

# Microsoft 365: Information Governance in Place

eDJ Group explores the CIO question, “Why not just use Microsoft 365 for records management?”

March 2023 – V1

by Greg Buckles

Research Consultant

This eDJ Group research paper explores M365 E3 retention & Purview E5 records management functionality and limits from the perspective of large enterprise and regulated corporate customers. eDiscovery & compliance impacts will be addressed in another eDJ paper.

**Context & Disclaimer:** This research was based on publicly available Microsoft documentation and default tenant testing environments. Microsoft’s rapid development pace will change features or documented limitations quickly. All opinions are expressed within the context and requirements of large enterprise corporate information governance as experienced in consulting and analyst engagements. Market perspectives and functional limitations are meant to help M365 customers make informed implementation decisions in their expanded use of the platform.

*\*\*Microsoft reviewed early versions starting Nov. 2022 and asserted that there are technical and opinion inaccuracies. eDJ opened the paper for public peer review and has made clarifications based on 15+ peer reviews and the limited Microsoft actionable feedback received to date. eDJ will update this paper or add an addendum sheet with any validated corrections received in the month following publication.*



# eDJ Executive Perspective

- The 2020 pandemic accelerated remote workflow, Microsoft 365 (M365) migration, and drove a 500% growth in Teams adoption from 2019 to 2021.
- Corporations worldwide who embraced virtual collaboration are now struggling to manage the resulting complex digital content. Corporations in regulated verticals (finance, pharma, energy, etc.) or regions with strong privacy protections have complex retention and compliance requirements that include multiple retention schedules or rule sets. Storage costs and other risk factors have many corporations evaluating M365 Purview and third-party records management solutions. eDJ favors in-place management solutions.
- Many customers use M365 E3 (\$36/month) location-based retention policies (E3 at \$36/month) to expire mailbox and SharePoint content. This Information Lifecycle Management (ILM) functionality does not actively label or preserve item level record content.
- M365's premium E5 subscription(\$57/month) and add-ons includes records management architecture and functionality to help organizations classify, designate, preserve, expire and audit individual M365 items as records. These features may not support all the complex records, retention and regulatory requirements of larger enterprise customers.
- M365 customers with complex hierarchical retention schedules, transnational privacy and regulatory requirements may have to invest in custom developed M365 retention solutions or to engage a Microsoft integrated partner to meet their needs.

Before making *irreversible changes* to valuable data assets, it is critical for organizations to understand Microsoft's overall information governance strategy, workflows, and limitations.

## Table of Contents

Page 4 – Buyer Goals, Functions, and Challenges

Page 5 – M365's E3 Approach to Retention and Records

M365 Purview Records Management

Page 6 – Record Label Approach

Page 7 – File Plan Management

Page 8 – Policy Scopes Deep Dive

Page 9 – Active Retention – Events

Page 10 – Data Classification

Page 12 – Disposition

Page 13 – Retention Scopes and Sources

Page 14 – eDJ Perspective Recap

# Records Management Goals, Functions and Challenges



Beyond the risks and costs of ballooning data growth, many corporations have unique business, market, and regulatory requirements that exceed those of typical small or medium businesses (SMBs).

| Buyer Goals                            | Key Functions  | Challenges  |
|--|--|---|
| Maximize business information value    | Data classification, retention and access  | User impact, dynamic criteria, over preservation  |
| Minimize M365 storage                  | Defensible disposition, preservation in place  | Data loss risk, disposition review effort, preservation copies can multiply volume, external data |
| Meet retention regulations             | Record designation-labels, audit-compliance reporting, proof-of-destruction certificates | Matching regulation scope to dynamic data, defensible documentation, external auditors            |
| Meet privacy regulations               | Sensitivity labels, regional file plans, data subject access requests (DSARs)            | Personal-business classification, right to be forgotten, cloud/mobile sources, regional policies  |
| Information access/efficiency          | Universal search, Category filters, recommendations                                      | Access security, non-M365 sources, meaningful analytics   |
| Meet legal, HR & security requirements | eDiscovery, legal holds, investigation search, compliance monitoring                     | Tight deadlines, external counsel access, mature review, analytics                                |

