

Paper trail adds miles, and digital files soar

More hard copy means more shredding, more storage, more business

By THOMAS ADAMS

Stephen Graham says the transformation to a paperless society is a myth. The use of paper “is just going to continue to grow,” says the owner of File Vault Storage & Services Inc. “A lot of people think paper is going away. Paper is actually growing at a rate of 20 to 25 percent per year, with all the copiers and faxes.”

PROFILE

File Vault
Storage &
Services Inc.

Graham, 49, launched File Vault, a document storage and records management system, in 2006. He also is president of Rochester-based Creative Office Systems Inc., a provider of furniture and storage units, which he started in 1996. The combined companies employ seven people and had \$1.5 million in revenue last year.

File Vault’s 25 clients store materials in some 15,000 boxes, Graham says. Creative Office Systems has more than 250 active clients, he says. All are within 60 miles of Rochester.

Creative Office Systems accounts for 80 percent of the company’s revenues, Graham says, but he expects File Vault to account for 80 percent within 10 years.

“It’s growing and is a good complement to the filing business,” he says. “Over the years, a lot of my customers would ask me to help them with their records as they become archival.”

Graham used to refer customers to Iron Mountain Inc., a Boston-based firm that Graham calls the Wal-Mart Stores Inc. of records management. Then he formed File Vault to perform that service.

File Vault is the result of three historic events: the advent of electronic medical records, which was destined to hurt Graham’s office storage business; legislative



Photo by Kimberly McKinzie

Stephen Graham, owner, with Marty Mance, operations manager, says that historic events have combined to contribute to his company’s growth and importance.

and regulatory changes after the Sept. 11 terrorist attacks that require companies to store records at a separate location; and Sarbanes-Oxley regulation of corporate finance after the collapse of Enron Corp. and other companies.

“With the meltdown in the financial industry, there’s going to be more legislation and regulation that’s going to require organizations to keep that hard copy for longer periods of time just because of all the litigation going on,” Graham says.

File Vault also benefits from New York law enacted in 2006 that holds employers liable if sensitive employee information is obtained for illegal purposes.

“The shredding industry has been booming in the last few years because virtually every company must shred those records,” Graham says. “That’s a big part of the File Vault service.”

The big break for Graham and File Vault came when the Rochester law firm Underberg & Kessler LLP signed on. File Vault serves other law firms as well.

“(Law firms) generate a lot of paper and have a need to get it off-site quickly to save space and reduce their operating costs, but they have high retrieval rates,” Graham says. “They need to retrieve those records.”

File Vault’s biggest client in the insurance industry is Brown & Brown of New York Inc. In health care it is the University of Rochester Medical Center.

“Seven or eight years ago, your doctor would pull up your chart and you’d have all this hard-copy information,” Graham says. “Now he’s pulling up your records on a screen, and it’s all electronic.

“That’s reducing the record-storage side of the business for active records, but in most cases they still need to retain those records for 10 years.”

Three full-time workers and a part-time marketing specialist are involved with File Vault. Graham expects to double employment in five years.

“If I don’t have 15 or 20 people in 10 years, I’m not doing it right,” Graham says.

Current projects include records management work for ESL Federal Credit Union, which is preparing to move its headquarters from Irondequoit to Chestnut Street in downtown Rochester.

Graham graduated from Rochester Institute of Technology in 1982 with a bachelor of science degree in business administration. He joined Syracuse-based Office Design Systems Inc. as a sales representative for nine counties in the Rochester area.

Fourteen years later, he completed an asset purchase for the Rochester territory.

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