Q1, 2013
Quarterly Critical Trends
Survey Report

TCG *Advisory Services & Market Research*
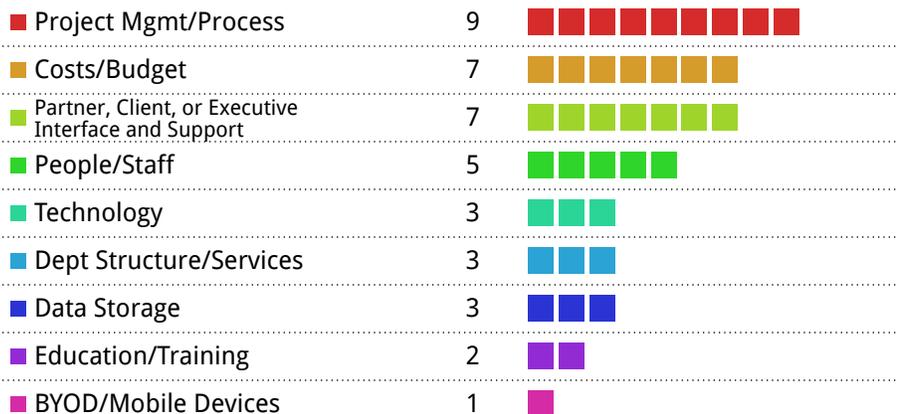
TCG

Biggest Challenge in Litigation Support

The biggest challenge in litigation support during Q1 2013 is project management and process followed closely by cost and budget and the management of partners, clients, and firm executives.

■ Project Mgmt/Process	9	■■■■■■■■■
■ Costs/Budget	7	■■■■■■■
■ Partner, Client, or Executive Interface and Support	7	■■■■■■■
■ People/Staff	5	■■■■■
■ Technology	3	■■■
■ Dept Structure/Services	3	■■■
■ Data Storage	3	■■■
■ Education/Training	2	■■
■ BYOD/Mobile Devices	1	■

"Controlling costs, collecting from new mobile devices and tablets."

"Continuing to service clients while dealing with the in-crease in the size of cases because a small case has now become a medium case and so on in terms of dealing with the data."

"Continued improvement in processes and new technology changes; continuing doing more with less resources."

"Addressing client cost saving concerns when technological answers are still rela- tively expensive in the eyes of those clients."

"Educating clients/partners."

"Investing enough in training and education to stay on top of developments and meet performance targets."

"Getting partners to speak effectively with their clients about 'big data' and eDiscovery."

"My biggest challenge is realigning the support function to focus more on high-value work (e.g. project management, case team support, and not 'processing' ESI in house)."

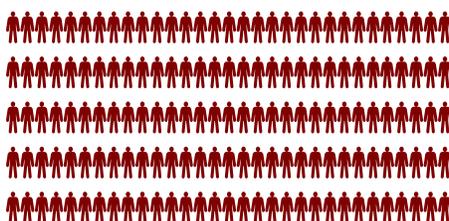"Maintaing the highest quality in the face of increasing demands."
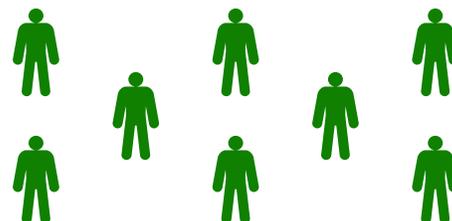
Department Structure

How big is the typical litigation support department?
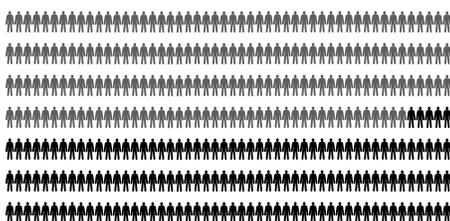
The median firm has about
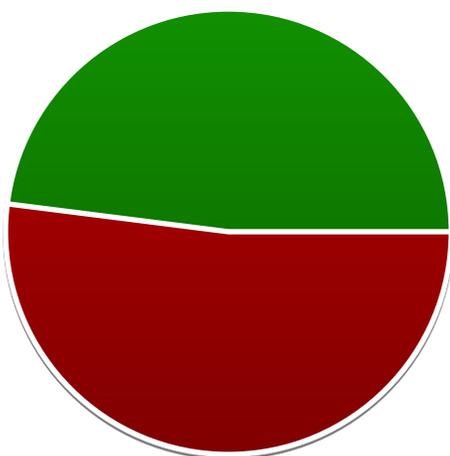**350**
attorneys firm-wide...