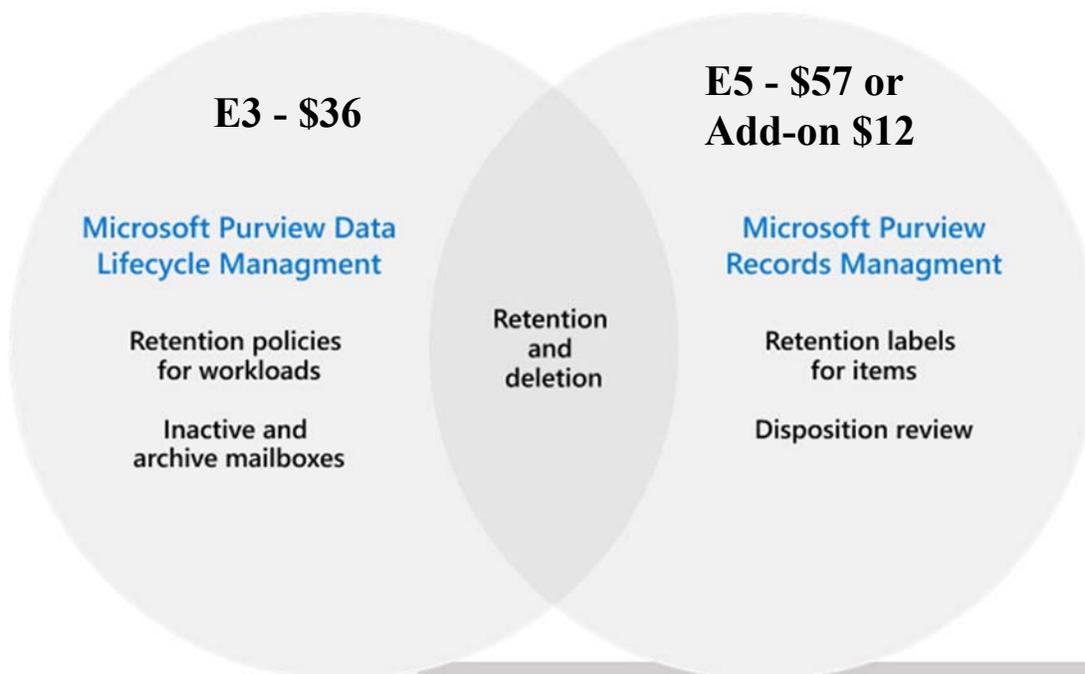
# MS365 E3 Approach to Retention and Records

The basic M365 business user license (E3 at \$36/month per user) provides [simple location-based data retention policies that automatically expire email or files based on created or last modified dates.](#)

Users can manually apply or change the default retention labels. These labels do not travel with items or persist when outside of the M365 environment. A retention label does not protect items from user deletion or change. In eDJ's opinion manual user labeling is inconsistent, an employee burden, and ultimately, does not scale.

This simplistic location-based policy approach controls storage and requires users or rules to move important long-term record content for actual preservation against deletion.

## Govern your data



### ***Stakeholder questions:***

- *Is your retention schedule a simple linear list?*
- *Is your primary goal cleaning up stale M365 content to reduce storage costs?*
- *Are your email and SharePoint practices suitable for location-based retention?*

# M365 Purview

## *Record Label Approach*

For a 30-60% premium, companies can add the E5 Purview Compliance modules that support policy driven record designation, data classification and disposition reviews for mailboxes, SharePoint, OneDrive, Teams, and Yammer messages with significant limitations. Customers create a file plan and then apply static or dynamic (group based) scopes to policies. Purview provides much more than records management and MSFT product management report a 40% growth in E5 revenue for 2022.

Item level record labels can lock items and [preserve M365 content by keeping copies or version changes in hidden folders and libraries](#) when unlocked originals are deleted or changed.

