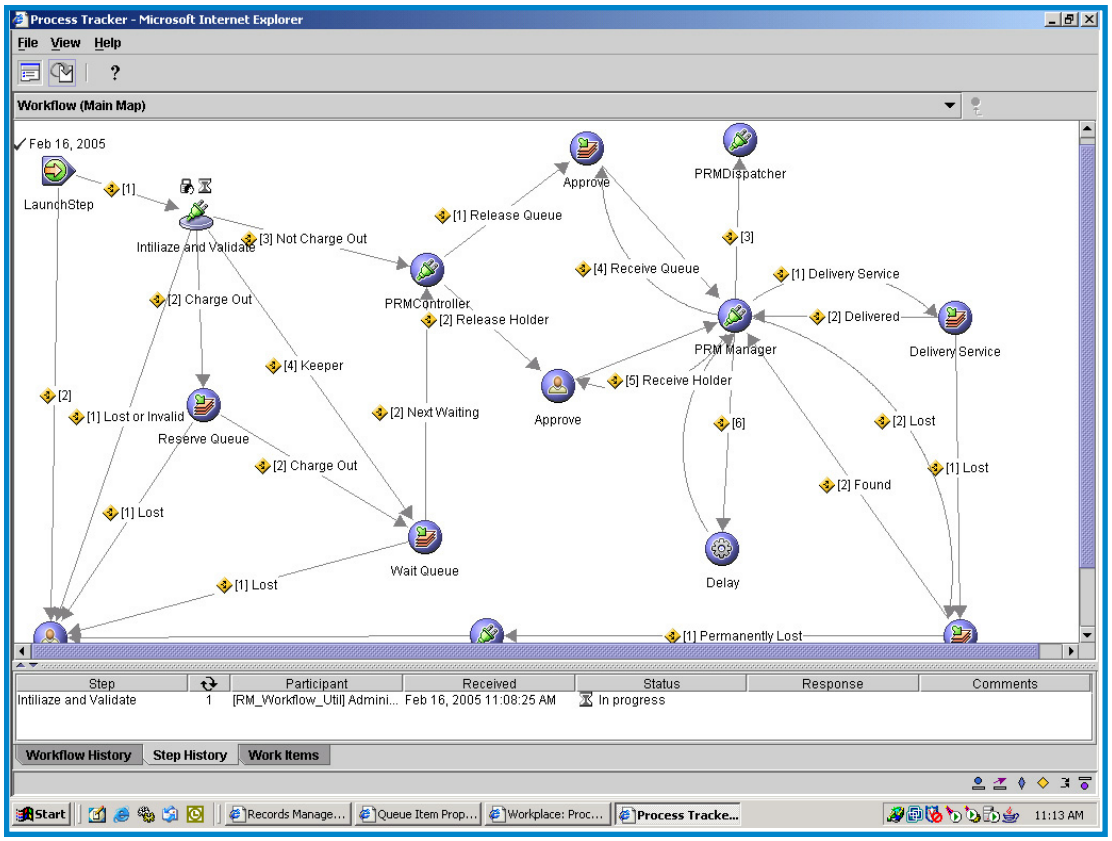
- **Process Driven Physical Records Management.** Enables a charge out, reserve, and release of records without intervention. In addition, the workflow can also notify other users and groups (such as the keeper of the record) of any status change such as Find Lost Item Group, which manages lost records. An example of a process flow for physical records transfers may be found below.



Source: IBM

In addition to the automation tools above, FileNet Records Manager also provides the ability to track records by leveraging the built-in Business Process Management tracking tools. Records Administrators and other authorized users can use the extensive metadata collected to have a real-time view of all activities relating to records, and the status of where they reside, In either the records administration processes or In line-of-business processes. This comprehensive auditing tool also provides a record of all users and their activities, a must for

true compliance. In addition, the records administrators can realize significant saving in the tracking and monitoring records activities. An Illustration of the tracking tools provided by IBM may found below.



Source: IBM

5.4 Document Requests - Legal Discovery and Audit

The cost and time required for responding to legal, compliance and audit discovery records requests can be extraordinary. Increasingly, electronic records are becoming the primary focus of these discovery requests – that typically cover a broad range of subject matter and whose scope can cover an extended period of time. In legal discovery, it is not unusual for millions of documents to fall within the purview of the discovery request.

