PSR Reviews

Disaster Strikes Major Record Retention Facility

Arson Suspected - SEC may not accept this as just cause for failure to provide records

The security blanket of off-site storage has been shattered in the last few months. Traditionally the only thing that organizations had to worry about was that their records and documents were stored off-site. It has been assumed that storage facilities could withstand all sorts of disasters from mold growth on documents and film to nuclear attacks.

The records retention industry now generates over $1 billion annually in gross revenue. Company sizes vary greatly from giants like Iron Mountain down to small independent operations in sleepy back water locations. There are over 2,500 firms that are involved in the industry. They even have an association - the Association of Records Managers and Administrators - which serves as an industry representative. They have had their hands full.

Do you ever feel like you wake up and have the wrong person looking over your shoulder?

In a single twelve-day period this spring, three separate records storage warehouses at the same company burned to the ground. One fire raged for several days while millions of records were lost forever. The incidents:

➡ Day 1 - Small fire in records warehouse number one

➡ Day 10 - Fire in warehouse across the street. Fire burns for several days

➡ Day 12 - Third fire breaks out while the second one is still burning.

Metrics Are The New "Hot Button"

Without metrics there is no way to benchmark how well or how poorly the organization is doing

Since the late 1960's, the working world has been inundated with computers and new technologies. Few people have understood them but everyone has needed them. Organizations have done everything possible to try to control the costs associated with technology.

Costs have been cut to the bone. However, since the cost of these technologies remains high, many professionals are attempting to create meaningful measures and metrics. Most have failed in their primary objective — to show the value and efficiencies of the application of technologies in the enterprise. This has resulted in a total lack of consistent operational and performance measures.

Many organizations are looking to define benchmarks of "Best Practices." There have been at least three national conferences on metrics and benchmarking in the last six months. A search on the Internet for those two words will give you more places to visit than you could possibly do in the next several years. What this shows is that people are now trying to learn what they are getting for their money. What provides the greatest value?

Traditionalists have equated value with efficiency. They have tried to measure the efficiency of computer equipment, communications equipment and the processing of data. Management has continued to ask how a percentage of utilization on a computer will impact customer service or the bottom line. Few measurement systems have explained that high utilization of a computer system can cause slow response time, thus adversely impacting customer service. Even with the many reporting systems in place today, most organizations, if they are lucky,

Contents

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In addition to this, another facility run by another records retention company suffered another fire. Interestingly, a number of the enterprises had their records stored in all four of these locations.

In the case above, arson is suspected but no one has been arrested. The FBI and others are investigating this set of incidents to determine whether someone deliberately wanted to destroy all of the "historical" records of a large brokerage firm. If that is the case there is a new spectra of issues that business resumption plans need to consider. Not only do records have to be safeguarded with "multiple" copies at multiple sites, but archiving must be done in a way that only those people that need to know understand where and which files are stored.

In discussions with one company that lost its records, senior management expressed concern that a number of regulatory agencies have "implied" that loss of records due to fire in an off-site facility is "not an excuse" for failure to comply to a records request. That has sent this billion plus dollar industry into a frenzied analysis mode. Given this new concern, what are the issues that are faced by organizations as they begin to do an annual review of the business resumption process?

In the book, Client Server Management HandiGuide®, some of these issues have been addressed for paper records as well as for electronic records. In addition, while doing research for my next book, 'Best Practices HandiGuide®', I have discovered a number of similar high-risk areas. What causes me great concern is the fact that most organizations have not even thought about these, much less addressed them.

Some incidents of corporate sabotage that have occured, include: electronically-shipped "mail bombs", viruses unleashed by disgruntled employees and competitors, and network bandwidth appropriated by individuals not authorized to do so. One of the most common examples of sabotage involves disgruntled individuals who have used free access to the Internet to tie up web sites of companies they do not "like" for some reason.

In one instance, an individual sent "hand shake" messages to a corporate web site seeing if the site was active. They did this every 100 milliseconds for two and three hours at a stretch using an unlimited use Internet Access account with a 56KB modem. As you can imagine, the "service level" of the corporate site was significantly degraded to the point that management questioned the ability of the company's IT department to deliver effective and efficient service.

