

Making a Business Case for the Principles

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The purpose of developing a business case is to outline the difficulties of a current situation, tell how these will be overcome if certain actions are taken, and illustrate how the future will be better because of a commitment of resources in the present. An important part of the business case is the justification for expending resources, usually showing an expected return on investment (ROI) over a given time period, such as three to five years.

Most records and information management (RIM) professionals are adept at describing the difficulties caused by unmanaged and un-governed information, as well as the actions that need to be taken to resolve the difficulties and how implementing an information governance (IG) program will benefit the organization. The piece of the business case that may be difficult for them is justifying the resource investment and quantifying the ROI.

The Principles, IGMM as Basis for IG

Integrating the use of the Generally Accepted Recordkeeping Principles® (Principles) and the Information Governance Maturity Model (IGMM) into specific information-related efforts can be done on an *ad hoc* basis with little financial expenditure since both are available for free from the ARMA website (www.arma.org/principles). The Principles Series of articles presented in each issue of *Information Management* magazine over the past four years provides a wide variety of guidance about how that can be done.

The Principles and the IGMM are methodologies based on international standards and broadly accepted best practices, providing a unified underpinning and common understanding of what things need to be done and how. Standardized methods like these point the way forward; they don't usually require an elaborate business case.

While there are optional RIM and IG resources an organization may wish to invest in, such as the Next Level assessment tool and the Information Governance Professional (IGP) and Certified Records Manager (CRM) certifications for staff, the costs for these are generally within the range of departmental budgets and hardly require cost justification measures. However, using the Principles to develop and implement an IG program across the enterprise *will* call for a business case to be presented, as this will require collaboration among RIM, IT, legal, and business units; involve a contribution of brain power from levels above, below, and including middle management; and demand executive endorsement.

One of the strongest arguments for the Principles is that they underpin and contribute to other efforts that are designed to deliver tangible and intangible results. Nowhere is this more evident than in IG, where the Principles provide the unifying thread in what may look like piecemeal projects proposed from narrow viewpoints.

Because the Principles are the foundation of IG, implementing them is closely interwoven with business cases for IG. In turn, IG's justification is based on risk reduction, cost reduction, or increased productivity. More recently, business cases based on asset value are emerging as well.

IG: Risk Reduction

The perceived importance of IG varies from one organization to another. IG has greater weight where external challenges such as liability lawsuits and regulatory examinations have a high probability of occurring and can have serious consequences when they do. Yet risk reduction is not limited to billion-dollar corporations. The risk of scandal, amplified by news organizations and social media, and the damage to reputation, haunt non-profits and government alike.

Information Cost Statistics

Up to 80% of IT infrastructure is used to support duplicate data.

(Source: "Big data: The next frontier for innovation, competition, and productivity." McKinsey Global Institute, 2011.)

70%-75% of IT budget is spent on infrastructure maintenance (to maintain and operate the organization, systems, and equipment).

(Source: "Debunking Two Myths About Tech Budgets," Forrester Research, 2014)

Storage cost per GB is down, but investment in infrastructure to support storage has doubled from \$2.5 trillion to \$5 trillion in the last seven years.

(Source: "IDC Digital Universe Study," IDC, 2011)

Cost to perform e-discovery on 1 TB of data is approximately \$18,000.

(Source: "Where the Money Goes: Understanding Litigant Expenditures for Producing Electronic Discovery," Rand Corp., 2012)

The average information worker spends 48 to 72 minutes per day locating information. The opportunity cost of wasted time, based on \$75,000 in annual salary and benefits per employee, is \$19,372 per employee per year.

(Source: "Bridging the Information Worker Productivity Gap," IDC, 2012)

The IG business case based on risk reduction and mitigation is easiest after the worst has already happened, and the resulting fines, discovery failures, or loss of public trust are keenly felt. The Principles then become a guideline for remedial action rather than for proactive prevention.