Cohasset's independent research has found that corporations annually are spending $2.5 to $4 million per billion in sales for litigation discovery. Thus, for a company with $20 billion in sales, its discovery costs easily can total $75 million annually. Based on this, it is Cohasset's conclusion that legal discovery is the largest uncontrolled cost in corporate America, and as such, it is an excellent opportunity for the application of operational processing tools that can facilitate its reduction.

Legal discovery is the largest uncontrolled cost in corporate America.

The Electronic Records Management Survey (www.MERresource.com/whitepapers/survey.html) conducted by Cohasset Associates and co-sponsored by the Association of Records Managers and Administrators (ARMA) and the Association of Information and Image Management (AIIM) found that:

- 38% of the more than 2200 respondents reported that their organizations follow their retention schedules either "no regularly" (26%) or "only when time permits" (12%),
- 47% of the organizations represented do not include electronic records in their retention schedules, and
- 59% of the respondent's organizations do not have any formal e-mail retention policy.

There is a high likelihood that great quantities of electronic records are being retained unnecessarily. In turn, this is creating extraordinary unnecessary legal risks as well as very significant cost exposure.

Clearly, with well-researched findings such as these (these percentages were very consistent over three data points – 1999, 2001 and 2003), there is a high likelihood that great quantities of electronic records are being retained unnecessarily. In turn, this is creating extraordinary unnecessary legal risks as well as very significant cost exposure.

One of the most frequently cited and thorough studies on the cost and records-related issues during legal discovery was conducted by the DuPont company and presented at Cohasset Associates' 2002 Managing Electronic Records (MER) Conference. The study covered the discovery of records for nine legal cases in the period 1990 to 1994. Some of the statistics resulting from this study are nothing less than astounding. They clearly point out the very large cost savings that can be achieved when an organization's records are destroyed on a timely basis – when the retention period expires and all legal holds are satisfied. Table 4 presents some of the most compelling statistics from DuPont's research.

Summary Results of DuPont Corporation Legal Discovery Study

Table 4

Assumptions	
Total number of pages reviewed for possible responsiveness	75,450,000
Total number of pages responsive	11,040,000
Average % of pages past the retention period (the range for the nine cases was from 20% to 90% that were past their retention period)	50%
Potential Savings:	
Pages reviewed that were past retention (50% of 75,450,000)	37,725,000
Cost to review at $0.20 per page	**$7,545,000**
Total number of pages that were responsive, but were past the retention period (50% of 11,040,000)	5,520,000
Cost to review at $0.80 per page (records that are responsive undergo a more intensive review using higher paid personnel)	**$4,416,000**
Unnecessary Cost of Reviewing Records that were Past the Retention Period	**$11,961,000**

While this example is specific to DuPont, it shows the potential size of the unnecessary legal discovery costs that are being incurred today by many large corporate and governmental organizations.

Table 5 provides examples of the potential cost savings in legal discovery. It is based on the total number of records that must be reviewed vs. varying percentages of those records that could be past the retention period.

This table details that in a modest sized discovery action involving 1,000,000 pages where 30% of the records were beyond the retention period, $150,000 of unnecessary costs would be incurred by the responding organization– or $150,000 in savings could have been achieved if records had been disposed of/destroyed in accordance with to the established retention schedule. As confirmed in the Dupont statistics, the potential unnecessary costs or real savings could easily be many millions of dollars.

Potential Cost Savings for Electronic Discovery

Table 5

Assumptions					
Total Pages Reviewed	**1,000,000**	**5,000,000**	**10,000,000**	**20,000,000**	**50,000,000**
Avg. Cost/ page = $0.50*	**$500,000**	**$2,500,000**	**$5,000,000**	**$10,000,000**	**$25,000,000**
Potential Cost Savings					
10% over retention	**$50,000**	**$250,000**	**$500,000**	**$1,000,000**	**$2,500,000**
20% over retention	**$100,000**	**$500,000**	**$1,000,000**	**$2,000,000**	**$5,000,000**
30% over retention	**$150,000**	**$750,000**	**$1,500,000**	**$3,000,000**	**$7,500,000**
40% over retention	**$200,000**	**$1,000,000**	**$2,000,000**	**$4,000,000**	**$10,000,000**
50% over retention	**$250,000**	**$1,250,000**	**$2,500,000**	**$5,000,000**	**$12,500,000**

Represents an average based on review costs for all pages and responsive pages.

