OUTSOURCING: REDUCING COST AND RISK IN INFORMATION MANAGEMENT 2.0

Executive Summary

IRON MOUNTAIN®

New paradigms like Web 2.0 and Enterprise 2.0 signal an era of more interactive, participatory business information sharing — one that forces information management processes to extend beyond traditional images and documents.

This executive summary examines the costs and risks associated with this new era of information management, and describes how outsourcing plays an increasingly important role in helping organizations address these challenges and increase predictability.

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INFORMATION MANAGEMENT PARADIGMS CHANGE – BUT COST AND RISK CONCERNS REMAIN THE SAME

A recent AIIM white paper identifies the Systems of Engagement that have extended the need for management beyond traditional Systems of Record.[1] The paper observes that:

– **Images and documents are the core of Systems of Record.** These capture everything from financial transactions to order processing to inventory management, and on and on.

– **Systems of Engagement begin with a focus on communications.** Phones, telexes and faxes have evolved into email, databases, portals, web sites and mobile phones. In addition, we now have IT-enabled services, including wikis, collaboration tools, chat and web conferencing.

What does all this mean to business leaders challenged to manage the cost and risk of Information Management 2.0? How do managers plan for newer Systems of Engagement to operate with our existing Systems of Record?

PAPER IN SYSTEMS OF RECORD – STILL GOING STRONG (AND COSTING YOU MONEY)

ARMA International reports that more than 90% of the information businesses create today is electronic.[2] However, hardcopy information remains a major cost center. In fact, a recent AIIM survey showed that 56% of respondents believed that their paper consumption had not decreased – and 27% felt it was increasing.[3]

And according to an IDC study, U.S. information workers deal with almost as much paper-based information (48%) as email (52%), and are more likely – by a two-to-one margin – to blame paper for information overload.[4] The same study also notes that each year, a business generates a weight in paper equivalent to that of all of its information workers. Plus, the company will also store as much as an additional ton of paper per worker in files, repositories, libraries and desk drawers.

[1] Moore, Geoffrey. *Systems of Engagement and the Future of Enterprise IT: A Sea Change in Enterprise IT*. AIIM White Paper. 2011.
[2] ARMA International. 2011.
[3] Miles, D. *Capture and Business Process: Drivers and Experiences of Content Driven Processes*. AIIM Industry Watch. 2010.
[4] Gantz, J., Boyd, A., and Dowling, S. *Cutting the Clutter: Tackling Information Overload at the Source*. IDC. March 2009.

THE COSTS OF STORING AND MANAGING PAPER IN SYSTEMS OF RECORD

In the mid-1990s, Coopers and Lybrand researched the costs of storing and managing hardcopy information.[5] Key findings include:

– A typical four-drawer file cabinet holds 15,000-20,000 pages, costs $25,000 to fill and $2,000 a year to maintain

– Companies spend 5% of their total filing costs on equipment, 20% on space and 70% on salaries

– Companies spend $20 in labor to file a document, $120 to search for misfiled documents and $250 to recreate a lost document

That was then, but now:

– A typical 100-person organization with 500 cubic feet of records will spend $16,800 to cover the 84 four-drawer vertical file cabinets needed to house the records[6]

– 504 square feet of floor space is needed to house filing cabinets – at an average rental rate of $27.39 per square foot, plus 45% for taxes, this comes out to an annual cost of $20,017[7]

– If administrators spend just five hours each week managing hardcopy storage, it will cost organizations about $5,750 each year – and about $14,250 per business or financial manager[8]

DRIVING COST OUT OF STORING AND MANAGING PAPER

Reducing the volume of hardcopy information to be stored and managed can be accomplished in a number of ways.

Store as little information as possible:

– Establish and apply legally credible retention policies and schedules to all classes of information

– Securely dispose of records that are no longer required

– Support disposal efforts with a certificate of destruction

Shift the burden of managing information to subject matter experts:

– Send information offsite to be managed by people with specialized, dedicated skill sets

– Offload the management of inactive records and select active information

– Send high-volume, file-level information offsite

Convert paper to an electronic format:

– Digitize the records in highest demand using day-forward imaging

– Convert records stored offsite on demand, when required for a specific purpose

– Don't shoulder the burden of conversion yourself

55% of larger organizations, **32%** of mid-sized organizations and **22%** of smaller organizations use outsourcing for document capture.[9]

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[5] This study was done prior to the 1998 merger of Coopers & Lybrand with Price Waterhouse, which created PricewaterhouseCoopers.
[6] Iron Mountain internal research.
[7] Jones Lang LaSalle. 2011.
[8] Based on Employer Costs for Employee Compensation, December 2010, from the Bureau of Labor Statistics. U.S. Department of Labor.
[9] Miles, D. *Capture and Business Process: Drivers and Experiences of Content Driven Processes*. AIIM Industry Watch. 2010.

The right policies can reduce eDiscovery costs by **20-60%**.

THE COSTS OF FINDING INFORMATION IN BOTH SYSTEMS OF RECORD AND ENGAGEMENT

It's a simple fact of today's business environment: You must be able to find information quickly, wherever it resides and in whatever form it exists – in Systems of Record *and* Engagement.

