Key eDiscovery Trends Shaping the Future

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eDJ Group – Research Consultants

Strategic educational engagements with Fortune 1000 and AmLaw 200 clients. 80% consulting and 20% active research/outreach. Short term, high impact assessments and projects to create mature solutions.

Greg Buckles
Founder/Consultant
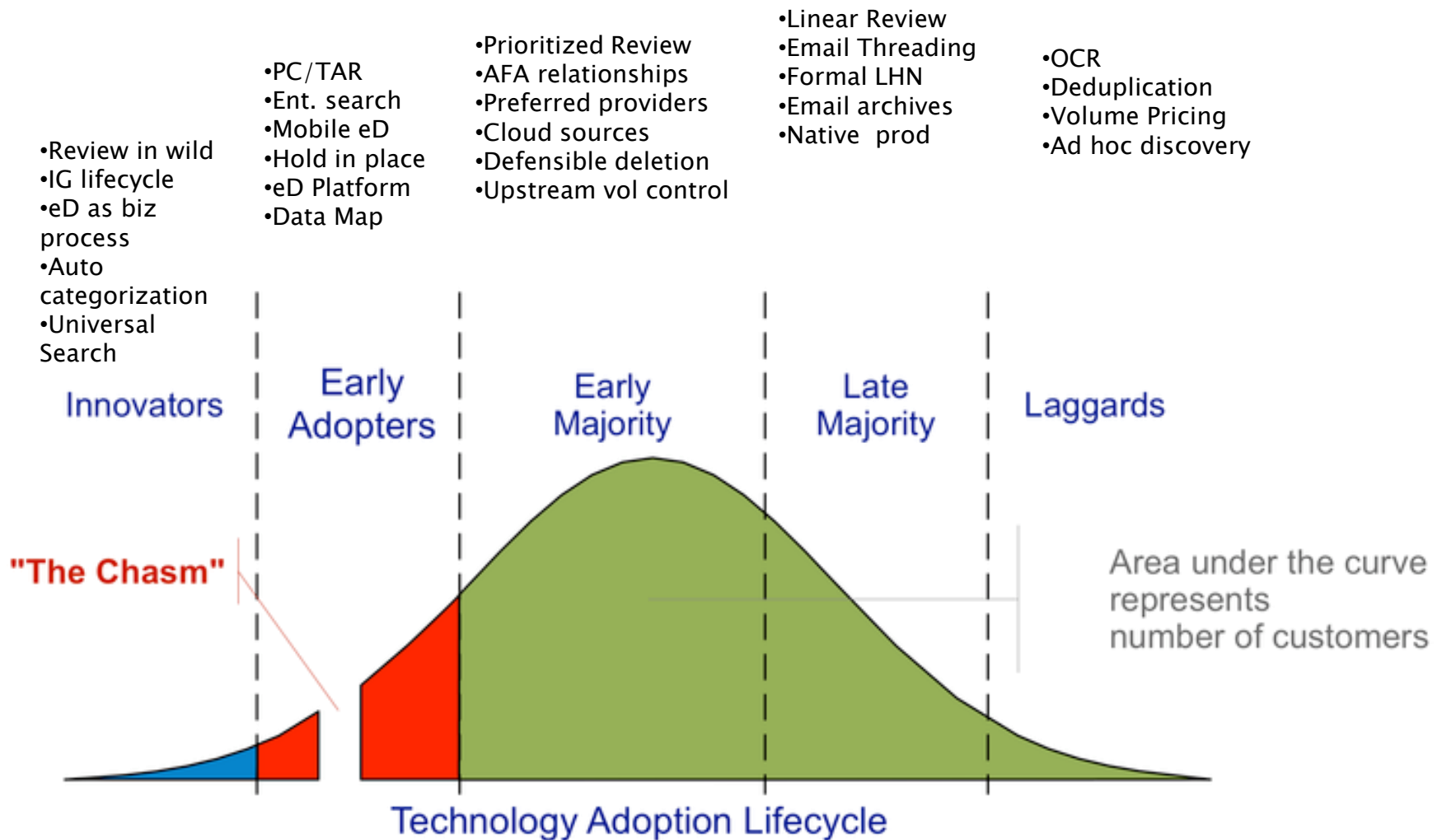
- 25+ years expertise
- Career spans law enforcement, service provider, law firm, corporate, software design, market analyst
- Industry speaker and author
- Sedona Conference, EDRM Committee, ABA Ledes Oversight Committee

*Greg is not an attorney. Perspectives and opinions herein should not be considered legal advice. All information is based on eDJ's experience, research and publicly available information. eDJ will decline any questions that my conflict with client confidentiality agreements.

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Agenda

- Audience Priorities
- 2015 – Moving Targets
  - Cloud ESI – Office 365
  - Mobile ESI – Preservation/Collection Nightmares
  - Analytics – Looking Beyond PC/TAR
  - eDiscovery Lifecycle – Corporate Multi-Matter IG
- 2016+ Predictions
  - Free Self-serve eDiscovery from Microsoft?
  - Managed Cloud SaaS eDiscovery
- Q & A

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eDiscovery Maturity Spectrum

- Review in wild
- IG lifecycle
- eD as biz process
- Auto categorization
- Universal Search

- PC/TAR
- Ent. search
- Mobile eD
- Hold in place
- eD Platform
- Data Map

- Prioritized Review
- AFA relationships
- Preferred providers
- Cloud sources
- Defensible deletion
- Upstream vol control

- Linear Review
- Email Threading
- Formal LHN
- Email archives
- Native prod

- OCR
- Deduplication
- Volume Pricing
- Ad hoc discovery

Innovators | Early Adopters | Early Majority | Late Majority | Laggards

"The Chasm"

Area under the curve represents number of customers

Technology Adoption Lifecycle

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2015 Legal Market

- Rapid changes since 2008
  - Falling $/GB spurs AFA models
  - Pressure to control volume upstream
- 15-20% growth overall
- Consolidation of providers & types
- False promises of TAR/PC
  - Heavy resistance from firms
  - Immature customer base