The regular declaration, classification and disposition of records in accordance with an established retention schedule can provide significant benefits to many functions (noted in italics) in an organization:

Key Benefits

- Searching through records is greatly facilitated – if the records are under a control system.
- Placing records on disposition "holds" is much easier – if the records are under a control system.
- Records are disposed of/destroyed in accordance with an established schedule in the regular course of business – thereby eliminating unnecessary records from a possible expensive legal review process.
- Records are classified more accurately using subject matter data and metadata.
- Searching for requested records is performed much more efficiently and accurately.

- Costs for retrieving and reviewing unresponsive records are reduced.
- Increased efficiencies are achieved from the record identification, record review and hold processes.

Who Benefits

- *The organization as a whole* benefits economically with lower discovery costs– with fewer records to search through, less time needed to perform both the search for the relevant records and have them reviewed by litigation attorneys, because discovery production involves only those documents that a) need to be retained and b) are pertinent to the hold order.
- *Records management* benefits from having fewer records to search, place on hold, and manage during the litigation, compliance inquiry or audit period.

By using FileNet Business Process Manager, work flows for legal discovery reviews can be established that, in conjunction with FileNet Content Manager and FileNet Records Manager, provide an efficient and cost effective method for identifying, retrieving and reviewing all records that meet the legal discovery criteria.

Cohasset's Assessment

IBM's FileNet P8 platform provides capabilities that support achievement of the cost savings. The major capabilities of IBM's records management offering are:

- **Business process-driven, automatic declaration and classification of business transaction records** – ensuring that all business records are properly declared and assigned a retention schedule at the time of their classification.
- **Document lifecycle event-based, automatic declaration and classification of office productivity or knowledge worker records** – ensuring that all records are properly declared and assigned a retention schedule at the time of classification.
- **Predefined workflows for disposition control** – assuring that all records are reviewed for potential disposal at the end of the retention period, including review of legal holds.

By using FileNet Business Process Manager, work flows for legal discovery reviews can be established that, in conjunction with FileNet Content Manager and FileNet Records Manager, provide an efficient and cost effective method for identifying, retrieving and reviewing all records that meet the legal discovery

criteria. For those records found to be responsive to the legal discovery criteria, a business process event can initiate FileNet Records Manager to automatically place a hold on the records. Once the legal hold is released, FileNet Records Manager can automatically check to determine if the retention period for any of the held records has expired, and then automatically initiate the process to correctly review and dispose of the records.

5.5 Storage Needs Over Time

One of the primary reasons that document-based information is retained longer than it is required or needed is because it is never declared as a record and, therefore, no retention period or disposal date was ever associated with the document.

As storage density increases and the cost of storage systems continues to decrease, it is tempting to push aside the systematic "policy-approved" deletion of electronic document-based information and simply "store everything forever." Storing information for a longer period of time than required or needed, however, clearly results in unnecessary cost, which, in turn, negatively impacts an organization economically.

- No matter how much the cost of storage decreases, storing more document-based information than is required increases both the cost of storage and the cost of administering and maintaining that storage.
- Since ALL information is discoverable under legal or audit requests, all document-based information that is held past its retention period will require additional cost and effort to find and produce – and as noted above, this could be many millions of dollars.

One of the primary reasons that document-based information is retained longer than it is required or needed is because it is never declared as a record and, therefore, no retention period or disposal date was ever associated with the document. This situation can be improved significantly with the automated declaration and classification of records as described in the Business Process Management (5.1) and Document Lifecycle Workflow (5.2) sections of this white paper. This automatically applies a retention period to each record which then can be programmatically enforced by the records management application. In addition, for certain types of records, lifecycle rules can be applied that may allow those to be transferred from higher to lower cost storage at specific times in their life (e.g., from an active state to an inactive state).

The reduction of storage system components will lower overall storage costs of ownership. The metrics that determine the savings include the current volume of records being stored and the reduction due to more accurate and automated classification as records. Many records may be misclassified as records, or worse yet, are not classified at all, and the total percentage of the records stored as a result is another metric in calculating saving. And, of course the percentage of the records that will be deleted by the IBM automated process should be considered since the destruction at the end of their retention period will be assured.

Up to 90% of the records that they proffered in legal discovery were past their stipulated corporate retention period.