Where catastrophe has not occurred, efforts aimed at reducing the risk of compliance, discovery, or public relations disasters may be regarded simply as an insurance policy, an unavoidable overhead expense that should be limited. After all, no organization wants to buy more insurance than it needs.

However, if the probability of occurrence is low, or if the potential consequences are not considered significant, the organization may choose to accept the risk, and a business case for IG based on risk reduction alone will not succeed. In this culture, the promise of avoiding costs that may or may not occur is not a strong enough impetus for an outlay of time and resources today.

IG: Cost Savings, Productivity

The stronger driver for IG, and the more quantifiable contribution of the Principles, may be an approach that bases the business case on productivity gains and cost savings. Here, the business case is less about occasional outside risks than it is about day-to-day operations. Eliminating duplication of effort, information silos, and widely varying metadata within business processes can have an impact on costs and productivity.

Efficiencies, gains, and savings are best showcased against a backdrop of overall business strategy. If the company intends to grow through acquisition, then a business case showing the cost impact of acquired systems on administrative and backup costs makes sense because acquisitions will be ongoing.

The trade-off is that, while this kind of business case is likely to merit management attention, it is much more difficult to produce. Success or failure depends on whether the organization insists on *hard-dollar*

savings, that is, the demonstrable elimination or reduction of out-of-pocket costs, versus *soft-dollar savings*, namely cost avoidance or the reduction of time spent on recurring tasks.

Underlying all of this is the ability to gather accurate information about current costs, no easy feat for information management-related tasks. Industry statistics may be helpful in general (see sidebar “Information Cost Statistics”), but management is better convinced by the organization’s actual cost data and realistic, conservative savings estimates.

IG Business Case Examples

In reality, IG business cases don’t fit neatly into one category or another. This is because work on one aspect of IG has implications for all the others. Information has a life cycle – creation, use, storage, retention, and disposition or preservation – and the Principles reflect this. While all of the Principles make important contributions, some come to the fore more than others depending on what objectives

the business case hopes to achieve.

At a minimum, the typical business case requires a cohesive narrative covering a current situation, its cost impact on the organization, the proposed solution and its expected benefits. What’s usually missing is a discussion of whether the organization is in a position to implement the proposed solution successfully. In short, whether there is a sufficient level of foundational maturity, a fact sometimes lost in the rush to fix a problem and the enthusiasm for new technology.

The Business Case for Risk Reduction, Cost Savings

It’s common that a business case based on risk reduction may have implications for cost reduction as well, as shown in the table “The Business Case for Risk Reduction and Cost Savings.”

The level of IG maturity needed to realize true benefit from defensible destruction is significant. The business case for risk reduction and cost savings relies on the Principles of

Retention and Disposition, the yin and yang of IG policy. Retention and Disposition, in turn, must be based on a careful understanding of laws and regulations (Principle of Compliance). To have credibility and legal weight, the retention schedules must have organizational approval, which implies that there is a governing body in place to do so (Principle of Accountability). Retention and disposition policies must be documented and their existence and purpose widely made known to employees through training (Principle of Transparency). Without any one of these, “deletion” isn’t defensible at all.

Note that in one real-world case, a company that could not destroy anything spent more than \$1.75 million annually in various tiers of cloud storage and backup fees. Even a modest reduction of 20% would have saved \$350,000 annually.

Opponents of destruction on the grounds of possible spoliation would do well to read the federal court decision *In re Pradaxa Products Liability Litigation*. Although Pradaxa’s manu-

The Business Case for Risk Reduction and Cost Savings

Issue	Current Situation	Cost/Risk Impact	Proposed Solution	Expected Benefit	Foundational Maturity Required
E-discovery	Search for requested information returns voluminous results. Can’t place reliable legal hold on information needed for litigation, so must suspend destruction of all records company-wide	Cost: Expense of contract legal assistance with relevance review. Cost: Expense for IT to administer storage and backup of all information, while lawsuit progresses Risk: Finding a “smoking gun” that could have – and should have – been destroyed. Risk: Spoliation of evidence through inadvertent destruction.	Defensible deletion – the automatic deletion of records no longer needed for compliance, legal, fiscal, or operational purposes, tempered with strong legal hold capabilities.	Reduced discovery costs Reduced on-going storage and backup costs	Retention schedules and disposition processes are defined, approved, documented, disseminated, and enforced. Legal hold process is in place and integrated into critical systems. Communication of legal holds are routine. (Principle of Compliance)