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eDiscovery Macro Markets

Global LSV

Outsourced IT

Service

System Integrators

Specialty Services

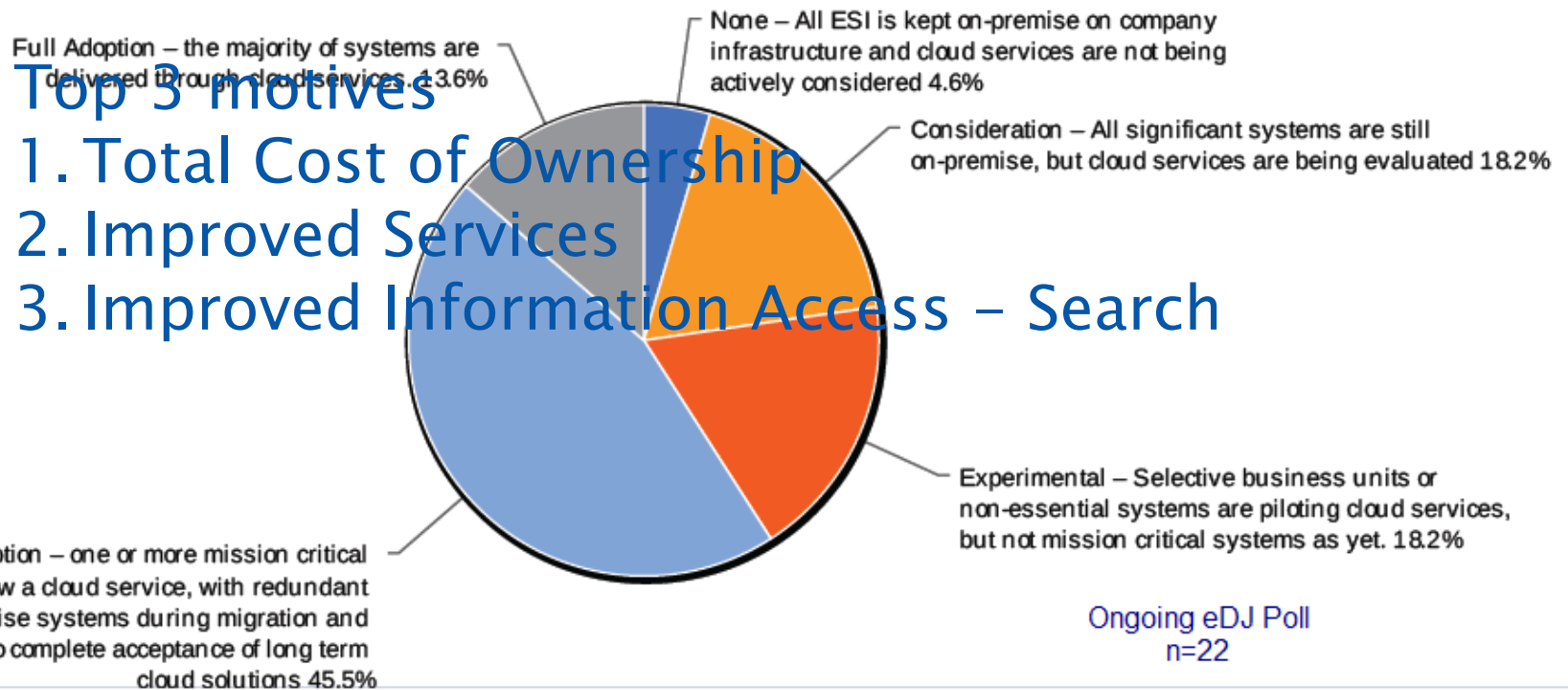Managed Services

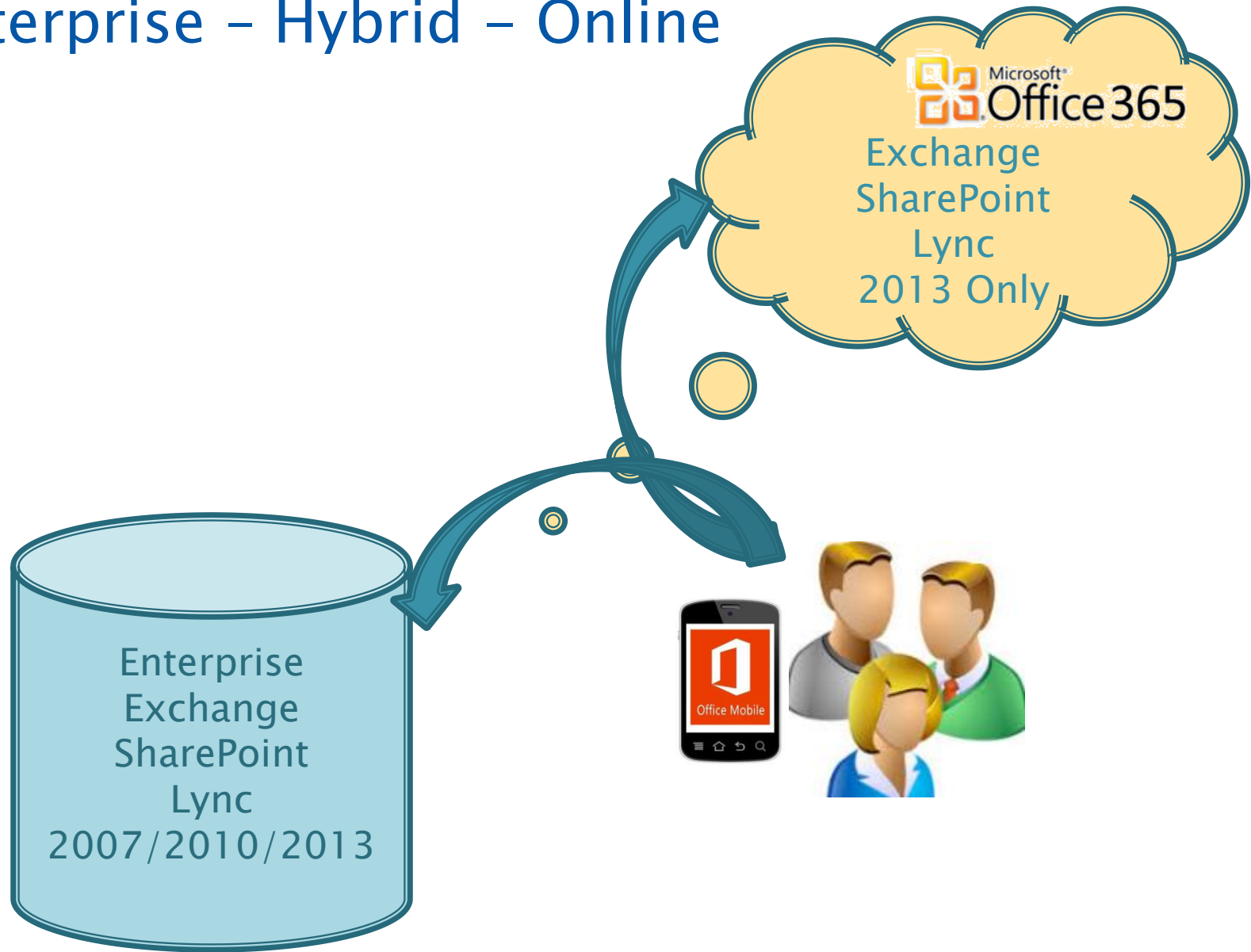SaaS

Consulting

Software

Audit Firms

Giant Tech

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Cloud Adoption

1. Which best describes the state of Cloud system adoption for your company, agency or the majority of your clients.

Full Adoption – the majority of systems are delivered through cloud services. 13.6%

