

Magic Quadrant for E-Discovery Software

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The market for electronic discovery software is volatile and overcrowded, with new vendors entering as others merge. Nevertheless, Gartner considers the market mature enough to warrant the first Magic Quadrant analyzing 24 of its vendors.

WHAT YOU NEED TO KNOW

The electronic discovery (e-discovery) software market presents something of a paradox. A business imperative drives demand for this software, yet the profession demanding it is often slow to understand and adopt technology.

Purchasing decisions frequently reflect long-standing trusted relationships, which means that even a small book of business can be profitable to providers and the effects of customary market forces are muted. This situation is changing, however, because the amount of data subject to discovery is ballooning as enterprises adopt new social media and cloud technologies.

The e-discovery software market is entering a phase of high growth, increasing maturity and inevitable consolidation. Nevertheless, new players are still entering the market to capitalize on the growing opportunities, and existing vendors in adjacent spaces are adding functionality to their offerings.

Two factors are driving growth in this market. The first is the continued growth in civil litigation, criminal prosecutions and regulatory oversight, which requires enterprises to provide documentation regarding their activities. This demand is documented extensively in Fulbright & Jaworski's "[7th Annual Litigation Trends Results](#)," published in November 2010. The second is that, as enterprises adopt new technologies (especially those relating to social media), associated communications are becoming subject to preservation obligations and may be required materials for potential discovery. At the 2010 LegalTech tradeshow, two lawyers who are acknowledged thought leaders in the field of e-discovery presented a video on how the proliferation of content in terms of volume, format, location and language is compounding both litigation and information governance. The video, titled "[e-Discovery: Did You Know?](#)", by Jason Baron, director of litigation for the U.S. National Archives and Records Administration, and Ralph Losey, chair of the Electronic Discovery Practice Group at Jackson Lewis, is informative, entertaining and frightening, especially to litigators and those who work in e-discovery and enterprise information archiving.

Gartner estimates that the world's enterprise e-discovery software market came to \$889 million in 2009 in terms of total software vendor revenue. We forecast a five-year compound annual growth rate (CAGR) of approximately 14%, which means the total should reach \$1.5 billion in 2013.

In 2007, 2008 and 2009 we published MarketScope evaluations of the e-discovery software market, but 2011 is the first year that we have published a Magic Quadrant on this topic.

This Magic Quadrant will help CIOs, general counsel, IT professionals, lawyers, compliance staff and legal service providers understand the dynamics and landscape of the market for e-discovery software.

STRATEGIC PLANNING ASSUMPTIONS

By 2014, consolidation will have eliminated one in every four enterprise e-discovery vendors.

By 2013, software as a service (SaaS) and business process utilities will account for 75% of the revenue derived from processing, review, analysis and production of electronically stored information (ESI).

MAGIC QUADRANT

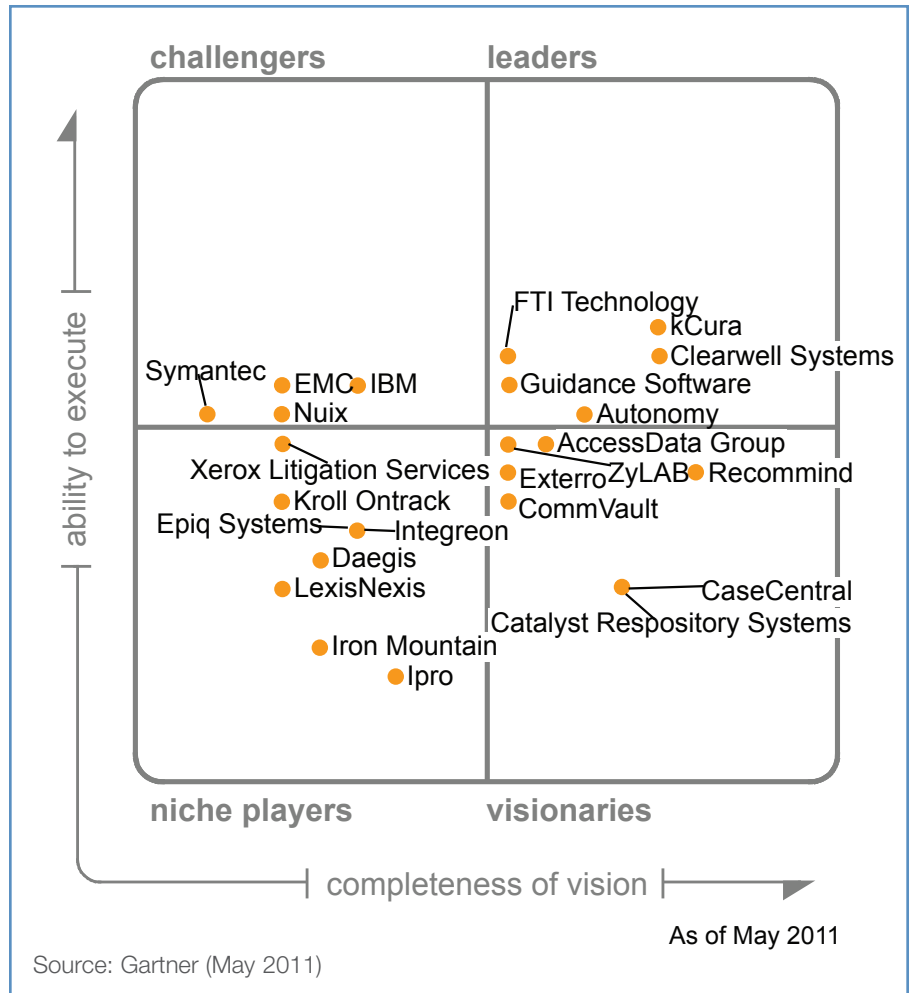
Market Overview

Evolution of the Market So Far

Whether due to civil litigation in common-law countries, a request for interception, or a criminal investigation, the need to hand over data is something that organizations must deal with - and the U.S. Patriot Act is particularly important in this context. A global average of 14% of respondents to the survey had faced such a request. The number was understandably higher for U.S. respondents (20%), but significant numbers of respondents elsewhere also received requests - for example, in India (25%) and the U.K. (8%).

There are two reasons why nearly 25% of respondents worldwide had to deal with discovery requests in 2010. Although discovery is unique to common-law jurisdiction, many organizations in non-common-law jurisdictions face civil litigation in common-law countries; as such, they are subject to discovery orders and interrogatories. Additionally, in criminal matters all jurisdictions are subject to subpoenas that compel organizations to produce information.

Figure 1. Magic Quadrant for E-Discovery Software



Gartner estimates that the world's enterprise e-discovery software market came to \$889 million in 2009 in terms of total software vendor revenue. We forecast a five-year CAGR of approximately 14%. Vendor revenue is concentrated in the U.S., which accounted for 87% in 2009. But growth will occur in common-law jurisdictions such as Australia, Canada, South Africa and the U.K. as new civil litigation regulations are passed regarding privacy and disclosure.

For a list of important e-discovery decisions, see Note 1.

Note 1. Important E-Discovery Decisions

Zubulake v. UBS Warburg, 217 F.R.D. 309 (S.D.N.Y., 2003)

Zubulake v. UBS Warburg, 216 F.R.D. 280 (S.D.N.Y., 2003)

Zubulake v. UBS Warburg, 220 F.R.D. 212 (S.D.N.Y., 2003)

Zubulake v. UBS Warburg, 2004 WL 1620866 (S.D.N.Y., 20 July 2004)

Pension Committee of the University of Montreal Pension Plan, et al. v. Banc of America Securities, LLC, et al., 05 Civ. 9016 (released 11 January 2010)

National Day Laborer Organizing Network v. U.S. Immigration and Customs Enforcement Agency, 2011 WL 381625 (S.D.N.Y., 7 February 2011)

Victor Stanley, Inc. v. Creative Pipe, Inc., 250 F.R.D. 251 (D. Md., 2008)

Victor Stanley, Inc. v. Creative Pipe, Inc., 2010 WL 3530097 (D. Md., 9 September 2010)

Lorraine v. Markel American Insurance Company, 241 F.R.D. 534 (D. Md., May 4, 2007)

Mancia v. Mayflower Textile Servs. Co., 253 F.R.D. 354 (D. Md., 2008)

Citizens for Responsibility & Ethics in Washington v. Executive Office of the President, No. 1:07-cv-01707-HHK (D.D.C., 8 January, 2008)

United States v. O'Keefe, 2008 U.S. Dist. LEXIS 12220 (D.D.C., 18 February 2008)

Equity Analytics, LLC v. Lundin, 248 F.R.D. 331 (D.D.C., 2008)

Anti-Monopoly, Inc. v. Hasbro, Inc. et al., 1995 U.S. Dist. LEXIS 16355; 1995-2 Trade Cas. (CCH) P71,218

The 2006 Amendments to the U.S. Federal Rules of Civil Procedure

The market for e-discovery products and services has evolved rapidly since the 2006 amendments to the U.S. Federal Rules of Civil Procedure (FRCP), the set of rules by which civil litigation is conducted in the U.S. and which is mirrored in other common-law countries. The 2006 amendments were prompted by disturbing trends observed by the courts in the late 20th century and the early part of the new millennium. These included the use of e-discovery as a weapon in litigation.

The 2006 FRCP amendments on e-discovery established a definition of ESI, and of what is reasonably accessible and inaccessible when it comes to ESI. They require early meet and confers between both the parties to litigation to discuss e-discovery issues, including preservation and production. Failure to preserve and produce ESI is now subject to the same sanctions previously reserved for the spoliation of other types of evidence. A safe harbor is established if ESI cannot be produced for e-discovery due to routine good-faith IT operations. Through the efforts of organizations such as The Sedona Conference the rules have been synchronized for most common-law jurisdictions during the past four years. (The Sedona Conference is a not-for-profit international think tank, based in Arizona, that exists to allow jurists, lawyers, experts, academics and others at the cutting edge of issues in the areas of antitrust law, complex litigation and intellectual property rights, to engage in dialogue.)

Further changes have come about as the result of an increasing focus on national and international legal considerations, particularly the numerous and often conflicting requirements about the exchange of electronic information for regulatory and legal purposes across international borders.

The Rise of E-Discovery Vendors

Historically, the e-discovery product and service market was very narrow and specialized. It catered solely to the needs of litigious and usually large organizations that were direct purchasers of these products and services, and to law firms that served as outside counsel during litigation. These law firms typically made purchasing decisions based on risk reduction or convenience, rather than cost-effectiveness.

