
Information Governance

The keystone of a sustainable business and IT strategy

Martin Atherton & Jon Collins, Freeform Dynamics Ltd, February 2008

Forward thinking organisations no longer just talk about governance, risk and compliance. They actively use these concepts to drive business activities and IT requirements. Getting to grips with information governance, a key component of a broader business strategy, gives organisations a much stronger chance of longer term success as well as protecting the business from costly errors.

EXECUTIVE SUMMARY

Governance now actively drives requirements. The time for 'broad and deep' is here.

The market is starting to appreciate the value that founding business strategy on good governance, risk management and compliance can bring. Governance and risk management are key strategic and capability drivers in a growing number of organisations. Now that business success depends on the timely exploitation of information, many capabilities traditionally introduced only to ensure compliance to industry regulations need to be extended to all operational areas.

Information management is the Achilles heel in most organisations.

An information governance strategy should be given high priority due to the need for better control over information assets. This avoids costly mistakes and enables action on business opportunities faster than the competition. Organisations cannot implement a successful information governance strategy without first exploring their information management capabilities. The majority of organisations cite multiple and significant challenges at this level, regardless of whether they have rules and process in place. Currently, capabilities do not match requirements.

Information classification is pivotal to a sustainable information governance strategy.

The majority of organisations acknowledge that their information classification capabilities are weak. Information cannot be adequately exploited and protected if there is no way of tracking its location, value, and sensitivity to leakage. These challenges and risks are magnified as an increasing volume of governance-sensitive information propagates outside centralised control in today's business environment. The ability to classify information according to business criteria has multiple impact points, including dictating security, archiving, retention and destruction requirements. Without it, information cannot have a lifecycle.

Organisations can take practical steps to kick start an information governance strategy.

A strategy as centrally important to the long term health of an organisation needs a central point of ownership, currently lacking in most organisations. Internal input is worth seeking out due to the differing levels of attitude to risk, levels of corporate governance projects and localised information management capabilities across different regions.

The broadest possible view of risk should be taken during business planning and exploring the areas which could be improved by better information classification should go hand in hand with personnel training to ensure that operational activities support strategic goals.

The study upon which this report is based was independently designed and executed by Freeform Dynamics. During the study, which was sponsored by CA, insights were gathered and analysed from 495 senior business and IT leaders. Respondents were from a broad cross section of industries and organisation sizes with a focus on USA, EMEA and Asia Pacific.

Research sponsored by



Introduction

Information is the lifeblood of business today. There are fundamental reasons for organisations to manage it effectively. For some it will be to avoid loss or damage to information for business reasons whereas, for others, such outcomes may also lead to the organisation finding itself in breach of specific regulations or certification standards.

In certain geographies and industries, electronically held information is increasingly being used as evidence in legal proceedings, so to be able to access such information quickly can lead to significant legal cost savings, or even make or break a case.

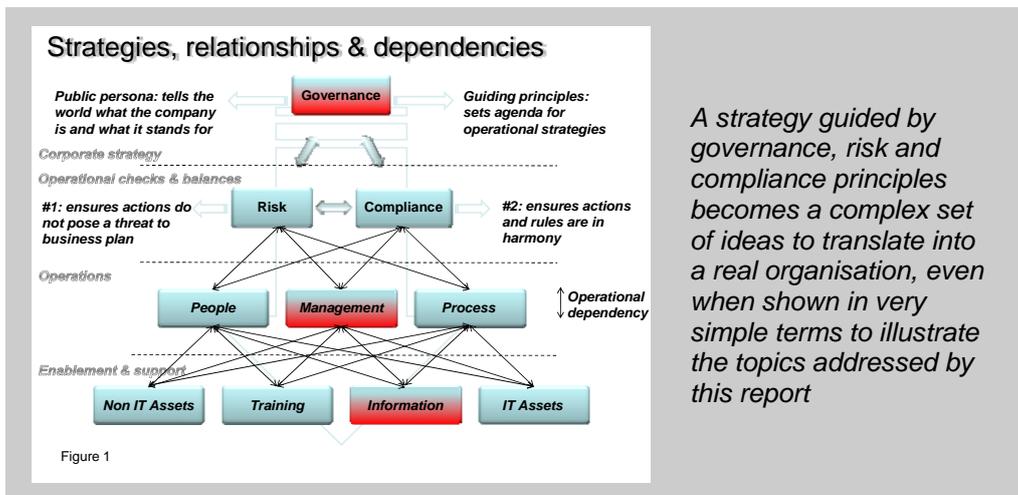
Information governance: what do we mean?

Information, as a critical tool used by an organisation, needs resources around it to enable its protection and exploitation. At a corporate level, governance provides strategic direction. Information governance then, is a strategy to guide the management of information, which can help organisations respond more effectively to customer and industry requirements.

For the purposes of this report, we shall use the following definition of information governance

Information governance is the approach to the management of the lifecycle of 'creation to destruction' of information involved in your business and the running of your business based on applicable internal or external rules and regulations.

While a relatively simple concept to explain on paper, translating it into today's complex business environments (Figure 1) is no trivial task. Multiple relationships lie between 'headline strategy' and the activities which make up a business. An organisation needs to control and use information to remain in business, and, on the other side of the coin, needs the same to understand how well it is doing.



Research shows that underlying capabilities cannot yet support an information governance strategy across most organisations

It is easy to consider the importance of strong information governance in light of recent high profile events involving the loss and mishandling of significant volumes of sensitive personal data in the US and UK. It is also easy to appreciate that a set of underlying, prerequisite capabilities are fundamental to sustaining an information governance strategy.