None – All ESI is kept on-premise on company infrastructure and cloud services are not being actively considered 4.6%

Consideration – All significant systems are still on-premise, but cloud services are being evaluated 18.2%

Experimental – Selective business units or non-essential systems are piloting cloud services, but not mission critical systems as yet. 18.2%

Cautious Adoption – one or more mission critical systems is now a cloud service, with redundant on-premise systems during migration and evaluation. No complete acceptance of long term cloud solutions 45.5%

Ongoing eDJ Poll
n=22

Top 3 motives
1. Total Cost of Ownership
2. Improved Services
3. Improved Information Access - Search

- eDJ clients migrating, piloting or evaluating Office 365 in 2013-14
- Up to 22% of US enterprises may be on O365 in some form in 2014

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Enterprise – Hybrid – Online

Microsoft Office 365

Exchange
SharePoint
Lync
2013 Only

Enterprise
Exchange
SharePoint
Lync
2007/2010/2013
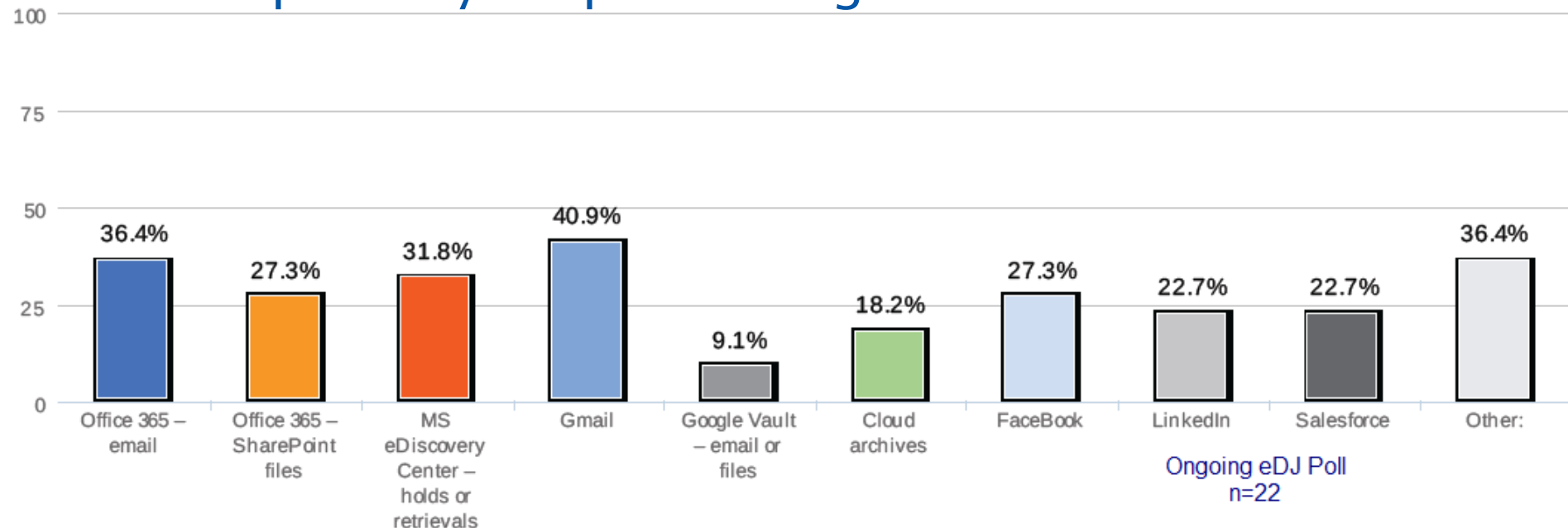
Office Mobile

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Discovery on Cloud Systems
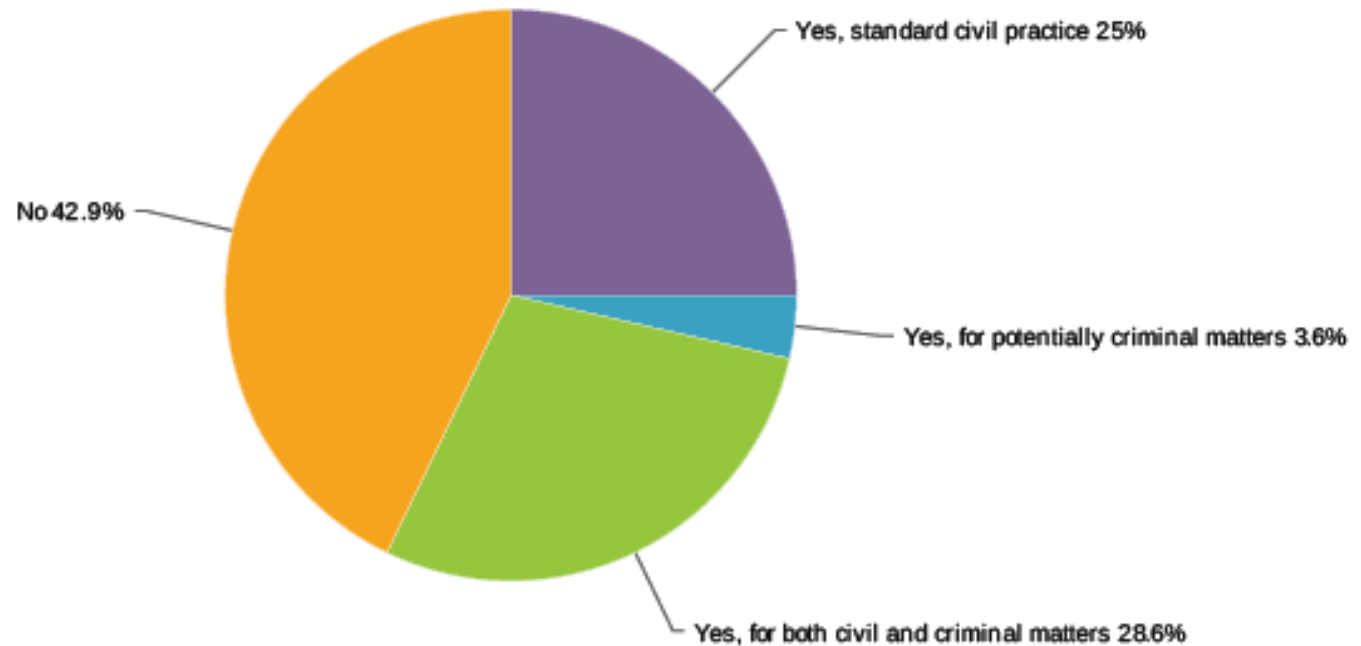
Top 3 Hurdles to Adoption
1. Data Privacy
2. Data Security
3. Repository Trap – Getting Stuck in Cloud

