

# MarketScope for E-Discovery Software Product Vendors

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Courts are requiring enterprises to improve their handling of information during litigation. The consequent spending on electronic discovery software, technology and services is growing swiftly. This is our second MarketScope for e-discovery products.

## WHAT YOU NEED TO KNOW

This document was revised on 18 December 2008. For more information, see the [Corrections page on gartner.com](#).

Spending on electronic discovery (e-discovery) software technologies and services offerings is forecast to grow by between 25% and 35% annually through 2012. This is in fact a decline in the growth Gartner has seen in the last few years, which was running at about 50%. This is an emerging market with entrants from multiple perspectives, including storage and archiving, search and information access, content and records management and workflow, as well as tools designed as end-user applications for legal professionals. The decline in growth is a result of market saturation and continued overlapping functionality from e-mail archiving, and content and records management, search, and other technologies. However, forecast net year-over-year revenue will continue to increase throughout the forecast period.

Enterprises purchasing e-discovery software can reduce the costs of litigation by improving their control over unstructured content, and semi-structured content, most notably e-mail. Also, they can cut costs and risks by taking control of litigation hold, litigation-hold tracking, file collection, file processing and legal review instead of outsourcing these functions.

As we predicted, more and more enterprises are looking to insource at least part of the e-discovery function, especially records management, identification, preservation and collection of electronic files. Our reference checks for this MarketScope indicate that properly implemented archiving and discovery software can yield significant cost savings, both for the IT department and on the time and money spent by lawyers inside and outside the company. Often, clients report that the payback period for an e-discovery investment is very short, on the order of three to six months after implementation takes place, depending of course on the initial prices and the software in question.

Many examples of insourcing have emerged in the legal press in the last year. For example, in *Corporate Counsel*, 14 April 2008, Eastman Chemical, Raytheon and Pitney-Bowes all went on record to extol both the desirability and cost savings of insourcing portions of the discovery process. In *Law Technology News*, 8 October 2008, Patrick Oot of Verizon said *"In July 2008, our EDD team completed a business case that presented an opportunity for Verizon to save about \$4 million in legal expenses in one year by establishing an in-house system, with support staff, infrastructure and software for internal data processing, hosting and review. We believe that over the next three years, this business case will yield up to potential 395% return on investment."*

Gartner clients tell similar stories. One said that an e-mail archiving vendor that had e-discovery capabilities saved her organization \$800,000 on one case alone, according to the organization's house counsel. Another reported that an in-house processing and early case assessment tool was recouping millions of dollars from fraudulent insurance claims that they would have otherwise either not found or would have had to spend countless hours of attorney review time to find, thus reducing the overall cost recovery.

Through at least YE10, enterprises should acquire tools in this market tactically. Achieving full proactive control over unstructured data – which is the ultimate answer to e-discovery challenges – will take between five and 10 years for most enterprises. This long time period is due to several factors. First, electronic data has been accumulating, unmanaged, in many organizations for between five and 20 years. That mass of unclassified, undifferentiated electronic information ranges in the hundreds of petabytes for many companies. Second, companies cannot seem to make policy decisions on what to keep and what to delete, leading to a “keep everything” mentality. Simply put, no one wants to make the decision, for fear of “getting rid of something that will one day be the subject of a regulatory or legal request.” This fear is largely unfounded, but it is very common. Third, many companies do not have anyone in place to either make the decision or do the job of sorting and deleting the data. And finally, the technology that is required to fix this problem is immature at this phase of the market.

Data center managers, information security officers, information architects, in-house legal personnel and records managers should read this document when planning or building e-discovery capabilities in their enterprise.

### STRATEGIC PLANNING ASSUMPTION(S)

By the end of 2009, there will be 25% fewer vendors in the e-discovery market as a result of mergers, acquisitions and vendors exiting the market.

Through at least YE10, enterprises should acquire tools in this market tactically.

Achieving full proactive control over unstructured data will take between five and 10 years for most enterprises.

End-to-end e-discovery, covering all aspects of the EDRM, will not emerge until 2011.

### MARKETSCOPE

Although awareness of e-discovery began with the Enron scandal, the major surge in activity in the e-discovery market began with changes to the Federal Rules of Civil Procedure in December 2006 (see Note 1). Similar changes to the rules of evidence had previously been made in the U.K. under the so-called Woolf Reforms which came into effect in April 1999. There are now meetings about policy change under way in the European Union, where there is a working committee (Article 29 Data Protection Working Party) that is also addressing e-discovery issues in the context of data privacy. This is raising awareness of this issue in the EU. In general, large global European headquartered companies have been aware of and taking action on the U.S. rules since their inception. The past year has seen an increase in interest from European companies in regulatory and legal discovery.

The numbers of new entrants into the market grew in 2007, with more established companies joining the fray in 2007 and 2008, following the market demand with their own established products. Although there have been a few acquisitions along the way, overall, there are more e-discovery vendors in 2008 than there were in 2007. We expect this trend to continue in 2009, as this is a rapidly growing space. Since litigation is counter-cyclical, current economic conditions may in fact accelerate market growth. Simply put, there is money to be saved and money to be made and both enterprises and vendors will continue to enter the market despite the recession.

Enterprise demand has begun to coalesce around a set of features and functions. Last year, we used the Electronic Discovery Reference Model to describe both the process of e-discovery and how the vendors fit their products into the model, and we will do the same this year. Despite some credible argument that the model is “not detailed enough,” it still makes a good starting point for vendor categorization. The Electronic Discovery Reference Model (EDRM) is shown here (in Figure 1), so that clients can reference it for the purposes of vendor analysis.

