

Forrester Research/ARMA International Survey: E-Discovery and Regulatory Demands Ramp Up Tech Adoption Plans

Survey results highlight dissatisfaction, major technology purchase plans, and hurdles with complexity, high costs, and synchronization

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Is the glass half full or half empty?

A year ago, Forrester Research and ARMA International collaborated on a study and found that more than half of records managers planned to ramp up technology deployments. Of the more than 300 technology and strategy decision makers responsible for records management in the joint survey fielded in mid-2010, 63% of stakeholders said they plan to expand or roll out new records management products in 2011.

This supports what Forrester Research has been saying: there is significant change going on in the market, and the complexity of standards and amount of data are forcing organizations to address their records management, e-discovery, and archiving efforts now.

But digging deeper into the results reveals there are still major issues facing organizations. Only half of stakeholders report satisfaction with current solutions. Three in 10 have more than 50 retention policies. A relatively high 39% of buyers have yet to determine their software budgets for 2011. Only 16% are very confident about their e-discovery capabilities.

Clearly, the market is in transition – but there’s no doubt of its organizational importance. Here is a closer look at some of the results from the survey.

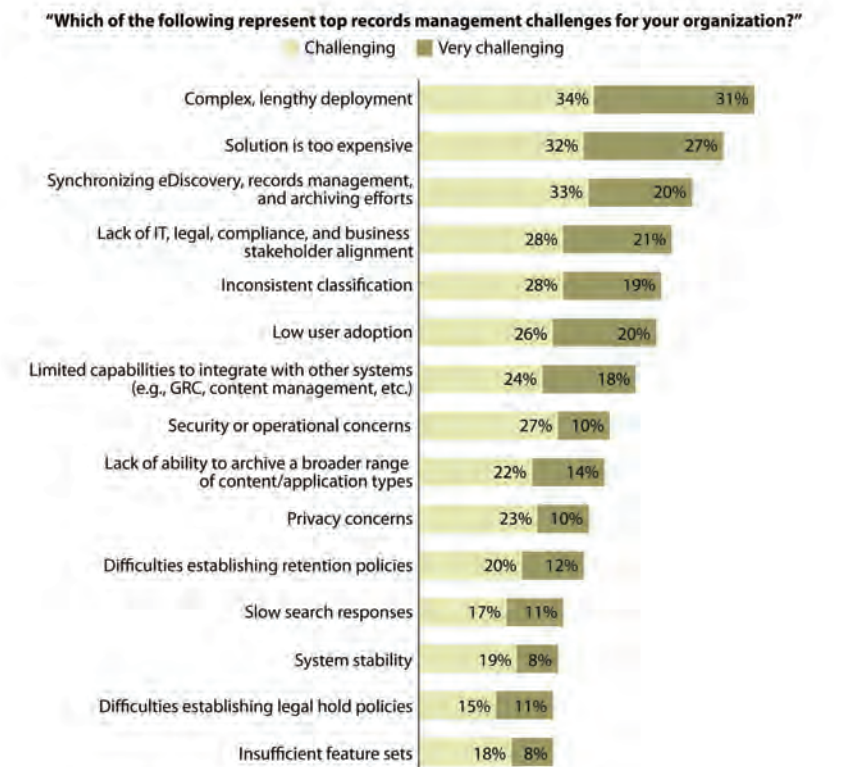
Only Half of Stakeholders Report Satisfaction with Current Solutions

With thousands of deployments and a large number of vendors offering solutions, records management is a mature market. The market, how-

ever, continues to progress through a difficult transition phase.

The vast majority of legacy deployments focus on managing physical records or on enforcing policies on a small subset of enterprise content. In seeking to expand this reach and

Figure 1: Complexity, Cost, and Synchronization Challenge Successful Records Management



Base: 334 technology and strategy decision-makers with responsibility for records management
 Note: Some answers were not included.
 Source: Forrester Research And ARMA International Records Management Online Survey, Q3 2010
 Source: Forrester Research, Inc.

apply retention policies across an expanding set of information assets, only 54% of survey respondents report satisfaction with their current records management solutions.

Records management stakeholders outline technical limitations with their current applications, but the top challenges don't focus on the technology itself. Instead, concerns focus on (see Figure 1):

- The complexity and duration of deployments
- Significant expense
- Difficulties synchronizing related efforts like e-discovery and archiving
- Challenges in aligning with other stakeholders, such as IT, legal, compliance, and business
- Inconsistent classification
- Low user adoption

Along with careful application selection and technical planning, successful records management programs require effective policy development, change management, and internal coordination across different organizational roles. Without appropriate information governance, records management efforts stumble.

