

# Perpetual Peace of Mind

Mitigating Risk and Optimizing ROI through Pay-Once Lifetime Content Protection

Stephen A. Pieraldi, CEO

*iForem, Inc.*

... Where permanent means PERMANENT!

The accelerating role of digital technology in our personal and business lives is a double-edged sword. While computers, software, network, and storage products promise increased productivity, instantaneous communications and global information access, they carry with them information security risks that are growing in both prevalence and severity

A number of risk factors – including privacy, retention, access, revision, and distribution – are common to both paper and digital records management. Paper documents are vulnerable to environmental disasters, such as fires, flood and earthquakes, and is dependent upon one or more persons being involved in administration, protection and preservation.

Digital information management, while addressing risks associated with paper-based systems, also has its unique challenges. While critical paper documents can be isolated in safe deposit boxes and secured by layers of physical security, digital records can be subject to loss (if stored on portable media), corruption or undetected theft. Moreover, the fact that digital information occupies no physical space in and of itself makes it possible for large volumes of data that are insufficiently protected to be easily compromised – often without the owners or managers of that data even being aware that a breach has occurred until well after the fact.

Nowhere are these considerations more important than in the realm of critical personal and business information. In terms of personal records, these vital digital records – wills, medical directives, financial records, estate documents, sensitive client files, family ancestries, private passwords and software keys, and more – must be preserved for various lengths of time, and are far too important to be entrusted to anything short of a robust digital safe deposit box.

**PERSONAL RECORD RETENTION TIMETABLE**

CATEGORY	PERIOD
Tax Returns / Documentation	7 years / 3 years
Pay Stubs	3 months
Bank Statements	3 months
Credit Card Statements	3 months
Investment Documents	Until 3 years after filing your tax returns for the year divested
ATM Receipts	1 month (or once the account is balanced, whichever comes first)
Promissory Notes & IOUs / Receipt or release	Until settled / Permanent
Wills & Trusts	Permanent
Life Insurance	Permanent
Home Insurance	5-10 years
Home Repairs / Contractor's Satisfaction of Lien	10 years / As long as owner holds the property
Utility Bills	Tax write-off - 3 years / Otherwise – 3 months
Mortgage / Satisfaction of Mortgage	Until mortgage is paid-in-full / As long as owner holds the property
Warranty Documents	As long item is owned
Birth Certificates	Permanent
Death Certificates	Permanent
Health Insurance	Permanent
Living Wills	Permanent
Health Care Proxy	Permanent
Durable Power of Attorney	Permanent

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Records preservation and management for businesses are considerably more complex. Although some document categories overlap, enterprise records management is complicated by (1) a much greater range of documentation, (2) extensive legal, regulatory and compliance, and disclosure issues, and (3) intricate business continuity considerations.

