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www.MERresource.com/whitepapers/survey.htm
Table of Contents

Executive Summary ........................................................................................................................................ 5
The Heritage, The Sea Change, The Survey ................................................................................................. 6
Survey Highlights ........................................................................................................................................ 8
Conclusions .................................................................................................................................................. 11
Background – The Need for A Survey ........................................................................................................ 13
Survey Methodology ..................................................................................................................................... 15
Survey Results .............................................................................................................................................. 17
I. Records Management Program ............................................................................................................. 17
   Q1: Does your organization have a formal records management program? ........................................ 17
   Q2: How would you rate the effectiveness of this records management program? .............................. 18
   Q3: Currently, are electronic records included in your records management program? .................... 20
   Q4: Do your records management policies and procedures address electronic records? .................... 21
II. Records Retention Schedules .................................................................................................................. 22
   Q5: Does your organization have comprehensive records retention schedules which include electronic records? .................................................................................................................... 22
   Q6: Does your organization follow its retention schedules? ................................................................. 22
III. Discovery Response Plans and Records Hold Orders .......................................................................... 24
   Q7: Does your organization have a formal plan (policies and procedures) to respond to discovery requests for records? ........................................................................................................ 25
   Q8: Does your organization currently have a formal system for records hold orders – setting aside for an indefinite period of time those records that are deemed relevant to an existing or pending legal or regulatory proceeding? ......................................................... 25
   Q9: Does your system for records hold orders include electronic records? ........................................ 27
IV. Management of Electronic Records ..................................................................................................... 28
   Q10: Who currently has primary responsibility for the day-to-day management of electronic records in your organization? ........................................................................................................ 28
   Q11: Do you believe that Information Systems/Technology at your organization really understands the concept of “life cycle” regarding the management of your organization’s electronic records? ..................................................................................... 29
   Q12: Who do you believe should be responsible for the day-to-day management of your organization’s electronic records? ........................................................................................................ 30
V. Long-Term Digital Storage

Q13: How important do you believe that the process by which electronic records are managed will be important in future litigation?

Q14: If legally challenged, how confident are you that your business organization could successfully demonstrate that its electronic records are accurate, reliable and trustworthy – many years after they were created?

Q15: Does Information Systems/Technology (within your organization) realize that it will have to migrate many of the organization’s electronic records in order to comply with established records retention policies?

Q16: Does your business organization have in place a formal plan (policies and procedures) to migrate older records so that they will be accessible throughout the prescribed record retention schedule?

Q17: Is there a specific budget in your organization for record migration?

VI. Computer Archival and Backup Data Management

Q18: What storage devices does your organization use to back up its computer systems?

Q19: What storage devices does your organization use to archive data?

Q20: Does your organization use backup media for archival purposes and therefore retain certain “backups” (such as backups of e-mail servers) for longer periods of time to meet legal and regulatory requirement or to satisfy long-term business needs?

Q21: Does your organization have and apply retention rules to its archive and longer term backup media?

Q22: Who defines your organization’s retention policies for its archival and backup data?

Q23: Assess your organization’s ability to find and retrieve information from archival storage media in response to legal discovery requests?

Q24: Assess your organization’s ability to find and retrieve information from backup storage media in response to legal discovery requests?

Q25: How many backup tapes (that are not rotated) does your company currently retain?
VII. Other Issues .................................................................................................................................. 44

Q26: Does your organization have a formal e-mail policy regarding retention practices for e-mail? .................................................................................................................................. 44

Q27: Have your attorneys concluded that records stored on optical media are a legal alternative to paper storage? .................................................................................................................................. 45

Q28: Has the Sarbanes-Oxley Act had an impact your organization’s records management program? .................................................................................................................................. 46

Q29: To what extent has Sarbanes-Oxley resulted in your organization increasing its budget for records management? .................................................................................................................................. 47

VIII. Demographics .................................................................................................................................. 48

Q30: Which of the following best describes your organization’s industry sector? .................................................................................................................................. 48

Q31: What is your position in your organization? .................................................................................................................................. 49

Q32: To whom does records management report in your organization? .................................................................................................................................. 49

Q33: Total number of employees in your organization? .................................................................................................................................. 49

Q34: Your organization’s size (annual sales)? .................................................................................................................................. 49

Conclusions ........................................................................................................................................... 51

Self-Assessment .................................................................................................................................... 53

Action Items for Success .......................................................................................................................... 55

Senior Management .................................................................................................................................. 55

Records Managers .................................................................................................................................... 56

Legal Department ..................................................................................................................................... 57

Information Systems/Technology .............................................................................................................. 57

End Notes ............................................................................................................................................... 59

ARMA ..................................................................................................................................................... 63

AIIM ......................................................................................................................................................... 63

Cohasset Associates, Inc. ............................................................................................................................ 64

Redgrave Daley Ragan & Wagner, LLP ....................................................................................................... 64

MERresource Service ................................................................................................................................ 64

Iron Mountain .......................................................................................................................................... Inside Back Cover

Back Cover
The overall conclusions of this 2005 Cohasset ARMA AIIM Electronic Records Management Survey – A Renewed Call to Action White Paper can be classified into three categories:

- In many sectors, the findings clearly indicate a significant improvement has occurred since the last survey was conducted two years ago – a substantial number of organizations (typically ranging from 10% to 20%) reported their electronic records management (ERM) problems and risks were less severe.

- For most organizations, a great deal still remains to be done to achieve even substantive credibility in the management of their electronic records and, in time, “best practice” level performance.

- Major gaps and risks related to the handling of archival and backup media were reported in responses to a new section of the survey research.

Collectively, the improved findings strongly suggest “the tide is turning.” Many organizations believe they are more effectively and efficiently managing their electronic records. This is good news. It is the first time since this survey was first conducted in 1999 that such a conclusion is possible. Until now, the problems and risks persisted at a similar or slightly worse level from one survey to the next. To the extent improvements will continue in the findings of future Cohasset ARMA AIIM surveys, a more definitive turnaround conclusion will be possible.

Cohasset believes the significant improvements reflected in the findings of this survey are, to varying degrees, the result of five factors – all of which have raised senior management’s awareness to both the need for action and the potential consequences of records management failures:

1. New regulations - particularly Sarbanes-Oxley and HIPAA,

2. Significant court decisions - such as Zubulake v. UBS Warburg\(^2\) and Perelman v. Morgan Stanley,\(^3\)

3. The 2003 Cohasset ARMA AIIM Survey – A Call to Action White Paper which authoritatively detailed the severity of current problems regarding the management of electronic records,
4. The increasingly robust and integrated technology solutions offered in the marketplace, and

5. The growing realization that good records management is the keystone to achieving compliance which, in turn, is essential to senior management’s goal of effective governance.⁴

As much as the findings in this White Paper are heartening, this good news should not be interpreted in any way that understates the challenges yet to be addressed to bring the overall management of electronic records to a professionally respectable level.

This Cohasset ARMA AIIM White Paper, like its prior edition, provides a compelling case for senior management to undertake a self-assessment of how well their organization currently manages its electronic records. Based on the results of this self-assessment, there likely will be a need to focus greater attention and resources on their organization’s management of its electronic records. Those which have not yet undertaken such a self-assessment need to do one promptly; and those that have, need to move forward with a commitment to continuous improvement in their electronic records management capabilities. Action items for stakeholders in the records management process are listed in the section following the assessment and are intended to encourage cross-disciplinary cooperation and collaboration.

This White Paper renews the earlier Cohasset ARMA AIIM White Paper’s call to action and expands the call to include the new business reality: for an organization to manifest good governance there must be compliance; and to achieve compliance, there has to be effective records management.

**The Heritage, The Sea Change, The Survey**

Business and government are in the midst of a sea change regarding how records – which many consider the most important asset of any organization⁵ – are managed. To fully understand the enormity and significance of this change, both in its present context as well as what it purports for the future, the foundation on which organizations have historically relied first must be understood.

**The Heritage:** For centuries, (paper) records have been managed on a media-centric basis – in accordance with the operational model now called “materials management,” which is applied to all types of other business assets. Because these paper records were, in essence, a physical commodity, their management was driven largely by need and space: the time period for retaining them was based on need, and the location for storing them was determined by the availability of space.
Accordingly, records were kept where they were readily accessible for as long as space permitted. Over time, they typically were transferred to another location where there was more (and usually less costly) space – where their continued accessibility could be ensured for as long as they were needed. This methodology provided the necessary controls to ensure both the authenticity and availability of the records within its domain. For as long as records have been created, media-centric records management practices successfully served the needs of government and business.

**The Sea Change:** Now consider the sea change at hand: the transformation of records management – from the paradigm of media-centric records, where management was based on observable physical location controlled by humans, to the age of digital information and content-centric records management, where the management process is based on invisible logical location controlled by computers.

This sea change is grounded in the radically different nature of electronic records and has resulted in exponentially greater complexity in the process of managing records over their lifecycles. It also has created extraordinary new capabilities for improving that process – achieving unprecedented levels of control, effectiveness and automation.

Content-centric records management is a revolution in more than just a conceptual context. It is revolutionary in every aspect of how records are managed: from identifying and understanding new types of records… to where records are located and how they are accessed… to dependence on technology… to higher performance standards… to new skill sets required for records and IS/IT managers… to the need for a cross-functional records management team… and so much more.

In the midst of this revolution where seemingly everything is changing, there is a critical part of records management which has remained remarkably stable: the law. The sea change is demonstrating the strength of established legal principles. But it is also compelling focused changes – in the carefully considered way that is a hallmark of our legal system’s evolution.

**The Survey:** This White Paper was prepared to facilitate dialogue among stakeholders about much needed operational changes related to electronic records management. The survey research which is the foundation of this White Paper assessed certain key components associated with the successful life cycle management of records and the degree to which critically important records management practices are being applied to electronic records.

In addition to utilizing most of the questions asked in three previous Cohasset ERM surveys, this year’s survey included two new areas of research: 1) management of archival and backup data, and 2) demographics for the respondents and the organizations they represent.
Cohasset Associates, Inc. conducted the survey research, performed the analysis and prepared this White Paper. ARMA International and AIIM International, the two primary professional organizations dedicated to records management, again are co-sponsors. The nearly 2100 survey respondents were records management professionals – those with the best understanding of the subject matter of this research.

### Important Note

Percentages are used through this White Paper. In order to correctly understand and interpret the percentage values, it is important to differentiate between two contexts in which percentages are used.

- The first and most prevalent type of percentage is derived directly from the respondent’s answers to the ERM survey. These percentages are reported in the columns labeled by year in the matrices. Please reference the example provided in End Note #10 on page 56.

- The second type of percentage is derived from a comparative analysis of the 2005 ERM survey results with the results from previous years. These percentages are found in the right column labeled “delta” in the matrices. Please reference the example provided in End Note #11 on page 56.

### Survey Highlights

*This White Paper’s findings provide compelling reasons for senior management in business and government to focus much greater attention on their organization’s records management performance, particularly the challenges associated with electronic records. While meaningful progress has been made in addressing certain key aspects of electronic records management, many serious problems which this survey has documented in the past continue to exist at dangerous levels – in varying degrees for most organizations.*

To understand the extent to which the large majority of corporations and government entities remain deficient in their management of records, particularly electronic records, consider the following survey highlights. They are divided into four parts – each relating to a key records management principle.
**PRINCIPLE:** Records must be retained in accordance with specified records retention schedules – to comply with statutory and regulatory requirements as well as meet operational business needs.

- We sought an assessment of current records management programs and found nearly one-third (32%) of respondents evaluate their program as “Marginal” (11%) or “Fair” (21%) – the two lowest categories in a five point semantic scale. The cumulative assessment is a 22% improvement from 2003.

- We sought to evaluate adherence to retention schedules and found 29% of respondents reported their organizations follow their retention schedules either “Not regularly” (18%) or only “When time permits” (11%). This cumulative adherence represents a 24% improvement.

- We wanted to identify the extent to which electronic records are included in retention schedules and found 43% of the organizations represented do not include electronic records in their retention schedules. This is a 9% improvement from 2003.