...of which about
155
are litigation attorneys...

...who are supported by about
8
litigation support professionals.

How do firms support eDiscovery and information governance?

Almost half of the respondents to our critical trends survey indicated they have a dedicated eDiscovery or information governance practice group or task force. Other firms may handle ESI on a case-by-case basis without the benefit of having a group of specialized attorneys to advise.

- Have an eDiscovery/information governance practice group — 48%
- Do not have an eDiscovery/information governance practice group — 52%

The typical firm dedicates two partners to their eDiscovery practice group, with about three who may have experience in consulting on ESI, but not with it as their sole focus. Larger firms have as many as six. We estimate about 360 attorneys are dedicated full-time to the eDiscovery/information governance practice and about 920 are associated on a part-time basis across the AmLaw 200.

|	TYPICAL FIRM		AMLAW 200 (EXT)	
	DEDICATED	PART-TIME	DEDICATED	PART-TIME
Partner	2	3	124	227
Associate	1	2	107	293
Senior Counsel	1	0	27	36
Counsel	0		18	
Of Counsel		1		27
Staff Attorney	1	1	87	338

Department Structure

## What do firms look for when hiring project managers?

JD REQUIREMENT

Most firms do not require a JD of their litigation support project managers, but we are seeing more of the AmLaw 100 hiring project managers with a JD. This is due to the evolution of the project manager into a more consultative role.
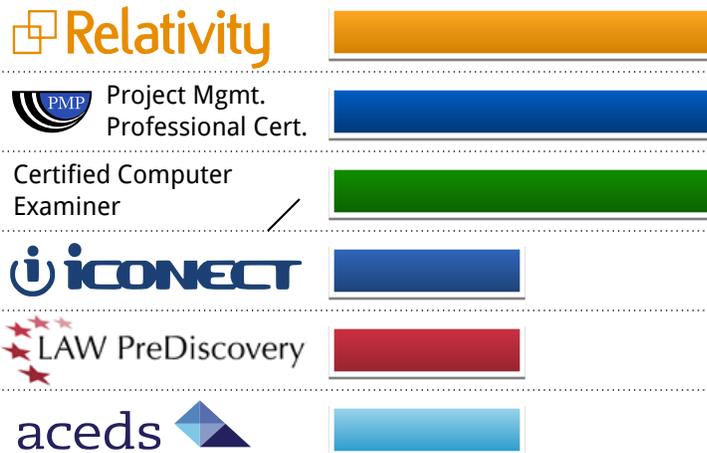
■ Yes   9%

■ No   91%
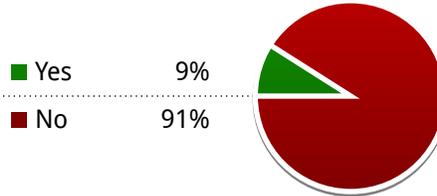
YEARS OF EXPERIENCE

Most respondents require their project managers to have around five years of experience in litigation support or a similar field.

2 YEARS	4 YEARS	5 YEARS	7 YEARS
MIN	LOW Q	HIGH Q MEDIAN MEAN	MAX
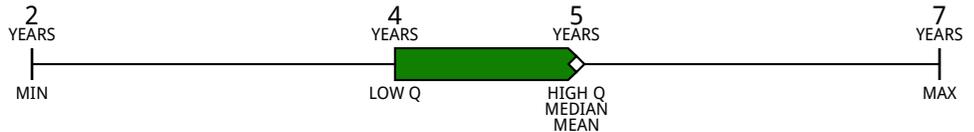
TECHNICAL CERTIFICATIONS

Many of the AmLaw 200 desire Relativity and PMP certifications for their project managers. Additionally, respondents cited that they also preferred to see candidates with CCE, iConect, LAW and ACEDS certifications.

