White Paper

Store Less, Spend Less: Managing Data According to Its Economic Value

With a Focus on IBM's Information Lifecycle Governance Solutions

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Conflicting Demands on Storage Management

Introduction: Big Data Can Be a Huge Challenge

The term "big data" is now passing into the common vernacular. Although initially as much about the power of business analytics and data mining, the semantics have now swung to encapsulate data that is just *big and of course, resource hungry, whether in terms of* management, sheer storage capacity, or budgets. In that respect, the numbers are getting increasingly alarming: Estimates suggest that 90% of the world's information was created in the last two years, and 2.5 quintillion bytes of data are created daily.[1] Looking at the costs associated with handling this massive volume of information - it can be $18,000 to handle the e-discovery on just one gigabyte, and $4 million per year to store one petabyte[2] - makes the scale of the data tsunami issue clear. And there's another aspect that doesn't receive as much attention as it should: the discussion about the scale and cost of data is incomplete without an understanding that all data is aging and its value is invariably also declining. Spending the same amount to store all types and pieces of data—or even to keep any data which has no positive value to an organization—is clearly a suboptimal approach from many perspectives.

An "Information Economics" Strategy

Appreciating that data is an asset that has a variable value over time (usually diminishing) is something that has come to the fore as a result of the continued growth of data on the one hand and the continued pressure for cost containment on the other. This "information economics" approach demands the pragmatic management of information/data according to its changing value to an organization.

While it is a storage and business management dilemma that is motivating the need for a fresh approach, implementing data management according to its lifecycle value can also be a boon for IT organizations—not only removing digital clutter from their environments and streamlining data placement, but also allowing them to be seen as (and indeed to be) change agents for strong organizational business and economic benefits.

To summarize this "burning platform" challenge colloquially: There is no way that today's largely flat-line IT budgets can grow in-step or even keep pace with the CAPEX and OPEX costs of storing and maintaining the contemporary deluge of data—much of which has inevitably become less valuable or worthless, but is still invariably spared from deletion.[3] The off-kilter economics of traditional storage approaches is, however, not usually the result of intransigence or a lack of awareness of the problem from IT organizations. The challenge is more one of uncertainty of how to address the problem, which is usually a general corporate issue where many groups want, and should have, a say, possibly combined with an unawareness of innovative software tools available to help analyze the problems, and recommend or implement solutions.

Rather than seeing storage challenges as something that IT organizations are forced to deal with reactively, tools such as those from IBM's Information Lifecycle Governance group can help IT organizations take a lead and be the catalyst for positive change across their entire organizations.

Cost Reduction Remains a Top IT Business Imperative

While the benefits of such an approach are greater than just direct financial improvements, there is no escape in today's competitive and economically constrained world from the blunt fact that saving money is important. Even organizations that previously spent freely on IT infrastructure are looking for ways to stop throwing money at the data sprawl challenge because they have come to realize that big data can't be bought off. This is validated by ESG research, in which 44% of responding organizations indicated that cost reduction initiatives will have the greatest

[1] Source: IBM Press Release: *IBM Completes Acquisition of StoredIQ*, February 2013.
[2] Source: IBM.
[3] Source: ESG Research Report, *2013 Spending Intentions Survey*, January 2013. (50% of respondents had flat 2013 IT budgets, and overall budgets rose less than 3%.)

