

Q2, 2012

Quarterly Critical Trends
Corporate Market Snapshot

 TCG Market Research & Advisory Services



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2012 has been a year of progress and promise for eDiscovery professionals. The 88 law firm and corporate professionals who responded to The Cowen Group's Q2 Critical Trends Survey face the executive challenge of managing growing workloads and data volumes while striking the right balance between investments in internal resources (people, technology) and reliance on external partners.

70% of law firms report an increase in workload for their litigation support and eDiscovery departments. This is a significant number in and of itself, but it's particularly telling when compared against our Snapshot from Q2, 2009, when only 42% of firms reported an increase in hours worked for those same teams. Workload has increased in law departments as well, with 77% of corporate eDiscovery professionals reporting an increase in their workload.

As changes such as social media and BYOD (bring your own device) policies affect the way our clients do business, the amount and complexity of this data is changing as well. 55% of law firms and 45% of corporations reported that the ESI volume for the average case has increased in the past 3 months.

Trying to respond to these increases while addressing the need to control/lower costs for a diverse client base can be challenging, particularly with the heightened focus on maintaining data security. Approximately 60% of respondents anticipate increasing their internal capabilities for eDiscovery, while 62% of firms and 55% of corporations anticipate outsourcing a significant amount of eDiscovery to 3rd party service providers (and yes, some organizations expect to do both).

Law firms anticipate growing their internal capabilities either through adding headcount or purchasing new/updating current technology. 50% of firms report plans to increase their technology spend in the next 3 months. Compare this to Q2 2010, when only 31% of firms were planning additional investments in eDiscovery

eDiscovery tools and technology. 43% of firms anticipate adding to their litigation support and eDiscovery staff in the next 3 months. In Q2 of last year, only 32% of firms had plans to grow their teams.

In contrast, as one survey respondent has offered, corporate legal departments are under increasing pressure to "do more with less in-house to keep external costs down." Only 12% of corporate respondents anticipate increasing headcount and 30% will increase their technology spend in the next six months.

Cases such as Da Silva Moore, Kleen, and Global Aerospace, which have hit our collective consciousness in the past three months, affect the investments in technology that both law firms and corporations are making. In the past year, 49% of law firms and 23% of corporations have used Technology Assisted Review/Predictive Coding technology through a 3rd party service provider and an additional 38% have considered it. In the past year, nearly 30% of firms have a TAR/Predictive Coding tool inhouse, and an additional 35% are considering making the investment.

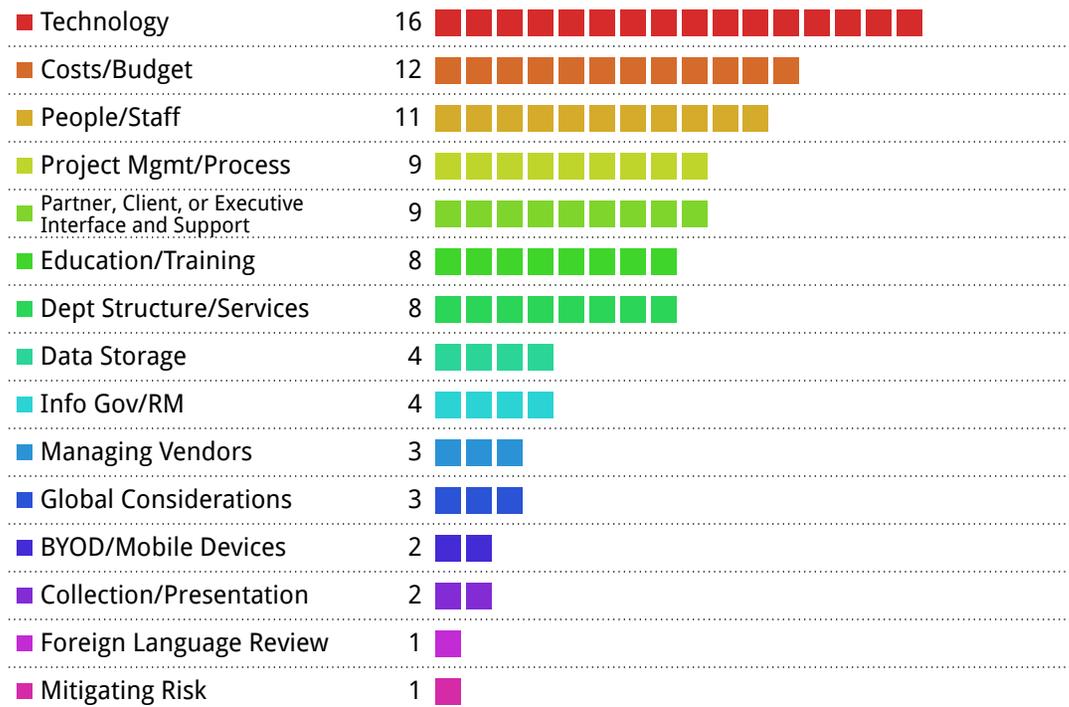
Continued and accelerated growth is always welcome news, and is even more reassuring today. However, it's important to keep in mind that this growth in eDiscovery demand is the result of both more litigation and an exploding, under-managed data footprint at corporations. We continue to think about how this growth and its root causes impact your career and your team. Our advice remains the same: Educate yourself on the latest evolving industry trends, invest in relationships and be an active participant in helping your executives, your department, and your clients "do more with less."

