Why Consolidating Vendors Can Help You Achieve a Sound Records Management Strategy

One of the biggest challenges companies face in trying to get their records management under control is the unfortunate reality that they have records in too many disparate locations under the control of too many disparate vendors.

Having multiple storage locations and vendors makes it difficult to operate according to your established methods and processes. In addition, managing multiple vendor relationships forces you to be an expert in all of your vendors' systems and practices.

In most cases, this situation was not a strategic decision: Perhaps through acquisitions, empowered workgroups or a simple lack of centralized management, different vendors were signed on to store and/or manage different records.

However the situation evolved, it is costly, complex and confusing, and must be addressed. Moreover, managing multiple vendors is wasteful and makes it difficult, if not impossible, for the company to be able to find the records it needs. Unfortunately, 83% of organizations say they are unable to locate hard-copy records when needed, due in large part to the fact that not all records, across all locations, are indexed.[1]

Managing multiple vendors increases the costs of records management and gives your organization far less control over deploying and enforcing enterprisewide policies and processes. It also gives you less leverage than if you are using a single vendor.

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[1] "A View into Unified Records Management," Iron Mountain, August 2012

Having multiple vendors is not only costly in dollars, but also puts an unnecessary strain on worker productivity. Employees have to go to different places to find records, utilizing different systems for legal holds and different processes for destruction. This exposes you to major risk. According to one report, "The impact for noncompliance with a hold is quite severe, both financially and, potentially, legally. A company's failure to properly and promptly impose a legal hold can result in court-ordered sanctions, in the form of both monetary fines and perhaps even a spoliation charge."[2]

CHALLENGES

- **Too many vendors:** Over time, many organizations store records across a wide range of vendors, for a multitude of reasons. The use of multiple vendors could be the result of mergers and acquisitions, or because individual branch offices, departments or business units went their own way.

- **Inconsistent policy management:** With too many vendors, retention, destruction and legal holds can be subject to multiple and inconsistent policies, along with multiple applications and manual processes. Only 9% of companies say they are able to achieve a best-practices level of consistent, enterprisewide policy adoption.[3]

- **Unnecessary expenses:** With multiple vendors and multiple systems, the organization is failing to maximize economies of scale and likely overspending on discovery costs, personnel, training and management. Discovery is significantly more complex and time consuming due to multiple repositories, creating exponentially higher program and compliance costs.

- **Higher compliance and discovery risks and costs:** Destructions and holds are inconsistent, and it is much more difficult to find specific documents for discovery if consistent tagging and policies are not in place. This can lead to significant e-discovery expenses as well as compliance violations. According to one survey, the cost of ***noncompliance*** can be more than two and a half times greater than the cost of compliance.[4]

- **Litigation risks:** E-discovery costs are not the only major risk in having too many vendors for records management. The organization may be more susceptible to litigation losses, or even the inability to properly defend itself because it can't find records due to inconsistent policy application across multiple vendors. It can be quite expensive, disquieting and even embarrassing to have to settle a lawsuit rather than post an aggressive defense because of an inability to find records.

Typical approach: In most organizations, the use of multiple vendors for records management has emerged unintentionally, not strategically—that is, through mergers and acquisitions, or the emergence of empowered silos within the organization. As a result, records management professionals are faced with the task of dealing with a large number of vendors, which is an inhibitor to achieving maximum business value from records and information management.

If vendor consolidation is so beneficial, why isn't it discussed more often as an operational objective? Good question. It's possible that many organizations view the challenge of consolidation through the wrong prism: Instead of looking at the significant business value

[2] "Nowhere to Hide: Courts Place Responsibility for Managing Legal Holds on Shoulders of Corporate Executives," LexisNexis, 2011
[3] Ibid, Footnote No. 1
[4] "Cost of non-compliance outweighs cost of maintaining compliance, report finds," TechTarget, Jan. 31, 2011

consolidation can bring—including cost reductions, reduced risks and simplified manageability—some companies believe that it is too complex, time consuming, resource intensive and expensive to consolidate vendors.