As much of what corporations produced to document their business processes was written on paper – and this paper-based information had to be reviewed by lawyers – there was an element of “local is better” in law firms’ purchasing decisions. If a law firm needed to examine hundreds of boxes of paper and then produce some of this for the other side, it made sense to use a local provider to convert paper documents into electronic format, rather than ship boxes of documents further afield. To serve this evolving market many small to midsize providers – “mom and pop” copy shops – sprang up, some doing no more than collecting boxes of documents, turning them into electronic form, performing basic indexing, and supplying law firms with electronic versions.

Large providers that dominated the back offices of major law firms and corporate legal departments also entered this business – companies like Document Technologies Inc. (DCI), Océ, Pitney Bowes and Xerox.

A second branch of the e-discovery software market sprang from investigation specialists that focused on establishing beyond reasonable doubt what someone had done with a computer and its data, and when. Providers such as AccessData Group, Guidance Software, Zylab and Microforensics specialized in forensic investigation tools and initially focused almost exclusively on criminal matters, for which law enforcement and government agencies used them extensively. But, later, many corporations also adopted their tools, techniques and processes, for use in both criminal and civil matters.

Legal staff augmentation firms, including those that conduct document review, form a third branch of the e-discovery software market. Originally, because much of the information that lawyers dealt with for discovery was on paper, these firms' work focused on the physical tasks of picking up boxes of paper and converting their contents into electronic format to make them easier to review. The process of document review involved "document review databases" or "litigation support databases." Concordance, Summation and Ringtail are examples of these software products, which have evolved to serve the changing market and are evaluated in this Magic Quadrant.

More recent entrants to the e-discovery market include traditional technology providers. E-mail archiving (now enterprise information archiving) vendors entered the market initially in response to storage management concerns, which were closely tied to early regulations in the financial services industry for e-mail supervision, and inevitably to production of e-mail in response to requests from regulators and courts. Large vendors such as IBM, EMC and Symantec have seen a need to address this market, having noted its potential.

Finally, e-discovery "pure plays" started emerging after the market had begun to change, some arising from the types of company mentioned above. Having shed their noncore functions, gone "completely electronic" (from a previous focus on processing paper for legal analysis) or built a business from the ground up, these are the vendors who focus solely on the e-discovery market.

Dual Buying Centers

Many purchases of software and technology services are decided by the IT department (with input from the finance department and perhaps the procurement department). With e-discovery software, however, at least three groups within the corporation and one outside the standard corporate or governmental hierarchy are potential buyers.

The IT department has the main say in buying archiving solutions, with a great deal of input from the legal department as to how the software handles retention, identification, preservation, collection and early case assessment (ECA, defined in Note 2), if these capabilities are part of the vendor's offering.

Note 2. Early Case Assessment

ECA software products and services are intended to facilitate informed decision-making during the early stages of a dispute. They may estimate how much ESI must be evaluated for a case, where it resides, and what software, outside services and resources will be necessary to evaluate it in a compliant and credible fashion. They may also facilitate investigation of data that represents risks or rewards to the parties involved in the case or compliance action.

The legal department typically decides on purchases of ECA, review, analysis and production software. In many cases, particularly when this functionality is purchased as SaaS, the IT department is not consulted at all. Legal departments still rely on outside counsel to advise – or sometimes tell – them which SaaS providers to use. Even when outside counsel is not involved, legal departments still want to avoid involvement with enterprise IT departments or to form their own IT departments. In the past they were also able to avoid having to use corporate procurement functions when purchasing external legal services, though this situation has changed as a result of an intense focus on cost cutting during the recession of 2008 to 2009. The source of the friction here is twofold. Legal staff have never before had to involve IT staff in these decisions, and in some cases they view them as unresponsive or obstructive because of implementation cycle times. Procurement staff, for their part, are struggling to understand the pricing, service and support models historically used by legal service providers.

The Electronic Discovery Reference Model

No analysis of the e-discovery market would be complete without mentioning the [Electronic Discovery Reference Model \(EDRM\)](#), which describes a framework for e-discovery to which technologies should be mapped.

Four groups of buyers of e-discovery products and services, distinguished by use case, may be defined in relation to the EDRM:

- First are those who wish to take the initial phases of the e-discovery process in-house, either for the first time or to supplement or replace existing tools. In this use case, IT managers are the decision makers with the legal department being a strong influencer, typically with the power of veto.
- Second, there are those who want to take greater control of the process and cost of document review. These buyers begin with the processing phase of discovery, functionality for which is typically bundled with some form of ECA capability. This group of buyers may also wish to purchase enterprise software or SaaS that facilitates review, analysis and production of relevant documents. In this use case, legal staff are the decision makers – the IT department may or may not be asked to help in the evaluation.

- Third are those interested in all the subprocesses of e-discovery: information management, identification, preservation, collection, processing, review, analysis and production. These buyers have larger litigation burdens and an interest in replacing component-based, homegrown solutions with commercial off-the-shelf software, now that the market has matured somewhat. In this case there is usually a group within the organization that specializes in e-discovery and litigation, which is managed from the legal department but contains IT specialists, paralegals and hybrid legal-IT job roles.
- Fourth are buyers focused on information governance or information management who already own archiving or content management systems and want to use them as the basis of an e-discovery strategy. These are generally IT buyers influenced by legal, records and information management, and compliance professionals.

Likely Future Market Directions

The reason e-discovery is now a pressing issue for most companies is clear: ESI in all its many forms dominates in legal proceedings because modern business is mostly conducted using electronic communications and electronic records. Regulators require this ESI to be archived for proof of compliance. Governments of all nations, except the least developed, also produce and disseminate information primarily via electronic channels.

Vendors in the e-discovery software market have responded reasonably well to its changes, though some of its strongest brands and biggest names have been through rough times financially and probably have more on the way. There have been dozens of mergers, acquisitions and business failures since 2006 (see Note 3), and more are inevitable as the service provision sector remains overcrowded and many companies are struggling to understand or accept the new “rules of the game.” The software sector favors the disciplined creation of sophisticated and scalable solutions with simple, easily understood user interfaces, a characteristic that has attracted players whose credentials lie not in their ability to manage large projects on a case-by-case basis but in their software engineering acumen.

The need to ingest, organize, search and produce electronic information quickly for legal purposes has focused the industry’s efforts on creating software that can cope with the volume, velocity and variety of data that lawyers must quickly sift and cull. The trend for increased volume, velocity and variety shows no sign of abating. Increasing use of social media for business purposes, cloud provision of IT and the rise of “big data” applications will add to the mountains of material that might be relevant to any legal or regulatory action. This will increase the challenge for enterprises as they seek to reduce the amount of data they produce to only relevant items. Vendors also need to rise to the challenge: archiving and retrieval of social media communications is on many of their road maps, but significant technical hurdles remain.

Changes to the business landscape that influenced the way in which the FRCP treat ESI have in turn led to changes in the market for legal discovery products and services. In-house legal counsel

no longer defers to external counsel to manage the whole litigation process, including discovery. Corporate lawyers now limit the amount of data they send out of their enterprises and are actively involved in the choice of service providers and companies that may host their data. Those with substantial litigation portfolios often dictate to their external counsel which provider they will use for e-discovery. In general, this has resulted in e-discovery processes being brought in-house, reducing the numbers of outside vendors that companies rely on. This in turn has led to market consolidation. This trend is continuing, but the e-discovery market is still a long way from concentrating business in the hands of a few dominant providers, especially in the services and software markets.

The focus on how to control electronic business information for legal and regulatory purposes is increasing and international. Although legal and regulatory systems differ across the world, they all face the common challenge of dealing with a growing volume of ESI so that they can fulfill their obligations and enforce laws and regulations. We have noticed increasing interest from non-U.S. clients in e-discovery and e-disclosure, as well as in other categories of investigation that might require similar software tools. Additionally, vendor revenue figures suggest a slow trend toward increasing adoption in Europe. In 2009, 87% of vendor revenue came from North America, down from 90% in 2008.

Unlike other technology markets, the market for e-discovery products and services is not being driven simply by market forces and technological innovation. National and international regulations, laws and judicial decisions also influence it, sometimes greatly – and decisions made by regulators, lawmakers and judges – not always informed by an understanding of technology – often have unintended consequences.

The entire e-discovery industry is founded based on a pile of largely redundant, outdated and trivial data. During the last 10 to 15 years, corporations and individuals have allowed this data to accumulate for the simple reason that it was easy – if not necessarily inexpensive – to do so. Managing data and content from the point of creation to the moment of deletion was something that many tried to do by various means, including enterprise content management systems and enterprise information archiving. The goal of controlling the end of the content life cycle, however, was often not realized. E-discovery has proved to be a huge motivation for companies to rethink their information management policies. The problem of determining what is relevant from a mass of information will not be solved quickly, but with a clear business driver (e-discovery) and an undeniable return on investment (deleting data that is no longer required for legal or business purposes can save millions of dollars in storage costs) there is hope for the future.

Market Definition/Description

The market covered by this Magic Quadrant contains vendors of e-discovery software solutions for the processing, review, analysis and production of ESI in support of the common-law discovery process for litigation, regardless of delivery method.

