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Records Management at Forest City

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Whether real estate developer Forest City is building monolithic skyscrapers or mixed-use developments with thousands of homes, the projects all spring from common origins—in contracts, work documents, permits, engineering drawings, and correspondence that consumed, well, forests of paper.

In 2003, the company recognized that its intensifying blizzard of documentation was beginning to be a business and compliance risk, as well as a competitive disadvantage. Enterprise content management software was the key to the solution, Forest City believed.

Such software aims to make a reality of the buzzword “paperless organization.” While true paperlessness won’t arrive any time soon, ECM software does hold out promise of improved document tracking and Sarbanes-Oxley compliance; better insight into, and control over, workflow; and stronger e-discovery and business-continuity regimes.

Forest City’s foremost goal with ECM was improved business efficiency, says Ian Welles, a project manager for the company in New York. “But obviously,” he adds, “you can’t get too far without Sarbanes being involved.”

Out With the Old

Forest City’s old approach to document management involved a mixed bag of physical file rooms, Microsoft SharePoint systems, and shared folders on various file servers, Welles explains. The company wanted to create a single, digital repository for all the company’s paper.

Forest City began the hunt for enterprise content management software four years ago, interviewing groups from throughout the company in several regional offices to understand what a new ECM system would need to do.

A consensus emerged that the system would have to handle lease documents management, e-mail and records management, collaboration, and document storage; work across multiple business functions of construction, leasing, legal, and finance; automate workflows, properly routing documents for approval and digitally locking them down once approved; and integrate with an SAP enterprise resource planning system to be installed at the same time.

Forest City sent out requests for proposals to eight vendors, Welles says, and narrowed it to Documentum (bought by EMC in 2003), Stellant (bought by Oracle in 2006), and Open Text. In June 2004, Forest City chose Open Text’s Livelink ECM enterprise content management package. The deciding factor was Open Text’s built-in functionality, where the other vendors only provided toolsets so Forest City could customize the software itself, Welles says.

“We liked the fact that a good chunk was pre-built, and the pre-built pieces are in many different areas, like integrating into the ERP system and being able to handle various document types,” including AutoCAD files for engineering designs, Welles says.

Speedy installation was critical. Forest City wanted to use the software to help manage one of its high-profile projects, the 52-story New York Times Building going up in Times Square. When Forest City decided on Open Text, construction was already underway.

Forest City threw 15 people at the project, evenly divided between IT and business specialists. The company handled the Open Text installation itself, but also had to integrate Livelink with Proliance infrastructure lifecycle management software from Meridian Systems; for that, Forest City brought in Meridian consultants to help.

Installing workflow management software was the top priority. Financial approvals for the Times Building flowed to internal accounting and development teams at Forest City, as well as to New York Times managers; routing documents electronically would accelerate that process and make it more reliable—avoiding the “I sent it to them in a FedEx package on Friday” problem, according to Welles.

Compliance was another important consideration. The system’s workflows would enforce document sign-off processes, and enable electronic signatures on certain documents, locking them afterward, Welles says. That meant fewer bottlenecks and a sharp improvement in tracking and documenting Forest City’s Section 404 controls for Sarbanes-Oxley, since construction project documents are often the first step in Forest City’s accounting process.

“It’s not the invoice itself, but it’s everybody agreeing to how much you’re going to spend on additional steel or lighting fixtures,” Welles says. “These are the documents behind the purchase orders. It’s the beginning of the Sarbanes flow.”

Building on the Foundation

As the core Livelink ECM system has matured—the Times Building workflow-management software was running by early 2005—Forest City has been able to give attention to compliance-related issues such as business continuity and e-discovery.

“Leases are basically our revenue contracts,” Welles says. “It’s important not to have them sitting in a file room, or God forbid anything happens to the file room.”

And e-discovery, Welles adds, wasn’t even on the radar when the Open Text system implementation began in 2004; he calls it an example of the “moving target” companies face when selecting and implementing ECM systems.

Forest City declines to disclose what it has spent on the Open Text project. Measuring return-on-investment is also tricky, Welles says. Some efficiencies, such as Livelink’s sharp reduction of e-mail server storage load, are quantifiable; estimating the value of having digital archives should a storage room get ruined, or of relying on one set of electronic blueprints rather than multiple paper copies, is more elusive.

Other benefits, though clearly of ultimate financial relevance, are equally hard to peg with hard figures, he said. For example, paper building plans can contradict one another as versions change, and paper sometimes goes lost. “It’s really about having one source of truth as opposed to many, many rolls of blueprints,” Welles says.

One surprise benefit has been Livelink’s extranet capabilities, which recently smoothed the closing of a major loan by letting outside banks and others access documents on the Forest City system, says Matt Ammiller, an IT project manager at Forest City’s headquarters in Cleveland. Forest City continues to add depth and scope to its Livelink system. Welles is now focused on adding a construction-management module to improve governance of Forest City’s \$4 billion, 17-building Brooklyn Atlantic Yards project. That system will go live at the end of September, he says.

Coaxing Forest City employees in New York to use the new system has depended to no small degree on management. “We had some department heads who really bought in and said: ‘This is tied to your bonus,’” Welles says. “It’s amazing what kind of user adoption that brings.”

Others, he said, lacked pressure from above and were harder to bring around, despite group training sessions, Welles said.

At the Cleveland corporate offices, it was a mixed bag. Some had a hard time relinquishing the idea of going to the file room for paper copies of leases or corporate record books, Ammiller says; others liked the idea of electronic access. As time passes and the system continues to prove itself, users are buying in more readily, he says.

Welles says the importance of ongoing training—group, online, and one-on-one—can't be understated. "My experience in New York has been that training from many directions helps. What works for one user doesn't work for another."