As market interest has increased and the number of vendors has continued to increase, this year's MarketScope will be different to last year's in two significant ways. First, service providers will not be included in this year's MarketScope evaluation. Second, the research note will not include vendors with under \$10 million in total revenue. The emerging nature of the market justified inclusion of smaller vendors last year, but this year's revenue cut off reflects the growing maturity of the players, as well as their consolidation. With the amount of interest and activity in this market, smaller

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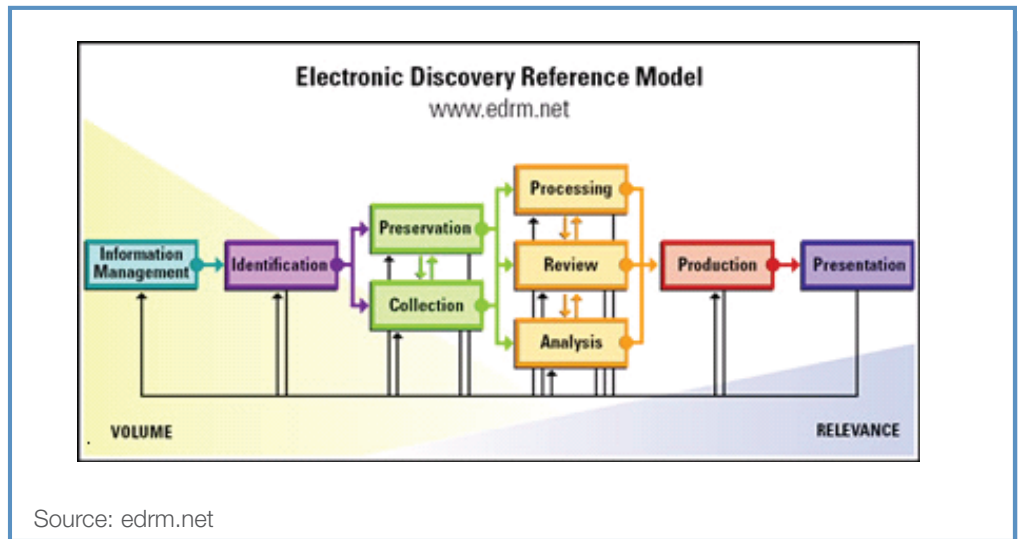
players with interesting technology are likely acquisition targets. Without major differentiating technology, the barrier to successful entry into the e-discovery market became higher this year, and vendors without the budget to create awareness or to develop the necessary channels to market will not be able to rise above the noise around e-discovery. This cutoff will include large established players who do not have revenue of at least \$10 million that can be attributed to their e-discovery product lines. Since this is an emerging market, the functionality that the vendors offer is often confused and overlaps with other product categories. It is still difficult to compare like for like, but by evaluating the service providers separately, at least, we hope to be able to provide a clearer analysis.

Fulbright and Jaworski's 2007 Litigation Trends Survey tells us that 98% of companies with over \$1 billion in revenue are involved in between one and 20 lawsuits with claims over \$20 million with the average suit costing over \$1.5 million to defend. If we estimate that 10% of these costs are for collection and processing of data by third parties, enterprises involved in five to 10 legal matters per year can justify the cost of acquiring software and staff by performing e-mail archiving, records management (RM), identification, preservation and collection themselves. Assuming that e-discovery software can reduce the volume of documents eventually passed to outside counsel for review, companies can reduce their costs by even more. In "E-Discovery: Project Planning and Budgeting 2008-2011," we cite a study that demonstrates electronic document processing can cut manual attorney review costs by 89%. Even much more conservative estimates of how much electronic processing cuts the cost of manual review (legal fees, for example) quickly yield cost justification for software solutions. Legal departments that desire to perform reviews for processing and evidence analysis should explore such capabilities through testing with hosted services before considering the acquisition of software. Enterprises may be able to tap their current storage and enterprise content management (ECM) vendors for information retention management in the near term and should determine such vendors' imminent strategies for supporting these capabilities.

### Market/Market Segment Description

The e-discovery market includes products and services that allow electronically stored information (ESI) of all types to be identified, preserved, collected, processed, reviewed, produced and managed over a period of time. There is some overlap with other markets, including ECM, RM, content monitoring and filtering, e-mail archiving and information access. E-discovery is independent from all of them, despite the overlap. This is due to the combination of functionality that is required, and the unique requirements that result from the e-discovery process being

**Figure 1. The Electronic Discovery Reference Mode**



### Note 1 Federal Rules of Civil Procedure

At the end of 2006, The Federal Rules of Civil Procedure (FRCP), which govern civil litigation in the U.S. federal courts, were amended to better address issues surrounding legal discovery in the digital age. The FRCP govern the conduct of civil actions in the federal courts, and until these 2006 amendments, the guidelines mostly ignored questions regarding digital evidence. The changes, which took effect on 1 December 2006, addressed six areas:

- Meetings between adversaries as well as the judge.
- What is reasonably accessible for discovery.
- Procedures for handling inadvertent loss of privilege.
- Electronically stored information.
- Production formats.
- Accidental loss of electronically stored information.

The full text of the document can be found at [www.judiciary.house.gov](http://www.judiciary.house.gov). For information on how to place this in an IT context, see "Organizations and In-House Counsel Must Prepare to Comply With New E-Discovery Rules."

ultimately scrutinized by the courts and specified by the Federal Rules of Civil Procedure, along with legal practices regarding the collection of documentation that will be used as evidence. To be included in this market, a vendor must address at least three of these functional areas, either alone or in partnership:

- Identification of machines connected to a network, plus the ability to identify, mark and/or copy individual files contained in e-mail systems, file servers and more formal document management systems. Software must have a means for identifying the requested information using a variety of parameters including file type, creator or custodian, date of last access, date of creation, system of origin and keywords.

Identification can also include a workflow-based means for attorneys to identify and track custodian-led collection.

