



Compliance and Business Value

THE CASE FOR EDRM

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One: The Case for EDRM

Organisations face increasing pressure to adopt an enterprise wide approach to the management of electronic documents and records, (EDRM), in order to comply with legislative and/or government regulations demanding evidence of good corporate governance and accountability. But in itself that may not be enough: in addressing the demand for more controlled and complete access to corporate information, organisations also need to achieve significant improvements in business effectiveness and efficiency.

The regulations have a two-fold purpose. Firstly, they are concerned with ensuring that electronic information is properly managed, through appropriate retention and disposal controls, and through audit controls which ensure its reliability and provenance. Secondly they are concerned with the accessibility of that information: that it is available to those who are entitled to access it, and denied to those who are not.

The intent is both to satisfy the information needs of citizens and customers, and also to demonstrate corporate accountability and good corporate governance. For example:

The National Archives principles of records management:

the record is present

The organisation has the information that is needed to form a reconstruction of activities or transactions that have taken place.

the record can be accessed

It is possible to locate and access the information, by use of appropriate software and hardware, and display it in a way consistent with initial use

the record can be interpreted

It is possible to establish the context of the record: who created the document, during which business process, and how the record is related to other records

the record can be trusted

The record reliably represents the information that was actually used in or created by the business process, and its integrity and authenticity can be demonstrated

the record can be maintained through time

These qualities of accessibility, interpretation and trustworthiness can be maintained for as long as the record is needed, perhaps permanently, despite migration between hardware, digital media, or software formats.

- ✍ In the UK, the US, Australia, Ireland, Canada and other nations, Freedom of Information and related legislation requires free access to all public sector records, regardless of origin and location, by all citizens.
- ✍ In the UK, the Implementing Electronic Government agenda (IEG) requires all Local Authorities to report on their progress in implementing electronic government facilities including EDRM.
- ✍ The Sarbanes-Oxley Act emerged after the Enron and WorldCom debacles in the US; while primarily concerned with ensuring accurate financial reporting by public companies, SOX also contains provisions requiring the reliable management of records. It applies both to US companies trading multinationally and non-US companies who wish to trade in the US.
- ✍ A European equivalent to Sarbanes-Oxley was proposed in an EC Directive of March 2004.
- ✍ The Modernising Government Agenda required in central government that ‘by 2004 all newly created public records will be electronically stored and retrieved’.
- ✍ Basel II is a Framework which ‘provides a comprehensive approach to risk management and bank supervision’ throughout the international banking world. It too requires the reliable management of records.

Two: Carrots and Sticks

This is not a challenge just for certain departments within the organisation, or for specific workgroups. Full compliance with each of these initiatives depends upon the completeness and reliability of the Corporate Record; and anything that falls short of this might be regarded more as a demonstration of Corporate Alzheimer's. As some organisations have already found to their cost, failure to satisfy legal discovery requirements can destroy the strongest of cases.

Every individual who might generate a document of business value, and send or receive an email of business value, contributes to that corporate record. It only takes a single individual for example, operating without adequate checks and controls, to publish damaging information onto an Authority's website: and once published, that information becomes the 'official record' of the Authority and may result in litigation or other penalty.

This concept of corporate governance in turn creates new dynamics in the business of document and records management. Until now, organisations have focused their efforts on 'cherry-picking' those parts of the business which can show a classical return on investment: typically on activities that are customer focused, that are concerned with service delivery and that have a direct impact on the 'bottom line' of the organisation. But the demonstration of full accountability is enterprise-wide: it involves those activities which do not contribute directly to the core mission of the organisation, and which are often perceived as a cost.

The strain which this can place upon the organisation should not be underestimated. Firstly, the initiative is being driven by external requirements: there may be little internal enthusiasm for driving it forward, as a consequence of which few volunteers are willing to champion the cause or 'raise their head above the parapet'. Secondly it requires the organisation to invest significant budget and resource in areas in which it sees little opportunity for return on investment. To many it will seem like a cleft stick: Authorities who invest too little in meeting the needs of Freedom of Information may face censure as a result, while those who invest too much may face censure for a consequent lack of investment in other key services.