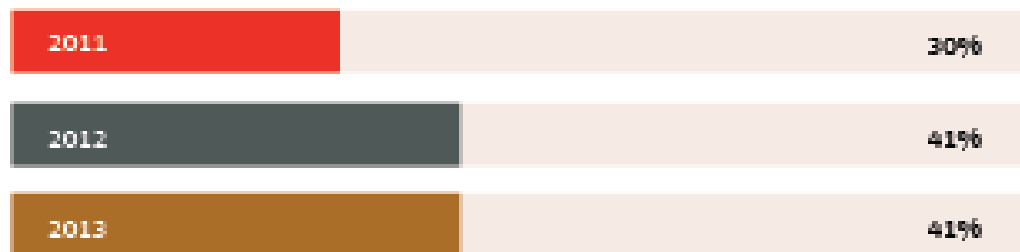Have you or your clients had to perform discovery preservation or collection on these systems?

Category	Percentage
Office 365 – email	36.4%
Office 365 – SharePoint files	27.3%
MS eDiscovery Center – holds or retrievals	31.8%
Gmail	40.9%
Google Vault – email or files	9.1%
Cloud archives	18.2%
FaceBook	27.3%
LinkedIn	22.7%
Salesforce	22.7%
Other:	36.4%

Ongoing eDJ Poll
n=22

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The Rise of Mobile eDiscovery

2. Have you ever had to preserve or collect ESI from a custodian's mobile device?

- Yes, standard civil practice 25%
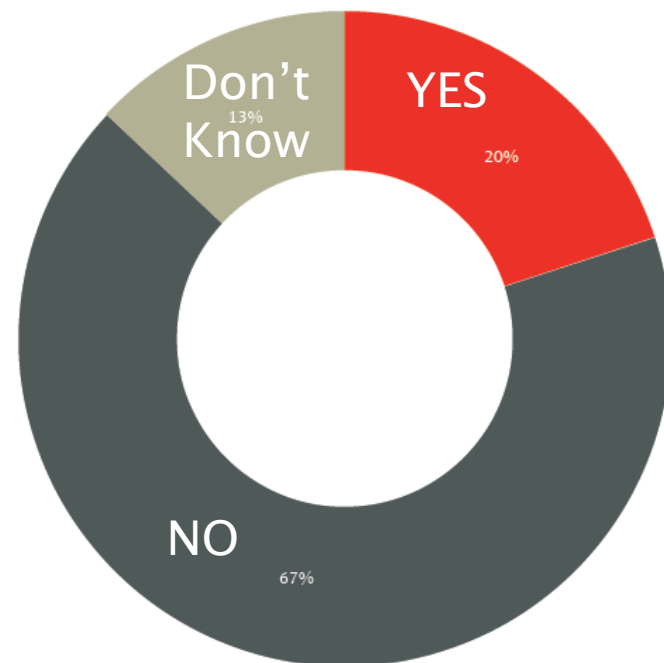- Yes, for potentially criminal matters 3.6%
- Yes, for both civil and criminal matters 28.6%
- No 42.9%

2014 eDJ Mobile Discovery Survey n=28

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Preserve/collect data from employee mobile device

2011	30%
2012	41%
2013	41%

Preserve/collect data from employee's personal Social Media account?
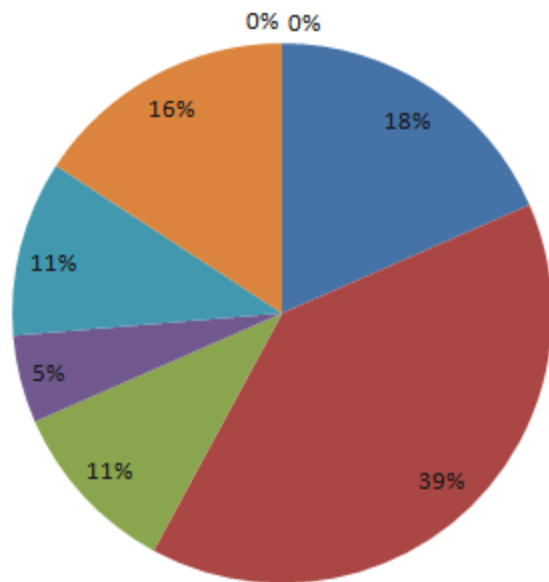
- YES 20%
- NO 67%
- Don't Know 13%