Note 3. Mergers and Acquisitions

In the following list the vendor named before the dash acquired the vendor or vendors named after the dash:

- AccessData – CT Summation (July 2010)
- Altegrity – Kroll (June 2010)
- Anacomp – CaseLogistix (May 2007)
- Autonomy – Zantaz (July 2007), Interwoven (March 2009), CA's information governance assets (June 2010)
- CA – iLumin Software Services (October 2005), MDY Group (June 2006), Orchestria (January 2009) [CA's information governance assets were acquired by Autonomy in June 2010]
- DOAR – Inference Data (April 2010)
- Document Technologies, Inc. (DTI) – Daticon Electronic Evidence Discovery (EED) (September 2010)
- Electronic Evidence Discovery – Daticon (June 2008)
- EMC – Kazeon (September 2009)
- Epiq Systems – Encore Discovery Solutions (April 2011)
- FTI – Ringtail Solutions (February 2005), Attenex (July 2008)
- Huron Consulting – Aaxis Technologies (August 2006), Trilantic (November 2010)
- IBM – FileNet (August 2006), PSS Systems (October 2010)
- Integreon – Bowne's litigation support business (January 2006), Datum Legal (June 2008), Onsite3 (May 2009)
- Interwoven – Discovery Mining (July 2008)
- Iron Mountain – Stratify (October 2007), Mimosa Systems (February 2010) [announced possible sale in April 2011]
- Kroll – TrialGraphix (September 2007)
- LexisNexis – CourtLink (December 2001), Applied Discovery (July 2003), CaseSoft (July 2006), Dataflight Software (July 2006)
- Marsh & McLennan Companies – Kroll (July 2004)
- Océ Legal Services – CaseData (October 2006)
- Pitney Bowes – Ibis Consulting (April 2006)
- ProofPoint – Fortiva (June 2008)
- RenewData – Digital Mandate (August 2009), Vestigate (August 2009)
- Seagate – MetaLINC (December 2007) [has since exited the market]
- Symantec – KVS (August 2004), Vontu (December 2007)
- Thomson-Reuters – CaseLogistix, from Anacomp (July 2010)
- Unify – AXS-One (June 2009); merged with Daegis (June 2010)
- Wolters Kluwer – Summation Legal Technologies (December 2004)
- Xerox – Amici (June 2006)
- Xitech – Daticon (January 2006) (Daticon was later sold to EED)

- Third are those interested in all the subprocesses of e-discovery: information management, identification, preservation, collection, processing, review, analysis and production. These buyers have larger litigation burdens and an interest in replacing component-based, homegrown solutions with commercial off-the-shelf software, now that the market has matured somewhat. In this case there is usually a group within the organization that specializes in e-discovery and litigation, which is managed from the legal department but contains IT specialists, paralegals and hybrid legal-IT job roles.
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Note 4. Software as a Service

SaaS is a delivery model more than 10 years old. In its early days, it was called the “application service provider” model, but SaaS has since grown in scope and acceptance.

Gartner defines SaaS as “software that is owned, delivered and managed remotely by one or more providers.”

In a pure SaaS model, the provider delivers software based on a single set of common code and data definitions that is consumed in a one-to-many model by all contracted customers at any time, on a pay-for-use basis, or as a subscription based on usage metrics.

During the past few years, vendors have taken multiple approaches that meet our definition of SaaS.

amount of data they send out of their enterprises and are actively involved in the choice of service providers and companies that may host their data. Those with substantial litigation portfolios often dictate to their external counsel which provider they will use for e-discovery. In general, this has resulted in e-discovery processes being brought in-house, reducing the numbers of outside vendors that companies rely on. This in turn has led to market consolidation. This trend is continuing, but the e-discovery market is still a long way from concentrating business in the hands of a few dominant providers, especially in the services and software markets.

The focus on how to control electronic business information for legal and regulatory purposes is increasing and international. Although legal and regulatory systems differ across the world, they all face the common challenge of dealing with a growing volume of ESI so that they can fulfill their obligations and enforce laws and regulations. We have noticed increasing interest from non-U.S. clients in e-discovery and e-disclosure, as well as in other categories of investigation that might require similar software tools. Additionally, vendor revenue figures suggest a slow trend toward increasing adoption in Europe. In 2009, 87% of vendor revenue came from North America, down from 90% in 2008.

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content management systems and enterprise information archiving. The goal of controlling the end of the content life cycle, however, was often not realized. E-discovery has proved to be a huge motivation for companies to rethink their information management policies. The problem of determining what is relevant from a mass of information will not be solved quickly, but with a clear business driver (e-discovery) and an undeniable return on investment (deleting data that is no longer required for legal or business purposes can save millions of dollars in storage costs) there is hope for the future.

Market Definition/Description

The market covered by this Magic Quadrant contains vendors of e-discovery software solutions for the processing, review, analysis and production of ESI in support of the common-law discovery process for litigation, regardless of delivery method.

Inclusion and Exclusion Criteria

To be included in this Magic Quadrant, a vendor must sell enterprise software licenses, a software appliance, or SaaS conforming to Gartner's definition of SaaS (see Note 4). This Magic Quadrant contains only vendors that sell software licenses, software appliances or software subscriptions, although some of these vendors do also provide legal services – indeed, in some cases that is the main part of their business in financial terms.

To be included in this Magic Quadrant, a vendor must also address at least one of three broad functional areas, relating to the EDRM, that we have chosen to reflect the clustering of users' wants and needs and the process of e-discovery:

- **Left-hand side of the EDRM:** Identification, collection, preservation and processing vendors that have either a workflow-based system for attorneys to track custodian-led collection, or a search and information access system for IT and legal departments to use. Vendors that focus on this functionality are also increasingly claiming to have ECA functionality (for Gartner's definition of ECA, see Note 2).
- **Right-hand side of the EDRM:** Vendors focused on processing, reviewing, analyzing and producing documents, either in ECA or at a later state of review, whose products include features such as document categorization, redaction, and mechanisms to mark documents as privileged or in other ways to categorize and process them. This category includes vendors of the attorney review platforms that the legal community has used for 10 years or more to perform document review (it encompasses the older term "litigation support databases").
- **Information Management:** Vendors offering information management or repository functionality plus e-discovery functionality on the left-hand side of the model, typically functions for litigation hold, collection and export of data from the repository for review.

Vendors with end-to-end functionality covering the whole EDRM are also included.

In addition, vendors must satisfy quantitative requirements regarding market penetration and customer base. Specifically, they must:

- Generate at least \$15 million in revenue per year from the sale of e-discovery software.
- Own the intellectual property and copyright to the software.
- Have at least 50 customers in production.
- Provide a minimum of five customer references.
- Appear on lists of potential providers generated by Gartner from the topics of clients' calls to our inquiry service.

The vendors shown in this Magic Quadrant have met these inclusion criteria, including revenue threshold, which is significantly higher than that of 2009's MarketScope.

Gartner also monitors and recommends other vendors not included in this Magic Quadrant. The challenge of e-discovery is complex and the approaches that enterprises take vary by industry, size of company and litigation portfolio. Some favor highly tactical "point" solutions; others take a more holistic approach. There is still some room for innovative and differentiated technology in this market.

Vendors that Gartner tracks but that are not formally rated in this Magic Quadrant include:

Applied Discovery: Founded in 1998, Applied Discovery has been a part of LexisNexis (Reed Elsevier) since 2003. It offers multinational collection, ECA, data analysis, processing, review, and production services for law firms, corporations and government agencies via a hosted solution.

Gallivan Gallivan & O'Melia: This is a private company that was founded in 2002 to make e-discovery available to everyone. Its Digital WarRoom, which supports processing, review and analysis, is available on premises via PC or server and via a SaaS model.

IE Discovery: This private company focuses on e-discovery and litigation support for corporations and government agencies. Founded in 1990, it offers InfoDox, a search and review tool, as a hosted SaaS deployment. In addition, it provides discovery management consulting, collection, processing, document coding/indexing, automated and manual relevancy/privilege review, and production services.

Merrill: Founded in 1968, Merrill has provided outsourced e-discovery hosted solutions since 1999 through its Lextranet application. This privately held company has over 5,000 staff in more than 40 domestic (U.S.) and 22 international locations.

Orange Legal Technologies: This company was founded in 1995 as Litigation Document Group. It acquired advanced e-discovery technology in 2007 and rebranded itself as Orange Legal Technologies in 2008. Its OneO Discovery Platform is an integrated and Web-accessible platform that provides online analysis, processing and review of unstructured data from a hosted centralized repository.

StoredIQ: Founded in 2001, this company offers an on-site appliance called eDiscoveryManager, which gives IT and legal users the ability to perform identification, preservation and collection, as well as processing, review and analysis. StoredIQ synchronizes e-discovery and information governance across an organization with enterprise-class scalability.

ZL Technologies: This private company was established in 1999 as ZipLip. The ZL Unified Archive provides large enterprises with software or cloud-based solutions for e-mail and file archiving, with integrated records management, litigation support, regulatory compliance, corporate governance and storage management.

Added

This is the first Magic Quadrant on e-discovery software, so all vendors are evaluated for the first time using this methodology.

Dropped

This is the first Magic Quadrant on e-discovery software, so no vendors have been dropped.

Evaluation Criteria

Ability to Execute

Product/Service: The core goods and services offered by the vendor that competes in/serves the defined market. Included are current product/service capabilities, quality, feature sets and skills, whether offered natively or through OEM agreements and partnerships. According to the selection criteria, vendors

Table 1. Ability to Execute Evaluation Criteria

Evaluation Criteria	Weighting
Product/Service	standard
Overall Viability (Business Unit, Financial, Strategy, Organization)	standard
Sales Execution/Pricing	standard
Market Responsiveness and Track Record	standard
Marketing Execution	standard
Customer Experience	standard
Operations	no rating

Source: Gartner (May 2011)

that address the left-hand side of the EDRM must have some instantiation of identification, preservation or litigation hold, collection and processing (which some call “culling”) functionality. First-pass review, or what some vendors term “ECA,” is a highly desirable function, but is not required. Vendors that address the right-hand side of the EDRM must offer review and analysis features, such as search, categorization and tagging capabilities. Ease of use, intuitive user interfaces, attorney-focused workflow, advanced but transparent semantic analysis features, native file format review, and foreign language support are all considered desirable features from the end user’s point of view. All vendors had to document their deployment and pricing models – that is, whether their software was available as an appliance, through a standard enterprise software license or as SaaS. Ease of use, scalability and ease of implementation are also factors that vendors were rated on. Additionally, reports of “shelfware” or displacement were taken into account when checking client references, as software that ends up not being deployed, or that is displaced, is clearly not meeting users’ basic needs.

Overall Viability (Business Unit, Financial, Strategy, Organization):

Viability includes an assessment of the overall organization’s financial health, the financial and practical success of the business unit, and the likelihood that the business unit will continue to invest in the product, offer the product and advance the state of the art within the organization’s product portfolio. Gartner has a standard financial rating methodology that we used to rate the vendors. It is based on publicly reported numbers for public companies, and on numbers supplied to Gartner for private companies, for their last business year. It does not depend on absolute values but on relative ones, and thus seeks to remove the disparities that exist in a market where a vendor the size of IBM competes with startups. These numbers, plus personnel numbers and customer numbers, are all considered. The rating for this criterion is not just numeric, but also takes into account factors such as whether there is a strong management team, year-on-year growth, employee retention and longevity.

Sales Execution/Pricing: A 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. One of the major demands of today’s corporate market is transparent, predictable and flexible pricing. Vendors that do not address, or that are not trying to address, this demand are demonstrating that they do not understand the direction in which the market is moving. Other factors considered include the fielding of legal overlay sales teams to champion the company, act as thought leaders and close deals, if necessary. This is an especially important consideration for technology companies. Transparent, flexible and predictable pricing is essential in the e-discovery market to address the increasing influence of corporate buying centers in deciding the terms of many e-discovery purchases. The responsiveness, experience, professionalism and responsiveness of a company’s sales teams is important, and we evaluate these factors on the basis of client and reference input. A vendor’s ability and willingness to perform proofs of concept (POCs) is also important, and many references told us that, with certain vendors, “try before you buy” arrangements or POCs were so successful that they did not even open their tendering process to competitive bidding. For smaller vendors, having service providers, technology-focused system integrators or larger technology vendors as channels is particularly important.