- We sought to learn about retention practices for e-mail and found 49% of the respondent’s organizations do not have any formal e-mail retention policy – and this is a 16% improvement.

- We sought to understand the degree to which those primarily responsible for overseeing the organization’s application of retention schedules, records management professionals, knew whether those schedules were being applied to electronic records backup and archival storage media, and found a serious knowledge gap - from 27% to 72% responded “Don’t know” to a variety of new questions added to this year’s survey.

- We wanted to know if records management professionals are responsible for defining the retention requirements for archival and backup media - and found less than one-third (32%) have this responsibility.

**PRINCIPLE:** For designated records that impact litigation and regulatory inquiries, established retention schedules must be suspended and those records held indefinitely to ensure their availability – and thereby comply with court-ordered record holds and compliance-related records requests.

- We sought to assess the degree to which organizations are prepared to respond to records hold orders and found 43% do not have a formal system for records hold orders in place. This is a 7% improvement since 2003.
We inquired about the inclusion of electronic records and 53% of the respondents reported electronic records are not included in their organization’s record holds – and this is an 18% improvement.

We sought to learn about the degree of difficulty finding and retrieving information from backup and archival storage media in response to court-ordered discovery, and found 68% affirming that their organization had “some” (38%), “considerable” (21%) or great (9%) difficulty.

**PRINCIPLE:** There must be proactive preservation initiatives (migration) in order for electronic records to be accessible many years after they were created – due to the intrinsic technological obsolescence of the computer hardware and software used to create, retrieve, and store electronic records.

We sought to assess awareness about the need to migrate records retained more than 10 years and found 57% of respondents do not believe that their organization’s IS/IT staff realizes it will have to migrate many of the organization’s electronic records in order to comply with established retention policies. This a 21% higher response – indicating records management professionals believe to an even greater extent that their information management colleagues do not yet fully understand their role in meeting the organization’s record retention requirements.

We sought to determine the extent to which organizations have formalized migration planning and found 68% do not have a records migration plan in place – reflecting only a 3% improvement since 2003.

**PRINCIPLE:** The expertise of IS/IT is needed to successfully perform many of the core electronic records management functions.

We sought to determine who has primary responsibility for managing electronic records and found at 35% of organizations represented, Records Management is responsible for the day-to-day management of electronic records. This is a 21% increase since 2003.

We questioned the level of awareness IS/IT has about the life cycle principle of records management and found 70% of respondents do not believe their IS/IT colleagues fundamentally understand the concept of “life cycle” as applied to the management of the organization’s electronic records.

We sought to identify who is responsible for determining the retention schedule for archival and backup media and found the Records Management function in 32% of respondents organizations defines the
retention schedules for archival and backup media (versus 39% for IS/IT; 15% legal/compliance; 6%, business operations and 8%, other).

- We sought to assess the degree to which records managers believe the current process for managing electronic records in their organizations will impact future litigation, and found 99% believe the process by which their electronic records are managed will be important in future litigation. This is 6% greater than in 2003 and reflects that virtually all respondents now appreciate the current processes for managing electronic records will impact future litigation.

- We sought to assess how confident respondents are that, if legally challenged, their organization could successfully demonstrate in the future that its electronic records are accurate, reliable and trustworthy, and found nearly one-half of the respondents (49%) are either “not at all confident” (21%) or only “slightly confident” (28%) that their organization could demonstrate its electronic records were accurate, reliable and trustworthy – many years after they were created. The cumulative assessment is a 21% improvement.

**Conclusions**

From these compelling findings, seven conclusions are clear:

1. Although significant progress appears to have made on many of the key issues associated with the successful management of electronic records in the aggregate, *a great deal of further improvement is needed in the life cycle management of electronic records.*

2. While many organizations “have their act together,” Cohasset’s research clearly indicates that, for an alarming number, *the job of records management simply is still not getting done.*

3. For traditional media-centric records, many significant performance shortfalls continue; *for content-centric electronic records, the problems are greater – in both number and significance.*

4. *The majority of organizations are not prepared to meet many of their current or future compliance, legal and governance responsibilities because of the deficiencies in the way they currently manage their electronic records.*
5. **A majority of organizations still are not doing what they need to do NOW regarding digital preservation – to ensure future accessibility to their electronic records.**

6. The collective knowledge and expertise of three professional support areas (legal, IS/IT and records management) are required to successfully manage electronic records. *This year’s findings reveal shifts in perceptions and attitudes about where oversight responsibility for electronic records management performance is best placed. Disparities in responses between levels of management suggest that there is misalignment of priorities and misunderstandings about risks and liabilities associated with electronic records management.*

7. **The outstanding challenges associated with the management of electronic information assets have the potential to be devastating in terms of costs, professional careers, and even corporate reputations.**

*Cohasset’s most urgent recommendation is all readers of this White Paper conduct the brief, but very important, self-assessment provided on page 51. The purpose of this exercise is to help readers determine the degree to which their organization has one or more of the significant records management problems highlighted in the survey’s findings. In essence: are these problems “the problems of others” or are they “our problem” too?*

Following the self-assessment, Cohasset has provided a list of specific action items which key stakeholders in the records management process can undertake to address shortcomings in their organization’s programs.

The good news is with prompt, proactive and sustained efforts, major improvements in electronic records management performance can be achieved in a relatively short time. The significant improvements detailed in this year’s survey show this action plan yields results!

Success, however, will require:

- Commitment of meaningful financial resources,
- Engagement of internal and external resources in collaborative partnerships, and
- Adoption of new, long-term perspectives for how business records, especially electronic records, should be managed and preserved.
Records, with their respected accuracy, detail and completeness, have historically been regarded as the “corporate memory” – documenting daily business actions and decisions. When records meet both operational and legal requirements, they are recognized as the most trustworthy evidence of an organization’s voluminous transactions and processes. As such, records enable companies and government agencies to review, analyze or document the specifics of their past actions and decisions.

In recent years, due to the ever-increasing magnitude of litigation and the need for regulatory compliance, records have assumed even greater value. Always important in determining the outcome of disputes, now records have become pivotal in determining the destiny of organizations as well as the fate of business and government leaders.

Processes that were satisfactory for managing records in the past are now inadequate due to the pervasive presence of electronic records and the associated challenges of technology and volume – specifically:

- The adoption of electronic mail and other communications technologies which create new types of records,
- The complexity of electronic records and the business processes producing them, and
- The exponential growth of records resulting from the ease with which electronic records can be created, distributed, and stored.12

With this expansion in the type, complexity and volume of business records, there is a newfound need to refocus the processes by which records are managed. It is therefore appropriate to begin this refocusing effort by assessing how well records, particularly electronic records, are currently being managed today. Who better to assess the current state of records management than those who have frontline responsibility, namely records managers?

Recognizing the “time is right” for an enhanced understanding of the current state of records management, the two leading industry associations, ARMA International13 (www.arma.org) and AIIM International14 (www.aiim.org) have joined Cohasset in co-sponsoring
the 2005 research survey and this White Paper which provide senior management with a clarion call to action. Cohasset Associates conducted the survey and prepared this White Paper.

Cohasset Associates (www.cohasset.com) is one of the nation’s foremost management consulting firms specializing in electronic records management. For more than thirty-five years, Cohasset has served clients throughout the United States. Its distinguished work and innovative concepts have been recognized with the highest professional awards. Cohasset also is widely known for its excellence in education – organizing and presenting the renowned national conference on Managing Electronic Records (MER) (www.merconference.com) – with its special focus on the legal, technical and operational issues. Cohasset’s publishing focus is the pioneering new web-based resource service MERresource.com (www.MERresource.com) providing personalized electronic records management information – to anyone, anywhere at anytime.
The 2005 Cohasset ARMA AIIM Electronic Records Management Survey has five goals:

- First, update and make more conclusive earlier findings,
- Second, compare the earlier data against the 2005 survey results and identify changes and trends over the period 1999 to 2005, with particular emphasis between 2003 and 2005,
- Third, identify specifically the problems regarding how electronic records are currently managed,
- Fourth, detail why these documented electronic records management problems are a major and unacceptable risk in today’s business world – with its ever-increasing volume of regulation and litigation, and
- Fifth, present the business implications and consequences of the survey’s findings.

The resulting “renewed call to action” would encourage senior management to provide greater focus, support, and resources to improve their organization’s management of its records. Such a commitment by senior management would benefit 1) professionals who have day-to-day responsibility for managing records, 2) vendors that offer solutions and 3) the two co-sponsoring associations, ARMA and AIIM, whose memberships are largely comprised of information management professionals and vendors.

The survey results are organized according to the following topical areas:

I. Records Management Program
II. Records Retention Schedules
III. Discovery Response Plans and Records Hold Orders
IV. Management of Electronic Records
V. Long-Term Digital Storage
VI. Computer Archive and Backup Data Management
VII. Other Issues
VIII. Demographics
The survey was conducted via the web between May 10 and 19, 2005. The input of all respondents was anonymous. Members of ARMA and AIIM were invited to participate in the survey via a special e-mail message from their respective association staff leaders, Peter Hermann (Executive Director/CEO) and John Mancini (President). Robert Williams, President of Cohasset Associates, invited all previous MER conference registrants and also members of the Records Management LISTSERV to participate.

The collective size of the four groups was approximately 17,000. There was, however, considerable duplication among the groups as many are members of ARMA and AIIM as well as the records management LISTSERV and also may have attended the MER conference. Accordingly, the total number of unique potential respondents was estimated to be 10,000 - 11,000. Based on this estimate, the number of respondents (2053) was approximately 19-21% – a high rate reflecting a keen interest in the topic and bettering the current state of electronic records management.

The high number of respondents achieved one of the survey’s key objectives: increase the accuracy of the results. The consistency of the responses over time continues to provide added credibility to the findings and conclusions detailed in this report.

This survey contained 34 close-ended, issue-based questions. To optimize measurement of trends over time, most of the questions were identical or quite similar to those presented in the three earlier surveys. Cohasset Associates, Inc. is solely responsible for designing the questions, tabulating the results, analyzing the findings and preparing this White Paper. Cohasset appreciates the input provided by the law firm of Redgrave Daley Ragan & Wagner, LLP.

Cohasset wishes to express its appreciation to all respondents who participated in the four surveys referenced in this report. A special “Thank You” is due the leadership of ARMA and AIIM for their willingness to again work together with Cohasset on this 2005 Electronic Records Management Survey. The large number of respondents underscores the success of their efforts.
Survey Results

Records Management Program

Q1: Does your organization have a formal records management program?

<table>
<thead>
<tr>
<th>Response</th>
<th>1999</th>
<th>2001</th>
<th>2003</th>
<th>2005</th>
<th>Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Yes</td>
<td>83%</td>
<td>93%</td>
<td>85%</td>
<td>87%</td>
<td>+2%</td>
</tr>
<tr>
<td>B. No</td>
<td>17%</td>
<td>7%</td>
<td>15%</td>
<td>13%</td>
<td>-13%</td>
</tr>
</tbody>
</table>

An overwhelming number of respondents (87%) affirmed their organization currently has a formal records management program. With 13% responding they did not have such a program, approximately 1,300 organizations (of the survey’s estimated universe of 10,000 organizations) lack a formal records management program. In part, this finding may be attributed to some of the survey respondents being associated with:

- A very small organization which, because of its size, does not have a formal records management program,
- A project or business unit of a large organization and, accordingly, the respondent was unaware of any existing formal records management program, or
- An organization that has not formally committed to a records management program.

The demographics for this question show a higher affirmative response for government (91%) than the private sector (86%) and, within government sectors, there are fewer programs at lower levels: federal (96%) vs. state (91%) vs. municipal (87%). In the private sector, utilities (95%), manufacturing (94%), petroleum (90%), insurance (90%) and pharmaceuticals (90%) were the leaders. It was surprising banking/financial services (85%) lagged somewhat behind given the electronic records management problems reported in the news for this sector. Additionally, it was unexpected to find 38 organizations (7%) with over $1 billion in sales reporting they had no program. This finding calls for future data points to confirm.
Organizations which lack a formal approach to electronic records management potentially face major legal, compliance and business risks. These risks should be recognized by senior management, deemed unacceptable, and addressed promptly by establishing a formal records management program.

