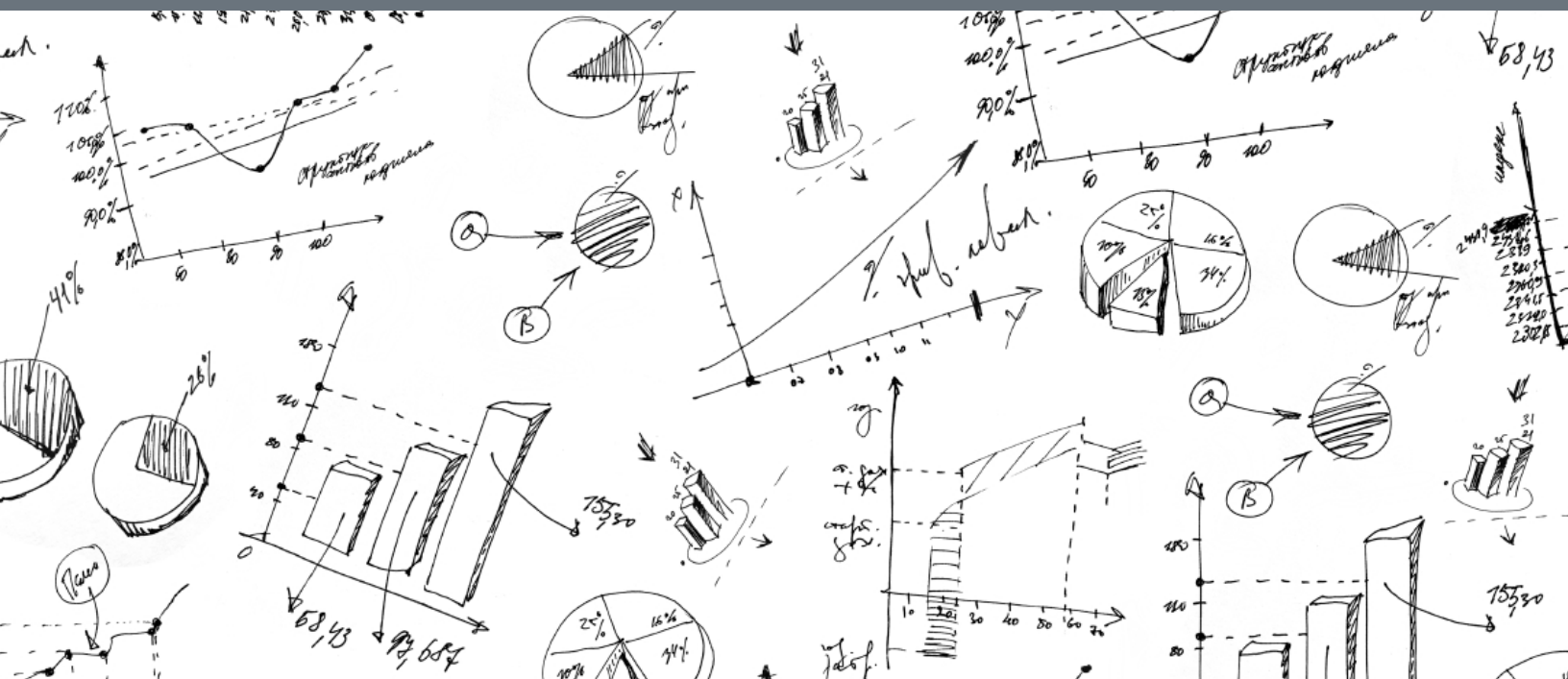


Information Governance Benchmark Report in Global 1000 Companies

Defensible disposal and consistent collaboration across the legal, RIM, and IT stakeholders are the greatest benefits and greatest challenges.



Many have talked about the gap between legal and IT or the importance of records management to enabling more rigorous discovery or information disposal, but no one has measured how big the gap is or assessed what stakeholders on all sides believe is necessary or possible to do in order to close the gap. CGOC, in concert with EDRM and the new Information Management Reference Model project, decided to assess the gap and how companies are addressing it in a first-of-its-kind survey of legal, records and IT stakeholders from financial services, energy, life sciences, insurance, consumer goods, chemical and other industries. We asked them what they perceived as the benefits and barriers to better information governance and how well the traditional tools and processes worked.

This CGOC Benchmark Report contains the results of the survey, which revealed both genuine consensus on the benefits as well as significant conflict in practices. While 98% of respondents believe defensible disposal is a key result of an information governance program, only 22% of companies were able to dispose of data today and over 70% claimed their retention schedules were not actionable by IT or could be used only in disposition of physical records. 50% of companies had executive committees in place, yet only 17% felt that the right stakeholders were at the table. 70% use “people glue” to connect legal duties and business value to information assets. Not surprisingly, 85% identified more consistent collaboration and systematic linkage between legal, records and IT as the most critical success factor.

The call for greater collaboration and the low utility of traditional approaches in modern information environments underscore the importance of organizations like CGOC which brings together legal, records and IT staff to advance their practices with tools like the Information Governance Process Maturity Model and reference models like EDRM and its latest adjunct, the Information Management Reference Model (IMRM). The facts gathered here are invaluable in these initiatives. I hope you find the survey results thought-provoking, the analysis useful, and the executive roadmap one that can help accelerate meaningful risk and cost reduction for your enterprise.



Deidre Paknad
Founder, CGOC
President and CEO, PSS Systems

This Benchmark Report and the survey results it contains are important tools for legal, records and IT executives who want to improve their information management practices. From our EDRM work, we know that much of the cost, complexity, and volume in litigation are a function of companies' practices and habits in information governance. The Information Management Reference Model (IMRM) project launched by EDRM in May 2009 was intended to help companies address these challenges at their source.

As a part of that initiative, the IMRM project in EDRM and CGOC conducted an ambitious survey to assess the perceived benefits and barriers to better information management and governance practices; more importantly, we sought the perspective of legal, records and IT personnel as the chief – but often disconnected – stakeholders in information management. The survey also assessed the value of IMRM as a tool for change management and greater cross-functional participation in information governance. The data helps inform our efforts within EDRM and is equally valuable to corporations to benchmark their own practice and process. While I'm not surprised by the findings that data disposal is still out of reach for many companies and that significant organizational challenges exist, they do highlight the important work still to be done to establish that rigorous discovery processes that also enable defensible disposal.

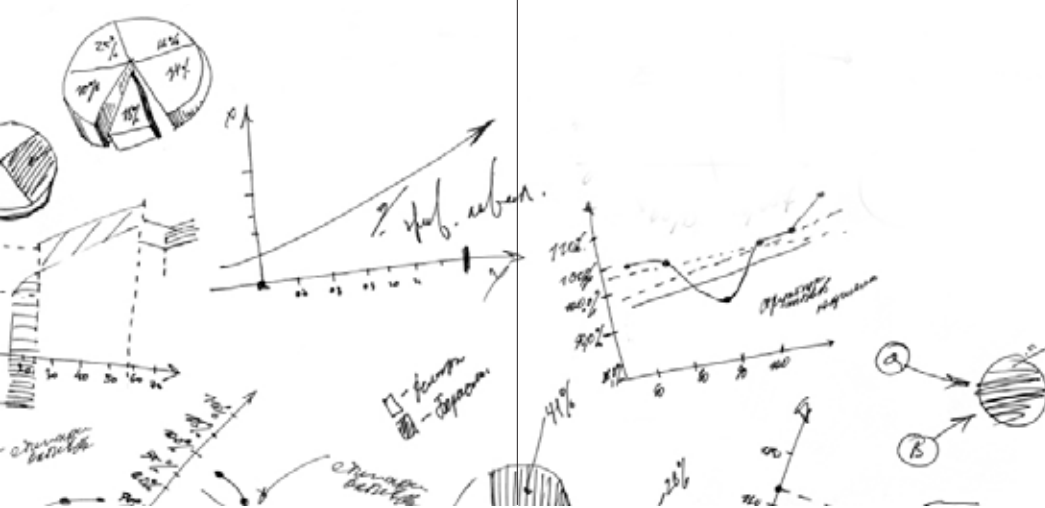


George J. Socha, Jr., Esq.
Co-founder, EDRM
President, Socha Consulting LLC

“There is important work still to be done to establish rigorous discovery processes that also enable defensible disposal.”

INFORMATION GOVERNANCE BENCHMARK REPORT

- 6** ABOUT THE REPORT
- 7** EXECUTIVE SUMMARY
- 8** SURVEY AND ANALYSIS
- 9** INFORMATION GOVERNANCE GOAL & OBJECTIVES
- 10** CURRENT PROCESSES & PRACTICES
- 13** ORGANIZATIONAL BARRIERS
- 19** ROADMAP TO BETTER INFORMATION GOVERNANCE



ABOUT THE REPORT

Information governance is the discipline of managing information according to its legal obligations and its business value, which enables defensible disposal of data and lowers the cost of legal compliance.

