



exterro®



2021 E-DISCOVERY TECHNOLOGY REPORT

FOR IN-HOUSE PROFESSIONALS

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EXECUTIVE SUMMARY

Among legal professionals, e-discovery experts have among, if not the, deepest relationships with legal technology. Legal technology and its ability to collect, filter, and analyze electronically stored information (ESI), defines every aspect of the e-discovery process. No wonder then that e-discovery professionals need to stay up to date with technology trends to perform their jobs effectively.

This report, the **2021 E-Discovery Technology Report for In-House Professionals**, accomplishes that goal. Based on research conducted by the Association of Corporate Counsel and Exterro, this report digs deep into topics of special interest to e-discovery professionals:

- the relationship between mature legal operations and technology,
- how legal departments use e-discovery tools and how effective they are at helping professionals perform their job duties, and
- how organizations manage the complex process and challenges of purchasing new legal technology.

The data in the report comes from a joint ACC/Exterro survey of legal professionals, the **2021 Legal Technology Report for In-House Counsel**, which surveyed the opinions of 250 in-house counsel and legal operations professionals about their use of technology, its effectiveness, its relationship to mature legal operations, and their decisions around and process for investing in technology.

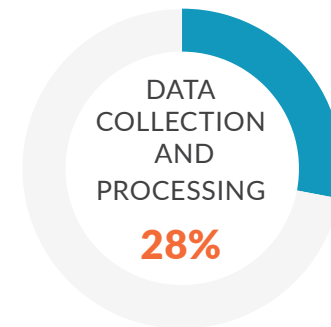
Exterro would like to thank all survey participants for taking the time to share their valuable experience and perspectives.

KEY TAKEAWAYS FOR E-DISCOVERY PROFESSIONALS

KEY TAKEAWAY #1:

Legal hold is among the most effective technologies used by in-house teams

Legal professionals who used e-discovery technology find **legal hold** especially effective, at levels comparable to more widely used tools like matter management, e-billing, and legal research. Lower percentages of professionals identified technology for tasks later in the EDRM process as less effective, most likely an indication of the fact these tasks are frequently outsourced to law firms and LSPs.



KEY TAKEAWAY #2:

The trend toward more technology in mature legal departments is accelerating

Survey respondents evaluated their organization's legal process maturity on a scale of 1 to 5, from ad hoc to optimized. Organizations with optimized processes found technology a "must have" more than twice as often as ad hoc organizations, 90% to 42%. They also planned to act on this belief—63% anticipated buying more legal software in the coming year compared to 22%.

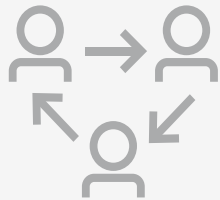
KEY TAKEAWAY #3:

The challenges caused by legal technology can be mitigated by adopting a platform approach

Bringing new technology in house invariably poses challenges to legal teams. Interestingly, the most often cited challenges can largely be avoided by implementing a single software suite, rather than a variety of disconnected point solutions.



APPLICATIONS NOT
CONNECTED



MULTIPLE USER
INTERFACES



MANUAL PROCESSES
REQUIRED



NON-INTUITIVE
SOFTWARE



TOO MANY DISPARATE
APPLICATIONS

An **orchestrated e-discovery solution** solves these technology adoption challenges while simultaneously giving in-house teams the ability to perform traditionally outsourced tasks, like document review, in a secure, unified environment.

