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## Digital Records and Document Management: Turning Compliance Challenges into Opportunities

The conventional wisdom holds that regulatory compliance is a drain on business that increases overhead expenditures and requires large amounts of dedicated labor. This perception is widespread, and somewhat justifiable, but obscures the potential benefits of adopting a proactive compliance position.

When considering an aggressive approach to solving recordkeeping related compliance problems, it is important to remember two key points:

> Technology alone does not make a business "compliant", as compliance is a set of processes, not simply a product. Technology solutions should support the policies and procedures at the heart of your compliance program and help realize compliance goals more cost effectively.
>
> New regulations have made compliance issues everyone's concern, and everyday compliance processes impact staff at all levels organization-wide. Uniting records managers, compliance officers, and CIOs is critical in avoiding the pitfalls of disconnected, stop-gap solutions and realizing broader organizational goals.

From this perspective, a digital records and document management approach to compliance helps ease the regulatory burden while creating value now and into the future.

## A Common Problem Solving Foundation

The first step towards achieving enterprise-wide compliance is utilizing a common language that fosters a mutual understanding of interdepartmental responsibilities. To this end, it is instructive to divide compliance mandates into three categories: Object, Content, and Technology regulations.

### Object Regulations

Object regulations, like those of the IRS, SEC and the NASD, essentially specify what records you must keep and how long you must keep them. These affect IT as well as records management because of the coordinated effort needed to manage the retention schedule, maintain the infrastructure and meet storage mandates.

Effective document management solutions address these issues by automating retention management, providing secure destruction and archiving to unalterable media. Hardware independence allows IT managers to choose appropriate storage capacity and maintain infrastructure compatibility.

*Specific examples include:*

| Issue | Regulation | Benefit of a Document Management System |
|---|---|---|
| Locate and retrieve requested records | SEC 17a-4 | Fast, on demand access via network client, web browser |
| 3rd-party storage | NASD | CD publishing to unalterable media |

## Content Regulations

These rules cover specific information contained within a record. They often mandate extraction and interaction with external databases.

*Examples:*

| Issue | Regulation | Benefit of a Document Management System |
|---|---|---|
| Redaction | HIPAA | Extend privacy controls to a word-by-word level |
| "Know Your Customer" Rules | Patriot Act Section 326 | Automatically extract and compare identity information |

## Technology Regulations

Many regulations specify particular technologies that must be employed for a process to be in compliance. Most concern information security, storage and long-term records preservation.

*Examples:*

| Issue | Regulation | Benefit of a Document Management System |
|---|---|---|
| Non-volatile storage | SEC 17a-4 | WORM (Write-Once-Read-Many) media |
| Provide an audit trail | SEC 17a-4 | Monitor user actions and track database changes |

While these rules may not mandate flexibility, it is an important consideration when implementing new technology. An adaptable system that utilizes non-proprietary file storage formats and scalable architectures allows your enterprise to more cost effectively address new requirements as they emerge.

## Due Diligence in System Evaluation

As unusual as it may seem in a financial services context, the Department of Defense records management standard is a useful benchmark for system evaluation. DoD 5015.2 is the de facto records management standard at all levels of government and industry. Among other records management functionality, a DoD 5015.2-certified system manages records retention and provides secure destruction, reducing both expenses and exposure related to accumulation of expired records.

## Arriving at a Solution

Coping with the vagaries of compliance requires CIOs, records managers and compliance officers alike to take a proactive stance. Using the common language outlined here, these groups can work together to build a digital document and records management foundation that supports compliance efforts while also reducing costs. This cooperative, organization-wide approach delivers measurable competitive advantages and significant new opportunities:

- Reduce record retrieval, reproduction & distribution costs; assign employees to more productive tasks
- Commit fewer mistakes
- Comprehensive, complete information frees managers to make better decisions
- Attract capital: Companies that adopt proactive compliance positions are better investment risks
- Enhance disaster recovery and business continuity programs

Call 800.985.8533 x125 to learn more about how a digital document and records management system can complement your compliance programs.