SURVEY OF LEGAL, RECORDS AND IT STAFF IN 10 INDUSTRIES

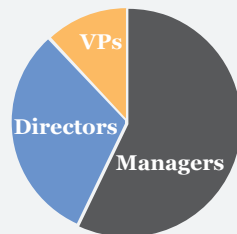
The Information Governance Benchmark Report enables executives in IT, legal and business roles to learn:

- ✓ How their information governance practices compare with peer companies
- ✓ The disconnects between functions that undermine compliance
- ✓ How peers accelerate IG efforts with model information governance initiatives and process assessment methodologies

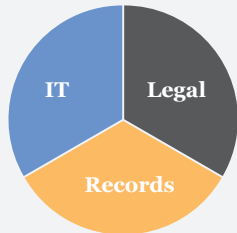
It presents the results of a first-of-its-kind survey conducted by the Compliance, Governance and Oversight Council (CGOC) in collaboration with the Information Management Reference Model project (IMRM) within EDRM. This survey sought perspectives on information governance, ediscovery, and records management from corporate practitioners in Global 1000 companies across the legal, records management, and IT disciplines.

By surveying each of the stakeholder organizations with unique and sometimes contrasting questions, CGOC was able to capture the essence of painful compliance and governance disconnects – particularly those disconnects across legal, records and IT practitioners within the same company that impede progress.

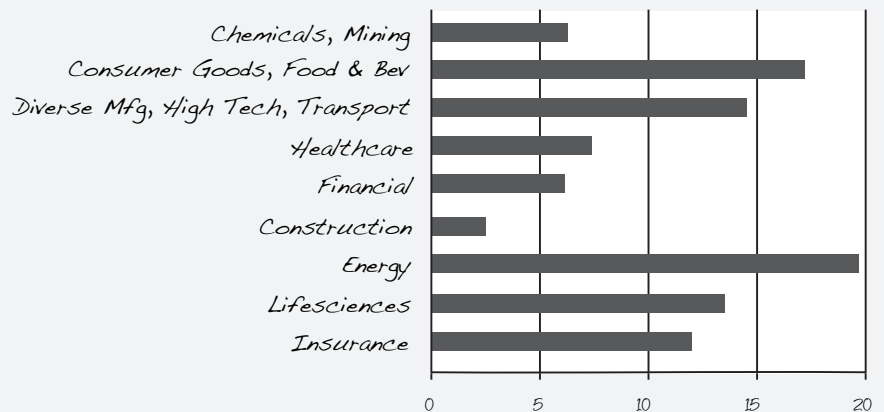
The data gathered reflects an even distribution of respondents, with 1/3 each from legal, records management and IT staff. 52% of respondents managed their function, 28% were director level and 11% were VP level in their organization.



52% of respondents manage their function
28% are director level and
11% are VP level in their organization.



1/3 respondents from each function (Legal, records management, IT)



EXECUTIVE SUMMARY

This Information Governance Benchmark Report enables executives in IT, legal and business roles to benchmark their practices with other companies, increase their awareness of the discrepancies and disconnects between functions that undermine compliance, and find model information governance initiatives and process assessment methodologies to accelerate their efforts. The Report presents the results of a first-of-its-kind survey conducted by the Compliance, Governance and Oversight Council (CGOC) in collaboration with the Information Management Reference Model project within EDRM. The survey sought perspectives on information governance, ediscovery, and records management from corporate practitioners in Global 1000 companies across the legal, records management, and IT disciplines.

The survey revealed real consensus across stakeholders on the objectives of information governance: 98% agreed on defensible disposal of data and 75% identified it as the biggest challenge of their current practice. By surveying each of the stakeholder organizations with unique and sometimes contrasting questions, CGOC was also able to capture the essence of painful compliance and governance disconnects across legal, records and IT practitioners within the same company that impede progress.

SURVEY FINDINGS AT A GLANCE

1. Consensus on the Problem:

75% cited inability to defensibly dispose of data as the greatest challenge, and many highlighted massive legacy data as a financial drag on the business and a compliance hazard.

2. People Glue Holding Processes Together:

70% used “liaisons and people glue” to link discovery and regulatory obligations to information management practice today, yet 85% cited consistent collaboration and systematic linkage across these stakeholders as a critical success factor of any information governance effort.

3. Legal, Records and IT Practices Don't Align Well:

The gaps between retention schedule development, legal hold communication and actual information management are wide, suggesting the form of schedule has little relevance in today's information environment.

85% said their retention schedules covered electronic information

77% said their retention schedules were not actionable in their current

form or could be applied only to paper

75% of schedules included only regulatory record keeping requirements or long-range business information

34% incorporated the additional privacy and data protection regulatory obligations for information during its retention

66% did not describe legal holds by the records associated with them

50% of IT departments never used the retention schedule when disposing of data

100% of IT respondents said they imposed quotas on data accumulation

4. Lack of Clarity on Execution Responsibility:

Records management identified itself as the organization responsible for “information management and disposal,” legal identified records as the responsible organization while IT viewed the responsibility as theirs. Not surprisingly, only 25% of companies said the ownership model works well today and only 17% said the right people are at the table.

5. Emerging Leadership Models:

Nonetheless, 57% of companies now have a governance committee in place with cross-functional executives and 32% have an established program that has made operational progress. Cross-functional executive leadership is critical because budget constraints, lack of cross-functional collaboration, and scale of the change effort were cited as the biggest barriers to information governance.

6. Clear Objectives and Value:

Of the planned benefits of these programs, defensible disposal of data was cited by 98% and compliance and risk reduction benefits by 53%. 62% said their current practices had reduced legal risk and 50% had begun to address information governance but had not yet realized value. Consistent cross-functional collaboration, actionable retention schedules that more accurately reflect regulatory and business needs, and an accurate inventory and transparency to legal holds were cited as essential elements of a successful program.

85%

said their retention schedules included electronic information, yet

77%

said these schedules were not actionable in their current form or could be applied only to paper

Only

33%

said legal holds were identified records classes subject to the hold.

These organizational and structural challenges and barriers are highlighted in this report, and a maturity model for information governance is provided as a roadmap to removing these barriers.

The report also highlights the material opportunities for process convergence and stakeholder alignment to reduce legal risk and legal and IT costs:

1. Information governance is the discipline of managing information according to its legal obligations and its business value, which enables defensible disposal of data and lowers the cost of legal compliance. With data volume growth expected to increase by a factor of 44 in the next decade¹, meeting legal obligations for data will become more challenging and defensible disposal more important than ever.
2. Good information governance requires specificity and transparency on the legal and regulatory obligations and business value of information for the people tasked with actually managing it. Without this specificity and transparency, IT must manage all data as if it has high value and ongoing obligations, or the company faces very high risk of improper disposal. With IT costs averaging 3.5% of revenues in all industries, and running as high as 11% of revenues in financial services and insurance industries², over-managing information is gross waste of capital resources. At the same time, consumer attitudes toward actual or perceived corporate wrong-doing are extremely hostile, driving the risk of improper record destruction into the “Court of Public Perception.”

3. Traditional methods and silo approaches to discovery, records management and data management are inadequate for the high volume of data, its distribution across people and systems, and the global diversity of legal obligations. These methods continue to produce higher operating costs, higher legal risk, and unabated legacy data build-up; new and more mature processes are required in order to achieve information governance. The hallmarks of maturity are the systematic linkage of processes across stakeholder functions and the replacement of “people glue” with reliable, repeatable systems and processes.

In this Report and on the CGOC website, Governance committee members and functional executives will find a roadmap and resources to assess where their company is and modernize processes, including:

- » Governance committee structures leveraging the Information Management Reference Model
- » Stakeholder workshop template to galvanize cross-functional collaboration and awareness
- » Information governance process maturity model with defined process risks and cost elements
- » As-is process assessment tools and future state process flows
- » Sample work streams across stakeholder organizations
- » Prioritization scenarios and measurable outcomes

1. *The Digital Universe Decade – Are You Ready?* IDC iView, May 2010
 2. *IT Spending and Staffing Report* Gartner IT Metrics, 2010

SURVEY AND ANALYSIS

The survey sought data on companies' current and future objectives for information governance, their current processes and desired practices, and their current organizational and responsibility models. While there was strong consensus on the objectives of information governance, the survey showed discordance across stakeholders on process and practice. It highlighted a number of process and organizational issues that prevent companies from achieving their risk and cost reduction goals.

INFORMATION GOVERNANCE GOALS AND OBJECTIVES

Stakeholders across legal, records and IT had almost unanimous information governance objectives:

- » 98% of respondents identified defensible disposal of information as a desired benefit
- » 72% cited disposal as the biggest benefit of an information governance program.
- » 66% cited consistent collaboration and systematic linkage across legal, records and IT
- » 53% identified compliance and risk reduction

The level of consensus on program outcomes is promising.

“We’re still trying to bring all stakeholders to the table.”

Effective, efficient information governance and the defensible disposal of information requires companies to associate specific, discrete legal obligations — arising from litigation or regulatory requirements and the duration of information's business value — to the information assets themselves, so that data stewards can routinely and confidently apply reliable compliance and business directives. The tools and methods used in each functional organization, while theoretically effective for the function itself, are ineffective in enabling other organizations to participate effectively or manage compliance efficiently. This was reflected in respondents' views on what the required elements of an effective information governance program are: Consistent cross-functional collaboration, actionable retention schedules that more accurately reflect regulatory and business needs, and an accurate inventory and transparency to legal holds were cited as essential elements of a successful program.