**Q2: How would you rate the effectiveness of this records management program?**

As detailed in the matrix, nearly one-third (32%) of the respondents evaluated the effectiveness of their organization’s records management program as either “marginal” (11%) or “fair” (21%), the two lowest categories in the five point semantic scale. This result clearly indicates there is still a great deal to be done to improve the efficacy of many records management programs.

This year’s findings also show a remarkable change: a major improvement in the self-evaluation of the respondent’s records management program. Those evaluating their program as “great” increased from 14% to 19% - a 36% improvement. And those who rated their program as “fair” or “marginal,” (the two lowest categories in the five point semantic scale) declined from 41% to 32% - a 22% improvement.

This is the first time in the six years of this survey’s research that Cohasset can report any substantive improvement. Cohasset believes the consistently bleak findings in the 1999, 2001 and 2003 research reflected the daunting and radical challenges of managing electronic records, whose exponentially greater volumes and the degree of change resembled a veritable information tsunami. During that period of time, if there was a lack of clarity in understanding how to address the extraordinary changes in records management, there was at least a growing acknowledgement by records management professionals: past methods for successfully managing media-centric records had to be adapted significantly to manage the new content-centric records.
In the White Paper associated with the 2003 survey, Cohasset stated it believed the large share of “fair” and “marginal” evaluations (41%) manifested a realization by records managers that traditional records management practices were inadequate to manage electronic records. It further stated, “If this recognition by the frontline professionals is in fact soon followed by senior management’s awareness of the situation, we may begin to see new and additional resources allocated to address this problem.” This year’s findings strongly support the conclusion that for many organizations, the referenced “recognition” has in fact been followed by new levels of management commitment.

The data in the matrix reveals some important trends. Note on line A+B three consecutive data points collectively reflect improvement: in 2001, only 16% evaluated their records management program as “excellent” or “great.” The number has risen in 2005 to 25% - a 56% gain. For the same time period (line D+E), 43% evaluated their records program as “fair” or “marginal.” Again, just four years later, the number is now at 32% - a 26% decline and betterment. Together, these findings appear to strongly indicate that a “turnaround” is in progress. Comparable, continued improvement in future Cohasset ARMA AIIM surveys will help this year’s observations become a future year’s definitive conclusion.

*The worst outcome would be for this year’s “good news” to serve as the rationale for complacency – the situation looks better so continued, greater effort may not be considered urgent. The challenges and risks are real and demand a higher standard of governance.*

Based on more than 35 years of records management consulting experience, Cohasset believes the records management function has traditionally been under funded and the subject of benign neglect by senior management. Further, it is the accumulated consequences of this benign neglect which has resulted in a third (32%) of the records management professionals participating in this survey believing a great deal remains to be accomplished to bring the effectiveness of their records management program to a “good,” “very good,” or “excellent” status. Their professional self-evaluation should be recognized both as a candid statement of the status quo and also as a continuing call to senior management for support to achieve a quality standard for performance.

The demographics showed a high level of constancy in the findings independent of the respondent’s position, size of the company (in both sales and number of employees) and type of business.
Q3: Currently, are electronic records included in your records management program?

More than a third of respondents (35%) stated electronic records were not included in their organization’s current records management program. This is a 15% improvement from the last survey and, for the first time, reflects a reduction in the problem. Cohasset continues to believe professional records managers and senior management must view the inclusion of electronic records under the authority of their organization’s records management program as absolutely essential.

This finding reflects a dual shortfall of the records management profession: the fundamental importance of including electronic records in an organization’s records management program still has not been adequately communicated to records management professionals and, in turn, records management professionals have not effectively educated their employers and colleagues about the significance of electronic records and the special challenges associated with their management.

The demographics on this question manifested several interesting findings:

- Among companies with sales over $1 billion, 28% do not yet include electronic records in their records management program.

- Among companies with less than 1000 employees, 42% do not include electronic records in their records management program.

- The federal government (78%) is the inclusion leader. The laggard is real estate (41%).

- Responding executives reported a significantly higher (85%) inclusion of electronic records in their records management programs than directors (70%), managers (64%) and support staff (60%). Given this disparity, two important and related questions arise: first, are the executives’ responses based more on what they hope vs. what they know; and second, are the others, who are typically closer to records management operations, less informed on this matter? Organizations wanting to improve the management of their electronic records need to have alignment at all management levels on this issue.
It is imperative that established retention schedules be applied diligently and consistently for all types of records storage media. Failure to include electronic records in an organization’s records management program greatly increases the risks associated with those records in three ways:

- First, records which no longer have any legal or operational value to the business will continue to be stored. Unnecessarily retained records which could have been destroyed, but were not, are subject to potential discovery – with all of the associated production and review costs. The costs for the storage and subsequent legal production of any unneeded records (online, near-line or offline) are completely unnecessary and, as such, are a 100% wasted expense.

- Second, records may not be disposed of in accordance with the organization’s established retention schedules. This reflects a major deficiency in any organization’s records management program.

- Third, records will not have their scheduled disposition put on hold in accordance with court-ordered record holds. This is a problem of the first order.

**Q4: Do your records management policies and procedures address electronic records?**

Given that 65% of the respondents affirmed electronic records were included in their records management program (Q3), it is not surprising a similar number (64%) reported their records management policies and procedures address electronic records (Q4). What is noteworthy in this finding is, whereas there was a 10% increase between this survey and the last one regarding inclusion of electronic records in the records management program (Q3, Line A), the findings here show 40% more organizations (14%) include electronic records in their records management policies and procedures than in their records management program. It is Cohasset’s belief that including electronic records in the records management program as well as addressing electronic records in records management policies and procedures are both absolutely necessary. They also may constitute “low hanging fruit” for those organizations newly committed to improving management oversight of their electronic records.
The most noteworthy element of the demographics was corporations with $50 to $100 billion in sales had significantly better percentages (91% “Yes,” 7% “No” and 2% “Don’t know”) – 40% above the average for all organizations. This group’s metrics should be the goal for all others.

II
Records Retention Schedules

Q5: Does your organization have comprehensive records retention schedules which include electronic records?

Just 57% of respondents stated their organizations have comprehensive records retention schedules which include electronic records. This is an 8% improvement since 2003. In the period 1999 – 2005, however, there has been only marginal improvement (from 51% in 1999 to 57% in 2005) regarding the inclusion of electronic records in their retention schedules. Thus, too little progress has been made in reducing, much less resolving, this significant problem – where 43% still do not have comprehensive retention schedules that include electronic records.

*Cohasset believes all professional records managers must view the application of retention schedules to electronic records as an essential requirement of a records management program. A thorough review of this essential program component should be promptly undertaken by each organization to determine the degree to which this problem exists. Where deficiencies are identified, a cross-disciplinary action plan should be developed immediately.*

| Question Response       | 1999 | 2001 | 2003 | 2005 | Δ (
A. Yes          | 51%  | 57%  | 53%  | 57%  | +8% |
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<tbody>
<tr>
<td>B. No</td>
<td>49%</td>
<td>43%</td>
<td>47%</td>
<td>43%</td>
<td>-9%</td>
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Q6: Does your organization follow its retention schedules?

*In today’s litigious society, it seems incredible that nearly one-third (29%) of the respondents’ organizations follow their established retention schedules “not regularly” (18%) or only “when time permits” (11%). It is good to know, however, this number is a 24% improvement from the last survey’s finding as detailed in the matrix.*
Cohasset believes there are two likely reasons why so many organizations fail to consistently follow their retention schedules. First, committed, sustained senior-level support is required for a records retention program to be successful. Without such support, a records retention program has inadequate authority and systematic records disposition never becomes integrated into the organization’s business processes. The second reason is records managers themselves may not have taken a strong, leadership role in the deployment of a consistent retention policy throughout their organizations. Specifically, consistency in retention policies applies:

- Across media (paper, microfilm optical and magnetic);
- To all types of records (different record series) in both digital and non-digital format; and
- To the application of retention requirements over an extended time.

It is important to note the number of respondents who “always” follow their retention schedules increased from 7% in 1999 to 21% in 2005. Although seemingly still a small number at 21%, it is nevertheless a 300% increase in six years. This improvement is the likely result of the high-profile publicity records have received in recent business scandals and litigation as well as the advent of Sarbanes-Oxley. Positive findings such as this increasingly indicate that at a growing number of organizations, senior management has become more focused on records management issues and mandated higher levels of compliance to an updated records retention schedule.
Discovery response plans and records hold orders are key components of a successful records management program.

A discovery response plan is a set of policies and procedures which an organization applies in response to a legal discovery request. The primary objective of the plan is to take action in a timely and responsive manner. Records hold orders are a critical component of such plans.

Records hold orders are issued to suspend or extend indefinitely the established records retention schedules of any records that are the subject of the discovery request. These suspensions are designed to preclude the destruction of records relating to actual or threatened litigation or investigation. Although records hold orders are typically applied after litigation is filed and the opposing side has identified the relevant records it seeks in discovery, records hold orders also can be self-initiated in anticipation of litigation, investigation or audit.

Many people mistakenly believe the primary cost of discovery is the expense of finding the targeted records (frequently using the services of computer forensics experts). The largest cost is actually the time for lawyers and paralegals to review the documents – ensuring that they a) are relevant and within the scope of the discovery request, and b) are not “privileged” in any context. Privileged records are exempt from production (i.e., being included in a response to a discovery request) for one of a number of specific legal reasons which protect certain types of records – such as communications between attorney and client.

The presence and successful administration of a records hold order process is an essential component of every records management program – especially in today’s environment of unprecedented levels of litigation and regulatory inquiries. Most records hold orders are the result of a court- or agency-ordered discovery request, and full compliance is mandatory. Anything less can put at serious risk an organization’s legal position on a matter. Non-compliance can result in costly and potentially devastating consequences.
Q7: Does your organization have a formal plan (policies and procedures) to respond to discovery requests for records?

In 2005, just 57% of the survey respondents stated their organizations had a discovery request response plan. As detailed in the matrix, there has been consistency in the percentages of affirmative responses over the four-year survey period – from 56% in 1999 to 57% in 2005 with an average of 54%. These findings indicate this significant deficiency is not lessening with time.

Cohasset believes the 57% “Yes” response may be, to some extent, an unintentional understatement of reality. In some organizations, for example, such plans are viewed as primarily an internal legal department matter and therefore those plans are not known to the survey respondents. For many other organizations, their formal discovery response plan may be mature, but not fully operational: in the “pipeline” as a near-term “to do” to finalize, but not yet in service.

The survey demographics confirmed what was anticipated: the more likely an industry is to incur litigation (larger organizations and those in litigation prone industries), the more likely it is to have a formal plan.

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<th>2001</th>
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</thead>
<tbody>
<tr>
<td>A. Yes</td>
<td>56%</td>
<td>48%</td>
<td>54%</td>
<td>57%</td>
<td>+6%</td>
</tr>
<tr>
<td>B. No</td>
<td>44%</td>
<td>52%</td>
<td>46%</td>
<td>43%</td>
<td>-7%</td>
</tr>
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</table>

Q8: Does your organization currently have a formal system for records hold orders – setting aside for an indefinite period of time those records that are deemed relevant to an existing or pending legal or regulatory proceeding?

For a great many organizations, litigation is an endemic part of doing business. With litigation, there is almost always discovery and, with discovery, there must be a coordinated and timely means of responding to discovery requests. Only 57% of this year’s respondents reported their organization has a formal system for records hold orders. For the other 43% – representing all the organizations that do not have a formal record hold order system in place – their situation is perilous and contrary to the current management focus on risk mitigation.

As detailed in the matrix, one of the most surprising year-to-year findings is a three year, 23% decline - from 70% in 1999, to 60% in 2001, to 54% in 2003 – in organizations having
a formal system for records hold orders. Cohasset considers this decline extraordinarily slow given the degree of recent national media coverage on the issue of illegal document destruction and the substantive growth in the number of court-ordered records hold orders issued in the 1999 – 2003 period. This year’s response (57%) ends the decline. Future survey findings will be needed to resume and hopefully accelerate improvement. In the interim, the collective findings of all four Cohasset surveys on this matter should spur prompt management action on this very serious problem.