- Preservation of files and metadata, and the tracking of these preservation requests known as litigation hold. Preservation consists of knowing a file exists and either “holding it in place” or copying it to a secure repository for hold purposes. If preservation is custodian-led, the software must have a way of tracking the custodian’s responses to preservation requests.
- Collection can be custodian-led or automated. In custodian-led collection, lawyers identify the people who created files or control them, send them a notice to preserve and then ask them to copy or tell them their files will be copied. Collection can also be automated and may involve “copy and move.” Information deemed responsive must be copied for processing. Reports for IT and legal in terms of what has been preserved and what custodians have been notified of is desirable. Products must preserve the integrity of metadata in the collection process and provide logs of collection activities.
- Archiving repository, content repository or records management repository, which allow at least the preservation of files in an unalterable format, the tagging of files for short- or long-term retention, that is under the control of a repository database that allows the administration of the files within.
- Initial processing of data, including culling by file type, deduplication or near deduplication, reports that show the amount of data that has been collected, and the ability to categorize the data. Keyword search and the ability to view and review files in native formats are also necessary.
- Functionality to assist legal personnel in document review – for inclusion or exclusion in production – for opposing counsel, regulators or courts. Attorney review tools include Bates Numbering (see Note 2), sophisticated search capabilities, process support, visualization and pattern recognition techniques, categorization and classification functionality, redaction, native file format viewers, integration with common desktop tools such as Outlook, and the ability to export files in various formats – especially for litigation support databases and other review products.
- Search and information access functionality, including at least the ability to connect to multiple repositories (e-mail, e-mail archiving, fileshares, basic content services and document management systems, plus desktops) and a way to find individual items within those repositories, including at least keyword or Boolean search.
- Ability to produce documents at some point in the process, either as “load files” for review platforms, or as a set of documents to be produced for an outside party to review. This functionality implies that various viewing and export facilities will be provided; for example, the ability to view documents in their native format, or a transformation to another more portable format, or as XML files.

The categories of vendors that have emerged are:

- Information management players, which include ECM, RM and archiving vendors, who base their capability on existing e-mail and file archiving, records or content management, with associated preservation, processing, review and analysis capabilities.

## Note 2 Bates Numbering

Black’s Law Dictionary defines the Bates stamp number as the identifying number that is affixed to a document or to the individual pages of a document. The term gets its name from a self-advancing stamp machine made by the Bates Manufacturing Company in the late 19th century. The number is typically used to identify documents produced during discovery. This is often shortened to Bates number or Bates stamp.

Source: Black’s Law Dictionary 161 (8th Edition 2004)

- Identification, collection, preservation and processing vendors who either have a workflow-based system for attorneys to track custodian led collection or a search and information access system for IT and legal to use.
- Vendors focused on processing, review and analysis of documents, either so-called “early case assessment” or a later state of review, which includes features like document categorization, redaction and mechanisms to mark documents as privileged or in other ways categorize and process them.
- Service providers, who cover all aspects of the electronic discovery reference model or specialize in some aspect of the process.

Because of their different business models, their use of proprietary technology and not products, and their necessarily more diverse lines of business, the service providers are not covered in this note, unless they also sell enterprise software or provide on-demand services that fit Gartner’s definition of software as a service. This has resulted in the following vendors being left out of this year’s note: CaseCentral, Catalyst, EED/Daticon, Fios, Inference, Iron Mountain (Stratify), Kroll, LexisNexis Applied Discovery, Oce, ONSITE3, Renew Data, Pitney Bowes and Xerox. These vendors are still providers of e-discovery software as a service and/or e-discovery services, but did not meet the new criteria Gartner set as enterprise software vendors (that is, having an on-premises delivery model). They are still very much in the e-discovery market, and those clients not looking for on-premises software or software as a service (SaaS) and services for e-discovery should look at these providers.

For years, the e-discovery market has focused on these outsourcers that provide a full spectrum of services and software to assist in various phases of the e-discovery process. These hosted providers will continue to be important, especially for law firms. Companies will need them to host data, provide review platforms, perform litigation consulting services, and so on. They can provide economies of scale, huge processing power and massive storage capability that exceed the ability – or willingness – of enterprises to host data for very large cases internally.

A number of these firms also provide data restoration and recovery, and forensic products and services. Although some vendors will be evaluated by Gartner in both their service lines and their product lines, those that do not have products will not be represented here. There is a taxonomy of vendors in Note 3.

### Note 3

#### E-Discovery Functionality Taxonomy

Function or Capability	Description	Representative Vendors
Identification and Collection	These vendors enable identification and collection of relevant electronic data.	Guidance, Kazeon Systems, Nuix, StoredIQ, AccessData, Recommind, CommVault.
Review and Analytics	These service and software providers perform relevancy review, preparedness review and responsiveness review for litigation, retention and regulatory compliance, focusing on attorney review.	Attenex (FTI), Autonomy, CaseCentral, Clearwell, EED, Fios, Guidance Software, H5 Technologies, Kazeon Systems, LexisNexis Applied Discovery, Seagate/MetaLINCS, Nuix, Recommind, RenewData, StoredIQ, Stratify (Iron Mountain), WorkShare, ZyLAB, Interwoven, Kroll, Anacomp/CaseLogistix, Catalyst, Inference, Huron.
E-Mail and Content Archiving and Management	These vendors offer deduplication capabilities, data collection, and content and e-mail archiving and restoration.	AXS-One, EMC, Symantec, Mimosa Systems, Zantaz (Autonomy), CommVault, CA, HP, Open Text, ZL Technologies.
Enterprise Content and Records Management	These vendors focus on supporting the content life cycle from creation, to distribution, to long-term storage.	EMC, FileNet (IBM), (CA), Interwoven, Open Text, Meridio (Autonomy).
Full Service	These vendors and service providers offer a range of offerings and products, including consulting, data collection, forensics, hosting, review and production.	EED, Fios, FTI, Iron Mountain, KPMG, Kroll (Marsh & McLennan), Lexis Nexis, Merrill, Oce Legal Services, Pitney Bowes On-Site e-Discovery, RenewData, Stratify (Iron Mountain), Xerox, Zantaz (Autonomy), Epiq, ONSITE3, Deloitte, E&Y, Seagate (i356), PwC.
Litigation Hold	These vendors enable organizations to preserve relevant hard copy and electronic communications, content and data either in place or in a repository for pending and active litigation. Generally, any vendor in the e-mail and content archiving and content and records management category can provide this, at least in their own repository.	Autonomy, Exterro, Guidance Software, Kazeon, Recommind, StoredIQ, Symantec, PSS, AccessData, CommVault (see also Archiving and Content and Records Management).
Litigation Support Database	These vendors provide e-evidence management functionality as repositories for classifying and producing documents and records as evidence; processing of and storage of data is sometimes provided as an outsourced service.	Dataflight Software (LexisNexis), Ringtail Solutions (FTI), Summation Legal Technologies (Wolters Kluwer), Thomson, Concordance.
Source: Gartner		