Budgets Remain Uncertain – Yet Include Major Software Costs

For records management stakeholders who plan to expand or roll out new records management products in 2011, 17% have budgeted more than \$250,000 for software licenses (see Figure 2). Again, the glass appears half full but, reflecting comparable uncertainty results from Forrester's 2009 survey with ARMA International, 39% of these buyers haven't yet determined their software budget.

With a broad array of pricing models across vendors, with many charging separately for supporting modules such as SharePoint and SAP connectors, federated records management (FRM), and other add-ons, navigating software licensing isn't

Figure 2: For 17% of Buyers, 2011 Records Management Software Spending Will Top \$250,000



Figure 3: 30% of Records Managers Report More Than 50 Retention Policies



Figure 4: Multiple Teams Contribute to Establishing Retention Management Policies

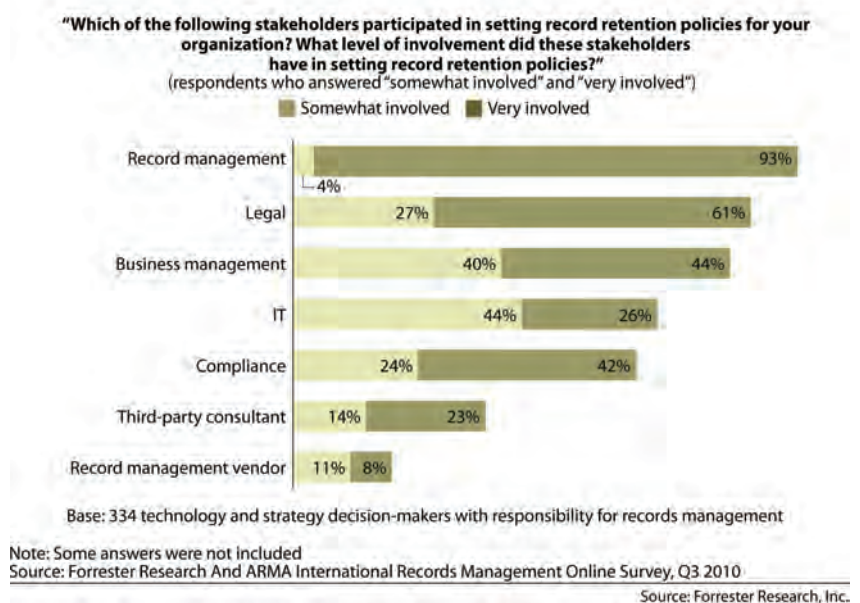


Figure 5: The State of Legal Hold Integration with Records Management Is Bleak

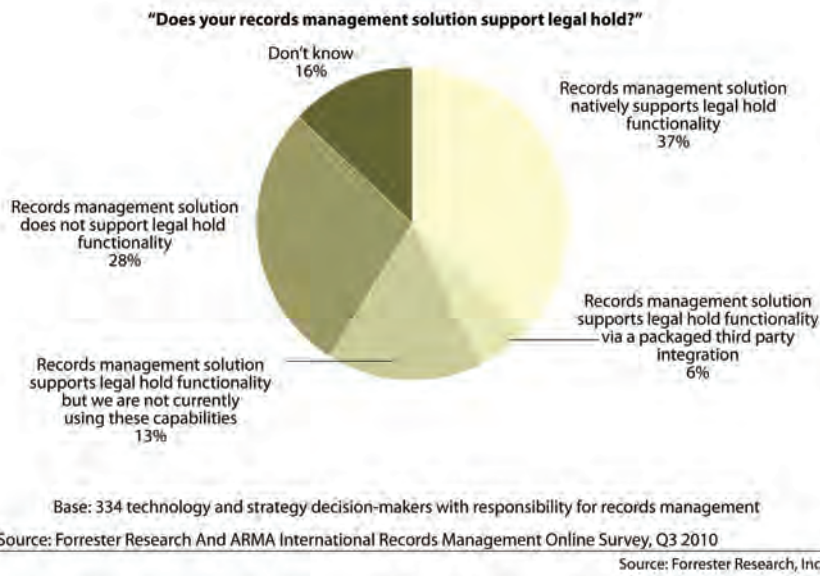


Figure 6: Organizational Structures Are Fragmented, Yet RM Increasingly Reports into Legal