TOP PLANNED BENEFITS OF INFORMATION GOVERNANCE INITIATIVES IN 12-36 MONTHS

RISK REDUCTION

- » Reduce legal risk
- » Enable compliance
- » Protect sensitive information

COST REDUCTION

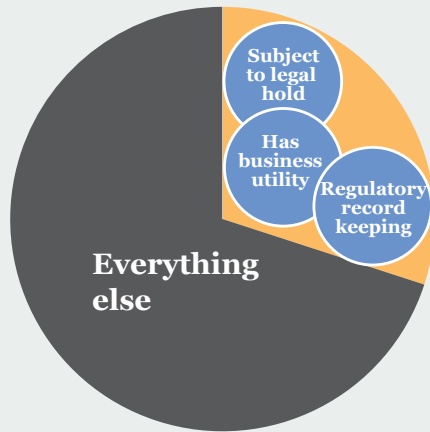
- » Increase IT efficiency
- » Ensure routine data disposal
- » Reduce data volume and IT cost

98%
of respondents identified defensible disposal of information as a desired benefit

72%
cited disposal as the biggest benefit of an information governance program.

53%
identified compliance and risk reduction

WHAT DO YOU BELIEVE ARE THE ESSENTIAL ELEMENTS OF INFORMATION GOVERNANCE?



85% agree consistent collaboration and systematic linkage across legal, records and IT

77% agree retention schedules that reflect both regulatory and business needs

75% agree legal holds process and inventory of all legal holds

77% agree on actionable and defensible retention schedules

CURRENT PROCESSES AND PRACTICES

Despite the consensus on goals and objectives, only 30% of respondents believe their companies are achieving information governance benefits now, and only 22% of legal and records respondents said they could defensibly dispose of data now. Current legal holds processes, the form of records schedule, and IT practices combined with a low level of collaboration between legal, records, and IT staff were recognized as barriers or challenges that prevent disposition of data and increase legal risk.

“There is little proactive accommodation of records. Only IT capacity needs and business operational needs are considered.”

“Gaps exist in communication and execution due to the number of systems and IT outsourcing: thousands of systems are constantly changing.”

85% cited lack of systematic linkage and collaboration across legal, records and IT a critical point of failure

70% use people glue to link legal obligations and business value to information assets

50% of IT departments don't use retention schedules at all

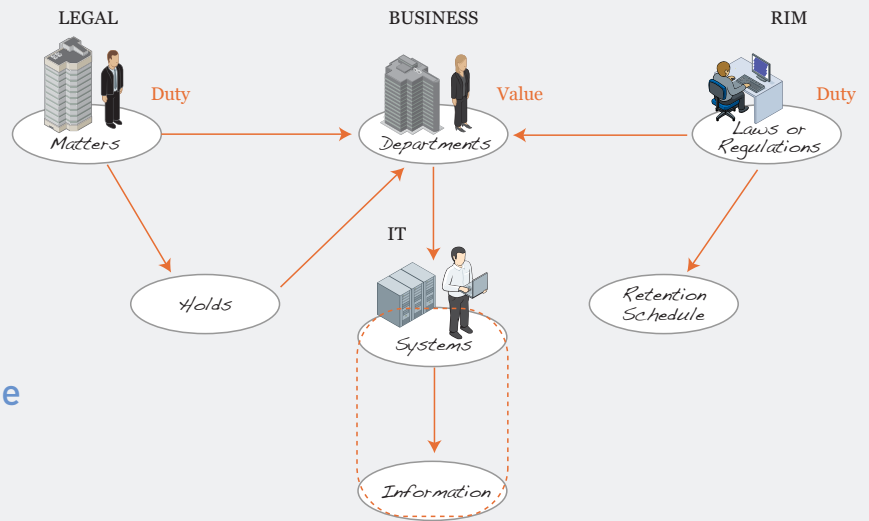
33% identified records subject to legal holds as part of the hold definition

30% of companies are achieving disposal and risk reduction benefits of information governance today

22% of companies can routinely dispose of data, predominantly paper

CURRENT PRACTICES ARE THE PROBLEM

Legal holds are defined by custodian and retention requirements by record class, yet the vast majority of information isn't stored, managed or identified by either of these attributes, leaving IT with no reliable instructions for managing information by its value or duties.



The data shows that 70% still use “people glue” to link their discovery and regulatory obligations and business value to information assets. As one respondent said, “our ‘systematic approach’ is to over-preserve and keep everything.”

For companies with hundreds or thousands of legal matters that operate multiple business units in multiple countries, the level of effort and human resources required to maintain the linkage between various sources of obligations for information, its unique business value and the thousands of systems and servers on which it sits is substantial – or simply infeasible given the inability to defensibly dispose of data cited by a majority of respondents.

Transparency and consistency are compromised and poor assumptions are made, making it difficult to assess success or prevent or detect failures in a timely manner. Companies maintaining this linkage manually face far more risk and retain far more data as a result.

	LEGAL & COMPLIANCE	BUSINESS	IT
Situation	Knows the obligations for information	Knows the value of information	Has the information
Fact	Doesn't have the information	Doesn't communicate the value	Doesn't know the obligations or value of it
Scale	1000s of legal duties that vary by matter, country and business unit	1000s of departments with unique purpose and processes	1000s of servers and systems all being managed and backed up
Typical	Publish generically on the intranet or via email	Forget it when it's no longer useful	Keep everything
Worst	Only legal knows what's on hold or what's a record	Delete it when quota is hit	Migrate and delete as needed

“IT has its own deliverables and Legal holds and discovery are often disregarded.”

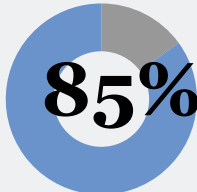
**Form Must Follow Function:
Retention Schedule and Legal
Hold Practices Don't Work Well**

Respondents cited accurate, actionable retention schedules and a reliable legal hold process and with an accurate inventory of legal holds as the two most important process requirements for information governance. Over 75% of respondents felt their current retention schedules were not sufficiently actionable for electronic information today yet 85% of schedules encompassed electronic information.

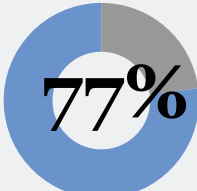
Equally telling and reflective of the massive shift of business records from paper form to business applications, 75% of IT respondents believe system-specific retention schedules are required while only 20% of records respondents identified the system or data store in which any applicable record is or should be located on the retention schedule or procedure. Over two-thirds said their legal holds did not identify record or information classes but focused instead on custodians (employee names). The prevailing forms of retention schedule and legal hold do not enable IT compliance or efficiency.

While only 22% of legal and records respondents said their companies were able to dispose of data today, 100% of IT respondents said data quotas were enforced in those same companies. This apparent gap between legal and record leaders' perception and IT practices suggests that disposition discretion is broadly distributed to individual employees who exercise that discretion when they need to store new information – a significant area of risk.

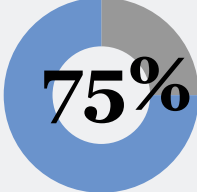
LEGAL, RECORDS, AND IT DEPARTMENT PRACTICES DON'T ALIGN WELL. THE GAPS BETWEEN RETENTION SCHEDULE DEVELOPMENT, LEGAL HOLD COMMUNICATION, AND ACTUAL INFORMATION MANAGEMENT ARE WIDE, SUGGESTING THE FORM OF SCHEDULE HAS LITTLE RELEVANCE IN TODAY'S INFORMATION ENVIRONMENT.



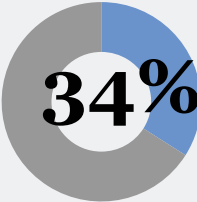
85% said their retention schedules included electronic information



77% said their retention schedules were not actionable in their current form or could be applied only to paper



75% of schedules included only regulatory record keeping requirements or long-range business information



34% incorporated the additional privacy and data protection regulatory obligations for information during its retention

The typical form of records schedules dates back to an era where far fewer companies were global and paper records were stored in a predictable warehouse location. Globalization and consolidation trends in the last twenty years have increased the diversity of business functions under management and the diversity of jurisdictions in which they are operated, thereby increasing the number of record categories and applicable laws governing them. The exacerbation of privacy expectations in Europe and elsewhere by US-driven ediscovery has also increased the conflicts of record keeping and discovery law across jurisdictions.

At the same time, companies have shifted to information models where virtually all material business information is created electronically, can be stored in multiple shapes and forms and multiple locations, and ultimately comes to rest out of sight. The shifts in globalization and information practice overlap with — and enable a move away from pervasive — administrative resources that were traditionally used to identify and keep records.

Unfortunately, the traditional model for retention schedule is designed around one form and one location for a record in any given class, with no conflict between country laws and no cost of choosing the longest retention period where several regulations apply; it also assumes that record keepers can and are actively monitoring the record inventory on an ongoing basis.

Legal holds that apply beyond paper records are relatively recent phenomena as well, arising largely from the *Zubulake* opinions in 2004 and the revisions to the Federal Rules of Civil Procedure in December 2006. While Gartner predicts that by 2011, 25% of global companies will have implemented systematic legal holds software³, the remainder will continue to track spreadsheets and email messages “in the dark” within the legal department — a process with low utility to other stakeholders.