As we shall see throughout this report, the market at large is at something of a quandary in that underlying capabilities (the ability of IT to support / enable a higher level strategy, the capability / willingness of staff to follow procedures) don't yet match or allow the ideas behind emerging strategic thinking to be realised. Even more worrying is that for many organisations, underlying capabilities don't actually support existing ideas, despite senior management demonstrating a high degree of confidence in some areas. We shall dig deeper into these areas. In the meantime, the

following headline findings suggest that some basic assumptions and ideas need revisiting in order to allow emerging ideas around information governance to become actionable.

Headline findings

Lack of control and visibility: most companies readily acknowledge that a significant volume of information resides outside of centralised control. Respondents in each of the verticals we explored – financial services, healthcare*, oil and gas, telecommunications, public sector and general industry – tell us that up to 25% of ‘governance sensitive information’ is held in remote locations, outside centralised control, which causes significant and multiple negative effects when trying to work with it;

No ownership of a guiding concept or strategy: organisations are open to the notion of guiding their businesses via a ‘governance, risk and compliance’ approach, but a lack of clear ownership is a stumbling block;

Inadequate information management capabilities: (lack of) information retention policies and information classification capabilities demonstrate the level at which the majority of organisations are starting from, but these are far from the only challenges acknowledged at a capability level;

Industry compliance: far from being ‘background noise’, industry regulations are readily acknowledged as causing significant headaches when it comes to the management of information;

Key drivers for improvement: a significant number of organisations report that information delivery requests are only partially successful, or are a ‘bad experience’; governance is driving some capability requirements and enhancements, but not always the right ones to support a sustainable, broader strategy;

Leaders are not that far ahead of the pack: leading organisations are at the stage where they are capturing events which contravene information governance rules. This leaves the mainstream in danger of missing a lot of critical events and, by definition, at risk.

Not all organisations have yet acknowledged the need to implement an information governance strategy. For those that have, the challenge is to ensure that the rules, policies and procedures that form the basis of the strategy can be implemented, supported and executed by the workforce and supported / enabled by IT. This very quickly becomes a question of what measures need to be put in place to execute the strategy. In short, an information governance strategy needs a set of information management capabilities to make it work.

This report explores these findings and offers some practical action points for organisations seeking to identify important areas, causes and effects for consideration when starting or extending information governance related activities

Research study design and goals

The intelligence upon which this report is based was gathered during a research study completed in Q4 2007. The study was independently designed and executed by Freeform Dynamics and executed via 495 in depth telephone interviews with senior business and IT leaders from a range of industries, countries and company sizes.

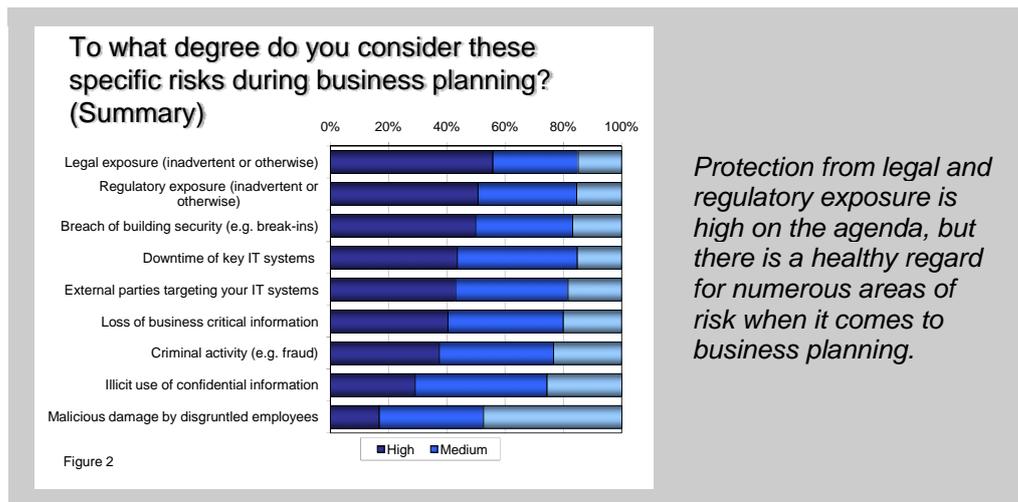
(See appendix A for further details including study demographics).

*See definition of healthcare in appendix A

'Risk' is no longer just a term used in financial services

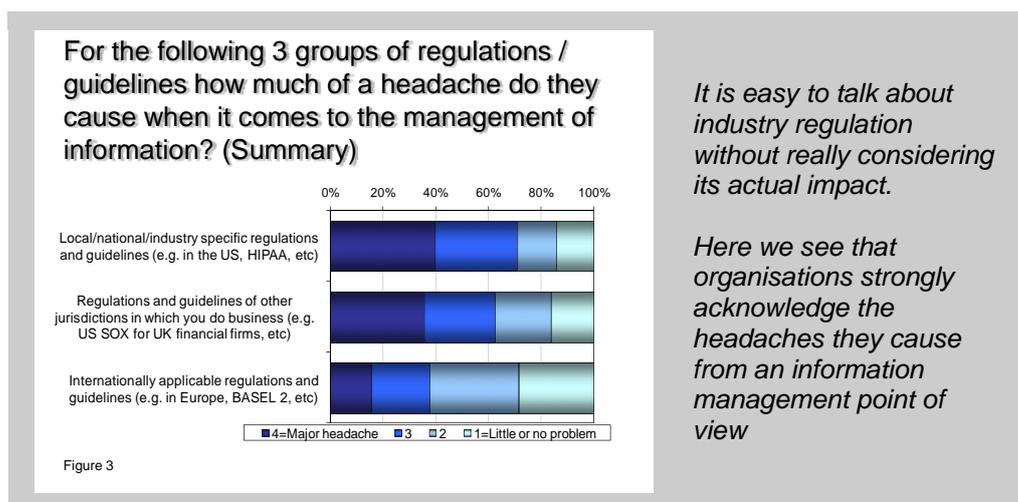
Recent Freeform Dynamics research [1] has demonstrated a gradual awakening to the benefits that risk management can bring to an organisation, as has long been the case in the financial services industry. This widening appreciation is further confirmed here (Figure 2): organisations now actively consider broad as well as specific areas of risk when it comes to business planning. Indications are that the highest ranking of them, legal and regulatory exposure, are just two of numerous risk areas which organisations expect to become increasingly important in their future plans.

