Compliance Is Not Negotiable: Data Governance Survey Takeaways

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For leading organizations in highly regulated industries—financial services, pharmaceutical or biotechnology, and energy—effective data management solutions for supporting legal and regulatory compliance, mitigating risk, and improving efficiency as well as cost control are simply not negotiable. These business imperatives require effective infrastructure, tools, business processes, and expertise.

These are among the key takeaway points from the 2015 Information Governance Survey of legal, information, and compliance officers in the highly regulated industries. ALM Legal Intelligence conducted the survey to understand the participants' challenges and their perceptions of the changes afoot in information governance and data management. The survey results revealed a growing awareness of the complexity of information governance and a marked uneasiness about their readiness to tackle the associated challenges.
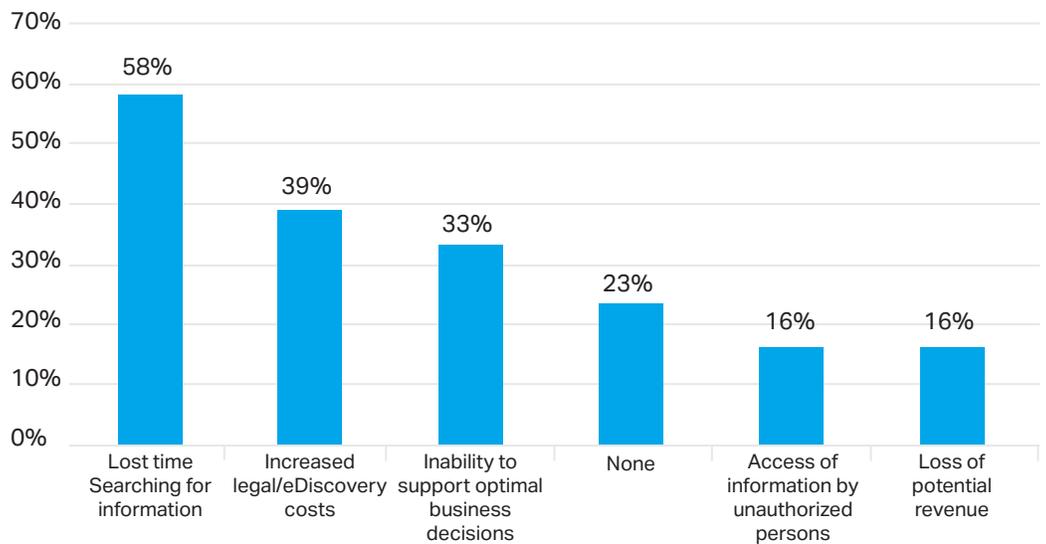

Figure 1. Costs Resulting from Inability to Access, Govern, or Gain Insight from Information

Question: Has your organization experienced any of the following issues due to an inability to access, govern, or gain insight to information?

A majority of survey participants expressed difficulty remaining compliant with corporate, government, regional, or industry regulations and mandates. They also reported that they spend an excessive amount of time and resources in searching for information. Most organizations reported increased legal costs or reduced business efficiency due to inadequate information management processes, tools, and systems.

If this group of respondents is representative, then overall corporations are saving too much data of low value and are unable to effectively manage, store, categorize, secure, search, or deliver information from vast and ever-growing volumes of data.

The Call for Information Governance

The survey reveals the external and internal challenges these organizations are facing. Survey respondents showed a coalescence of three business imperatives that are driving information governance to the top of the priorities list in regulated enterprises: increasing exposure to risk, rapid growth in the volume and variety of data, and the need to improve overall compliance with regulations and policies. Each of these is a multi-faceted challenge.

Increasing Exposure to Risk

The survey found that organizations are facing costly and complicated exposures to risk:

- Escalating regulations continue to drive up legal and IT costs.

- Increasing regulatory scrutiny and non-compliance has resulted in billions of dollars in fines, sanctions, and lost revenue.

- Financial crimes and fraud—ranging from market manipulation and material financial misrepresentation to non-compliant employee activities—remain a major source of risk.