Percentages cited in the Executive Summary are taken directly from original responses from the Critical Trends Report. The following snapshot is a juxtaposition of respondents' answers to questions that relate to each other. For a copy of our full report, please contact Jennifer Schwartz [jennifer@cowengroup.com].

We asked: "What's your greatest challenge for 2012?"

We received a number of varied responses which we then grouped into the categories below. Implementing, assessing, and utilizing technology were the challenges cited by most respondents, with particular interest in predictive coding solutions.

Managing a budget as well as managing a team also received a high number of responses.



“ Identifying appropriate predictive coding tools; determining whether to move to an IaaS model ”

“ Meeting workload with limited resources and budgets. ”

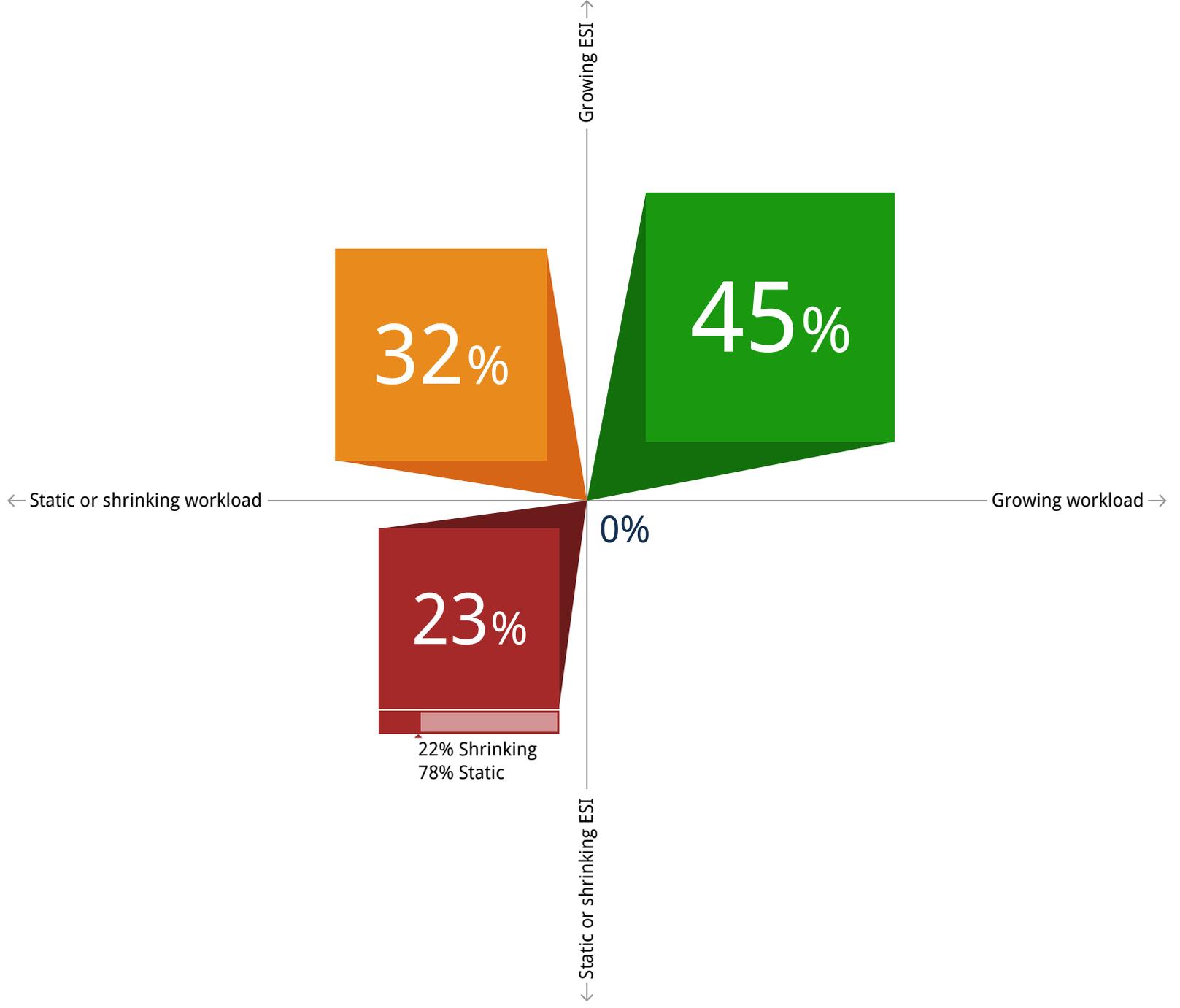
“ Global data discovery management/governance; cost-effective solutions for managing messy (diverse, scattered, random, ungoverned) data ”