There have been a few significant acquisitions in this year's market. Anacomp acquired CaseLogistix, FTI Consulting acquired the processing review and analysis platform, Attenex, and Interwoven acquired Discovery Mining. Clients can expect many more changes in the market, including mergers, acquisitions, exits, entries and repositioning. For a complete list of the market changes we have tracked in the last several years, see "Dataquest Insight: E-Discovery Market Drives New Information Governance Investments." These are also contained in Note 3.

New entrants into the market included Nuix and Interwoven, with its purchase of Discovery Mining. Orchestra has exited the e-discovery market as such, positioning itself instead as data loss prevention and content monitoring and filtering vendor.

As the market moves from emerging to early stage consolidation, and the early adopters continue to report their results, by the end of 2012, there will be 25% fewer vendors in the e-discovery market as a result of mergers and acquisitions and vendors exiting the

market. It will take until 2011 for robust, end-to-end functionality to emerge in this market, with almost every vendor who touches content claiming some kind of e-discovery functionality.

Vendors formally rated in this report have met the inclusion criteria. However, these are not the only vendors we are tracking. Because e-discovery is an emerging and growing market, the field is open as far as new entrants are concerned. Growth rates would seem to support the rapid growth of smaller vendors and the impact of larger vendors who are building e-discovery practices that use tools from third-party providers. Other vendors we are tracking in this market include, but are not limited to:

- **EMC:** EMC has a leading document and records management product, Documentum, and the second most commonly deployed e-mail archiving product (16% market share as of May 2008). EMC's renewed sales and marketing focus on e-discovery, its unique legal and technology team, plus its partnership with StoredIQ make it a vendor to consider.
- **HP:** HP's e-mail archiving product and its TRIM acquisition give it the basis for an information management platform, the ultimate answer to e-discovery challenges. It has a strong partnership with Clearwell.
- **StoredIQ:** This is a capable identification, preservation and collection vendor, with processing, review and analysis features. StoredIQ is a competitor to Autonomy, AccessData, Guidance and Kazeon, among others.
- **ZL Technologies:** ZL has an integrated content archiving solution with good discovery capabilities, serving the large enterprise market. It must increase its visibility to become more competitive.

Gartner is watching these vendors and will include them when they meet the inclusion criteria.

### Inclusion and Exclusion Criteria

To be included in this MarketScope, a vendor must meet the following criteria:

- Have software product that can be licensed for implementation and use inside a company's firewall.
- Cover at least three of the functional areas of the EDRM.
- Have e-discovery-related product and maintenance revenue equal to or greater than \$10 million.

## Rating for Overall Market/Market Segment

### Overall Market Rating: Positive

The necessity to react effectively to requests for information and subpoenas is forcing this market to grow swiftly. Users must navigate a confusing collection of vendors with conflicting ambitions, but the criticality of represented functionality will attract significant spending. In addition, many large vendors are interested in entering the market through development of capabilities or acquisition. As cited above, clients have reported that they have saved money on storage, legal discovery services and outside law-firm spending by purchasing e-discovery software this year. The positive rating is also based on the many vendors that have entered the market over the past three years, either with new functionality or by re-labeling or finding new uses for existing products. Our own numbers, based on vendor surveys, indicate that vendor revenue is growing by 35% a year. The reasoning behind the rating being positive and not the highest rating, strong positive, is the sensitivity of the market to external conditions, namely judicial scrutiny. We have also seen companies and law firms changing their tactics and the overall volume of litigation decreasing due to the excessively high cost of e-discovery. More cases are settled out of court and more are going to arbitration. The complexity of the issues involved and the inability of the current players in the market to provide a complete response prevents us from rating the market as a strong positive.

## Evaluation Criteria

### Vendor Product/Service Analysis

#### AccessData

Founded in 1987, AccessData is a privately held company that has been addressing the e-discovery market since 2003, with a workforce of 190. The software focuses on the identification, preservation and collection phases of the EDRM. The AccessData product is well known to law enforcement officials and courts as a forensic data collection tool. AccessData can collect from a range of data sources, including desktops. Its search methodology supports multiple relevancy models and multiple file culling methods and concepts. AccessData differentiates on the basis of its forensically sound collection methods, market longevity and presence in many organizations, particularly law enforcement and recent software re-implementation that is both efficient and reviewer friendly. AccessData plays strongly against its main

forensic competitor, Guidance Software. The “forensically sound” collection differentiator and market longevity will not be enough to sustain long-term competitive advantage in an ever-more crowded and capable field of vendors. AccessData’s other competitors are Autonomy, Kazeon and StoredIQ. The vendor is new to the MarketScope this year.