The 43% responding “No” means that more than 875 of the nearly 2,100 organizations represented in the survey results have no formal system in place for complying with court order records hold orders. Projecting this finding against the 2005 survey’s universe of an estimated 10,000, 4,300 organizations do not have a formal hold order system in place.

Cohasset believes several factors may have affected the number of respondents reporting their organizations do not have a formal system for responding to records hold orders.

- First, small organizations are not likely to have the quantity of litigation and regulatory inquiries as larger organizations and therefore are less likely to have a formal record hold order system in place.
- Second, in some large organizations, the respondents may have been so removed from this aspect of their organization’s records management practices they answered “No” because they did not have first-hand knowledge of such a system elsewhere in the organization.
- Third, recent publicity and an increased public awareness (in the period 1999 – 2005) about hold orders and their importance may have resulted in successively more accurate responses in each of the four surveys.

Cohasset is aware that some organizations have made a deliberate decision not to have a formal system for records hold orders so they then can not be held responsible for failing to follow any specific detail within the system. This may be faulty reasoning, however, since organizations without a formal system may in fact be impairing their ability to respond in full accordance with a court or agency’s hold order.

The indisputable fact is: an extraordinary number of organizations still do not have a formal system to ensure records hold orders are administered successfully. For an organization of any size that is the likely target of litigation or regulatory inquiries, the absence of a formal plan to respond to discovery requests must be considered an unacceptable risk. Where there is no formal system for records hold orders in their organizations, records management professionals need to work aggressively with their legal colleagues to correct this significant deficiency.
The demographics showed those organizations most likely to be sued have the highest reporting of formal systems for records holds. Recognizing much litigation is based on “the depth of the pockets” (financial resources) of the defendant, there is a clear progression upward (based on annual sales) in the number of organizations having formal systems for hold orders: sales under $50 million, 45%; $50 million to $1 billion, 55%; $1 - 25 billion, 68%; $25 - 50 billion, 79%; and $50 - 100 billion, 87%. Government averages 53%. The highest specific industries were manufacturing (76%), petroleum (74%) and pharmaceuticals (73%); the lowest industry was real estate (25%).

**Q9: Does your system for records hold orders include electronic records?**

*For the fourth consecutive time, a majority of respondents (this year 53%) reported their organization’s system for records hold orders did not include electronic records. As detailed in the matrix, this 53% reflects an 18% improvement from the results of the previous survey. It is one of the most significant improvements to be reported from this year’s research.*

The demographics showed certain industries had statistically more severe problems: Education reported 71% “No;” municipal and state government as well as manufacturing, 64% “No.” Interestingly, federal government reported much lower at 48% “No.” Executive and director level respondents had an 8% higher affirmative response than those at lower management levels. Does this reflect they have better information or do their answers more closely reflect what they “hope” is the case?

No finding from the 2003 survey sparked greater amazement and controversy from attorneys than the 65% response to this question. It is Cohasset’s belief that at many organizations this glaring statistic precipitated a policy review and corrective action which, in part, is why there is such noteworthy improvement to report this year.

However, when 53% of respondents still report their organizations do not include electronic records in their records hold orders, a very serious problem remains which should compel priority action by senior management. *Cohasset believes this 53% finding manifests a continuing major disconnect between those responsible for overseeing the application of an organization’s retention schedules (records managers) and those responsible for the day-to-day management of electronic records (IS/IT). The result is that for a majority of organizations, the job is not getting done.*
Professional records managers as well as IS/IT, like the Legal Department, must view the inclusion of electronic records in their record hold system as an essential requirement of a successful records management program. A thorough review of this aspect of every organization’s records management program should be promptly undertaken – to determine if there is a problem and, if there is, to address it immediately. A major records management effort, but not necessarily significant expense, will be required to rectify this situation. This effort/investment will result in significant cost avoidance as well as reduced operating costs.

IV

Management of Electronic Records

Q10: Who currently has primary responsibility for the day-to-day management of electronic records in your organization?

61% of respondents reported Information Systems/Technology (IS/IT) had primary responsibility for the day-to-day management of their organization’s electronic records – 14% less than 2003. As detailed in the matrix, this is significantly less than all three prior surveys. The response that records management should have primary responsibility increased 21% to 35%. The option of legal/compliance was offered for the first time in the 2005 survey, and the response was a surprisingly low 4%.

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<th>2003</th>
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<tbody>
<tr>
<td>A. Information Systems/Technology</td>
<td>70%</td>
<td>77%</td>
<td>71%</td>
<td>61%</td>
<td>-14%</td>
</tr>
<tr>
<td>B. Records Management</td>
<td>30%</td>
<td>23%</td>
<td>29%</td>
<td>35%</td>
<td>+21%</td>
</tr>
<tr>
<td>C. Legal/Compliance</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>4%</td>
<td>n/a</td>
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The findings of future surveys will show whether this year’s downturn in the IS/IT percentage continues and, as such, more clearly defines a trend or just reflects that this year’s 61% was a unique aberration compounded by the addition of a third response option, legal/compliance.
Cohaset believes there are three reasons why, throughout the six years this survey has been taken, an average of nearly three quarters of the respondents (73%) state day-to-day responsibility for ERM is performed by IS/IT.

- For a great many organizations, the technical skill sets required to successfully address the significant complexities of managing electronic records reside predominately, if not exclusively, in IS/IT,
- Many electronic records can only be accessed via centralized servers and networks which are managed by IS/IT, and
- The costs associated with managing an organization’s electronic records are beyond the resources of most budgets other than IS/IT.

Demographically, the federal government had the lowest (41%) “IS/IT” response. This was nearly 33% less than state and municipal (both 61%) for IS/IT. “Real estate” and “Retail, Wholesale, Distribution” were the highest sectors – reporting IS/IT at 83%. Interestingly, Chemicals (20%) and High Tech (18%) had by far the highest instances of “Legal/Compliance” having primary responsibility for the day-to-day management of electronic records, and municipal government had the lowest (.5%) response for “Legal/Compliance.”

**Q11: Do you believe that Information Systems/Technology at your organization really understands the concept of “life cycle” regarding the management of your organization’s electronic records?**

The life cycle concept is predicated on all records having a birth, life and death. It calls for the ultimate disposition of all records to be defined and integrated into the ongoing management of each record series or category. In this way, records are retained only as long as needed to meet the organization’s legal, compliance and business requirements.

This year’s survey respondents, those who have the greatest knowledge about the management of records (records managers), believe less than one-third (30%) of those primarily responsible for managing electronic records systems (IS/IT) really understand the life cycle concept – one of the most important tenets of records management. As detailed in the matrix, this perspective has averaged less than 30% for all three prior surveys. Throughout this year’s demographics, there also was consistency in this perspective.
The responses to this question – and their uniformity over time and across all of this year’s demographics – reflect a serious problem which Cohassett believes portends three potentially significant and unnecessary future costs:

- **Higher Storage Costs** – If electronic records are retained without a clearly defined disposition time (as determined by an organization’s retention schedules), the volume of records will grow rapidly and that growth will be mirrored in the cost for electronic records storage.

- **Greater Discovery Costs** – Since unnecessarily retained records can be the subject of legal discovery, the costs associated with producing records that should have been destroyed are totally unnecessary expenses.

- **Unwittingly Assisting Plaintiffs** – Unnecessarily retained records can be used against the organization in future litigation. This is potentially the most significant cost.

Cohassett believes there is a twofold need: 1) heightened awareness by IS/IT regarding records management concepts and practices, and 2) records management education for IS/IT by the subject-matter experts in this field, the records managers. The education of IS/IT on how to apply records life cycle management requirements to electronic records should be aggressively proactive and undertaken, not as a one-time initiative but rather, as part of ongoing continuous process improvement.

**Q12: Who do you believe should be responsible for the day-to-day management of your organization’s electronic records?**

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<tbody>
<tr>
<td>A. Individual Business Units</td>
<td>27%</td>
<td>35%</td>
<td>18%</td>
<td>19%</td>
<td>+ 6%</td>
</tr>
<tr>
<td>B. Records Management</td>
<td>59%</td>
<td>41%</td>
<td>46%</td>
<td>64%</td>
<td>+39%</td>
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<tr>
<td>C. Information Systems/Technology</td>
<td>14%</td>
<td>24%</td>
<td>36%</td>
<td>17%</td>
<td>-53%</td>
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This year’s findings manifested an apparent major change in the self-confidence of records managers to assume the day-to-day responsibility for their organization’s electronic records. Respondents increased their support for records managers as the leader – from 46% in 2003 to 64% in 2005. This is a 39% increase.
Given the size of this survey (more than 2000) and the consistency with which this finding was reflected in all of the demographic categories, Cohasset believes this finding likely manifests a new level of professional self-confidence by those responsible for the management of electronic records. This new responsibility needs to be assumed, not with a sense of fear or curiosity as may have been the case in the past, but rather with new skill sets and knowledge combined with a growing base of electronic records management experience – that collectively provide the self-confidence needed to successfully tackle electronic records management challenges.

As detailed in the matrix, the comparative findings of the four surveys show two clear trends:

- First, records managers have increased their view that electronic records should not be managed by the organization’s business units (Line A). Although the findings show an increase in 2001, the 33% decline between 1999 and 2003 (27% to 18%), and the nearly 50% decline between 2001 and 2003 (35% to 19%) indicates to Cohasset this is a notable, consistent and likely to continue trend.

- Second, in the first three Cohasset surveys, there was an ever-increasing belief that IS/IT should be responsible for the day-to-day management of electronic records (Line C). In 2003, 36% of respondents believed IS/IT should be responsible. This was a dramatic 150% increase over 1999 and a 50% increase from 2001. Cohasset concluded this reflected a growing acknowledgement of which business function has the expertise and budget to do the job on an enterprise-wide basis. This year’s findings, however, not only clearly ended this trend, but may have defined the beginning of a new one. The jury is still out. Only future surveys can provide the additional data points needed to more clearly explain if this year’s survey’s very different findings mark the beginning of a new trend.

Cohasset believes these findings manifest that records managers increasingly realize their professional responsibilities are changing radically – and changing rapidly:

- From a traditional role of being records custodians... to a new role requiring life cycle management of both media- and content-centric records;

- From having singular responsibility for managing media-centric records... to being a key team member (business/program, legal, IS/IT and records management) overseeing the management of all types of records;

- From having all the resident knowledge about managing media-centric records... to recognizing the technical and financial necessity of an operational partnership with IS/IT.
And to successfully meet the full spectrum of newfound challenges associated with managing electronic records, Cohasest further believes records management professionals need to both proactively evolve their roles and responsibilities as well as concurrently acquire the skill sets necessary to win the increasingly important position of leading an organization’s records management program.

Demographically the survey’s findings were mixed. Government respondents were somewhat higher in their belief that records managers should be responsible for the day-to-day management of the organization’s electronic records. In part, this may be attributable to the fact that 33% of the survey respondents were government and approximately one-third of the government respondents worked at the municipal level where records managers are likely to be “bigger fish in smaller ponds.” In contrast, private sector respondents clearly reflected the larger their organization, the less records management should lead the ERM effort – from 66% where sales are under $50 million; to 49% where sales are over $100 billion.

V
Long-Term Digital Storage

**Q13: How important do you believe that the process by which electronic records are managed will be important in future litigation?**

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<tr>
<td>A. Very important</td>
<td>58%</td>
<td>57%</td>
<td>80%</td>
<td>+40%</td>
</tr>
<tr>
<td>B. Quite important</td>
<td>22%</td>
<td>20%</td>
<td>15%</td>
<td>-25%</td>
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<tr>
<td>A+B</td>
<td>80%</td>
<td>77%</td>
<td>95%</td>
<td>+23%</td>
</tr>
<tr>
<td>C. Important</td>
<td>15%</td>
<td>16%</td>
<td>4%</td>
<td>-75%</td>
</tr>
<tr>
<td>A+B+C</td>
<td>95%</td>
<td>93%</td>
<td>99%</td>
<td>+6%</td>
</tr>
<tr>
<td>D. Somewhat important</td>
<td>2%</td>
<td>3%</td>
<td>1%</td>
<td>-66%</td>
</tr>
<tr>
<td>E. Not important</td>
<td>3%</td>
<td>4%</td>
<td>0%</td>
<td>-99%</td>
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Virtually all respondents (99%) now believe the process by which electronic records are managed will be “Very important” (80%), “Quite important” (15%) or “Important” (4%). Only 1% responded “Somewhat important” or “Not important” – and this was consistent across all of the survey’s demographics.