These are only a few of the new "challenges" that we all face. Now is the time to review your security and business resumption plans. There are new dangers and exposures that have to be understood. Solutions may not be simple but they may be found before damage is caused.

One thing that can be done to help alleviate the uncertainty is to assess the risks that your enterprise faces because of some of these issues. For example, one course of action is to review the conditions associated with the current processes of the enterprise and understand how they impact or are impacted by the existing disaster recovery plan. That can be converted into a risk assessment report that can be communicated to senior management.
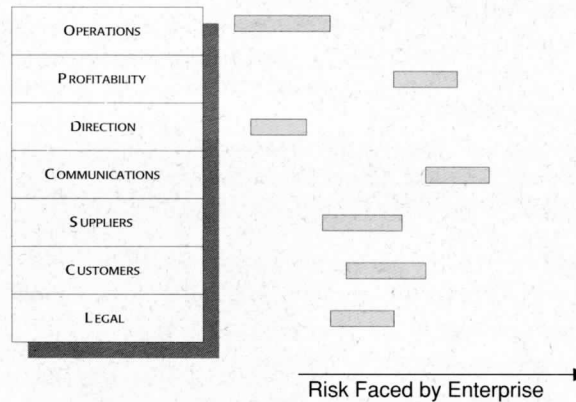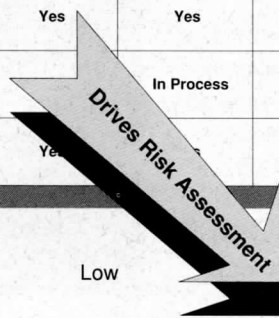
Both of the exhibits above are provided as a way to illustrate the data. They have been taken from the "Best Practices" book that we are currently completing.

Enterprises should have more plans in place to deal with all of the new hazards that they face. Is your enterprise at risk?

Document Retention Matrix

	LEGAL	BUSINESS	TECHNICAL
MINIMUM	3 Years	5 Years	1 Year
MAXIMUM	7 Years	10 Years	3 Years
MEDIA	Paper Film Electronic	Paper Film Electronic	Electronic
COPIES	4	2	3
OFF-SITE PLAN	Yes	Yes	No
RECOVERY PLAN		In Process	Yes
DESTRUCTION PLAN	Yes		Yes

Drives Risk Assessment

Low — High

- OPERATIONS
- PROFITABILITY
- DIRECTION
- COMMUNICATIONS
- SUPPLIERS
- CUSTOMERS
- LEGAL

Risk Faced by Enterprise →

Metrics are the new "Hot Button"

know tomorrow how they did yesterday. Many don't even know that.

The need to measure is based on management's requirement to understand the value received by technology. At the same time, they need to balance the risks. Value can be in traditional financial or social returns of strategic parity between the enterprise and technology, or parity between the enterprise and its competitors through the use of technology. This then is often balanced against the risks technology brings, including risk of failures due to the technology implementation, operation or existence in light of the enterprise's strategic and tactical needs. As with any mature industry and its function, Information Technology, Information Systems, Communication and Data Processing require metrics that are meaningful and manageable.

In the course of developing a management reporting process for the IT function, there are three issues that need to be understood before idea one is put on paper. First and foremost is to understand what works well for one company, in one industry, may not work well for another company, in the same industry down the street. Corporate culture does play an important part in the process. Therefore, anything that we present here must be applied to an enterprise with its culture in mind.

he second issue is, that once you measure, you modify behavior. If you measure the wrong thing or the right thing in the wrong way, the reporting system will become counterproductive.

The last, and perhaps most important item, is that too much information is worse than no information.

What does a Metric System do?

The Metric System is a management reporting system for today's IT/IS professional. A Metric System enables the user to generate comprehensive and meaningful reports. The reports generated from this unique system can then be printed directly to a printer or exported to Word, making distribution of the report fast and convenient for all recipients involved.

What can the Metric System do for your organization?

Many organizations do not have a good mechanism for reporting on the value of the IT function. Typically, the reporting that exists is either of a traditional financial accounting type, bogged down in cost distribution, or detailed technical data that shows the efficiency of usage of the computer hardware. Neither of these approaches address the value added by IT.

A good metric and reporting process should meet the needs of several different audiences. These include senior enterprise management, IT management, internal customers, and external customers. At the same time, it must help the enterprise to achieve its business strategy while providing positive and negative feedback to the IT staff.