Locked record content can complicate migrations and common IT actions. This preservation approach minimizes user impact while increasing storage, though usually within default allocations. Preservation Hold items are no longer visible to business users. Hiding designated records contradicts the fundamental premise of records management and eliminates their business value.

This same preservation mechanism is used for Legal Holds. eDJ has seen broadly applied holds result in exploding user data volume and discovery costs. Many corporations struggle to define selective hold scopes instead of broad custodial holds.

### ***Stakeholder questions:***

- *Do you need automatically applied retention policies for your M365 content?*
- *Do you want records declared by users or by locations, groups or keywords?*
- *Do you want users deleting or altering unlocked records without warning?*
- *Do you have regulatory, management or reporting requirements that include immutability? (ex: DoD 5015.2 or SEC 17a-4)*

# M365 Purview

## *File Plan Management*

M365 retention policies must be [uploaded or manually created in a single ordered list](#). These policies are either published for users to manually apply within Office applications or associated to single static (location), or adaptive (groups) scopes that can apply a default label to all content within the policy scope. While the adaptive scopes provide flexibility, they are dependent on the quality of your Active Directory and M365 Group content. Corporate M&A activity frequently creates entity management issues.

[Only one label can be applied to an item](#). This rigid list does not allow common hierarchical scenarios such as HR/Employee Records/Employment Applications. The M365 file plan does not support regional/business unit groupings.

[Non-global retention scopes must be defined and created prior to policy application](#). Global policies are more flexible in recognizing new data sources, but may create issues in tenants that span diverse regions. The single label approach may not support real-world dynamic enterprise environments or business practices as experienced in eDJ Group consulting engagements and research interviews.

Companies with complex retention and regulatory schedules frequently require a central, dynamic management platform that enables records managers to build, update, and convert hierarchical policies. M&A events, business expansions and other activities can initiate cascading retention changes that may not be supported by the M365 label model.

### ***Stakeholder Questions:***

- *Do individual items fall under multiple business, retention and sensitivity categories?*
- *Do you want to leverage those categories/labels to maximize business value and meet dynamic management, retrieval and other scenarios?*

# M365 Purview

## *Policy Scopes – Deep Dive*

Premium E5 licensed customers who have implemented a file plan, labels, scopes, and other dependencies can auto-apply a single label for each retention policy/scope. [Auto-labeling approaches include static/adaptive scopes \(max of 1,000 locations/groups\), keywords/properties \(200-character max.\), sensitive information type patterns \(100 max.\), or trainable classifiers.](#)

Microsoft's global or [narrow static scope restrictions](#) may force customers to create multiple versions of a policy to cover a department with more than 1,000 employees. The exception list for global policies is limited to 1,000 mailboxes and roughly 100 SPO/OneDrive/Team site URLs. Adaptive scopes may overcome these limits if your M365 Groups structure can support retention usage scenarios.

[Content-based label application methods vary by M365 source and may only act on new or unencrypted items.](#) Customers may require different methods for existing active and legacy content across various sources.

Applied labels [cannot be superseded or changed easily](#) to accommodate dynamic business practices. Microsoft's regulatory record labels, different from retention labels, [take immutability to the brink of impracticality.](#) [Regulatory labels are disabled by default,](#) can only be [manually applied, cannot be changed by anyone,](#) and [can disrupt normal IT management practices.](#)

### ***Stakeholder Questions:***

- *Do you have regulatory immutable preservation requirements?*
- *Do you want to broadly label content and then tune or refine classifications?*

# M365 Purview

## *Active Retention – Events*

In eDJ's experience, as much as half of enterprise content may be an 'active record' under a retention policy that is triggered by a future event. Purview provides a manually triggered event system that may support simple contract management type scenarios with known content. Power Automate or custom coding is required for data driven triggers.

Based on pilot testing, the [M365 event driven retention workflow](#) may require full- time, trained record management staff to monitor contract, customer, or product events or extensive technical investment to integrate with structured data systems. [Event types cannot be revised after creation](#) and association with a records label to meet changes in business requirements such as customers reopening a prior contract. [Event application scope require existing AssetIDs \(SPOD\) or keywords \(email\)](#). Customers with event-driven retention requirements should consider mature third-party platforms.

