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Regulatory Compliance &
Data Retention for Storage

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TotalStorage Business Partner Council

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Joyce Tompsett Becknell

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Agenda

- A bit about Sageza
- Compliance: Define and give 3 examples
- What are the implications of regulatory compliance?
- The pain of non-compliance
- What are the implications of data retention?
- Political reaction to data retention
- Customer pain points
- Specific areas they need help
- What's being stored?
- Business partner opportunities
- Implications for storage sales
- Storage tools from IBM
- How IBM should help you

The Sageza Group – Sageza, Ltd.

- Independent market watch firm
  - Fact-based forward-looking analysis
  - Focused on enterprise behavior and business productivity, go-to-market issues in Europe
  - Market focus: mid-sized business and partner communities
  - Provides services to vendors, partners, and enterprises
- Founded in 2001
  - Start-up with key personnel from Zona Research
  - Headquartered in Silicon Valley, CA - 2001
  - European offices: London England & Milan Italy - 2003

Sageza – the inside story

"Sageza" from Italian word "saggezza" meaning "wisdom"

Compliance: Define and Give 3 Examples

- **Data Protection Legislation** – Numerous EU Directives – possibly American/Asian also important
- **Basel II** – Bank for International Settlements Basel committee – minimum capital requirements, supervision, and market discipline to align capital with risk
- **Freedom of Information Act** – UK – Right of access to all printed information of public authorities – production of a guide to information and ability to handle individual requests – other countries have their versions
- **IAS** – International Accounting Standard for financial statements for recognition and measurement, and consolidation and reporting
- **ISO 15489** – requirements for structuring records management practice – global benchmark for records management
- **DOMEA** (Document Management and Electronic Archiving in IT) – German government information management requirement – has 250+ requirements
- **BSI PD0008** – British Standards Institute code of practice for "Legal Admissibility and Evidential Weight of Information Stored Electronically"
- **eEurope 2005** – (Basta così!!)

What are the Implications of Regulatory Compliance?

- Compliance affects the entire organization
- Drives efficiency and integration (hmmm, sounds like an on demand business
- Is an ongoing issue – not a one-time purchase (on demand again!)
- This is a politically-charged issue, especially in the EU
+ Recent IBM study – 78% of respondents in financial services think this is important or critical to their business from a STORAGE viewpoint
+ Going to spend lots and lots of euros/pounds on this stuff!!!!!
– Recent Economist Intelligence Unit report shows only 27% of senior executives ask for input from IT departments when planning major deployments
– Non-compliant companies severely punished and look bad

The Pain of Non-Compliance

- Abbey National fined **£2,320,000** by FSA anti-money laundering procedures and reporting of SARs (suspicious activity reports)

- HBOS fined **£1,250,000** by FSA for customer identification records regarding anti-money laundering

- Deloitte & Touche fined **£750,000** by FSA in part for not keeping proper records

- 5 US Financial Services firms fined **$1,650,000** each (**$8.25mn** cumulative) for failing to preserve internal e-mail

- Broadway National Bank fined **$4,000,000** for failing to establish an anti-money laundering policy

What are the Implications of Data Retention?

- SEC (US) has regulations on what's acceptable:
    - Non-rewriteable, non-erasable
    - WORM technologies like optical media, magnetic disk, some tape
    - Time stamped
    - Copies stored in separate locations
- Financial Services Modernization Act (US)
    - Encryption
    - Authentication
    - Access control,
    - Standard safeguards: regular backups and secure storage

Political Reaction to Data Retention

- Electronic Privacy Information Center (EPIC) - keeps track of EU and member country issues

- Statewatch – monitors the state and civil liberties in the EU

- Foundation for Information Policy Research (FIPR) – studies interaction between IT and society

Customer Pain Points

- Change management is difficult
- Departments are silo-ed
- Systems aren't integrated
- No clear vision of truth

- *Note: Need to differentiate between Fibre Channel and Serial ATA **NOT** Really important at this point!!!!!!!!!!!!!!!!!!!*
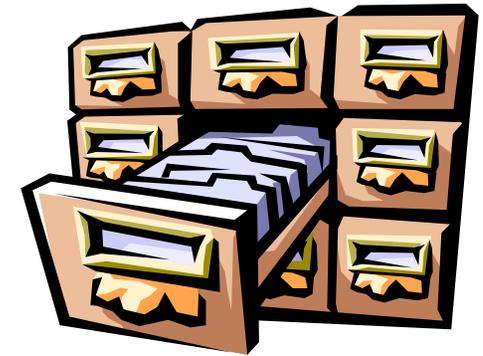- *ROI not as important here either!*

Specific Areas They Need Help (Strategic)

- Business recovery
- Existing information storage
- Data retention
- Information retention
- Information security

What's Being Stored?

- Documents – eg Word files

- Medical records

- E-mail

- Video files

- Instant messages

- Databases

- Vertical applications

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Business Partner Opportunities

- BIG NEWS – What an opportunity!

- Who do you talk to? CIO? Head of Compliance? Business Managers? Marketing Manager? Risk Manager? Data Controllers? Information Security Managers? – massive range of players, so you may not have worked with previously

- What do you bring to the table? What skill sets do you have and what do you want NOT to do? – you do not need to become an expert on Basel II compliance per se

- Becoming a strategic partner rather than a tactical partner

Implications for Storage Sales

- Data and information retention are key – this is not normal storage and backup – this is about information lifecycle management

- This is an example of the increasing importance of storage in the data center

- This may be a new way for smaller companies to think about storage – that is strategically rather than tactically

- Storage is more than an add-on to servers/applications – it is a standalone business opportunity

Services Storage Tools from IBM

- Professional Services Offerings
  - Compliance Services for Financial Services
  - Risk Management Services for Financial Services
  - Pharmaceutical and Healthcare
  - Cross-industry
  - Hosting
    - Email Archiving and Records Management
    - Anti- Money-Laundering Services

Software Storage Tools from IBM

- DB2
  - Content Manager for Data Retention, for Research
  - Records Manager
  - Basel II deliverables
- Tivoli
  - Storage Manager for Data Retention
- WebSphere
  - Business Integration for HIPAA (health care) – has Tivoli and DB2 components
- Lotus
  - Lotus Workplace for Business Controls and Reporting

Hardware Storage Tools from IBM

- Disk Storage Systems
  - Data Retention 450 (forthcoming)
  - Drive and drawer enhancements to existing systems

- Tape
  - 3592 drive with WORM feature (forthcoming)

- Optical Systems

How IBM Should Help You

- Provide the solution sets

- Provide the environment for putting this together – go to market opportunities, partnering opportunities,

- Helping you to easily identify the appropriate solutions for a given industry and environment

- Provide complementary services to assist you

- Help you make the transition from speeds-and-feeds thinking to business value thinking with new products – new positioning and marketing

- Business process pieces

Questions, opinions, discussions, donations to:
joyce@sageza.co.uk