

Osterman Research Executive Summary

Enterprise Email Archiving: Market Needs and Trends

Archiving is to email as record-keeping is to accounting. Enterprises of all sizes are becoming increasingly dependent upon email for day-to-day business activities, and email and instant messaging (IM) are replacing paper-based and verbal communications in many situations. Many organizations now consider email a viable and trustworthy medium for taking orders, providing formal project approvals, discussing sensitive personnel issues, formalizing contracts and the like. For example, a Spring 2003 Osterman Research survey found that email is now used or accepted as written confirmation of approvals, orders and other transactions in 79% of organizations. Further, end users of messaging systems are storing an increasing amount of critical business data in these systems – Osterman Research has found that the typical user stores more than one-half of his or her critical business information within the confines of the messaging system.

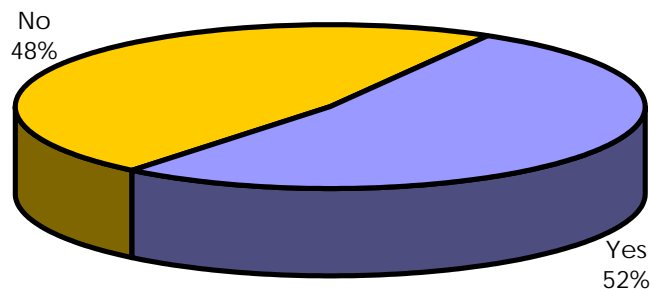
As a result of the growing use of email and IM, corporate email systems now contain significant and growing quantities of sensitive information that used to be stored only on paper. Concurrent with the growing reliance on email have been increasing legal and government scrutiny of email-based communications. Email is now just as admissible in a legal action as paper-based documents and must be maintained with even more care because of the ease with which electronic documents can be tampered.

Key Findings Presented in this Report

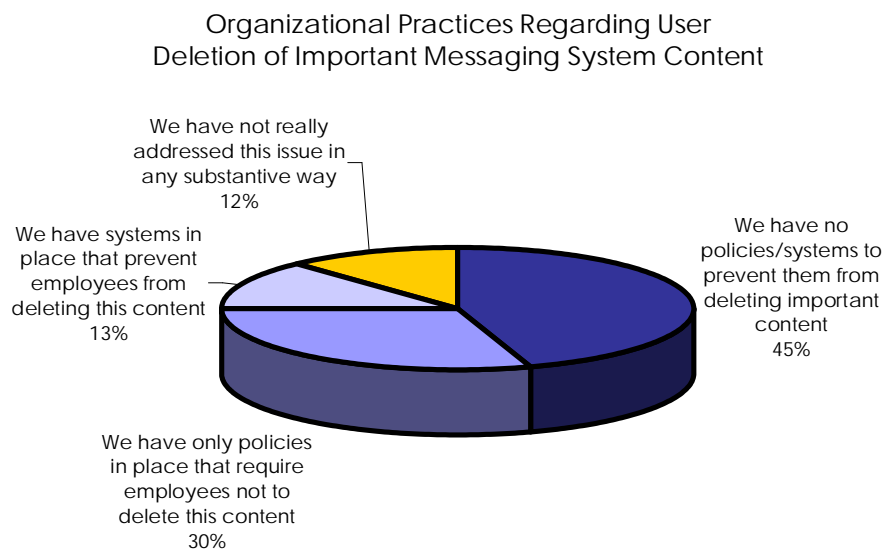
This report discusses the results of two primary market research surveys that were conducted by Osterman Research during July and August 2003. Here are the key findings from the research:

- Only about one-half of organizations have established an email retention policy, and about the same percentage has implemented policies or tools for managing email communication risks.

“Does your organization have an email retention policy in place?”



- This is despite the fact that more than one-half of organizations surveyed have at some point fired an employee for a transgression related to email, and that nearly one-half of organizations have at some point been ordered by a court or regulatory body to produce employee email.
- Virtually all enterprises back up messaging system content to tape on a regular basis. However, only one in seven organizations have implemented any sort of "true" archiving system.
- Nearly three in five organizations has not implemented any policies or systems to ensure that users do not delete important messaging system content.