The Business Case for Productivity

Issue	Current Situation	Cost/ Risk Impact	Proposed Solution	Expected Benefit	Foundational Maturity Required
Decentralized systems hamper information capture, retrieval, and use.	<p>Product codes change as business processes progress.</p> <p>Duplicates of essential documentation are in various systems throughout process.</p> <p>There is inconsistent indexing.</p> <p>Staff must know who knows (use personal network) to retrieve needed document.</p>	<p>Cost: Engineers, manufacturing, quality control, and others spend hours looking for and validating documents.</p> <p>Risk: Potential quality issues if superseded specifications are given to contract manufacturers, fillers, or packers.</p> <p>Risk: There are potential issues with regulatory auditors, where applicable.</p>	<p>With a consolidated document management system, all product-related documentation is accessible via the web.</p> <p>Limited self-service access can be granted to suppliers and contractors on a need-to-know basis.</p>	<p>Less time is spent searching for information.</p> <p>Time spent administering multiple systems is eliminated.</p> <p>“Silos” of information are eradicated.</p> <p>Risks of providing wrong information are reduced.</p>	<p>There must be consistency of metadata used for indexing and for chain of custody. (Principle of Integrity)</p> <p>Users must be able to distinguish among copies, duplicates, and official records. (Principle of Availability)</p> <p>The organization must be able to control and limit access to proprietary information. (Principle of Protection)</p>

facturer was sanctioned for several issues related to its legal hold process, the court found that it did not willfully destroy evidence because it heeded its own well-documented retention and disposition policies. (See www.technologylawsource.com/2013/10/articles/privacy-1/defensible-deletion-no-spoliation-where-defendant-destroyed-emails-and-documents-pursuant-to-its-records-retention-policies/)

The Business Case for Productivity

In the business case for increased productivity, the Principles of Availability and Integrity underlie successful implementation of the proposed solution. A single document management system makes sense, but better findability and retrieval speed won't be realized until metadata discrepancies are reconciled and obsolete or redundant document versions are removed. Just as important is a way to protect proprietary information stored in the cloud, particularly if suppliers and contracts will be granted access to it.

Organizations that insist on

hard-dollar savings may expect to see elimination of jobs as the result of productivity gains. Where cost avoidance is acceptable, the ability to demonstrate reduced time in information capture, search, retrieval, use, and maintenance will be sufficient. One real-world company was able to demonstrate savings in excess of \$2 million over a five-year period through the elimination of duplicative efforts among the 25 people charged with capturing, finding, retrieving, and maintaining these records.

The Future Business Case for IG

Regardless of whether an IG business case emphasizes risk reduction or cost savings, the underlying Principles of good governance remain unchanged. They assist in identifying problematic issues and facilitate the underlying structure that enables solutions to be put in place.

Work on the Principles paves the way for intelligent application of time, money, and human resources and amplifies the benefits expected from any proposed solution. They broaden

horizons by considering all aspects of governance, beyond the immediacy of technology acquisition.

The greatest justification for IG may be yet to come, however. New areas of opportunity based on the value of information assets are emerging. Content analytics make it possible to identify patterns of purchase, use, satisfaction, and other knowledge from document-based, unstructured information.

Some firms see this as a way to increase revenues by producing new products or inducing others to joint ventures on companion products. Yet, early adopters of analytics technology are finding that one major obstacle to success is the inability to trust their own documents because they are inaccurate, incomplete, and often not timely, which are all matters of Integrity. It seems the role of IG based on the Principles will continue to expand for some time to come. **END**

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