

# Market Snapshot

*Measuring and Evaluating In-House  
E-Discovery Legal Spend*



**David Cowen**  
President  
The Cowen Group

*We Know the Right People...  
.... Right Now*

New York \* Washington D.C. \* Los Angeles \* San Francisco \* Houston \* Dallas  
Chicago \* London

# E-Discovery Market Snapshot

## *Measuring and Evaluating In-House E-Discovery Legal Spend*

A growing number of In-House E-Discovery Managers and Attorneys are beginning to address and discuss their E-Discovery Legal Spend. As the high cost involved with managing and storing electronic data becomes more apparent, the ability to track, analyze, and report on granular cost components becomes increasingly important.

The Cowen Group's Market Snapshot, *Measuring and Evaluating In-House E-Discovery Legal Spend* describes the current capabilities of In-House E-Discovery Managers to monitor this critical spend component.

Launched during our April 21<sup>st</sup> Thought Leadership Breakfast Roundtable in New York – which featured 22 Corporate E-Discovery Managers – our survey results sampled ~40 In-House E-Discovery Managers and ~100 Law Department decision makers from coast to coast.

The Cowen Group would like to express our appreciation to everyone who participated in our survey, particularly those who were active in helping us develop questions.

Thought Leadership Breakfast Roundtable  
April 21<sup>st</sup>, 2009

### Featured Speakers

Martha Mazzone  
*Vice President and Associate Counsel*  
**Fidelity Investments**

Patrick Oot  
*Sr. Counsel & Director of E-Discovery*  
**Verizon, Inc.**

Warren Solow  
*Vice President of Information Management*  
**Viacom**

Deena Coffman  
*Former Director of E-Discovery*  
**Johnson & Johnson**

Moderated By  
David Cowen  
*Managing Partner*  
**The Cowen Group**

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# E-Discovery Market Snapshot

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Our initial findings indicate several consistent themes:

- ▶ Nearly all (94%) of In-House E-Discovery Managers are formally charged with reducing E-Discovery costs.
- ▶ Nearly all (92%) of In-House E-Discovery Managers do not know – on a granular level – how their E-Discovery legal spend is allocated.
- ▶ A significant number (75%) of In-House E-Discovery Managers report directly to the Office of General Counsel.
- ▶ A majority (66%) of In-House E-Discovery Managers do not have the tools, dashboards or formal methodologies for tracking cost categories such as collection, processing, hosting or review.

The role of the In-House E-Discovery Manager grew out of individuals in several corporations who – independent of their corporate directive and each other – took it upon themselves to identify the expenditures in specific cost-categories.

Typically armed with only an Excel spreadsheet and a backlog of invoices, these people had no alternatives to simply logging the hours. However, as a result of their efforts, many identified possible cost savings opportunities ranging into the millions of dollars.

These types of numbers earned In-House E-Discovery Managers a voice in the litigation response process.

**Cost Savings = Corporate Buy-in = Education & Effective Execution**

# E-Discovery Market Snapshot

## Measuring and Evaluating In-House E-Discovery Legal Spend



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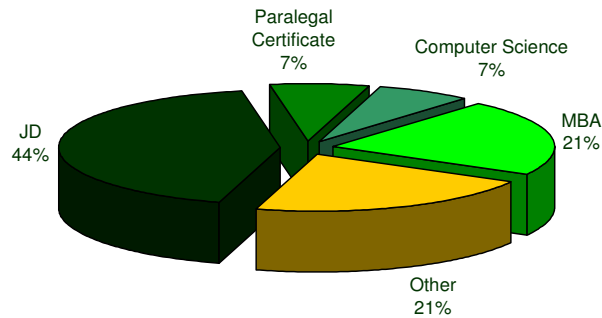
There are three particularly interesting consistencies:

► A majority of In-House E-Discovery Managers (65%) have advanced degrees, while few AmLaw E-Discovery Managers (~23%) have advanced degrees.

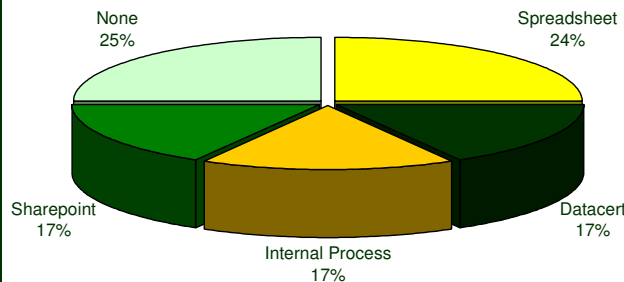
► Few In-House E-Discovery Managers (17%) have held their position for more than 5 years. These are the same respondents who are least likely to have advanced degrees.