**Rating:** Positive.

#### Anacomp

In business since 1968, Anacomp is a public company that has been addressing e-discovery since 2007, following its acquisition of the CaseLogistix product. It currently employs 1,100 staff. Its EDRM focus is on processing, review and analysis, but its e-discovery is an element of a broader product line focused on document archiving and retrieval. CaseLogistix can ingest and export a wide range of file types and indexes. It supports native file review for hundreds of file types, including audio and video,

**Table 1. Evaluation Criteria**

Evaluation Criteria	Comment	Weighting
Business Model	The soundness and logic of the vendor’s underlying business proposition.	standard
Customer Experience	Relationships, products and services/programs that enable clients to be successful with the products evaluated. Specifically, this includes the ways customers receive technical support or account support. This can also include ancillary tools, customer support programs (and the quality thereof), availability of user groups, service-level agreements and so on.	high
Market Understanding	Ability of the vendor to understand buyers’ wants and needs and to translate those into products and services. Vendors that show the highest degree of vision listen to and understand buyers’ wants and needs, and can shape or enhance those with their added vision.	high
Sales Execution/Pricing	The vendor’s capabilities in all presales activities and the structure that supports them. This includes deal management, pricing and negotiation, presales support and the overall effectiveness of the sales channel.	standard
Offering (Product) Strategy	The vendor’s approach to product development and delivery that emphasizes differentiation, functionality, methodology and feature sets as they map to current and future requirements.	standard
Product/Service	Core goods and services offered by the vendor that compete in/serve the defined market. This includes current product/service capabilities, quality, feature sets and skills, whether offered natively or through OEM agreements/partnerships as defined in the market definition and detailed in the subcriteria.	standard
Sales Strategy	The strategy for selling products that uses the appropriate network of direct and indirect sales, marketing, service and communication affiliates that extend the scope and depth of market reach, skills, expertise, technologies, services and the customer base.	standard
Source: Gartner		

Figure 2. MarketScope for E-Discovery Software Product Vendors

	RATING				
	Strong Negative	Caution	Promising	Positive	Strong Positive
AccessData				x	
Anacomp			x		
Autonomy				x	
AXS-One			x		
CA				x	
Clearwell					x
CommVault			x		
FTI Technology					x
Guidance Software				x	
i365, A Seagate Company			x		
IBM				x	
Interoven			x		
Kazeon				x	
Mimosa Systems				x	
Nuix			x		
Open Text		x			
PSS Systems				x	
Recommind				x	
Symantec					x
ZyLAB					x

As of December 2008

Source: Gartner (December 2008)

without third-party applications. Collection and search are facilitated through embedded dtSearch, augmented by some integration with Recommind. CaseLogistix is offered in both on-demand and on-premises models. Anacomp's expertise in hosting and managing large amounts of unstructured data, data center presence in the U.S. and Europe, and presence in law firms are advantageous. It must work to penetrate more corporate legal departments as well as to leverage its integrated document archiving and retrieval customer base and data to differentiate itself in the ever-more crowded on-demand model for review and analysis. It competes primarily with other on-premises and hosted processing, review and analysis platforms. The vendor is new to the MarketScope this year.

**Rating:** Promising.

### Autonomy

Autonomy is a public company whose products have been addressing e-discovery since 1992, with 1,400 employees. The suite covers all aspects of the EDRM: information management (Zantaz archiving and Meridio records management), identification, preservation and collection (Aungate Legal Hold), processing, review, analysis and production (Introspect). Autonomy has grown organically and through acquisition. It has an unmatched range of

connectors and a sophisticated, tunable relevancy model that includes audio and video search and analysis. Stellar marketing, an aggressive sales style and multiple use cases have made Autonomy a formidable competitor, appearing in all categories of e-discovery deal types. Software is available both on-demand and on-premises. Third-party service providers (Huron, Deloitte and E&Y) have used it to build on-demand services. Due to its focus on the complex, high end of the market, expect longer implementation periods and a higher price tag. Autonomy competes effectively with PSS, Guidance, Kazeon and StoredIQ. Its ambitions to be a platform player mean competition with Symantec, IBM and EMC. Autonomy is rated in the e-mail archiving and information access Magic Quadrants and the RM MarketScope. It was rated as Promising in 2007's MarketScope.

**Rating:** Positive.

### AXS-One

The AXS-One is a public company whose Compliance Platform has been addressing e-discovery since 2003 and employs 130 staff. It is focused on information management via multifile-type content and data archiving, with identification, preservation and collection capabilities built into the archive. AXS-One has primarily focused on large companies with complex compliance, discovery

and operational archival requirements, and performs especially well in IBM Lotus Domino environments. AXS-One is technically competent and visionary. It has less than 1% share of the e-mail archiving market, and has a high comparative per-mailbox cost. This inhibits its access to the path of upselling e-discovery software to e-mail archiving clients. Selling other discovery modules separately may be a means of making headway, but so far the market has not generated much pull and AXS-One is still selected primarily for its Domino archiving capabilities. Its primary competitors are Symantec, IBM and other content archiving platforms. AXS-One is rated in the e-mail archiving Magic Quadrant. The vendor is new to the MarketScope this year.

**Rating:** Promising.

### CA

CA is a public company that entered the e-discovery market in 2005 with its purchase of iLumin and subsequent acquisition of MDY. CA's coverage of the EDRM model includes information management (archiving and records management), identification, preservation and collection. It has recently added analysis, review and production. CA has 220 employees focused on e-discovery. CA's e-mail archiving products are not market share leaders, but are not far behind those of IBM or Autonomy, which enables it to become an information management player. It is particularly strong in government, where its archiving solution is one of the few that can offer robust e-discovery capabilities for Novell Groupwise. CA has both on-demand and on-premises models. Its challenge will be to continue to sell into the e-mail and content archiving market while positioning the broader e-discovery and information governance messages that are its strongest differentiators. CA's primary competitors are the other information management platform vendors, Symantec and Autonomy. CA is rated in the e-mail archiving Magic Quadrant and the RM MarketScope. The vendor was rated as Promising in last year's MarketScope.

