



# OVERVIEW OF THE RECORDS STORAGE AND MANAGEMENT BUSINESS

# A SPECIAL PRESENTATION

- PREPARED FOR:



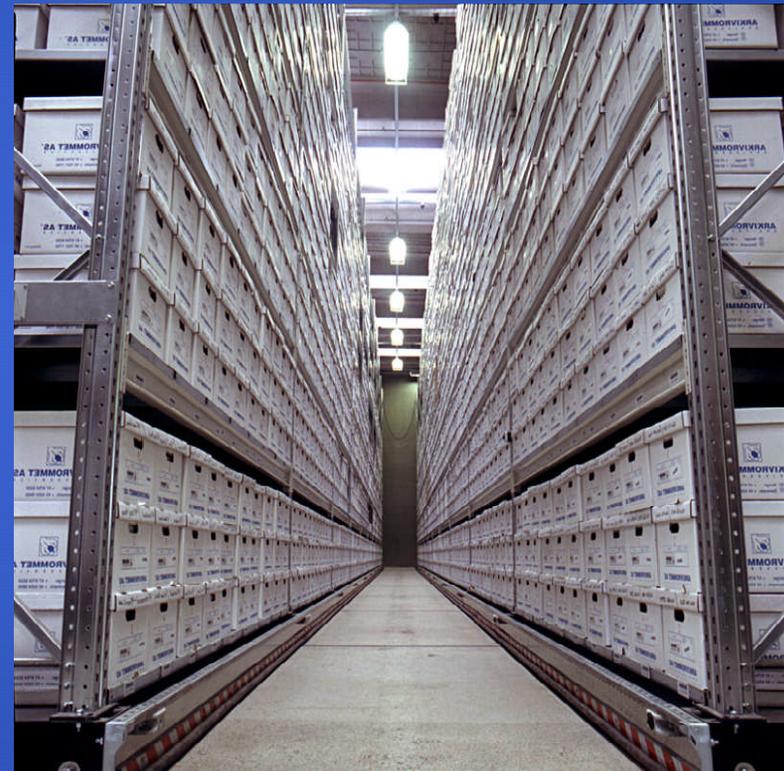
# About the Industry

- Originated as a part of the cartage and moving and storage industry.
- Originally focused on simple storage of paper records.
- The 1970's & 80's triggered dramatic growth in the business
- Industry consolidation & acquisition in the 1990's



# About the Industry

- 2000's have been a time of industry growth & norming
- Regulatory issues are driving new business to us
- Recurring revenues that are resistant to economic downturns
- **Value proposition is no longer just storage**



# About the Industry

- We use technology & density to minimize costs for clients
- New value-added services such as data protection, shredding, imaging, and document management have been added



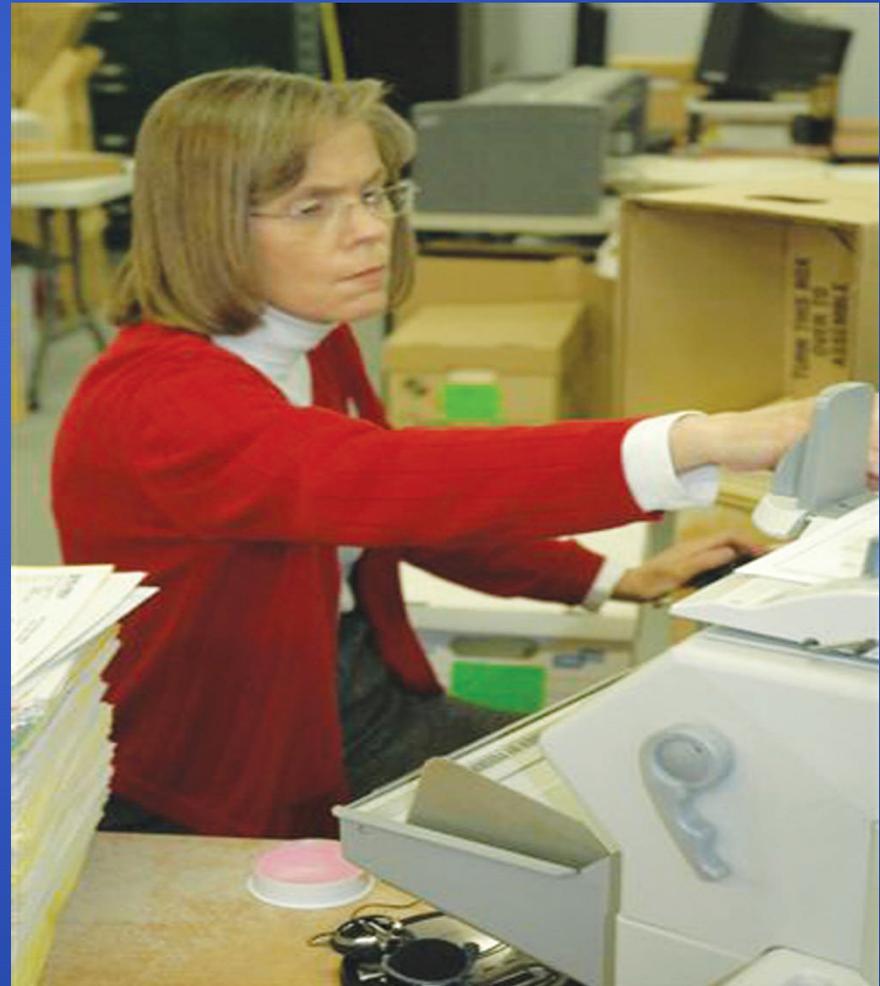
# Media Vaulting

- Back up computer tapes
- Archival Storage
- Disaster recovery feature
- Electronic Vaulting
- Server farm hosting
- 24 x 7 Availability