However, the market at large has not been measuring itself against such criteria for long and, as we shall explore here, related and underlying capabilities are relatively immature in certain critical areas. With so many moving parts to modern business, it is vital to assess one's capabilities, particularly around the control of information, before one can understand where to start improving things.



Industry regulations have not 'gone away' – quite the opposite

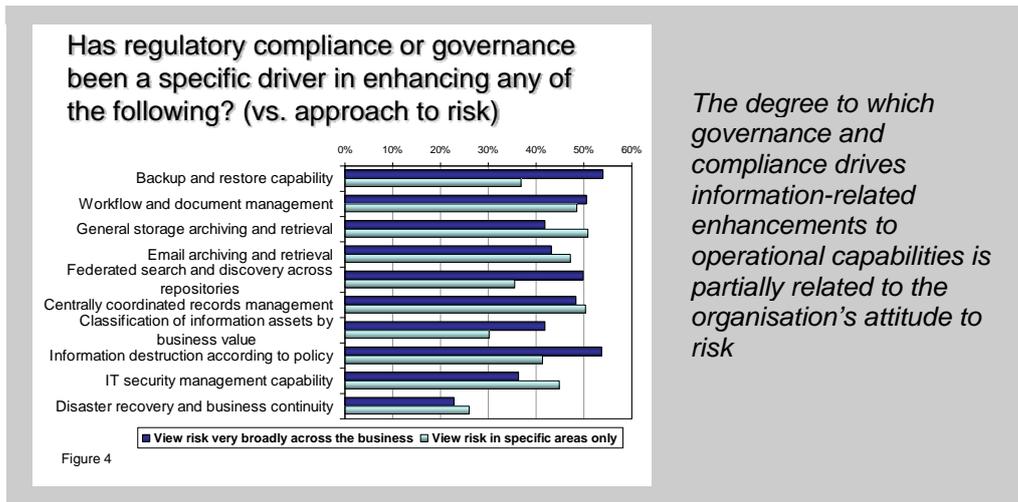
An important area easily (and often) dismissed as 'background noise' is industry regulation. The numerous rules that organisations are exposed to as a consequence of their chosen business have significant impact, and compliance demands significant effort. From an information management point of view there is little room for complacency, as Figure 3 demonstrates.



Governance is now driving capability requirements

Before we explore how organisations are dealing with information governance, it is worth considering whether governance is driving enhancements to areas which have tangible relationships to information management. In some areas the answer is yes.

The approach taken to 'risk' (either 'considered very broadly' across a business or in 'specific areas only') also has an impact (Figure 4). Organisations which consider risk more broadly show that governance is driving areas such as federated search and discovery and information retention more strongly than those which don't take such a broad view. However, other areas, such as information classification are not seen as being related to governance by many organisations. This could be a critical oversight, as we shall explore.

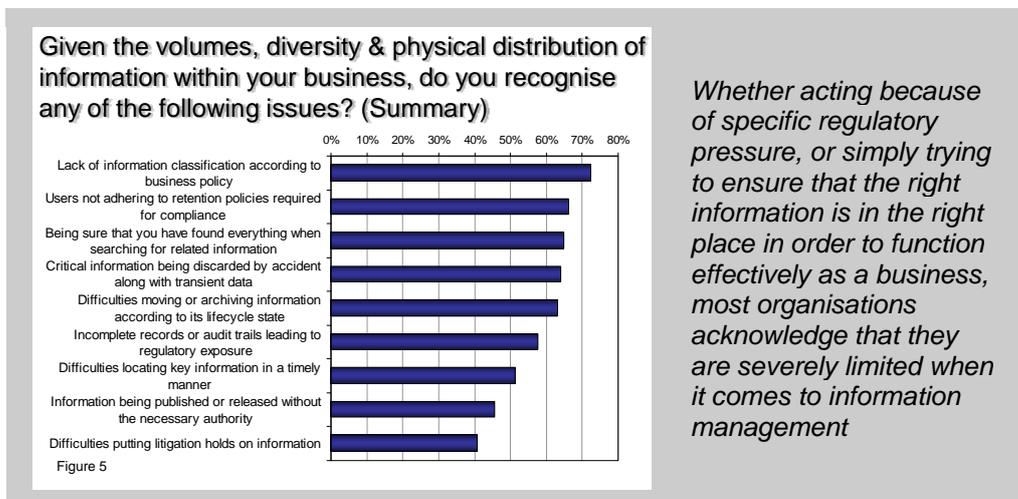


Organisations' information management capabilities are lacking

We have seen that organisations acknowledge the relevance to information governance and management of high level drivers such as risk management, governance, and industry regulations.

