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## PAPER TRAIL

### How **Records Storage** Has Evolved

By Ian Thomas

A very long time ago, someone, somewhere came up with the idea of renting spaces for people to house their belongings. Who would have ever imagined what that simple idea would lead to or the various changes and transformations it would take on as the years went by.

Today, there are thousands of self-storage facilities in the United States and the industry has etched out its place in the American lifestyle. It has evolved from first generation mini-warehouses where people “stashed their trash,” to state-of-the-art storage facilities built to accommodate the unique needs of its customers. And while most of them may stick to the tried-and-true business of renting storage spaces, others have expanded into others facets, such as records storage.

#### The New Reality

Indeed, records storage management has come a long way too, and much has changed in the business. Since its inception back in 1948, when Emmet J. Leahy opened Business Archives Center, the world’s first commercial record center, the industry has experienced tremendous growth. Why? Because “the times, they are a-changing.”

Why? Simply consider the main events of our generation: terrorist attacks, man-made and natural disasters, fraudulent accounting, changing technologies, and more regulations passed in some industries than have been written in almost a century. With issues such as these grabbing headlines, society is now demanding higher standards for the accuracy and availability of content.



Corporate accountability has become key, so companies of all sizes are adopting strategies for managing documents, Web content, and digital assets. It is now more imperative than ever that companies establish plans for their vital records and business continuity in the event of such scenarios. And the majority of these plans require that records be maintained off-site within a specified distance.

As a result, records management, which was once a relatively sleepy and quiet concern, has awakened and turned into a thriving, profitable, and vital business. In some markets, it is a much sought after investment segment known for its exceptional returns, and it has proven to be a successful niche for many operators.

#### Back To The Future

Many of you may have heard the teambuilding phrase, “Forming, Storming, Norming, and Performing.” This can be applied aptly to the commercial records storage management industry. One need not look any further than the industry’s history.



Once a small niche offering with limited demand, changes in regulations and business processes have turned records storage into a lucrative business with a bright outlook.

The “forming” stage began in the 1950s and 1960s with an industry focus on large metropolitan areas where it serviced large corporations and was entirely focused on inactive business records. The primary companies entering the industry were relocation companies that were able to pick up the records to be stored, especially as companies moved their offices.

By the 1970s, there were some dramatic changes to how business was conducted. This helped fuel the growth of the industry. Legislation in federal, state, and local government was growing and the introduction of the word processor meant documentation could be produced twice as fast. With all this activity, the industry was beginning its first transition from records storage to records management. This was a subtle distinction, especially back in those days, but a very important one for the future of the industry.

The next stage of the industry was the “Storming” phase. In the 1980s, the computer era dawned and records management truly came alive. The barcode was introduced; large quantities of data could be stored on optical platters/disks; “portable” readers were first seen; and the industry association known as the Association of Commercial Record Centers (ACRC) was born. The industry stormed ahead on the back of this technology explosion.

The 1990s saw many consolidations and acquisitions taking place. The ACRC became PRISM (Professional Records and Information Service Management) and now boasted over 500 members. In the United States alone, there were estimated to be over 2,000 records centers. This culminated in the huge merger of Iron Mountain and Pierce Leahy for \$1.1 billion.

The 2000s have led us to the “Norming” stage, where the industry is starting to settle down into a well-established pattern. Its acceptance by corporations is also now “normal” and many insist on using commercial records centers as part of their disaster recovery plans. Moreover, there has not been any let up in the pace of change as new legislation and service offerings ensure that commercial records centers are still an important part of business continuity.

Businesses of all sizes have been affected by government-imposed regulatory requirements—many of which were introduced

following high profile court cases—to prove that they are operating in an honest manner. These government regulations are creating a more secure environment for citizens to live in, from the Patriot Act, which permits transparency into the activities of individuals within a country; to the Sarbanes-Oxley Act, which creates transparency in the behavior of public companies; to HIPAA (the Health Insurance Portability and Accountability Act), which requires transparency into the rules, standards, and implementation methods of handling the protected health information of clients. Failure to comply with industry and government regulations has resulted in expensive litigation, hefty financial penalties, bankruptcy, and in some cases, even jail sentences.

Lastly, many corporations have awakened to the fact that records management means more than just archive storage. It means proving chain of custody and security, the effective disposal of records, and, more importantly, peace of mind. Situations in which content was not accurate or destroyed have resulted in serious consequences for individuals or companies that were not aware of the mismanagement of content within their organizations.

### So What Now?

Some people claim that records management is ultimately doomed. Isn't it all about to end? What about the paperless office? Let's take a look at some statistics:

- In 2003, paper and paperboard accounted for 35 percent of the total materials discarded in the U.S. This is up from 29 percent in 2000. (EPA, *Municipal Solid Waste in the United States: 2003 Facts and Figures*, 2003)
- E-mail, the most frequent use of the Internet, causes a 40 percent increase in paper when introduced into an office. (PriceWaterhouse Coopers)
- Iron Mountain (Electronic Vaulting, Email Archives, Image on Demand) Reported first quarter 2002 revenues of \$90,000, with the total amount invested at \$20 million. (Lehman Bros. Equity Research June 2002)

- Records centers are expected to see continued growth for the next 12 to 15 years. (David O. Stephens, CRM - PRISM Conference, May 2000)

Considering this, it appears that the paperless office isn't quite here yet. In the wise words of Cary McGovern CRM, a frequent writer/contributor to many different record storage management business magazines, “There won't be a paperless office, but there will be a less-paper office.”

### Fitting Into Today's World

Today, business and the processes and information that drive business must become more auditable and transparent, while complying in a more regulated environment. Consequently, there will always be the need to store, manage, secure, and access some vital paper documentation and records. By doing so, individuals and corporations alike can be assured that their accounting practices and fiscal reporting are compliant, and their research and new product development meets regulatory requirements. Above all, they will know what their business risks are and be able to manage them effectively.

With this in mind, we can see that records storage management is entering the “performing” or “professionalizing” stage. It is now becoming an industry that provides a wide range of professional services to the business community. It's also the perfect time, for self-storage operators looking to expand into records storage management to consider getting into the business. After all, rather than having ventured into it during the early “forming” stage and having had to ride it out until the present “performing” stage, now could be the time, with the right strategy, to be highly successful and profitable.

Because it offers a better way to work for all, the records storage management industry will continue to grow in leaps and bounds. From hardcopy storage to imaging; tape storage to e-vaulting; retention consulting to destruction, the field of records storage management meets the needs of all businesses today and is here to stay well into the future.



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