

DOCUMENT RETENTION IN UK LEGAL FIRMS

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INTRODUCTION

A GUIDE TO DOCUMENT RETENTION AND DIGISATION FOR UK FOR LEGAL FIRMS

UK legal firms are finding themselves under increasingly stricter scrutiny when it comes to document retention laws, particularly due to the increasing level of digitisation across the country and the cyber risks that come with it. Legal firms store some of the most sensitive and confidential information on the market. But in an ever-evolving digital landscape, how many firms know the rules when it comes to staying compliant and protecting their business' and clients' data?

Iron Mountain¹ undertook a survey of professionals within the UK legal sector to benchmark their confidence in - and knowledge of - document retention regulations and information management, both at home and abroad.

The following e-book explores this survey and its findings in more detail. We'll look at the involvement of employees in document retention across firms in the UK; at the transparency of rules around digitisation within a legal company; at how and why to digitise; and at how aware legal professionals are of the global impact of legislation.

HOW MANY FIRMS
KNOW THE RULES
WHEN IT COMES TO
STAYING COMPLIANT
AND PROTECTING
THEIR BUSINESS'
AND CLIENTS' DATA?

WHO MAKES THE DECISIONS IN REGARD TO THE RETENTION, DIGITISATION AND DESTRUCTION OF DOCUMENTS?

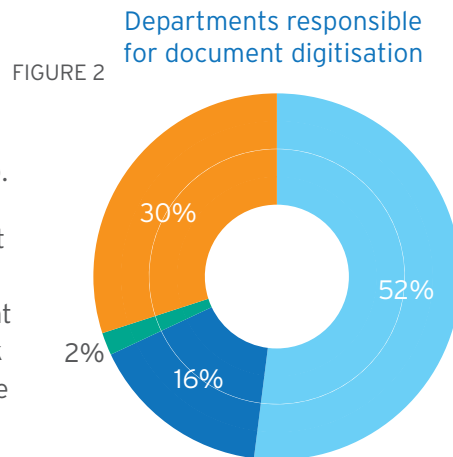
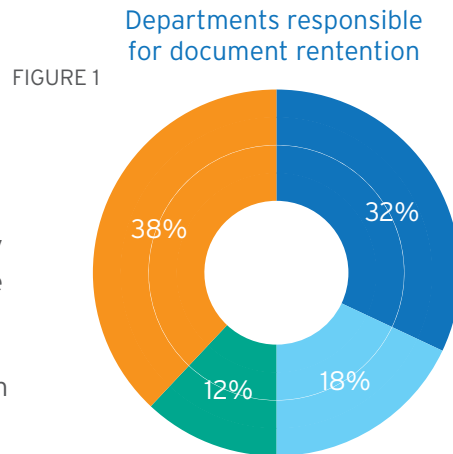
WHO MAKES THE DECISIONS IN REGARD TO THE RETENTION, DIGITISATION AND DESTRUCTION OF DOCUMENTS?

As with any business practice, not all members of an organisation will be involved in every step of the retention, digitisation and destruction of documents. However, most will be involved in at least one step, even if not for every document they encounter. Because of this, every employee should be aware of the processes and what they entail.

But which decision-makers within a company are responsible for document retention, digitisation and destruction? Of those that Iron Mountain surveyed, 32% of those in the risk and compliance department were responsible for retention, as were 18% of business leaders, 12% of information managers (IT) and 32% of 'other' members (figure 1).

Among the same survey group, it was found that 52% of business leaders were involved in document digitisation, while 16% of the risk and compliance department were involved and 2% of the IT department were involved. (figure 2)

When it came to the destruction of documents, however, 50% of business leaders and 10% of the risk and compliance department were involved, but 0% of the IT department were (figure 3).