**Rating:** Positive.

### Clearwell

Clearwell is a privately held company, with approximately 100 employees, focused solely on e-discovery, covering the identification, processing, review and analysis phases of the EDRM model, along with early case assessment. It is offered as an appliance and is quick to install and use, with most users reporting that it took only hours or minutes to install. Clearwell's fast-to-install and easy-to-use enterprise appliance model give it clear advantages in the eyes of organizations that are under pressure to get data processed on time. It has an excellent implementation model and a strong understanding of the market. Clearwell's go-to-market strategy has been strengthened by its developing partner network with Symantec, HP and EMC among others. This year's expansion into the third-party hosting, processing and review market was a good move and will help to get the Clearwell interface known outside enterprises where it is being used. Clearwell's continued success will depend on how and when it expands into the preservation and collection parts of the e-discovery reference model, or if it moves to the right and adds more review and analysis capabilities. The vendor was rated as Positive in last year's MarketScope.

**Rating:** Strong Positive.

### CommVault

CommVault is a public company whose Simpana software addresses the information management (archiving), identification, preservation and collection aspects of the EDRM model, along with review, analytics and production. It has been in the e-discovery market since 2005 and has 900 employees, with 100 focused on e-discovery. CommVault is a data management software vendor that in recent years has extended its archiving and data protection capabilities with search and analytics functionality to provide e-discovery capabilities in its archive. It "OEMs" Fast Search and Transfer (acquired by Microsoft in early 2008) to enhance its indexing and search capability. CommVault is only available primarily as on-premises software. CommVault has a growing customer base in e-discovery underpinned primarily by archiving. It has a particularly wide range of file types and sources that it can archive and index. The company does need to make its e-discovery clients more referenceable. Its main competitors are Autonomy and Symantec. CommVault is rated in the e-mail archiving Magic Quadrant. This vendor was rated as Promising in last year's MarketScope.

**Rating:** Promising.

### FTI Technology

FTI Consulting is a public company that was founded in 1982 and currently has over 3,000 employees, more than 600 of whom work within the FTI Technology practice. Acquisitions of Ringtail and Attenex have combined a number of well-known e-discovery names. The various software components can be used for identification, preservation, collection, processing, review, analysis and production. It also has effective and competent litigation preparedness consultancy and offers a complete set of on-demand services for the full EDRM process. The company has a deep experience and customer base and an understanding of both current and future market needs. It seeks to sell inside the firewall and provide hosted services, which is a strong market position for an established review and analysis platform. Having an on-premises as well as a hosted offering will allow FTI/Attenex to acquire mind share and position it well for the future. FTI/Attenex's challenges include managing a growing portfolio of offerings and positioning them appropriately. Clients reported that sometimes the software was difficult to install and use and that while basic functions were intuitive, deeper understanding of the products required more training. Being both a services and a product business, FTI must take care to follow the commercial off-the-shelf model to succeed in the enterprise software and hosted markets. Attenex and FTI were both rated as Positive in last year's MarketScope.

**Rating:** Strong Positive.

### Guidance Software

Guidance is a public company whose EnCase product has been in the e-discovery market since 2002, and it has 410 employees. EnCase Enterprise searches, collects and preserves data for electronic discovery, and EnCase eDiscovery can be used for identification, preservation, collection, processing and producing load files for review platforms. Guidance's products are well known to law enforcement officials and courts as a forensic data collection tool. Its ability to reach every node in a network, including desktops, makes a well-known collection tool among e-discovery

service providers, as well as enterprises. Guidance has multiple citations in case law and its experts testify frequently in court cases. In the initial data collection and processing phase, data must be collected and preserved in an EnCase Evidence File, which is a weakness, but the collected data can be automatically exported by the EnCase eDiscovery Suite to common attorney review platforms. Guidance sells a "single user version" and an enterprise version, both delivered on-premises. The "forensically sound" collection differentiator will not sustain long-term competitive advantage in an ever-more crowded and capable field of vendors, as tools are not being questioned in civil litigation. The interface and implementation are not suitable for non-IT end users and this is something Guidance must correct. Guidance's main competitors are AccessData, Autonomy, Kazeon, Clearwell, Symantec and StoredIQ. Guidance was rated as Strong Positive in last year's MarketScope.

**Rating:** Positive.

### **i365, A Seagate Company**

i365, A Seagate Company is the new name for Seagate Services, which was spun off in 2008. Seagate is public and had previously acquired MetaLINC, founded in 2003, one of the leading vendors in the e-discovery review and analytics phase of the EDRM. i365 is continuing to sell MetaLINC and an on-premises solution, but has combined this with hosted offerings that incorporate various acquisitions into an offering that allows clients to fully host and manage discovery data – or any business data – and allows access from its their own corporate premises. i365 thus covers the information management, processing, review, analytics and production phases of the EDRM model. This combination of selling on-premises solutions and having a hosted component is a new strategy in the marketplace, and one which Gartner believes will gain traction among the client base. Not a services play per se, this model allows users to become familiar with the MetaLINC interface and other aspects of the service either as an on-premises solution or hosted service. The challenge for i365 remains to effectively communicate its message to the market and position itself appropriately against both service providers and other vendors that combine the on-premises and hosted model. i365 (Seagate) was not rated in last year's MarketScope and MetaLINC was rated as Positive.

