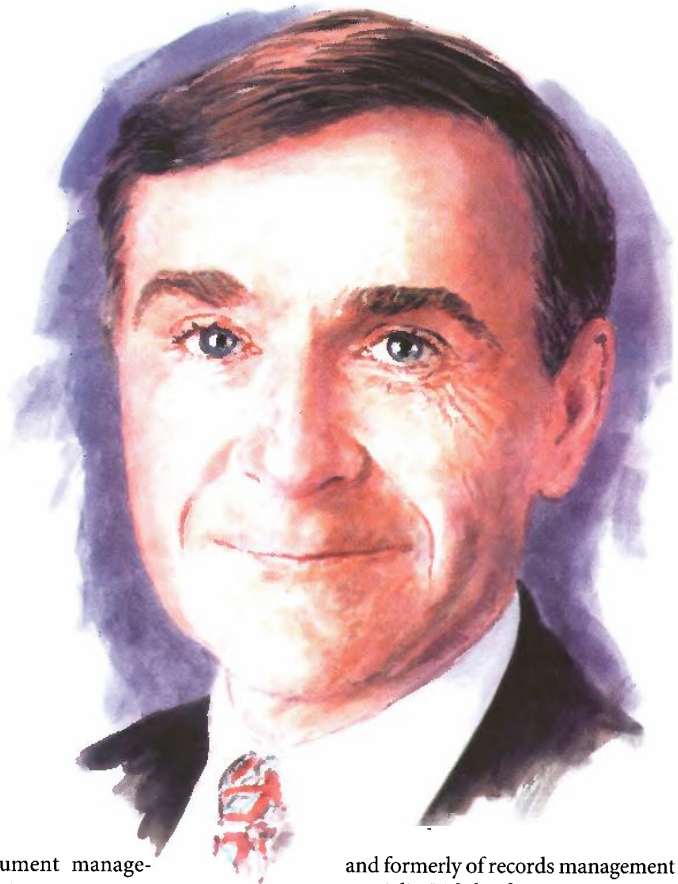


ECM AND RECORDS MANAGEMENT

On the Record

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What are the advantages of an Electronic Document and Records Management (EDRM) approach over Enterprise Content Management (ECM), and what kind of convergence are we seeing between these two related technologies? CBR investigates.



Lee Roberts -
FileNet chairman
and CEO

A period of intense consolidation in the information management space over the past three years has seen global vendors snap up smaller players in niche markets, as they attempt to position themselves as suppliers of enterprise content management (ECM) suites.

From a background in document and web content management, vendors have added expertise in a number of areas, not least of which has been electronic document and records management (EDRM), driven by the surge in interest prompted by regulatory hurdles and the threat of jail terms.

Gartner recently put out its latest Magic Quadrant for ECM, including a definition that ECM suites comprise the following core

components: document management; web content management; records management; document capture and imaging; document centric collaboration; and workflow for supporting business processes.

According to Butler Group, a major evolution of ECM was the addition of Records Management functionality achieved through the acquisition of niche EDRM vendors. More than just a nice-to-have added extra, however, it has become the foundation of current ECM products and strategies.

"Obviously we've seen a lot of acquisitions in this market over the past two or three years, with enterprise content management vendors wanting to effectively own the management of all content," says Colin Foster, UK MD of Hummingbird

and formerly of records management specialist Valid Information Systems, acquired by Hummingbird in 2003.

"EDRM is the foundation for any ECM strategy," he adds. "But ERDM on its own will only provide you with a certain amount of benefit. If you're looking for operational efficiencies, you need to wrap other services around it."

Damian Hyland, Open Text VP of Northern Europe, agrees: "You shouldn't integrate records management into these product suites, it should be inherent in these product suites." He is not convinced that this is necessarily the case with all the ECM suites available on the market.

"What's happened with this acquisition mania that's gone on is people have gone out and bought a records management solution and bolted it



on to the side, creating a second repository," he says. Either that, he says, or records management practices are added as an after-thought, as a document or record is archived. "You don't want to apply it to everything, but it needs to be at inception, rather than at archive," he insists.