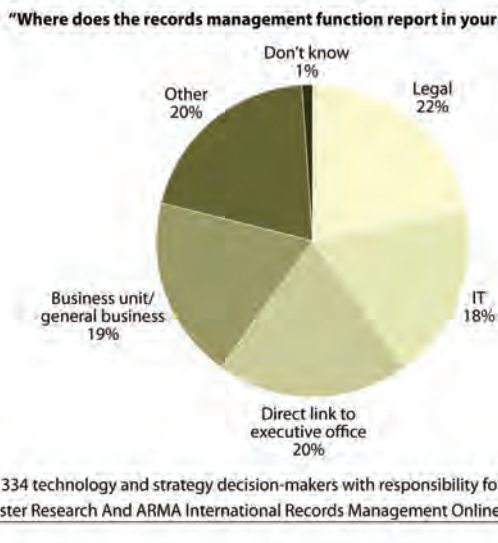
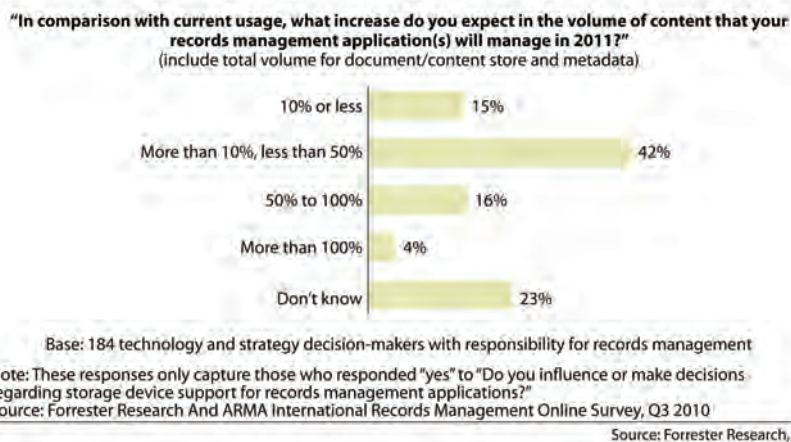


Figure 7: Records Managers Expect Sharp Increases in 2011 Storage Requirements



trivial, especially since many vendors offer records management leveraging their enterprise content management platforms. Also, software licensing typically represents just a fraction of total solution costs – services supporting change management, deployment, integration, and training can account for significant additional cost.

Complexity Rules: Three in 10 Have More Than 50 Retention Policies

Multiple factors contribute to lengthy and expensive enterprise records management deployments. For many organizations, however, complex classification schemes with multiple retention policies prove problematic. Thirty percent of records management stakeholders report that their organization has more than 50 distinct retention policies for records (see Figure 3). This array of options can be confusing to some users, thwarting adoption and leading to classification complexity. Records managers perceive inconsistent classification and low user adoption to be difficult, with 47% and 46%, respectively describing this as challenging.

Establishing retention policies to support records management isn't easy – about one-third of records management stakeholders rate this as challenging. Enterprises report that cross-functional collaboration is key for successful RM programs. Given conflicting priorities and different retention objectives across functional roles, however, establishing retention management policies can be complicated. More than half of survey respondents state that personnel from records management, legal, business management, IT, and compliance participate in setting record retention policies. To supplement these efforts, more than one-third of records managers work with outside consultants to establish retention policies (see Figure 4).

Whether through formalized reporting structures or through collaborative cross-functional e-discovery programs, records management and legal teams are increasingly working together to meet regulatory objectives while mitigating legal risk.

Nearly Two-Thirds of Records Managers Plan to Roll Out or Expand Deployments in 2011

Sixty-three percent of records management stakeholders expect to ramp up deployments in 2011. Needs to manage a broader array of electronic content, support regulatory requirements, and ease e-discovery pain continue to drive demand. Enterprises report plans to deploy solutions from multiple providers and many will be undertaking vendor selection efforts over the next 12 months. Vendors frequently mentioned in the survey include: Autonomy, EMC, HP, Hyland, IBM, Iron Mountain, Laserfiche, Microsoft, OmniRim, Open Text, and Oracle.