The opportunity for cost savings is clearly highlighted by the DuPont example noted in the Document Requests - Legal Discovery and Audit section (5.4) which noted that up to 90% of the records that they proffered in legal discovery were past their stipulated corporate retention period. With document-based storage requirements now climbing into the Terabytes range (one thousand gigabytes), such potential savings are very significant.

When electronic document-based information is declared and classified as records, and the disposition of those records is enforced programmatically based on the expiration of the retention period and any legal holds, there are important benefits to many functions (noted in italics) in organizations:

Key Benefits

- **The overall storage needs for both hardware and infrastructure could be reduced by a large factor.**
- **The cost of legal discovery, regulatory compliance or financial audits could be reduced substantially.**

Who Benefits

- **Information Technology** - due to reduced storage system costs and storage management personnel costs.
- **Legal and Records Management** – due to a reduced operating burden related to reviewing and proffering outdated and unnecessary records in response to legal discovery, regulatory compliance and audits.

Cohasset's Assessment

As detailed in this white paper, IBM, using the capabilities of FileNet Records Manager, provides the ability to systematically and automatically declare and classify document-based information as records. This enables the placing of document-based information under the control of FileNet Records Manager, which, in turn, programmatically enforces the disposition of those records. Accordingly, the records then can be disposed of/destroyed on a timely basis once their stipulated retention period has expired, all legal and audit holds have been released.

There are thousands of installed document imaging and content management systems with billions of documents that have no retention period associated with them.

These IBM capabilities and processes, if regularly applied by an organization, can provide an instant storage benefit as well as a long term storage benefit and can result in containment or reduction of the overall cost of digital storage and storage management.

5.6 Conversion and Management of Existing Electronic Records

There are thousands of installed document imaging and content management systems with billions of documents that have no retention period associated with them. Even those few content management systems that allow a retention period to be associated with a document or folder cover only time-based retention periods. Typically, such systems do not have a process for placing documents on hold when there are litigation discovery orders or audits. They generally also do not have an ability to regularly review and initiate the disposition/deletion of the documents according to the required retention periods.

This serious shortcoming of current document imaging and content management systems presents a major opportunity for organizations to "break new ground" and achieve a return on their investment in a records management system.

Most content management systems, and particularly document imaging systems, have sufficient search or management metadata associated with each record or folder to allow them to be automatically classified as a record. In many cases, knowing the type of document (insurance claim, correspondence) or the

functional context of the document (invoices, contracts) is all the information that is needed to classify the document as a record.

The ability to automatically declare and classify existing repositories of document image or electronic document-based content can produce the following important benefits:

Key Benefits

- **Automatic classification** – by matching existing document metadata against the proper record series or category in a file plan.
- **Significantly expedites the process and reduces overall costs involved in bringing existing electronic documents under records management control** – all future document-based content can be automatically declared and classified, once the process has been established.
- **Allows earlier identification of records where the retention period has expired** – providing for the near-term reduction in the number of records and a resulting decrease in the cost of storage and potential legal **discovery costs.**
- **Places existing records under records management control** – so the integrity of the record can be protected for the full lifecycle of the record, and legal holds and final disposition can be systematically administered.

Who Benefits

- **The business user** will no longer be burdened with the task of manual declaration and classification.
- **IT, legal and records management:** storage costs and legal discovery costs will be reduced and the burden of placing and managing legal holds can be automated.
- **Legal and compliance:** the risk will be reduced that undeclared records might be deleted before the end of the retention period or during a legal hold.

Cohasset's Assessment

IBM FileNet Records Manager has the ability to correlate record series or categories to certain metadata (e.g., index values or keywords) associated with document content that is to be declared and classified as records. During the process of automated records declaration and classification, the metadata of the each record is matched against the correct record series or category to ensure that the proper retention period is associated with each record. Once declared and classified, all of these records are under the administrative control of FileNet Records Manager.

6. Investment Considerations

This white paper, up to now, has presented important opportunities for records management cost reduction and avoidance. It then has assessed the capabilities of FileNet Records Manager to address those opportunities. To evaluate fairly the net impact of the cost avoidance and improvement opportunities on the overall business, the investment side of the "return on investment" (ROI) equation must be considered.