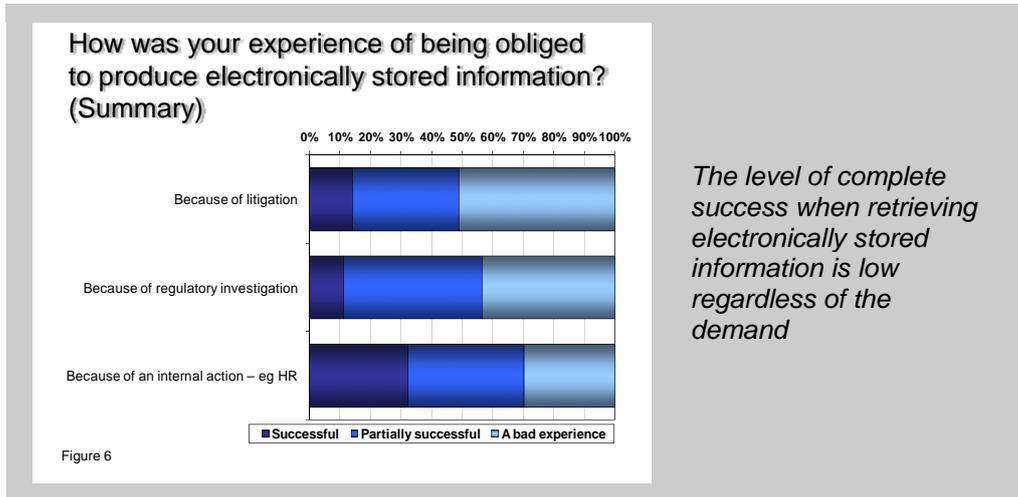
However, when we explore organisations' information management capabilities, some startling discrepancies emerge. The majority of organisations are severely limited when it comes to controlling their information assets (Figure 5), so it is fair to state that they are likely to be taking numerous risks.

Those risks are heightened because as we shall see, there is a significant lack of capability in several key areas: classification, policy adherence, search and retrieval and, ultimately, control.



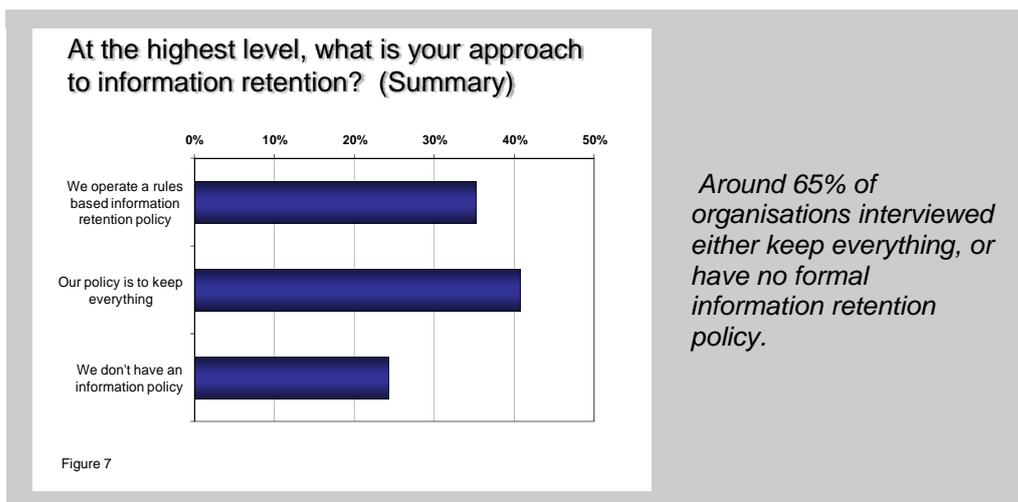
Complying with information delivery requests is proving tough

The number of organisations obliged to deliver electronically stored information was remarkably high (averaging at over 80%) – or perhaps not, depending on your industry sector. Given the (lack of) specific capabilities we have already acknowledged, it is less surprising to discover that the ratio of bad experiences to good ones is rather high (Figure 6). It appears that organisations producing electronically stored information for internal purposes have much more success than when it comes to complying with external demands, particularly around litigation. When capabilities do not support processes designed to deal with such situations, not only do organisations risk censure, but delays to legal proceedings, which can be prohibitively expensive.



Information retention policies illustrate the work needed

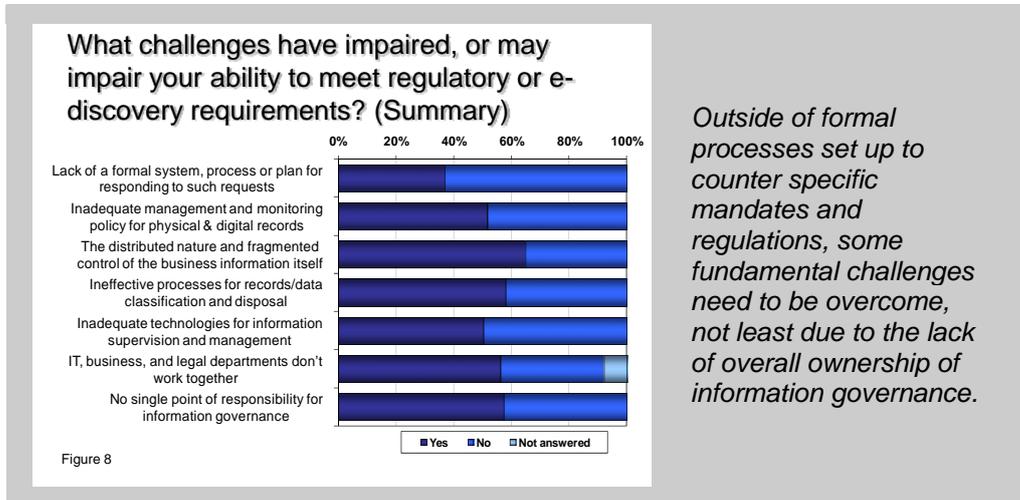
It is worth calling out some specific areas which tell us that information governance is in its infancy for most organisations. Information retention is a good example (Figure 7). For reasons previously highlighted, the lack of information classification and the difficulties organisations have in moving or archiving information, it is of little surprise to find out that a significant number of organisations have a single policy for information retention – keep everything.