What would you gain if you could efficiently control and find both hardcopy and electronic information? Consider these two scenarios:[10]

– If an account executive develops 200 contract proposals a year, and it takes two hours per proposal to gather what's needed, she will spend 10 weeks searching for the right information. With a base salary of $50,000, these efforts will cost $9,615. If that time could be cut in half, the organization would regain $4,807 in productivity.

– If 50 customer service reps each earning $40,000 per year were able to handle 10% more calls, it would lead to an annual productivity gain of approximately $200,000.

When managed properly, hybrid environments of hardcopy and electronic information present opportunities to increase the speed with which information can be found. The first step is to identify the key areas where improvement would yield the greatest benefit.

DRIVING THE COSTS OUT OF FINDING INFORMATION

The proper classification and indexing of hardcopy and electronic records, applied in conjunction with a consistently enforced retention policy, is essential to reducing the time and cost associated with finding information.

Develop a classification scheme with consistent indexing parameters – or metadata – such as records class, business function, information creator, date and others:

– You will need to map where all critical information resides

Use a single, consistent scheme to ensure you locate the information you are seeking:

– If you are already using a scheme for hardcopy records, work with IT to extend it to new and existing electronic information

Link records classes to your retention schedule to reduce volumes and make searching more efficient:

– Properly aligning policies with mature eDiscovery practices can result in a 20% to 60% reduction in eDiscovery costs[11]

Extend your classification and indexing scheme across all types of information:

– Investigate tools designed to locate and track hardcopy and electronic information stored both onsite and offsite

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[10] Carleton, J. *Business Process Improvement through Better Information Management*. Frost & Sullivan. 2010.
[11] Grant Thornton LLC. *Are You Ready for Litigation? Using Information Management to Ease eDiscovery Burdens*. AIIM Wednesday Webinars. AIIM. April 28, 2010.

THE COMPLIANCE RISKS AND COSTS OF NOT PROTECTING INFORMATION

Today, many companies think about security in terms of the protection of electronic information.

So, it may come as a surprise to discover that hardcopy information is actually more likely to be stolen than electronic information:

– Most employees (62%) who stole valuable business information took it in the form of hardcopy documents[12]

– A significant percentage of financial services companies lack the controls required to secure hardcopy documents containing confidential customer information[13]

Risk can also prove quite costly at the end of the information lifecycle:

– Between 2007 and 2009, the combined fines assessed against organizations for improper disposal of personal information approached $20,000,000[14]

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62% of employees who stole valuable business information took it in hardcopy form.

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CUTTING THE COSTS OF PROTECTING INFORMATION

Which is more expensive: implementing the systems and processes to support compliance, or being guilty of non-compliance?

A recent survey of 160 business people at 46 multinational companies found that failing to comply with industry regulations and standards cost companies two to three times more than proactively spending to stay in compliance.[15]

To maintain compliance, you should become proficient in the five information management best practice areas:

– **Retention:** Organizations should adopt a universal retention schedule that is applied across all business units and addresses all information it creates or receives.

– **Index and Access:** Information must be properly organized, with pointers to its location, to enable timely, accurate, controlled and authorized access.

– **Privacy and Disposal:** Consistent disposal practices reduce storage costs, shorten retrieval times and help mitigate the risk related to sensitive or confidential assets.

– **Policies and Procedures:** Clear rules and processes should be established to guide each information management program component – and ensure that employees follow them.

– **Audit and Accountability:** To be fully compliant, organizations need company-wide ownership, as well as ongoing evaluation of day-to-day compliance practices.

[12] Ponemon Institute. *Data Loss Risks During Downsizing*. 2009.
[13] Ponemon Institute. *Privacy & Data Protection Practices Benchmark Study of the Financial Services Industry*. 2010.
[14] National Association of Information Destruction. *Why Information Destruction is Key to the Sustainable Success in e-scrap*. 2009.
[15] *Infosecurity Magazine*. "Lax Compliance Costs more than Strict Compliance with Security Rules." January 31, 2011.

Non-compliance costs two to three times as much as spending to remain compliant.

SUMMARY: BENEFITS OF OUTSOURCING INFORMATION MANAGEMENT 2.0

When it comes to managing information, you could spend your own time and money doing it on your own, but this would entail:

– Designing the solution

– Choosing and procuring the supporting technologies

– Implementing the solution

– Training staff

– Measuring effectiveness

Instead, consider outsourcing these tasks to a qualified information management vendor. Outsourcing enables your organization to adopt a highly predictable cost structure and accommodate the ebbs and flows of your information management requirements with ease.

In addition:

– A service provider's pay-as-you-go model lets you rent only the space you need as you need it

– The expandable offsite storage of an outsourced solution removes the unpredictability associated with demands for more real estate, equipment and staff

– A comprehensive, consistently applied set of information management policies and procedures enables you to easily know what's stored where, who moved it and when it's securely destroyed

– Experienced vendors provide reporting that helps to ensure you pay only for the services required to protect your sensitive information

To learn more about the costs and risks inherent in this new era of information management – and see how outsourcing can help you address these challenges, download the full paper today.

ABOUT IRON MOUNTAIN. Iron Mountain Incorporated (NYSE: IRM) provides information management services that help organizations lower the costs, risks and inefficiencies of managing their physical and digital data. Founded in 1951, Iron Mountain manages billions of information assets, including backup and archival data, electronic records, document imaging, business records, secure shredding, and more, for organizations around the world. Visit the company Web site at www.ironmountain.ca for more information.