This year, as detailed in the matrix, a major improvement in the survey respondent’s awareness about this issue’s importance was evident – a 40% increase in the number stating it will be “Very important” and a 75% decline in those stating it was just “Important.”
Records management professionals now have a virtually universal recognition that the processes by which electronic records are currently managed will impact greatly the records’ future accuracy, reliability and trustworthiness – and their organization’s ability to meet its future compliance and legal responsibilities.

The matrix only shows the results of the 2001, 2003 and 2005 surveys because the phraseology of the question used in 1999 was quite different and, as a result, the findings were not readily comparable.

Q14: If legally challenged, how confident are you that your business organization could successfully demonstrate that its electronic records are accurate, reliable and trustworthy – many years after they were created?

As detailed in the matrix, this is the first time in the history of this survey that a majority did not indicate they were either “Not at all confident” or only “Slightly confident.” Continuing a consistent and dramatic three survey trend, a still large but never-the-less much smaller, 49% of the respondents came to this negative conclusion in 2005. This is a 21% improvement from the 62% response in 2003 which, in turn, was a 32% improvement from the 72% response in 2001.

This improving trend also is manifested at the other end of the semantic spectrum where the collective number of respondents indicating they were either “Very confident” or Quite confident” was 25% in 2005. This is a 79% improvement from the 14% in 2003 which, in turn, was a 56% improvement from the 9% response in 2001.

Like the 2003 results, this year’s results manifest improvement in every semantic category and combination thereof, and as such, are a model for how comparable progress can be achieved in the future regarding the survey’s other issues. All of this progress should not overlook the very important fact that, with 21% of the 2005 responses being “Not at all confident” and another 28% stating they are only “Slightly confident,” there is still much to be done. And if the respondents’ assessments are accurate, the compliance and legal consequences of delays in mitigating this risk could be catastrophic.
Greater senior management attention and associated resources must be focused on the problem of improving the future trustworthiness of their organization’s electronic records. Records which are not trustworthy have no substantive regulatory or legal value. To have that needed value in the future, the responses to this question constitute not only a call for action, but a prompt response before technological obsolescence makes it too late to act.

Q15: Does Information Systems/Technology (within your organization) realize that it will have to migrate many of the organization’s electronic records in order to comply with established records retention policies?

43% of respondents believe IS/IT does not realize it will have to migrate many of its electronic records in order to comply with established records retention policies. As the matrix illustrates, this is the first year where there has been substantive improvement on this issue: from a final 53/54/53% “No” in the three prior surveys, to 43% “No” this year – a 19% decrease and improvement.

The findings of all four Cohasset surveys credibly and clearly demonstrate records managers believe IS/IT needs to better understand the impact of technological obsolescence and its potentially devastating consequences on successful records management. Because migrating, refreshing and/or copying are potentially required for the preservation of almost any electronic record, there is a compelling need to proactively ensure IS/IT can meet these requirements in every organization.\textsuperscript{19} The consequences of IS/IT not performing these tasks on a timely basis will only grow in severity if corrective action is not taken promptly in this area.

Demographically there is broad, but very much less than universal, understanding on the part of records management professionals that migration is a key component of electronic records management. Further, as the size the respondent’s private organization increases, the realization of the need to migrate certain records also increases: from sales under $1 billion, 58% “Yes;” to sales over $100 billion, 66%.

Of great concern to Cohasset is the finding that state government respondents evaluated IS/IT realization of the need for migration at 50% – the second lowest. Even with the leadership work done on this issue at the federal level by the National Archives and Records Administration (NARA), only 54% of the federal government responses were “Yes.” With the preservation of citizen rights being done through the records government retains and protects, such low self-assessments on this issue give rise to deep concerns about how well
these rights will be protected in the future. Because the assurance of these rights is one of government’s core responsibilities, action must be taken promptly to avoid potentially cataclysmic future problems – the rights of citizens are lost because older electronic records were not migrated and therefore are not accessible.

Demographically, “Executives” have an approximately 36% better “Yes” perception (73%) of this issue than those at lower management levels. Like other issues where this occurred, those who believe this problem is less than what is generally reported should reconfirm within their organization the accuracy of their perceptions.

Clearly at a great many organizations, both private and public, much remains to be done – both in terms of records managers realizing the need for migration and also for IS/IT to become better informed on this important issue.

**Q16: Does your business organization have in place a formal plan (policies and procedures) to migrate older records so that they will be accessible throughout the prescribed records retention schedule?**

In 2005, 68% of the respondents indicated their organization do not have a formal plan (with policies and procedures) in place to migrate their electronic records over time – only a slight improvement over 2003.

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<tbody>
<tr>
<td>A. Yes</td>
<td>27%</td>
<td>21%</td>
<td>30%</td>
<td>32%</td>
<td>+7%</td>
</tr>
<tr>
<td>B. No</td>
<td>73%</td>
<td>79%</td>
<td>70%</td>
<td>68%</td>
<td>-3%</td>
</tr>
</tbody>
</table>

Given the perception that there is still a relatively low level of awareness on the part of IS/IT about digital preservation and the need for migration (Q15), it follows that more than two-thirds (68%) of the respondent’s organizations have no policies or procedures regarding the migration of their records. This equates to 1,437 organizations lacking in this regard and, of the estimated 10,000 survey base, this would be over 6,800.

Cohasset believes the 68% response may be somewhat, but not significantly, inflated by two factors: 1) respondents working for very small organizations would not necessarily have migration policies and procedures, and 2) respondents who are part of very large organizations where the respondent is not aware of such policies and procedures.
Q17: Is there a specific budget in your organization for record migration?

<table>
<thead>
<tr>
<th>Response</th>
<th>1999</th>
<th>2001</th>
<th>2003</th>
<th>2005</th>
<th>Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Yes</td>
<td>20%</td>
<td>7%</td>
<td>15%</td>
<td>18%</td>
<td>+20%</td>
</tr>
<tr>
<td>B. No</td>
<td>80%</td>
<td>93%</td>
<td>85%</td>
<td>82%</td>
<td>- 4%</td>
</tr>
</tbody>
</table>

The previously detailed findings regarding lack of awareness about migration and an absence of migration policies and procedures are supported by the 2005 survey findings regarding budgets for record migration. There has been little progress on this important matter. The great majority of respondents (82%) indicated their organization did not have a specific budget to migrate their electronic records. There were similar findings in 2003 (85%), 2001 (93%) and 1999 (80%). Although having a budget for record migration is an important indicator of awareness and planning for digital preservation, it is acknowledged there undoubtedly are organizations which successfully address the issue of digital migration even though they do not have a specific budget for this activity – migration simply may be included in their operating budgets.

Like their responses to other questions, “Executive” respondents provided meaningfully more optimistic results to this question: 28% responded affirmatively vs. no other position higher than 20% – a 40% difference. Is this difference due to their knowing more or honestly believing the situation is better than others holding different positions?

With 82% of the 603 government respondents replying “No,” Cohasset believes government funding for migration must be dramatically increased or major losses of electronic information will occur. This funding must be forthcoming or there will be instances where certain rights of some people will be lost for lack of action on this issue. Of note, state government was 36% less (14%) “Yes” than its federal counterpart (22%).

In the private sector, all industries were comparably low. However, corporations with sales over $50 billion were meaningfully higher: $50 – $100 billion in sales, 23% “Yes” and over $100 billion, 28% “Yes.” When the findings show 83% of the survey’s 498 corporations reporting sales over $1 billion do not have a budget for records migration, Cohasset believes information management in general and records management in particular is on a precipice of potentially catastrophic problems. If and when they occur, these problems will have enormous compliance, legal and governance significance.
Collectively, these findings lead to three very important conclusions:

- Most organizations are not prepared to successfully address the challenge of digital preservation,
- Rarely have so many organizations been so ill-prepared for something so important to the successful long-term management of their information assets, and
- With an organization’s records being long recognized as its “corporate memory,” this lack of awareness and preparation soon will manifest itself in “Corporate Alzheimer’s” – the old digital records exist on the storage media, but are not accessible due to hardware and/or software obsolescence.

VI
Computer Archival and Backup Data Management

All of the questions in this section are new in this year’s Cohasset ARMA AIIM survey. Accordingly, there are no comparative earlier findings in the matrices associated with the responses. These questions, addressing backup and archive practices, were added for four important reasons:

- First, in major court cases and regulatory inquiries during the last decade, finding and producing electronic records (especially e-mails) have proven to be very difficult and very expensive. As a result, improved management of e-mail has become a business imperative. In certain instances, the inability to successfully find and produce electronic records has been pivotal in the outcome of regulatory inquiries and court decisions.

- Second, with so many electronic records being regularly retained in backup and archival contexts for much longer than needed, the opportunity to reduce operating costs is significant for most organizations. From a cost/benefit perspective, the unnecessary storage and discovery costs associated with data backup are “low hanging fruit” which ought to compel management attention and prompt, coordinated risk mitigation effort.

- Third, the expanding caches of electronic records have not been managed effectively. At many organizations, repositories containing computer archival and backup data can be best described as “black holes” that lack the disciplined controls applied to other business assets.
Fourth, records management professionals generally have not sought to include this information media within the scope of records management. They both possess and also lack many of the skill sets needed to do this job successfully in a changing business environment. The logic is compelling, however, for the records management function to have oversight responsibility for the management of archival and backup media. As such, Cohasset believes it is an extraordinary opportunity for the records management profession to become even more relevant in the successful management of electronic records.

Great effort was taken in the questionnaire to explain the differences between backup and archiving functions and the implications for electronic records. Cohasset believes its distinctions and differentiation were generally understood by the survey respondents. For those who were new to the issue, however, there may have been some confusion and accordingly, the findings may have been warped to a minor degree in this regard.

**Q18: What storage devices does your organization use to back up its computer systems?**

<table>
<thead>
<tr>
<th>Response:</th>
<th>Backup Storage Media</th>
<th>Archival Storage Media</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Magnetic tape</td>
<td>46%</td>
<td>21%</td>
</tr>
<tr>
<td>B. Magnetic disk</td>
<td>11%</td>
<td>11%</td>
</tr>
<tr>
<td>A+B</td>
<td>57%</td>
<td>32%</td>
</tr>
<tr>
<td>C. Optical disk</td>
<td>6%</td>
<td>12%</td>
</tr>
<tr>
<td>B+C</td>
<td>17%</td>
<td>24%</td>
</tr>
<tr>
<td>D. Other</td>
<td>5%</td>
<td>11%</td>
</tr>
<tr>
<td>E. Don’t know</td>
<td>32%</td>
<td>44%</td>
</tr>
</tbody>
</table>

The most significant finding was nearly one-third of the respondents (32%) did not know which storage devices are in use. This reflects that records management historically has had very little involvement in policy-setting for computer backup systems. It also manifests the low level of interaction which has existed between IS/IT and records management.

At 46%, magnetic tape is the overwhelmingly preferred backup storage media. Interestingly, as detailed in the matrix, the prevalence of magnetic tape drops in half (from 46% to 21%) when the storage function changes – from a backup to archival context – in the next question. Magnetic media (57%) is used nearly 10:1 over optical media (6%) and tape (46%) is used nearly 3:1 over disk (17%).

Demographically, the incidence of “Don’t know” was much lower among “Executives” (8%) than in general (32%) or any other management level. The “Don’t know” response increased inversely to the level of management responding: “Director,” 18%; “Manager,”
28%; and “Support Staff,” 41%. The response “Don’t know” was 23% higher among federal government respondents (37%) than the norm of 31%.

Regarding specific media, the director level responses were consistently different than lower levels of management: “Magnetic tape, 31% higher; Magnetic disk, 120% higher, and “Optical disk,” 53% higher.

Q19: What storage devices does your organization use to archive data?