**Rating:** Promising.

### **IBM**

IBM entered the e-discovery market in 2002 with e-mail archiving and records management. As with other large companies, a breakdown of employees devoted to e-discovery product development and sales, along with revenue, is not available. IBM provides an e-mail e-discovery product (IBM eDiscovery Manager – eDM) for collection, classification, RM, search, search refinement, case foldering, release/hold management and nsf/msg export for production. Based on the same platform, IBM is able to collect files from file servers and also from desktops that have enabled IBM's records management functionality, which is new functionality added since last year. It relies on partnerships for the attorney review, production and presentation phases. For these functions, it has expanded and strengthened its EED partnership. eDiscovery Analyzer provides analytics capabilities, purpose-built

for attorneys, paralegals and litigation support specialists. Because of the prevalence of IBM infrastructure components, we expect the company to eventually play strongly in the proactive information management space. It needs more than the loose collection of modules it has now to compete. It must acquire specific review platform functionality or other e-discovery-specific capability. As with many of its products, IBM must take care not to overcomplicate the offering. A first choice for many existing IBM customers, IBM should focus on positioning itself for what could be a massive information management cloud business opportunity. IBM competes mainly with other archiving and records management vendors. IBM is rated in the Information Access, ECM and E-Mail Archiving Magic Quadrants and the RM MarketScope. The vendor was rated as Caution in last year's MarketScope.

**Rating:** Positive.

### **Interwoven**

Interwoven is a public company and a long-established content management player that purchased the review and analysis firm Discovery Mining in 2008. Interwoven was founded in 1995 and has over 900 employees, but the e-discovery breakdowns are not available. Interwoven has a strong presence in the legal vertical, in law firms and corporate law departments. Between Discovery Mining and Interwoven, the product suite can cover information management, processing, review and analysis. The consolidated repository and review and analysis tool will allow lawyers to store work product back into Interwoven to use in future cases. Discovery Mining is offered as a hosted service only, while Interwoven has enterprise software. Combining two well-known software brands in the legal vertical will have marketing and sales advantages. The purchase of Discovery Mining is consistent with the company's overall strategy of fielding best-of-breed offerings for particular vertical and horizontal content-based applications. Interwoven faces strong competition for both its enterprise and SaaS delivery models. Its success will depend in large part on how well it is able to differentiate itself in the market and the extent to which it can keep the hosted pricing competitive with the falling market rates. Interwoven is rated in the ECM Magic Quadrant and the WCM MarketScope. The vendor is new to the MarketScope this year.

**Rating:** Promising.

### **Kazeon**

Kazeon is a privately held company with 100 employees founded in 2003. Kazeon covers the identification, preservation, collection, processing, analysis and review phases of the EDRM and can be used for early case assessment. It has simple pricing and delivery models, which its clients rate highly, but its size and limited sales presence will prevent it from dominating the market unless it does so through partnerships. Although it's a relatively small company, broad-reaching capabilities will make it an acquisition target. Its main competitors are AccessData, Autonomy, Guidance, Clearwell and StoredIQ. Kazeon is rated in the Information Access Magic Quadrant. The vendor was rated as Positive in last year's MarketScope.

**Rating:** Positive.

### Mimosa Systems

Mimosa was founded in 2003, has 183 employees and is privately held. Mimosa is an e-mail archiving vendor that has extended its capabilities to include several other file sources including desktops and file archiving, although this is not comprehensive. It covers the information management, identification, preservation and collection phases of the model and allows early case assessment. It makes a copy of the files that are to be preserved. Mimosa has significantly strengthened its technical, sales and management teams and is well positioned to win business below the level of the Global 1000, with a well-architected archiving solution that can easily be expanded to cover discovery needs for data within the archive. As governance and discovery become more important to this large constituency, Mimosa is a well-placed competitor. We recommend that clients using it for e-mail archiving also utilize its e-discovery capabilities, but should note that they will need other vendors to complete their e-discovery functions. In order to remain a strong player, Mimosa must continue to expand its file type collection capabilities for both archiving and general identification, preservation and collection. Mimosa is rated in the E-Mail Archiving Magic Quadrant. Mimosa was rated as Caution in last year's MarketScope.

**Rating:** Positive.

### Nuix

Nuix is a 2005 market entry which is privately held and employs about 35 people. Nuix describes itself as "proactive" e-discovery, although the majority of its current sales are in reactive e-discovery. The approach is to index all enterprise data to be ready when litigation arises, indexing new information in real time. This approach has some appeal inside law enforcement, government and very large, very litigious corporations. It is computationally expensive. Having all the data indexed allows it to be held and collected with search techniques. Nuix covers identification, preservation, collection, processing, review, analysis and production. Once the indexing is done, early case assessment is possible. Nuix will struggle to differentiate itself in a crowded marketplace. In-house indexing is not necessarily the most efficient means of doing e-discovery, and once these indexes exist, and all data is theoretically accessible, organizations need to begin a systematic management program. Nuix will be applicable as more companies begin tackling their legacy data and content management problems. The vendor is new to the MarketScope this year.

**Rating:** Promising.

### Open Text

Open Text is a public company that is a leading content management vendor, with presence in the archiving and records management markets. Open Text recently announced a partnership with Recommind, giving it capability that it did not previously have in the e-discovery space. With the announcement of the partnership with Recommind, Open Text is shifting its focus to concentrate on tools for early case assessment and legal hold. As this relationship matures, the suite will become a better option. Existing Livelink and Open Text e-mail and content archiving customers should certainly consider Open Text as they consider their options for managing e-discovery. Open Text is rated in the

Enterprise Content Management Magic Quadrant, the E-mail Archiving Magic Quadrant, the Records Management MarketScope and the Web Content Management Market Scope. It is new to this MarketScope this year.

