

Information life-cycle management course work

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Information life-cycle management (ILM) is a concept, which emerged in response to the growing amount of information and relatively high storage costs. In the core of this activity is determining information needs of a company, and evaluating the appropriate level of expenditures on its storage. It is based on the assumption that information follows a particular life-cycle, from capturing to an eventual decline. At each stage, information has different value for the company, therefore requiring different measures to insure its safety.

One of the most common approaches to ILM is assessing cost structure, which is usually represented by the total cost of ownership (TCO). It involves all the variable and fixed costs for data storage, calculated for a certain period of time. However, the problem of using this technique alone is in its inability to consider the risk of data loss or damage. Risk assessment gives an opportunity to understand, whether the firm is overpaying the security of data storage, or underpaying it. However, cost neutrality, or precise evaluation of the cost of all the risks assumes perfect knowledge, which is unrealistic. The best method to rely on in this case is evaluating historical data and extrapolating it to possible future adverse situations.

In order to measure risk, it is common to use value-at-risk (VaR), which evaluates the worst loss with a certain confidence level. The key in combining storage costs with the risk is finding a point, where marginal increase in expenditures is equal to the marginal decrease in VaR. In any other point, the firm is either overpaying for its storage or underpaying for it. This balance, however, is not static and requires adjustment to the life-cycle stage of information. The fall in information value would, thus require a

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decrease in TCO, while its increase would need additional security expenditures.

The primary objective of ILM is to match the storage capacity with the value of information. However, information value is not easily quantifiable and changes over its life-cycle. Thus, if information storage has strategic value, ILM managers should put additional emphasis on finding a balance between storage cost and information value.