

E-DISCOVERY AND E-DISCLOSURE

Bringing It All Back Home

Almost four years after all electronic information became legally discoverable in US courts, organizations have moved to control the cost of processing legal data by bringing more of the e-discovery process in-house. Yet this trend still often relies on disparate homegrown systems. As new guidelines emerge and the market faces a coming-of-age, many organizations are looking to buy e-discovery software and services.

IM | INFORMATION MANAGEMENT

4 FINDINGS

- Corporate e-discovery in-sourcing continues as customers adopt software and services over reliance on law firms or wholly outsourcing the process. **PAGE 4**
- Many companies still lack repeatable business processes for litigation, and rely on existing internal resources for meeting e-discovery requirements on an ad hoc basis – but half of the users in our survey intend to buy e-discovery products/services in 2010. **PAGE 11**
- Judicial guidelines and international regulations defining e-discovery protocols are still emerging, lagging actual e-discovery practices. **PAGE 7**
- Information governance systems and e-discovery-enabled archives have gained traction for proactive litigation preparedness as enterprises struggle with data growth and fragmented information management. **PAGE 6**

5 IMPLICATIONS

- E-discovery vendors and service providers are increasingly competing with law firms for the corporate legal budget, and with each other. **PAGE 6**
- Cost sensitivity and competition are catalyzing a reach to the midmarket by vendors and service providers, with aggressive pricing and convenient delivery models. **PAGE 5**
- As e-discovery evolves, successful vendors are differentiating themselves with innovative technologies and methodologies, driving improved automation, ease of use and long-term cost savings. **PAGE 4**
- E-discovery may emerge as one business process within a broader unified information governance system for data management at large corporations. **PAGE 6**
- More market consolidation is expected as e-discovery point products extend into platforms, larger vendors add more functions, and reactive e-discovery business declines. **PAGE 39**

1 BOTTOM LINE

- Despite a flat, recessionary 2009 for many e-discovery vendors, there is significant opportunity in the market at the right price and functionality, especially for tools with a broader information governance use case – most businesses still lag in adoption and have not committed to a vendor or product strategy.

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REPORT SNAPSHOT

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ABOUT THIS REPORT

The e-discovery market ignited almost overnight in the wake of 2006 amendments to the US Federal Rules of Civil Procedure making all electronically stored information discoverable as evidence for trial in US federal courts. Unprepared corporate litigants paying production costs for their lawsuits on a purely reactive basis generated considerable revenue, both for existing e-discovery providers and for the many vendors repositioning archiving, search, data management and other software around an e-discovery use case. However, e-discovery spending on a case-by-case basis quickly became unsustainable for businesses with high volumes of litigation. Market conditions in 2009 reflected new levels of cost sensitivity among customers, as tighter recessionary spending bit into budgets, and corporations embraced the in-sourcing of e-discovery as a repeatable business process.

Opportunity in the market has not diminished, though. As our 2010 E-discovery User Survey indicates, most companies still have no repeatable e-discovery process or dedicated staff in place, with the overwhelming majority continuing to 'do it themselves' using existing internal tools and staff. Moreover, half of all businesses indicated in their responses that they plan to purchase e-discovery products or services in the next year, although few have finalized their decision of vendor or product. These customers' future buying habits will help determine the fate of the market.

This report provides an overview of the current e-discovery market, outlining the product, service and overall vendor landscape; highlighting features and technology trends differentiating successful e-discovery providers; predicting future trends and M&A in the sector; and offering profiles of 32 prominent vendors in the space. We also examine the broader impact of change in e-discovery today – its effect on the rest of the legal sector and the information management software market, and its effect on international business.

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