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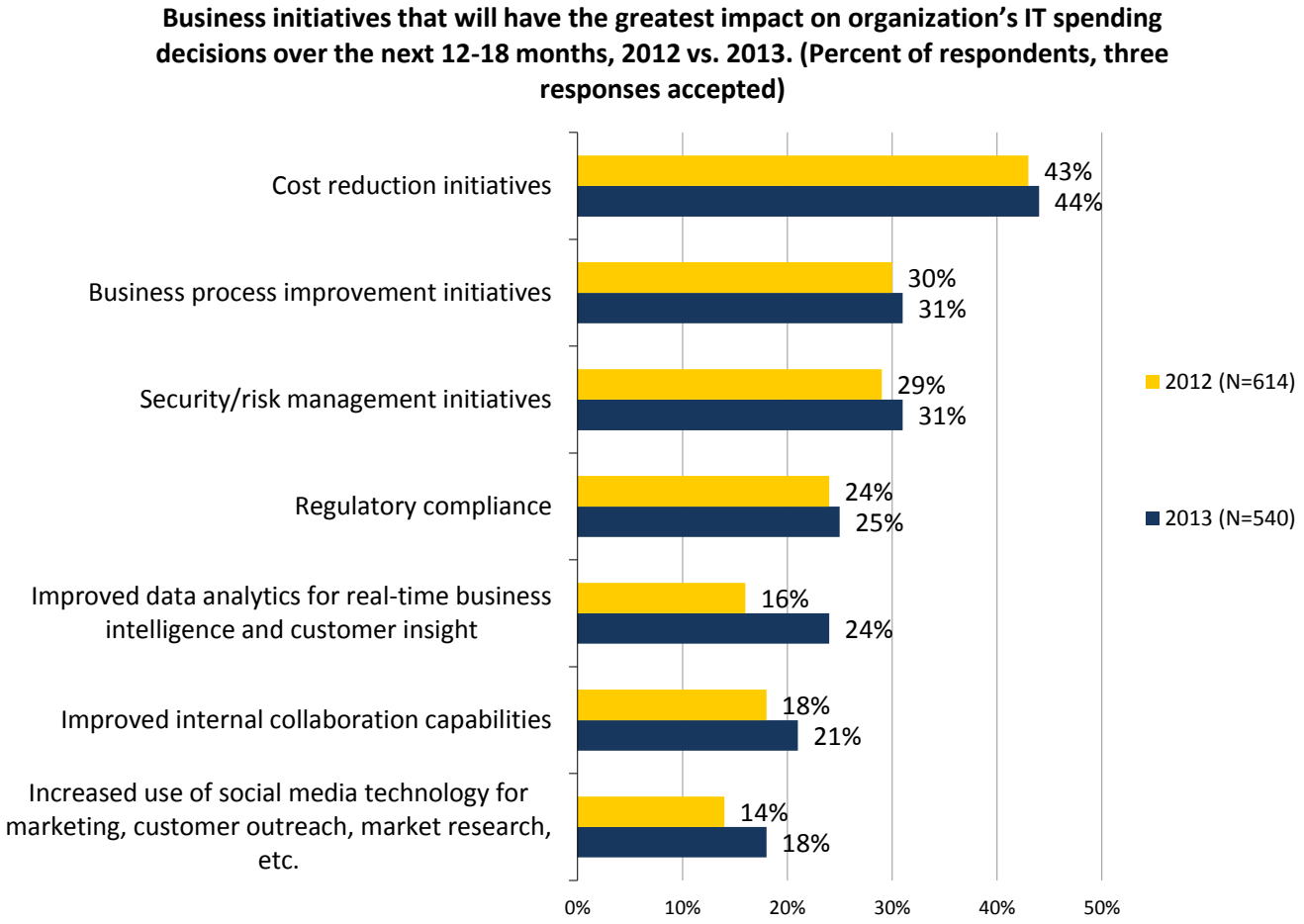
impact on their IT spending decisions in 2013.[4] As Figure 1 demonstrates, the lead for this motivation over all others is substantial, as has also been the case in prior versions of this annual survey.

Figure 1. Business Initiatives Impacting IT Spending Decisions Over The Subsequent 12-18 Months



Source: Enterprise Strategy Group, 2013.

Interestingly, especially for IT organizations that might not have known or considered information lifecycle governance (ILG) before, the approach can address several of these key business initiatives in addition to driving cost reduction. For instance, it can help with business process improvement initiatives—not only by creating a more streamlined IT environment, but also by driving better workflows and processes across the company (and indeed by requiring that cross-functional teams are brought together to agree on the parameters for "taming the data beast," and inevitably becoming a catalyst for other organizational improvements). A similar set of points applies to other key initiatives identified in the survey including security/risk management and regulatory compliance.

Data analytics is an important and fast growing focus for many organizations and—at first blush—might not be seen as something that is positively impacted by an information governance solution; however, high data quality is a key component of effective data analytics and, in turn, such data quality is something that good data governance can deliver. Indeed, it is easy to see how optimized data governance can help with security and risk management because a lower quantity of higher quality data is easier to control, manage, protect, and use.

The ability of information governance to have a positive impact across many aspects of an organization's information ecosystem is reflected in other findings from the same ESG research. Specifically, the one area that is ahead of storage infrastructure when it comes to having the most positive spending outlook for 2013 is cloud computing. While the connections to data governance might not be immediately apparent, there are two main

[4] Source: Ibid.

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points. First, one of the biggest drivers of cloud storage is data archiving, and that means data that is heading to the cloud requires good governance as well. Secondly, another crucial driver motivating the use of cloud storage is that IT organizations are trying to save costs—even willing to accept less control—by using the flexible cloud "rental" model to avoid the higher and more capital intensive costs that often come with on-premises storage. If an information governance model is successfully implemented and appropriate data can be routinely disposed of in an orderly and defensible fashion, then there may no longer be a need for organizations to look for such overflow capacity—and instead retain control and management of their data in their own data centers.

Erroneous Beliefs Lead to Runaway Data Growth

An abundance of short-hand phrases explain the reasoning behind the current norm of keeping most data—often all data—forever. The simplest explanations are because "we have to" or "just in case." But the truth is that while the IT group may utter these phrases, it most probably didn't come up with the rule and more likely doesn't want to be in the situation of upholding it. Often, they are strong beliefs, based upon some indication from the legal team, risk management, the records department, or a business unit. In other words, IT believes or has been given direction that that's what the business demands. These are rarely arbitrary statements and approaches developed out of a desire to operate a lot of "data real estate." After all, it only makes IT's life more difficult. The truth is often that no one really knows, so the policies become driven more by corporate inertia rather than considered innovation.