Norton Rose Fulbright 2104 litigation trends survey report n=401

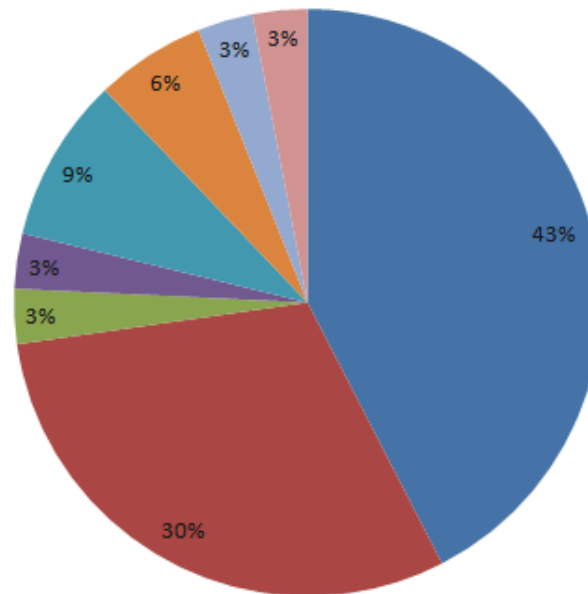eDJGroup

An Hour In the Life of Your Smartphone
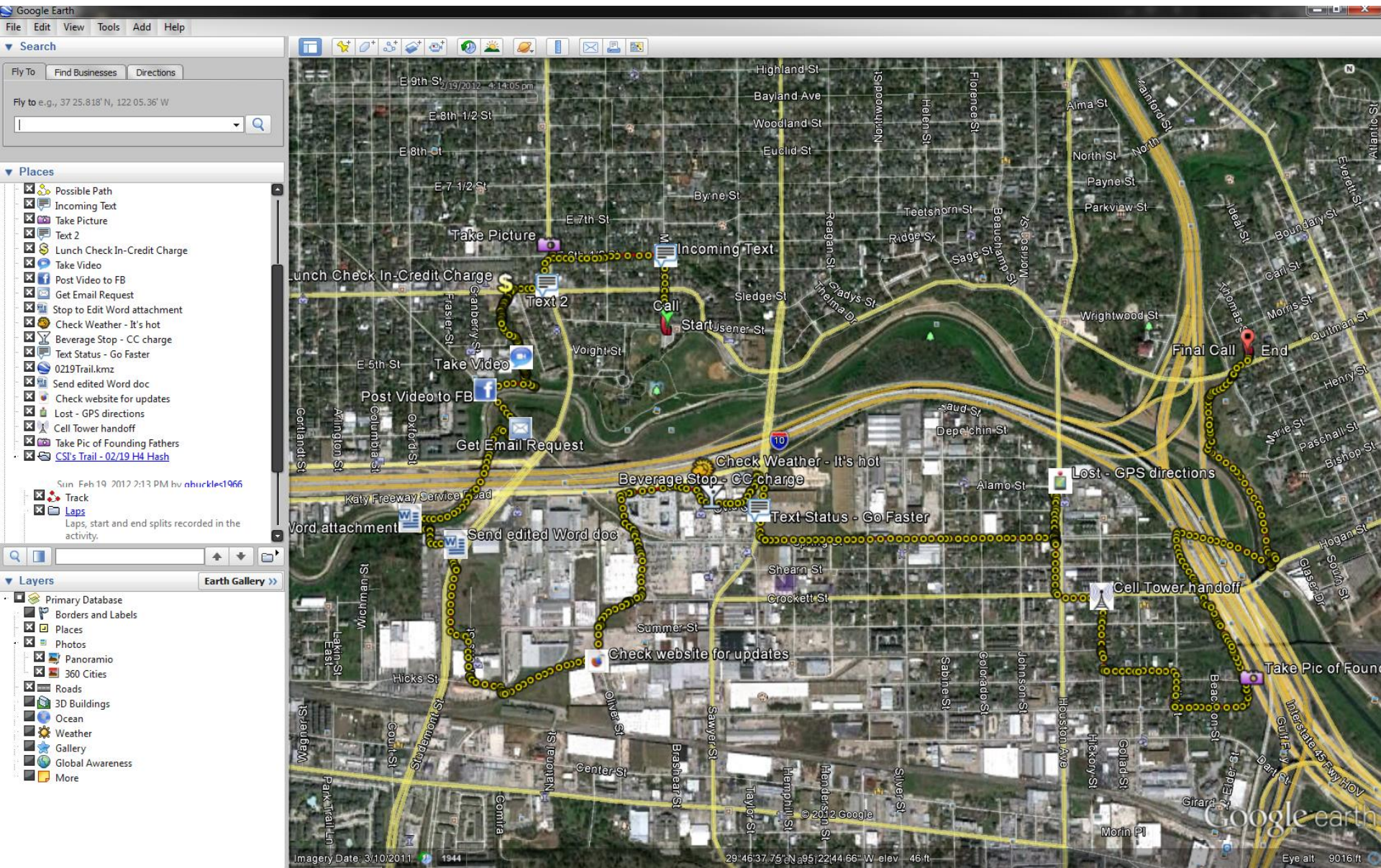
Why Do You Buy Analytics?
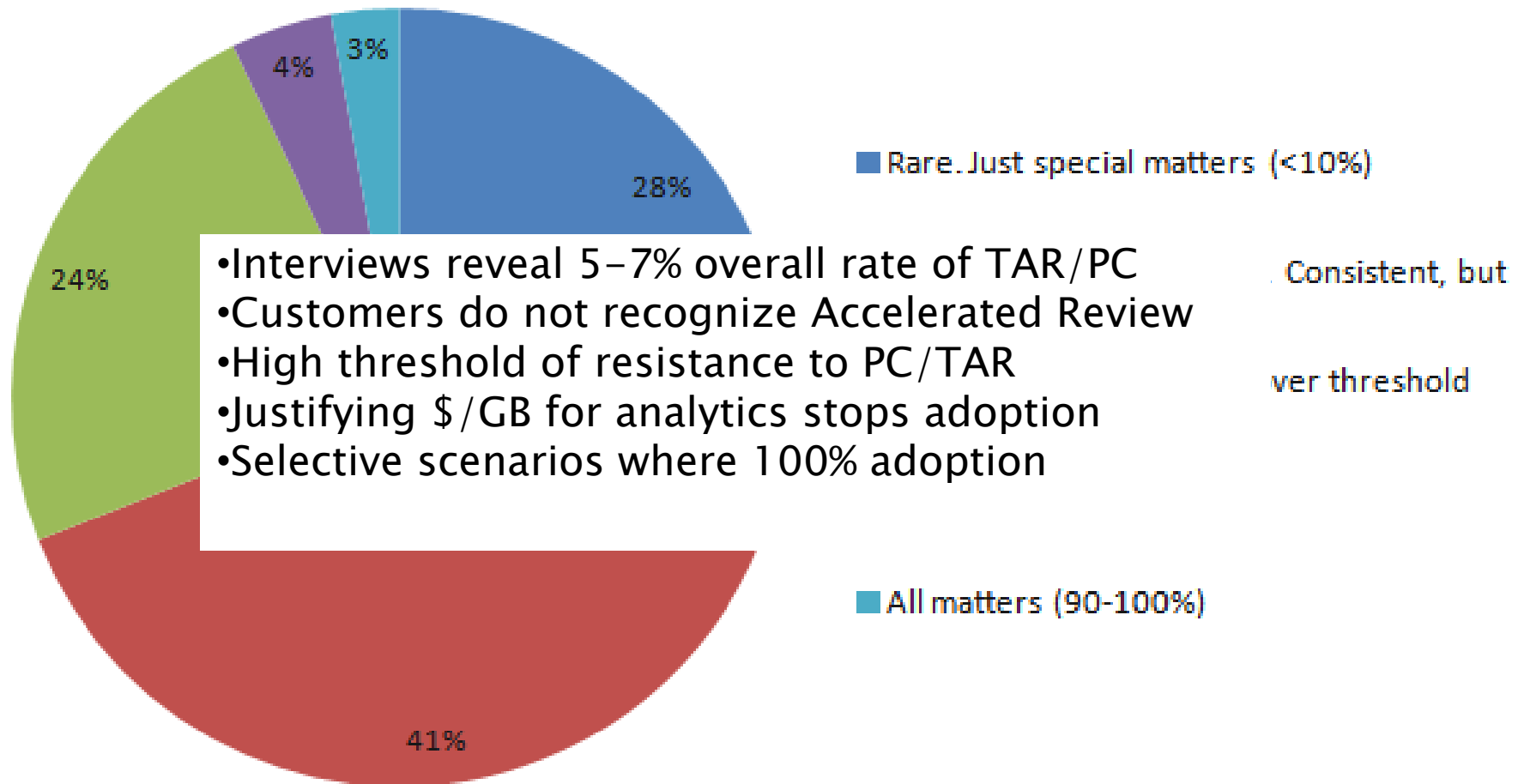
Consumer