“ Educating Case Teams ”

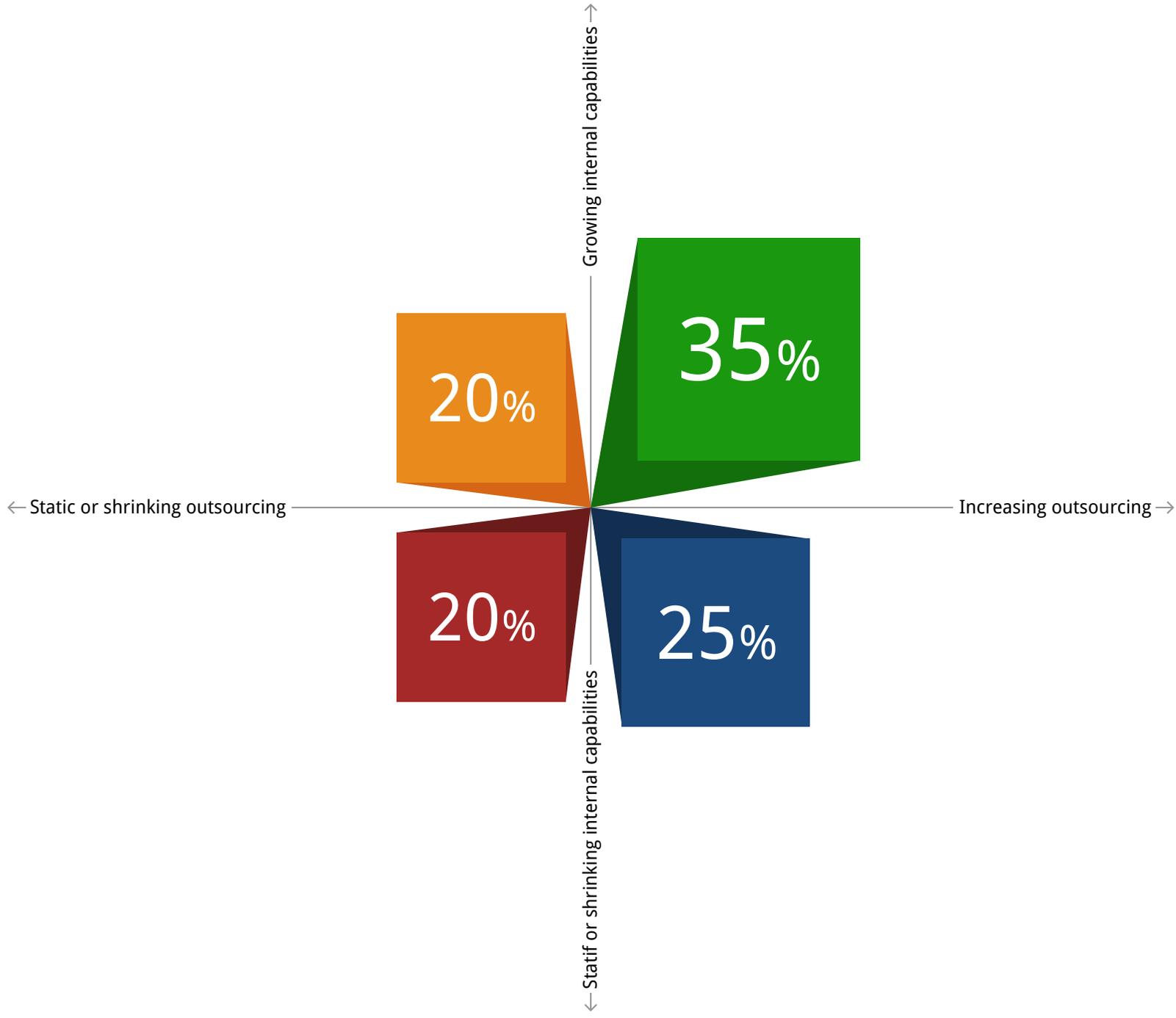
“ Finding alternative solutions to the costly vendor model without having to build internally ”