"Everyone's trying to talk about a single repository, but in my opinion a lot of this is just bolted together," notes Marie Patterson, VP of market strategy at records compliance management company AXS-One. "Their technology was never built to handle this scale and they're putting a compliance wrapper on technologies that were never designed for compliance."

Butler Group warns that there is very little differentiation between ECM vendors in terms of the range of functionality they provide, while differentiators occur through such factors as scalability, supported platforms, ease of installation, module integration, and go-to-market strategy.

Whether records management is the foundation for ECM, or compliance is being layered as a 'wrapper' on ECM, clearly the ability of businesses to meet legislative requirements is dependent on keeping track of their corporate records.

"Electronic document and records management is an incremental component of ECM. Without it, ECM-based solutions cannot deliver the requirements for legislative compliance or corporate governance demanded by the implementation of information policies," says Guy Hodges, managing director of Diagonal Solutions, part of the Morse Group.

It is easy to see why the vendors are keen to talk compliance given the latest pressures on businesses. But while compliance is forcing businesses to take a new look at how disciplined they are with regards to creating, managing, and deleting records with respect to regulatory requirements, it is also driving an interest in applying records management disciplines to content across the business.

"The key from a products standpoint, the key that we're seeing to the

major demand is around the email archiving/records management area, that is really what we see as the on-ramp to the whole ECM suite," said John Shackleton, Open Text CEO, during a recent conference call. "Mainly because of compliance we are seeing a major need for these areas."

Records management is clearly a core piece of the ECM puzzle, but ECM is also adding to records management, introducing the flexibility and sophistication needed to reflect changing views about what exactly constitutes a company record.

"The definition of what's a record is becoming slightly different now," says Nick Tuson, FileNet director of product management. "The challenge is that records management is no longer just a document, it might be a process or a specific piece of data within a document."

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"If it's an email sent that's related to a contract, it should be automatically declared as a record," he adds. "Information that should be records doesn't fit in one single repository, so the records management space has been enabled by ECM providing access to a broader range of information sources."

"Everybody talks about records management and they always talk about documents, but there's as much need to understand the process that impacted this document - who approved it? Clearly records management does add some additional benefits to the ECM space, but records management also gets distinct benefits from ECM."

"I think it's different but the two are very complementary to each other," says Dave Macey, Stellant executive vice president of international operations. "It's not just control over where something is or what something is, but control over creation and auditing of who has accessed it. A lot of information in a web site can

be defined as a record."

The benefits are not just restricted to records management functionality being applied to email, web and other corporate content, but also in providing the wider operational improvements that can help businesses justify spending vast amounts on compliance projects. "It's the stick and the carrot. Regulation is the stick, and operational efficiency is the carrot," explains Tuson.

"Some companies focus on the business requirements - such as operational efficiency - in order to justify the spend and get the return on investment," says Foster. "Yes, there's the fear factor of fines, but in terms of the sound return on investment drivers, it's around operational efficiencies."

Foster cites the example of local government. "Their focus in the early days was processing benefit claims and council tax services," he says, noting that focusing on these areas enabled local governments to provide better customer services and achieve improved efficiencies in two of the few services that actually generate revenue. "From there they were able to justify spend in other areas."

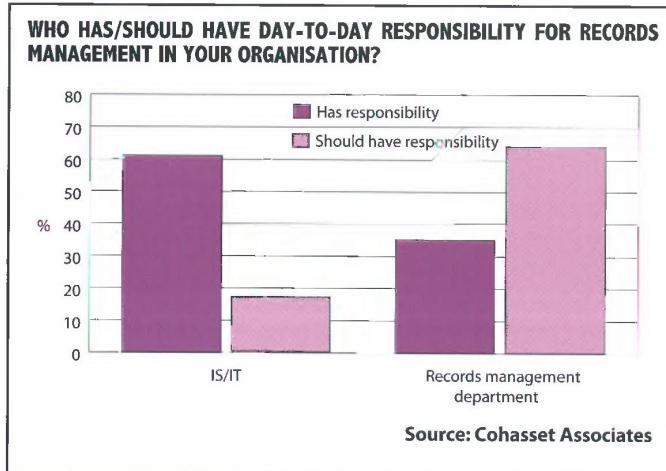
"What's happened is that all of a sudden you've got organisations that two years ago didn't have a compliance budget that now have to spend millions to be compliant," adds Open Text's Hyland, noting that the answer is to use ECM to improve business processes and achieve operational efficiencies, the savings from which can be used to fund the compliance requirements.