While playing safe due to a lack of ability to do anything else is logical, in practical terms it is akin to not having a policy at all.

Obligation – process – (capability): the missing link

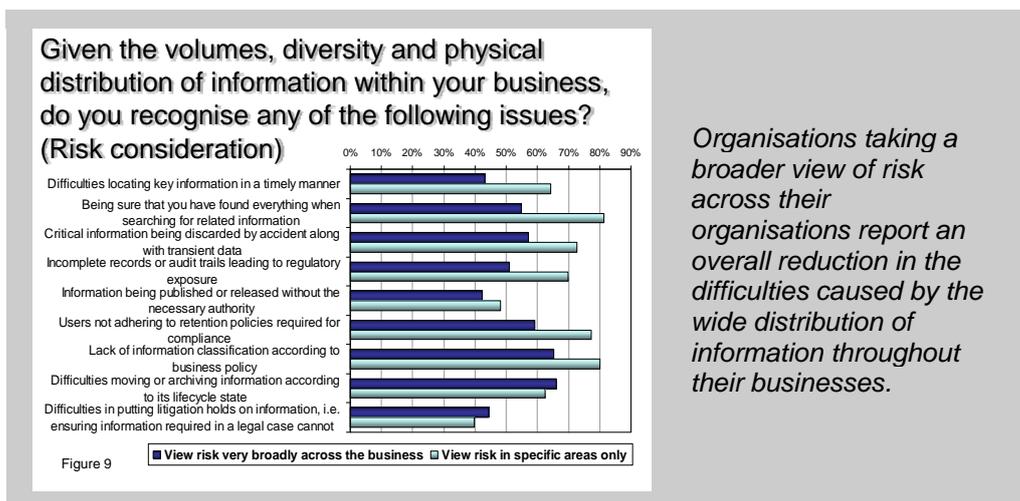
The reason why many organisations have blanket information retention policies starts to become clear when we examine why information discovery requests are so problematic. Along with other key indicators (strategy ownership, information classification capabilities), we can appreciate that if the business lacks the right tools, information strategies and policies simply cannot work (Figure 8).



In short, it appears that the majority of organisations are attempting to address modern day, information centric business challenges with outmoded ideas and capabilities. So where can organisations seeking to apply or improve their approach to information governance start?

Starting to take control: Broadening the view of risk

One of the early indicators we have measured is that simply taking a broader view of risk during business planning can make a difference (Figure 9). That is to say, rather than only considering risk as it applies to specific compliance mandates, the downsides and risks associated with information in the context of day to day business operations should also be considered.



Furthermore, given the lack of centralised 'ownership' of information governance, it is likely that within larger organisations (spanning more than one geographical region, say) regions will differ in the ways that information governance (and thus information management) is handled.

A fruitful resource, initially at least, may lie within your own organisation. The general differences between regions called out below may provide some guidance as to where exchange of 'best practice' may be sought within organisations with multi regional operations. The interesting thing is that the differences could be seen as strengths or weaknesses, depending on your type of business.

Key regional differences found in the research

Overall approach to risk – Organisations in Asia Pacific stated that they take the most focused / narrow view of risk when it comes to business planning.

Overall attitude towards controlling information risk in the organisation: Generally speaking, businesses in the US and EMEA favour 'strict controls'.

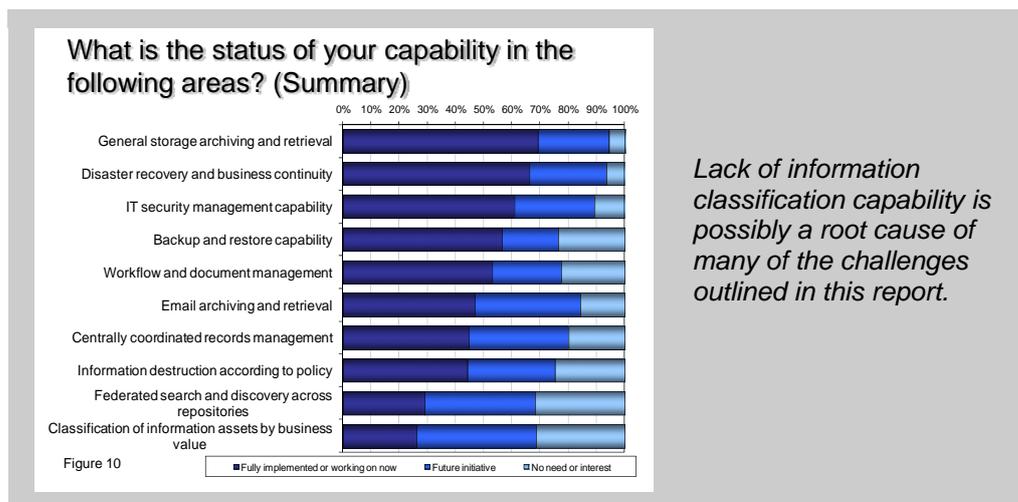
Corporate governance project activity: US companies tend to have the highest number of corporate governance projects in progress at a given time.