As detailed in the matrix on page 37, the “Don’t know” response increased 39% (from 32% to 45%) over the same response to the previous question. Cohasset believes this reflects that this survey’s community of respondents has not focused on records archiving to any significant extent. This manifests the key historical distinctions between the discipline of records management (traditionally custodians of shorter retention records) and archival science (preservationists of longer retention records). The high incidence of “Don’t know” is understandable given the fact archiving has not been a “mainstream” responsibility of records management professionals. Ironically, those responsible for archiving electronic data and records have not been archivists, but rather, IS/IT staff.

Magnetic tape is clearly the preferred storage media (21%) for archiving electronic records – by approximately 2:1 over magnetic disk (11%) or optical disk (13%). Magnetic media (32%) is used more than 2:1 over optical media (13%) and tape (21%) is used about the same as disk (24%).

Q20: Does your organization use backup media for archival purposes and therefore retain certain “backups” (such as backups of e-mail servers) for longer periods of time to meet legal and regulatory requirements or to satisfy longer term business needs?

An important electronic records management issue has recently come to the forefront of legal discovery: creating copies for one purpose (such as backup) and using them for another purpose (retrieval). Generally, given the way backup data is formatted on tapes, it is extremely difficult to retrieve records in the context of file referencing. In discovery, considerable controversy has arisen when those who protest about the cost of searching vast volumes of magnetic backup tapes as part of discovery subsequently concede they have accessed that same body of backup information when “emergencies” required such action in the regular course of business. Courts have
refused to accept a dual standard where parties had accessed backup media for their own needs but objected to doing it for discovery. Courts, therefore, have concluded that similar accessing is required to meet discovery responsibilities – all-be-it at significant cost.

This survey question was posed for two reasons:

- Determine the extent to which professional records managers were aware of accessing backup media as part of an organization’s records management retrieval efforts, and
- Assess the degree to which the initial media retention for backup is extended with some regularity to satisfy legal or regulatory requirements or longer term business needs.

As detailed in the matrix, nearly one-half the respondents’ organizations (44%) use backup media to meet other (non backup) records management objectives which had required extending the original backup retention schedule. Only 23% could answer “No” while 33% reported “Don’t know.”

Cohasset believes these findings soundly confirm what many courts believe: a dual standard has been widely argued – where organizations have retrieved from back up media for their own “emergency” needs, but railed at the cost of doing it in response to discovery. Largely, this situation comes down to volume. For their own needs, the volume was considered low and the costs reasonable; for discovery, however, the volume of requested records made the costs very high and therefore a point to argue before the courts.

The findings also illuminate a broader problem: the marginalized management of backup media at many organizations. Specifically, if electronic records are not included in the organization’s records management program (see question #3) and retention schedules are not applied to electronic records (see question #4), there are bound to be situations where backup media created for one purpose is used for another, and the official rotation schedule is adjusted on an ad hoc basis.

Cohasset believes more stringent oversight of backup media in line with the organization’s information and records management governance protocols will lessen this problem substantially. This also will clarify who is responsible for defining and applying the retention and rotation schedules. Given a clear mandate in this regard, records management professionals can work with their IS/IT colleagues to comprehensively inventory what is being retained. All too frequently, Cohasset has found many organizations retain more backup tapes than is necessary. Sometimes the quantities involved were substantial and, as court and regulatory actions have vividly demonstrated, such poorly managed “oceans” of insufficiently labeled and inadequately inventoried backup media constitute major compliance and legal risks.
Management needs to view these risks as “unacceptable” and address the problem on a priority basis by placing all backup media under an effective, integrated management control system. For the records management profession, facilitating the mitigation of these unacceptable risks should be viewed an exceptional opportunity – one that can make the function of records management even more relevant in the new world of predominantly electronic records.

Demographically, with the norm for all respondents being 45% “Yes,” almost all corporate sectors were higher (up to 55% “Yes” for those over $100 billion in sales); government had a lower (39%) affirmative response. With all private sectors reporting at 47% “Yes,” four specific industry sectors had meaningfully higher responses: “Insurance,” 64%; “Banking, Financial services,” 62%; “Retail, Wholesale, Distribution,” 53% and “Pharmaceuticals,” 52% – industries with the some of the most stringent regulatory requirements and significant legal problems. Finally, the more senior the respondent, the more informed they apparently were: only 7% of “Executives” reported they did not know the answer, where 40% of the “Support Staff” said they did not know. The fact that 60% of “Executives” and 59% of “Directors” responded “Yes” underscores middle management’s awareness of the problem as well as its widespread nature.

Q21: Does your organization have and apply retention rules to its archive and longer term backup media?

It is interesting to note that the 37% “No” responses to this question are almost identical to the 38% “No” responses in question #6 (see Line D in the Q6 matrix) – which reflects the number of organizations that followed their retention schedules either “Not regularly” or “When time permits.” With only 36% responding that retention rules are applied to their archive and longer term backup media, this finding underscores the overall lack of established records management practices for this media – with the resulting operational problems and legal risks. The current situation needs management’s attention and timely action.

Demographically, management clearly had a higher “Yes” response rate: 57% for “Executive” vs. 30% for “Support staff.” Among highly regulated sectors, there was a broad range of affirmative responses: “Banking, financial services,” 53%; “Insurance,” 46%; “Petroleum,” 38%; “Pharmaceuticals,” 38% and “Energy,” 28%. The reason for this range may be that requirements regarding retention of archival and backup data either do not exist or, if they exist, are not being monitored very closely by regulators. Finally, the collective responses of government (35%) and the private sectors (36%) were virtually
identical. There was a noteworthy higher response from larger companies with over $50 billion in sales: $50 - $100 billion, 54%, and over $100 billion, 48%.

Q22: Who defines your organization’s retention policies for its archival and backup data?

Records management predominantly oversees the development and administration of retention schedules for media-centric (paper and microfilm) records. The matrix shows the responsibility for performing this key records management function on archival and backup data is not comparably clear. IS/IT historically has led this effort. This survey’s findings show IS/IT with 39%; Records Management, a close second at 32%; and Legal/Compliance, a distant third with 15%. For organizations to gain effective control over the retention of archival and backup media, greater clarity must be established by senior management regarding which function oversees the definition and administration of an organization’s retention schedules for the entire entity – including archival and backup media.

The demographics show that as the management level lessens, the reported role of IS/IT increases: from “Executive,” 21%; “Director,” 30%; “Manager,” 40%; to “Support Staff,” 42%. Records management declines for the same four levels: from “Executive” at 39% to “Support Staff” at 31%. For private organizations with sales above $50 billion, records management was clearly the preferred choice (average: 52%) at the expense of the “Don’t know” option which was virtually zero. Note: answers to this question were based on the respondents’ observation of the status quo, not what they believed was the ideal future course of action.

Q23: Assess your organization’s ability to find and retrieve information from archival storage media in response to legal discovery requests?

The retrieval of electronic records for discovery is a formidable organizational and technical challenge. The costs associated with discovery have made it second only to health care as the largest uncontrolled cost in business and government. Many private sector entities have invested substantially in professionalizing the process of finding and producing records to meet their regulatory and legal needs. Cohasset is aware of a few organizations that have carefully measured their return on investment (savings in discovery costs) and now seek to
use this model to make the case of significant new investments to improve their ongoing records management performance standards. This perspective needs to be more broadly applied.

As detailed in the matrix, two-thirds (68%) of the respondents reported (Line C+D+E) having difficulty finding and retrieving information from archival storage media – from “Some difficulty,” 38%; to “Considerable difficulty,” 21%; to “Very difficult,” 9%. Only 8% responded they had “No problems.” Another 24% indicated they had “Not much difficulty.” One-third (32%) of the organizations represented by the respondents therefore had little or no difficulty responding to their legal discovery requests, while 68% had varying levels of difficulty.

Certain industries have incurred greater difficulty than others, but interestingly, they were not industries in the news with discovery problems. From the perspective of organizational size, larger organizations, not surprisingly, reported more difficulties.

**Q24: Assess your organization’s ability to find and retrieve information from backup storage media in response to legal discovery requests?**

As detailed in the above matrix, the findings mirror very closely those of the previous question: one-third of respondents had little or no problems, and two-thirds had similar degrees of difficulty. Cohasset’s conclusion: there is no appreciable statistical difficulty difference whether the organization is seeking to find and retrieve from archival or backup storage media.

**Q25: How many backup tapes (that are not rotated) does your company currently retain?**

The great majority (72%) of respondents answered “Don’t know” and therefore did not provide a quantitative response. Of the other 28% who believed they could provide an “order of magnitude” response, they reported their organizations collectively had approximately 40 million backup tapes. Projecting this number of tapes for 28% of the survey respondents is
the basis for stating the total number of backup tapes for all of the survey respondents is on the order of 130 million. Projected to the entire survey of 10,000, the total number of backup tapes may be on the order of over 750 million. The demographics showed the “Don’t know” factor to be universally widespread.

The objective of this question was twofold. The first was to gain a better perspective about the staggering volume of backup tapes which exists at a great many organizations and, in turn, identify an extraordinary opportunity for records management professionals to make a “big difference” in successfully addressing a major problem. The second objective was to provide senior management with insights about the size of the problem and the attendant risks. Senior management must realize that substantial resources will be need to resolve this problem and that the underlying effort is not a “clean up” project; instead it requires a commitment to an ongoing, improved management of all backup and archival media containing electronic records.

To achieve success in this regard, records management professionals must dramatically improve both their understanding of the specific problem at their organization and also their skill sets in order to provide leadership in addressing this significant issue.

### VII

#### Other Issues

The 2005 Cohasset ARMA AIIM Electronic Records Management Survey posed questions on three “other” issues: retention of e-mail, legality of optical storage, and Sarbanes-Oxley.

**Q26: Does your organization have a formal e-mail policy regarding retention practices for e-mail?**

<table>
<thead>
<tr>
<th>Response</th>
<th>1999</th>
<th>2001</th>
<th>2003</th>
<th>2005</th>
<th>( \Delta )</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Yes</td>
<td>45%</td>
<td>53%</td>
<td>41%</td>
<td>51%</td>
<td>+24%</td>
</tr>
<tr>
<td>B. No</td>
<td>55%</td>
<td>47%</td>
<td>59%</td>
<td>49%</td>
<td>-16%</td>
</tr>
</tbody>
</table>

As detailed in the matrix, a majority (51%) reported their organization has a formal e-mail retention
policy. This is a 24% improvement – from 41% in 2003 to 51% in 2005, and for the first time in this survey’s history, Cohasset can report meaningful improvement on this issue. With this “good news” also comes some “bad news:” at nearly half of the organizations (49%) represented by the respondents, e-mail records are not subject to any retention policy. This is a 16% decrease – from 59% in 2003 to 49% in 2005. Given the extraordinary publicity e-mail evidence has had in the mainstream press, the real “news” may not be there was substantial improvement; rather, the rate of improvement was not greater.

Retaining e-mail indefinitely or indiscriminately (which is inferred in the absence of retention policies and procedures) is an unacceptable course of action for any organization given the extraordinary increases in the volume of e-mail and its criticality to many businesses. When the challenge of volume is combined with the legal risks associated with retaining e-mails longer than needed, the combination mandates prompt and aggressive remedial action. Delay simply invites significant and unnecessary legal, compliance and operational problems.

This survey question intentionally focused on the issue of having an e-mail retention policy, not the broader matter of having an e-mail policy. Many organizations have an e-mail policy whose focus is on content (what should not be said in e-mails), not retention. At such organizations, senior management may have a false sense of security from policies focused on content – believing they also address retention issues, when they do not.

Demographically, the most interesting (although not surprising) finding regarding those having a formal e-mail policy is related to the size of the organization in the private sector: smaller companies have a lower incidence of such policies than larger companies – from 37% in organizations with less than $50 million in sales, to 74% in organizations with sales of $50 - $100 billion.