- The explosion of Big Data has introduced significant, inherent risks as companies look to tame the massive volume and variety of enterprise information.

- An increasingly virtual workforce, bring your own device (BYOD) policies, and growing volume and sensitivity of mobile data challenge the ability of IT to manage data.

- There are ever-present threats because of ineffective information security that leaves companies exposed to data compromise, loss, or breach by rogue employees or external attackers.
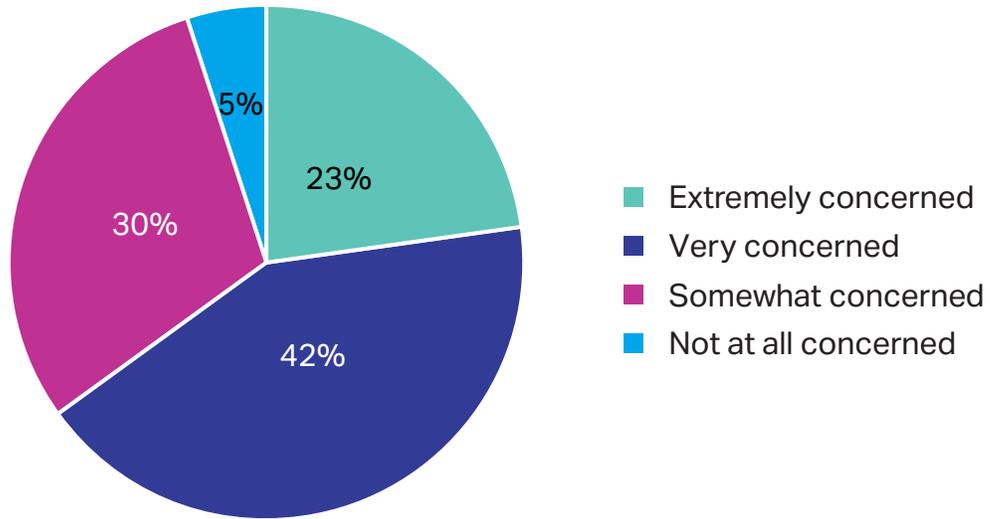
Figure 2. Keeping Up with Data Growth: 65% are "Extremely" or "Very" Concerned about Booming Data Volumes.

Question: How concerned is your organization with keeping up with its data growth?

Explosive Data Growth and Management Challenges
In the survey, 67 percent of respondents reported that data volumes in their organization are growing by 25 percent or more per year. The majority—65 percent—said they are very or extremely concerned about keeping up with data growth, suggesting that they do not have a reliable framework for managing that data.

Data challenges include:

- Pressure on business and IT organizations to derive decision-support information and opportunities
- Difficulty in identifying and categorizing data
- Difficulty meeting demands for meaningful information from disparate data
- Containing legal, compliance, and IT costs while improving efficiency by proactively managing information
- Empowering the data-driven organization with visibility into data, access to all information repositories, and an understanding of this information (smart search, easy reporting, and queries)
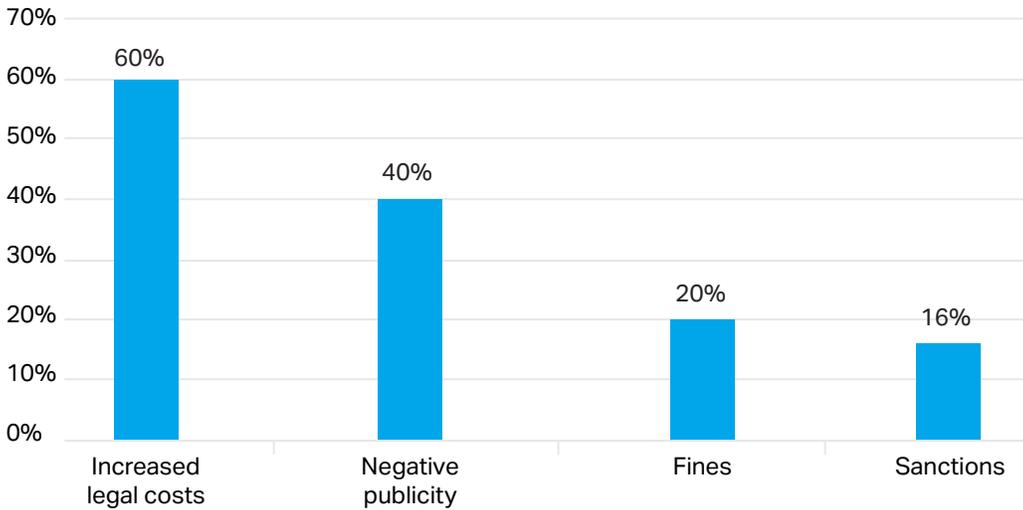
Figure 3. Increasing Cost of Regulation