## BUSINESS RECORD RETENTION TIMETABLE

Accounting and Fiscal					
Accounts, charged off	7	Cash sales slips	3	Financial statements, certified	P
Accounts payable ledger	P	Cash slips	3	Financial statements, periodic	P
Accounts receivable	10	Charge slips	10	Fixed capital records	P
Accounts receivable ledger	10	Check records	7	General cash book	25
Balance Sheets	5	Check register	10	General journal	10
Bank deposit record	6	Checks, dividend	10	General journal support papers	P
Bank reconciliation papers	8	Checks, expense	10	General ledger	P
Bank statements	8	Checks, paid & canceled	9	Notes, canceled	10
Bills collectible	7	Checks, payroll	7	Note ledger	P
Bills of sale of registered bonds	3	Checks, voucher	6	Payroll register	7
Bill stubs	7	Checks, warrants	P	Petty cash records	3
Bonds canceled	3	Correspondence, accounting	5	Plant ledger	P
Bonds registered	P	Correspondence, credit & collection	7	Profit and loss statements	P
Bonds, sales of transfer	15	Cost account records	7	Property asset summary	10
Budget work sheets	3	Customer ledger	P	Royalty ledger	P
Building permits	20	Donations	7	Salesman commission reports	3
Capital stock bills of sales	P	Drafts paid	8	Stock ledger	P
Capital stock certificates	P	Earnings register	3	Tabulating cards, mag tape	1
Capital stock ledger	P	Entertainment, gifts & gratuities	3	Traveling auditor reports	15
Capital stock transfer records	P	Estimates, projections	7	Trial balance, accounts receivable	3
Cash books	25	Expense reports, departmental	5	Trial balance sheets	P
Cash receipts & disbursement records	10	Expense reports, employees	5	Un-collectible accounts	7
				Work papers, rough	2
Administrative					
Audit reports, internal	10	Correspondence, general	3	Inventory cards	3
Audit reports, public & gov't	P	Correspondence, personal	6	Inventory, plan records	P
Audit work papers, internal	6	Correspondence, production	2	Organized charts	P
Classified documents control, inventories, reports	5	Correspondence, purchase	5	Requisitions	3
Correspondence, accounting	5	Correspondence, sales/service	3	Research reports	20
Correspondence, advertising	3	Correspondence, tax	20	System & procedure records	P
Correspondence, credit & collection	7	Correspondence, traffic	6	Telegram & cable copies	3
Correspondence, engineering & technical	10	Forms control	5	Telephone records	P
Advertising					
Activity reports, media schedules	5	Drawings & artwork	P	Market data & surveys	5
Contracts	10	Estimates	2	Samples, displays, labels, etc.	P

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P: Permanent  
Source: FicheNet

The reasons that critical personal and business records must be entrusted to a digital safe deposit box, while not widely recognized by either consumers or companies, are indisputable. After all, the goal of identifying critical content is to ensure that it is safe, secure and accessible – not just by the owner of that content, but by others (especially future generations) the owner has selected. What is often overlooked is that while current records management solutions are affordable and convenient, the growing reliance on cheap (even free), unlimited, password-protected digital hardware and online storage is a process replete with fundamental, irreversible flaws.

Digital Records Medium	Advantages	Disadvantages
USB keys, CD/DVDs and memory cards	Inexpensive Portable	Easily lost or stolen Limited technology lifespan Content can be
Subscription online services	Affordable Doesn't require storage media	- indexed by search engines - privacy and permanence not contractually guaranteed - deleted due to missed payment(s) Requires recurring payments Content can be
Free online services	No costs Doesn't require storage media	- indexed by search engines - privacy and permanence not contractually guaranteed Likely to cease operations and delete content due to operating costs

It is evident that the current digital records management model cannot deliver on its promise, and that – sooner or later – millions of individuals and businesses will find that their most important information is compromised, inaccessible or lost. Therefore, current digital storage and backup paradigms, records management practices and lack of user-friendly disclosure by service providers present enormous risks and tremendous negative impact on ROI.

What consumers and businesses need is a permanent, secure and accessible digital safe deposit box coupled with a strategy based on a new set of operating principles. This digital vault has to have certain unique properties to qualify as a true digital safe deposit box:

- *Simple document deposit*
- *Secure storage technology*
- *Easy-to-use document management*
- *Automated change notification*
- *Simple payment process*
- *Permanent file preservation*

Of these, one of the key features not offered by existing services is guaranteed permanence. Ensuring permanent file protection is far more challenging to achieve at a price point that is acceptable to both individual and enterprise users. The difficulty arises due to the costs involved with long-term storage, which by necessity must take inflation, regulatory changes, costs of operations, and other factors which impact pricing and profitability over a long period of time.

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Moreover, an issue facing users of permanent storage is that of payment. After all, if a digital safe deposit box is truly permanent, and at least some of the records must survive the depositor and be distributed at some future time in order to comply with legal, inheritance or continuity requirements, the implementation of a standard subscription or otherwise recurring fee structure can become a major obstacle to adoption.

To illustrate the potential impact on risk and ROI, for example, consider a personal will associated with a large estate. There are three primary considerations in such a case: perpetuity, security, and payment.