**Q27: Have your attorneys concluded that records stored on optical media are a legal alternative to paper storage?**

As detailed in the matrix, only 32% replied affirmatively that their organization’s attorneys had concluded records stored on optical media are a legal alternative to paper storage. Nearly half (47%) were “Not sure” and 21% responded “No.” These numbers are almost

<table>
<thead>
<tr>
<th>Response:</th>
<th>1999</th>
<th>2001</th>
<th>2003</th>
<th>2005</th>
<th>Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Yes</td>
<td>51%</td>
<td>29%</td>
<td>30%</td>
<td>32%</td>
<td>+ 6%</td>
</tr>
<tr>
<td>B. No</td>
<td>18%</td>
<td>50%</td>
<td>46%</td>
<td>21%</td>
<td>-54%</td>
</tr>
<tr>
<td>C. Not sure</td>
<td>31%</td>
<td>21%</td>
<td>24%</td>
<td>47%</td>
<td>+95%</td>
</tr>
</tbody>
</table>
the reverse of the 2003 findings where 24% responded “Not sure” and 46% answered “No.” There is no clear explanation for this inversion.

This finding does not mean optical media is not a legal alternative to paper storage; rather, it more likely reflects that the organization’s Legal Department has not specifically addressed the issue. Cohasset believes it would be erroneous to conclude only 32% have come to accept optical storage as a legally acceptable alternative to paper because it may not be a matter many organizations have formally addressed, or about which many respondents have personal knowledge. Respondents may believe, for instance, that since optical media has been in widespread use for more than 15 years, its legality is a “resolved” matter, even if they have not seen any official documents which specifically address it.

Demographically in this year’s responses, higher level management was much more knowledgeable in their responses on this topic and also were more likely to answer “Yes.”

**Q28: Has the Sarbanes-Oxley Act impacted your organization’s records management program?**

<table>
<thead>
<tr>
<th>Response:</th>
<th>2003</th>
<th>2005</th>
<th>Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Significant impact</td>
<td>4%</td>
<td>8%</td>
<td>+100%</td>
</tr>
<tr>
<td>B. Meaningful impact</td>
<td>12%</td>
<td>19%</td>
<td>+ 58%</td>
</tr>
<tr>
<td>A + B</td>
<td>16%</td>
<td>27%</td>
<td>+ 69%</td>
</tr>
<tr>
<td>C. Minor impact</td>
<td>23%</td>
<td>34%</td>
<td>+ 48%</td>
</tr>
<tr>
<td>A + B + C</td>
<td>39%</td>
<td>61%</td>
<td>+ 56%</td>
</tr>
<tr>
<td>D. No impact</td>
<td>61%</td>
<td>39%</td>
<td>- 36%</td>
</tr>
</tbody>
</table>

Given the publicity surrounding the Sarbanes-Oxley Act of 2002 (SOX) and corporate America’s commitment to full compliance with its requirements, SOX’s impact has rapidly become very significant in precipitating the newfound focus of businesses on records management. As detailed in the matrix, where the findings for 2003 are compared with 2005, major impact changes are discernible in every category.

- Line A shows a 100% increase in “Significant impact.”
- Line B shows a 58% in “Meaningful impact.”
- Line C shows a 48% increase in “Minor impact.”
- Line D shows a 36% decrease in “No impact.”
- There was a 69% increase in those reporting “Meaningful” or “Significant” impact (Lines A and B).
- There was a 56% increase in those reporting some type of impact (Lines A, B and C).
The impact of SOX compliance together with the pervasive management commitment to risk mitigation and the ongoing sage of corporate legal and regulatory problems, has created an almost “perfect storm” for improved performance standards and substantial financial investment in electronic records management. SOX and litigation provide a basis for Cohasset concluding:

- The impact of SOX and litigation on records management programs will continue to grow,
- Organization’s overall records management standards of performance must rise, and
- Management’s commitment to records should increase.

Cohasset believes the records management profession has an extraordinary opportunity to successfully address unprecedented retention and preservation challenges. Successful SOX compliance has become a new standard for effective governance. SOX compliance, in turn, is predicated on records and the accuracy, reliability, and trustworthiness of the information they contain as well as the process by which they have been managed. SOX has provided not only the rationale, but also the impetus for management to respond positively to this Cohasset ARMA AIIM White Paper’s renewed “Call for Action.”

**Q29: To what extent has Sarbanes-Oxley resulted in your organization increasing its budget for records management?**

<table>
<thead>
<tr>
<th>Response:</th>
<th>2003</th>
<th>2005</th>
<th>Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Large increase (more than 35%)</td>
<td>1%</td>
<td>4%</td>
<td>+300%</td>
</tr>
<tr>
<td>B. Moderate increase (15 - 35%)</td>
<td>3%</td>
<td>10%</td>
<td>+233%</td>
</tr>
<tr>
<td>A + B</td>
<td>4%</td>
<td>14%</td>
<td>+250%</td>
</tr>
<tr>
<td>C. Small increase (under 15%)</td>
<td>8%</td>
<td>14%</td>
<td>- 75%</td>
</tr>
<tr>
<td>A + B + C</td>
<td>12%</td>
<td>28%</td>
<td>+133%</td>
</tr>
<tr>
<td>D. No increase</td>
<td>87%</td>
<td>72%</td>
<td>- 17%</td>
</tr>
</tbody>
</table>

Compared to the reported impact of SOX (as detailed in the previous question), budget support has lagged. As detailed in the matrix, there has been meaningful improvement. Note, however, these rates of improvement were enlarged by the fact the initial data from 2003 was early in the life of SOX and therefore inaugural numbers were very small.
Much improvement reflected in this survey’s findings is the result of the budget increases from SOX compliance. To achieve the extensive and sustained future improvements needed for the management of electronic records, these rates of growth need to continue annually.

Demographically, the most interesting finding was the degree to which large and moderate budget increases occurred among corporations was directly related to their sales – from 17% among companies with $1-$10 billion in sales, to 38% for those with sales over $100 billion.

**VIII  
Demographics**

For the first time in the history of the Cohasset ARMA AIIM survey, meaningful demographic information was solicited from respondents. The specifics are detailed in the responses to the following six questions. Throughout this White Paper, wherever there were noteworthy findings contained in the demographic cross tabs, they are presented in the analysis section of the question with which they were associated. There are no analyses in this section, just statistical responses to each of the questions.

**Q30: Which of the following best describes your organization’s industry sector?**

<table>
<thead>
<tr>
<th>Industry Sector</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banking, Financial services</td>
<td>5.7%</td>
</tr>
<tr>
<td>Chemicals</td>
<td>.5%</td>
</tr>
<tr>
<td>Education</td>
<td>4.9%</td>
</tr>
<tr>
<td>Energy</td>
<td>2.5%</td>
</tr>
<tr>
<td>Government - municipal</td>
<td>11.4%</td>
</tr>
<tr>
<td>Government - state/provincial</td>
<td>10.6%</td>
</tr>
<tr>
<td>Government - federal</td>
<td>8.8%</td>
</tr>
<tr>
<td>Health care</td>
<td>2.3%</td>
</tr>
<tr>
<td>High Tech (hardware and software)</td>
<td>2.3%</td>
</tr>
<tr>
<td>Insurance</td>
<td>4.7%</td>
</tr>
<tr>
<td>Legal services</td>
<td>7.0%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>6.5%</td>
</tr>
<tr>
<td>Petroleum</td>
<td>3.6%</td>
</tr>
<tr>
<td>Pharmaceuticals</td>
<td>4.2%</td>
</tr>
<tr>
<td>Professional Services, Consulting</td>
<td>5.5%</td>
</tr>
<tr>
<td>Publishing, Media, Communications</td>
<td>.9%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>1.0%</td>
</tr>
<tr>
<td>Retail, Wholesale, Distribution</td>
<td>1.5%</td>
</tr>
<tr>
<td>Transportation, Travel</td>
<td>1.7%</td>
</tr>
<tr>
<td>Utilities</td>
<td>5.4%</td>
</tr>
<tr>
<td>Other</td>
<td>8.9%</td>
</tr>
</tbody>
</table>
Q31: What is your position in your organization?

<table>
<thead>
<tr>
<th>Position</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive</td>
<td>4.3%</td>
</tr>
<tr>
<td>Director</td>
<td>9.3%</td>
</tr>
<tr>
<td>Manager</td>
<td>46.1%</td>
</tr>
<tr>
<td>Support Staff</td>
<td>28.6%</td>
</tr>
<tr>
<td>Other</td>
<td>11.7%</td>
</tr>
</tbody>
</table>

Q32: To whom does records management report in your organization?

<table>
<thead>
<tr>
<th>Department</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal/Compliance</td>
<td>14.3%</td>
</tr>
<tr>
<td>Information Systems/Technology</td>
<td>16.2%</td>
</tr>
<tr>
<td>Administrative Services</td>
<td>39.1%</td>
</tr>
<tr>
<td>Other</td>
<td>30.3%</td>
</tr>
</tbody>
</table>

Q33: Total number of employees in your organization?

<table>
<thead>
<tr>
<th>Number of Employees</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 1000</td>
<td>44.8%</td>
</tr>
<tr>
<td>1001 - 5000</td>
<td>24.2%</td>
</tr>
<tr>
<td>5001 - 10,000</td>
<td>9.2%</td>
</tr>
<tr>
<td>10,001 - 25,000</td>
<td>9.1%</td>
</tr>
<tr>
<td>25,001 - 100,000</td>
<td>9.3%</td>
</tr>
<tr>
<td>Over 100,000</td>
<td>3.4%</td>
</tr>
</tbody>
</table>

Q34: Your organization’s size (annual sales)?

<table>
<thead>
<tr>
<th>Annual Sales</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $50 million</td>
<td>21.4%</td>
</tr>
<tr>
<td>$50 million - $1 billion</td>
<td>16.7%</td>
</tr>
<tr>
<td>$1 billion - $10 billion</td>
<td>14.1%</td>
</tr>
<tr>
<td>$10 billion to $25 billion</td>
<td>5.3%</td>
</tr>
<tr>
<td>$25 billion to $50 billion</td>
<td>2.9%</td>
</tr>
<tr>
<td>$50 billion to $100 billion</td>
<td>2.9%</td>
</tr>
<tr>
<td>Over $100 billion</td>
<td>3.1%</td>
</tr>
<tr>
<td>Government</td>
<td>33.7%</td>
</tr>
</tbody>
</table>
Conclusions

There are five principal conclusions of this 2005 Cohasset ARMA AIIM survey of records management professionals. No statement of their relative importance should be associated with the sequence in which they are presented.

1. Most organizations have serious operational problems regarding the processes by which they manage electronic records, one of their most important assets. The findings of Cohasset’s earlier surveys continue to be verified in this regard.

2. Where Cohasset’s first three surveys defined significant ongoing problems, this year’s results detail real progress for the first time – which future surveys will hopefully confirm was the beginning of a “turning tide.” This inaugural progress must not overshadow the current reality: major problems remain, they constitute unacceptable risks and their resolution will require a major ongoing commitment.

3. Many of the findings are worse than they otherwise might be because the business functions required to successfully manage electronic records operate in an independent “silo” context. Traditional communications barriers must be broken down and a newfound understanding of the complimentary roles of all the stakeholders must take their place.

4. The number and magnitude of organizational and operational problems reflected in the survey findings collectively create stunning business risks. Senior management must consider these risks unacceptable to have and untenable to continue.

5. Electronic records issues should be the focus of immediate corrective action, and the integration of electronic records into the organization’s records management program should be a priority.

The electronic records survey results provide compelling evidence of the sea change that businesses and government entities are experiencing with regard to their management of their information assets and records. The fundamentally different nature of electronic records, the complexity of today’s business information systems, and the steady rise in
regulation and litigation over the past decade have combined to create enormous pressure on organizations to adopt new and more integrated ways of protecting and preserving their “corporate memories.”

Stakeholders are encouraged to take the self-assessment provided on page 51 and use the results as a springboard for focused, strategic dialogue concerning how their organization can adapt and enhance recorded information management practices to meet their legal, compliance and operational needs well into the future.
Cohasset recommends all organizations utilize a pass/fail standard to determine the outcome of this self-assessment.

1. Are electronic records included in your organization’s records management program?

2. Are electronic records included in your organization’s records retention schedules?

3. Does your organization’s records hold order system include electronic records?

4. Does your organization have a plan and budget for migrating digital records which need to be preserved permanently or for more than 7 years?