Market Responsiveness and Track Record: The ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the vendor's history of responsiveness. This criterion concerns the organization's ability to meet its goals and commitments. Factors include the quality of the organizational structure, including skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently. More specific factors include the track record and longevity of key members of the leadership team; the ability to retain key personnel, especially after acquisitions; the ability to attract talent from other companies (based on market reputation and company success); and the reports of current and former employees about the working environment and their experiences at the company, along with evidence from other sources, such as prospective, current and former clients. It is essential that employees are empowered and that authority is delegated, with individuals allowed to make their own decisions in customer-facing situations.

Marketing Execution: The clarity, quality, creativity and efficacy of programs designed to deliver the organization's message to influence the market, promote the brand and the business, increase awareness of the products, and establish a positive identification with the product, brand and organization in the minds of buyers. This "mind share" can be driven by a combination of publicity, promotional initiatives, thought leadership, and word-of-mouth and sales activities. For vendors that come from technology markets, presence in legally focused publications and at tradeshows, and membership of professional and trade associations, is important. Equally, for vendors that come from legal markets, presence in technology-focused publications and at tradeshows, and membership of professional associations, is important. All vendors will benefit from an ability to attract and retain industry thought leaders, especially those known in legal circles. Finally, and perhaps most importantly, vendors must have a clearly articulated product set that clients can quickly understand and purchase.

Customer Experience: Relationships, products and services or programs that enable clients to succeed with the products

evaluated. Specifically, this criterion includes the ways customers receive technical support or account support. It can also include ancillary tools, customer support programs (and the quality thereof), availability of user groups, service-level agreements and so on. We judge these factors on the basis of written and oral interviews with reference clients, as well as client inquiry data. Evidence of vendor displacement, poor client service and incompetent sales techniques was taken into account.

Operations: Not rated, but we include operational criteria within "Marketing Responsiveness and Track Record," rating the organization's ability to deliver on its stated aims as a direct result of operational effectiveness.

Completeness of Vision

Market Understanding: A vendor's ability to understand buyers' wants and needs and to translate that understanding 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 them. In the e-discovery market, vendors demonstrate understanding through their interpretation of existing and emergent case law and timing of responses to that case law, and by whether and how they address the market's three segments: law firms, corporations and service providers. Although a vendor can address all three segments, and some do, being too ambitious here (or failing to match products, marketing and sales resources to these segments) indicates a lack of market understanding. One of the major demands of today's corporate market is clear and predictable pricing, so vendors that do not address, or are not trying to address, this demand demonstrate that they do not understand the direction in which the market is moving.

Marketing Strategy: A clear, differentiated set of messages, communicated consistently throughout the organization and externalized through a website, advertising, customer programs and positioning statements. In the e-discovery market, vendors must understand the dual buying centers of the legal and IT departments and create appropriate marketing programs to reach them. They should understand and use the EDRM in their marketing communications; have a clear statement of differentiation – for example, forensically sound collection, advanced search, and predictive coding functions, or full EDRM coverage; and demonstrate thought leadership by hiring appropriate legal personnel to champion them in forums such as the Sedona Conference.

Sales Strategy: The strategy for selling products that uses an appropriate network of direct and indirect sales, marketing, service and communication affiliates to extend the scope and depth of market reach, skills, expertise, technologies, services and the customer base. Vendors that generate between \$15 million and \$25 million in revenue should have an agile sales plan that includes partnerships, sales channels and a direct sales force. Vendors selling to enterprises or law firms must have legal expertise to champion their services and close deals. Gartner also looks for consistency in sales techniques, and for willingness and ability to perform POCs and other demonstrations that the software can do what it claims. Although POCs are impossible in some cases, the number of vendors who offer them is substantial. Finally, the ability to deploy tools quickly is important because of the sometimes unforgiving deadlines that regulators and investigators impose on organizations.

Table 2. Completeness of Vision Evaluation Criteria

Evaluation Criteria	Weighting
Market Understanding	standard
Marketing Strategy	standard
Sales Strategy	standard
Offering (Product) Strategy	standard
Business Model	standard
Vertical/Industry Strategy	no rating
Innovation	no rating
Geographic Strategy	no rating
Source: Gartner (May 2011)	

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. From the start of the e-discovery market, the issues of search and information categorization have been important, and will remain so. The bottom line is that the party that gets the critical information first is the one that will spend the least on e-discovery and ultimately on litigation. A vendor's investment in search, categorization, text analytics and other related technologies should be part of its strategy, as these are key market differentiators. They should be the focus of continuous investment and improvement. Another key investment strategy for products is to consistently work on the simplification and ease of use of the toolset. A related product strategy that many vendors should consider is consolidation of functionality on the left-hand or right-hand side of the EDRM. The market has become increasingly intolerant of "point" solutions for things like litigation hold functionality. When it comes to advanced feature sets, vendors that are looking at advanced workflow, reporting on review and other aspects of the discovery process, predictive coding and visualization, and that are moving into information governance or information management tactically or strategically, will have an advantage in the medium term. Other differentiated strategies might include focusing on something unusual, such as the needs of plaintiffs, attorneys, intellectual property (IP) litigation, or doing different kinds of litigation work within the same company – for example, employment matters (high case volume, low data volume, low value), IP litigation (low case volume, huge data volume, high value), class actions, multiple matters with overlapping custodians (also known as "matter life cycle management"), and the ability to save attorneys' work products for reuse.

Business Model: The soundness and logic of the vendor's underlying business proposition. A business model is the rationale for how an organization creates, delivers and captures value. Designing a business model is part of designing a business strategy. In a market that has changed as much as the e-discovery market, it is vital that companies examine their business models critically, especially for those that have been in the market for a long time and come from a proprietary software and services-based world into one of increasing openness, self-sufficiency and automation. A business model includes a company's mission or purpose, offerings, strategies, infrastructure, organization, trading practices, and operational processes and policies. It gives a complete picture of an organization from a high-level perspective. In our evaluation of vendors' business models, Gartner evaluated the subcriteria of goals (whether there is a vision that can be expressed in a single declarative sentence), objectives (whether there are quantitative targets), audience (whether the company has a clear understanding of its current and prospective clients), strategy (whether there is a road map tying goals, objectives and audience together) and tactics (whether the company is doing the right things to achieve its objectives).

We have excluded three criteria from our evaluation of the e-discovery market:

- **Innovation:** Gartner's formal definition of innovation is not "product innovation" but "direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or pre-emptive purposes." Our analysis of sales strategy, sales execution and operations includes these elements.
- **Geographic Strategy:** This is excluded because the e-discovery market is heavily concentrated in the United States. Although many vendors have a presence in Europe, the Middle East and Africa (EMEA) and in Asia/Pacific – and vendors that have a more balanced or worldwide focus were credited for it – this has yet to become a major factor in this market overall.

Leaders

Leaders understand the overall market's direction and have anticipated it correctly. Enterprise clients are looking for one of two things: a software suite that covers identification, preservation, collection and processing, or ECA. Important characteristics of this software include ability to perform litigation holds, collection of data with metadata preservation, connectors to e-mail, e-mail archiving, file shares and Microsoft SharePoint. Ease of use is another primary concern for any offering that targets legal end users. The ability to "cull" or process data before it is passed to lawyers, especially outside counsel, is of paramount importance.

One type of Leader targets corporate legal departments, corporate IT and service providers. A second type covers the right-hand side of the EDRM by offering attorney review tools.

Leadership is not necessarily characterized by possession of a "platform" or a full suite of e-discovery offerings, as this is not what the corporate market is looking for at present, with a few exceptions. Most corporate clients claim to have a best-of-breed strategy, as they do not think the market is mature enough for them to choose just one vendor. Others need only one set of functions – law firms, in particular, are looking only for capabilities on the right-hand side of the EDRM.

The Leaders in this year's Magic Quadrant are Autonomy, Clearwell Systems, FTI Technology, Guidance Software and kCura.

Autonomy is a brand and marketing powerhouse that appears on many clients' shortlists. Although we have seen little appetite for "full e-discovery platforms" from clients as yet, Autonomy is positioned to seize these opportunities when they do arrive – indeed, the overall market may evolve in that direction.

Clearwell Systems and kCura are relatively young private companies. This may seem at odds with their presence in the Leaders quadrant, but they have strong market penetration among enterprises and service providers, respectively, and have demonstrated leadership characteristics at this early stage. Both must continue to increase their market share and develop and progress their offerings in order to remain Leaders.

Guidance Software's position is attributable to its focus on collecting individual files while preserving metadata, its brand recognition and the improvements it has made to its end-user interface.

- **Vertical/Industry Strategy:** This is not important at this stage in the market's development. If a company has such a strategy, it is covered by the "market understanding" criterion with its three segments of law firms, corporations and service providers.

FTI Technology has a good blend of software and services, as well as being one of the larger vendors. We recognize that much of its revenue comes from services, but it has demonstrated a willingness and ability to develop software offerings for attorney review and analysis as SaaS.

Challengers

Challengers score strongly for their ability to execute, but may need to invest more in order to grow or be lacking in vision.

EMC's e-discovery offering is part of a broader suite focused on information governance. EMC has a strong IT sales force and overlay legal sales team. We believe that its SourceOne – Kazeon offering is well received for its ability to perform ECA on unstructured data “in the wild,” but that this vendor needs to refocus on its own internal sales and marketing efforts in order to gain more traction in the market.

IBM has a strong information management offering and is often the first choice for its existing customers. The acquisition of PSS Systems has also given it the ability to penetrate non-IBM accounts, and PSS's strong legal focus will add significantly to IBM's sales and marketing efforts in legal buying centers.

Nuix is not a typical Challenger, in that it is a private and relatively small company. However, it offers strong alternatives to a few of the Leaders and it achieved very strong revenue growth during the past year. It must continue to increase its market share and expand its functionality.

Symantec is often the first choice for customers who have already invested in its core information management technologies – they complement these with the vendor's e-discovery offerings. Significant improvements to Symantec's Discovery Accelerator, as reported by clients, position this vendor well for the future.