Provider

- Review cost reduction
- Volume reduction – culling and prioritization
- Discovery Speed – meeting tight deadlines
- Overall labor/manpower reduction
- Quality control and risk reduction
- Strategic advantage from analysis
- Business intelligence – categorization, retention management, storage savings
- Other

Volume reduction – common value prop
Consumer = ECA & Investigation speed
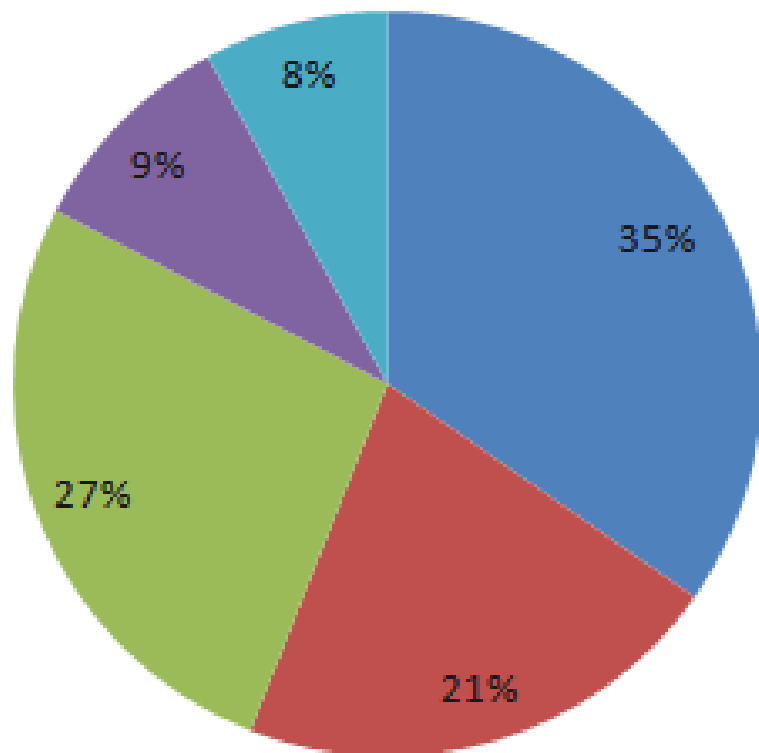Provider focused on Review Cost/Effort

2014 eDJ Analytics Surveys
N=71

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Actual Usage Rates

Pie chart segments: 28%, 41%, 24%, 4%, 3%

Legend:
- Rare. Just special matters (<10%)
- Consistent, but ... over threshold
- All matters (90-100%)

Text box overlay:
- Interviews reveal 5–7% overall rate of TAR/PC
- Customers do not recognize Accelerated Review
- High threshold of resistance to PC/TAR
- Justifying $/GB for analytics stops adoption
- Selective scenarios where 100% adoption

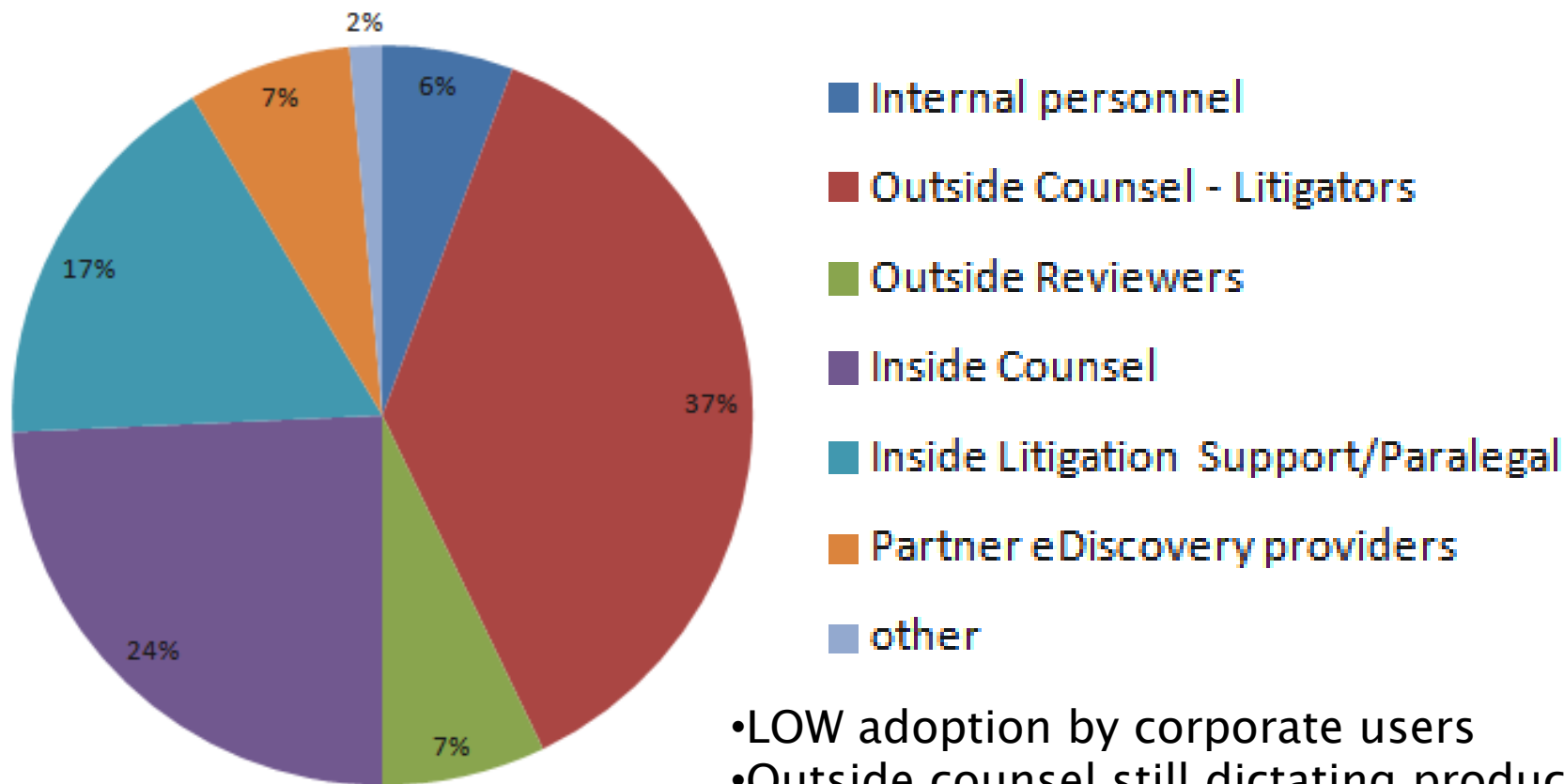2014 eDJ Analytics Surveys
N=71

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Analytic Consumption Models

Legend:
- Enterprise software purchase or subscription, not volume based — 35%
- Included as part of basic eDiscovery processing/hosting. No additional charges — 21%
- Additional volume based charge on top of processing/hosting — 27%
- Additional item count-based charge on top of processing/hosting — 9%
- other — 8%

- >50% do not pay an upcharge fee
- Interviews confirm that $/GB hurts use

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Who are the Primary Users?