Work collaboratively with key data stakeholders across the organization to create Information Governance and data retention policies that employees will follow.

Question: Has your organization incurred any of the following as a result of these issues with regulators or auditors?

Increasing Regulatory Activity

C-level executives are spending more time on regulatory issues. The life sciences and pharmaceuticals, as well as financial services industries, are notably impacted by regulations. The energy and utilities sectors, as well as the food and drug industries, are also facing numerous regulatory and information governance requirements.

New regulations present significant compliance costs, as companies seek solutions to transform data storage and governance systems, reporting functions, and, in some cases, their organizational structures.

Legal and regulatory compliance challenges include:

- An increasing frequency of audits and investigations by regulatory agencies impose significant demands on producing information and documents.
- Even in the best situations, an audit or investigation is an expensive distraction that requires a substantial expenditure of resources in searching, gathering, and assembling requested information.
- An effective response to e-discovery and investigations requires rapid and accurate capabilities to search, filter, and produce documents.

Meeting Information Governance and Compliance Challenges

Each of the three key challenge areas involves information—getting the right information to the right people at the right time. So the information governance challenge is on the table. But there is no single one-size-fits-all solution.

Some organizations run traditional IT environments. Many are transitioning to cloud-enabled, mobile-friendly infrastructures. Many others rely on a combination of both—a hybrid structure that uses both cloud and traditional systems. The path is different for each organization.

This survey revealed steady, confident progress, but most organizations have some work remaining:

- 56 percent have solid structures in place but still need some improvement
- 35 percent report a need for significant improvement or indicate that their current approaches are inadequate

It is possible to build an information governance and data management strategy that allows the organization to both reduce risk and efficiently derive business information from data. Successful information governance is a strategic effort that requires executive ownership, leadership support, and the participation of everyone within the organization.

To meet all three goals of risk reduction, improved compliance, and efficient use of business information, the effort must stem from a strategic vantage point and be proactive. The three tenets of risk mitigation and readiness that follow rest on a foundation of proactively designed and implemented data governance solutions, endorsed and funded at the executive level, and supported with training and effectiveness audits.

Highly regulated industries have the greater challenge of regulatory scrutiny, but the following tenets make sense for all enterprises.

Mitigate Risk through Effective Information Governance

Amazon, eBay, Expedia, Facebook, and Home Depot are among the pioneering companies known for using Big Data to grow customer and shareholder value. In fact, their business models rest on effective information governance. Yet every one of these companies has faced lawsuits or investigations challenging their management and use of data.

All have experienced data breach incidents as well. To reduce risk in your own organization, take a holistic approach to information governance:

- Develop an end-to-end strategy to manage and understand information in the organization, from creation to disposition

- Implement solutions that can work together in a unified manner to mitigate risk, support compliance, reduce costs, and improve efficiency

- Implement rock-solid identity and access management systems

- Take advantage of the improved insight that analytics can provide to analyze behavior and activity patterns to detect, predict, and take action

- Work collaboratively with key data stakeholders across the organization to create information governance and data retention policies that employees will follow

- Document, train (and re-train), and audit information governance processes on a regular basis