### *Stakeholder questions:*

- *Do you have event triggered retention/record requirements such as contracts, facilities, or product lifecycles?*
- *Do you know all potential triggering event types before policies are created?*
- *Do you have dynamic event scenarios such as intermittent customers or renegotiated contracts?*
- *Are there usage scenarios where common records may be superseded/replaced by new versions and outdated versions should be disposed?*

# M365 Purview

## *Data Classification*

Microsoft's classification offerings to drive retention scopes are only available to premium E5 users or through add-ons such as Azure Cognitive services SharePoint Syntex (\$5/month per user). However, Microsoft's public drive to integrate A.I. such as ChatGPT into Bing search, Teams Premium and more indicates that more advanced classification options are on the horizon.

At time of writing, Microsoft Purview Classification had 87 built-in Sensitive Information Type (SIT) pattern classifiers. These can be activated and used to apply a small number of Sensitivity Labels that can trigger retention labels, information access protection, encryption, dynamic marking, DLP, and other controls. Data protection seems to be an easier entry point for most enterprise customers.

Customers can create targeted custom filters with a limit of [100 auto-label policies per tenant](#). Each [classifier can only be associated with one retention label and no other scope](#). This rigid one-to-one relationship restricts the usage cases to protection of a few key SIT classes. Microsoft recommends [a maximum of 5 main sensitivity labels based on optimal user performance](#).

Microsoft currently provides 17 English machine learning [pre-trained classifiers](#). These are [not trainable by customers and may send customer content to Microsoft support](#). The process for creating a custom trainable classifier can take a month and essentially uses the eDiscovery workflow to seed a model and train a model. By default, [custom classifiers can only be trained, accessed, and maintained by the original creator](#).

# M365 Purview

## Data Classification Continued

Currently, global classifiers do not appear to actively learn from end user actions. The custom training classifier model has no persistence or practical workflow to keep it evergreen without dedicated staff.

Evolving business language, employee turnover and shifting communication channels mean that many classifiers will be out of date almost immediately in the current training workflow. However, this is an area that Microsoft seems to be investing heavily in, so bears monitoring new releases and acquisitions.

Beyond these Purview classifiers, customers can upgrade to a Syntex license to add additional AI model classification to enhance the metadata on SharePoint content. Retention and information protection policies can use these properties within scopes to apply labels. It does not supersede or change the retention system limitations discussed above, but that metadata can also be leveraged by partner platforms. Customers can invest in developing custom classifiers from the wide range of Microsoft's Azure Cognitive Services to expand to Azure structured data systems.

### *Stakeholder questions:*

- *Is automated data classification a key requirement of your information governance strategy?*
- *Can you allocate or build a dedicated team with the expertise to develop and maintain an evolving classification system?*

# M365 Purview *Disposition*

Defensible deletion is one of the primary goals of records management. Purview multistage disposition review workflow per individual label. Regulated customers may require review of all eligible records, a retention audit log that spans the record lifecycle, immediate destruction of records approved for disposal, and enterprise-wide destruction certificates. Microsoft's disposition features fall short on these key requirements and may require custom workflows via Power Automate or other scripts to manage review queues and complex assignments.

M365 E5 only retains [seven years](#) of disposition [log entries](#) for records. There is no disposition history for all non-record items deleted per policy. [Global customers are limited to 16 million total record items marked for automatic disposal.](#) Enterprise customers considering legacy record designation and expiry initiatives will quickly run into these limits with their default and long-term (10+ year) policies. Customers addressing data landfills using retention policies to automatically dispose of items may quickly hit this limit.

Items approved for disposition may [exist up to three months after expiry](#). They are still subject to new legal holds or investigation search while residing in the hidden "dumpster".

