THE GOVERNANCE OF THINGS:
Driving the Value of Information Governance

Information governance is the activities and technologies that organisations employ to maximise the value of their information while minimising associated risks and costs.[1]

Return on Investment

Effective governance of information requires a strategic approach. This involves quantifying each of the business drivers by breaking them down into categories: risk, hard and soft costs, and information value. Once this is completed, a return on investment (ROI) can be calculated for each information governance (IG) project to drive and implement effective information governance solutions that deliver results to the bottom line.

Granted, it is challenging to identify the concrete, measurable ROI an organisation can expect to see after implementing an information governance framework. However, these main areas can deliver a measurable ROI:

- **Storage;**

- **Productivity;**

- **Revenue.**

Calculating ROI for an information governance framework can be a useful exercise beyond just determining the potential value of a project. An ROI assessment provides insight into the way employees throughout the organisation

use information, how current technology and processes affect their activities, and how these impact costs.

Developing a realistic assessment of current practices and costs allows an organisation to assess the value of investing in an information governance framework implementation. It provides a basis for validating value once the framework is in place. Without this, an organisation may be setting itself up for failure.

DELIVERING BENEFITS TO THE BOTTOM LINE

LOWER STORAGE COSTS

Storage savings from information governance are realised through defensible disposition and the reduction of duplicated data. A 2012 Compliance, Governance and Oversight Council (CGOC) study finds that approximately 69% of an organisation's data could be disposed of without any detriment to the organisation.

To calculate potential storage savings, start by examining current storage costs. Storage costs can be lowered by reducing the amount of valueless data; calculate a reduction that seems achievable for the organisation (e.g., 50%). Deleting this valueless data frees up storage resources, such as e-mail disks, file shares and SharePoint storage, thereby reducing costs in line with the amount of disposed data.

[1] *Information Governance Initiative*

Example: Calculating Benefits from IG

The following are tangible savings that can be achieved from data storage management derived from information governance.

It is not uncommon that 40% of information in an organisation is junk[2] with:

- 10% having no business value;
- 24% out-of-date and disposable;
- 5% duplicate.

Considering the continued exponential growth in volume, the accompanying diagram[3] illustrates the real savings, assuming:

- 50 TB of data at year 0;
- Unstructured data volume is doubling every 18 months[4];
- Data storage and management are based on business rules that reduce data growth by 40%;
- $30,000pa per TB (global average for tier 1 cost for storage and management)[5].

Storage cost reduction with Information Governance program which reduces the rate of growth of information by 40% based on industry studies.

Year	0	1	2	3	4	5
Unmanaged	50	83	138	229	380	630
Managed	50	70	98	137	192	269
Savings in TB	0	13	40	92	188	361
Savings in $		$390K	$1.2M	$2.7M	$5.6M	$10M

Usage and Productivity

It is a given that knowledge workers have to spend time locating information to do their jobs. But how much does that cost if it is hampered by manual processes, poor classification, outright loss or misfiling?

Consider if:

- 1% of misplaced or misidentified content assuming 1,000,000 items = 10,000;
- 30 minutes per week looking for that content equals 24 hours per annum per person;
- Employees create five items per week. Manually filing at one minute per item = 22 hours per annum.

This represents approximately 3.25% of your knowledge worker's time. In an average organisation of 5,000 knowledge workers with an average salary (including on-costs) of $100,000, this represents a lost opportunity cost of $16,250,000 per annum.

Leveraging the value of information can be a challenge, but understanding your organisation's vital information assets is a key first step.

DELIVERING BENEFITS TO THE BOTTOM LINE

INCREASED PRODUCTIVITY

Lost productivity costs are typically incurred when employees spend time searching for documents or recreating documents they cannot readily find.

To calculate the cost of lost productivity, estimate how many hours per year an employee spends deleting emails from their inbox, archiving data and searching for or recreating documents. This data should be collected from staff surveys undertaken annually.

For example, an employee might spend four hours per week on these tasks, meaning approximately 184 hours a year are wasted per employee. Based on this figure, organisations can extrapolate the overall number of hours wasted annually by multiplying the number of hours wasted per employee by the number of employees in the organisation. With the benefits of automation and an information governance program, 80% of this time is recoverable.[6]

RESTORED LOST REVENUE

Building on the calculation above, it is possible that employee productivity is not only regained, but translated to increases in revenue.

Organisations can calculate lost revenue by:

1. Dividing the previous year's total revenue by the number of employees
2. Then dividing this figure by the total number of work hours in a year.

Thus an organisation can calculate how much revenue was lost in each hour spent unproductively by an employee.

Based on the assumption that 80% of this unproductive time can be recovered through information governance and automation, it is possible to estimate the potential revenue that could be gained if an employee's time was spent more productively.

[2] Information Governance Initiative
[3] CGOC Benchmark Report on Information Governance, IDC Digital Universe Study
[4] IDC's Digital Universe Study: Extracting Value from Chaos
[5] IT Key Metrics Data 2014: Key Infrastructure Measures: Storage Analysis: Current Year
[6] Osterman Research 2015: The True ROI of Information Governance