General acknowledgement that there is a need to control the flow of unstructured information for governance purposes: Senior management in the US is more aware of this than other regions, but we find that policies are not fully filtered down to the workforce.

Acknowledging problems caused by the volumes, diversity and physical distribution of information within organizations: In general, organisations in EMEA acknowledge these the least.

Information classification may prove a major pivot point

We have previously acknowledged that information classification is problematic for the majority of organisations, and further acknowledgement of this is shown in Figure 10. Encouragingly, it is seen as an important 'future initiative', however, many organisations have not made the connection between it and the enhancements they see as being driven by governance.



The critical nature of information classification stems from the simple fact that control, protection, and appropriate storage of information is always going to be problematic if there is no way of knowing the value of any given document or file to the business and its governance and compliance obligations.

In addition, stronger capabilities in this area would help organisations prioritise steps towards improving information retention, destruction, archiving and retrieval capabilities. This rather obvious observation masks two important points:

The first is the strong probability that many organisations are not aware that it is possible to implement mechanisms to assist in this area which balance gaining sensible control against minimal disruption / additional 'bureaucracy'.

The other is that the implementation of these solutions has often been driven by very specific goals – usually regulatory or compliance mandates – and are often deployed in very specific areas only. Many

organisations may thus feel they have 'done' this area. However, we have demonstrated that much broader challenges exist which existing capabilities simply do not address.

How does your organisation fare?

All industries, by virtue of their business, seek to explore emerging concepts and initiatives at different rates. Many organisations traditionally measure themselves against peer group performance, and assume that advances in different industry segments are not relevant. From a 'sales' point of view this is correct, but as the pace of change accelerates, and competitive advantage becomes marginal – yet critical – it makes sense to seek inspiration from other quarters, and to explore how ideas, concepts and technologies could be harnessed to improve one's own organisation.

Key differences across vertical markets found in the research

Senior management acknowledging the need to control the flow of unstructured information for governance purposes: Financial services (FS) senior managers are way ahead of the pack

Volumes of governance sensitive information estimated as being held in remote locations and on desktop machines outside centralised control: The highest is oil and gas, followed by healthcare, then telecommunications, public sector and general industry.

Sensitivity to governance related issues: With the exception of public sector and general industry, all verticals acknowledge that their finance, HR, IT, legal, Operations / logistics, sales, customer service and marketing areas are all sensitive to some degree.

Specific governance controls in place: Healthcare has the highest level of specific measures in place.

Levels of senior leadership and workforce acknowledgement of the need to control information: The financial services sector has the best alignment between leadership and workforce acknowledgment. Across all sectors though, there is almost 50% difference, highlighting the fact that policies which are not driven through the workforce cannot be expected to be successful.

Where is information governance not recognised by a specific 'budget line'? Public sector, Telecommunications, healthcare, general industry – all these areas, despite reporting they are sensitive to governance related requirements, do not yet recognise information governance as a specific line item in their budgets

Defining investment criteria: the relatively low level of involvement of senior IT people in defining business requirements in the public sector and telecommunications industries is of interest to note. The standards are senior business leader, finance in particular, and business analysts.

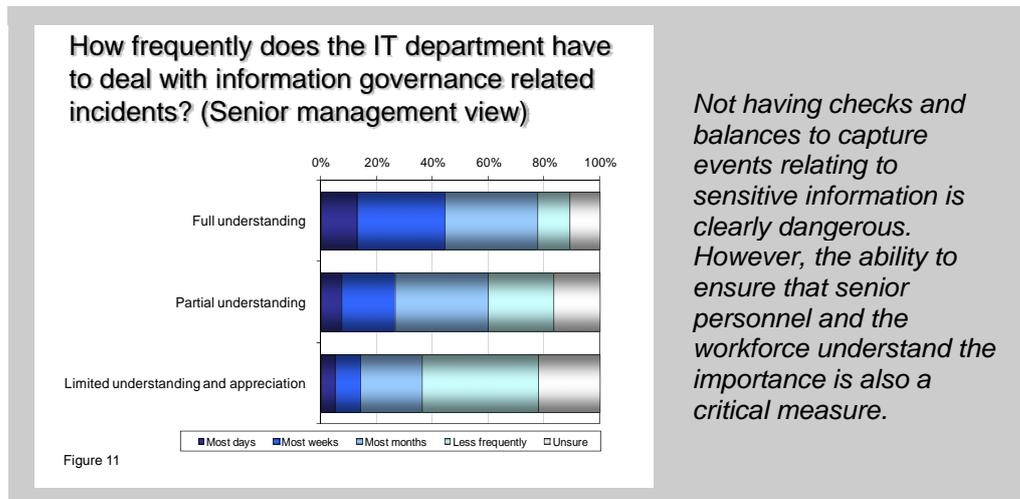
Measuring links between strategy, capability and business value

Very few organisations are fully equipped to ensure that their business operations are 'protected' or compliant from an information governance point of view yet. The leaders, as we shall see, are starting to make gains in areas such as capturing events which contravene information governance rules. For the rest, the challenge is in making sure that the level of information management capability is raised sufficiently so that operational business requirements are met, and strategic imperatives are fulfilled.

Although we are very early in the lifecycle of information governance, it is possible to measure some of the advantages that leading organisations have gained.

One such area is the ability to capture information governance related events as they occur. If you don't know what you are looking for, there is no chance of spotting it, and thus, early in the lifecycle of information governance, leading organisations are starting to capture these events. In time, they will be able to reduce their frequency by improving processes, training and tools, but for now, the ability to detect when an event is happening places them ahead of the pack.