Because retention schedules aren't actionable by IT today and IT lacks institutional transparency to legal holds, companies find themselves in an odd predicament: rather than enabling systematic disposition by the company's data stewards in IT, disposition is delegated in near random fashion through storage quotas to individual employees who may or may not understand the regulatory and discovery duties that apply.

Modernizing and aligning the form of legal hold and retention schedule with the form in which data is created and managed is essential to reducing the fundamental costs of compliance: human and capital resources used to achieve compliance or address compliance failure.

ORGANIZATIONAL BARRIERS

The organizational challenges companies face mirror — or perhaps cause — the process and structural challenges that the survey respondents cited. The survey revealed several areas of confusion around responsibilities, sponsorship and return on investment:

- » When asked if records management staff are involved in establishing, enabling or monitoring routine disposal of information, 60% of records respondents said yes while 60% of IT respondents said no — yet respondents were typically from the same company.
- » 57% have governance committees in place but just 17% believe the right stakeholders are at the table
- » IT efficiency was a factor in executive sponsorship for just 12% yet data disposal was an objective 98% of the time

3. *Cooperation is Key for Managing E-Discovery in 2010*, March 2010, Gartner

It’s An Enterprise Initiative

Perhaps the biggest organizational challenge of information governance is that no single department can independently achieve the desired goals and benefits. It is truly a cross-functional practice that requires the harmonization of disparate activities involving thousands of individuals in a global organization. Legal holds practices, retention procedures that encompass regulatory, privacy and business needs, and data management practices must all intersect to meet legal obligations efficiently and defensibly dispose of data.

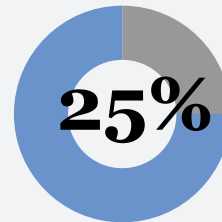
Departmental silos plague efforts to drive better information governance practices. Lack of collaboration across legal, records and IT

was frequently cited as a significant challenge. Conversely, systematic collaboration across stakeholders was cited by 85% as one of the essential ingredients to success. Beyond the synergy across organizations, the perception within each organization challenges companies and slows their progress. For example, records management identified itself as the organization responsible for “information management and governance” (43%), and legal concurred, while IT viewed the responsibility as theirs — and IT has and is physically managing the information in practice. Not surprisingly, only 25% of companies said the ownership model works well today and only 17% said the right people are at the table.

RESPONSIBILITY & OWNERSHIP ISSUES



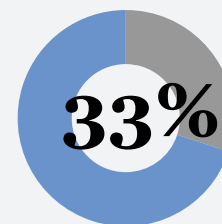
Who RIM Believes is Responsible for Information Management & Disposal



Those Who Believe Ownership Model is Right Today



Who IT Believes is Responsible



Those that can or do routinely apply retention schedules to ESI

The lack of collaboration across stakeholders and lack of systematic linkage between their processes are both organizational and structural challenges that make the effort for any one stakeholder group overwhelming.

Legal Leadership Isn't Enough

“Executive Support is a MUST to move forward with information governance.”

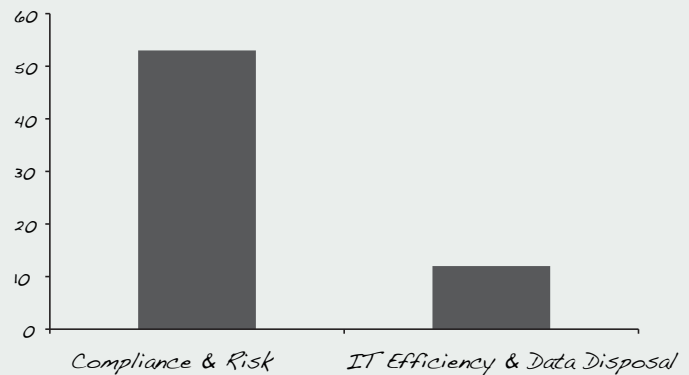
Over half of the respondents — 57% — had governance committees in place, and about 1/3 had achieved some benefit from their program.

Improved compliance drove management support and sponsorship 53% of the time while IT efficiency was a management driver just 12% of the time — suggesting that legal was more likely to sponsor initial efforts, and that the enormous the enormous and tightly coupled economic benefits of data disposal are not yet well understood across legal and IT executives. In light of that, it is not surprising that lack of budget was cited by 52% as an operational barrier, while 63% cited the enormity of the effort.

Given the desire for data disposal as a planned benefit, the problems in executive support and the ownership model may reflect the fact that IT leadership isn't at the table nor fully-engaged in information governance initiatives. With custody of the vast majority of information, IT leaders are essential participants in risk reduction and data disposal.

Good information governance requires specificity and transparency on the legal and regulatory obligations and business value of the information people are tasked with actually managing. Without this specificity and transparency, IT must manage all data as if it has high value and ongoing obligations or the company faces very high risk of improper disposal.

DRIVERS OF EXECUTIVE SPONSORSHIP



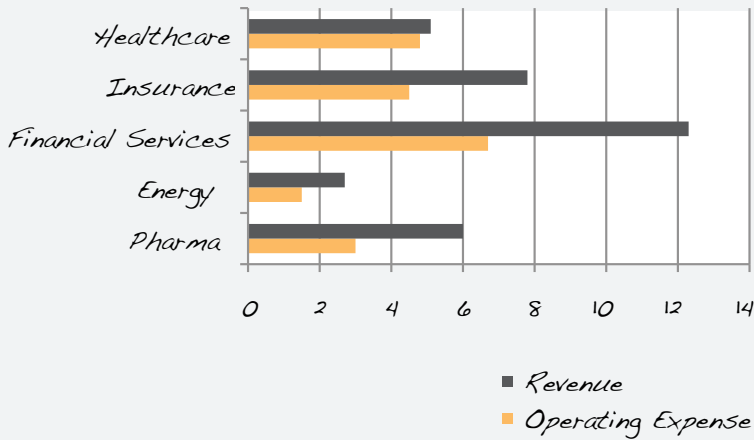
“Our systematic approach is to over-preserve and keep everything.”

The People with the Data Must Be at the Table

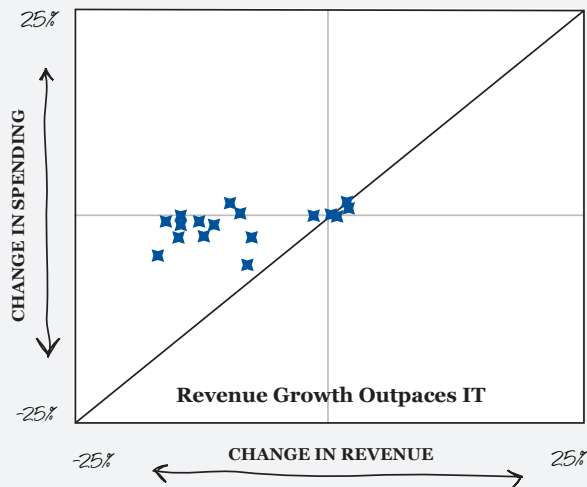
Ironically, IT is the biggest beneficiary of information governance because of the very high cost of information management and data volume growth rate. According to the 2010 Gartner study “IT Metrics: *IT Spending and Staff Report*,” IT costs are 3.5% of revenue and are under significant pressure; 61% of the costs are a function of information volume. In the vertical industries participating in this CGOC survey, IT costs are often higher than the average.

LEGAL AND RECORDS MAY UNDERESTIMATE INFORMATION MANAGEMENT COSTS

IT Spend as Percentage of Revenue and Operating Expense



IT Outpaces Revenue Growth in All Industries



Source: *IT Spending and Staffing Report* Gartner IT Metrics, 2010

Although not a specific question on the survey, but a contributor to organizational challenges, the widely-held perception in the CGOC legal community is that IT costs are trivial, declining naturally as a function of technology advances rather than headcount or budget reductions, and remain unaffected by blanket legal holds or “keep everything” approaches to mitigating legal risk. This “silo view” contributes to operational challenges and prevents legal and compliance staff from appreciating the potential ally they have in the CIO.

In fact, IT spend is increasing faster than revenue, despite brute-force 2009 expense reductions of 0.9% on average in response to economic conditions. CIOs are under intense pressure to reduce costs. It is increasingly difficult to balance the ever-increasing costs of running operations in which data volume doubles every 18 months with making strategically important technology investments.

As one respondent put it, “Our data volume grew by 875% in the last five years, but our budget shrank. Something has got to give.” This sharp rate increase in data accumulation coincides with the *Zubulake* opinions on legal holds and the emergence of “keep everything” in lieu of more precise legal hold definition and execution — unintended consequences which most companies face as evidenced in legacy data build-up. With high average IT costs (as high as 12% in financial services), over-managing information is a gross waste of capital resources. At the same time, consumer attitudes toward actual or perceived corporate wrongdoing are extremely hostile, driving the risk of improper record destruction into the “Court of Public Perception.”