Not surprisingly, this can lead to the situation in which an enterprise records management initiative is perceived as 'all stick and no carrot'.

Three: Compliance versus Business Value

Initial experiences in the implementation of EDRM systems with the specific purpose of delivering compliance, illustrate this very point. They have been characterised by high costs, resource-intensive implementations and poor take-up by users. The clear lesson is that a ‘stick’ approach is not sufficient: meeting compliance targets at any price is neither a recipe for success nor a guarantee of user acceptability.

The challenge is to reverse this perception: not to deliver compliance for compliance’s sake, but to *deliver improved business processes that are themselves compliant*. It’s a question of ‘finding the carrot’.

Given that most organisations classify their most vital assets as ‘their people and their knowledge’, it may be appropriate to compare the two.

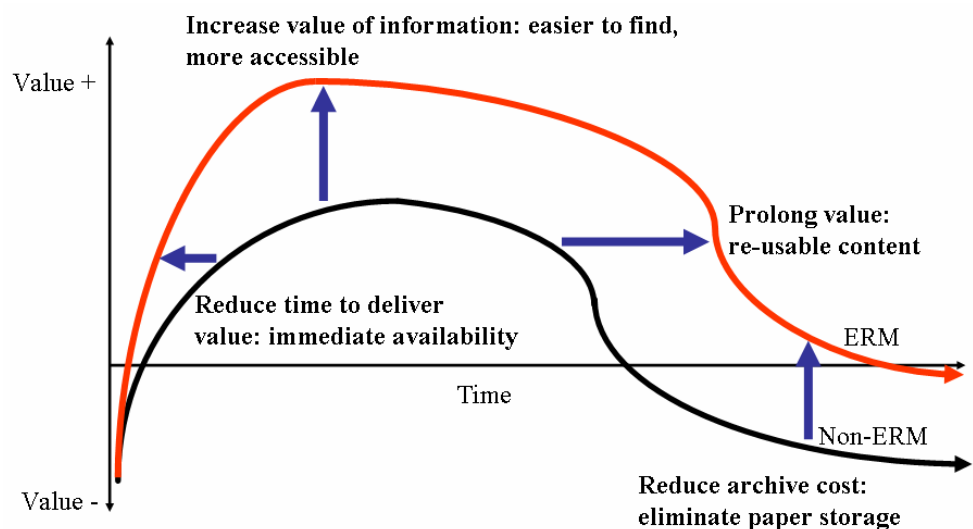
HR departments were frequently perceived as a cost to the organisation, a necessary price to pay as part of the cost of employing people. But they have now largely re-focused their efforts on maximising the value of the people who make up the organisation: identifying and motivating and retaining key staff, deploying staff in roles that best fit their skills and the organisation’s needs, and in creating ‘better places to work’.

Information Managers must create a similar vision: the effective management of information assets, made available to the right people at the right time in the right format and the right context.

The carrot is therefore threefold:

- ✍ Show the regulators that compliance targets are being met
- ✍ Show senior management that better management of information generates business value
- ✍ Show users they can do their job better with all available information at their fingertips.

This can best be illustrated through the concept of the information lifecycle. There is a cost to creating, disseminating and storing information, balanced against the value of that information. EDRM provides the tools to reduce those costs, and to increase and then prolong the value of that information to the organisation.



Four: Choosing the Right Route

Creating the vision is not in itself however sufficient: for EDRM to succeed, it must be affordable and it must be achievable without impacting the quality of service that the organisation seeks to deliver.

Views on how best to implement EDRM will vary from one organisation to another.

