

Records Management



Océ Business Services



A Winning Formula

Achieving Top Performance In Records Management

This survey report spotlights the extent to which organizations across a variety of industries are leveraging some of the essential components of records management, such as document imaging, to meet today's business challenges and win in their markets. The survey highlights industry issues such as growing legal and compliance risks, how organizations are utilizing their current records programs, what business benefits they are obtaining and untapped opportunities for gaining an edge in today's competitive environment.

A WINNING FORMULA: LEVERAGING THE ESSENTIAL COMPONENTS OF EFFECTIVE RECORDS MANAGEMENT

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INTRODUCTION

All of the executives participating in this survey report indicate that their organization has implemented some essential components of an effective records management program. There are a variety of reasons for this: the need to better manage current compliance and risk-related issues as well as the desire to enhance operational efficiency, reduce cost and even improve customer service. Many of these companies know that when you keep active records close by or online, the time needed to address a customer question or complaint takes minutes instead of hours and days.

“A Winning Formula” spotlights these and other issues connected with how organizations are utilizing records management to drive success. The report also attempts to shine a light on what essential components of effective records management might be underutilized by a significant number of respondents and thus represent an untapped opportunity to gain an edge in meeting the challenges on the road ahead.

SURVEY PROFILE

During October and November 2010, a total of 372 online surveys were completed by records managers and other executives responsible for document management processes. A cross section of industries is represented, including business services, financial services, insurance, technology, government and pharmaceutical. Among respondents, 37 percent work at organizations with annual revenue under \$100 million, 33 percent have revenue between \$100 million and \$1 billion and 30 percent have revenue of over \$1 billion. Survey results reflect responses from records managers at organizations that have revenue over \$100 million and a records management program in place. Respondents were guaranteed absolute confidentiality.

EXECUTIVE SUMMARY

Among other important data, “A Winning Formula: Leveraging the Essential Components of Records Management” has yielded five key findings:

1. Most organizations have implemented some form of a records management program.

Every organization today, regardless of size, has a duty to institute a program for efficiently managing its information assets. The vast majority of survey respondents (93%) indicate that their organization has a records management program. (This report reflects responses from records managers only at organizations that have a program in place. Our goal was to investigate such issues as how records managers are defining their organization’s program as well as what program components they have implemented, business benefits they are realizing and program elements that represent opportunities.)

2. There are essential records management program components that represent untapped opportunities for many organizations.

Most companies are leveraging such program elements as a records retention schedule (95%) and policy (91%), dedicated records management staff (94%) and paper records repository (91%). However, there are opportunities for many of these companies to improve the effectiveness of their programs. One example: Significantly fewer organizations (70%) are utilizing an electronic records repository. This program component offers opportunities in the form of benefits such as reducing paper, printer and toner costs as well as improving disaster recovery, document retrieval time and staff productivity.

3. There is a strong case for the business benefits of records management.

The survey asked records managers to report the extent to which their company’s records management program was delivering specific benefits. An overwhelming majority of respondents agreed or strongly agreed that their organization’s program is providing a range of benefits, such as enabling business records to be retained for the appropriate period of time (97%) and facilitating the duty to preserve (96%).

4. Document imaging (converting paper to digital) is a component of records management that has become increasingly important.

A solid majority of records managers report that their company is gaining a range of benefits from document imaging. These advantages include improving operational efficiency (77%), enhancing customer service (72%) and reducing paper (70%). There are opportunities for additional gains, however, such as leveraging document imaging to enhance regulatory compliance. Only 50 percent of survey respondents indicate that their organization is gaining this important benefit from document imaging. Even fewer organizations (21%) are utilizing imaging to increase competitive advantage and boost revenue. This may be due to low awareness of how imaging can provide these benefits.

5. Organizations are deploying document imaging processes in important functional areas of the business.

While records management is the top choice for implementing document imaging according to survey respondents (57%), organizations are targeting other functional areas, particularly accounts payable (51%) and core business processes such as new customer applications and claims processing (44%). Only a small number of companies surveyed (24%) report that they have deployed document imaging in the area of eDiscovery. One reason for this finding might be that many organizations surveyed have outsourced the litigation support processes and therefore the link between imaging and discovery preparedness is not apparent to some records managers participating in the survey. An even fewer number of respondents (9%) specify that their company has deployed an imaging process in the mailroom. This represents a significant opportunity as more organizations become aware of and investigate the benefits of a digital mail solution.

Since it was an important focal point of the survey, we asked records managers about their organization's plans to implement a new or additional document imaging program. A strong majority of respondents (66%) report that they are currently in the process of launching a program. This includes organizations that have already selected a vendor or have put internal plans in place (42%). Other companies surveyed are in the process of selecting a vendor or establishing an internal plan (24%).

There's an interesting element related to this finding. Executives surveyed reveal that not only are many organizations planning to implement document imaging, some are planning to implement an imaging solution in all departments of the enterprise (such as finance, HR, client files, etc.). This includes implementing day-forward scanning (37%) and a go-forward paperless solution such as a Web-based system for gathering and storing new employee data (31%) and backfile scanning (23%). One reason for this finding may be that a significant number of organizations have implemented scanning in one department (such as finance), realized the benefits and now plan to roll out the process in other departments or across the enterprise.

