



**Electronic Records Management:
Addressing Regulatory and
Legal Requirements**

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Reader ROI

- Companies that lack effective electronic records management strategies are increasingly at risk in today's heavily regulated and litigious business environment.
- ERM solutions lower this risk and improve efficiency.

Overview

Regulatory requirements and the threat of litigation combine to place increasing pressure on financial services firms to maintain appropriate documentation of operations. To reduce company exposure to legal and compliance risks, paper file systems are being replaced by electronic records management (ERM) solutions.

Because the information needed to address legal and compliance issues often resides in disparate repositories, retrieving the information consumes significant manpower. With regulatory pressures expected to increase, the cost of inefficiency is likely to rise—and the penalties associated with non-compliance may rise as well. In addition, by helping firms address inconsistent implementation of documentation retention policies, ERM also decreases problems emanating from audits. Finally, ERM programs can help companies improve their ability to support litigation hold while reducing the costs of retrieving information for eDiscovery.

An effective ERM program can improve efficiency, lower the cost of maintaining data, and improve compliance with regulatory and company policy.

Organization of information

To ensure that information can be retrieved easily and quickly, records must be well-organized. Success hinges on the creation of an object model, metadata standards, and an overall taxonomy that allows for data to be cataloged consistently across organizational boundaries.

Attributes can be defined for various levels within the organization to allow for enterprise and divisional consistency, while providing for the specific needs of each business process. Standards for attribute entry should be established and automatic population of values enabled where possible. In general, attributes should be defined only when they are needed for searching or another specific system function (e.g., making an SOP effective).

Because each group within an enterprise views information differently (e.g., business users view information differently than compliance users), classification and categorization schemes should be developed to support multiple views of the information. In addition, auto-classification tools should be implemented to streamline repository population. Enterprise search capabilities can enhance the eDiscovery and litigation hold processes by providing visibility to content across multiple repositories.

Information access and security

To provide access to workers in remote locations or in areas with low bandwidth, an ERM solution should offer the ability to synchronize data—enabling users to view and download data and records, to make changes offline, and to upload the data/records later.

It is wise for firms to select ERM tools that allow for both single sign-on across multiple repositories and role-based access to content and system functionality. These features simplify system access and allow for greater granularity when establishing record permissions.

Access control lists and user privileges that are based on groups and roles facilitate ease of administration. Groups are recommended at the enterprise, division, department, and record-specific levels based on organizational needs. Roles can be based on a user's title (e.g., manager) or activity performed within the system (e.g., author, approver). Permissions should be limited so as to protect confidential and proprietary information from external parties (e.g., auditors) who do not require the information.

It is important to keep groups, roles, and permissions only as granular as required to satisfy business needs and minimize the burden of system administration. A central administration tool that propagates updates across repositories will reduce the administrative workload.

Electronics records management

An ERM solution can improve efficiencies in the management and disposition of records relating to litigation management and hold. An electronic records solution includes components for managing specific electronic record classes, as well as capabilities to address search, retention, and disposition of all records managed. Typically, a number of electronic record types need to be handled including electronic mail, user-generated desktop files, (e.g. word processing/spreadsheet/presentation documents and related file types), image documents (e.g. scans, faxes, digitized photos and similar types), web content, voice mail, file backups, and application data.

Because retrieval of business records is part of day-to-day business processes, a records management system must be seamlessly integrated with existing systems. Such seamless integration facilitates search and retrieval, while restricting change and delete authority to records managers who can apply appropriate disposition policies to these records.

The records management solution must enforce required approval workflows, automatically assign retention policies by record type, audit changes to records and metadata, and facilitate disposal of obsolete or expired records. Approval should be required before purging final, official records. In addition, the system should provide a means to apply one or more litigation holds to records based on search criteria and prevent disposal for records subject to litigation hold.

Governance

Ongoing maintenance of the ERM system will require governance procedures addressing roles and responsibilities and defining programs to promote effective use of the system. All object model and classification changes should be approved before implementation to guard against and ensure that the system remains searchable. The governance body should work with IT to maintain consistency in groups, roles, and permissions across the various repositories.

Application reuse and scalability

A layered architecture can simplify system enhancements and upgrades. Business-configurable services such as workflow should sit on top of a foundation of common services (e.g., security, authentication, and search engine) and data stores. Presentation services should be in a separate layer to minimize costs associated with changing technologies.

Conclusion

In today's increasingly competitive financial services landscape, an effective ERM solution is essential to protect the business in a highly regulated environment. In addition, an ERM solution can be a source of competitive advantage, improving efficiencies, breaking down barriers to information sharing across the enterprise, and freeing up resources to drive innovation in bringing new and enhanced products and services to market.



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