ESG research data provides good evidence of why the situation is what it is. When ESG surveyed IT and business professionals to ask why they believed their organizations don't dispose of data, a significant majority, 65%, indicated that it is driven by the fear of not being able to locate and deliver data to the business functions requesting it (see Figure 2).[5]

- 36% cited fear of inability to furnish data requested as part of a legal or regulatory request.
- 29% indicated a fear of inability to furnish data for business needs, i.e., reference purposes.
- 22% reported that policy dictates that we keep all data forever/indefinitely.

[5] Source: ESG Research Report, *Defensible Disposition in Practice: Perspectives from Business and IT*, December 2012. All ESG research references and charts in this white paper have been taken from this research report unless otherwise noted.

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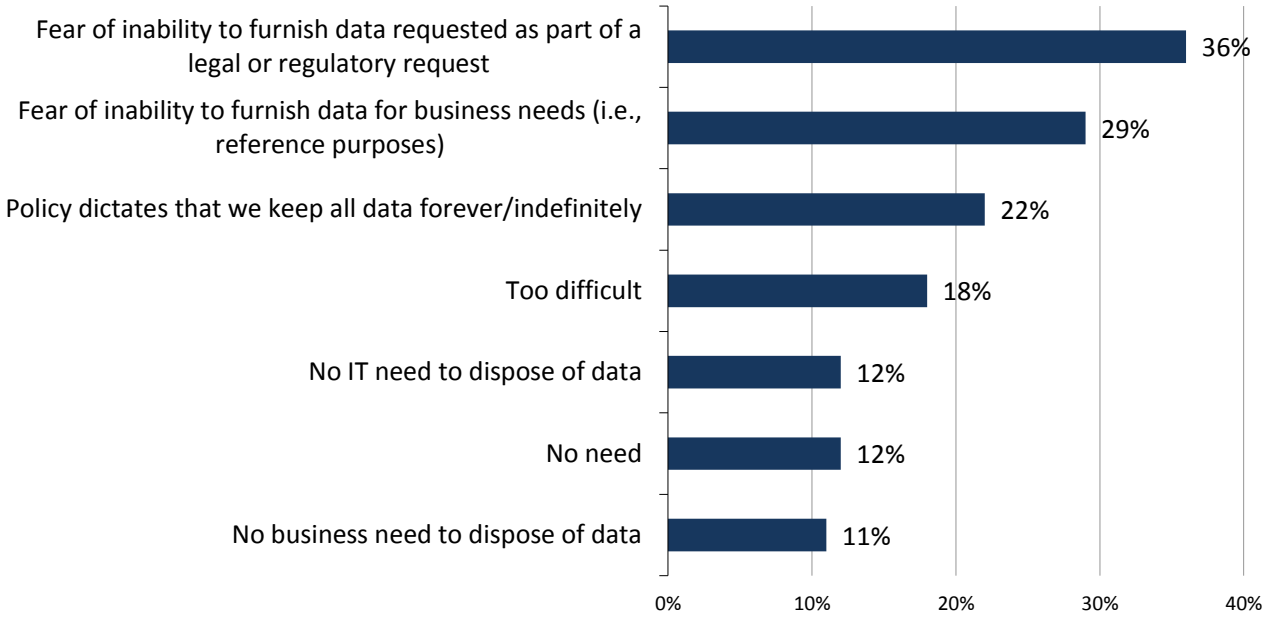
Figure 2. What Stops Organizations from Disposing of Data?

Why do you believe that your organization does not dispose of data? (Percent of respondents, N=83, multiple responses accepted)



Source: Enterprise Strategy Group, 2013.

For both the first and second responses shown in the data above, it's perfectly conceivable that the IT group has been caught in such a situation once before. This is not to suggest that some IT managers are not contributing to prolonging the pain: Often, one can hear the cultivated but incorrect assertion that it's cheaper to keep data than to get rid of it, but—to be fair—that's often a case of trying to apply logic to the underlying fact that there's no good way to know what to throw away and what to keep. The research confirms that many organizations simply perceive blind data retention as the safest path (even if it's expensive). Data deletion therefore all too often becomes anathema to the corporate belief structure.

Unless someone with the appropriate solutions is able to give IT managers accurate, supported, credible, and agreed reasons to either move data or dispose of data, then they are going to continue to take the safest, and perceived *only,* option and just keep it all. This, of course, includes having to accept the ongoing costs associated with keeping all that data, e.g., storage arrays, power, cooling, floor space, staff, backup licenses, and more. IT cannot be faulted for taking such a conservative approach to storing and protecting corporate data for which it has invariably not been given adequate transparency to its value in order to effectively manage the retention and, more importantly, the disposition of data that no longer has value to the organization. Achieving this objective requires ongoing collaboration across functional disciplines to establish consistent data valuation methods that IT can leverage to define policies upon which it is able to execute.