Visionaries

Visionaries often introduce new technology, services and business models, but they may need to improve their financial strength, service and support, and build sales and distribution channels. Whether Visionaries become Challengers or Leaders may depend on whether they accept new technologies or whether they can develop partnerships that complement their strengths. Visionaries sometimes make attractive acquisition targets for Leaders and Challengers.

There are many Visionaries in this Magic Quadrant, in keeping with the market's early stage of development.

AccessData Group is a forensic collection vendor that last year merged with CT Summation, whose reviewing and forensic collection capabilities will further the general push toward automation and enable AccessData to offer an integrated product suite that supports all phases of the e-discovery life cycle. The merger with CT Summation is also a good way for AccessData to expand its reach in corporations and to make inroads into law firms.

CaseCentral and Catalyst Repository Systems were among the first companies to offer true SaaS deployment of e-discovery review and analysis software, with a strong emphasis on ever-increasing automation of data uploading, culling and searching. Although we recognize that the entire e-discovery process cannot be automated, we do believe that this push toward as much automation as possible is the right approach as it offers high leveragability for vendors and cost-effectiveness for customers. These Visionaries are setting the pace in process automation, and we believe that other vendors need to match it in order to remain competitive.

CommVault has an overarching information governance vision, encompassing everything from backup to archiving. This vendor must continue to market and sell e-discovery products separately from its archiving products in order to grow rapidly in this market.

Exterro's offering is alone in being built on top of a general-purpose workflow engine. This means it can handle not only the e-discovery process across departmental and even organizational boundaries, but also serve as a platform for integrating other tools.

Recommind, whose product suite covers the full EDRM, came from the search and information retrieval market. It has done a good job of pushing the boundaries of document review by pioneering (and patenting) the concept of predictive document coding, thus delivering a way to reduce costs in the most expensive part of the process. Although this concept is not yet widely accepted by rank-and-file lawyers, many industry thought leaders, including high-profile lawyers and judges, along with many vendors, believe it is only a matter of time before it is. Gartner agrees as the volume, velocity and variety of data in legal review continues to increase. Some new way must be found to honor the founding principle of the law – to uncover the truth – now that the volume of material in which the truth might be discovered is too large for purely manual methods to cope with.

ZyLAB is a veteran of the information retrieval business that now specializes in e-discovery. It has a very broad range of language capabilities and a wider geographic distribution than the other vendors.

Niche Players

A Niche Player may be the perfect fit for your requirements. The Niche Players Daegis, Epiq Systems, Integreon, Iron Mountain, Kroll Ontrack and Xerox Litigation Services are all variations on the theme of “full service provider,” a business model that remains strong in the e-discovery services market. The LexisNexis offerings that we evaluated are well known in the law firm and service provider market for processing, review and analysis.

Gartner believes that the market's direction of movement is toward corporate buying centers as the critical decision makers and away from senior in-house counsel or law firms. Vendors in the Niche Players quadrant must learn to deal with corporate procurement staff who are seeking cost-effective solutions and terms and conditions that favor enterprises. Because corporations are buying these solutions on behalf of others – namely, outside counsel – in many cases the mix of products and services that they want is variable.

The end users of the software provided by these vendors are usually lawyers and paralegals. Because quite a few of these vendors – and others not included in this Magic Quadrant – aim at big, “high end” litigation for highly regulated companies, the competition here is the fiercest and the growth most limited by the overall potential market size.

Many of these vendors have mixed business models, selling everything from legal research services to full legal process outsourcing. Their challenge is to stand out from the crowd. They must also find ways to retain project management talent and automate, as much as possible, the ingestion of data into the process. Economies of scale is the “name of the game” here, and mergers and acquisitions will continue as these and other, larger players strive to consolidate the market.

Niche Players do well in one segment of the market or have a limited ability to innovate or outperform other vendors. This may be because they focus on a particular function, or they may be struggling to remain relevant in a market that is moving away from them. Niche Players may have reasonably broad functionality but limited implementation and support capabilities, and relatively limited customer bases. Some Niche Players have very large customer bases but have been slow to respond to rapid changes in the market – changes they must address if they are to remain relevant.

On 19 April 2011, Iron Mountain announced plans to increase its return on invested capital and that it is exploring a potential sale of its digital archiving, e-discovery and online backup and recovery solutions. Current clients of Iron Mountain should prepare for possible disruption in the delivery of support, as staff losses may ensue.

On 4 April 2011, Epiq Systems acquired Encore Legal Services. This deal strengthens Epiq’s ability to serve the market and is further evidence that consolidation will happen most quickly in a sector that is dominated by tailored packages of products and services for complex matters in litigious industries.

Vendor Strengths and Cautions

AccessData Group

Founded in 1987, [AccessData Group](#) is a privately held company, with a workforce of 350, that has addressed the e-discovery market since 2008. In 2010, AccessData merged with CT Summation, a deal in which CT’s original owner, Wolters Kluwer, maintained a minority ownership share. Together, the two product sets give AccessData coverage of the EDRM model from identification to production. The AccessData eDiscovery solution is built on the company’s forensics processing and collection technology, FTK, which enables targeted forensic collection of data from a wide variety of sources, including desktops, servers, and structured data stores. In addition, AccessData’s search methodology supports multiple relevancy models, file-culling methods and concepts, which enables the solution to be used for a wide range of investigation types, including those into inappropriate activity, remote intrusion, e-discovery and personally identifiable information. AccessData added ECA capabilities to its solution in 2009, and its short-term road map includes integrated review

capabilities. The company’s Summation suite of products – iBlaze, Enterprise, CaseVantage and Litigation Support Services – covers the review, analysis and production stages of the EDRM.

Strengths

- Identification, preservation and collection are difficult and technically complex parts of the process, so the ease of use of AccessData’s software in these areas is a differentiator, as is its method of collecting electronic material without disturbing metadata.
- Ownership of one of the most widely known litigation support applications, part of the AccessData Summation product set, is an important asset.

Cautions

- Poor communication with clients and the wider market after the merger with CT Summation has created some uncertainty about AccessData’s products.
- When AccessData acquired the Summation suite of products, it undertook an extensive technical program to integrate and upgrade the suite, which is ongoing; AccessData also needs to improve the market’s perception of Summation’s offerings.

Autonomy

[Autonomy](#) is a publicly traded company (LSE: AU.L, NASDAQ: AUTNF) with dual headquarters in the U.S. and the U.K. It offers a full suite of products for e-discovery, archiving, information management and information governance. It is one of the largest enterprise software companies (excluding the megavendors) in the e-discovery market. It has grown its e-discovery and archiving businesses both organically and via acquisition, including the purchases of Zantaz in 2007 and CA Technologies’ information governance business in 2010. Autonomy offers its products and services in a variety of deployment models, including appliance, on-premises and on-demand. Autonomy was a visionary early entrant in the e-discovery market, developing or acquiring technology that became part of the core functions of its e-discovery suite. These products give Autonomy multiple points of entry to potential clients, both those that are established users of e-discovery products and those that are just getting started. Autonomy’s private cloud solution, which uses the company’s own technology and provides capabilities across the EDRM, competes and delivers effectively for clients with large, complex litigation needs. Autonomy’s various products cover the entire spectrum of e-discovery processes, from information management (Autonomy Consolidated Archive and iManage legal content management) to identification, preservation and collection (Autonomy Legal Hold), ECA, review, analysis and production (Autonomy Introspect). Autonomy does particularly well for visionary clients who see the ultimate answer to e-discovery challenges as being to tackle long-standing enterprisewide information management and governance issues.

Strengths

- Autonomy's Intelligent Data Operating Layer (IDOL) platform technology provides e-discovery customers with advanced concept-based functionality, such as sophisticated classification, analytics and search capabilities. It also provides an integration point for other Autonomy information management products.
- Autonomy has at least one product for each stage of the EDRM, including information management. This enables clients to buy everything they need from Autonomy, and they can do so in a variety of deployment models. At the same time, Autonomy continues to invest heavily in research and development (R&D) to continue its history of organic product innovation.

Cautions

- Some customers with large-scale needs report that on-premises IDOL-based implementations can be expensive to purchase, complex to implement and resource-intensive to maintain.
- Customers express concern about the quality and responsiveness of customer support, though Autonomy is seeking to remedy this issue with a customer liaison and support program.

CaseCentral

CaseCentral, a privately held company, was founded in 1993 and entered the e-discovery market in 1994. The CaseCentral eDiscovery Platform is used for ECA, analysis, review and production of documents and e-mails pertaining to litigation, regulatory requests and internal investigations. CaseCentral can connect to infrastructure that allows for automated transfer of some types of case data. It can process, import and export a variety of standard and nonstandard formats. It also offers all the standard features that attorneys expect, along with sophisticated semantic analysis capabilities for legal review and analysis, workflow and reporting features to track and manage the progress of review, and a range of configurable options. CaseCentral's multimatter legal repository allows work to be leveraged between cases, so saving money and time on collection, processing, analysis and review. CaseCentral also allows for the standardization of case data, processes and workflow via templates, meaning new cases can be set up quickly from existing, approved best practices. CaseCentral has a workflow engine for multimatter process analytics, which is delivered via an e-discovery dashboard. The process analytics and dashboard give e-discovery managers a real-time, business intelligence view into review rates, quality rates, costs per document, firm or user, case timelines and comparative metrics across matters; this enables them, for example, to do cross-case checks on prior productions in order to avoid inadvertent production or coding errors.

Strengths

- CaseCentral offers multimatter, multiparty functionality with a single data store that allows work product reuse from matter to matter, including reuse of searches and queries, along with a best-of-breed set of features for processing, review, analysis and production.
- Workflow is geared to helping users see the progress of review, gain insight into costs, and oversee multiple law firms or individual reviewers.

Cautions

- CaseCentral specializes in a part of the e-discovery process most relevant to in-house legal departments and law firms, which limits its potential market opportunities.
- CaseCentral's model works best for those who view litigation as a repeatable process, who know that their volume of litigation is high or complex and may increase over the years, who have work products that are likely to be reused, and who are willing to sign multiyear contracts.

Catalyst Repository Systems

Catalyst Repository Systems, a privately held company with over 100 employees, entered the e-discovery market in 2000. Catalyst's platform is grid-based, allows for automated loading of data, and covers processing through search, analytics, and review, in addition to case workflow management of automated productions. It is designed as a product to be delivered via the cloud, but with the user having full control over the platform and processes. It is deployed using a SaaS model. Catalyst is focused on automating as much of the e-discovery process as possible; it supplements the rest of the processing through production phases with human expertise where necessary. Since attorney review is the most expensive line item in any litigation, this means that Catalyst is focused on reducing litigation costs to the greatest extent possible. Catalyst provides specialized consulting services around its product and services, notably expert assistance with large-volume data searching, analytics and information retrieval using subject matter experts.