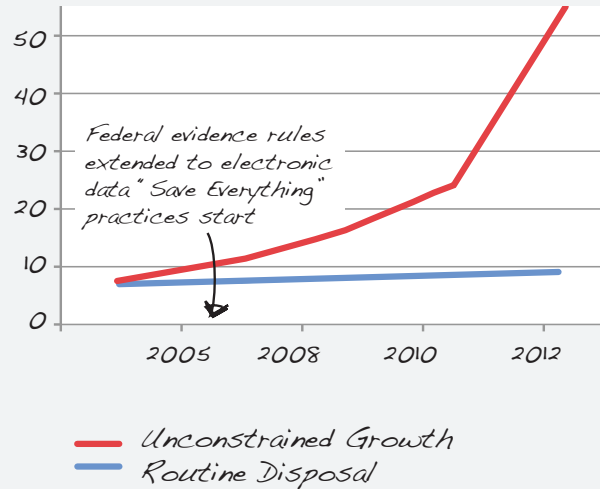
THE CIO FACES DAUNTING CHALLENGES WITHOUT DISPOSITION

An exacerbating organizational challenge comes from the lack of intersection between the owners of records management programs and IT stewards who control the majority of company data created by the massive shift of material information to electronic applications and data sources in the past decade. While 85% of companies said their retention schedules applied to electronic information, half of IT respondents said they did not use a retention schedule for data disposition or application of quotas and 77% said the schedules weren't in actionable form for electronic information.

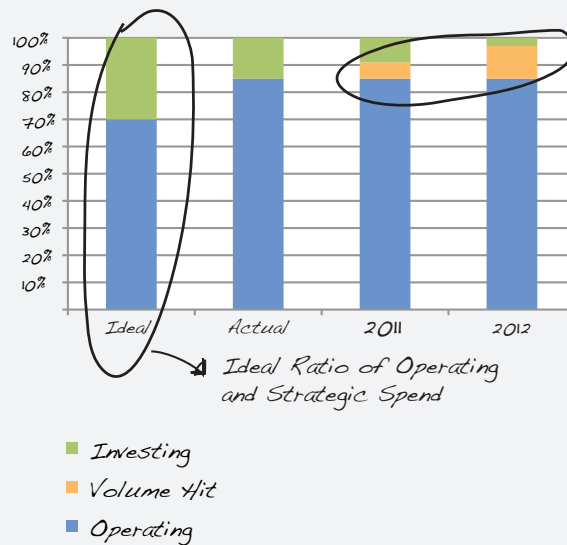
In a 2010 study, IT industry analyst IDC predicts information volume will increase by a factor of 44 in the next decade (and they underestimated data growth in 2009 and 2008). This "data crucible," combined with the cause-and-effect relationship of vaguely-communicated compliance requirements and the dependency legal and compliance have on IT, make the CIO a perfect – if still untapped – partner in information governance initiatives.

“Our data volume grew by 875% in the last five years, but our budget shrank. Something has got to give.”

Excess Data Build Up Over 5 Year Period



Increasing Portion of IT Budget Goes to Manage Data Volume



Sources:

Benchmark Survey on Prevailing Practices for Legal Holds in Global 1000 Companies CGOC Publication, 2008
 5 Considerations for IT in the Selection of Legal Holds Software CGOC Advisory Publication, 2010

Putting the Processes and People Together

Modernizing and unifying the form of legal hold and retention schedule with the form in which data is created and managed is essential to reducing the fundamental costs of compliance: human resources and capital resources used to achieve compliance or address compliance failure.

From the 30% of companies achieving information governance benefits and those with the right leadership in place, several conclusions were evident in the responses:

- » Practice leaders in legal and records management recognize that consumption of their legal holds and retention schedules by information stewards and custodians rather than publication is the hallmark of success.
- » Practice leaders in IT recognize that clear, reliable and specific instructions on what information to keep and what to dispose

can massively simplify compliance and save hundreds of millions of dollars.

- » Chief financial officers recognize the fundamental similarities between the cross-functional dependencies and inefficiencies in manual information governance and manual supply chain practices. When sales doesn't know what is in stock and manufacturing doesn't know what is on order, companies over spend on manufacturing while building up inventory and lower revenues. Likewise, when IT doesn't know what information to keep or dispose, companies overspend on risk without actually reducing it and achieve waste resources which reduces profit.
- » Executive committees recognize that operational excellence in information governance is strongly aligned with shareholder interests to reduce risk exposure and improve operating margins, and well-run cross-functional initiatives can produce material results on both measures.

TAKE AWAYS

1 RIGOROUS DISCOVERY

KEEP THE END GAME IN MIND

- » Legal must have reliable process
- » Holds transparency necessary for all
- » Must be easily auditable
- » Favor enforcement over documentation

2 VALUE-BASED RETENTION

FORM MUST FOLLOW FUNCTION

- » Modernize schedules for disparate sources, forms
- » Capture business value
- » Ensure IT can apply schedule in systematic manner
- » Consider your consumers

3 DEFENSIBLE DISPOSAL

BREAK THE VICIOUS ACCUMULATION CYCLE

- » Galvanize CIO support with cost reduction benefits
- » Reduce systemic risk
- » Lower data volume drives down both discovery and IT costs
- » Choose for the enterprise over your department

ROADMAP TO BETTER INFORMATION GOVERNANCE

This survey and benchmark report is an essential tool and important insight for practice leaders across legal, records management, and IT and for members of information governance steering committees. What it makes clear are:

Traditional methods and prevailing practices in legal and records management will continue to yield the same results companies see today: substantial data build-up, high operating costs, and high risk of failure on discovery and regulatory obligations.

For the 30% who are well on their way and the 70% who have yet to organize efforts, **information governance is a shared responsibility and significant opportunity.**

While risk reduction has garnered executive support thus far, **information governance has tremendous cost reduction potential which can galvanize CIO support,** improve execution capabilities, and garner critical program funding.

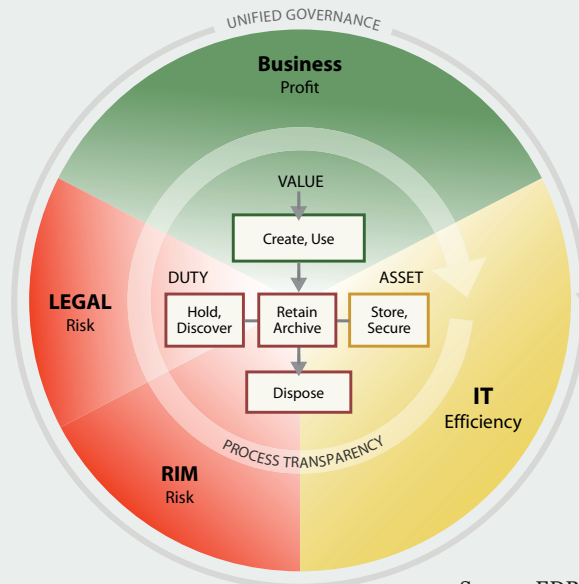
INFORMATION GOVERNANCE IS A SHARED RESPONSIBILITY

Systematic linkage across legal, records, and IT processes and teams is essential to both compliance and defensible disposal. Governance committees should be comprised of senior leaders in these three functions, as well as chief operating or chief financial officers, to ensure that information is managed by its value to – and the obligations of – the enterprise. With this cross-functional executive structure, the information governance charter can drive performance in each stakeholder area, foster the right level of accountability, and ensure departmental tactics align with corporate goals. Much as the Electronic Discovery Reference Model (EDRM) did for ediscovery, the Information Management Reference Model (IMRM) can provide a responsibility model for executives, highlighting the stakeholders, their process domains, and their mutual dependence in achieving defensible disposal and efficient information governance and management.

HOLISTIC APPROACH TO INFORMATION GOVERNANCE BREAKS THROUGH SILOS TO ENABLE RIGOROUS COMPLIANCE AND DEFENSIBLE DISPOSAL

The Information Management Reference Model (IMRM) offers companies a responsibility model and highlights the stakeholders, their inter-related actions on information, and process transparency. It puts actions on information at the center of the model and “dispose” as the end state of information; the actions on information can also be viewed as “information gates” where information accumulates unnecessarily without transparency and cross-stakeholder collaboration.

The line of business has an interest in information proportional to its value – the degree to which it helps drive the profit or purpose of the enterprise itself. Once that value expires, they quickly lose interest in managing it,



Source: EDRM (edrm.net)

cleaning it up, or paying for it to be stored. One of the things that the IMRM does is distinguish value from regulatory obligation or IT efficiency. The diagram defines the business group’s responsibility to define and declare the specific value of information; all data doesn’t have value and the value of data isn’t constant.

As shown on the left side of the diagram, Legal and Records Management (RIM) manage risk for the company. The diagram underscores that it is the legal department’s responsibility to define what to put on hold and what and when to collect data for discovery. Likewise, it is RIM’s responsibility to ensure that regulatory obligations for information defined and met, including what to retain and archive and for how long. Together, both departments have an enormous role in how and when companies can dispose of data. As with the business segment, the diagram calls on legal and RIM to be specific about the duties for information – what those duties are and when they end.