- ✍ Some feel that it should only be introduced within the context of a broader programme of business change that seeks to address bottom-line benefit. This is in line with traditional BPR thinking – as Michael Hammer, the Reengineering Guru put it, ‘don’t just pave the cowpath’. The risk however is that the twin objectives of ‘improved service delivery’ and ‘legislative compliance’ can conflict.
- ✍ Others feel that the increasing proliferation of unmanaged email and electronic content has created a control and accountability problem that must be addressed in its own right, as an issue of highest priority. In this case, EDRM is delivered first, at infrastructure level across the organisation, and specific business processes are then tackled subsequently. It is the best approach logistically but may not satisfy the Finance Director!
- ✍ A third view distinguishes between ‘service delivery’ and ‘policy making’ needs. Operational departments are tackled with a focus on improved service, while administrative areas are tackled as a separate initiative with a focus on compliance. This can often be the most pragmatic approach.

Five: Realising the Benefits

Ultimately, organisations will not succeed in adopting EDRM because it is mandated: they will succeed once they are confident that it delivers business benefit.

Benefit is not however simply a balance sheet equation, of delivering reduced cost or increased revenue. In the US for example, organisations that fail to comply with Sarbanes-Oxley may find it difficult to obtain capital funding on the open market: they may see share values fall as investors lose confidence and move their investment to more reliable companies: they may even find themselves denied vital markets. Public sector organisations in the UK may also increasingly find that their ability to demonstrate good corporate governance and accountability, dictates the ‘length of leash’ on which Government allows them to operate: for example whether a council is rate-capped, or a hospital trust granted foundation status.

Energising the organisation at corporate level is not however in itself sufficient, for individual users will not necessarily see such ‘corporate benefit’ as a motivator: and it is the individual user who ultimately dictates the success or failure of an EDRM implementation.

The benefits of EDRM therefore need to be sold to the users: and a good communications plan is a vital part of any EDRM implementation.

Version control, for example, will prevent us from accidentally corrupting a vital document while attempting to re-purpose it: full text search enables us to find that key document or email when we can’t quite remember what we called it or where we filed it: and all of us find we’ve spent significant time ‘re-inventing the wheel’ because we were unaware that other people had done

similar work of which we were unaware until too late. Locating the right information, even when we know it exists, can also be frustrating since it might be scattered across a number of network drives, email folders and physical filing cabinets. Or perhaps we update a document on which we are collaborating with a project team, only to find it overwritten by another team member who happens to be working on the same document at the same time...

At a workgroup level, the deployment of ERM can also 'raise the bar' in terms of empowerment: elimination of mundane paper shuffling frees up time for users to take on more responsibility and discretionary decision making.

The Office of Government Commerce (OGC) has produced a benefits matrix, applicable throughout the public sector and beyond, to enable organisations to classify benefits in a consistent and repeatable manner. This can be used to develop an EDRM business case:

Category of Benefit	Description of Benefit that ERM Delivers
Mandatory	EDRM enables the organisation to meet regulatory targets: full accountability and good corporate governance.
Quality of Service	More accessible information enables faster response to customer queries, by better-informed staff, engendering goodwill.
Internal Management Benefits	Improved decision making through availability of accurate, timely and comprehensive information: getting it right first time saves time and money.
Increased Productivity	Freeing up staff time from 'paper shuffling' allowing more time for productive tasks: while the promotion of best practices and use of standard report templates encourages both consistency and 'faster time to market'.
More Motivated Workforce	Improved information access, from any location, can open new opportunities for empowering staff, for example homeworking. The perception of a 'better place to work' can also be enhanced.
Risk Reduction	Improved disaster recovery and business continuity planning procedures, and avoiding the risk of not meeting compliance targets.
Flexibility	Adaptable environment to cope with change, for example greater de-centralisation, and 'joined up working' across multiple agencies.
Economy	Reduce costs for information storage and dissemination.
Revenue Enhancement and Acceleration	Revenue may be considered in purely financial terms – eg faster collection of Council Tax – or in other ways, eg improved citizen goodwill, or improved ability to compete for grants for certain initiatives.
Strategic Fit	Enabling the organisation to 'retain control of its destiny'.