Relativity

PMP Project Mgmt. Professional Cert.

Certified Computer Examiner

iCONECT

LAW PreDiscovery

aceds

How do firms utilize paralegals?

A significant number of firms do not use paralegals for work in electronic discovery and information governance.

14% ■ Utilize paralegals for

9% ■ Are considering it

77% ■ Don't utilize paralegals
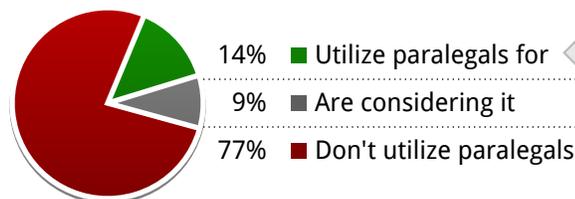
- information governance
- legal project management
- litigation material mgmt.
- first-pass document review
- RIM and knowledge mgmt.

Department Structure

How else are litigation support departments utilized?

COMBINATION WITH OTHER FIRM FUNCTIONS

Several litigation support departments responded that they oversee paralegal management or project management functions in their firms in addition to eDiscovery and other legal technology functions.
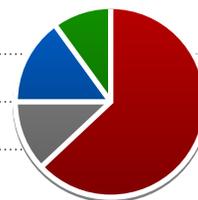
■ Paralegal management	10%
■ Project management	15%
■ Not yet, but exploring	12%
■ No	63%

CLIENT RETAINER FOR INFORMATION MANAGEMENT

With the growing trend to implement information governance policies and procedures in corporations, at least 30% of the AmLaw 200 have been requested to assist clients with information governance prior to the discovery process.

■ Less than 25%	70%
■ Between 25% and 50%	15%
■ Between 50% and 75%	10%
■ More than 75%	2.5%
■ Nearly all	2.5%

CLIENT-DEDICATED EDISCOVERY AGENTS

40% of respondent firms indicated that their clients requested a dedicated on-site asset to support eDiscovery.

■ Yes	40%
■ No	40%
■ Unsure	20%

How much eDiscovery work bypasses litigation support departments?

INTERNAL EDISCOVERY WORK CAPTURE RATE

Most of our respondents capture more than 75% of their firms' litigation support/eDiscovery work internally. The rest are either seeing some of their firms' cases bypass their departments, or rather don't have any way of measuring their capture rate.

|	
■ Less than 25%	5%
■ Between 25% and 50%	7%
■ Between 50% and 75%	22%
■ More than 75%	20%
■ Nearly all	34%
■ Unsure	12%

Trends in People, Process, and Technology

HEADCOUNT EXPECTATIONS THROUGH Q3, 2013

41% of AmLaw firms expect to increase headcount in Q2/Q3 of 2013. The Cowen Group notes that responding firms projected adding 35 technical roles, 30 managerial roles, and 40 attorney roles in the next six months. A conservative projection of demand across the AmLaw 200 sees approximately two to three times these base figures.
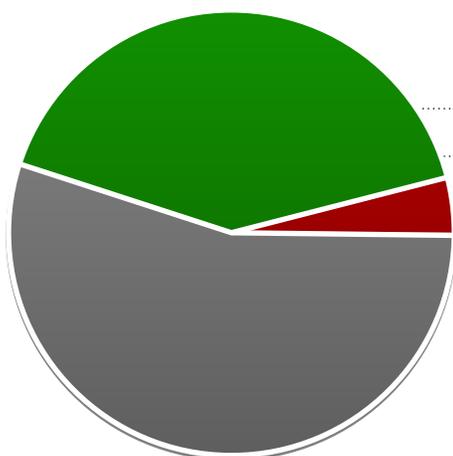
	Q1, '13	Q2, '12 Δ
■ Increase	41%	↘ 3pp
■ Stay the same	55%	↗ 7pp
■ Decrease	4%	↗ 1pp
Unknown	0	↘ 5pp

