

Beware the dangers of the data explosion

LONDON, UK: According to PwC, the data explosion leaves companies exposed to new legal risks.



- 40% of companies concerned about their information stored on third party servers.
- Courts impose increasingly painful judgements on companies unable to produce information and documents.
- Recent sanctions range from 50% reduction in costs awarded, to hefty fines.

Advances in technology, changes in employee ways of working and vast increases in data storage capacity are leaving companies open to a new era of governance and legal risks, says PwC in a new report published today.

The Future of E-disclosure 2020, shows how courts and regulators are becoming increasingly intolerant of inadequate or incomplete document disclosure and how many companies' information, storage and retrieval capabilities no longer cut it in a world where corporate data volumes grow upwards of 40% a year.

Tom Lewis, partner and leader of PwC's forensic technology solutions, says: "Companies are generally good at creating and storing data but struggle to catalogue and retrieve it effectively. With employees increasingly being able to store information in perpetuity for little or no cost, this challenge will only become more acute."

Cloud concerns

A survey of 211 legal and technical professionals conducted alongside the report examined which technological trends were causing organisations most concern regards their ability to effectively archive and retrieve information. Some 40% of respondents said they were most concerned about storage of company data on web-based third-party servers (the cloud) while 15% are most worried about the increase of mobile technology. A further 12% focus on concerns about the rise of social networking in the workplace.

Recent cases show how the courts have little sympathy with the increased effort and time it now takes companies to retrieve the right data. Recent judgements have included a 50% reductions in costs due to be awarded because of non-compliance in disclosure; the order to repeat £2 million (about R22 million) of work due to improper keyword searches and a US\$8.5 million (about R60 million) fine where documents were deemed to have been deliberately withheld.

Lewis continues: "Pressure is building in this area and we fully expect a new in-house function to emerge with responsibilities for data creation, storage and retrieval - most likely under the aegis of the Chief Information Officer."

Notes

1. The findings of the survey were drawn from 211 completed surveys. The results were also split by Technical (124 responses) and Legal (87 responses). The business roundtable discussion included in-house legal counsel, compliance, risk, IT specialists and technology experts from global FTSE 100 and FTSE 250 businesses; the legal roundtable hosted legal experts from global law firms, all of whom had in-depth knowledge of civil litigation, legal case trends and e-disclosure methodology.

2. [Read the full report.](#)

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