“ Implementing advanced technology and workflow in-house ”

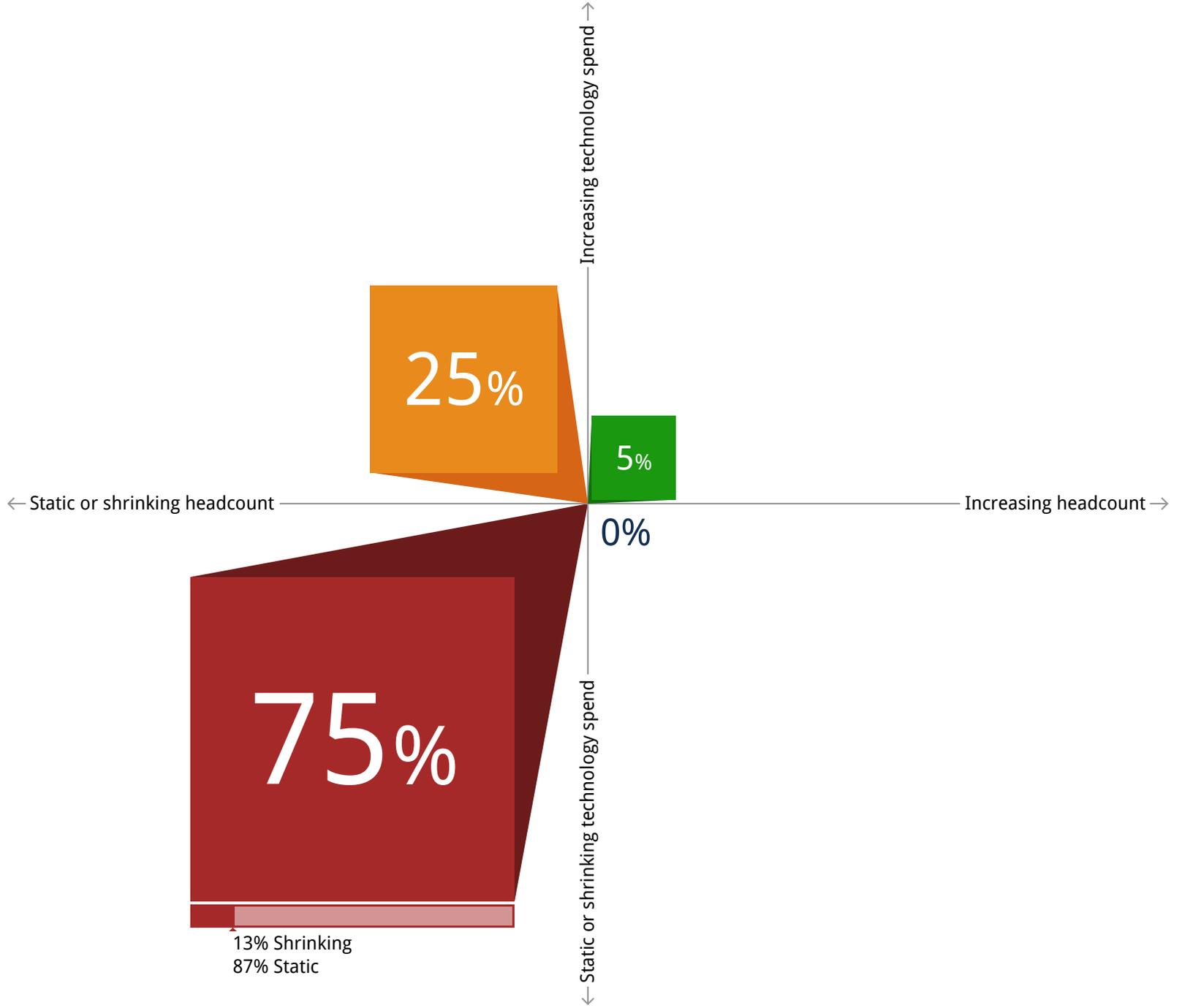
Q2, 2012 Quarterly Critical Trends Snapshot (Corporate)
Workload and ESI Volume