A Note on 'BYOD'—A Big, Unfettered Driver for Data Growth

Another new trend in IT threatens to stretch the data management and retention paradigm even further, even faster than was naturally occurring with organic growth; it is the fast-expanding bring your own device (BYOD) phenomenon. This represents a distinct challenge for corporate governance as IT departments struggle to protect important data and ensure that data of no value is removed on a timely basis to mitigate the risk of it escaping through more "cloud-like" private/public infrastructures. At the same time, IT must satisfy the growing data demands of newly empowered employees to enable distribution of data to their mobile devices that has the right protections in place such that it can be done safely and securely.

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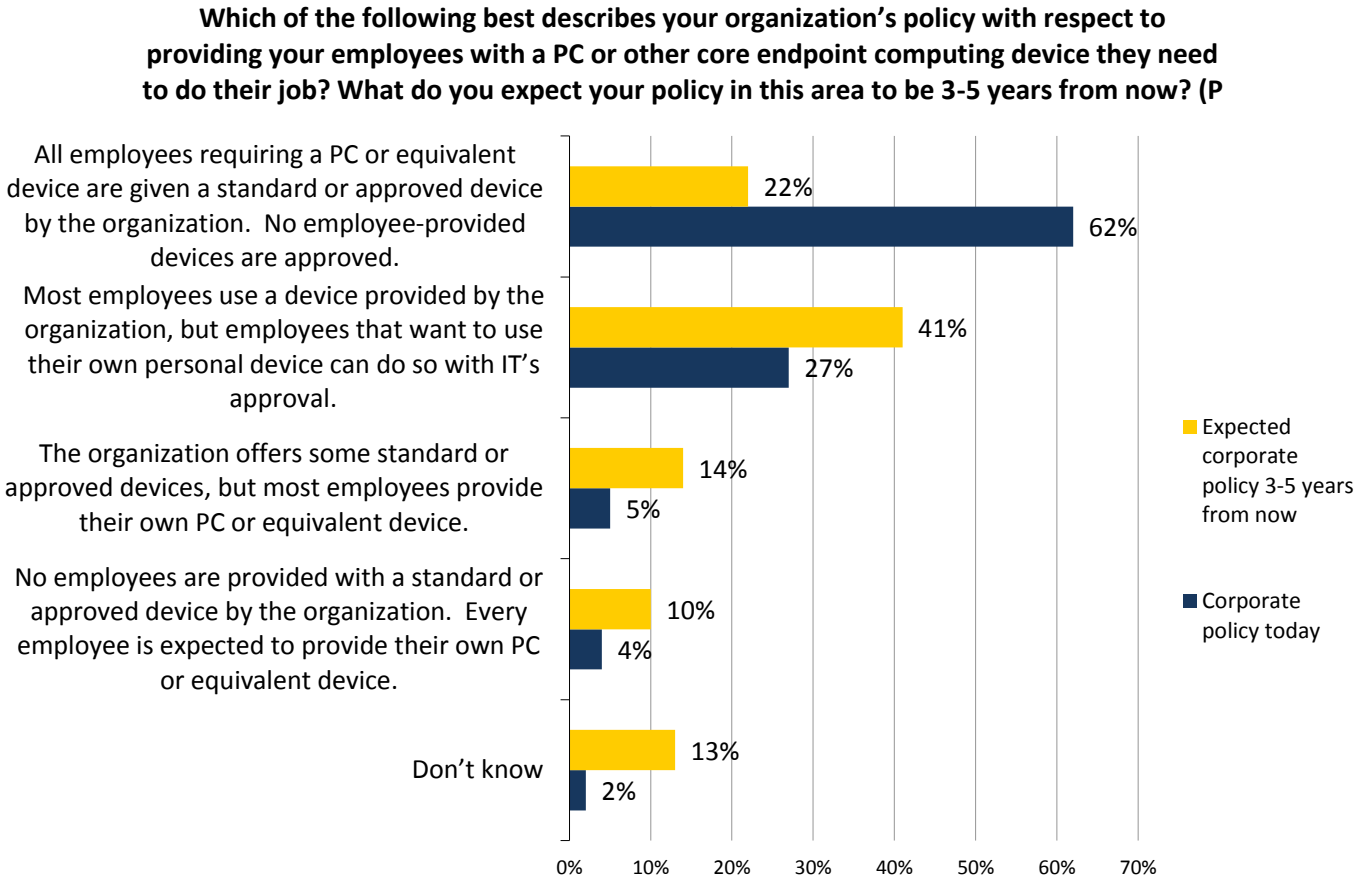
The scale of the issue is evident in the shifts reported in Figure 3.[6] Today, a little more than a third (36%) of respondent organizations support some type of BYOD policy (with varying levels of formality), a share that is expected to jump to nearly two-thirds (65%) of organizations over the next three to five years.

Figure 3. Policies and Expectations Around Personal Devices in Corporate Environments



Source: Enterprise Strategy Group, 2013.