New technologies as well as evolving legal requirements and organizational best practices have resulted in a perfect storm for businesses across the globe. Records management is no longer limited to a few file cabinets in a corner of the office or hard copy in a box in a warehouse. The explosion of discoverable content in emails, blogs, social networks, PDAs, smartphones, cloud computing systems and more has added to records and information managers' challenges. This report examines what records management program components organizations are leveraging, and some of the opportunities available to them, as they rise to meet these challenges in the days ahead.

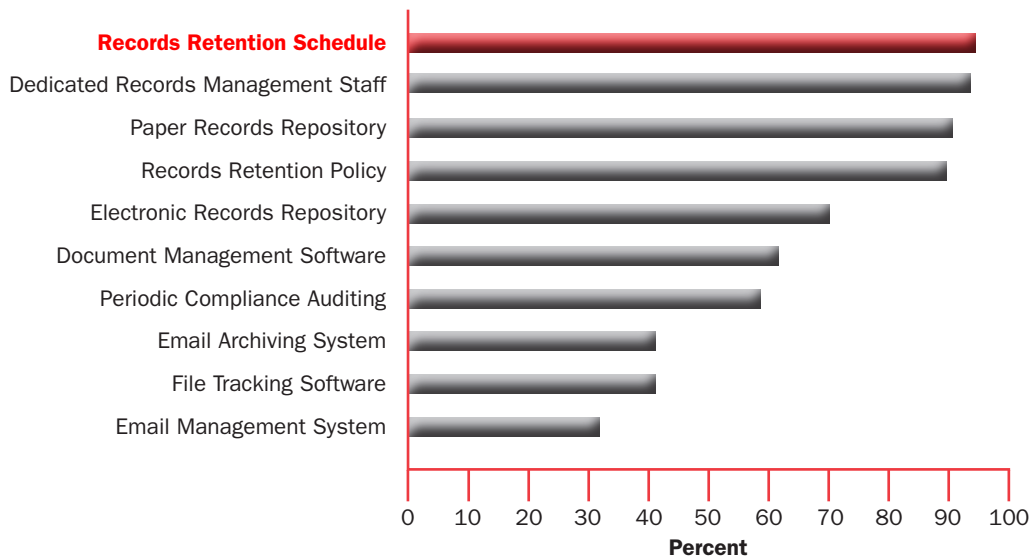
KEY FINDINGS: THE WINNING FORMULA

1. Many organizations include key records management elements in their programs, such as a records retention schedule and policy. However, there are other records program components that represent opportunities to create a winning formula for achieving maximum effectiveness.

KEY FINDING:

According to survey respondents, organizations include a range of records management best practices in their programs: The top two include a records retention schedule (95%) and dedicated records management staff (94%). While the vast majority of organizations (91%) report having a paper records repository, fewer (70%) specified that they have an electronic records repository in place. This element, which offers a variety of business benefits, could represent an opportunity for some organizations. Other potential records program elements, which scored relatively low on the survey and thus also represent opportunities, include implementing periodic compliance auditing (59%), file tracking software (41%) and an email management system (32%).

Which of the following are included in your records management program?
(Check all that apply.)



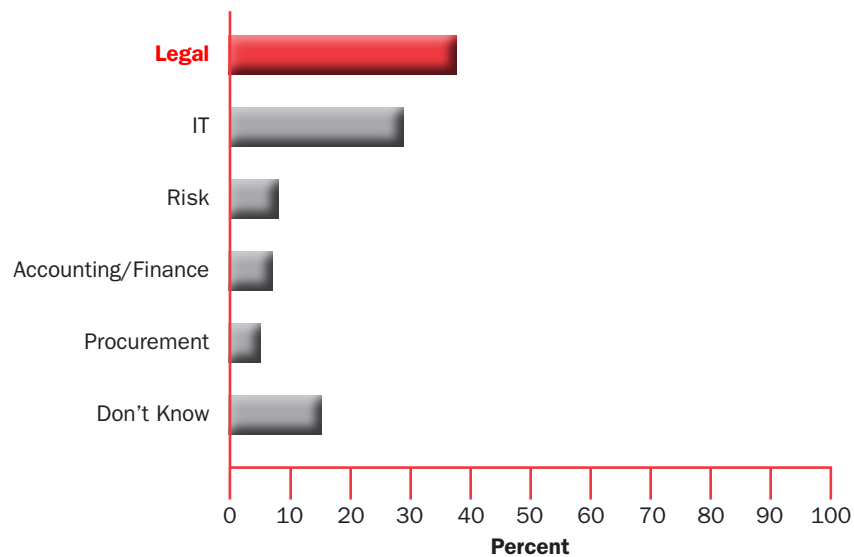
Records Program Elements:	Response %
Records Retention Schedule	95%
Dedicated Records Management Staff	94%
Paper Records Repository	91%
Records Retention Policy	90%
Electronic Records Repository	70%
Document Management Software	62%
Periodic Compliance Auditing	59%
Email Archiving System	41%
File Tracking Software	41%
Email Management System	32%

2. Because most records managers now report to either the legal or IT department, the support of these internal audiences is a key ingredient in formulating an effective records management program.