- Risk and compliance department
- Individual partners
- Information managers
- Other

THOSE WITHIN RISK AND COMPLIANCE DEPARTMENTS HAVE THE GREATEST INVOLVEMENT IN THE RETENTION, DIGITISATION AND DESTRUCTION OF DOCUMENTS IN LEGAL FIRMS

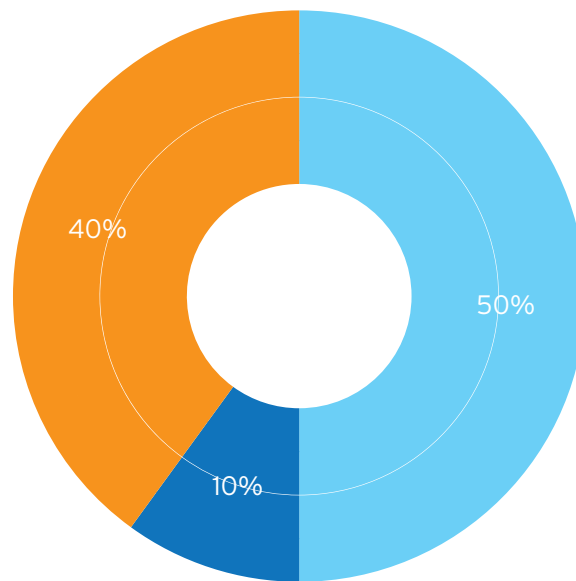
These figures show that business leaders and those within risk and compliance departments have the greatest involvement in the retention, digitisation and destruction of documents in legal firms. As such, these are the most influential employees within legal companies in regard to these processes.

Surprisingly, IT has the least influence on the digital processes surrounding documents, despite being the most qualified employees to work with digital products and services.

As such, Iron Mountain believes that more IT professionals should be involved in the process, along with business leaders and those in risk and compliance departments. These teams should work together to create a unified, collaborative strategy that incorporates business needs, records management expertise, leadership sponsors and IT. With such strong shared knowledge on factors such as law, cyber security and the varying importance of documents, the most robust, secure strategy can be implemented within a legal firm.

Departments responsible for document destruction

FIGURE 3



- Risk and compliance department
- Individual partners
- Other

HOW TRANSPARENT ARE THE RULES?

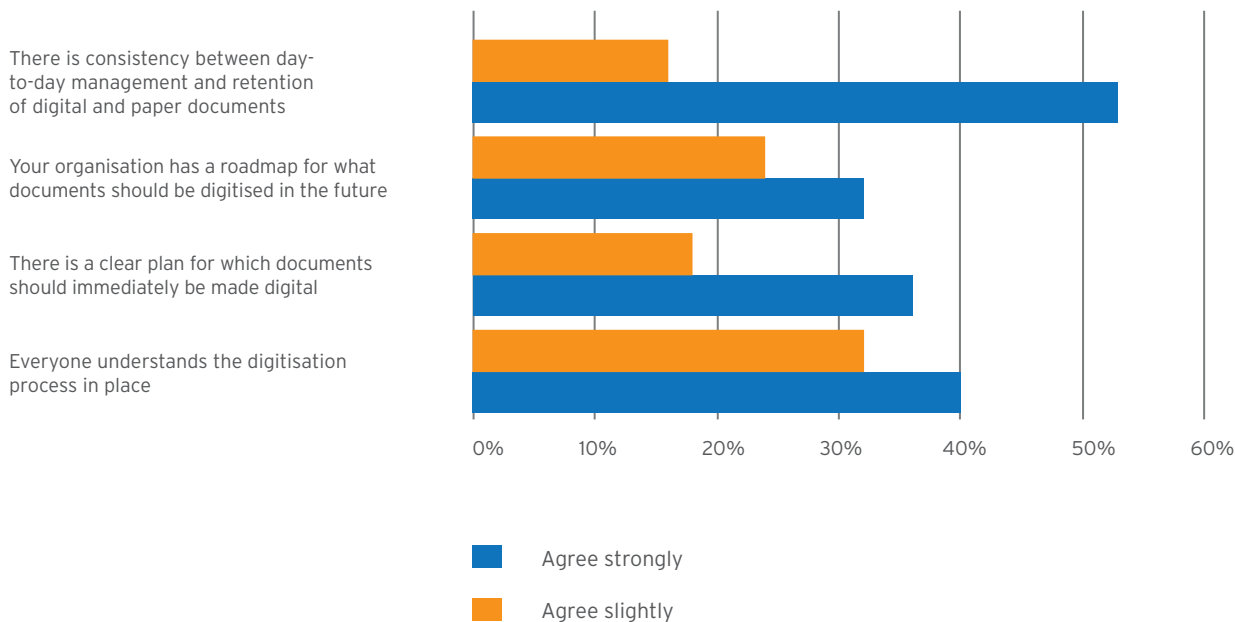
HOW TRANSPARENT ARE THE RULES WITHIN A LEGAL COMPANY, AND HOW MANY OF THESE COMPANIES UNDERSTAND THEIR RESPONSIBILITIES?