Figure 11 demonstrates quite clearly that the frequency of information governance related incidents varies greatly depending on whether organisations have a 'strong', 'partial' or 'limited' understanding of the importance of controlling the flow of unstructured information throughout their business. The leaders are capturing significantly high numbers of events.

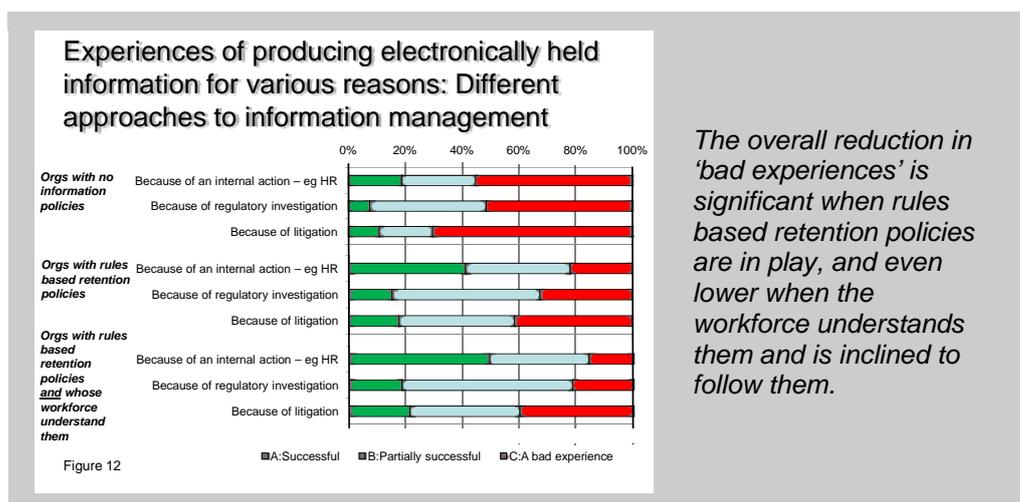


Not having checks and balances to capture events relating to sensitive information is clearly dangerous. However, the ability to ensure that senior personnel and the workforce understand the importance is also a critical measure.

The final point to highlight here is the fact that while creating policies and investing in technology to assist them may seem like the right thing to do, only with the co-operation of the people within the organisations can improvements be made. Information governance is without doubt an area in which technology can be of significant use, but organisations which overlook the human factor will, as in many other areas, not benefit fully from their investments.

Leaders benefit from their approach to information management

The leading organisations are not far ahead of the pack, but they are far enough ahead for research data to show that there are measurable benefits to addressing information governance from a policy, process and tools point of view, even in these early days. For example, we can demonstrate quite significant differences between organisations with varying degrees of information policies in force and the degree to which their personnel support them, and those which have none (Figure 12).



The overall reduction in 'bad experiences' is significant when rules based retention policies are in play, and even lower when the workforce understands them and is inclined to follow them.

The reduction in burden associated with combining policy and understanding / enforcement when it comes to complying with internal or external obligations around information retrieval is clear to see. Remember, 'leading organisation' doesn't mean much in the relatively immature area of information governance – the leaders have not yet disappeared into the distance. Numerous opportunities exist for all organisations to address.

Practical action points

Organisations could make good inroads into planning and strategy development by consolidating existing understanding of general capabilities and weaknesses from a technical and process point of view. The good news is that the research has highlighted a number of practical and actionable points:

Appoint specific ownership for an information governance strategy: There is a much better chance of success if there is a centralised point of co-ordination from which strategy, policy, enforcement and guidance can radiate. Think 'cohesive framework', not 'stifling bureaucracy'.

Broadening the view of risk: A more coherent and complete view of business risk is needed. Accounting for risk associated with (poor) information governance at a broader level is important because of the need to tie multiple requirements together: security, business continuity, IT service management, customer satisfaction, production and sales, on top of the areas normally only included at the planning stage such as industry regulations and compliance.

Explore information classification as a pivotal point for an information governance strategy: The ability to properly classify information is the key to addressing some specific issues such as capturing events which break information governance rules and related areas such as retention, archiving and retrieval.

Ensure policies, capabilities and knowledge permeate the organisation: Improvements must be fully driven throughout the organisation. A direct correlation exists between; appreciation of the need to control the flow of information; the communication of this between senior management and the general workforce; clear policies around information management; the (more positive) experiences of organisations that have had to respond to information delivery requests, and the volume of information governance 'breaches' that are captured. Ultimately, an organisation can protect itself from 'information mishap' if the workforce has been taught how to behave and IT has the right tools to support the policies

Extend the reach of existing investment to start matching capability to emerging strategy: It is likely that existing capabilities (technology, processes and guidelines) were implemented as a reaction to, or guided by changes in commercial regulations. Such investments tend to be highly targeted and while addressing a very specific area, actually do little for the broader good of the organisation. Ensuring compliance to a given mandate is of course critical, but in reality doesn't get the organisation any further ahead – it simply becomes a cost of being in business.

Seek inspiration from within one's own organisation, and other industry segments: Approaches taken, attitudes to risk and levels of capability differ across regions. The search for insight should start from within. Seeking to harness good ideas from outside one's direct sphere of business is also a source of potential competitive differentiation. Knowledge to be harnessed is out in the market. Services and IT vendors aiming at this space should be able to provide deep insight into their previous success stories from a range of different industry sectors (you should be wary if they cannot!). Insight and inspiration should be sought from as broad a spectrum as possible.

Conclusion

We can conclude by reminding ourselves that there has been considerable work done in this area by organisations which have 'had to', when addressing external stimuli such as regulatory compliance. What is important to remember though is that efforts made here only serve to keep organisations in business; they do not provide competitive advantage in their own right.