KEY FINDING:

It appears that one result of the increasing importance of meeting compliance and industry regulations is that the records management function is reporting to the legal department (37%). This survey finding also discloses that records management quite often is reporting to the IT department (28%). One surprising finding is the high number of survey respondents who don't know what department is in charge of records management at their organization. One possible reason for this finding is that in dealing with a challenging economy and business environment, many organizations are in a state of flux. Due to this situation, it might not be clear to some records managers what department their function reports to.

What department is in charge of your records management program?



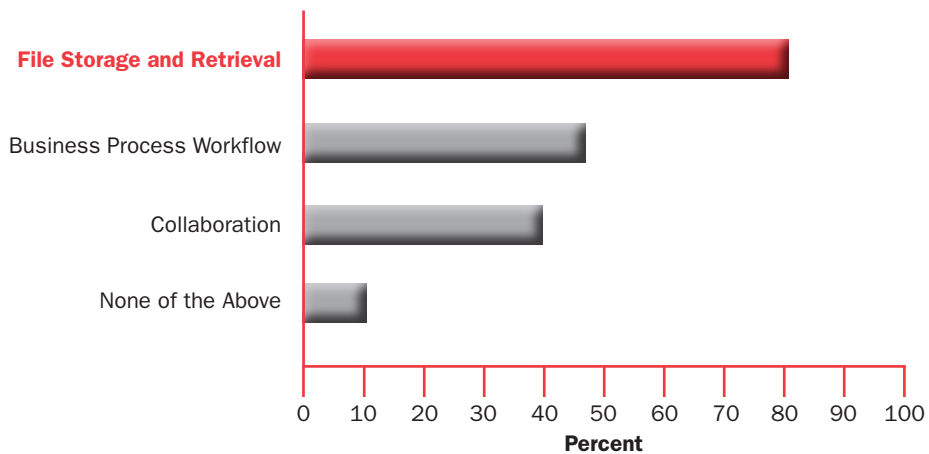
Department in Charge of Records Management:	Response %
Legal	37%
IT	28%
Risk	8%
Accounting/Finance	7%
Procurement	5%
Don't Know	15%

3. Enterprises increasingly are utilizing electronically stored information not only to improve records management activities but also to drive improvements in other key business processes.

KEY FINDING:

According to this finding, most organizations surveyed are using electronically stored information (ESI) — ranging from a shared network drive to an electronic content management system — as an element of their file storage and retrieval activities (81%). A much lower number of companies are using ESI to support business process workflow (47%), which represents an area of opportunity for a significant number of organizations. This is due to the range of benefits that ESI potentially offers when applied to a business process, such as making content centrally available to all users, keeping sensitive documents secure, simplifying the records management process and saving on storage.

How does your organization's records management program utilize electronically stored information? (Check all that apply.)



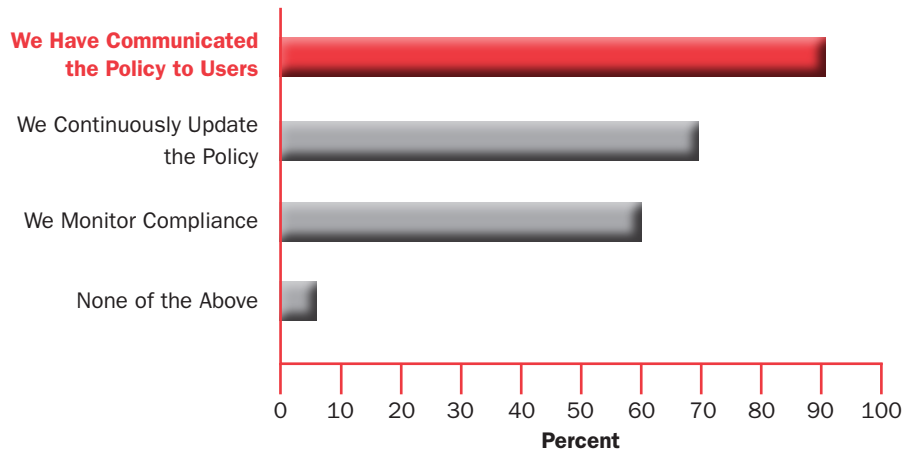
Reasons for Utilizing Electronically Stored Information:	Response %
File Storage and Retrieval	81%
Business Process Workflow	47%
Collaboration	40%
None of the Above	10%

4. As highlighted earlier, most organizations have implemented a records retention policy; however, there is also an opportunity for companies that have a policy to more effectively support it.

KEY FINDING:

As reported in question #1, most survey respondents (95%) indicate that their enterprise has a records retention policy. Survey finding #4 specifies that while a significant number of organizations with a retention policy are supporting it by communicating the policy to appropriate staff (91%), there are opportunities for additional reinforcement. These opportunities include implementing at least two important records program components: continuously updating the retention policy and monitoring compliance.