Attorney	9	Director	2	Senior Specialist	6
Staff Attorney	8	Manager	5	Specialist	6
Paralegal	26	Project Manager	22	Senior Analyst	7
				Analyst	25

TECHNOLOGY BUDGET EXPECTATIONS THROUGH Q3, 2013

More than half of our respondents indicated that they expect their technology budget to grow over the next six months, an increase over Q2, 2012's observation.

	Q1, '13	Q2, '12 Δ
■ Increase	53%	↗ 3pp
■ Stay the same	47%	↘ 1pp
■ Decrease	0	↘ 2pp
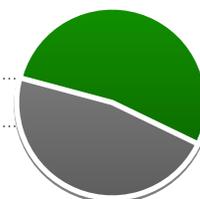
WORKLOAD OVER Q1, 2013

While a majority of the AmLaw firms still saw workload increase over the first quarter of 2013, it was not at last year's 70% rate. There was, however, an increase in the number of firms that reported a stable workload this quarter.

	Q1, '13	Q2, '12 Δ
■ Increased significantly	45%	↘11pp
■ Increased slightly	14%	
■ Stayed the same	37%	↗10pp
■ Decreased slightly	2%	
■ Decreased significantly	2%	↗ 1pp
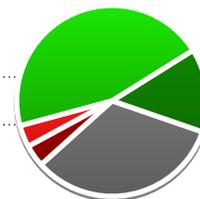
ESI VOLUME OVER Q1, 2013

Nearly one third of AmLaw firms saw ESI volumes increase over 2013; we did see a small increase in the percentage of firms reporting that average volume had declined.

	Q1, '13	Q2, '12 Δ
■ Increased significantly	34%	↘ 1pp
■ Increased slightly	20%	
■ Stayed the same	39%	↘ 5pp
■ Decreased slightly	5%	
■ Decreased significantly	2%	↗ 6pp

Trends in People, Process, and Technology
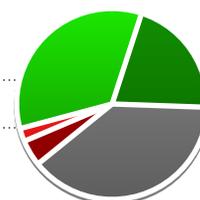
Insourcing and Outsourcing eDiscovery

55% of firms expressed interest in insourcing more eDiscovery work and similarly 43% of firms expressed outsourcing. Responses compared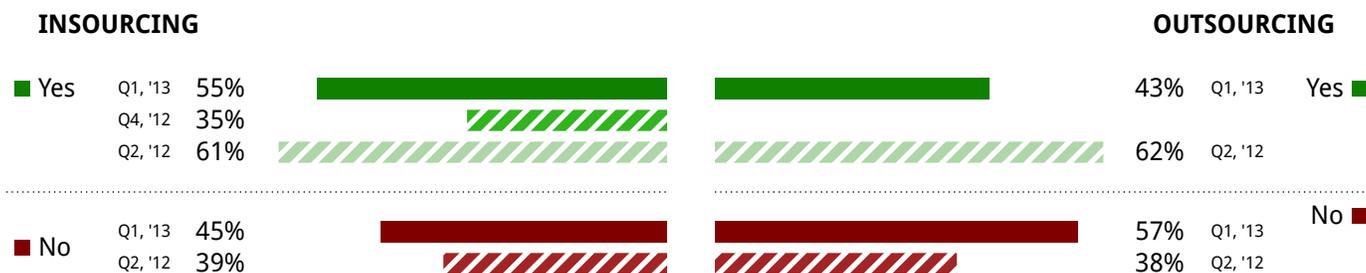 to last year suggest that some firms are beginnging to stabilize the tension between insourcing and outsourcing eDisovery functions.