This will be a significant driver to improve information governance. Additionally, anecdotal evidence from myriad user discussions shows that many organizations are pursuing internal file sharing solutions—a corporate DropBox, if you will—as they recognize the benefit of a private cloud infrastructure for such activity and in support of BYOD.

Changing the Status Quo

It seems as if we've all become "pack rats" when it comes to storing our digital information, and often the information isn't accessed again or only very infrequently. It should be a recurring and standard practice to automatically delete all of the data that no longer serves a useful purpose. However, for all the reasons mentioned earlier, IT simply doesn't—and very often cannot—know what information the organization might need or how to determine its potential future value. As the situation continues to escalate, the time is ripe to engage stakeholders across functions and collaborate to establish agreed-upon, practical, and compliant organizational policies. The tools exist, but also require someone to lead the endeavor.

[6] Source: ESG Research Report, *Mobile Device and Application Usage Trends*, *August 2013.*.

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Opportunity for IT Leadership

Forward-looking and innovative CIOs and storage/IT leaders—who are all painfully aware of the big data juggernaut—can help their organizations by taking a fresh look at how they can benefit from driving an ILG program—which is all-but guaranteed to reduce costs and improve business processes. Perhaps an excellent way to kick-start this would be by starting to measure and reward improvements in data reduction: This naturally has to be an organized, managed process based on agreed policy, but it would a) challenge the assumption that the organization is best served by everyone keeping everything, and b) start the cross-functional efforts that are prerequisites to a successful and comprehensive data governance effort.

Individual data center or storage managers can and should act as their own advocates by reaching out to their risk management, records management, and/or legal colleagues to champion an active information lifecycle governance program; they can propose that data be managed according to its dynamic economic value rather than passively accepting the burgeoning repositories as a necessary evil. It does not matter how the situation developed—IT can establish itself as a change agent driving business value rather than simply a services organization and cost center. Given some coordinating leadership, most functional groups will welcome the initiative and see the value—after all, proposing ILG is akin to proposing a wellness center rather than always having to turn to hospitals and triage. To extend the analogy, before looking at the "cure" of ILG, it's worth reviewing how data healthcare is at least attempted today.

Data—and Storage—Reduction: Some Existing Options

IT departments and vendors know that they have to be more efficient when it comes to dealing with big data. Toward that end, they are already likely to be making attempts to reduce and optimize the amount of storage capacity that their organizations need to support their users and business. More explicitly, they want to reduce the actual physical storage they need, and use the storage capacity they have more effectively. Coming full circle, it's obvious that these two things are necessary because continuing—and compounding—data growth is outrunning the ability of budgets to support it. It's simply unsustainable, but ironically organizations have managed to put off addressing the issue rather than investing in developing the capability and guidance for safely moving or deleting data. This approach has reached its limit as the investment necessary to mitigate unbridled storage costs continues to increase with the amount of new data being created every day.

Underutilized Tools

Clearly, changes are needed. For example, in addition to disposing of data, organizations need to employ more granular, automated software capabilities that enable them to freely move data on and off expensive storage tiers based on its value. This can be augmented by a wide range of storage management tools, including such things as thin provisioning, flash (which, amongst other things, can reduce over-provisioning, or short stroking), data compression, and data deduplication (the latter two are obviously most effective to the overall required physical storage capacity if they are performed inline rather than post-process).

These tools help storage and IT managers to do two things:

- Get the sheer volume of data and storage capacity down—or at least slow the rate of growth to fall more in line with budgets.
- Reduce the cost of storing what IT is genuinely compelled to keep for legal and regulatory purposes and/or business initiatives.

Realistically though, these tools are, at best, only partial solutions, yet they are readily available and can certainly help organizations capitalize on their existing IT assets. Admittedly, it's something of a "kicking-the-can-down-the-road" strategy inasmuch as everything is still being stored yet slightly more efficiently, and with a good chance to hold off on new capacity purchases for a while longer than expected. It is surprising, therefore, that even a relatively simple tool such as thin provisioning that comes standard on most storage systems is often poorly utilized. With the flip of a switch, it instantly provides more efficient use of available resources. It's like putting a

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fuel additive into your gas tank that doubles mileage per gallon. Despite the bountiful benefits, however, the average use of thin provisioning hovers at not much over a perplexing 50%.[7]

However, the best way to store less—*and therefore to spend less*—is still to thoughtfully delete data through an organized and controlled method that considers its value as well as compliance and retention requirements. But how do you know the economic value of the data and whether to move or delete it? In lieu of that knowledge, IT managers are understandably apprehensive and hesitant of making radical workplace alterations (especially given the risk of major changes in a production environment that seems to be running just fine). As a counter to the apprehension associated with this conundrum, it also provides the perfect entrée for innovative, could-be converts to data optimization. Methodologies such as defensible disposition can help users cut through the internal barriers that have prevented them from fully assessing the value of data so it can be effectively retained and, with appropriate controls, deleted.