5. Have funding and resource levels for records management in your organization kept pace with the great growth in the types, numbers and complexity of electronic records?

6. Is there regular interaction between records management, legal and IS/IT to collaborate and cooperate on records management initiatives?

7. Are business units held accountable for compliance with records management program policies and procedures?

Those “failing” any of these questions should consider the message of this self-assessment to be a “wake-up call” for their organization and as such, it should be a call to action!
In addition to the self-assessment, Cohasset Associates offers the following specific “action items” which key players in the successful management of electronic records need to undertake:

**Senior Management**

Senior management should recognize and address the many significant problems that exist in how their records currently are managed.

Senior management should reassess the effectiveness of their organization’s records management practices as part of a comprehensive risk mitigation strategy by focusing on these areas:

- Inclusion of electronic records in the records management program,
- Assess the organization’s use of archival and backup storage media to bring them under appropriate management and policy controls,
- Inclusion of electronic records (including e-mail) in records retention schedules,
- Inclusion of electronic records in the organization’s records hold system,
- Establishment of a program to migrate and thereby preserve older digital records,
- Determination of whether current levels of both management support and funding for records management are adequate to meet the organization’s needs and resolve any outstanding problems.
Senior management should institute a coordinated team (legal, IS/IT and records management) approach to ensure an integrated and coordinated records management program. As a policy and oversight group, this team should:

- Identify recordkeeping issues, and develop action plans to mitigate or eliminate the risks,
- Develop/update an audit process by which compliance with the records management program directives can be assessed and measured,
- Communicate to senior management the ongoing need for records management program support.

Organizations should institute higher standards of quality and accountability for managing their records, particularly their electronic records.

**Records Managers**

Records managers should become change agents in the process of improving the way records, particularly electronic records, are managed.

Records managers should actively promote awareness and education about the life cycle of information and records throughout the organization and proactively to IS/IT.

Records managers should learn more about how their organization manages its backup storage media and help to raise awareness about best practices for archiving electronic records.

Records managers should coordinate the review of recordkeeping laws, regulations and best practices to ensure the organization’s program continues to meet business and legal needs.

Records managers should coordinate an annual review and approval of departmental retention schedules to ensure these schedules reflect current operating conditions and known compliance requirements.

Records managers must recognize the need for new skill sets to successfully manage electronic records and seek to acquire them.
Legal Department

The Legal Department should establish an ongoing interactive relationship with IS/IT and records management regarding the organization’s management of its records, especially electronic records.

The Legal Department should communicate promptly all legal records holds to records management who, in turn, should be responsible for the administration of an ongoing corporate records hold system.

Members of the Legal Department should acquire greater knowledge and understanding of IS/IT issues and the organization’s business system infrastructure.

Information Systems/Technology

IS/IT should become fully informed about the life cycle management concept and, in partnership with records management, apply it to the organization’s centrally managed business systems.

IS/IT should become proactive in addressing the issue of digital preservation and planning for records migration.

IS/IT should oversee adherence to hold orders that impact electronic recordkeeping.

IS/IT should collaborate with legal and records management experts to assess and apply the appropriate retention requirements to backup and archival storage media.
1. Full reproduction of the White Paper is prohibited without Cohasset's written approval. For full reproduction permission, beyond limited-use convenience copying, please contact Robert Williams at: williams@cohasset.com.

2. The Zubulake v. UBS Warburg case is unusual in that six court opinions were rendered. The first five, particularly, I, III, IV and V, specifically dealt with issues associated with e-mail discovery. The last opinion, “Zubulake VI,” contains the court’s verdict.


3. In response to what the court described as Morgan Stanley’s “bad faith” actions, deliberate violations of the judge’s orders and [discovery] abuses that “have continued unabated” regarding production of e-mail records, Judge Elizabeth Maass rendered an extraordinary partial default judgment: She would instruct the jury to assume that Morgan Stanley helped defraud the plaintiff, Ronald Perelman – essentially handing an automatic loss to Morgan Stanley. Given the size of the jury’s verdict and associated punitive damages, Morgan Stanley now has set aside $360 million to cover potential damages. Available at www.cohasset.com/papers/morgan_stanley_discovery_sanction.pdf


5. Throughout this document, the term “organization” is used to refer to companies, businesses, government agencies, institutions, associations and other entities conducting profit and not-for-profit activities.

6. Since the 1930’s, microfilm supported this paradigm by miniaturizing records and thereby enabling the retention of more records in less space.

7. IS/IT, as the term is used in the document, stands for Information Services or Information Technology Department – whichever the computer systems development and operations group may be known as.

9. Cohasset believes that using the same questions from survey to survey increases the statistical credibility of the findings' trends.

10. Example: in Question #3, 65% currently include electronic records in their records management program and 35% do not. This type of percentage is found primarily in the year columns of the matrices. The numbers were calculated from the numeric totals (the raw data) provided by the respondents answers.

11. Example: in the Delta column in the Question #3 matrix, a 10% change is shown between the 2003 and 2005 percentage findings. All of these Delta column comparative analysis percentages are calculated by taking the percentage difference between two years and dividing it by the percentage number associated with the earlier year. The referenced 10% change is calculated by first determining the difference between the 2003 finding of 59% and the 2005 finding of 65% – which is six. Six then is divided by 59 which results in 10. Thus, the conclusion: there has been a 10% change (improvement in this instance) from the previous 2003 survey to the current 2005 survey.

   In the “No” response to the same question, the difference between the 2005 response of 35% and the 2003 response of 41% is also six, which when divided by 41, results in 15. Thus, the conclusion: there has been a 15% change (decline in this instance) from the previous 2003 survey to the current 2005 survey.


13. ARMA International (www arma org) is a not-for-profit association serving more than 10,000 information management professionals in the United States, Canada, and over 30 other nations. ARMA International members include records and information managers, archivists, corporate librarians, imaging specialists, legal professionals, knowledge managers, consultants, and educators. The mission of ARMA International is to provide education, research, and networking opportunities to information professionals, to enable them to use their skills and experience to leverage the value of records, information, and knowledge as corporate assets and as contributors to organizational success.

14. Founded in 1943 as the National Microfilm Association, today AIIM International (www aiim org) helps users connect with suppliers who can help them apply document and content technologies to improve their internal processes. AIIM is a neutral and unbiased source of information and produces educational, solution-oriented events and conferences, provides up-to-the-minute industry information through publications and the online Resource Center, and is ANSI/ISO-accredited for standards development.

15. This year’s survey is the fourth such Cohasset ERM survey (1999, 2001, 2003 and now 2005). All surveys have been taken in conjunction with Cohasset’s annual national conference on Managing Electronic Records (MER). Respondents to the first survey were the 350 attendees at the 1999 conference. The findings were extraordinary and certain specifics were eye-openers. To provide greater confidence in the data, Cohasset expanded the number of survey respondents with a second sample. The same key issues (using identical questions) were posed in 2001 to members of the Records Management LISTSERV, a public, independent Internet-based forum dedicated to the discussion of records management and related issues. There were 150 respondents – a response rate of 9% from the approximately 1,600 subscribers, and the results were similar to those of the first survey.

   The results of the first two surveys, based on the input of over 400 respondents, were integrated and presented at the 2001 MER conference, detailed in an article in the September 2002 Issue of the AIIM E-DOC Magazine and included in the landmark AIIM/ Cohasset White Paper, Realizing the Need and Putting the Key Components in Place to “Getting it Right” in Records Management. This White Paper is available online through AIIM at www aiim org/documents/PDFPortalContent/28457 pdf or through Cohasset at www merresource com/whitepapers/download.htm?fileId=2.

16. Aside from membership in one of these four survey sample groups, there were no qualifications for participation. Because there was overlap among those who were in the four groups, it was recognized these individuals would receive multiple invitations to participate. It was assumed they would participate only once in the survey. Although members in all four respondent sources predominately work for organizations in the United States, the survey had no limitations regarding participation by persons residing outside the United States. Demographic data was collected for the first time in the 2005 survey and is reported in Section VIII of this White Paper.
17. Cohasset’s president, Robert Williams, provided expert testimony for State Farm in *Campbell v. State Farm Mut. Auto. Ins. Co.*, 2001 UT 89, 65 P.3d 1134. The testimony indicated using the verb “disposed” versus “destroyed” is not only more accurate, but serves to preclude any substance to the legal attack that records were destroyed in anticipation of litigation – however undefined the litigation may be – and therefore potentially subject to the charge of spoliation. The process by which records are verifiably disposed of in the regular course of business (in accordance with established policies and procedures) should not be the subject of a legal controversy. This case subsequently was appealed by State Farm to the United States Supreme Court, in *State Farm Mut. Auto. Ins. Co. v. Campbell*, 538 U.S. 408 (2003), where the Court decided in favor of State Farm in a landmark punitive damages ruling.


20. There are two components for these magnetic tape statistics. The first is the number of respondents in each of the five categories, and the second is the mid-range number within each category i.e., 400K is the mid-range number of 300K – 500K. These numbers were multiplied to determine the number of tapes associated with each category for the total number of tapes for each category. The category totals were added up for the total number of tapes for all of the respondents. This total was then put into two ratios – one to project the total and the number of tapes for all of the 2005 survey respondents (2059) and another to project the total number of tapes for the entire survey universe (10,000).

21. The primary business assets are money, people, materials, information (data and documents) and facilities.
ARMA International (www.arma.org) is a not-for-profit association and the global authority on managing records and information. ARMA provides education and information about the business and technology of managing records and information specifically for records managers, corporate counsels, IT professionals, and others involved in records and information management. These resources address such pressing issues as e-mail and electronic records management, compliance, electronic discovery, business continuity, and enterprise-wide content management.

Established in 1955 and with a current membership of 10,000+, ARMA is the oldest and largest international association dedicated to the management of records and information. ARMA actively participates in the development of U.S. and international standards and guidelines related to records and information management.

www.arma.org

For over 60 years, AIIM has been the leading international organization focused on helping users understand the challenges associated with managing documents, content, and business processes. AIIM’s core values reflect this long-term perspective:

- International – Members in over 75 countries
- Independent – Unbiased and vendor neutral
- Implementation Focused – Processes, not just technology
- Industry Intermediary – Users, suppliers, consultants, analysts, and the channel

AIIM defines Enterprise Content Management (ECM) as the technologies used to capture, manage, store, preserve, and deliver content and documents related to organizational processes. The ECM industry provides information management solutions to help users:

- Guarantee business CONTINUITY, 24x7x365
- Enable employee, partner, and customer COLLABORATION
- Ensure legal and regulatory COMPLIANCE
- Reduce COSTS through process streamlining and standardization

www.aiim.org
Cohasset Associates, Inc. is one of the nation’s foremost management consulting firms specializing in electronic records management. For more than thirty-five years, Cohasset has served clients throughout the United States. Its distinguished work and innovative concepts have been recognized with the highest professional awards.

Cohasset also is widely known for its excellence in education – organizing and presenting the renowned national conference on Managing Electronic Records (MER) – with its special focus on the legal, technical and operational issues.

Cohasset’s publishing focus is the pioneering web-based resource service MERresource.com that provides personalized electronic records management support – to anyone, anywhere at anytime.

www.cohasset.com

Redgrave Daley Ragan & Wagner, LLP

A focused law firm specializing in corporate records compliance, electronic discovery, technology and information law.

www.rdrw.com
MERresource.com is an education portal – a subscription resource service – delivering 24/7 a dynamic global resource of valuable MER information focused exclusively on the management of electronic records.

- **MERresource.com** expands and extends Cohasset’s acclaimed MER conference – to the limits of the web – providing you with anytime, anywhere access to an ever-expanding global resource of information about managing electronic records.

- **MERresource.com** delivers extraordinary capabilities to provide you with up-to-date research and information on the legal, technical and operational issues on managing electronic records – personalized to you and your organization.

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is pleased to support
this insightful White Paper

2005
Electronic Records
Management
Survey

A Renewed Call
To Action

Prepared by

Cohasset Associates
GUIDING THE WAY TO SUCCESSFUL RECORDS MANAGEMENT