Legend:
- ■ Internal personnel
- ■ Outside Counsel - Litigators
- ■ Outside Reviewers
- ■ Inside Counsel
- ■ Inside Litigation Support/Paralegal
- ■ Partner eDiscovery providers
- ■ other

Pie chart values: 2%, 7%, 6%, 17%, 37%, 24%, 7%

- LOW adoption by corporate users
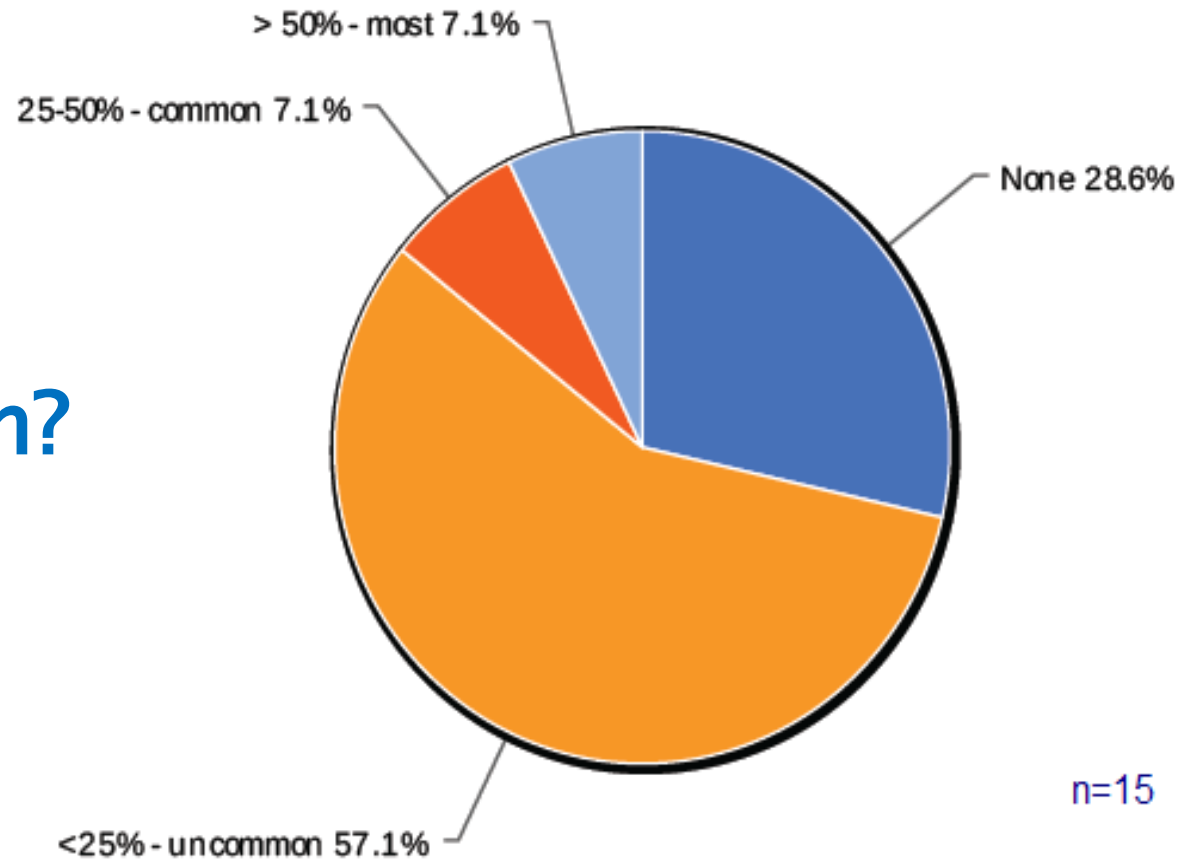- Outside counsel still dictating products