Defensible Disposition

The defensible disposition of data can be viewed as the intelligent (user-parameter driven) scrutiny of data over time to determine its economic value to an organization, and then its ultimate place in either the storage hierarchy or safe removal to the digital scrap heap once that value is either nonexistent, or worse yet, the data is economically unviable (creating a negative value and/or risks for the organization).

This approach is part of a larger methodology known as information economics, which describes not only the defensible disposition—data that can be safely disposed of based on a set of policies and rules—but also the economically viable disposition that pertains to deleting data that is not worth saving because it is costly and risky for an organization to continue to do so.

According to the results of ESG research querying IT and business professionals, defensible disposition is strongly policy-driven. When asked why they believe their organizations will increase their annual volume of data disposition, 76% of respondents indicated better enforcement of policies, while 69% cited improvements to policies.

When it comes to creating data disposition policies, more than 75% of respondent organizations report that records managers, legal departments/general counsel, and/or IT teams are involved in this process. External parties—whether they be accounting firms (31%), outside counsel (23%), or service providers (12%)—were significantly less utilized when it came to formulating data disposition policies than internal groups. However, it should come as no surprise that data disposition policies are *set*—or *will be* set—at more than half of organizations by either records managers (38%) or legal teams (21%). This is because these groups are often well versed in both the legal and regulatory requirements that govern how certain information is managed.

An interesting thing happens when it comes to the execution of data disposition policies, i.e., the actual removal of data: IT, which was significantly less responsible for the creation of data disposition policies than records management and legal departments/general counsel (11% versus 38% and 21% respectively), dramatically moves up to eclipse those two departments as 73% of respondents reported IT is responsible for this execution in their organizations. Also, 53% of business professional respondents reported that their organizations' records management groups are in charge of enforcing these policies.

[7] This number is consistent from private research that ESG has conducted for clients, and is supported by recent conversations with end-users and vendors alike (the latter group can often track what tools its users are actually using and product managers are frequently shocked to find that 50% is a good average for the active use of thin provisioning).

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Enter Information Economics

Information economics is a strategic concept designed to bring order to the chaos of blind and excessive data retention by truly understanding the value of organizational data. ILG is then a core component to actually delivering the improved economics by:

- Assisting enterprises in deriving value from data assets.
- Enabling a more efficient response to litigation and regulatory demands.
- Automatically disposing of information that has outlived its purpose.
- Improving the quality of information within the organization.

IBM combines the rigor of and insights from information economics with its Information Lifecycle Governance capabilities to help the various functional areas within organizations recognize their mutual interests as joint stakeholders in corporate information, and ensure that the storage and infrastructure manager is motivated as much as the legal and records groups to participate. It effectively identifies the cost and risk benefits accruing to each stakeholder resulting from an ILG program providing additional incentive to work together.

In order to jointly prosper in this environment, stakeholders need a unifying force that bonds them in their common need for a data optimization solution that enables them to dynamically determine the storage tier appropriate for specific data at a particular point in its lifecycle based on its economic value at that time. That way data can be stored and accessed more cost effectively, and is allowed to be disposed of before it assumes a negative financial profile.

The Economic and Organizational Value of Forecasting Data Disposal

This contemporary approach works by forecasting—based on programmatic knowledge, analysis, and algorithmic learning —data disposal as it "ages out" so users can forecast freed-up capacity (this will, of course, allow cost savings to be enjoyed and/or lengthen the purchase horizon for new storage). The joint stakeholders don't all need to understand the intricate specifics of how this application works; they just need it to work consistently in their organizations to the point where they, along with other colleagues, trust a platform vendor to automatically and continuously make these data placement and retention decisions. Organizations usually begin this journey by focusing on areas where risk and costs are concentrated. During this incremental, interactive process, the solution vendor consults closely with customers, making recommendations and soliciting feedback so there are no surprises or sudden jolts along the way.

This approach also brings together the key stakeholders to drive an optimal outcome:

- *Business users*, who employ applications and collaboration systems to get and use data
- *Application owners,* who self-provision or request storage when applications are launched
- *The legal team*, which knows what data needs to be kept for the purposes of potential litigation
- *The records or compliance team*, which manages regulatory obligations, including records retention and the protection of secure information

Defensible disposition can help these stakeholders cut through the internal barriers that have prevented them from fully assessing the value of data so it can be productively maintained or deleted. Adherents will be pleased to learn that once they have less data in the environment, their management burden will be further reduced. This is obvious but not always appreciated in advance. Lower OPEX and CAPEX will also be cumulative since there is less to back up and less growth each year. This enables stakeholders to not only defer expenses, but also manage data with less expensive equipment in the long term because they do not have to compensate for overloading by either over-provisioning and/or buying expensive performance enhancements. Achieving all this in the safe knowledge that all the necessary legal and fiduciary bars have been cleared is both the promise and value of ILG. After all, every