It is also easy to convince oneself that previous efforts made around compliance, mean the policies, process and tools in place are effective across the business as a whole. This is not the case. While we know that compliance still gives most organisations headaches when it comes to managing information, the opportunities to extend and improve existing information governance strategies and capabilities into all areas of the business are significant, and do actually represent an opportunity to gain commercial competitive advantages.

In modern business the balance between risk and reward is inextricably tied to the lifecycle of information. Improving an organisation's ability to govern the exploitation of information means that the lessons learned through achieving compliance in order to simply stay in business should be extended to improve the organisation's chances of success in the future.

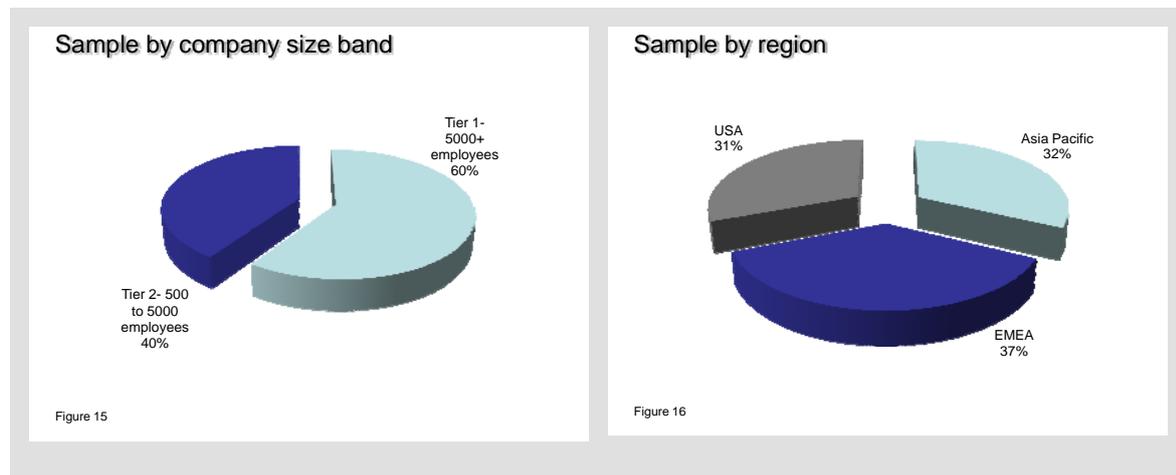
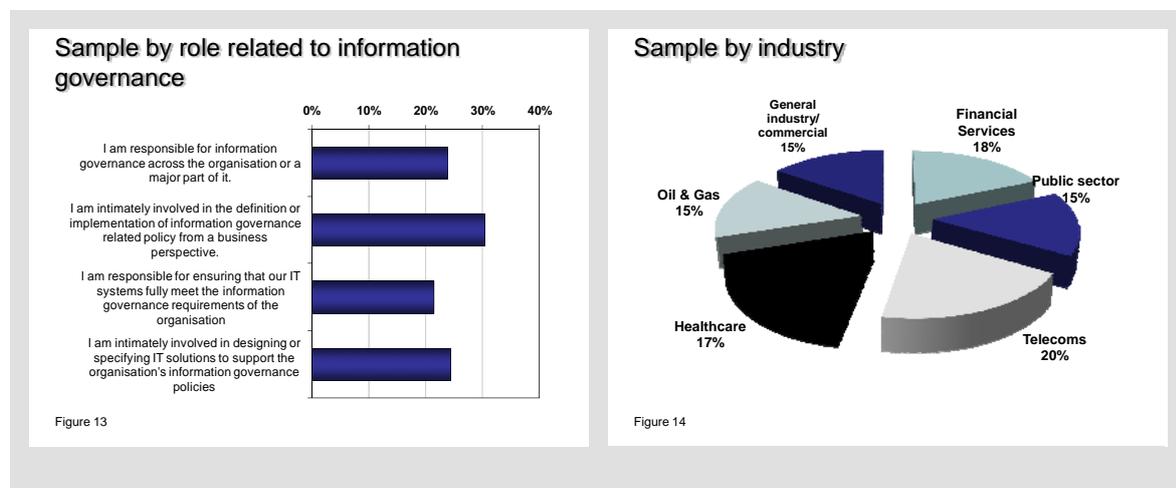
Appendix A – Study Sample

The study was designed and executed by Freeform Dynamics in Q4 2007 via targeted telephone interviews with 495 senior decision makers at a range of organisations across the globe. Interviews were carried out with respondents in the following countries:

- 182 interviews in four countries across EMEA (UK (50), Germany (51) France (41) and South Africa (40));
- 160 interviews in four countries in the Asia-Pacific region (40 in each of Australia, New Zealand, Singapore and Hong Kong);
- 153 interviews in the United States.

Interviewees were asked a number of questions that spanned both business considerations and the use of technology, though more at a capability level than a technical one.

The demographics for the interview sample are shown in graphical format in figures 13-16.



*'Healthcare' means organisations which sell, administer and manage healthcare services, as opposed to (e.g. in the UK) organisations such as hospitals.

Appendix B – Referenced Work

[1] IT Risk in Context Freeform Dynamics Dec 2006

Suggested Further Reading

Managing Information Risk	Freeform Dynamics	Dec 2006
Centrally Managed Protection of Critical Business Content	Freeform Dynamics	Apr 2007
The BI inflection point	Freeform Dynamics	Jun 2007
Business Performance Management	Freeform Dynamics	Nov 2007

All these titles are freely downloadable from:

www.freeformdynamics.com

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