2014 eDJ Analytics Surveys
N=71

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EDRM Analytics Reimagined
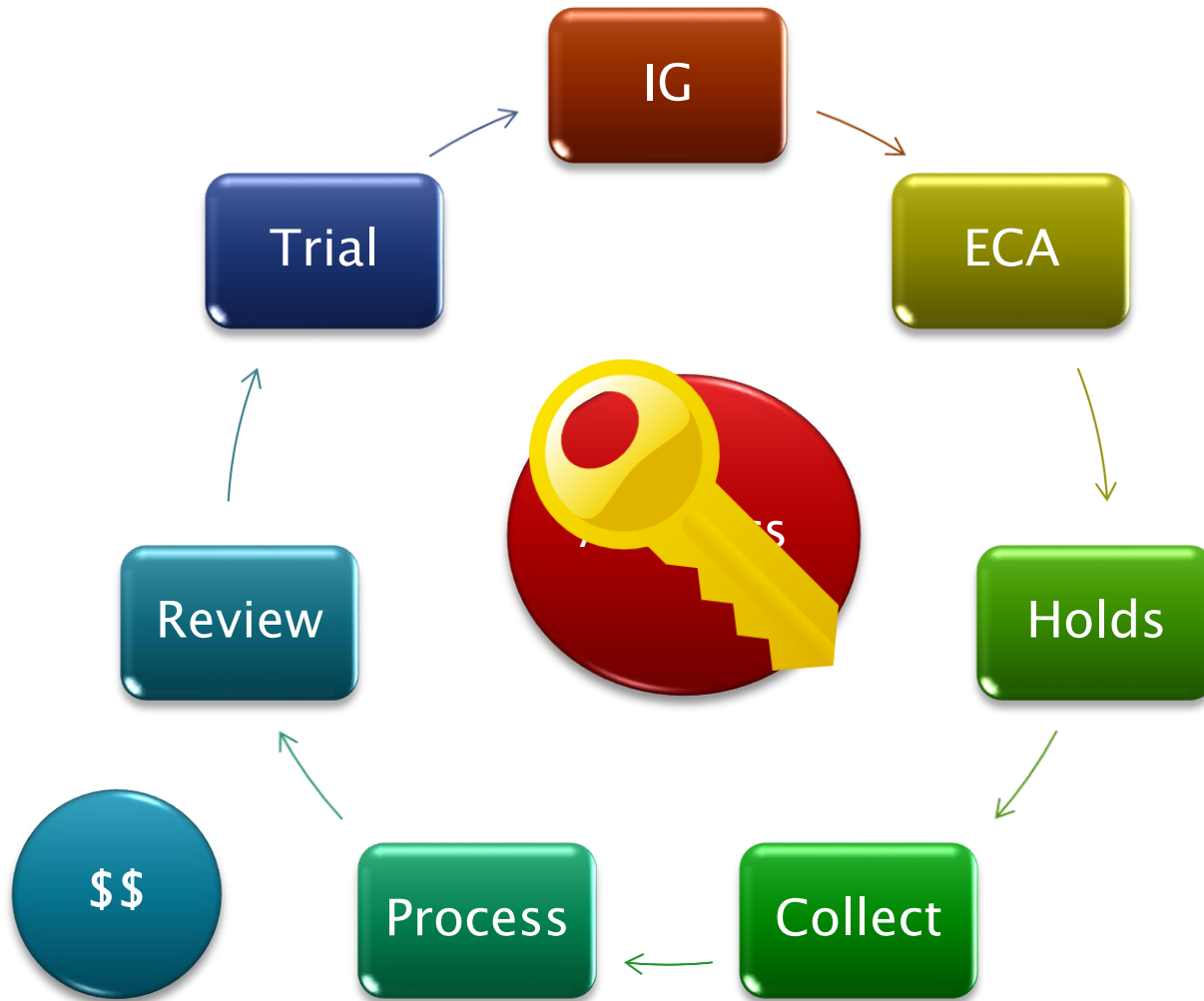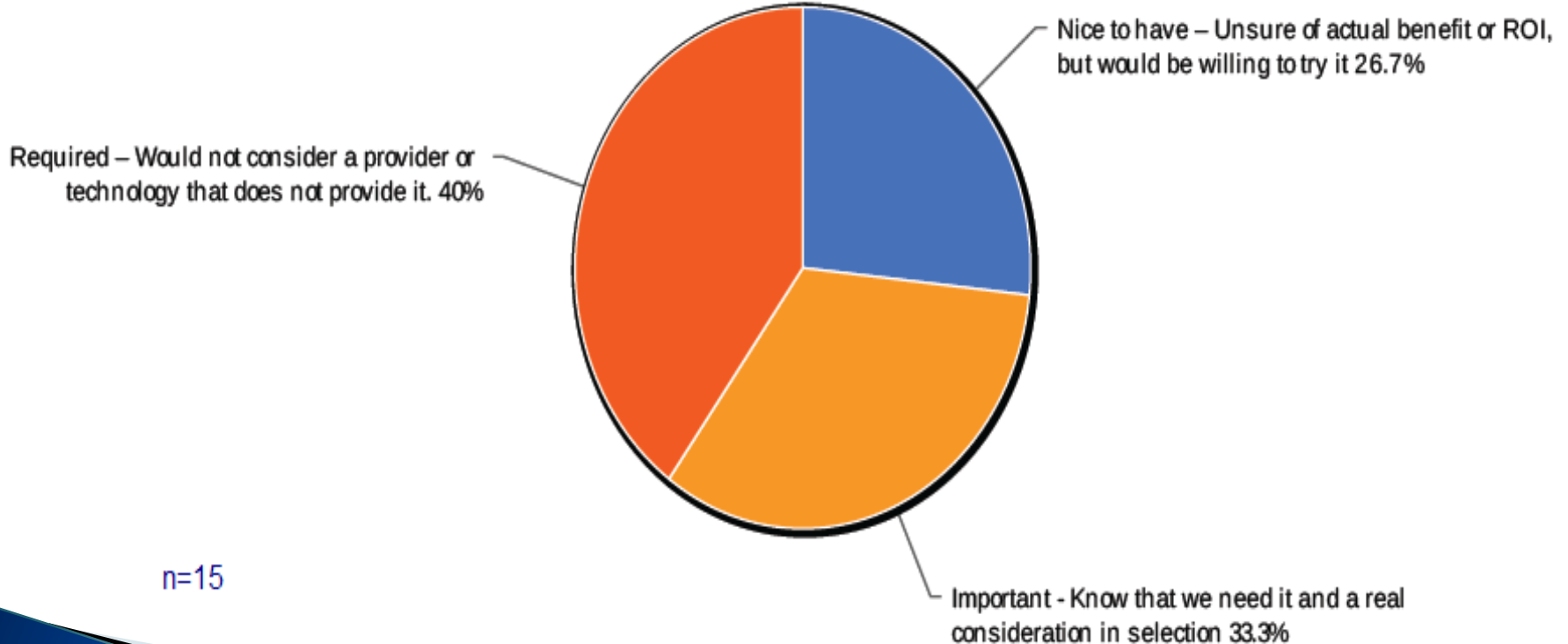
Reuse of Review Work Product?

3. In what percentage of cases do you actively leverage prior review designations or productions?

Why so uncommon?

> 50% - most 7.1%

25-50% - common 7.1%

None 28.6%

<25% - uncommon 57.1%

n=15

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Do Features Impact Buying Decisions?

5. Does multi-matter capability impact your provider or technology preferences or purchasing?

Nice to have – Unsure of actual benefit or ROI, but would be willing to try it 26.7%

Required – Would not consider a provider or technology that does not provide it. 40%

Important - Know that we need it and a real consideration in selection 33.3%

n=15

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2016+ Predictions

- Microsoft will 'give away' eDiscovery in O365
- eDiscovery software becomes IG platform features
- Live eDiscovery– preserve, analyze, produce
- PC/TAR slow adoption – smart ECA and accelerated review win race for $$
- Smart providers convert from $/GB to managed SaaS subscriptions
- Gulf widens between few global EDD and small concierge providers

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eDiscovery M&A Ramps Up

Date	Acquired/Funded	By
4/15	Merrill Legal Solutions	DTI
4/15	Iris Data	Epiq ($134M)
3/15	kCura, Zapproved, CS Disco, Lighthouse, Modus	VC funding – $190M
12/14	Equivio	Microsoft ($150-200M)
6/14	AD Services	Omnivere
05/14	DiscoverReady (spun out)	Dolan Group
05/14	PartnerJD (staffing)	Trust Point
04/14	Smart Data Consulting	Xerox
04/14	Esquire Innovations (LSV)	BigHand
01/14	Applied Discovery	DTI
01/14	LawTrac	Mitratec
07/13	Novitex Enterprise Svcs	Pitney Bowes
02/13	StoredIQ	IBM

Q&A

Email or give me your card for a copy of the presentation

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