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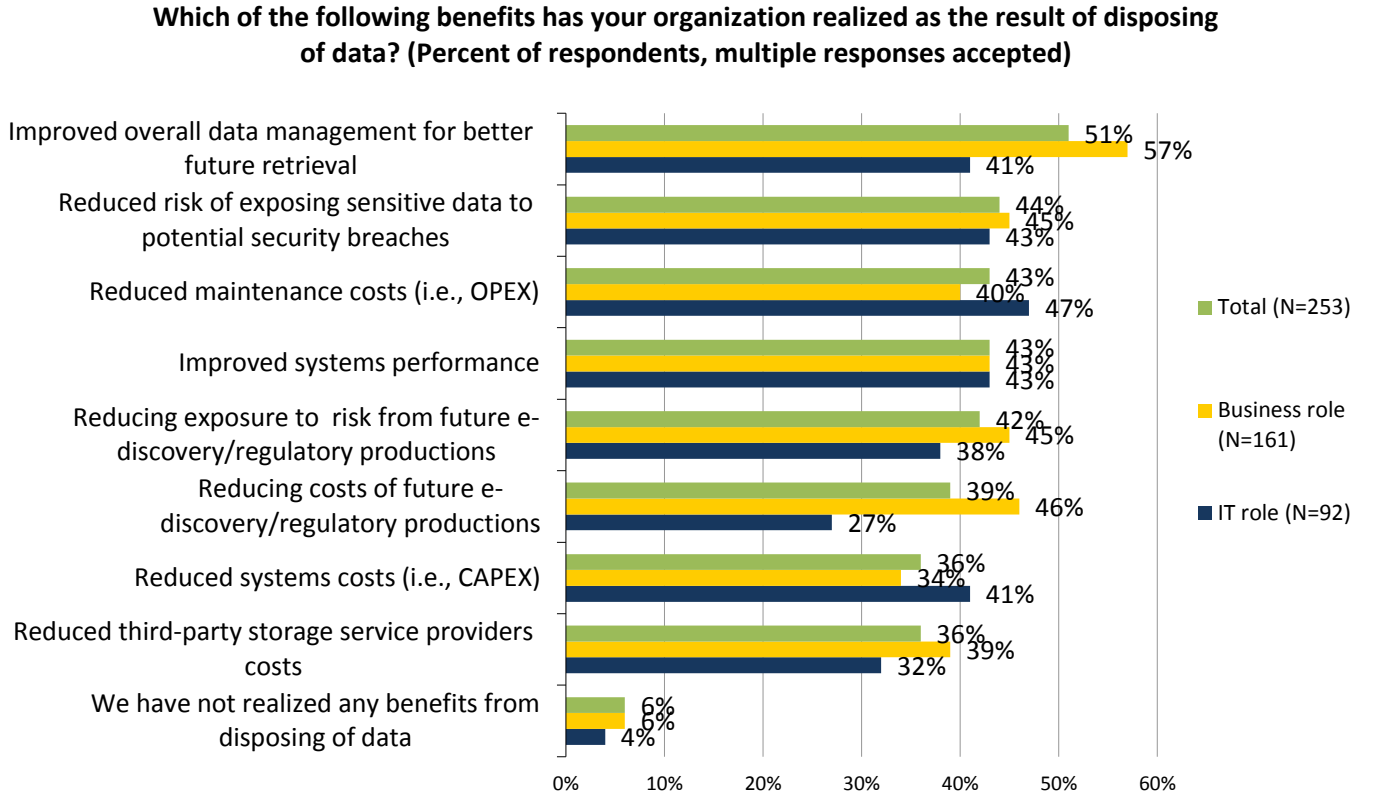
storage user would like to reduce the size of their data stores, but—as explained—ends up keeping too much because what *must* be kept is (or at least traditionally has been) hard to differentiate from what need not be kept.

Storing What's Needed with Greater Efficacy

Determining risk is a major factor in storage management decisions, and hanging on to data that has low, or essentially no, organizational value can be a very bad risk, especially in highly litigious industries where it may open companies up to needless exposure and ongoing maintenance costs. *Too much* data can actually ratchet *up* the risk factor by increasing the costs of e-discovery (think about it as searching for a needle in a bigger haystack) and allowing even more investigation than is actually required by law, courtesy, or business. Having a smaller set of the most relevant data *not only enhances e-discovery prospects but also leads to higher data quality by making it easier to filter out the trash, devalued, and downright undesirable bits and bytes, while retaining the gems.* Moreover, higher data quality is a critical element in the big push to optimizing data analytics, and strong governance is a key contributor to improving quality.

Figure 4 shows the results from ESG research into the benefits organizations have actually realized as a result of data disposition. It reflects these reduced risks from a couple of perspectives as well as highlighting other improvements.

Figure 4. Benefits Realized From Disposing Of Data



Source: Enterprise Strategy Group, 2013.

