

InfoTrak

Information for Better Decisions

Better Information Management in the Information Age

No one can dispute that we live in the “information age.” To put into perspective the enormous amounts of information with which we contend, consider these statistics from a 2003 study by the University of California-Berkeley School of Information Management and Systems:

- The volume of new stored information increased 30% a year between 1999 and 2002.
- The number of paper records continues to grow, with office documents comprising the vast majority.
- Instant messaging generates five billion messages (750 GB) a day — 274 terabytes a year.
- Email generates about 400,000 terabytes of new information each year.
- Worldwide, some 800 MB of recorded information is produced per person each year.
That's the equivalent of a stack of books 30 feet high for each of the planet's 6.3 billion people.

The burden of government compliance

Companies have long struggled to find better ways to manage their records and the information used to create them. This need has become especially urgent in the wake of corporate meltdowns and accounting scandals of the past few years. Increased government scrutiny and litigation have led to new legislation affecting corporate record-keeping in virtually every organizational function, specifying which records a business must retain and for how long. Two of the more recently enacted and far-reaching are:

- The Sarbanes–Oxley Act, which requires company executives and auditors to document and certify internal controls and procedures for financial reporting and maintain audit and review-related information.
- The Health Insurance Portability and Accountability Act (HIPAA), which requires that medical records be kept for at least six years and specifies not only which data must be protected and stored, but also how data must be stored and destroyed to protect privileged information. HIPAA regulations apply, not just to health care providers, but also to companies to which they subcontract functions involving protected data.

In addition to Sarbanes–Oxley and HIPAA, there are some 10,000 other federal, state and industry regulations governing records pertaining to such diverse areas as:

- Retirement plans. Businesses that offer a pension or 401(k) plan must retain records in accordance with the Employment Retirement and Income Security Act (ERISA).
- Environmental records. Companies involved in hazardous waste or production, processing, or storage of certain chemicals must adhere to both state and federal environmental records regulations.
- Health and safety. All businesses must meet document retention requirements set by the Occupational Safety and Health Administration (OSHA).

The threat of litigation

Complying with regulations isn't the only concern businesses must address when developing information and records management policies and procedures. Today's shareholders and consumers aren't afraid to sue if they think they've been treated unfairly.

It sounds dramatic, but the outcome of a lawsuit really can rest on whether a company can produce the right document in court. It's equally important that potentially harmful, outdated documents not be introduced into evidence. Thus, records that have outlived their usefulness should be destroyed as soon as legally permissible, with one important caveat. Once a company is notified that litigation is pending or has been initiated, destruction of all potentially pertinent documents must stop at once, to avoid the appearance of impropriety. If a court believes that a defendant has willfully destroyed documents germane to a plaintiff's case, it can impose stiff fines and sanctions.

Technology: both friend and foe

While often providing solutions, technological advances have also contributed their share to the problems surrounding information management. The proliferation of desktop applications decentralized control of and access to information, while ever cheaper storage media fostered proliferation of vast, unindexed archives. The latter can make it difficult, time-consuming and costly to find a particular record when needed. In one recent lawsuit (*Linnen v. A.H. Robbins*), the defendant had to search through 823 back-up tapes to track down relevant emails from 15 employee accounts, at an estimated cost of \$1.7 million. And that wasn't an isolated case. In a 2003 study of Fortune 1000 executives, Penn, Schoen and Berland Associates found that 44% of those surveyed have had to retrieve emails from back-up tapes in connection with legal matters.

Together, unbridled use of technology, more stringent government regulations, and increased legal risk form the records management equivalent to the "perfect storm." Companies that sail these waters unaware run the risk of competitive or financial shipwreck.

THE LIFE OF A TYPICAL DOCUMENT

To illustrate the complexities of document management in the current environment, let's look at the life cycle of a typical document, using a health care company's open enrollment form as an example.

First, a paper enrollment form is designed to the health care company's specifications and produced by an outside printer.

Then the printed enrollment form, along with explanatory and promotional collateral, is forwarded to a fulfillment company. Using the health care company's data, the fulfillment company personalizes and customizes materials, assembles them into kits, and sends the kits to potential applicants.

Applicants complete their enrollment forms and return them to the health care company, which enters each individual's information into its database of active files.

The original forms may be photocopied and/or electronically imaged for backup purposes before they are indexed, filed and stored at a records management company's warehouse.

The health care company maintains the information captured from the forms in its active database for a specified period of time, after which the files are no longer considered active. Under HIPAA, however, it cannot simply delete these records. Instead, it must store the originals, the backup copies and the data culled from them in a way that protects privileged information and provides an audit trail for the required length of time.

At some point in the life cycle when the need for retrieval is low, the records may be moved to an archive facility.

Once the legal time frames have expired and the company is sure it has no other business use for the records (e.g., defending itself against pending litigation), they are destroyed. Under HIPAA, records containing protected patient information have to be securely shredded. The facility handling this task would also be required to certify that the files had been destroyed in a compliant manner.

As this simple example illustrates, a document goes through many hands during its life cycle, with multiple access points inside and outside the originating company. To ensure regulatory compliance, it's vital that, not only the health care company, but also each of its vendors, have comprehensive policies and procedures in place to safeguard sensitive information.

Toward a more comprehensive approach

While regulatory compliance adds urgency to the need for more effective information and records management, it isn't the only driver. In today's business environment, a company's success if not its very survival may depend upon its ability to locate, analyze, and appropriately apply the right information. Organizations that manage information skillfully and efficiently can realize a significant competitive advantage in their industries and markets.

Increasingly, the trend is to move away from traditional “siloes” approaches toward a more comprehensive, enterprise-wide approach that treats information as the important business asset that it is. Recognizing that information, like any perishable, has a finite shelf life and should be used in a timely manner, then expunged when it reaches its expiration date, companies are beginning to categorize records by their relative value and manage them accordingly, from creation to the time they are no longer needed. This information life cycle management approach can reduce storage costs and increase efficiency by optimizing use of resources, while simultaneously facilitating regulatory compliance.

Information life cycle management has the potential to be as significant a business process as customer relationship management. Properly implemented, it can actually support CRM by ensuring that critical data is always available. And, like CRM, it’s not a technology per se, but a combination of strategies, policies and procedures that must be initiated, supported and implemented at the top level of a company’s management.

If you outsource

As the information life cycle concept gains momentum, a growing number of records management and storage companies have begun offering related services. If your company is considering outsourcing to such a vendor, your management should look for one that can provide, at minimum:

- Tools, resources and services to help your company develop, maintain and implement effective, organization-wide retention and compliance policies, procedures and training.
- The ability to capture, index, securely store, archive, and retrieve both paper and electronic documents (including email and instant messaging).
- Scalable, flexible services that match your business needs and practices.
- Reports and auditing tools to track and manage inventory and records management programs.
- A transactional system that provides convenient access to search and place orders.
- Timely on-site or off-site destruction that protects confidential information by using modern shredding equipment, highly secure processes and certification of destruction to create a legal audit trail.

Comac, a company that has led the fulfillment industry with innovative services for more than 30 years, can now offer access to these services in cooperation with our parent company, Iron Mountain, the leader in records management for more than 50 years. Our Total Document Life Cycle Management program integrates access to our fulfillment services and Iron Mountain’s records management and storage services, using our convenient web-based interface.

For more information about these services, please contact your local Managing Director toll-free at 866-Comac4U, or visit us at www.comac.com.



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