Leading companies, however, have reframed the challenges and recognize that it is actually more expensive, time consuming and risky to keep the status quo—and that consolidating to a single vendor and single system for records management is far more effective and cost efficient.

REFRAMING THE CHALLENGE

The following are some of the ways in which market leaders have been able to reframe the challenge of consolidating vendors so that they can achieve significant business value:

- Save money by achieving better pricing through a single vendor and reducing vendor management costs.
- Improve the consistency of compliance, e-discovery and legal holds, as well as destruction workflows.
- Reduce the need for multiple records coordinators.
- Significantly speed up recovery times with consistent record classification that eliminates the need to search for records across multiple systems with variable classifications.
- Enable the company to find records more quickly, consistently and predictably to enhance litigation preparedness.
- Reduce the storage infrastructure for physical and electronic records.
- Strengthen the company's ability to keep up to date with shifting compliance requirements.

DRIVING BUSINESS VALUE

The process of consolidating vendors brings significant business value to the organization, which can far exceed the challenges involved in undertaking a consolidation effort. Besides being able to achieve major cost reductions through consolidation, the organization will be able to reduce the risks of huge expenditures for compliance and discovery. There was a time when the cost of risk was considered a "soft" cost by CFOs, but that is no longer the case, particularly with e-discovery costs continuing to skyrocket. The business value of consolidating vendors includes:

- Significant cost savings.
- Reduced risk of compliance violations.
- Reduced risk of litigation losses.
- Potential dramatic savings in e-discovery fees.
- More consistent management of records for legal holds, retention and destruction workflows.
- Improved productivity within the RIM organization.

Here's an example of how a leading organization has been able to reframe the consolidation of vendors to drive maximum business value:

> **A large financial services firm** had physical records distributed across multiple vendors and applications, resulting in inconsistent policies, extra staff expense and soaring e-discovery

TEAM BREAK:

A Discussion Guide for *Consolidating Vendors*

These questions are designed to facilitate discussion among records managers, IT managers, operations managers and compliance managers, and help you apply the material in this chapter:

1. How many records management vendors do we currently have active contracts with? Are any of their contracts currently up for renewal? Why do we use the vendors we currently rely on: proximity (regional provider), inherited contract through a recent merger or acquisition, longtime relationship, or quality of service?

2. Have we observed or experienced any scenarios in which relying on multiple vendors led to problems, such as errors caused by inconsistently following processes, difficulty or inability to locate information in a timely manner, scheduling service, limited resources to train on multiple systems, or incorrectly executed legal holds or destruction orders?

3. In the past few years have we been responding to e-discovery requests in a timely manner? What have we spent on e-discovery costs in the past three years? Could we reduce our e-discovery spending if we were to consolidate vendors?

4. What can we do in the next 30 days to assess the cost savings associated with consolidating our records management vendors? How could we potentially reinvest that money into our organization's top business priorities to demonstrate the value our RIM program delivers to our organization?

costs. While cost was a concern, compliance risk was the primary driver of change. Although management knew that consolidation would enable consistent policies to be applied in a single system of record, the organization had more than 23 vendors and the management team didn't know where to begin. Iron Mountain was able to provide a complete solution, including a detailed move process map, timelines, records assessments and vendor termination letters. The firm was able to reduce costs, streamline its management program and improve the defensibility of records management across the entire enterprise.

CONCLUSION

Most organizations don't really want to deal with the challenges involved in having multiple vendors for records management. But they also don't want to go through what they perceive as the headaches involved in consolidating vendors. In reality, however, consolidation can be simple if you choose the right vendor.

Not only will you eliminate a lot of headaches, you will be able to deliver additional value to the business by reducing costs, lowering risks and enabling consistent management and enforcement of policies for all records across the organization. What's more, you will put your organization in a much better position to strategically manage all records—paper and electronic—in the future.

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