

Clearwell keeps scaling its product and payroll for doubled enterprise customer growth

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Clearwell Systems leapfrogged its competitors in recent years by creating a whole new market opportunity with its e-discovery appliance. The new product category, early case assessment (ECA), is used by general counsel to cut attorney review costs by culling evidentiary data before handing it off to law firms. ECA's success vaulted the newcomer into enterprise sales, while its e-discovery rivals struggled to gain corporate traction from an early base in law firms.

With version 5.5, Clearwell continues its progress from a plug-and-play appliance to a full-featured e-discovery platform, balancing scalability and expanding features with its trademark fast deployment and ease of use. New workflow also creates a repeatable e-discovery business process, as the vendor evolves from a tactical point tool to a one-stop shop for its large and growing customer base.

The 451 take

Clearwell's initial success as an ECA appliance launched a dozen copycat tools from rival attorney review vendors, but with its 2009 5.0 release, the vendor fended them off with more all-in functionality. Since then, Clearwell has built on its early lead in the enterprise with surging sales, establishing enviable brand-name recognition and proving that it is no one-trick pony. Now, Clearwell increases scalability to dig in for the long haul, taking aim at incumbent platform players like Autonomy Corp and Guidance Software. A few questions remain: can the company maintain its core value propositions of ROI, speed of deployment and usability as it tries to support an enterprise-scalable business process for a broad audience? And can its scalability keep up with growing data volumes as rivals promise earlier culling, targeted collection or no processing at all?

Unveiled in the third quarter of 2009, Clearwell's v5.0 release extended its ECA appliance to a broader e-discovery platform with more extensive preprocessing and full attorney review features. Since then, the company's customers have more than doubled from around 200 to now more than 500, while Clearwell itself has expanded from 88 employees to 132 in the same time period, with plans to grow payroll to 200 total staff by 2011. The recent v5.5 release includes a number of performance enhancements for better processing performance and scalability, as well as new processing and production features, plus best-practice templates for codifying e-discovery operations as a business process.

As part of the scalability improvements, the product architecture has been parallelized to support up to four processing queues for a 3-4 times speed improvement. A single box can now support more concurrent cases for processing, exporting and searching simultaneously on multiple matters. A single appliance processes up to 100 million documents, or a case can be distributed between multiple boxes using a global de-duplication function against the central case reference. On eight-core **Dell** hardware with 32GB memory, one box can process up to 1TB per day at about 40 GB/hr, with 25 reviewers per case, or 50 total per appliance.

New **VMware** support enables deployment as a VM, either from a Clearwell-supplied image on a USB drive or an installer-based version for customers to create their own image. Each image is charged at a fixed fee similar to a per-appliance license.

Feature updates include direct conversion of local Exchange mailbox OST files, plus support for MBOX and EMLX mail formats. Encrypted or signed emails in PST or MSG formats can now also be processed with a PKI digital certificate. Optical character recognition has been integrated to automatically extract text from image files for indexing and works in all 50 languages that Clearwell supports, with dictionaries available to increase accuracy in specified tongues. Users can switch between viewing the extracted text and the original image. New hidden content identification finds elusive white-on-white text, hidden Excel rows, text covered with an image and other content that could be lost in native review.

In search and review enhancements, concept classification has been extended to attachments and loose files, with an updated GUI for better navigation. The **Lucene**-based technology groups documents based on each one's top 20 extracted noun phrases – this will also be updated in a few months. Review navigation has also been improved with GUI enhancements like a tag-tree display, resizable windows and panes, and automatic 'foldering.' New mixed-mode production lets users choose between image and native production – for example, while some documents in a set may be 'TIFFed,' Excel spreadsheets might be chosen for native production since they are not as easily rendered as an image.

Lastly, new base templates let customers establish a codified e-discovery business process around the product by guiding them through best practices in cross-functional team workflow for litigation response. More matter-specific templates specialized for types of litigation will be available in the next release. Also on the roadmap for v6.0 is SharePoint support.

Competition

Clearwell's success in recent years spawned no shortage of competition from traditional review vendors and service providers that wanted a piece of the ECA pie, including **Anacomp, CaseCentral, eMag Solutions, FTI Consulting, Iron Mountain-Stratify** and **Kroll Ontrack**. While many of these vendors' ECA tools are designed specifically to augment their existing products and services rather than work as a stand-alone appliance, Clearwell will see more of them now that it has its own full review tool with v5.0. Appliances from **EMC-Kazeon** and **StoredIQ** will also compete, as could upstart **Digital Reef**.

Others like **IPRO Tech** and newcomer **Nuix** have all of the processing, review and production capabilities, but are more frequently used for high-volume processing for law firms, litigation support firms and service providers. Similarly, individual point tools for review such as **CT Summation's** iBlaze or **LexisNexis'** Concordance still have a much larger law firm than enterprise base and would be unlikely to go up against a review tool embedded in a platform.

Clearwell's larger ambition, however, is to take on the broader e-discovery platforms. Market heavyweight **Autonomy Corp** remains a difficult incumbent to unseat, while Fortune 500-favorite **Guidance Software** recently upped the stakes with more search and legal-friendly workflow for its targeted forensic-collection platform. Clearwell and Guidance had formerly forged a strong partnership, but will increasingly be in uncomfortable 'co-opetition' as the two branch out into each other's product functionalities. While Clearwell still lacks collection or forensic capabilities, it has the full review and analytics capabilities that Guidance lacks, with greater ease of deployment. Review and analytics specialist **Recommind** also contends in broad e-discovery support with its complete line, albeit more strongly in law firm sales.

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