**Rating:** Caution.

### PSS Systems

PSS Systems has been in the market since 2001. It is privately held, with 100 to 150 employees. PSS Atlas Litigation Communications and Collections (LCC) manages preservation and collection workflows for legal personnel and serves as a secure, searchable repository of information collected. It supports a variety of reports on holds, collections management and workload. The Atlas Enterprise Retention Management (ERM) module allows specification and communication of retention policies from central legal and business managers to those responsible for carrying out the policy in IT and lines of business, facilitating managed and documented data destruction. Atlas for IT includes a framework that defines a common protocol for communicating hold and retention requests. It is a software development kit that allows customers and third parties to build connectors to simple data sources. PSS has a number of large, high-profile customers and a good implementation of a necessary part of the e-discovery process, and has a role to play in the larger information retention management challenges that companies are facing. PSS was rated as Positive in last year's MarketScope.

**Rating:** Positive.

### Recommind

Recommind is privately held, was founded in 2000 and has 110 employees. As an information access vendor, Recommind's sophistication in determining document relevancy is significant, and it is particularly qualified to address the litigation support and e-discovery needs of law and professional service firms and corporate counsel. Recommind's auto-categorization capabilities, along with its conceptual search and entity extraction are important differentiators. The complexity of Recommind's primary relevancy model is balanced by the fact that the software facilitates that every document can be reviewed by a person before it is produced for court. Its go-to-market strategy in partnering with litigation support and hosted review platform firms will serve it well, and its significant roster of partnerships has increased considerably in the past year, along with its corporate client list. Recommind has recently announced legal hold capability, which allows it to address the identification, preservation and collection aspects of the electronic discovery reference model. It is rated in the Information Access Magic Quadrant. Recommind was rated as Positive in last year's MarketScope.

**Rating:** Positive.

### Symantec

Symantec is a public company which entered the e-mail archiving market in 2001 and has used its dominant position in e-mail archiving to successfully make inroads into e-discovery functionality for many of its clients. Focused on the left hand side of the model, Symantec is an information management platform that ingests and

manages several file types and allows them to be retained, managed, reviewed and exported. An upcoming release will improve its review capabilities for early case assessment and in-house review. Its leadership in archiving and its strong partner “ecosystem” will make it the centerpiece of many company’s information management strategies. Third parties are still required for collection outside “normal archiving” and more sophisticated processing and case assessment. Symantec has a good eye for partners and has made a series of smart acquisitions both inside and outside its e-discovery business. Its challenges are the shifting models in the e-mail hosting and archiving world and other big platform competitors. E-mail archiving is a necessary application for many companies, but it is not a quick decision, so if a potential customer needs to address the discovery issue quickly, a platform play is not likely to work in the first instance. We expect further acquisitions to round out ad hoc collection and case assessment. Symantec is rated in the E-Mail Archiving and Content Monitoring and Filtering Magic Quadrants. The vendor was rated as Strong Positive in last year’s MarketScope.

**Rating:** Strong Positive.

### ZyLAB

ZyLAB was founded in 1983 and is a privately held company and long established player in the information access market from which it began participating in the e-discovery – or more specifically, forensic collection – market. The company has about 100 employees. ZyLAB addresses images, video and text very effectively. It is well known in government and law enforcement organizations, having been used by the War Crimes Tribunal in the Hague as well as other European and U.S. government clients, and has case law referring to it in the U.S. courts. The company has pursued its strategy of addressing lucrative vertical markets related to litigation and investigation very effectively. ZyLAB has an unusually broad sales and support presence in Europe and Asia. As a privately held, European vendor with no current intention of growing the company via outside funding or acquisition, its consistent growth and stable financial position nevertheless make it a good choice for even cautious companies. Its model is 100% on-premises. ZyLAB is rated in the Information Access Magic Quadrant. The vendor was rated as Strong Positive in last year’s MarketScope.

**Rating:** Strong Positive.

### Vendors Added or Dropped

We review and adjust our inclusion criteria for Magic Quadrants and MarketScopes as markets change. As a result of these adjustments, the mix of vendors in any Magic Quadrant or MarketScope may change over time. A vendor appearing in a Magic Quadrant or MarketScope one year and not the next does not necessarily indicate that we have changed our opinion of that vendor. This may be a reflection of a change in the market and, therefore, changed evaluation criteria, or a change of focus by a vendor.

### Gartner MarketScope Defined

Gartner’s MarketScope provides specific guidance for users who are deploying, or have deployed, products or services. A Gartner MarketScope rating does not imply that the vendor meets all, few or none of the evaluation criteria. The Gartner MarketScope evaluation is based on a weighted evaluation of a vendor’s products in comparison with the evaluation criteria. Consider Gartner’s criteria as they apply to your specific requirements. Contact Gartner to discuss how this evaluation may affect your specific needs.

In the below table, the various ratings are defined:

### MarketScope Rating Framework

#### Strong Positive

Is viewed as a provider of strategic products, services or solutions:

- *Customers:* Continue with planned investments.
- *Potential customers:* Consider this vendor a strong choice for strategic investments.

#### Positive

Demonstrates strength in specific areas, but execution in one or more areas may still be developing or inconsistent with other areas of performance:

- *Customers:* Continue planned investments.
- *Potential customers:* Consider this vendor a viable choice for strategic or tactical investments, while planning for known limitations.

#### Promising

Shows potential in specific areas; however, execution is inconsistent:

- *Customers:* Consider the short- and long-term impact of possible changes in status.
- *Potential customers:* Plan for and be aware of issues and opportunities related to the evolution and maturity of this vendor.

#### Caution

Faces challenges in one or more areas.

- *Customers:* Understand challenges in relevant areas, and develop contingency plans based on risk tolerance and possible business impact.
- *Potential customers:* Account for the vendor’s challenges as part of due diligence.

#### Strong Negative

Has difficulty responding to problems in multiple areas.

- *Customers:* Execute risk mitigation plans and contingency options.
- *Potential customers:* Consider this vendor only for tactical investment with short-term, rapid payback.