This white paper does not attempt to provide specific dollar investment examples; rather, it identifies the potential investment costs that should be considered, either in terms of hard dollar outlays or just the recognition that these potentially significant costs must be considered, as part of any balanced investment analysis.

Four investment areas are identified:

1. Hardware and Operating Software
2. Records Management System
3. Planning and Implementation
4. Administration, Support and Maintenance

Hardware and Operating Software

Most large and medium sized organizations already have a well-established infrastructure of operating hardware and software. Many of them have one or more content management systems that are used to store knowledge worker (office) document content, web content, computer reports and other records-related information.

For organizations that already have a robust operating infrastructure and content management capabilities in place, the amount of new investment

associated with realizing the added functional capabilities detailed in this white paper may be limited to simply adding the records management specific software and, in certain instances, some hardware to achieve the user's, system's administration and record metadata's storage requirements.

However, where the operating infrastructure must be significantly expanded or enhanced to support electronic records management (presumably in conjunction with one or more content management systems), the overall investment cost could be significant.

Records management systems should be planned, procured and implemented to meet the needs of the complete enterprise, or, at a minimum, a self-contained business unit within the enterprise.

As indicated in section 5.5, Storage Needs Over Time, a records management system can reduce the ongoing requirement for record content storage by simply enforcing the timely disposition (deletion) of records – as soon as their retention period and any related legal holds expire. The Cohasset/ARMA/AIIM survey found that vast volumes of current corporate records are past their retention period. Accordingly, there is a great opportunity to achieve significant risk mitigation and cost reduction benefits from having a records management system that tightly and, where possible, automatically enforces record disposition.

Records Management System

Records management systems should be planned, procured and implemented to meet the needs of the complete enterprise, or, at a minimum, a self-contained business unit within the enterprise.

This is especially true where managing e-mail records is a requirement because e-mail typically cuts across the enterprise. Initial e-mail implementations therefore are frequently limited to just a few business functions.

For other types of information management systems, the investment required to support the enterprise is much larger than for a systems associated with just one or two departments. The long-term requirement that virtually all users be provided with a records declaration and classification capability (even though many of the records may be declared and classified automatically) represents both a significant upfront software purchase as well as substantive ongoing support. Many vendors provide shared or "concurrent" user licenses that ease the overall burden of license purchases.

Planning and Implementation

Procuring and implementing a records management system also requires careful and thorough planning and definition of requirements – to ensure that the organization's near and longer term needs and objectives are all met.

Where a file plan defining records categories or schedules and associated records retention periods exists, the file plan must be loaded and set up in the records management system. Where a file plan does not exist or where records schedules and retentions are not defined or are significantly out-of-date, substantial time and cost must be factored in to complete these tasks before the records management system is implemented. Some modification of file plans also may be needed in order to take advantage of the automation benefits offered by the records management software.

The architecture of the leading records management systems, including FileNet Records Manager, requires that they be integrated with existing or to-be-installed content management systems – because the focus of the records management systems is on records metadata, file plan, life cycle rules and disposition control, not records content.

The architecture of the leading records management systems, including FileNet Records Manager, requires that they be integrated with existing or to-be-installed content management systems – because the focus of the records management systems is on records metadata, file plan, lifecycle rules and disposition control, not records content. Where the records management system is already integrated by the vendor with an existing, compatible content management system (such as FileNet Records Manager that is built on the IBM FileNet P8 platform and integrated with other IBM FileNet Enterprise Content Management (ECM) applications such as IBM FileNet Email Manager, FileNet Content Manager and FileNet Business Process Manager), the integration requirements are minimized. However, where the records management system must be newly integrated with one or more content management systems, the cost of the integration (using internal resources, vendor resources, system integrator resources or a combination thereof) could entail costs that are greater than the total cost of both the operating and records management software and hardware procured to support the system.

Integration with a business process management, workflow and document management environment, where it is not already provided by the records management system in conjunction with the content management architecture, could add additional implementation costs that must be factored into the ROI equation.

Administration, Support and Maintenance

Administration of the records management environment as well as the records management system itself also must be considered. Sufficient resources must be allocated for (a) adding and modifying entries to the File Plan and (b) manually managing the disposition or records where automated business or workflow processes have not or cannot be implemented. This might include the actual destruction or transfer of all types of records.