Iron Mountain asked several questions regarding the transparency of rules within companies, as well as the level of knowledge about the shared responsibilities across these organisations. For the following statements, there was found to be a high level of agreement (where agreement is represented by an answer of either 'agree strongly' or 'agree slightly').

- Respondents understand the digitisation process that is in place within their organisations - 40% agreed strongly, 32% agreed slightly.
- Respondents also believe that there is a clear plan for which documents should immediately be made digital - 36% agreed strongly, 18% agreed slightly.
- Some respondents agree that their organisation has a roadmap for which documents should be digitised in the future - 32% agreed strongly, 24% agreed slightly.
- Most agreed strongly that there is consistency between the day-to-day management and retention of document - 52.9% agreed strongly, 15.7% agreed slightly.
- When asked if their organisations' document retention policies were widely understood and applied consistently across all formats, e.g. electronic and paper? 80% said yes.

These figures indicate that there is a high level of awareness and sensitivity towards the document retention process within organisations in the UK. They also show that professionals have confidence in how the process is currently handled by their colleagues.

FIGURE 4



96% OF PARTICIPANTS SAID THAT THEY DID KNOW HOW LONG THEIR OWN ORGANISATION WAS ALLOWED TO KEEP DOCUMENTS

However, there are still misunderstandings, inconsistencies and failings that need to be addressed and amended.

When asked if there is a lack of consistency, process and strategy when it comes to digitisation plans and policies - 18% agreed strongly, and 8% agreed slightly.

8% agreed strongly that employees struggled to understand the digitisation plans so make up their own rules, while 12% agreed slightly with this statement.

While these figures are not staggeringly high, 20% of a legal firm's employees making up their own rules is worrying when it comes to sensitive documents and cyber security. Furthermore, the following statements returned more worrying results:

Responsibility and accountability for paper-based and electronic documents falls in different departments - 38% agreed strongly, 18% agreed slightly with this statement.

16% agreed strongly that too much remains on paper, for which no-one is accountable, while 14% agreed slightly.

New research shows that approximately 28% of employees within IT and legal did not know how long their company was legally allowed to retain personal customer information subject to data protection laws. Despite this, however, it must be noted that of the group surveyed by Iron Mountain, an almost perfect 96% of participants said that they did know how long their own organisation was allowed to keep documents.

Despite the high numbers, there still needs to be a greater level of awareness on such matters within legal firms, particularly on the digitisation process. This can be achieved through education, but careful planning must be carried out to identify gaps and define goals. It is useful to have a digitisation roadmap in place.

CONSTRUCTING A DIGITISATION ROADMAP

WHY DIGITISE? DIGITISING IS USEFUL BECAUSE IT SPEEDS UP THE INFORMATION PROCESS, KEEPS EVERYTHING STREAMLINED, REDUCES THE COST OF PHYSICAL STORAGE AND MAKES SHARING AND COLLABORATION MUCH EASIER.

Assess the situation, such as where your documents are currently located, how different departments handle their documents and what technology you have in place to help digitise.

Define your goals and decide exactly why and how you want to digitise your documents.

Examine manual and paper-intensive processes by finding out where using manual paper storage is costly for your business.

Prioritise by deciding how important each document is.

Make the business case by convincing everyone involved of the benefits, from the IT department through to finance, compliance and even shareholders.

Plan and evaluate your steps moving forward. Explore how having one streamlined process could positively impact your business.

1. ASSESS THE SITUATION

Where are documents located? How are they handled? What technology is used?

2. DEFINE YOUR GOALS

Why and how are you digitising?

3. EXAMINE PROCESSES

Where is using manual paper storage costly for your business?

4. PRIORITISE

How important is each document?

5. MAKE THE CASE

Convince everyone involved of the benefits of digitisation.

6. PLAN AND EVALUATE

How could having one streamlined process positively impact your business?

WHAT IS THE IMPACT?

