



WHITE PAPER - Andrews Software, Inc. for RECORDMAX

Compliance Confidence

Successfully addressing compliance regulations with digital storage

Executive Overview

Organizations today are faced with daunting compliance regulations stretching from financial reporting to internal documents to email; all of which are growing at alarming rates. How are senior executives to meet the demands and costs of compliance, both cost efficiently and effectively? This paper outlines the fallibility of traditional archival solutions such as paper and tape, and explores the benefits of digital archiving — an emerging trend in the archival management of critical information assets.

Compliance — The New Reality

Recently faced with the potentially disastrous corporate crises posed by Y2K, the business world now faces a more formidable and permanent information management reality — compliance. Through negligence and poor management, companies all over the news brought about regulations mandated by the Sarbanes-Oxley Act (SBO), the Patriot Act, the Gramm-Leach-Bliley Act, and other new laws.

Under Sarbanes-Oxley, large U.S. enterprises will make serious investments to meet 2004 compliance deadlines for CEO/CFO certification of internal controls on financial reporting. Accounting, recordkeeping and reporting procedures will be closely scrutinized by companies and their auditors. Many workflow systems will be enhanced to ensure rapid, consistent access to key records and data.

Sarbanes-Oxley isn't the only new compliance challenge complicating the lives and budgets of business-technology executives. The year 2003 was rife with deadlines for these laws and regulations, each requiring changes and additions to the business technology and processes that companies use to comply. HIPAA privacy provisions went into effect April 14, 2003 for large healthcare services providers. On Oct. 1, financial services companies were required to have upgraded customer identification programs in place under The Patriot Act. By Oct. 16, healthcare providers and health plans were to be using HIPAA electronic-transaction formats. On June 15, 2004 a provision of Sarbanes-Oxley goes into effect, requiring public companies to issue assessments of the internal controls they use for financial reporting. In February 2005, HIPAA's security provisions will be enacted, while the Basel 11 accord, which sets global risk management standards for banks, is scheduled for 2006.

Much of the burden of compliance will fall to IT, specifically storage administrators. Not only must data be gathered more quickly and with more accountability, there will be much more of it as well. A report by The Enterprise Storage Group Inc. forecasts a 64 percent compound annual growth rate in the volume of compliant records over the next

four years. Specifically, the scope of things considered to be business documents — notably emails — continues to expand. And in general, too, retention periods are rising. The pressure facing storage pros, however, comes not only from the need to retain records — but to do so efficiently. Faced with these numerous and daunting regulations, how is business to deal with the demands and costs of compliance while finding ways to squeeze business value from these efforts?

The Digital Alternative

For many senior executives, the answer lies in digital storage. Digital storage includes imaging, which converts paper documents to an electronic format to be archived, and preserving records that began life digitally, such as PDF files, JPG images and emails. With shrinking retrieval windows and expanding retention schedules, digital storage addresses the shortcomings of traditional storage methodologies such as paper, tape, CD, microfiche and microfilm. These include deterioration of media, constantly changing storage standards and formats, equipment churn and obsolescence, legitimacy and human error. There is also the issue of inability to locate documents quickly, if at all, due to failed indexing. Combine these fallibilities with the fact that most information today is “born digital” i.e. originates as an electronic document, and digital storage is clearly more cost effective, allowing companies to efficiently and effectively comply with existing and pending information management regulation.

Today’s digital archiving solutions require no conversion costs and storage costs are at least 50 percent lower than the cost of storing large amounts of paper. With full text content and property search capabilities, information can be located simply and quickly, increasing productivity and lowering operating costs. In fact, it is estimated that moving to a fully digital archive can reduce ongoing operational expenses by more than 80 percent.

Online & On Demand

The RECORDMAX digital archiving solution is designed to meet the most stringent requirements for long-term management, preservation and archiving of e-documents and digital assets. Our archiving standards exceed the requirements recently set by the U.S. National Archives and Records Administration for federal agency electronics record keeping, the global gold standard of digital archiving. We provide 24/7 monitoring and support of all of our systems and of your archived documents, as well as 128 bit encryption and secure access to your information. You decide which users can access, view, edit, upload or delete information. Sophisticated security mechanisms ensure that only authorized users can access your archived information. And all of the RECORDMAX digital archiving features are accessible via the web using a standard web browser where users can manage their paper documents, media and digitally stored files from one central point using RECORDMAX's powerful and comprehensive interface.

Offering Security & Legitimacy

Obviously, a digital storage solution that incorporates imaging and digital archiving addresses significant challenges faced by businesses seeking to meet compliance regulations. Documents can be located much more quickly than pulling a physical file. Misfiling is much less likely as files cannot be physically misplaced, documents are less likely to be lost as only copies of the file are retrieved — the original is always in the archive. This last point highlights a significant concern with regulators, which is legitimacy. Because the original of the document always stays in the archive, the company has complete control over what happens to it. Security features such as password protection and user-specific permissions provide robust defense against theft or alterations to the original document. Operationally, a digital solution provides significant cost savings, as well as streamlines internal processes.

Today's environment demands that businesses not second-guess what information is important. When keeping business records to comply with federal regulation, assume everything is important. This includes email, instant messages and text pages; all of which can be considered business transactions and even evidence for investigators under the new laws.

Says former SEC Chairman Arthur Levitt, "If you have the slightest question about it, store it." And with RECORDMAX's digital storage solution, you can store it with confidence.

RECORDMAX delivers highly flexible, comprehensive proven storage and disposition solutions for the records and information management industry. From paper to media to digital archiving, RECORDMAX has the business and technical expertise to transform the management of critical information assets.

For more information, contact RECORDMAX by calling 205-422-4675 or visit our website at www.recordmax.com.