As described in the Records Administration section (5.3), the administration of the records management system should be contained or possibly reduced over time when certain administrative processes are automatically initiated and controlled using business process management or workflow capabilities – such as those provided by FileNet Records Manager.

The cost, however minimal, to set up and manage the security associated with the records administration portion of the system also must be considered. Most organizations, however, have established the needed IT security parameters and they can be applied easily to the records management software.

Training costs must be considered, both for records administrators, IT support personnel as well as any end users who will be manually performing the records declaration and classification.

IT will need to provide support for backing up the records management system metadata database. They also may need to provide a help-desk and associated support for any users that are still manually declaring and classifying records.

Maintenance costs for specific records management system software and related hardware also need to be considered. Annual licensing and maintenance costs typically run between 15 and 21 percent of the software purchase price, once the initial warranty has expired.

In summary, records management systems are typically considered enterprise-wide applications and must be treated as such in terms of overall cost of planning, hardware, software, implementation, training, and administration of the system.

7. Executive Summary

Given the ever-increasing growth of litigation, investigations and regulatory actions coupled with the explosive growth of electronic records, automation of an organization's records management policies, processes and business practices is no longer an option; it is now a necessity.

Given the ever-increasing growth of litigation, investigations and regulatory actions coupled with the explosive growth of electronic records, automation of an organization's records management policies, processes and business practices is no longer an option; it is now a necessity. The cost of manually or even semi-manually managing millions of electronic records in today's performance-based, risk-adverse business environment is an untenable cost burden as well as an unacceptable legal and compliance risk. Applying management techniques that were developed for the historic management of media-centric records is antithetical to achieving success today in the content-centric world of exponentially greater volumes of records.

While electronic Records Management Systems (RMSs) have been available for nearly ten years, they have not been adopted or implemented at the anticipated level of success. One of the key reasons is that the declaration and classification of records has been largely a manual process – a process that has constrained, rather than benefited, the productivity of operations and knowledge workers. To facilitate the adoption of needed new records management systems, all manual operating costs associated with the system's use and operation must be minimized.

The majority of all records are received or produced as part of normal business work processes or applications. As these work processes and applications are automated using workflow and content management systems, there is a special opportunity to significantly reduce – and possible avoid altogether – the additional costs of electronic records management. This is made possible by:

- Automatically declaring and classifying records as part of the business process workflow application or the document lifecycle management process.
- Automating manually burdensome records administration processes, such as disposition (deletion) management and record hold orders.

FileNet Records Manager was designed with the goal of automating as much of the declaration and classification process as possible. It is built on the IBM FileNet P8 platform and integrated with other IBM FileNet ECM applications such as IBM FileNet Image Manager, FileNet Email Manager, IBM FileNet Team Collaboration Manager, etc.

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- *FileNet Records Manager is also Integrated with FileNet Business Process Manager to automatically declare and classify records based on records-related "events" in a business application workflow. FileNet Records Manager can also be integrated with other business process systems, such as PeopleSoft and SAP.*
- *FileNet Records Manager is also Integrated with FileNet Content Manager to automatically declare and classify documents as records based on their status (approved, final copy, etc.) or based on where they are filed, e.g. in a folder set up specifically to store electronic records.*
- *FileNet Records Manager can also automatically declare and classify documents as records enter network file systems based on document events.*

The cost avoidance or improvement achieved by using automated declaration can run into the tens to hundreds of thousands for small to medium organizations and, in the larger entities with thousands of users, into the millions of dollars.

FileNet Records Manager also has leveraged IBM's business process management capabilities to automate many of the higher volume and potentially manually burdensome records administration functions, such as disposition control and management and records hold orders. Cohasset estimates that the overall cost of records administration can be reduced by as much as 25-50% by automating the higher volume and multi-step administration functions.

Enforcing the regular declaration and classification of records using FileNet Records Manager also can reduce significantly the cost and risk of responding to legal discovery orders – because the records can be readily located and promptly placed on a "hold" from any disposition for as long as the matter is open.

Automated disposition enforcement also can reduce the amount of physical and electronic storage required for record content over time, thereby reducing the cost of IT infrastructure and support.

The approach by FileNet Records Manager to tightly integrate the automation of records declaration, classification and administration functions with both the business process and document lifecycle management processes is unique in the industry. Cohasset believes that IBM's approach provides one of the greatest opportunities to fully justify the cost effective management of electronic records by commercial and public entities.