► Almost half of In-House E-Discovery Managers (49%) either rely on Excel spreadsheets or have *no tools* for the tracking and analyzing of E-Discovery Legal Spend.

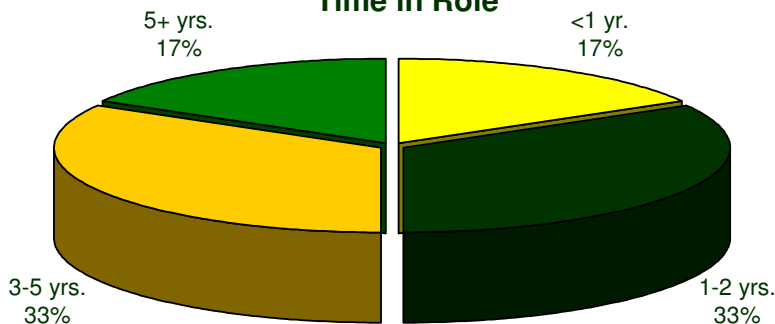
**In-House E-Discovery Managers Education**



**Software Used to Track and Analyze In-House E-Discovery Legal Spend**



**Corporate E-Discovery Managers' Time in Role**



# E-Discovery Market Snapshot

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Nearly every In-House E-Discovery Manager tracks the following types of cost:

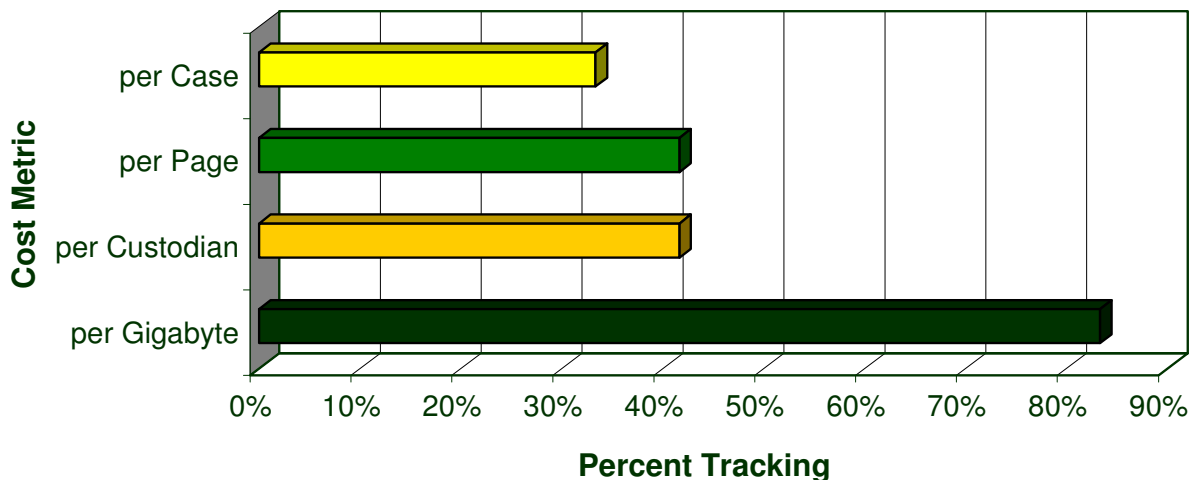
- ▶ Cost per Gigabyte

But significantly fewer track other metrics, such as:

- ▶ Cost per Page Reviewed
- ▶ Total Cost per Case
- ▶ Cost per Custodian

Upon examining individual responses, The Cowen Group determined that the same E-discovery Managers who track a variety of metrics are also the ones who have concepts of the granular cost of E-Discovery for their organizations.

### E-Discovery Legal Spend Cost Metrics





# E-Discovery Market Snapshot

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When we asked the questions:

*Where is Your E-Discovery Work Being Done?*

And

*Where Will Your E-Discovery Work Be Done in 1 Year?*

The Cowen Group identified some very interesting trends developing.

### Where Is Your E-Discovery Work Currently Performed?

	Collection	Processing	Hosting/ Production	Review
<b>Internal</b>	100%	58%	33%	58%
<b>Vendor/Consultant</b>	50%	92%	92%	67%
<b>Outside Counsel</b>	40%	30%	50%	100%

### Where Will Your E-Discovery Work Be Performed in 1 Year?

	Collection	Processing	Hosting/ Production	Review
<b>Internal</b>	100% (-0%)	82% (+24%)	64% (+31%)	64% (+6%)
<b>Vendor/Consultant</b>	45.5% (-5%)	82% (-10%)	82% (-10%)	73% (+6%)
<b>Outside Counsel</b>	45% (-5%)	22% (-8%)	33% (-17%)	100% (-0%)

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