"I would never invest in one without the other," he says. "If you're a compliance-only solutions provider then you become a cost, but if you can provide operational efficiencies you become a partner. One of the issues for those guys in DRM, if you're only in that sector, you're seen as a cost."

While the ECM vendors are adamant that there is no room for EDRM specialists anymore, one company that might beg to differ is Meridio. Based in Belfast, the company focuses on EDRM functionality for Microsoft's Windows and Office products, arguing that together they



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form an ECM solution providing document creation and modification, to record declaration, retention, and finally disposal.

The private company has certainly been successful so far, in December it was named in the Deloitte Technology Fast 50 after revenue grew 1,456%, while the company's Meridio 4.3 product was also commended in both the document management product and product of the year categories at this year's Information Management awards.

The focus on compliance has pushed records management, and ECM, up the corporate agenda, raising the issue of who takes responsibility. In the past web content and document management were often left to the IT department, but that seems to be changing.

"I see a lot of organizations still get it wrong and see it as an IT project, because they are the only people that can understand this technology," says Foster. "What we've seen more recently is companies employing information management experts."

"Certainly within government they've got specialists now who can take responsibility for these projects, while in financial services it's passed over to the compliance department," he adds.

A recent survey from Cohasset Associates, an electronic records management consultancy, highlights the need for change. The survey was sponsored by ARMA and AIIM, and indicated that for 61% of the 2,053

respondents, primary responsibility for electronic records management fell to the IT department.

That compared to 35% for a records management department, up from 29% in the 2003 survey. The IT department was down from 71% in the previous survey, and with good reason, it appears.

Asked if they believed the IT department understood the concept of the lifecycle related to electronic documents, 70% of respondents said no, while 64% said they believed a specialist records management department should be responsible for day-to-day management of electronic records.

"The responsibility lies at the very top of the organization," says Hyland. "They're the ones that are going to jail. They're the ones who need to be in control of their own destiny." For that reason, Hyland sees businesses taking a more controlled view of responsibility for records management.

"As we sell into organisations we sell into a team," says Patterson of AXS-One's experience. "The record managers will be there, and IT managers will always be there as they're the poor so-and-so's that have to deal with the problems. I guess the new job is the compliance manager, and we're seeing more and more of those. The other role that is changing is that of the corporate counsel.

While ECM is being pitched as a potential solution to compliance problems, the vendors are well aware

that their products are not a magic wand, and some, such as Stellent's Macey, is wary of vendors selling their products on fear.

"Selling fear and doubt is the worst way to sell," he says. "Technology will do nothing to keep a company compliant. What it will do is enable them to do that so much cheaper."

Stellent claims to have been one of the first vendors to have records management functionality native to its ECM suite, and sees the potential for even greater convergence in the disciplines of records and content management.

"A good records management functionality can provide a good enhancement to the ECM platform, but I think what a lot of the ECM vendors are missing out on is the vast amount of physical records that needs to be addressed and the amount of information that is in other sources," says Macey.

Responding to this requirement, Stellent is about to expand its records management offering with the addition of the ability to handle the management of physical resources, while the ability to address other sources such as file systems and Microsoft's SharePoint will follow in the spring.

"It's being able to catalogue and index them, knowing where they are, managing the physical space such as warehouse resources, managing who's checked the files," Macey explains of how the company will add physical record management to its portfolio.

He believes the solution will also enable companies to manage the lifecycle of their physical records, giving them a staging post to the decision as to whether physical records should be transferred to electronic formats or destroyed.

CBR OPINION

Records management is clearly an integral part of modern enterprise content management solutions, and is driving interest in ECM as a potential solution to regulatory problems, but potential users should be aware that ECM is only part of the solution to regulatory requirements. Nevertheless, where budgets remain tight, the broader advantages of ECM should be considered to drive operational efficiencies and help cover the cost of compliance.