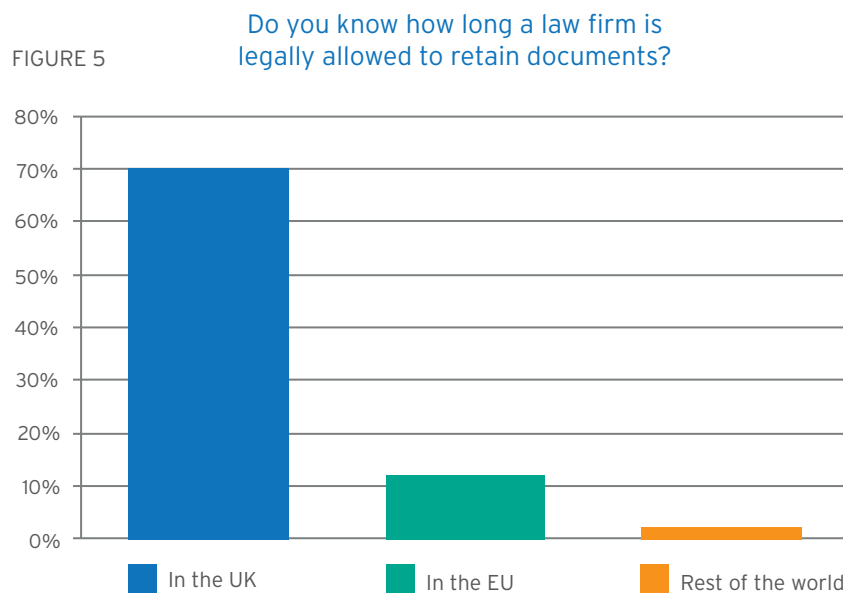
HOW AWARE ARE LEGAL SECTOR PROFESSIONALS OF THE IMPACTS OF GLOBAL LEGISLATION?

In recent years the world has become increasingly digitalised. Meanwhile globalisation - the process by which the world is become more and more interconnected - is rapidly spreading. While this is immensely beneficial for cross-collaboration between countries, increased levels of trade and the breaking down of the many barriers that are in place, various countries have differing laws, regulations and cultures that legal firms within the UK must understand, accept and work with.

Overseas markets are becoming an important source for growth, so lawyers must be able to easily and securely access and store documents across multiple locations. Iron Mountain posed the following statements to its survey group:

- Do you know how long a law firm is legally allowed to retain documents in the UK?
- Do you know how long a law firm is legally allowed to retain documents in the EU?
- Do you know how long a law firm is legally allowed to retain documents elsewhere in the world?

70% answered yes when it came to the UK, but only 14% and 2% answered yes when it came to the EU and the rest of the world, respectively (figure 5). These are staggeringly low figures. With such contrasts between the numbers, it raises the question of just how a large number of legal firms can do business effectively - or indeed legally - outside of the country.



Further to the above three questions, 30% either agreed strongly or slightly that they did not believe that countries outside the EU would treat UK legal documents with the same security that the UK does.

Website Benefits found that when it came to lawyers benefiting from consistent processes and security standards, lawyers had extremely high levels of confidence in the UK, whereas 86% were unsure of what processes were in place in the EU, and 99% were not confident that countries outside the EU met global standards.

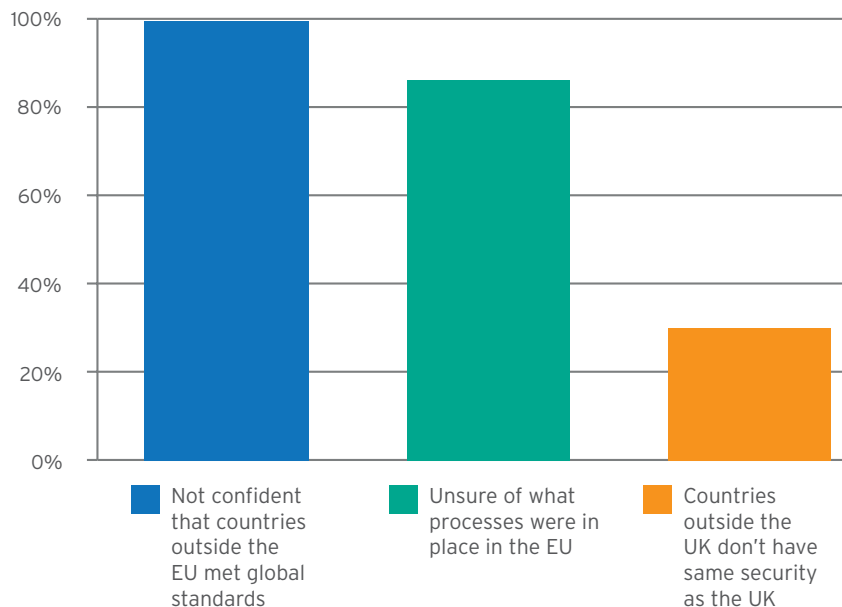
There is clearly a significant level of disparity among UK firms, EU firms and those outside of the EU, and with the increasing levels of globalisation it is important that guidelines are both in place and followed rigorously to facilitate this greater interconnectivity and ensure consistency across markets.