Strengths

- Catalyst's foreign-language capabilities are industry-leading and its search technology is best-in-class, as is its focus on search expertise.
- Catalyst's vision for uploading and processing data as a business process utility promises to be highly scalable and extremely cost-effective. Also, its focus on processing, search, review, analysis and production efficiency and ever-increasing automation is a key differentiator.

Cautions

- Catalyst has chosen to specialize in a part of the e-discovery process that is most relevant to legal service providers, law firms and in-house legal departments – buyers whose influence is waning.
- Catalyst has a relatively low profile in a crowded and noisy market.

Clearwell Systems

Clearwell Systems is a privately held company with over 200 staff. It focuses solely on e-discovery, covering the identification, preservation, collection, processing, review, analysis and production phases of the EDRM, along with ECA. The Clearwell E-Discovery Platform is available as a physical or virtual appliance, and as software for on-premises deployment. Users state that it takes only hours or minutes to install. Clearwell's offering is also available through a network of partners, via legal service providers as hosted SaaS, and via enterprise software providers who resell the on-premises solution. Clearwell's pricing is straightforward with the Legal Hold and Identification & Collection modules being licensed based on numbers of custodians, and the Processing & Analysis and Review & Production modules being licensed based on the amount of data analyzed. Clearwell is differentiated by ease of installation and use, straightforward pricing, solid functionality and an unmatched reputation for customer satisfaction.

Strengths

- Clearwell has one of the most referenceable brands in the market, with high name recognition and customers reporting outstanding satisfaction with its product.
- Easy implementation and a willingness to perform POCs make Clearwell's offering easy to evaluate, buy and implement. This has clear advantages for organizations under pressure to process data in a short time frame.

Cautions

- Clearwell relies on volume-based pricing for processing, review and analysis, and production.
- Clearwell's Identification & Collection module is relatively new, having been released in September 2010.

CommVault

CommVault is a publicly traded company (NYSE: CVLT) that entered the e-discovery market in 2007. It came from a content archiving and unified data management background, and has moved into the information governance and management space with a set of product capabilities that address the needs of legal and compliance archiving buyers. Its current product, Simpana Archive, is sold with modules for ESI collection, including cloning (backup) and archiving, and content indexing for search and e-discovery. Simpana's content index and search capabilities

are based on Fast indexing technology. Simpana's archiving technology focuses on retention life cycle management, enterprise search, information workflow, records declaration, privacy and security, e-discovery and compliance, again drawing on the core platform features. Simpana Content Director is an add-on process and workflow engine that provides content classification and e-discovery functions. CommVault's key differentiators are deduplication across the entire body of collected and archived information (as well as backup), the ability to retain and dispose of data in this archive, and an information governance message, which together give it a larger technological and strategic footprint than other vendors.

Strengths

- Since information governance is the basis for long-term e-discovery solutions, Simpana is in a strong strategic position.
- CommVault's solution for data protection and information management is tightly integrated, delivering management and infrastructure efficiencies.

Cautions

- CommVault must gain market share in the core information archiving sector to be on a par with its most direct competitors.
- Because CommVault's value proposition is based on the underlying archiving platform, decision cycles will be longer. In addition, implementation delays result from the need to have various decision makers involved.

Daegis

Daegis is a publicly traded company (NASDAQ: UNFY) that has competed in the e-discovery market since 2003. The result of two acquisitions by Unify (of AXS-One and Daegis), the company kept the Daegis name as it had the strongest brand in the e-discovery market – although its archiving products are still offered under the Unify brand name. Daegis's e-discovery capabilities extend from information management, including records management and content archiving, to document review, analysis and production. Daegis believes that its offering helps achieve maximum efficiency throughout the e-discovery process by eliminating data handoffs and double processing, while targeting and reducing datasets through iterative search. Daegis's e-discovery platform, which is available as an on-premises or hosted offering, is an integrated technology solution. The company's hybrid business model also includes e-discovery-related services.

Strengths

- Customers report that they are impressed with the quality of Daegis's project managers.
- Pricing is highly predictable.

Cautions

- Daegis's emphasis on the whole e-discovery process makes its proposition most attractive to large litigious organizations, a segment of the market where there is significant competition.
- Daegis has a relatively low profile in a fast-moving, noisy market, and its archiving product is losing market share.

EMC

EMC (NYSE: EMC) offers its SourceOne portfolio of products for archiving, file visibility and e-discovery, with product functionality across the EDRM. The product set includes e-discovery and supervision products that work directly with information in the archive: SourceOne Discovery Manager and SourceOne Email Supervisor. In addition, EMC's SourceOne eDiscovery – Kazeon software works across a range of systems and locations to perform identification, collection and processing, along with ECA; the list includes e-mail servers, archives, laptop PCs, desktop PCs, unstructured content "in the wild" and document management repositories. Using the SourceOne eDiscovery – Kazeon solution, ECA can be performed before or after collection. In the case of ECA after collection, once documents and e-mails have been gathered the software enables legal departments to get better information on what was collected, based on custodians, date ranges, document types, e-mail senders, recipients, keywords, concepts and so on. In addition, EMC's Captiva technology enables it to perform paper imaging for e-discovery.

Strengths

- For clients using SourceOne archiving or Documentum, SourceOne eDiscovery – Kazeon provides a complementary e-discovery product. EMC Kazeon can also be used independently of EMC's archiving product or other EMC products.
- EMC is a large, financially stable vendor whose strong IT sales force, recent organizational changes and overlay legal sales teams demonstrate commitment to the market.

Cautions

- The two-year-old SourceOne product family that is offered as a solution for archiving, compliance and e-discovery is making inroads in the market, but it is competing with other EMC core archiving and storage technologies for sales and marketing mind share.
- EMC has struggled to position the Intelligent Information Group (IIG) portfolio, and, in the broader context of its product offerings, has suffered from a lack of strategic vision. EMC's information governance and e-discovery vision is, in many instances, simply on a par with other vendors in today's market.

Epiq Systems

Epiq Systems is a public company (NASDAQ: EPIQ) that was founded in 1988 and launched its e-discovery product line in 2005. Epiq provides software and services in the United States,

the United Kingdom and Hong Kong that cover ECA, processing, review and production of ESI. eDataMatrix is a processing tool capable of processing many file types and that supports over 160 languages. DocuMatrix is an attorney-focused, end-to-end discovery management platform offering clustering and analytics, Boolean and concept searching, and foreign language support. DocuMatrix incorporates IQ Review, a predictive coding engine that lets a designated expert enable DocuMatrix to automatically identify documents as "most likely responsive" or "nonresponsive," based on the expert's coding decisions. The documents most likely to be relevant are prioritized for review teams, which decreases costs in the review stage. All of Epiq's offerings are hosted and offered through SaaS or per-gigabyte pricing models. Epiq also offers on-site deployment of DocuMatrix Mobile for individual cases where data cannot leave a location due to data privacy concerns or country-specific data protection laws.

Strengths

- Epiq's predictive document prioritization technology, IQ Review, has the potential to reduce the cost of attorney review, the most expensive part of the e-discovery process.
- Epiq's project managers are tenured employees on three levels, which ensures deep and wide expertise in attorney review, the most important aspect of e-discovery.

Cautions

- Although Epiq's client base is divided evenly between law firms and corporations, law firms represent a larger percentage of its client base than is the case for other e-discovery software providers.
- Being a brand-name legal services provider is no longer enough – Epiq needs better differentiation as its target customers are similar to those of FTI Technology, Integreon, Ipro, Kroll Ontrack, Xerox Litigation Services and others.

Exterro

Exterro is a privately held company, founded in 2004, which entered the e-discovery market in 2005. It is a workflow specialist with well-regarded products for data mapping, in-house litigation holds, and management of e-discovery projects. When its main competitor, PSS Systems, was acquired by IBM in late 2010, Exterro was alone in its targeted identification and litigation hold functionality, which is of great importance to legal departments. Exterro also has one of the few data-mapping products on the market. It enables organizations to track their ESI at an organizational level. Exterro has recently added ECA, collection, culling and review capabilities to its suite of solutions, giving it the range of functions most often requested by organizations wanting to bring e-discovery tasks in-house.

Strengths

- Exterro's software is easy to understand and purchase, and it fulfills the very important need of legal departments to manage litigation processes.

- Clients report that pricing is very reasonable.

Cautions

- Exterro's ECA, collection, culling and review capabilities are new, and are not evaluated in this Magic Quadrant.
- Data mapping is not a requirement for many organizations, judging from calls to Gartner's inquiry service.

FTI Technology

FTI Technology is a separately reported business unit of FTI Consulting (NYSE: FCN), a publicly traded company founded in 1982. FTI has acquired two well-known companies in the e-discovery market: Ringtail Solutions and Attenex. In 2010, FTI released a version of Ringtail's software that combines familiar features from both of these companies' well-known products in a simplified and modernized product set. It performs functions from processing through to production – including ECA, review and analysis – and is available via a SaaS or enterprise model. Pricing models include user-based on-premises and SaaS. In addition to software, FTI provides a broad range of e-discovery consulting and other services, from international data collection with its Investigate offering, to legal review and full legal process outsourcing with its Acuity offering. FTI Harvester for Microsoft SharePoint combines software and services for the collection of SharePoint data.

Strengths

- FTI has a hybrid business model, allowing both software purchases and SaaS subscriptions. It is also a full e-discovery service provider.
- The company has a unique sales and sales compensation model that enables it to manage its consulting and software businesses effectively. This, along with its technology and project management skills, contributes to a reputation for excellence.

Cautions

- FTI has a reputation for being the most expensive option.
- Some clients believe that, to FTI, its consulting practice is more important than the development of software.

Guidance Software

Guidance Software is a publicly traded company (NYSE: GUID) that was founded in 1997 and proceeded to focus on forensic data collection and analysis. Its EnCase product range provides an auditable repository-based means of identifying, collecting, preserving and processing data for e-discovery. Data can be searched and categorized for ECA, before or after collection. There are three EnCase products, which all use the same underlying technology, applicable to this market: EnCase Enterprise (for internal investigations and small-scale e-discovery collection

and processing); EnCase eDiscovery (for small-scale to large-scale e-discovery); and EnCase Cybersecurity (for information management, such as data auditing and clean-up). EnCase has an on-user-premises deployment model. EnCase is well known in the security community and is widely used by e-discovery and forensic data collection service providers, due to its longevity, forensically sound metadata collection methods and mentions in case law. Pricing is on a concurrent user or per-node basis, and is easy to understand and predictable. Guidance also offers SaaS pricing.