# Imaging

- Paper to digital
- Affordable technology
- Not a substitute for storage
- Facilitates rapid retrieval
- Labor intensive



# Shredding

- High capital investment
- Driven by security concerns
- Identity theft
- Federal regulations
- Very compatible with R/M
- Additional revenue from paper sales
- Must separate from other operations because of dust & risk of fire



# Why We are Successful

- Keeping records is a big pain
- They aren't important until you need them
- Records management is rarely a budget item
- Businesses usually don't know the true cost of record-keeping
- In today's regulatory environment most people are afraid to throw anything away
- We offer know-how and expertise at a lower cost

# Profit Potential

- High recurring revenue
- The average box has a 16 year shelf life
- Clients sign long term contracts (3 to 5 years)
- Most contracts contain evergreen renewal clauses
- Existing clients tend to grow by 5% to 15% per year
- Cost of changing vendors is high and painful
- EBITDA as high as 25% is not uncommon
- Creates high value for eventual sale

# Statement of Facts

1. The client sales cycle can be very long, 6 to 24 months
2. Small clients are usually more profitable than larger ones
3. This is a capital intensive business
4. Your building will drive your ROI more than any other item during your first two years
5. This is a great industry. It is extremely rare for a RIM company to “go under”

# You **may** already have a lot of assets that can be used in Records Storage

1. A warehouse with available space
2. Shelving & racking
3. Warehouse equipment – Pallet jacks, forklifts, order pickers, dollies, etc.
4. Trucks & vans
5. Competent staff
6. Computers, office equipment, etc.

# We Have Legal Similarities

1. We're both classified as commercial warehousemen
2. We have UCC protections as commercial warehousemen
3. We use term contracts
4. We place limitations on our liability

# We Have Complimentary Seasonality

1. Typically the busiest time of year for movers is the summer
2. Typically businesses, hospitals, law firms and others may clean house or purge records annually either at year end or in the first quarter
3. This permits you to make the most efficient use of existing staff without the need to hire additional workers

# HOWEVER

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There may be some differences

# Your building is CRITICAL

1. Your building may not be **THE RIGHT BUILDING**
2. Long term, your building may be either a **competitive advantage or a liability**
3. Having some pallet racking does not mean you have **THE RIGHT RACKING**
4. **Floor loads** – Boxes carry a lot of weight
5. You may be in the **WRONG LOCATION**

# Make A Beginning

- The world is never perfect
- The opportunities are here now
- Use what you have
- You can always make changes when growth requires them
- Develop a business plan
- Secure adequate capital
- Train your staff
- You will quickly learn the lessons the market teaches you
- Invest in knowledge

# Buy, Lease, Borrow

- Make sure your cash flow can handle the cost
- Do not acquire too much
  - Racking and shelving
  - Technology
  - Materials such as boxes, sales literature and advertising

# Needs vs. Wants

## ● Needs

- Barcode tracking
- Accounting system
- Backup system
- Scanners
- Proper racking
- Proper fire protection
- Proper security
- Trained staff
- Client contracts
- SOP's - DRP

## ● Wants

- GPS for vehicles
- Wireless scanners
- Wireless printers
- Scanners for drivers
- COLO server farm
- Vault
- Shredding equipment
- Imaging equipment
- Branded boxes

# Sources of Revenue

- **Recurring Hard Copy Storage**

- Pre-bill monthly storage
- Pro Rate storage
- High watermark storage

- **Variable Hard Copy Services**

- Handling – Incoming & outgoing
- Transportation – both ways
- Special services – indexing, purging, etc.

# Sources of Revenue

- **Other Variable Revenue**
  - File tracking
  - Dock access
  - Destruction
  - Perm Outs
  - Staffing
  - Materials
    - Boxes
    - Bar codes
- Initial moves
- Lost file searches

# Finding Customers

- Direct contact works best
- Radio & TV are a waste
- Mailings generate very low returns
- Yellow pages yes, but minimal
- Learn how to use the internet: cheap, powerful & effective
- Use telemarketers to set appointments
- Explore vertical markets
- Join associations i.e. ARMA, Chamber, medical, legal, etc.
- Exploit current customers and contacts

# Managing the Sales Process

- This is not a field of dreams
- Getting signed contracts takes work
- You have to manage the sales process
- Moving salespeople may be used to instant gratification
- Triggering events vs An educational sale
- Build a pipeline of prospects
- If nothing is coming out of the pipeline in 3 to 6 months, it's time for a change
- Keep in mind that you are building annuity income when compensating sales staff

# Invest in Knowledge

## Join PRISM

- Networking
- Education
- Advocacy
- New member kit contains valuable info
- Mentoring is available for the asking
- Vendor Expo is source of equipment needs
- PRISM Community is an active discussion group with daily advice and information exchange

# Important Upcoming Events

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**Fundamentals of Records Center Management**

December 8-9, 2010 Phoenix, AZ

**PRISM International Annual Conference**

May 10-12, 2011 Miami, FL

# Explore the Opportunities

Visit our website

[www.prisminternational.org](http://www.prisminternational.org)

Schedule a free consultation (30 to 45 min.)

**Call 800-336-9793**

**Questions?**