If your organization has a records retention policy, please indicate which of the following apply. (Check all that apply.)



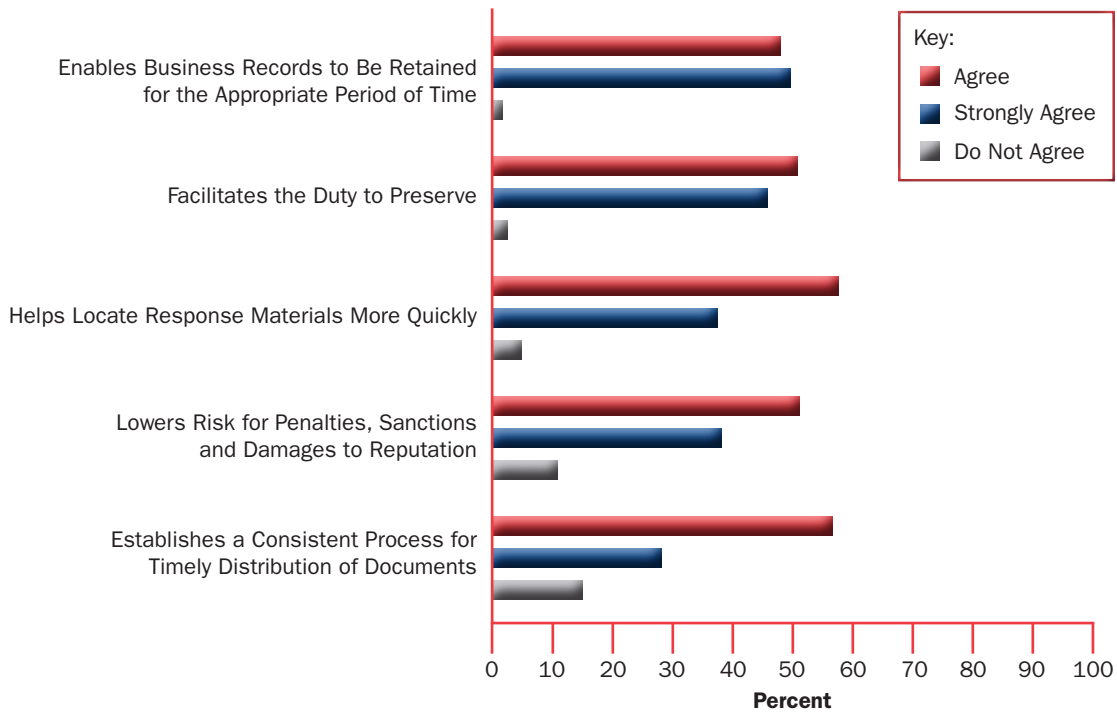
Utilizing Retention Policy Best Practices:	Response %
We Have Communicated the Policy to Users	91%
We Continuously Update the Policy	70%
We Monitor Compliance	60%
None of the Above	6%

5. The case for records management is strong as an overwhelming majority of survey respondents indicate that their organization’s program is providing a variety of essential business benefits, particularly with regard to compliance and litigation readiness.

KEY FINDING:

An overwhelming majority of survey respondents either agreed or strongly agreed that their company’s records management program provides a range of solid business benefits, particularly when it comes to litigation preparedness. Executives agreed that their organization’s program enables business records to be retained for the appropriate period of time (97%), facilitates the duty to preserve (96%), helps locate responsive materials more quickly (95%) and lowers the risk of penalties and sanctions (89%). In terms of general document management benefits, respondents agreed that their company’s program establishes a consistent process for the timely distribution of documents.

To what extent do you agree that your organization’s records management program provides the following business benefits?



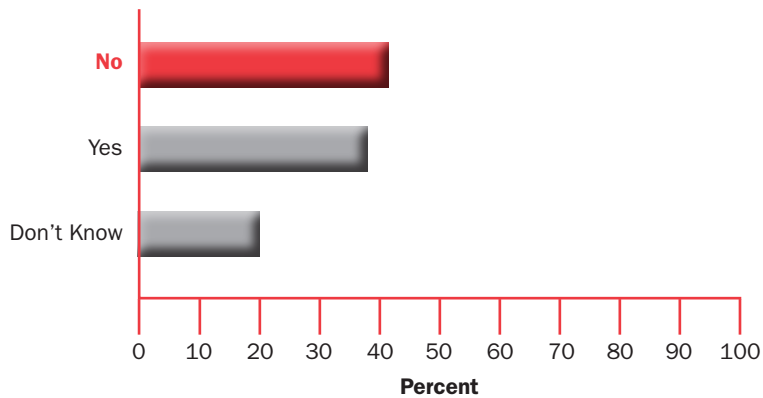
Records Management Business Benefits:	Agree	Strongly Agree	Don't Agree
Enables Business Records to Be Retained for the Appropriate Period of Time	47%	50%	3%
Facilitates the Duty to Preserve	51%	45%	4%
Helps Locate Responsive Materials More Quickly	58%	37%	5%
Lowers Risk in the Form of Penalties, Sanctions and Damages to Reputation	51%	38%	11%
Establishes a Consistent Process for the Timely Distribution of Documents	57%	28%	15%

6. A significant number of enterprises are increasing spending for records management this year.

KEY FINDING:

More than a third of the executives surveyed (38%) indicated that their company is increasing records management spending this year. Some of the reasons for this increase are highlighted in the next finding. A slightly higher number of survey respondents (42%) indicate that their organization is not increasing spending. One reason for this finding may be that, typically, many companies do not increase spending until they have to address a records management-related problem or challenge.