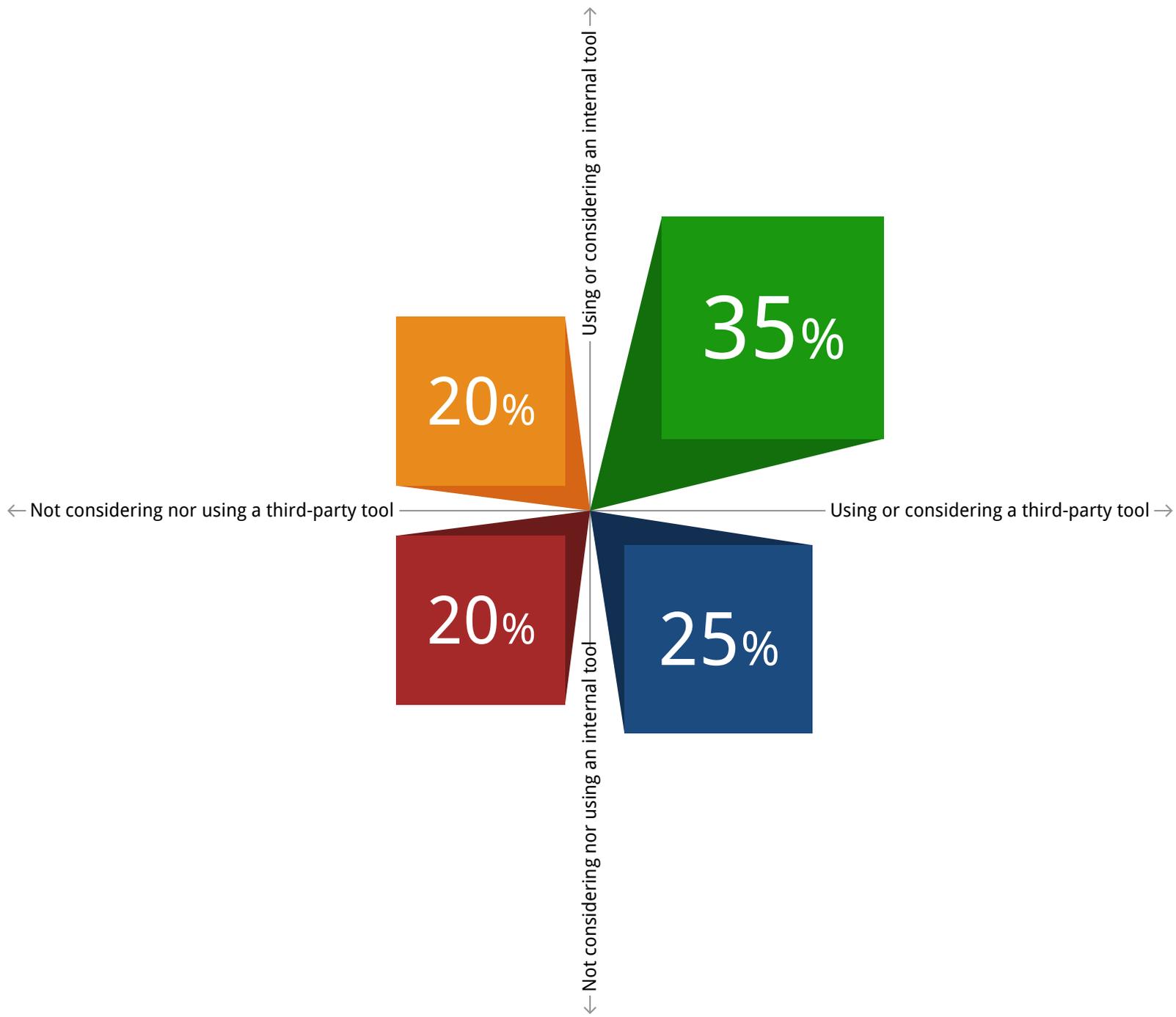
Q2, 2012 Quarterly Critical Trends Snapshot (Corporate)
Insourcing eDiscovery Capabilities