Among those planning to purchase records management solutions next year, 23% have not yet decided which offering they plan to roll out or expand in 2011. In addition to vendor fragmentation and buyer uncertainty about providers, current implementations and expected deployments are characterized by the following:

- Enterprises report increased demand for FRM solutions, providing the ability to apply records management controls in external repositories. Driven by needs to support a consistent framework for administration and retention, 12% of records management stakeholders state that they are currently using a FRM solution and 23% plan to expand or roll out a FRM solution in 2011.
- In contrast, about one in 10 records

management stakeholders report current usage of software-as-a-service (SaaS) solutions for records management. Survey data show that this figure will hold steady for 2011. Security concerns and lack of familiarity with these solutions, along with legal and privacy concerns, are top adoption barriers for SaaS RM solutions.

- Microsoft released SharePoint 2010 in the first half of 2010. As of mid-2010, very few enterprises were using the offering for records management in production environments. Microsoft Office SharePoint Server (MOSS) 2007 usage for records management, however, is significant. Among organizations expecting to purchase solutions in 2011, more than one-fifth plan to leverage SharePoint for records management. Those expecting to use SharePoint in 2011 anticipate using a variety of records management approaches, including records archive and in-place records capabilities in SharePoint 2010, as well as integrated third-party vendor products.

Records Managers Struggle with E-Discovery

Ongoing exchanges with enterprise records managers illustrate major e-discovery challenges. A closer examination of this market reveals:

- Less than half have integrated legal hold with records management. Upon reasonably anticipating litigation, organizations must suspend

routine document retention/destruction policy and ensure the preservation of relevant documents. Technology can support this imperative. Unfortunately, only 43% of decision makers report that their current records management application supports legal hold natively or via packaged third-party integration. The remaining 57% of respondents state that their application doesn't support legal hold, they don't know if it does, or they simply don't use the included legal hold capability (see Figure 5).

- Confidence in e-discovery capabilities is painfully low. Only 16% of records management stakeholders report that they are "very confident" that, if challenged, their organization could demonstrate that their electronically stored information is accurate, accessible, and trustworthy.
- E-discovery functionality is critical in making purchase decisions. Provider e-discovery functionality matters a lot in making purchase decisions. In considering potential records management applications in 2011, 76% rate vendor capabilities to support collection, review, and other steps in the e-discovery process as "very important" or "important."
- Records management increasingly reports into legal. Records managers continue to report into diverse functional groups, but more are increasingly reporting into legal. In last year's survey, the results show that 15% of records managers reported into legal. The comparable figure in our mid-2010 survey shows an increase in this figure to 22% (see Figure 6). Whether through formalized reporting structures or through collaborative cross-functional e-discovery programs, records management and legal teams are increasingly working together to meet regulatory objectives while mitigating legal risk.

Fifty-five percent of records management stakeholders influence or make decisions regarding storage device support for records management applications. The intersection between storage and records management is critical, given that:

- Storage volumes for records management systems are significant and growing fast. Including total volume for document store and metadata, 29% of decision makers report that their records management applications currently manage 5TB or more. One in five stakeholders expects that, in comparison with current usage, the volume of content that their records management applications store will increase 50% or more in 2011 (see Figure 7). Organizations that apply effective retention management policies can drive down enterprise storage costs across a broad array of content and application types.

- Confidence in long-term access lags. Factoring in media, format, and other considerations, only 20% of decision makers report that they are “very confident” that their organization can rapidly and cost-effectively retrieve records in 15 years. Partly to address these concerns and partly to address compliance requirements, 9% of stakeholders who influence storage decisions expect to deploy purpose-built storage devices in 2011 to support records management.

Considering these survey results, it’s clear the records management market is at a transformative phase. Records managers struggle with major challenges and only about half are satisfied with current solutions. Nearly two-thirds of records management stakeholders plan to expand or roll out new records management products in 2011. Among those planning purchases in 2011, nearly a quarter aren’t

sure which offering they’ll use. These factors, along with e-discovery demands, bumpy transitions from mainly physical to a broader array of electronic assets, and organizational alignment needs, present a complex scenario to records managers.

To navigate this changing environment successfully, records management stakeholders need to work to ease solution complexity, factor in how to work with SharePoint, take proactive steps to ease e-discovery pain, address storage demands head on and advocate potential IT cost savings, and plan for cross-repository solutions. Implementing effective records management programs isn’t easy, but focusing on these elements can go a long way in achieving the organization’s strategic objectives. **END**

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