#### ***Stakeholder questions:***

- *Do you require records approved for expiry to be immediately destroyed?*
- *Should disposition reviewers be able to change record labels, migrate records or extend retention based on events?*
- *Do you have 100+ employees under perpetual legal hold or long-term default retention?*
- *Do you potentially require destruction certificates that show the record lifecycle to show defensible deletion?*
- *Do you require records of all items automatically expired by policy to defend the company against accusations of deliberate/malicious destruction?*

# Retention Scope and Sources

Microsoft's records management features apply to the primary online communication and file systems, i.e., Exchange, SharePoint, OneDrive, and Teams and Yammer chats.

Microsoft does not have a ready-to-deploy solution to manage the record metadata for physical records or any local/cloud content not ingested or indexed into the M365 infrastructure. Maintaining and synchronizing multiple record management systems for different sources increases risk and overhead.

Retention policies do not currently apply to many common SharePoint or Teams components such as workflows, apps, or web parts. Microsoft Planner, Forms, Sway, Power BI, and Stream have no retention capabilities at present. As mentioned, Microsoft is continually expanding features and scope.

The explosive, organic growth of Teams sites/channels combined with the complexities of collaborative ownership creates policy scope

challenges. Many Teams site scenarios may require admins to specify multiple channel URLs in retention policy scopes until they hit limits. These limits may force enterprise tenants into overly simplistic global Teams retention policies that result in over/under retention.



[Max. 13 global retention policies](#)



[Max. 2600 Non-global policies](#)  
(@ 1000 mailbox/100 sites)

## ***Shareholder Questions:***

- *Do you have an existing records management system for your paper records?*
- *Are you looking to digitize and migrate paper records to SharePoint for access and management?*
- *Do users conduct business and create potential records in external or cloud systems?*

# eDJ Perspective Recap

Enterprise M365 customers already paying the premium E5 license for all users with simple, static retention schedules, and limited regulatory requirements may be able to use the Purview features to control data growth, preserve a limited number of record sites, and realize additional benefits.

M365 customers should expect a relatively high investment and headcount to build and maintain the Purview modules. They will have to develop parallel retention policies and practices to address the M365 content, physical records, and cloud systems not yet covered by M365 retention policies.

M365 large enterprise customers with typical, complex, and hierarchical retention schedules and regulatory requirements must either build their own custom M365 retention solutions, or engage a Microsoft integrated partner to meet their needs. Managing your record lifecycle in place still provides major advantages over external preservation repositories if you can meet your requirements.

Microsoft rolls out new functionality, integrations, and feature scope changes daily. Some of the limits and issues discussed in this paper will have been resolved before you read it. Most the world's enterprise data resides within the M365 and Azure infrastructure. It makes sense to leverage as much of the M365 functionality as possible before investing in M365 integration partners to provide the services and functions to meet your requirements.

# Thank You

## About Greg Buckles, eDJ Group, Inc.

Greg Buckles is the Founder and Principal Consultant of the eDJ Group, covering the Information Governance and eDiscovery markets. His market research and consulting practice focuses on the intersection of enterprise technology and discovery, with more than 30 years experience in roles spanning law enforcement, legal service provider, corporate legal, law firm, and software design. This deep and diverse background, combined with constant exposure to the discovery challenges of Fortune 500 and AmLaw 200 clients, provides Greg with a unique industry perspective. He is the Chief Innovation Officer for Know-Now.com, a personal knowledge management platform applying eDiscovery AI technologies for digital professionals. Greg also blogs and manages the eDiscoveryJournal.com.

## About this Research

All Microsoft capabilities and limitations described herein are based on M365 tenant testing, Microsoft online documentation (subject to change) and real-world observations from consulting engagements focused on global corporations. Greg Buckles strategic practice no longer includes direct implementations or administration. While the content of this paper has received peer review, there are always multiple solution approaches that may avoid limitations or issues. In other words, validate your requirements with Microsoft or a trusted partner.

■ Email  
[Greg@eDJGroupInc.com](mailto:Greg@eDJGroupInc.com)

🌐 Website  
[www.eDiscoveryJournal.com](http://www.eDiscoveryJournal.com)