IT stores and secures information under their management. Their focus is efficiency and they’re typically under pressure to increase efficiency and lower cost. The diagram highlights that, without collaboration and unified governance, IT doesn’t know and can’t speak to what information has value or what duties apply to specific information. IMRM can help companies recognize that in order for IT to manage data efficiently, it is essential to link specific

duties and business value to the information assets. The inner ring of the diagram calls for the structural linkage of duty and value to information asset. This requires:

- » Policies that can be articulated in departmental procedure and are executable by IT in practice
- » Specific rather than generic communication of legal holds and retention requirements enabling enterprise execution and disposal

The outer rings of diagram call for unified governance, which implies:

- » Transparent cross-functional processes for legal holds, discovery, record retention, information value assessments, and information and data management
- » The end of the silo approach to legal holds and record retention practices – these are enterprise rather than departmental processes
- » Unified vocabulary across stakeholders which recognizes and reconciles their different interests in information

PROCESS AND PRACTICE CHANGE ARE REQUIRED

Lack of collaboration, transparency, and low enterprise effectiveness of legal hold and retention schedules are problems that must be resolved for companies to achieve defensible disposal and lower risk and cost. Given the lack of transparency, assessing current processes and providing cross-functional visibility to them is an important starting point and clear prerequisite to any systemic improvement.

It is obviously essential to create systematic linkage and transparency between the people who determine the legal and regulatory obligations for information, the people who determine its value, and the people who manage the information. Recognize that information governance requires a change in processes and that the form of your current records management or legal holds may not suit their intended function in a complex information environment today.

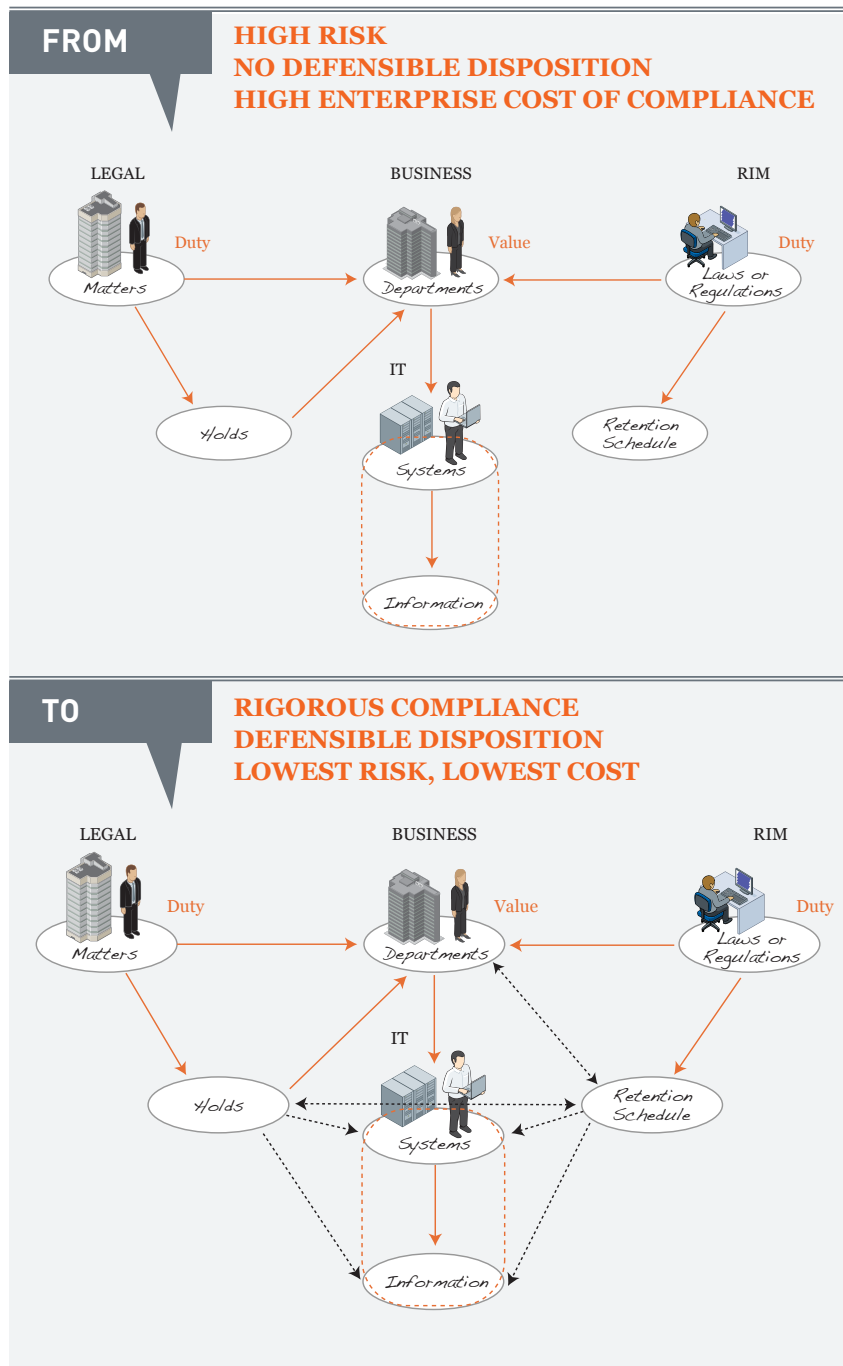
The Information Governance Process Maturity Model in this report helps companies assess the current state of their processes and defines mature enterprise information governance processes. The model defines four levels of maturity for the thirteen information governance processes – from ad hoc, unstructured activities to cross-functionally integrated, automated activities that enable more reliable discovery and defensible disposal. Using the process maturity model, evaluate and (re-) design processes to enable both their contributors and consumers to ensure the intended enterprise result is achieved:

- 1. Systematically link the business processes in legal, RIM and IT to provide structural collaboration and transparency with systematic workflow and automated collaboration wherever possible.** Understanding which holds and which regulations apply to which data and systems and what information still has value is virtually impossible to manage manually with thousands of data

sources, thousands of regulations that dictate retention or privacy requirements, and hundreds or thousands of legal holds across a diverse business.

2. **Modernize the records management program so that it can provide reliable, actionable information procedures to IT for execution.** The diversity of business units requires a more modern and holistic approach to information inventories to capture unique business value, local terminology, and the many disparate locations where information is stored; overlay schedules and procedures on this inventory in a shared application so IT can manage data by its value, legal can rapidly discover information, and the retention program can be systematically audited.
3. **Treat legal holds as an enterprise process rather than a legal department task.** Ensure that legal can initiate holds so that people, records, information categories, and data sources subject to a hold are properly identified and precisely communicated. Eliminate blanket and reference holds. An inventory of all open legal holds is essential, as is real-time transparency to current holds for all information stakeholders so they can have accurate information as they perform their jobs. When IT, business people and records managers know precisely what is on hold, they also know what is not on hold and can properly disposition data in the course of their work. Consider systems that can automatically propagate holds in high volume data sources such as email archives, content management systems, and transaction applications so that routine disposition can also be automated.
4. **Ensure that IT can determine — in their terms and with little or no interpretation — who and what is on hold, what is of value and what is subject to regulatory obligation.** In other words, enable IT to determine in real time how to more precisely and efficiently manage data for the enterprise. One of the biggest chang-

es from traditional records management and legal hold activities is that the information subject to these obligations is no longer on paper and under legal or records stewardship; 98% is electronic information under the stewardship of IT. As a result, IT must be viewed as the target “consumer” of legal hold communications and retention schedules. This requires changing the form of these traditional tools to suit their purpose today: rigorous compliance, defensible disposal.



PROCESS MATURITY MODEL

After executives across legal, IT, and the business engage on the importance of process transparency to reduce risk and control data volume, an assessment of the maturity and transparency of current processes can help identify both trouble spots and the specific economic value of improvement. On the next two pages, the Information Governance Process Maturity Model identifies the 13 processes necessary to achieve rigorous discovery *and* defensible disposal. Each process is characterized by four stages of maturity:

Level 1 is an ad hoc, manual and unstructured process performed differently by each practitioner; only the individual practitioner has access to the process facts or results. These processes are highly unreliable and difficult to audit.

Level 2 is a manual process with some consistency in how it is performed across practitioners within a particular function or department; only the department has access

to the process facts and results, and often these are embedded in multiple spreadsheets and seldom accessed. These processes can be more reliable, but still very difficult to audit.

Level 3 is a semi-automated process performed consistently within a department with process facts and results readily accessible to departmental stakeholders. Stakeholders beyond the department who participate in or are dependent upon the process are not integrated. These interdepartmental processes are more consistent and can readily be audited; however audit results may reflect their lack of cross-department collaboration.

Level 4 is an automated and cross-functional process that is performed consistently with inclusion of dependent stakeholders across multiple departments. Process facts and results are readily available across organizations. These processes have the lowest risk, highest reliability and are readily and successfully audited.