Strengths

- Identification, preservation and collection are difficult and technically complex parts of the e-discovery process, and EnCase's reputation in these areas is a differentiator, as is its method of collecting electronic material without disturbing metadata.
- Guidance's products have evolved from a tool for use on a single computer into true enterprisewide software, and EnCase's interfaces are easy for lawyers and paralegals to use for ECA and first-pass review.

Cautions

- Although Guidance's software is easily deployed, enterprisewide installations may require a substantial amount of time and investment to define processes and determine a consistent architecture.
- Those using the tool for forensic analysis require substantial training and are recommended to acquire certification.

IBM

IBM has been building its e-discovery portfolio since 2004, focusing on products to complement its pre-existing archiving and repository management offerings. IBM launched its Smart Archive Strategy in 2009 to bring a unified approach to archiving, with support for complementary solutions such as e-discovery and records management. In October 2010, IBM acquired PSS Systems, which provides more effective policy management, including enablement of defensible disposal. PSS has brought strong thought leadership, a strong legal brand and a very active and effective legal marketing strategy to IBM's sales and marketing channels. The addition of PSS enables IBM to address e-discovery and information retention challenges in organizations with little or no IBM infrastructure; PSS's software has integrations with other repository and infrastructure providers and customers with hybrid environments. IBM Content Collector provides archiving modules for Microsoft Exchange, Lotus Domino and other mail systems via SMTP, as well as for instant messages and social networking content. IBM also offers IBM eDiscovery Manager and eDiscovery Analyzer, which are both part of IBM's wider information governance portfolio (formerly InfoSphere). Optim Data Growth solutions provide the ability to archive structured application data and structured databases. IBM is able to extend its core archiving capabilities with tightly integrated records management, e-discovery and classification functions,

thanks to a broader set of what it calls “information lifecycle governance” products. IBM covers information management, identification, preservation, collection, processing, review and analysis phases of the EDRM.

Strengths

- IBM’s historically strong position within insurance and financial services companies positions it very well to be the e-discovery vendor of choice in these highly litigious industries.
- IBM markets and sells e-discovery products via multiple internal sales channels, an approach that can effectively prevent competitors winning business from customers that have already invested heavily with IBM.

Cautions

- IBM and PSS must work to overcome the perception that IBM solutions are only for “IBM shops.”
- IBM’s packaging and pricing are customized for individual customers – what needs to be purchased greatly depends on what IBM software is already at the customer’s site.

Integreon

Integreon is a private company, founded in 1998, specializing in providing support services for law firms and corporate legal departments. Integreon has made significant investments in its e-discovery business since entering the market in 2005, including acquisitions of Bowne’s litigation support business in 2006, Datum Legal in 2008 and Onsite3 in 2009. Integreon has invested in defensible process capabilities and software to create an integrated end-to-end e-discovery solution, from collection to global managed document review, with a mix of its own products and those of third parties. Integreon’s collection product (Seek & Collect), hosted review product (eView) and enterprise processing product (Electronic Evidence Enterprise) were evaluated for this analysis. These products focus on the collection, processing, review, analysis and production of ESI, and are available under SaaS and enterprise pricing models.

Strengths

- Integreon has a strong brand and reputation in the legal community, and the ability to access legal buying centers.
- Integreon has deep client relationships, and provides a range of services, including concierge-style offerings, to a select client base.

Cautions

- Integreon needs to grow its market share against competitors with similar offerings and continue to differentiate itself.

- As a major provider of legal process outsourcing solutions, Integreon is a diversified company that also provides other legal products and services – which means that software development is not its only focus.

Ipro

Ipro is a private company that was founded in 1989 as an e-discovery specialist. It has evolved over the years and enjoys a strong reputation among law firms and service providers. It covers the right-hand side of the EDRM, from processing through to production. It supports SaaS and concurrent-user pricing. Unlike many of the incumbent service firms, Ipro has focused its efforts on software engineering to produce robust code that can be deployed in different ways. The company thoroughly understands the changing market landscape for e-discovery and has a good road map for meeting the evolving market conditions. It must acquire channel partners and other means of addressing the corporate e-discovery market. Ipro has demonstrated more vision than many competitors in the e-discovery market in terms of both functionality and acknowledgment of changing market conditions by seeking partnerships with corporate software providers.

Strengths

- Ipro has a strong brand, a fine reputation in the legal community and the ability to access legal buying centers.
- Ipro’s software is easy to use, and the company offers transparent pricing and is willing to work with other vendors in collaborative partnerships.

Cautions

- Ipro has few references in the corporate environment.
- Ipro has important pieces of the e-discovery “puzzle,” but needs partners and channels to complete the picture.

Iron Mountain

Iron Mountain is a public company (NYSE: IRM) that, in 2007, acquired its first e-discovery offering with the purchase of Stratify (founded in 1999). It also acquired Mimosa Systems, an archiving vendor with e-discovery capabilities, in 2010. The Iron Mountain Discovery Suite includes the company’s full range of capabilities, encompassing NearPoint, Connected Classify & Collect and eVantage, which are deployed on-premises behind the firewall, and Legal Discovery, a hosted review platform. The suite enables collected data to be managed in one of the repositories (NearPoint, Connected Classify & Collect or Legal Discovery) and provides litigation hold, processing, review, analysis and production capabilities. A key part of eVantage is document analytics for searching, analyzing and reporting on documents with various types of embedded metadata. In 2010, Iron Mountain made organizational changes that brought all elements of the business together as “One Iron Mountain,” whereas previously “Iron Mountain Digital” had separate sales and marketing organizations. According to Iron Mountain’s press releases, this has had a negative impact

on the business, which it is taking steps to correct. On 19 April 2011, Richard Reese, Iron Mountain's CEO, announced in an analyst call that the company was undertaking a strategic plan to increase shareholder value. One element of the plan is to "explore strategic alternatives to its digital business." The uncertainty this will create among the company's employees, clients and shareholders will have an adverse effect on many of the elements that Gartner uses to evaluate vendors. Because of the far-reaching implications of this announcement, and because it happened so close to the submission deadline for this document, we provide a link to the [press release](#) for those interested. We advise customers who are committed to Iron Mountain products, or who are considering buying them, to talk to one of our analysts, as the situation is likely to remain fluid for some time.

Strengths

- Clients report that, across Iron Mountain's product suite, technology is robust, support good and implementation easy.
- Iron Mountain's Legal Discovery clients are typical of those who use hosted review and analysis offerings in that they use the review platform selectively, depending on the characteristics of the case – but they report good results when they do use it.

Cautions

- Existing customers should keep in close contact with the Iron Mountain personnel they know in order to stay on top of the situation, as this is the best way to ensure continuity of service and support. They should not expect to have information "pushed" to them.
- The April 2011 announcement has created much uncertainty and leaves many issues unresolved, so clients should contact Gartner for a detailed analysis based on their particular situation.

kCura

A privately held company founded in 2001, [kCura](#) entered the e-discovery market in 2006. With an exclusive focus on the review, analysis and production of documents, kCura's Relativity product is now considered "best in class" by many legal end users. While the Relativity team at kCura focuses on technology development, the product itself is sold directly to corporations and is also available as a SaaS offering from a wide range of well-known service providers and hosting partners. Historically, the attorney review application market was dominated by three or four products, which sufficed in the age before the huge increase in the numbers and types of electronic information that lawyers had to deal with. Relativity is a product designed in, and for, the present age of ever-increasing volumes, velocity and variety of data.

Strengths

- kCura is nearly unique in its exclusive focus on legal end users and the review to production parts of the e-discovery process. This focus has enabled it to produce best-of-breed technology and to grow very quickly and profitably.

- The majority of customer references are satisfied with kCura's technical, customer and platform support.

Cautions

- kCura does not often sell directly as this is not what the market generally wants, so prospective clients should choose their service provider or hosting partner carefully as this will affect their quality of experience with the Relativity application.
- Given the availability of Relativity from so many sources, the product is approaching the point of market saturation.

Kroll Ontrack

[Kroll Ontrack](#) is a privately held company, founded in 1985. In 2010 it was sold to Alteryx, a company owned by Providence Equity Partners. Kroll Ontrack's products include a review platform (Ontrack Inview), an early data assessment platform (Ontrack Advanceview), a hosted discovery repository solution (Ontrack Guardian), an enterprise content archiving solution (Ontrack Compass), and a Web-based trial preparation tool (Ontrack Prepreview). Kroll Ontrack uses its own and third-party tools for its discovery processing and analysis services, including identification, litigation hold and collection, but it does not sell these to enterprises as stand-alone software. Kroll Ontrack has long been a dominant player in the e-discovery services market. The products evaluated for this Magic Quadrant are those that Kroll Ontrack offers as SaaS, in connection with its outsourced services. Kroll Ontrack has long been regarded as a "safe pair of hands" for any e-discovery task. In the past it has focused on its outsourced services business, but its road map indicates that this is changing and that the company's vision includes other approaches to the market.

Strengths

- Kroll Ontrack has a trusted brand, a well-established presence, and a reputation for service excellence in the e-discovery outsourcing and hosting market.
- A majority of customer references report that Kroll Ontrack's staff have a well-balanced and deep knowledge of both technology and legal matters.

Cautions

- Kroll Ontrack's clients and potential clients report that the company's pricing model is relatively inflexible and sometimes unpredictable.
- Being a brand-name legal services provider is no longer enough – Kroll needs better differentiation as its targets are similar to those of Epiq Systems, FTI Technology, Xerox Litigation Services and others.

LexisNexis

LexisNexis is a private subsidiary of a public company, Reed Elsevier (NYSE: ENL, NYSE: RUK). It entered the e-discovery market in 2003 via acquisition. For this Magic Quadrant we evaluate only the Concordance Classic and LAW PreDiscovery offerings, although LexisNexis also has others, notably Applied Discovery. Concordance Classic is a document review tool covering review, analysis and production on the right-hand side of the EDRM. It has a long history and a great deal of brand recognition within the legal industry, being familiar to many lawyers. Concordance Classic, along with CT Summation software, has been the mass-market tool of the legal profession for document review. LAW PreDiscovery is a processing and culling tool that allows all documents to be processed ahead of legal review, allowing for ECA. The two tools work together to cover processing, review, analysis and production, in addition to ECA. LexisNexis is making significant investments in its products and says it expects to see the results in the summer of 2011.