- From the perspective of IT management, there is a significant mismatch between the current level of proactivity in enterprise messaging archiving policies and the desired level of such proactivity.
- The majority of enterprises do not believe that they are particularly well prepared for regulatory compliance with regard to email or instant messaging supervision or retention policies that impact their particular industries.
- Users of messaging systems spend a significant amount of time simply managing their email inboxes, work that could be handled automatically by an archiving system.
- Users store a significant amount of messaging content in personal archives, not in a centralized repository that is available to the enterprise

at large. Since a large percentage of these archives are not backed up, this results in an enterprise's inability to extract data from these archives so as to make the data available for support during a legal action or regulatory request.

Why Archive?

There are several reasons that an organization should archive its messaging system content:

- Legal obligations. The vast majority of enterprises are legally obligated to maintain records pertinent to their business, transactions with customers, dealings with employees, and so forth. To the extent that these records are housed in a messaging system, it is imperative that organizations preserve this content for at least the minimum statutory requirement.
- Reduced legal exposure. Most firms will eventually be involved in a legal action of some sort. A technical inability to produce emails and/or other electronic documents that the court has required because of a lack of proper email retention policies or practices simply is no longer an acceptable legal defense.
- Retention of corporate knowledge. Simply put, much of the information in most messaging systems is valuable and has cost organizations substantial sums in employee time and other resources to generate. An inability to recover this information in a timely manner means that expensive – and sometimes irreplaceable – corporate knowledge is lost.
- Improved system performance. When a messaging system houses an enormous online message store, its performance is slower and it takes longer to restore after a server crash. If older message store content can be archived, thereby minimizing the size of the online message store, performance is improved and restoration times can be much faster.
- Improved user productivity. As discussed later in this report, users spend significant amounts of time managing their mailboxes, looking for old emails and performing other activities that could easily be handled by a robust archiving system.

Despite the many advantages of archiving messaging system content, there are many who believe that archiving this content exposes an enterprise to significant risks because an archive may contain incriminating evidence that otherwise would not be available. In some respects, this is a valid argument, since deleting an email may prevent it from being discovered in the future. However, deleting email is a risky practice for two reasons:

- First, the practice may violate statutory requirements to preserve email.

- Secondly, deleting a master copy of an email or all copies that are housed within a company's messaging system does not mean that all copies of the email have actually been deleted. Copies may exist in a recipient's archive, in a local message store or in some other venue unknown to the original sender.

In short, the most risk-averse strategy for just about any enterprise is to implement a messaging archiving system.

Who Needs to Archive?

North American firms that participate in the financial services space and that are regulated by the Securities and Exchange Commission (SEC), the National Association of Securities Dealers (NASD), or the Universal Market Integrity Rules for Canadian Marketplaces, must follow a detailed and stringent set of guidelines for data retention. Firms in the healthcare industry must follow data retention requirements specified by a variety of statutes and regulatory bodies, including the Health Insurance Portability and Accountability Act (HIPAA), the Medicare Conditions of Participation, and the Food and Drug Administration. Government agencies and ministries must adhere to a wide variety of guidelines and requirements for data retention, including those put forth by National Aeronautics and Space Administration, the Department of Defense, various provisions in the United States Code, the National Archives of Canada, and other agencies and statutes.

Although financial institutions, healthcare-related firms and government agencies face some of the more stringent requirements for data retention, virtually all firms are subject to data retention requirements of various types. For example, in the United States:

- The Americans with Disabilities Act (ADA) requires that the personnel records of an individual who has been involuntarily terminated be kept for one year from the date of termination.
- The Toxic Substances Control Act requires that a report of an employee claim of occupational disease or occupational health problems be kept for thirty years.
- The Rehabilitation Act of 1973 requires that records concerning complaints of handicap discrimination (in programs and activities receiving or benefiting from federal financial assistance) and relevant employment records of the charging party and employees in similar positions be kept for three years.
- The Employee Retirement Income Security Act of 1974 requires that any correspondence, inquiries or notes relating to individual eligibility determinations be kept indefinitely.

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About Osterman Research

Osterman Research, Inc. provides market research, cost modeling, benchmarking and related services to vendors of technology-based products and services.

We help vendors, IT departments and other organizations make better decisions through the acquisition and application of relevant, accurate and timely data on markets, market trends, products and technologies. We also help vendors of technology-oriented products and services to understand the needs of their current and prospective customers.

Part of what makes us unique is our market research panel: a large and growing group of IT professionals and end-users around the world with whom we conduct our research surveys. This allows us to conduct surveys quickly and accurately.

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