Is your company increasing spending for records management in 2010?



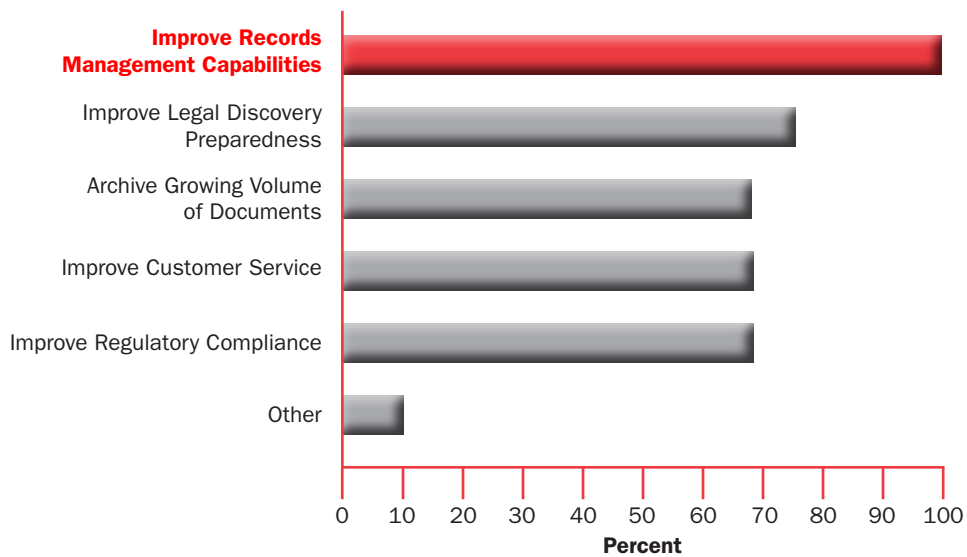
Response	Response %
No	42%
Yes	38%
Don't Know	20%

7. Improving records management capabilities tops the list of reasons for increasing budget.

KEY FINDING:

For those companies that are increasing spending for records management this year, one reason stands above all others offered in the survey: the goal of improving the enterprise's records management capabilities (100%). One reason for this finding may be due to increased awareness of the importance of records management. Many companies are more closely scrutinizing the effectiveness of their current program to determine, for example, if employees can locate documents in a timely fashion. Executives surveyed indicated that other reasons were important for increasing budget, including the goal of improving legal discovery preparedness (76%).

Why is your organization increasing spending for records management?
(Check all that apply.)



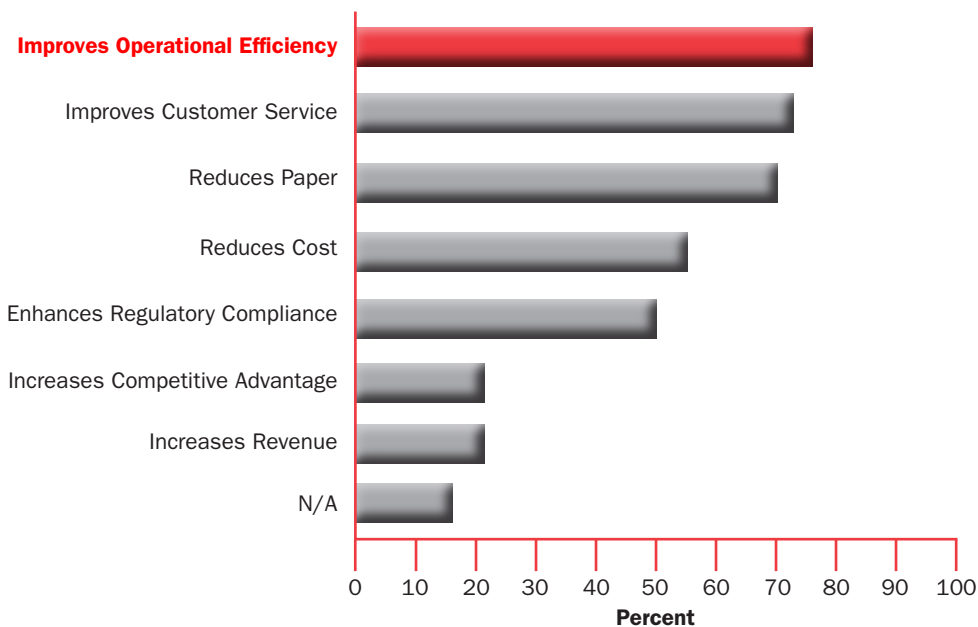
Reasons for Increasing Records Management Spending:	Response %
Improve Records Management Capabilities	100%
Improve Legal Discovery Preparedness	76%
Archive Growing Volume of Documents	68%
Improve Customer Service	68%
Improve Regulatory Compliance	68%
Other	10%

8. The highest number of executives specified that their organization was gaining the benefit of improved operational efficiency from document imaging, while enhancing regulatory compliance represents an area of opportunity.