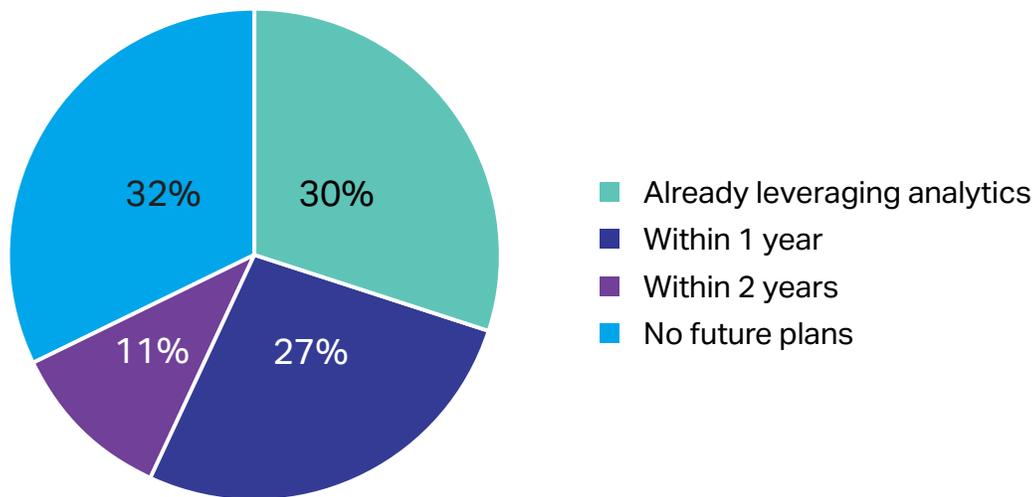- Protect information assets with proactive policy management and security systems

Pie chart:
- 30% Already leveraging analytics
- 27% Within 1 year
- 11% Within 2 years
- 32% No future plans

Figure 4. Data Analytics Recognized as Important Tool for Better Business Decisions: 38% Plan to Invest in Data Analytics within 2 Years

Question: Is your organization planning to leverage analytics to help drive better business decisions from your information?

Assure Legal and Regulatory Compliance

- In responding to regulatory requests, more than half (57 percent) of legal and compliance professionals surveyed reported that two or more cycles of information gathering are often required to complete the information request. Increased legal costs were cited by 60 percent as a painful result of cumbersome processes for search, retrieval, and production of information.

To learn more about effective information governance strategies, read:

To ease the effort and cost of legal and regulatory compliance:

- Take advantage of analytics tools to categorize content, separate valuable business data from personal or low-value data, conduct data migrations, and support decisions on retention and defensible disposition
- Leverage data archiving, electronic data, and records management systems to manage, capture, and gain visibility to information
- Use analytics to prepare and respond to audits and investigations with the right information at the right time
- Improve litigation readiness with the use of advanced tools to search and filter repositories to produce responsive documents for e-discovery and investigations

Enhance Business Results through Efficiency and Cost Control

Leverage advanced tools to store, search, discover, and protect data. Make it accessible and effective for business users. Empower employees with easy-to-use, secure access to information and reports that enable insight and inform better business decisions:

- Access, understand, and classify information across the enterprise.
- Contain legal, compliance, and IT costs while improving efficiency by proactively managing information.
- Empower the data-driven organization with visibility into data and access to information repositories for business groups. Smart search, easy reporting, and user-friendly query tools allow line-of-business teams to self-serve.
- Dispose of non-business data to reduce storage and management costs.
- Deploy data analytics solutions to support outcome analysis or risk assessment in decisions regarding legal strategies, new business lines, acquisitions, and other ventures.

Embracing the Future

The implementation of advanced technology for information governance and compliance, at first sight, may seem like an expensive and burdensome exercise in risk mitigation and cost reduction.

The endeavor requires the cooperation of legal, IT, and compliance executives who will drive new standards, controls, processes, disciplines, and corporate objectives for the global organization.

However, enterprises that make the investment in information governance and data management to reduce risk and assure compliance often find that their investments in search and analytics technologies also advance business strategy, and set them apart as leaders in their industries.

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