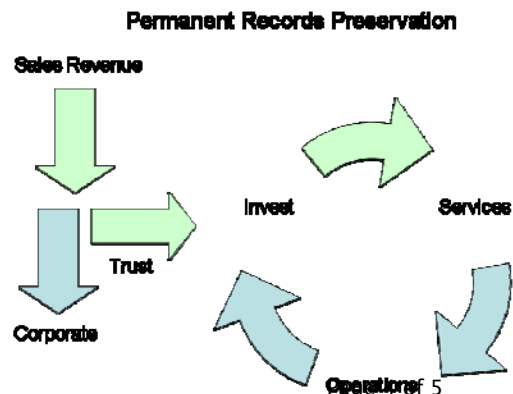
- **Perpetuity.** In this case, the individual's intent is to ensure that the digital documents in question are permanently preserved. Such permanence must clearly extend beyond the individual's lifetime, since that is the point at which appropriate notification and distribution actions must be taken.
- **Security.** The individual must be certain that the records will be isolated from unauthorized access and modification on an ongoing basis.
- **Payment.** Once the records are entered into the individual's digital safe deposit box, they must be guaranteed to be operationally preserved and protected in perpetuity. The only way to accomplish this in a way that frees the individual from concern is to have a pay-once process that obviates the need for ongoing subscription or maintenance fees.

The perpetuity-security-payment concerns facing an individual also apply to an enterprise struggling with survivorship issues, albeit at a much higher degree of complexity. As unified as the board may be in their consensual intent as to the myriad issues involved, there are massive risks involved in relying on an automated system to carry out their instructions at some future date, which if not executed as intended can have a devastating effect on corporate viability and continuity.

A factor intimately involved with the promise of guaranteed permanence is the way in which the service is funded. Existing records management services structure their payment plans so that recurring fees are required anywhere from cycles of one month for individuals and small- to medium-size business, to annual or multi-year contracts for large organizations.

The weak link here really impacts the former category of users, wherein vital records may be lost if a service using a monthly subscription plan, for example, reserves the right to automatically terminate a user's account – and possibly delete the associated content – if a payment (or small number of payments) is missed. In the preceding example of an individual's will, this is exactly what might happen at the event that triggers the service to activate its promised distribution features.

One way to preserve actionable intent is to define a payment method that requires only a single affordable payment for permanent service. At first glance, this seems like an improbable, if not impossible, proposition. The answer lies in (1) establishing a sales organization to channel a portion of the one-time payment to an independent self-perpetuating entity that (2) funds the service operation for that customer,



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(3) replicates that structure for every individual and business account, and (4) retains enough of the original fee to generate profitability for the sales organization.

There are several candidates for fulfilling the role of the independent entity, including 501(c)(3) foundations and perpetual irrevocable trusts. The strategy is to use the channeled revenues to fund the independent entity, which then invests a portion of its funding to ensure services that continue to function, even if the sales organizations ceases operations.

iForem has implemented precisely such a system for providing lifetime protection of critical content to businesses and consumers. By allowing our customers to safeguard their most vital digital information in our permanent digital safe deposit boxes – based in hyper-secure facilities co-located on three separate continents that continually adapt to and adopt best-of-class technologies – iForem insulates them from natural disasters, obsolete and corrupted media, identity theft, irretrievable loss, and behind-the-scenes sharing of their private information.

iForem guarantees that individual and enterprise customers own their lifetime digital safe deposit boxes on a permanent basis that extends throughout and beyond their lifetime. In addition, iForem makes it simple for our business and consumer customers to, for example, set up conditions that trigger actions that can distribute selected files to people they select, making the handling of wills, trusts, medical directives, business continuity, and other matters seamless and automatic.

Unlike other information services and subscriptions, iForem leverages an independent irrevocable financial trust – funded through a percentage of iForem sales – that operates and maintains iForem customer services on a permanent basis. Customers pay for their selected iForem service only once – there are no recurring fees. We believe that our Permanent Records Preservation system combines the low cost and convenience features of current alternatives while eliminating their attendant shortcomings in permanence, security and ownership.

Additional reference sites:

<http://www.ecouncil.org/records&time.htm>

<http://www.bankrate.com/brm/news/mtg/20000518h.asp>

<http://www.ag.ndsu.edu/pubs/yf/fammgmt/he445w.htm>