KEY FINDING:

Of the benefits of document imaging (converting paper to digital) listed in the survey, the highest number of executives (77%) indicated that their organization was gaining improved operational efficiency. This was closely followed by improving customer service (72%) and reducing paper (70%). One area of opportunity indicated by respondents is that more organizations can utilize document imaging as a key records program component to enhance regulatory compliance. Only half (50%) of executives surveyed indicate that their organization is obtaining this important business benefit from document imaging. Even fewer (21%) specify that their company is utilizing imaging to increase competitive advantage and revenue. This may be due to a lack of awareness about how imaging can provide these benefits.

What impact does document imaging have on key business processes at your company? (Check all that apply.)



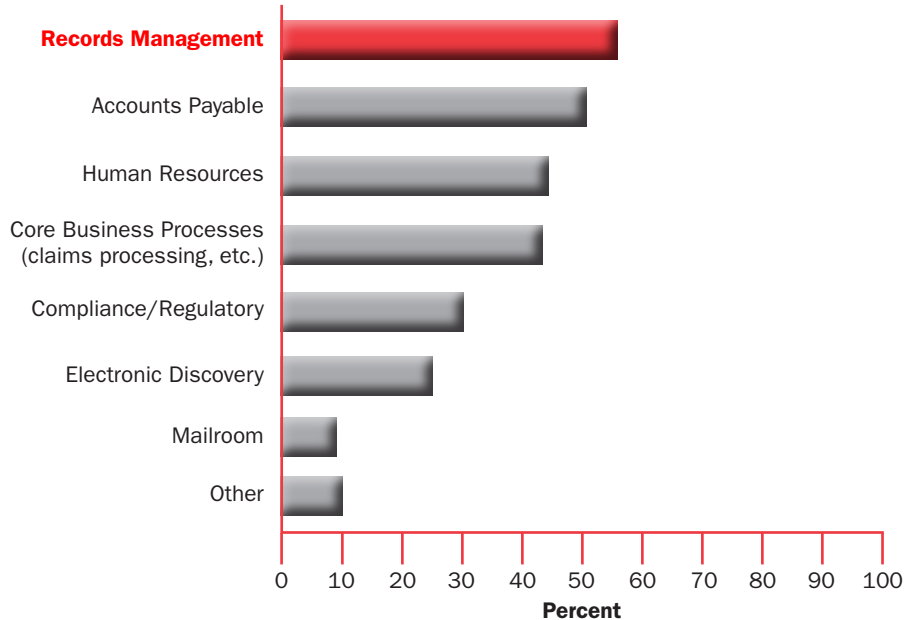
Impact of Document Imaging:	Response %
Improves Operational Efficiency	77%
Improves Customer Service	72%
Reduces Paper	70%
Reduces Cost	56%
Enhances Regulatory Compliance	50%
Increases Competitive Advantage	21%
Increases Revenue	21%
N/A	16%

9. Enterprises are leveraging the benefits of document imaging not only to maximize document management activities, but to improve other functional areas of the organization as well.

KEY FINDING:

In what functional areas of the business are organizations deploying document imaging processes? While records management is the top choice according to executives surveyed (57%), organizations are targeting other functional areas, particularly accounts payable (51%), human resources (44%) and core business processes such as new customer applications and claims processing (43%). One area of opportunity for many companies is to consider leveraging document imaging to improve their electronic discovery preparedness. Only 24 percent of executives surveyed indicated that their organization has implemented document imaging in this functional area. Even fewer (9%) specify that their company has implemented imaging in the mailroom.

In what functional areas has your organization implemented document imaging processes?



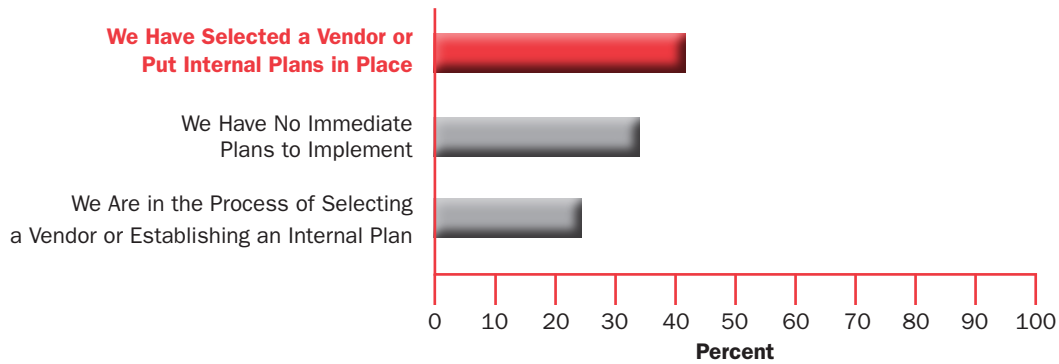
Functional Areas for Document Imaging:	Response %
Records Management	57%
Accounts Payable	51%
Human Resources	44%
Core Business Processes (claims processing, etc.)	43%
Compliance/Regulatory	30%
Electronic Discovery	24%
Mailroom	9%
Other	10%