A good metric system is not a vehicle to communicate what management wants to hear, rather, it is a vehicle to communicate what managment needs to hear. Metrics are not used to measure variables that are technology focused, rather they are a way to communicate performance and value.

There are a number of web sites that you might like to visit to get more information on this.
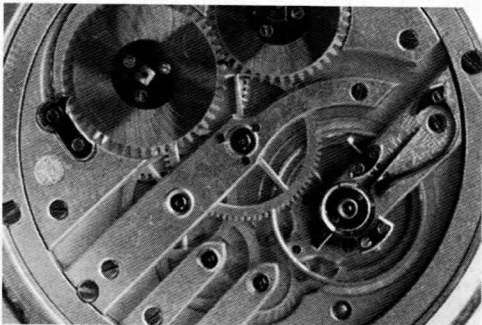
PSR's Metric System
http://www.psrinc.com/metsys.htm

SupportHelp Newsgroups and Software
http://www.supporthelp.com/

US Army Software Metrics Office
http://www.army.mil/swmetrics/homepage.htm

Delphi Forums - Free Registration for 6 months
http://www.supporthelp.com/DelphiForums.cfm

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✔ Tool kit and process easily implemented

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Forecast for the National Information Technology Market

CIO jobs go begging as market activities accelerate or is that retirement process just giving us a blip?

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Well, here we are in the summer when things are normally slow as vacations take precedence over work, and more CIOs are changing jobs than in the last several years. You can tell when the job market is really hot. This is when people leave an existing "sure thing" and find a new job in less than three months. This is happening all around the country. All of the computer magazines, and anyone trying to maintain a list of IT professionals has to work overtime to follow and report changes.

I just talked with a CIO at one company who said they were not very happy. "A new boss and the quarter of a million dollar salary is not enough to make up for the 'stress.'" Well, this CIO negotiated an exit package and hopes to find another job in less than three months. Although, even in today's market that seems too risky. I am seeing more movement now than in the past several years.

One of the factors driving the IT turnover is the retirement of many IT professionals as they approach their 60's. As they leave their jobs, more opportunities are becoming available faster than at any time in the past. Does this mean that the doldrums are over for a while? It's not very clear at this moment; only time will tell.

We are in the process of completing our mid-year US and Canadian Compensation study and some interesting facts are coming to light.

First, the salaries of top IT professionals are increasing at a rate greater than that of middle level managers and staff IT professionals. A two-tier compensation process seems to be falling into place. Top IT professionals have eliminated a large number of middle level positions, and at the same time, compensation increases for lower level positions seem to have flattened. More organizations are operating under the philosophy that if you can hire three lower paid programmers for the price of two high paid ones, you are better off doing so.

That added push to keep costs down is what we can expect for the future.

On the technology front, the die has been cast. Now there is a major push in most enterprises to make the jump to NT, skipping Windows 95 if they have not implemented it before. Individuals who are taking those leadership positions in the implementation process are "more junior" than they should be. We are seeing more organizations getting into trouble in this area because they do not have people in place who know what their predecessors did not.

While that is going on there are a large number of IT professionals who have been outsourced in the last few years who are in the consulting role. Many of them are working for the "Big 6". The fees that are being charged are getting to the point that they need to be approved at higher management levels than before. Questions are being asked like why does it take a 'Big 6' firm $75,000 to develop a WEB page when smaller firms can do the same for a quarter of the cost?

A couple of very positive things have happened to our firm in the last two months. Our Metrics Systems was selected as a "Whats Hot" product by Information Week; our SupportHelp.com site has been selected as a Lycos top 5% site in addition to being selected as a PC 100 site. We have just negotiated a free six month membership to the Delphi Forums for any of our SupportHelp.com visitors.

So, the beat goes on. I look at the next several months as a crossroads in the product distribution and Internet service parts of our practice.

Vic

Location	Prospects Short Term	Prospects Long Term
Northeast	Excellent	Excellent
Mid Atlantic	Excellent	Excellent
Southeast	Good	Good
South	Good	Good
Midwest	Excellent	Excellent
Southwest	Good	Excellent
West	Excellent	Excellent
Pacific Northwest	Excellent	Excellent
Best Location	West	Pacific Northwest