The issues are not only about reducing the negatives, but also about enhancing the potential positive impacts. For instance, risk must also be evaluated in terms of the opportunity cost associated with valueless data. With so many IT budgets constrained, leveraging data disposition savings to fund other resources that could add value without adversely affecting the bottom line is a significant benefit. For example, once data is deleted, charge-backs to business owners can be reduced, which could free up capital for more productive pursuits that are needed by the business and/or conceived by agile, imaginative, and open-minded IT practitioners. This kind of progressive thinking could bloom into a host of productive initiatives if only information economics stakeholders existed in an open

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world where they could calibrate their ideas based on the status of corporate data. Until that day arrives, ingenuity and innovation will continue taking a back seat to inertia.

IBM's System-centric Approach

The assessment and disposition of data is as much a human issue as it is a technology challenge. As would be expected, IBM has addressed it with a systems-wide approach based on its Information Lifecycle Governance solutions, which provide data archiving and tiering for both structured and unstructured data along with tools that evaluate data utilization and value.

IBM Profile—Information Lifecycle Governance

When IBM acquired StoredIQ in February of this year, it gained an expert group and a capability that is dedicated to using information lifecycle governance as a means to rein in the seemingly infinite, uncontained explosion of corporate data. Now, more than ever, IBM is all about helping clients derive value from big data, respond more efficiently to litigation and regulations, and automatically dispose of information that is no longer worth retaining.

Information lifecycle governance highlights include:

- Identifying and classifying records according to business-defined requirements based on the economic value of data
- Taking immediate action to place records in their proper locations and setting retention periods
- Cleaning up outdated records with no business value
- Providing in-place, automatic analysis and classification of data without requiring knowledge worker involvement

Big data has pressured organizations to implement information as a strategic, enterprise-wide priority that has a far-reaching corporate impact. No longer under the control of already overworked IT and records management teams, IBM is attacking big data from all angles via the principles of information economics. Information economics is ultimately not about a fancy theory with a lot of complex formulas; any complexity is subsumed beneath a common-sense approach for maximizing the overall value of data by understanding when it is no longer a measurable, valuable asset, and then deleting it.

Have no doubt about the importance of this simple, strategic tool: In recent ESG research, respondent corporate counsels listed information governance activities such as data expiration and data mapping as top priorities for their internal e-discovery process, surpassing even response initiatives such as investing in e-discovery technology, tracking costs, or hiring internal staff.

IBM is doing this by assessing business value, and what should be provisioned, decommissioned, archived, or deleted, so actions are more automated, transparent, and interlocked with other key business processes across the stakeholder spectrum.

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The Bigger Truth

IBM's Approach to Information Lifecycle Governance

IBM's active management approach to ILG that enables data disposition relies on policy-based data management to automatically move data between high-cost and low-cost storage media—which is becoming increasingly necessary—and allows organizations to manage data based on something other than some heavy-handed first-in-first-out algorithm or AINO (all in, never out). By deploying IBM's Information Lifecycle Governance solutions, organizations can improve their information economics strategy, reducing CAPEX and OPEX information costs and risk while maximizing data value. All corporate stakeholders benefit with IBM's approach and solution including IT, legal, records, and the overall business, through comprehensive information governance solutions, which encompass defensible disposal, value-based archiving, e-discovery, and records retention management.

On the technology side, IBM's Information Lifecycle Governance solution improves the information economics of an organization by helping infrastructure owners understand the value of data and make better strategic choices about using, retaining, and disposing of it. When ILG is properly applied, deletion can and should not only be *defensible*, but also *economically desirable* from a business standpoint. By doing so, big, *useless* data becomes right-sized, *useful* data!

What IT and Storage Managers Should Do

Not all data—or storage—is inherently valuable, even though the naturally conservative nature of IT managers often drives them to hang onto all of it. This unsustainable position is really a vicious circle because data requirements are going up faster than budgets can support them and faster than the price of storage is coming down. It's not that conservatism is bad; it's the natural result of IT's lack of insight from across the organization about rules and policies for data retention, disposition, and legal holds.

It's important for IT and storage managers to consider the possibilities, and then to research and realize the upside of a thoughtful data disposition approach. IT can take the lead in the organization by engaging the legal teams, records, and risk management to illustrate the possibilities that were always intuitively desirable but seemed to be simultaneously unattainable. By getting these joint efforts started, IT leaders can champion the active management of data according to its legal, regulatory, and economic value. It is safe, secure, sensible, and advantageous for IT and the business.

Opportunities abound for savvy data center and storage managers to reinvent themselves and play prominent roles in driving the adoption of data disposition frameworks. The thought process should consider ways to deploy and operate information technology in a way that provides more efficient and effective data management with transparency to stakeholders, which is critical to organizations that are becoming increasingly data-driven. This is especially true in this age of mobility, the cloud, and virtualization technologies that require flexible and agile access to information that is properly protected and governed. By filling the vacuum left by traditional—and frequently disjointed—data (non)disposition schemes, organizations can benefit in myriad ways, while the IT organizations that lead the change can become both more valued, and more valuable.

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