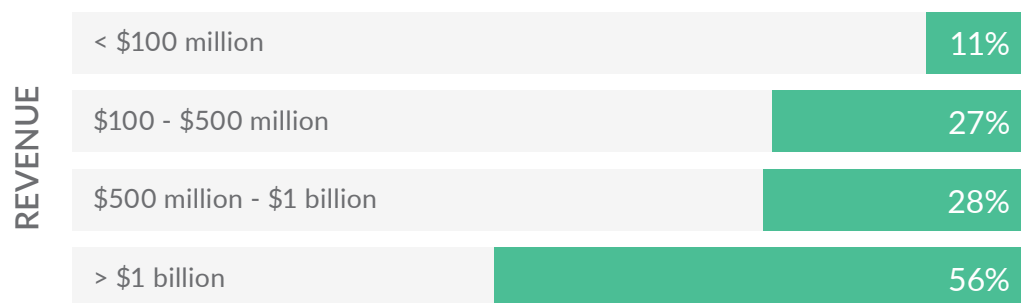
LEGAL MATURITY AND TECHNOLOGY USE

The survey asked respondents to evaluate the efficiency of legal processes at their organization on the basis of their sophistication, structure, and implementation. This data enabled us to derive interesting insights about how organizations evolve as they progress from ad hoc processes to optimized ones, which this report likens to a process of maturing.

LEVEL 1 – AD HOC	Experimental, ever-changing process, with no management and no budget	16%
LEVEL 2 – DEFINED	Management is aware of the process but doesn't enforce it, only part-time resources allocated	23%
LEVEL 3 – STRUCTURED	Formal projects with defined roles throughout the process, dedicated budget along with management buy-in	27%
LEVEL 4 – MANAGED	Well-defined and dedicated resources to support the defined process, requirements driven along with executive sponsorship	26%
LEVEL 5 – OPTIMIZED	Prioritized by executive team with a significant budget, staff uses metrics and other business intelligence to influence and optimize the process.	8%

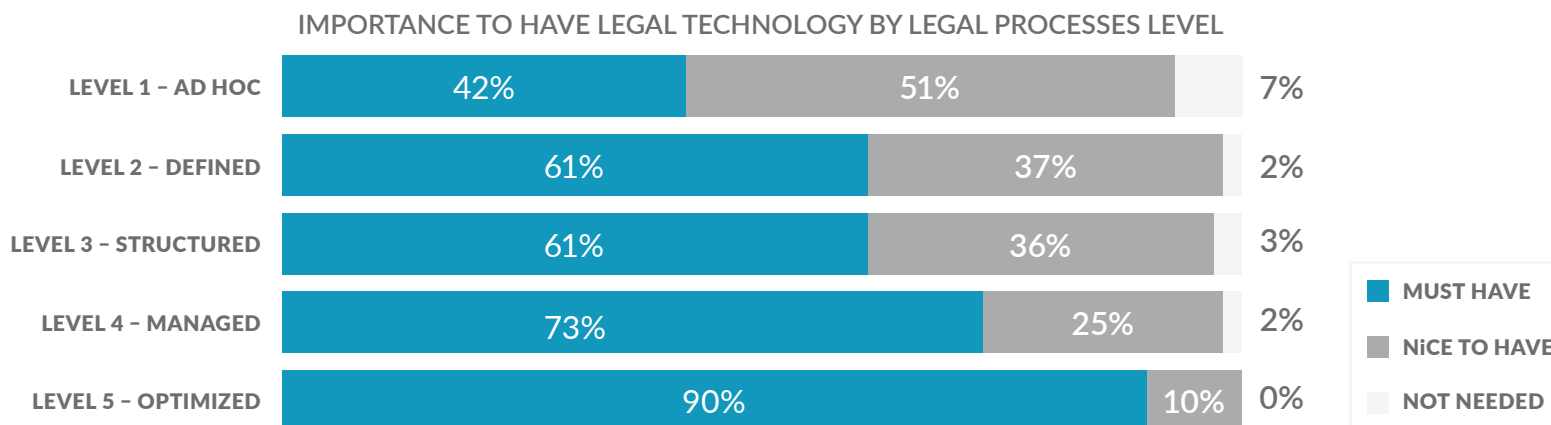
Larger companies recognize the need for mature legal operations

As expected, larger organizations with revenues over \$1 billion typically have much more sophisticated operations. Just over 11% of companies with revenue under \$100 million reported having managed or optimized operations, where 56% of companies over \$1 billion did.