10. A significant number of organizations are in the process of putting a document imaging program in place.

KEY FINDING:

A significant number of companies (66%) are currently in the process of launching a new or additional document imaging program. This includes organizations that have already selected a vendor or have put internal plans in place (42%). Other companies surveyed are in the process of selecting a vendor or establishing an internal plan (24%).

What are your plans for implementing document imaging?



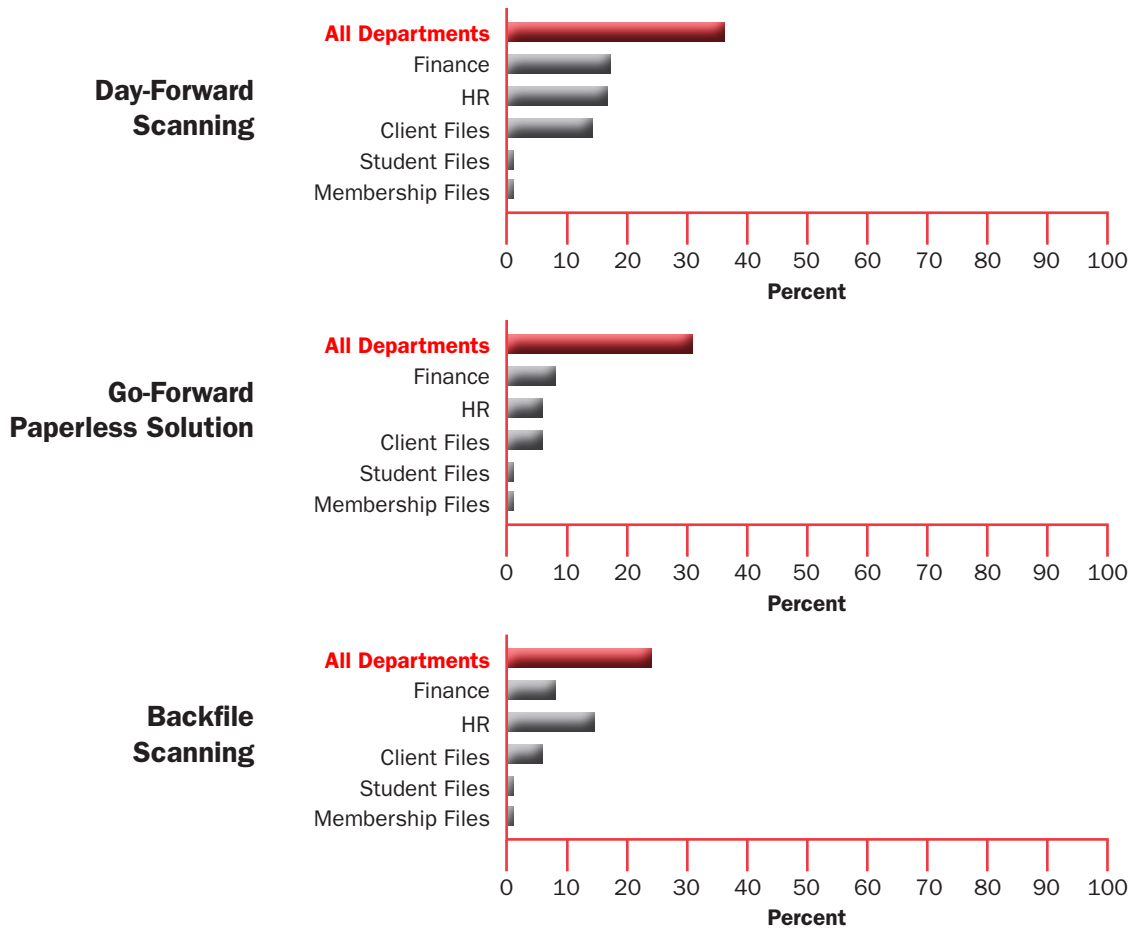
Plans for Implementing Document Imaging:	Response %
We Have Selected a Vendor or Put Internal Plans in Place	42%
We Have No Immediate Plans to Implement	34%
We Are in the Process of Selecting a Vendor or Establishing an Internal Plan	24%

11. About one-third of executives surveyed say that their organization will implement an imaging/paperless solution across all departments in the enterprise.

KEY FINDING:

A significant number of organizations plan to implement an imaging/paperless solution across all departments in the enterprise. This includes day-forward scanning (37%) and a go-forward paperless solution such as a Web-based system for gathering and storing new employee data (31%). Twenty-three percent of respondents indicate that their organization plans to implement backfile scanning across all departments. One reason for these findings may be that a significant number of organizations have implemented scanning in one department (such as HR), realized the business benefits and now plan to roll out a scanning process in other departments or across the enterprise.