INSOURCING   **OUTSOURCING**

■ Yes	Q1, '13 **55%**	
	Q4, '12 **35%**	
	Q2, '12 **61%**	

43%   Q1, '13   Yes ■
62%   Q2, '12

■ No	Q1, '13 **45%**	
	Q2, '12 **39%**	

No ■

57%   Q1, '13
38%   Q2, '12

Emerging Issues

Billing Practices

About a third of our respondents anticipate changing how their department bills clients for the storage and management of case-related data.

Change   No Change
37%   63%
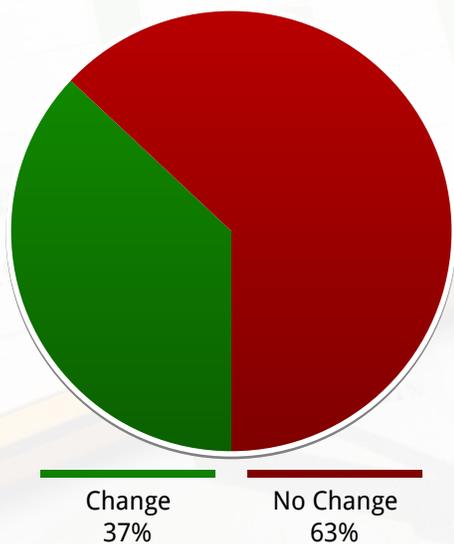
" We currently bill for storage when a matter is closed to motivate the case team to retire the database. "

" Moving to a tasked based model to remove data analyst timekeepers from the Proforma "

" Storage charges per GB will go down; hourly fees may rise by 20% "

" New Tiered pricing to be more competitive "

" We have a pretty stable cost scheme that we don't plan to reduce. Though at the bginning of this year we reduced our processing and storage costs to match the decline in the market. "

" We do not bill for storage; there is no short-term plan for change. "

" We are starting to charge monthly for hosting discovery data, to cover the cost of new software and hardware. "

Emerging Issues

Alternative Consulting

Compliance, data privacy/security, and investigations through ESI topped the list of areas where firms say they have been asked by clients to offer their consultation.

■ Compliance	19	
■ Data Privacy	16	
■ Fraud investigations	15	
■ Data Security	14	
■ Mergers and acquisitions	12	
■ Litigation Holds	1	
■ Anti-Trust	1	
■ White-collar defense	1	

"Big Data"

INVESTMENTS IN DATA ANALYTICS

There is not much consensus on the definition as it is understood by our respondents, their internal and external clients, and their vendors. About half of our respondents define "big data" in concrete terms; we've heard the threshold for "big" set at as little as 50 gigabytes or as much as 100 terabytes. Some have said that any data set that cannot be handled by over-the-counter tools and storage solutions qualifies.

■ Firm made investment	40%	
■ Service provider(s) made investment	28%	
■ Client(s) made investment	15%	
■ Investments have not been made	43%	

" Big Data is the frontier of an organization ability to store, process, and access all of the data it needs to operate, make decisions, reduce risks, and service customers. "

" We purchased EDA tools for internal use; our clients did the same; our clients have invested significantly in the area. "

" We implemented a new eDiscovery software platform capable of data analytics and related features. "

" Big Data is business intelligence analytics and information mining for value-add of enterprise transactional data.". "

About The Cowen Group

The Cowen Group is the premier provider of staffing and recruiting for eDiscovery, Legal Technology, Litigation Support, and Information Governance professionals. Our clients nationwide and throughout Europe include 85 of the AmLaw 200 as well as 125 Fortune 500 companies and some of the most prominent vendors and providers in the legal services industry.

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.

Events
To participate in our events or for more information, contact TCG Events at +1 (212) 661 0025 or events@cowengroup.com. The most current information on all our events can be found online at www.cowengroup.com.

Staffing
Are you interested in finding the best quality candidates in the industry? The Cowen Group has the industry knowledge and a qualified team of professionals who understand the evolving trends in the industry. We can assist you in hiring top eDiscovery, legal technology, compliance, and information governance professionals for your organization. For a consultation to discuss your permanent or temp needs, contact our recruiting associates at +1 (212) 661 0025 or staffing@cowengroup.com.