Strengths

- LexisNexis is a strong and trusted brand in the legal profession, for which it offers a range of products and services.
- Pricing for both Concordance Classic and LAW PreDiscovery pricing is deemed very reasonable by users, and there is solid and responsive customer support.

Cautions

- LexisNexis has been slow to respond to changes in the market, and will only launch an all-new version of its toolset later in 2011.
- Some customer references suggest that LexisNexis is not focused on supporting emerging technologies and that the upcoming technology refreshment, scheduled for the summer of 2011, is much needed.

Nuix

Nuix is a privately held company that was founded in 2000 and entered the e-discovery market in 2007. It is based in Sydney, Australia, and its geographic progress has been from Asia/Pacific to EMEA and on to North America. Nuix's biggest strength and most proven technology lies in the speed at which it can process data and enable early assessment of data in any given matter. It is also particularly strong in its support for multiple languages, especially double-byte character set ones, and in its ability directly to support and index difficult container files types, such as major archives and entire e-mail and workplace collaboration systems (for example, EmailXtender, Symantec Vault, Lotus Notes, Microsoft Exchange and SharePoint), and all major forensic collection formats. Nuix is building software to carry out litigation holds and can collect data from a variety of sources. Nuix modules, collectively called the Nuix eDiscovery Platform, include Nuix Forensic Collection, Nuix Universal Indexing, Nuix First Pass Review (processing plus some reviewing, categorizing and tagging capabilities), Nuix Rapid Investigative Review (for ECA) and Nuix production. Because of the

technical architecture, Nuix clients report that these tasks can often be accomplished more rapidly than with competitive products. This makes the Nuix toolset popular with legal discovery service providers, many of which use the product as part of their own workflow systems.

Strengths

- Nuix clients report ease of implementation and that the speed at which data can be processed is second to none, which is particularly welcome in situations where large amounts of data must be processed in a short period.
- Nuix has straightforward pricing that is well understood within the IT world. Also, it offers lower prices than its closest competitors.

Cautions

- Nuix has a relatively small presence in North America, the region that is the market's focus.
- Nuix has a relatively low profile in a fast-moving, noisy market.

Recommind

Recommind is a privately held company that was founded in 2000 and has competed in the e-discovery market since 2007. Recommind had a strong background in providing search, knowledge management and information retrieval to law firms, which positioned it well for the surge in demand for e-discovery software. Recommind's Accelerate eDiscovery suite can perform litigation holds, collection, processing, review, analysis and production. With a heritage in enterprise software, Recommind's pricing is straightforward for all deployment options. Recommind has long been known for its effective approach to search, and it has used its engineering understanding of semantic analysis to launch Predictive Coding, which helps to reduce the amount of manual labor required in the initial stages of a document review exercise. As review is the most expensive part of the discovery process, Predictive Coding has the potential to reduce costs dramatically. Based on its range of functionality, Recommind should be on the shortlist of any company with a high case load that aims to bring e-discovery in-house in order to cut costs.

Strengths

- Recommind has a strong understanding of, and reputation within, corporate legal departments and law firms, which are key decision makers in e-discovery buying decisions.
- Recommind offers methodologically and technically sound information retrieval technology, which the company is using to drive innovation in document review with the promise of accompanying cost reductions for clients across the full range of the EDRM.

Cautions

- Predictive Coding technology employs unique workflows that change the way review is performed, but this kind of automated review has yet to be widely accepted by the legal community.
- Judging from data provided by vendors, existing clients and prospective customers, Recommind's software is more expensive than comparable solutions, though it is certainly not the most expensive product on the market.

Symantec

Symantec is a public company (NASDAQ: SYMC) that entered the e-discovery market in 2001. Symantec's e-discovery capability is built around Enterprise Vault, its market-leading product for archiving e-mail, files, SharePoint data and instant messages. Symantec has third-party relationships that enable it to archive social media content. Enterprise Vault is a mature product with the largest base of customers worldwide. E-discovery is supported by Enterprise Vault Discovery Accelerator and Enterprise Vault Discovery Collector, the latter containing OEM components to facilitate the reactive collection of desktop/laptop PC and other active content not already collected by Enterprise Vault. Discovery Accelerator is the module that enables preservation, analysis, review and export of material collected by Enterprise Vault and Discovery Collector. Discovery Accelerator is now at version 9.0, and clients report that the latest iterations are much improved – many have either adopted it or plan to do so.

Strengths

- Like all vendors with archiving as the basis of their e-discovery offerings, Symantec's discovery modules – Discovery Accelerator and Discovery Collector – are the first choice for those committed to this vendor's platform.
- With its long-standing presence in the market, Symantec is considered to have a proven and scalable solution, and it has a broad base of customers committed to Enterprise Vault as a central component of their e-discovery and information governance strategies. Symantec's addition of thought leaders and specialized sales personnel to its team underlines its commitment to the e-discovery market.

Cautions

- Symantec's main relationships are with IT buying centers, rather than legal professionals.
- Symantec's Discovery Collector technology incorporates OEM technology for reactive collection of desktop and laptop PC content and other active content collection.

Xerox Litigation Services

Xerox (NYSE: XRX) entered the e-discovery market in 2002 and currently has over 250 employees working in its e-discovery business, Xerox Litigation Services. It is focused on collection,

processing and hosting, along with review and analysis and production, through the OmniX review platform and Categorix automated document classification system. All the offerings are delivered via a SaaS model. Xerox Litigation Services covers the collection, processing, review, analysis and production phases of the EDRM. Its targets are Fortune 100 companies with large litigation portfolios. It does not aim to break out of the traditional e-discovery service provider mould, which relies on reasonable software for review and analysis and excellent project managers, along with deep customer relationships. Although we believe this approach to be sustainable, it is also limited. Xerox's acquisition of Affiliated Computer Services (ACS), a business process outsourcing and IT services consultancy, has the potential to add depth and breadth to Xerox's sales and delivery capability in the e-discovery market.

Strengths

- Connection to Xerox's R&D resources (Parc and Xerox Research Center Europe) for semantic modules and other technologies will continue to enable Xerox Litigation Services to respond flexibly and capably to demands to process increasing volumes of ever-more-diverse data.
- Access to the ACS sales force, along with a core of experienced and well-known discovery attorneys, gives Xerox Litigation Services an opportunity quickly to claim mind share and market share against SaaS and service provider competitors.

Cautions

- Although Xerox Litigation Services has capitalized on Xerox's R&D capabilities, Xerox's long history of creating and fielding excellent technology but then failing to capitalize on market opportunities cannot be ignored.
- Xerox markets and sells via its traditional model, which at times struggles to engage the right resources successfully.

ZyLAB

ZyLAB is a privately held company that was founded in 1983. It is now a veteran information retrieval and archiving vendor specializing in e-discovery, and has language capabilities and a geographic distribution wider than those of any other vendor. It offers the ZyLAB eDiscovery & Production System, which is based on the ZyLAB Information Management platform. Thanks to its long heritage in search and information retrieval, ZyLAB's capabilities include identification, collection, preservation, processing, review, production and ECA, based on strong textual analytics and other semantic technologies. The company offers its products through a software licensing and installation model, and as SaaS. ZyLAB is highly referenceable, extremely stable and enjoys a loyal client following, despite its low-key approach to marketing. ZyLAB's ability to recruit and retain talented personnel is key to its success, and its recruitment of thought leaders in 2010 demonstrated this again. ZyLAB's functionality is equal to any of the market leaders, and it should be considered alongside them.

Strengths

- ZyLAB is very well known to, and represented in, federal, state and local governments; legal teams and courts; corporate counsels and executive boards; and law enforcement, security, intelligence, and investigative agencies.
- ZyLAB addresses text, images, audio and video very effectively.

Cautions

- ZyLAB is – and, according to the company’s founder, will remain – privately held, which is sometimes a hurdle for corporate procurement departments.
- ZyLAB supports only Microsoft operating systems.

Evidence

The information used in this Magic Quadrant came from several sources.

First, in 2010 Gartner analysts received over 800 calls from clients that related in some way to this topic.

Second, the development process for the Magic Quadrant itself involved self-reporting by vendors and the checking of client references. All vendors submitted a list of at least five references, all of whom completed a survey and many of whom were contacted by phone.

Third, we conducted phone surveys with vendor clients who were not on the official reference lists.

Fourth, during 2010 Gartner analysts held briefings with all the vendors, during which there were presentations and question-and-answer sessions.

Fifth, we drew on a yearly quantitative market analysis published in November 2010 (“Market Trends: E-Discovery Software Is a Buyer’s Market, Worldwide, 2010”). This quantitative analysis is the basis for the following Strategic Planning Assumption: “By 2014, consolidation will have eliminated one in every four enterprise e-discovery vendors.”

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’s appearance in a Magic Quadrant or MarketScope one year but not the next does not necessarily indicate that we have changed our opinion of that vendor. It may be a reflection of a change in the market and, therefore, of changed evaluation criteria, or of a change of focus by the vendor.

Evaluation Criteria Definitions

Ability to Execute

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.

Overall Viability (Business Unit, Financial, Strategy, Organization): Viability includes an assessment of the overall organization's financial health, the financial and practical success of the business unit, and the likelihood that the individual business unit will continue investing in the product, will continue offering the product and will advance the state of the art within the organization's portfolio of products.

Sales Execution/Pricing: The vendor's capabilities in all pre-sales activities and the structure that supports them. This includes deal management, pricing and negotiation, pre-sales support and the overall effectiveness of the sales channel.

Market Responsiveness and Track Record: Ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the vendor's history of responsiveness.

Marketing Execution: The clarity, quality, creativity and efficacy of programs designed to deliver the organization's message to influence the market, promote the brand and business, increase awareness of the products, and establish a positive identification with the product/brand and organization in the minds of buyers. This "mind share" can be driven by a combination of publicity, promotional initiatives, thought leadership, word-of-mouth and sales activities.

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.

Operations: The ability of the organization to meet its goals and commitments. Factors include the quality of the organizational structure, including skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis.

Completeness of Vision

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.

Marketing Strategy: A clear, differentiated set of messages consistently communicated throughout the organization and externalized through the website, advertising, customer programs and positioning statements.

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.

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.

Business Model: The soundness and logic of the vendor's underlying business proposition.

Vertical/Industry Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of individual market segments, including vertical markets.

Innovation: Direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or pre-emptive purposes.

Geographic Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of geographies outside the "home" or native geography, either directly or through partners, channels and subsidiaries as appropriate for that geography and market.