Which of the following are included in your imaging/paperless plans?
(Check all that apply.)



Imaging/Paperless Plans:						
	All Departments	Finance	HR	Client Files	Student Files	Membership Files
Day-Forward Scanning	37%	18%	17%	13%	2%	2%
Go-Forward Paperless Solution	31%	8%	6%	6%	2%	2%
Backfile Scanning	23%	8%	15%	6%	2%	2%

CONCLUSION/A WINNING FORMULA

All organizations included in this survey report have implemented — and are deriving benefits from — some essential components of an effective records management program. For example, most companies have in place a records retention schedule (95%) and policy (90%), dedicated records management staff (94%) and a paper records repository (91%). By implementing these and other records management components, companies report gaining a variety of important business benefits, including the ability to retain records for the appropriate period of time, facilitating the duty to preserve and enabling responsive materials to be located more quickly.

Untapped Opportunities

Survey findings also reveal that there are several essential records management program elements that are being underutilized and therefore represent opportunities for some organizations. One of these elements is an electronic records repository, which fewer surveyed companies (70%) have implemented as compared to a paper records repository (91%). Potential advantages of a digital repository include reduced paper storage, improved retrieval time and enhanced disaster recovery. Other records management program components that scored relatively low and also represent opportunities include implementing periodic compliance auditing (59%), email archiving system (41%), file tracking software (41%) and email management system (32%).

Periodically reviewing and updating a program also is an essential element of effective records management — one that can potentially save an organization millions of dollars. For example, the records manager of a food company decided that in order to better protect the company from a possible Superfund lawsuit it was time to update the company's program. (A Superfund site is a toxic site placed on a list of sites requiring cleanup mandated by the Environmental Protection Agency.) The update included indexing and better organizing the firm's insurance contracts. After indexing the files, the company was sued for Superfund cleanup. Due to the newly organized records program, the company was able to retrieve a contract from 1942 that held the company harmless. The insurance company paid the fine, ranging from \$4 million to \$5 million.

The Case for Document Imaging

There are substantial opportunities for many companies to better leverage document imaging. According to survey respondents, a majority of organizations agree that imaging provides solid business benefits such as improving both operational efficiency (77%) and customer service (72%). Some companies are leveraging these and other benefits of imaging in functional areas such as accounts payable (51%) and human resources (44%).

However, a much smaller number of enterprises (24%) are leveraging the benefits of document imaging to improve their eDiscovery readiness. This finding represents a considerable opportunity for many organizations to boost their litigation preparedness. A municipal government department hired Océ Business Services to image all of its paper files associated with building and road improvement projects as well as other initiatives. While the prime objective of the imaging project was to free up space devoted to paper files, the department discovered a crucial benefit of imaging when it received a subpoena related to a highway rest stop project. Océ had imaged all of the documents connected with the project and was able to send the client a CD containing the files within eight hours. This dramatically enhanced the client's timeline and efficiency, as well as reduced costs in responding to the subpoena.

Another client tapped Océ Business Services to scan, index and store its construction project contracts in an electronic repository. Because construction companies are frequently involved in litigation, the company's general counsel wanted quick access to contracts in the event of a dispute. Now counsel can retrieve contracts almost immediately and begin taking action — without needing to locate a project manager or search through paper files.

Imaging in the Mailroom

Compared with organizations reporting they have implemented document imaging to support their eDiscovery process (24%), even fewer companies (9%) report implementing a scanning process in the mailroom. This area represents a solid opportunity for many organizations as traditional, physical mail is now being converted into digital form in the mail center. Companies are considering this approach because it offers a way to enhance efficiency while providing faster access to incoming documents and the ability to reduce unwanted mail.

Organizations are becoming clear about the range of challenges they face in navigating the constantly changing records landscape. To meet these challenges, more companies are implementing essential program components internally and/or leveraging the expertise of a document process outsourcing services provider. When taking the latter course, organizations in this and other surveys have specified that they require service providers that not only offer proven document management expertise but also the ability to continuously monitor results and drive improvements.

To meet this need, Océ Business Services provides innovative approaches such as its Océ MAX document performance management system, which incorporates Six Sigma methods and innovative technology to help reduce document management costs and improve operational efficiency. By incorporating these and other best practices, Océ clients can create a winning formula for maximizing their records management programs and helping to ensure their organization's success in the days ahead.



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Advancing document process management to a higher level

Océ Business Services is a leading international provider of document process outsourcing services and technology to enterprises, law firms and the public sector. Océ solutions span the document lifecycle from creation through disposal, encompassing mail, print, copy and fleet management, imaging, records management, and eDiscovery for complex litigation and regulatory compliance matters. By managing and improving document processes, Océ helps organizations reduce costs, increase efficiency and mitigate risk. Our proprietary service delivery methodology applies Six Sigma® to achieve a higher level of performance.

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