LEGAL HOLDS

	LEVEL 1: AD HOC, MANUAL, UNSTRUCTURED	LEVEL 2: MANUAL, STRUCTURED	LEVEL 3: SEMI-AUTOMATED WITHIN SILO	LEVEL 4: AUTOMATED AND FULLY INTEGRATED ACROSS FUNCTIONS	YOUR LEVEL
A. LEGAL HOLDS SCOPE CUSTODIANS	Multiple custodian spreadsheets.	Centralized custodian spreadsheet.	Scope by organization, people; systematically track all custodians in all holds including multiple holds per custodian; scope terminated/transferred employees in real time.	Continuous update of custodian roles, responsibilities, automatic employee transition alerts; systematically use existing custodian lists for similar matters.	
B. LEGAL HOLDS SCOPE INFORMATION	Limited collection from data sources, custodian-based rather than information based; spreadsheet tracking/lists.	Identify data sources by organization; understand back up procedures.	Have linked legacy tapes and data sources to organizations, and open holds/collections.	Automatically scope people, systems and tapes, information and records in holds; Scope terminated employee data and legacy data/tapes where applicable.	
C. LEGAL HOLDS PUBLISH	Manual notices, confirmations, no escalations. Ad-hoc description of record or information subject to hold requires interpretation and manual effort to comply.	Centralize reply email box for confirmations. Process well communicated, all holds on intranet.	Systematically send notices and reminders, require and track confirmations, ability to manage exceptions, employees can look up their holds at any time. Communications tailored to recipient role (IT, RIM, employee).	Publish to system, propagate hold, automate hold enforcement. IT staff have continuous visibility to current discovery duties, holds during routine data management activities; automatically flag records in appropriate systems.	
D. LEGAL HOLDS INTERVIEW CUSTODIANS	Ad-hoc manual interviews and follow up.	Questionnaire mailed to custodians, responses compiled manually for collection and counsel follow up.	Online/auto interviews with system follow-up, view individual and aggregated responses, auto non-response escalations, alerts for specific answers, export for O/C.	Individual responses propagated to collections, custodian-specific collections instructions, interview results shared with outside counsel to interview by exception.	

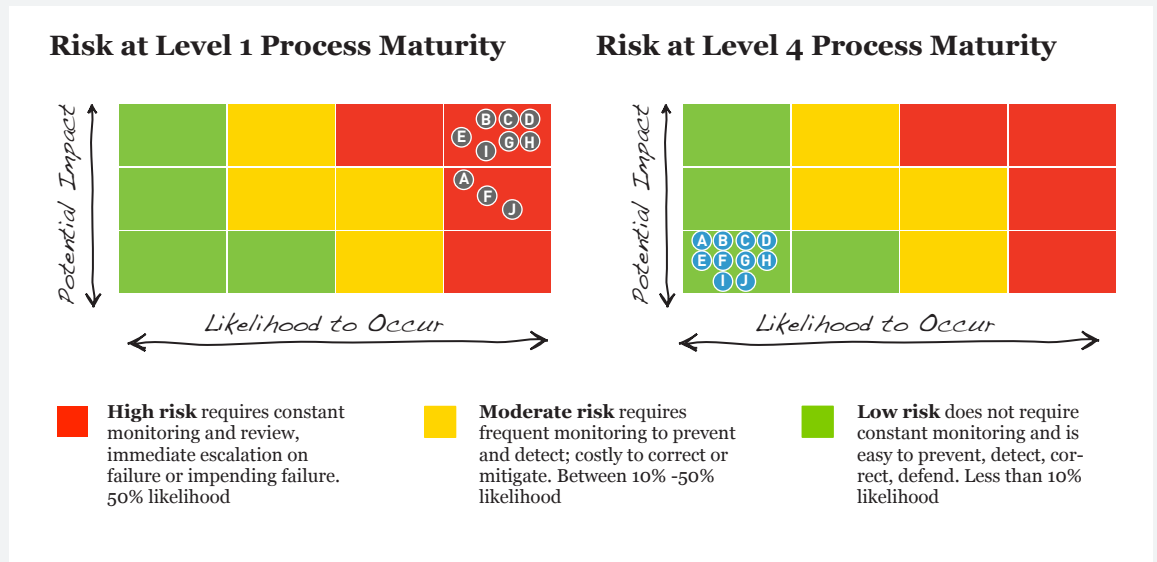
COLLECTION/REVIEW

	LEVEL 1: Ad Hoc, Manual, Unstructured	LEVEL 2: Manual, Structured	LEVEL 3: Semi-Automated within Silo	LEVEL 4: Automated and Fully Integrated Across Func- tions	YOUR LEVEL
E. COLLECTION WORKFLOW	Detailed and duplicate spreadsheets of custodians and information between IT and Legal; multiple copies of the collected data.	Centralized, version-controlled spreadsheets of custodians and information; evidence server without inventory.	IT can efficiently collect by custodian and content, avoid recollecting, auto-logging of files collected, source, chain of custody. IT self-service look up.	From their browsers, Attorneys collect directly from custodians or any system.	
F. COLLECTION METHODOLOGY	Image drives or over-collect from custodians, over scope custodians; high quantity of data for review	Image drives or over-collect from custodians, over scope custodians; high quantity of data for review.	Quantity of data reviewed from tightly scoped custodians, leveraging prior scoping histories, accurate enterprise map.	Quantity of data reviewed from tightly scoped custodians, leveraging prior scoping histories, accurate enterprise map, detailed instructions to IT.	
G. COST CONTAINMENT	No assessment of costs prior to collection and review; no cost baseline available.	Estimate costs on the "big matters" in spreadsheets or by outside counsel.	Discovery cost forecasts are automatically generated as soon as the hold is scoped, costs for matters are continuously calculated.	Consistently make cost shifting arguments to limit scope of collection and review; earliest/optimized matter resolution; manage cost at portfolio level.	
H. MONITORING, COMPLIANCE	Each attorney tracks their own matters, status.	Formal, but manual reporting of open holds; no summary reporting on interviews, collections, response.	Automated reminders and escalations, online audit trail, management reporting on discovery status, visibility within legal dept across custodians, collected inventory, and matters.	Appropriate visibility across IT, Legal, and Business; self-service dashboards for legal obligations, tasks, risk, and cost reduction opportunities.	

RETENTION AND INFORMATION MANAGEMENT

	LEVEL 1: Ad Hoc, Manual, Unstructured	LEVEL 2: Manual, Structured	LEVEL 3: Semi-Automated within Silo	LEVEL 4: Automated and Fully Integrated Across Func- tions	YOUR LEVEL
I. ESTABLISH RETENTION PROGRAM, CATALOG LAWS	Define retention periods only for physical records.	Updated retention schedule for physical and electronic records.	Established retention period for all information, define country/ jurisdiction specific schedules (without over- or under-retention of records).	Value-based retention appropriate for business, country operations. Library of country protocols for discovery, privacy, retention. Alert program, debt staff when laws change, schedules are impacted.	
J. MANAGE DEPARTMENTAL INFORMATION MANAGEMENT PROCEDURES	No knowledge of actual procedures, information, location, use, value.	Conduct inventory of departmental practice and information.	Define retention schedules and stores for departmental information based on value and regulatory requirements; enable change request workflow to master schedule and department/country schedules.	Alerts IT and department delegates when systems, business objectives change. Legal, IT, and department delegates continuously access accurate retention schedules, legal holds, privacy procedures. Federate schedules to information repositories enabling routine disposition.	
K. ROUTINE DISPOSAL	IT 'keeps everything' because it has no systematic way to determine obligations or value.	IT receives email when events require IT action, such as when an employee is on hold.	IT performs routine disposal with self-service awareness of preservation or retention obligations; looks up any asset or employee to determine value, current legal requirements.	IT performs routine disposal with self-service awareness of preservation or retention obligations; looks up any asset or employee to determine value, current legal requirements.	
L. DISPOSITION LEGACY DATA	No hold release notification, no lookup ability.	Email hold release communication from Legal to IT.	Closed loop between Legal, IT clearly defines legacy data subject to hold. Systematic disposition — of legacy tapes by cross referencing by org, time, and employees with open matters — of terminated employee data by cross reference with legal matters.	Legacy data is dispositioned and no additional legacy data is accumulated. Routine disposition process on terminating employees; tape recycling process is consistent and defensible.	
M. INFORMATION POLICY AUDIT	We hope no one audits — we'd never pass.	Audit of records limited to physical records.	Annual audit of retention program across electronic and physical records.	Audit of retention, privacy, data protection and discovery processes across physical and electronic information.	

Process Maturity Correlates Directly to Legal and Risk



	Process	Sources of Failure Risk in Manual Process:
A	LEGAL HOLDS SCOPE CUSTODIANS	Legal scopes the wrong employees, those employees terminate or transfer mid-matter and data subject to hold is lost.
B	LEGAL HOLDS SCOPE INFORMATION	Legal fails to identify sources of data managed by IT staff and data subject to hold is destroyed.
C	LEGAL HOLDS PUBLISH	IT, employee migrates, retires or modifies data due to no hold visibility.
D	LEGAL HOLDS INTERVIEW CUSTODIANS	Legal fails to identify or follow through on information gleaned in thousands of interviews.
E	COLLECTION WORKFLOW	Data isn't collected because of a missing data source, departing employee, incomplete prior collection inventory, communication and tracking errors.
F	DISCOVERY REPORTING	Unable to assemble, understand or defend the audit trail of discovery activities.
G	ROUTINE DISPOSAL	Failures in Record keeping and regulatory change management.
H	LEGACY DISPOSAL	IT 'saves everything,' increases discoverable mass.
I	RETENTION PROGRAM	IT disposes of data subject to legal obligation or of value to the business
J	POLICY AUDIT	Internal compliance audit failures on records and legal holds expose the company in discovery, or the company is unable to respond to regulators.

Improved compliance drove executive sponsorship 53% of the time, but few companies can quantify risk or define how to reduce it.