It's important to protect data when undertaking any legal form of practice in the UK or abroad. Recent research, undertaken by Opinion Matters² for Iron Mountain, questioned 4,006 legal workers in mid-market companies and

found that 15% of respondents believed that protecting data in the face of increasing complexity is not a priority.

While this is not an overwhelmingly high figure, it is still worrying, especially given that the rate of globalisation is only going to increase over the coming years. A lack of knowledge or respect for global data laws can be very costly to business. As an example, Facebook was fined 250,000 euros a day for breaching Belgium's privacy laws.

FIGURE 6 Opinions surrounding processes and security standards for legal documents outside the UK



EU REGULATIONS

EU GENERAL DATA PROTECTION REGULATION (GDPR)

In 2018 the GDPR comes into effect, which is an EU-wide legislation that will affect how organisations store and retain their documents, regardless of whether this is in paper or electronic form. Its aim is to protect the rights of European citizens, as there is increasing concerns among the population about what is happening to their personal data, particularly given that there have been notable data breaches in places across the globe.

Companies that do not comply risk severe fines, so it's recommended that firms begin preparing for this change now if they haven't already done so. Iron Mountain has estimated that such fines for a FTSE 100 company, for example, would be 20 million euros. Despite this, a fifth of businesses across the EU are unaware of how the new GDPR legislation will affect them.

If companies haven't done so already, it's recommended that they construct a data map of all of their physical and digital information, including personal data, so that they can consistently and easily assess and deal with the risks related to this data.

A FIFTH OF
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ARE UNAWARE
OF HOW THE NEW
GDPR LEGISLATION
WILL AFFECT THEM

Not only do firms need to know where their data is, but they also need to know exactly what they can do with it and how long they can - or indeed should - keep it. Ensuring that retention records are up to date will give firms the confidence that any documents they have are destroyed within the appropriate timeframes.

CONCLUSIONS AND SUMMARY

Overall, legal firms appear to be aware of the document retention processes and practices within their organisation, and employees themselves seem to be knowledgeable of the various factors in play.

However, it is clear that there is not yet a high enough standard of streamlined processes among organisations, with different departments having their own practices and, therefore, potential failings. There needs to be a much greater level of collaboration across all departments, from IT professionals to CEOs, to ensure that a single, robust document retention, digitisation and destruction process is maintained.

Alongside this, employees need to be educated on foreign practices when it comes to document retention, and the same level of streamlined collaboration needs to be undertaken across firms, regardless of international borders. This must happen not only so there is trust between UK and foreign legal firms, but also so that there is strong and consistent protection of digital data.

MORE RESOURCES

- 1 <http://www.ironmountain.co.uk/>
- 2 <http://www.opinionmatters.com/>



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ABOUT IRON MOUNTAIN

Iron Mountain Incorporated (NYSE: IRM) is the global leader for storage and information management services. Trusted by more than 220,000 organizations around the world, Iron Mountain's real estate network comprises more than 80 million square feet across more than 1,350 facilities in 45 countries dedicated to protecting and preserving what matters most for its customers. Iron Mountain's solutions portfolio includes records management, data management, document management, data centers, art storage and logistics, and secure shredding, helping organizations to lower storage costs, comply with regulations, recover from disaster, and better use their information. Founded in 1951, Iron Mountain stores and protects billions of information assets, including critical business documents, electronic information, medical data and cultural and historical artifacts. Visit www.ironmountain.com for more information..

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