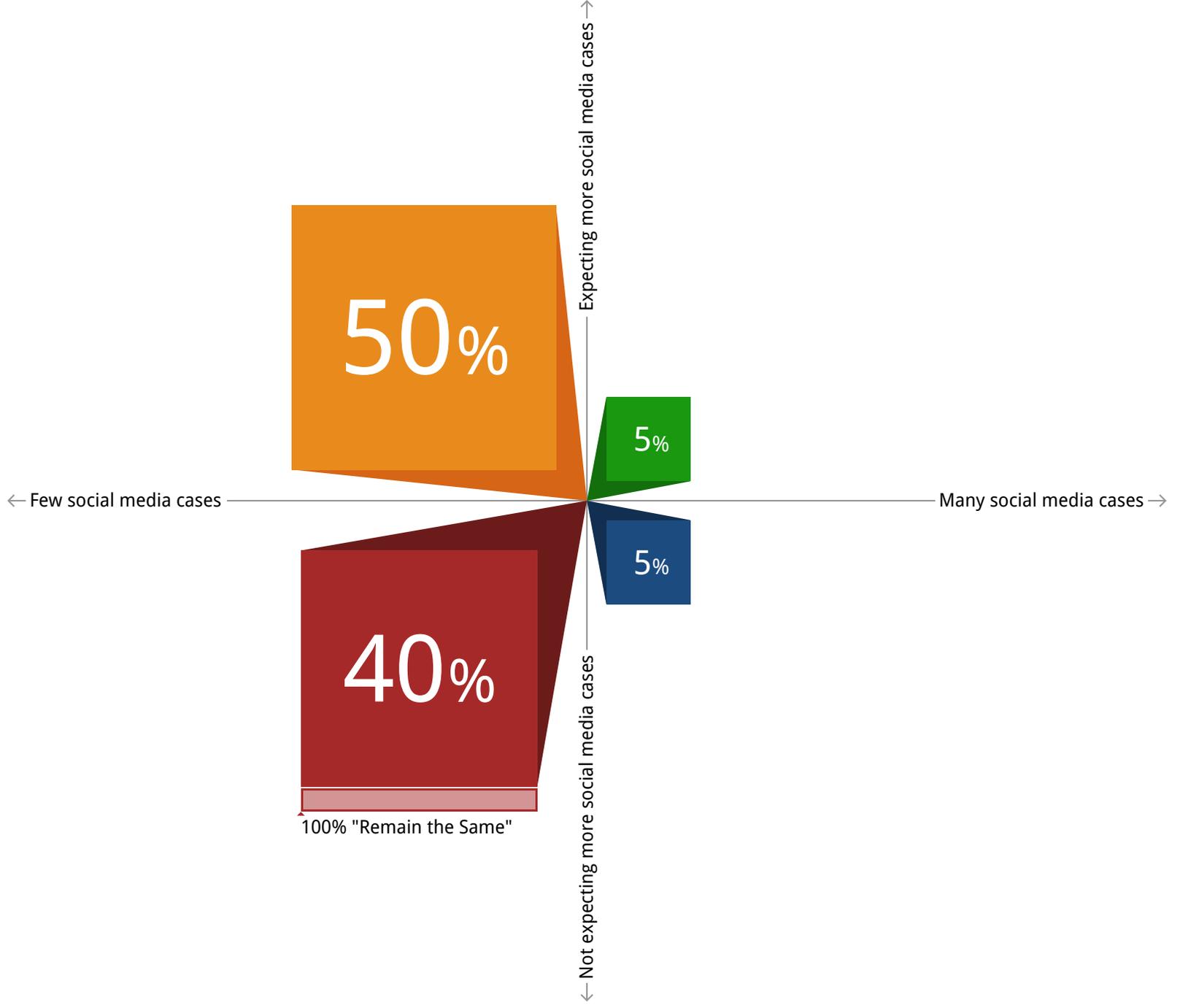
Q2, 2012 Quarterly Critical Trends Snapshot (Corporate) Headcount and Technology Spend



Predictive Coding



Q2, 2012 Quarterly Critical Trends Snapshot (Corporate)
Social Media ESI Change



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To support our clients in their personal and professional growth, The Cowen Group hosts over 50 executive peer micro-events nationally. These thought leadership workshops are designed to bring together Legalists, Technologists, Consultants and Executives in a roundtable environment to accelerate their advancement in this rapidly evolving space. Networking and collaborating with the right peers and professionals elevates the careers of the talent we represent and offers The Cowen Group unparalleled insight into the trends and market forces that are shaping our industry.