Source: Information Governance Process Maturity Model and Self Assessment Guide PSS Systems Tool, 2009

SAVINGS ARE AS IMPORTANT AS RISK REDUCTION

Legal, records, and IT organizations are dependent upon each other to effectively mitigate risk and manage data efficiently. At process maturity Levels 1, 2, and 3, there is simply no safe disposal of data because IT is unable to assess what information is subject to a legal obligation or has business value. As a result, data is massively over-retained, leading to extraordinary IT cost and escalating discovery costs. At Level 4 process maturity, legal and RIM stakeholders can efficiently ensure legal obligations for information are met, while IT can defensibly dispose of information without value or obligation. The economic impact of defensible disposal on the enterprise is tremendous, as illustrated in the example to the right, a \$50 billion company with 700 legal matters.

While many of the current programs were justified by their ability to reduce risk, as many lacked appropriate funding or collaboration across stakeholders to achieve the full benefits of information governance. Corporate initiatives that can demonstrate a strong cost justification not only find the necessary funding; they also achieve the kind of management mandate that changes behavior and holds teams accountable for projected outcomes. Infor-

mation governance leaders and committee members should recognize that addressing legal and regulatory compliance risks with greater precision and rigor not only reduces those risks, but can enable IT to confidently dispose of data and retire applications and assets to materially reduce operating expenses and increase profits.

LEVEL 1 LEGAL AND IT COSTS

Process	Data Management	Outside Legal	Internal Productivity	Total
Hold	\$0	\$1,408,000	\$1,140,480	\$2,548,480
Collect	\$0	\$64,000	\$56,064	\$120,064
Review	\$2,072,000	\$67,200,000	\$0	\$69,272,000
Discover Report	\$0	\$448,000	\$4,603,200	\$5,051,200
Other Outside Legal	\$0	\$42,000,000	\$0	\$42,000,000
Retention Program	\$0	\$0	\$200,000	\$200,000
Store/Manage Data	\$160,000,000	\$0	\$140,000,000	\$300,000,000
Info Policy Audit	\$0	\$0	\$0	\$0
Total	\$162,072,000	\$111,120,000	\$145,999,744	\$419,191,744

LEVEL 4 LEGAL AND IT COSTS

Process	Data Management	Outside Legal	Internal Productivity	Total
Hold	\$0	\$752,000	\$1,027,392	\$1,779,392
Collect	\$0	\$63,872	\$54,989	\$118,861
Review	\$414,400	\$40,320,000	\$0	\$40,734,400
Discover Report	\$0	\$448,000	\$4,257,120	\$4,705,120
Other Outside Legal	\$0	\$0	\$0	\$0
Retention Program	\$0	\$0	\$190,000	\$190,000
Store/Manage Data	\$80,000,000	\$0	\$70,000,000	\$150,000,000
Info Policy Audit	\$0	\$0	-\$40,000	-\$40,000
Total	\$80,414,400	\$41,583,872	\$75,489,501	\$197,487,773

Savings model for \$50 billion company with 700 active legal matters saving everything: \$197 million



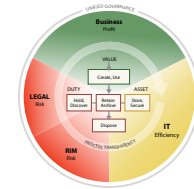
About CGOC

CGOC (Compliance, Governance and Oversight Council) is a community of experts in retention, legal holds, discovery, and privacy exclusively for corporate practitioners. Its charter is to create a forum in which legal, IT, and compliance executives can get the insight, interaction, and information they need to make good business decisions. Established in 2004, it fills the critical practitioners' gap between ARMA and The Sedona Conference, providing the ability to move from theory to efficient practices. CGOC offers corporate litigation, discovery, and records management leaders and practitioners with educational seminars, benchmarking surveys, group workshops, an annual Summit and retreat, white papers by expert faculty, a professional networking website, and regional working groups. Membership in the forum is free to qualified executives. Learn more at www.cgoc.com.



About EDRM

Launched in May 2005, the EDRM project was created to address the lack of standards and guidelines in the electronic discovery market – a problem identified in the 2003 and 2004 Socha-Gelbmann Electronic Discovery surveys as a major concern for vendors and consumers alike. The completed reference model provides a common, flexible, and extensible framework for the development, selection, evaluation and use of electronic discovery products and services. Expanding on the base defined with the Reference Model, the EDRM projects were expanded in May 2006 to include the EDRM Metrics and the EDRM XML projects. Over the past four years, the EDRM project has comprised more than 180 organizations, including 120 service and software providers, 45 law firms, three industry groups and 16 corporations involved with e-discovery. Information about the EDRM project is available at edrm.net.



About IMRM

The first generation IMRM model is more of a responsibility model than a document or case lifecycle model. It helps to identify the stakeholders, defines their respective stake in information and highlights the intersection and dependence across these stakeholders.

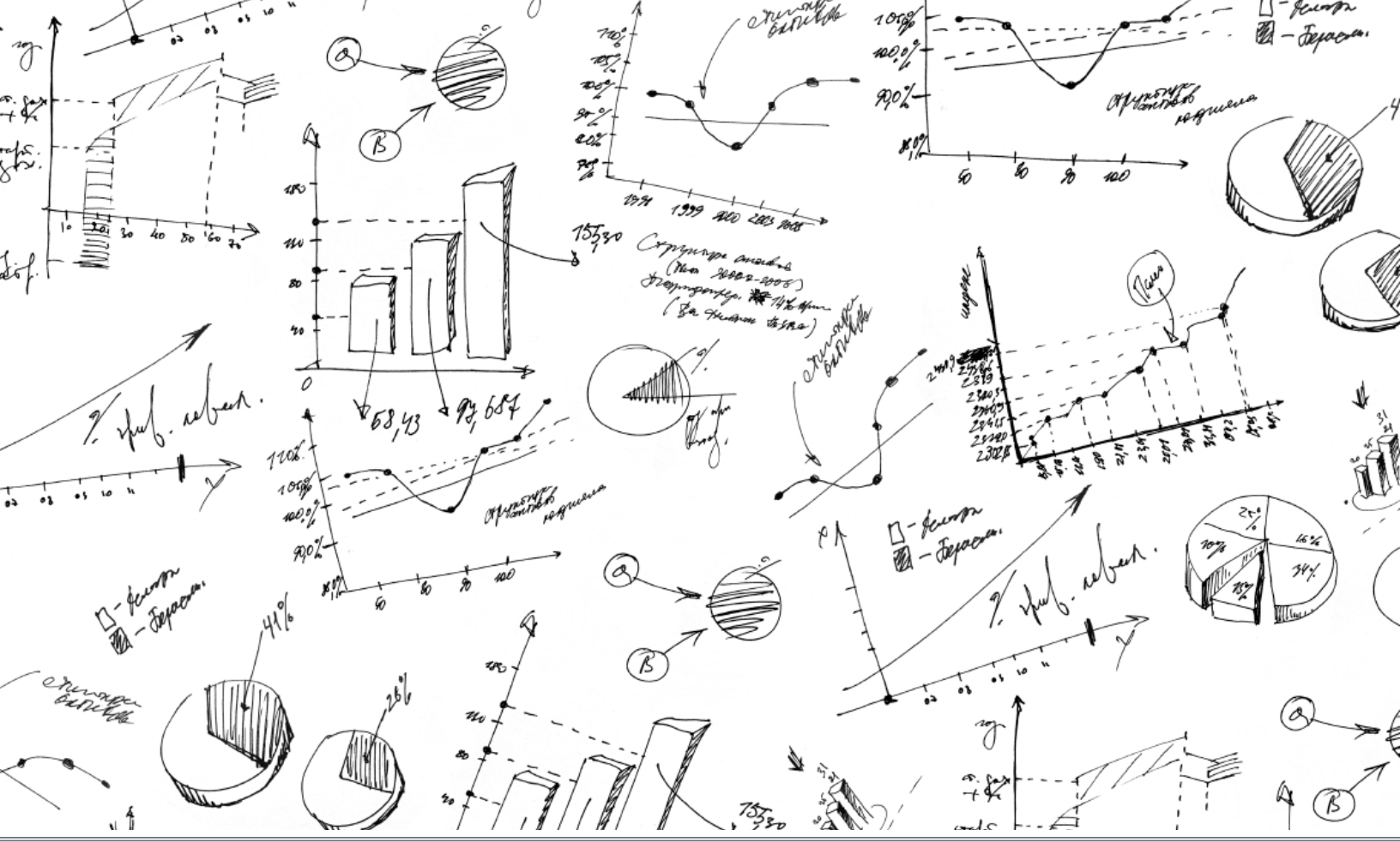
IMRM will be as important as EDRM as a catalyst for process improvement. In many ways, it is more ambitious and constructive because it goes beyond the legal function to the enterprise. Unlike traditional information lifecycle and case lifecycle models (including EDRM), IMRM illuminates the multiple stakeholders in information governance, their responsibilities and inter-dependencies, and the critical importance of linking legal duties and business value to information sources to enable defensible disposal.

IMRM can provide a framework for cross functional and executive dialogue and can serve as a catalyst for defining a unified governance approach to information that links value and duty to information assets.

Over 70% of survey participants said the IMRM provides a “management catalyst” or helps them “organize their efforts.” More information is available at edrm.net/projects/imrm

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