More mature organizations think technology is a “must have” compared to less mature organizations

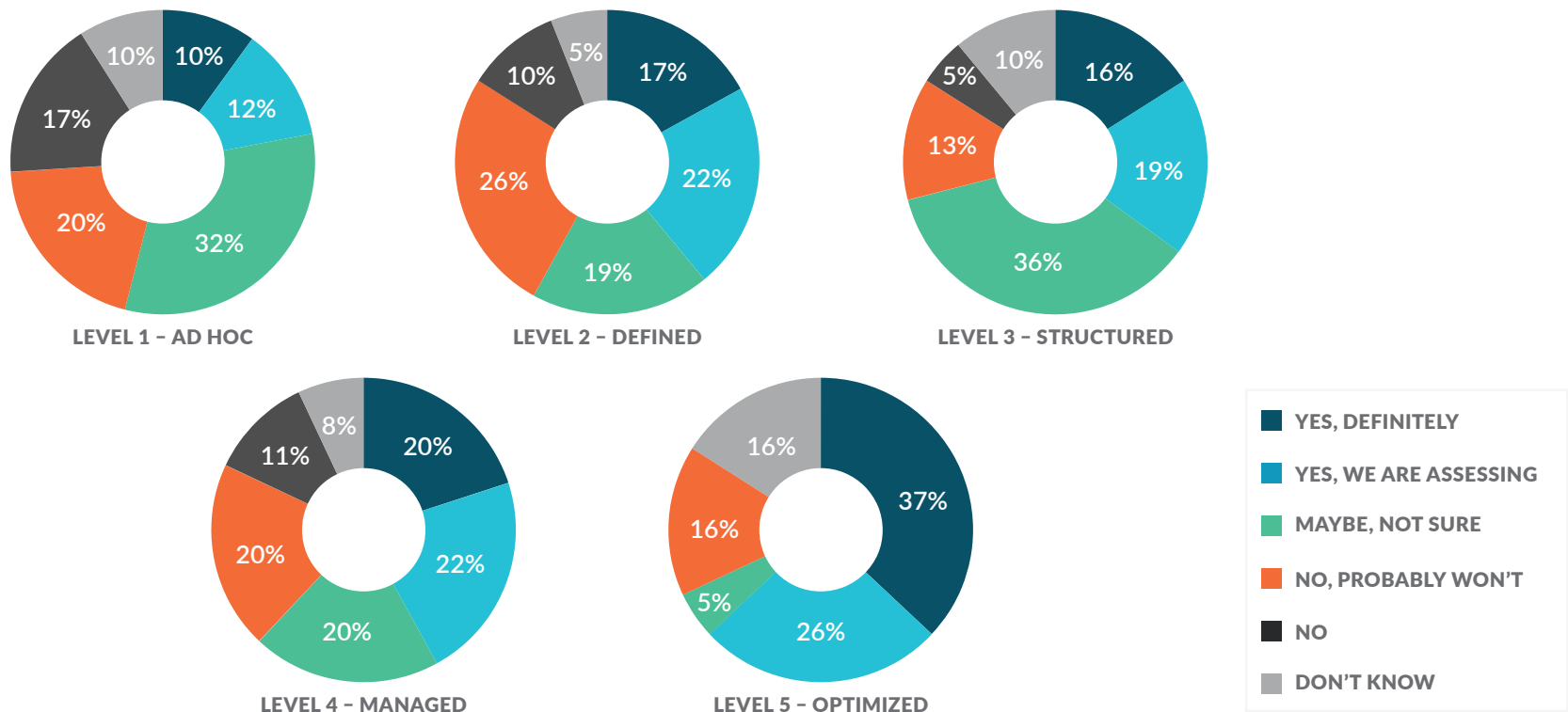
Mature organizations recognize that technology is a necessity for effective in-house legal processes. Technology brings consistency, repeatability, efficiency, and visibility that manual, ad hoc operations cannot deliver. It is important to note that less mature organizations do recognize that technology still is “nice to have,” but optimized manual legal operations require technology at any organization of considerable size.



Mature organizations with strong technology foundations continue to invest in new technology

Sixty-three percent of optimized legal departments (and 75% of ones that are aware of plans) anticipate buying additional technology in the coming year, compared to under 40% of organizations at maturity levels from ad hoc through managed.

Simply put, if a legal department has the scale and resources to incorporate new technology, the rewards outweigh the costs. If there is a limit to the amount of technology that benefits a legal department, we have not yet reached it.



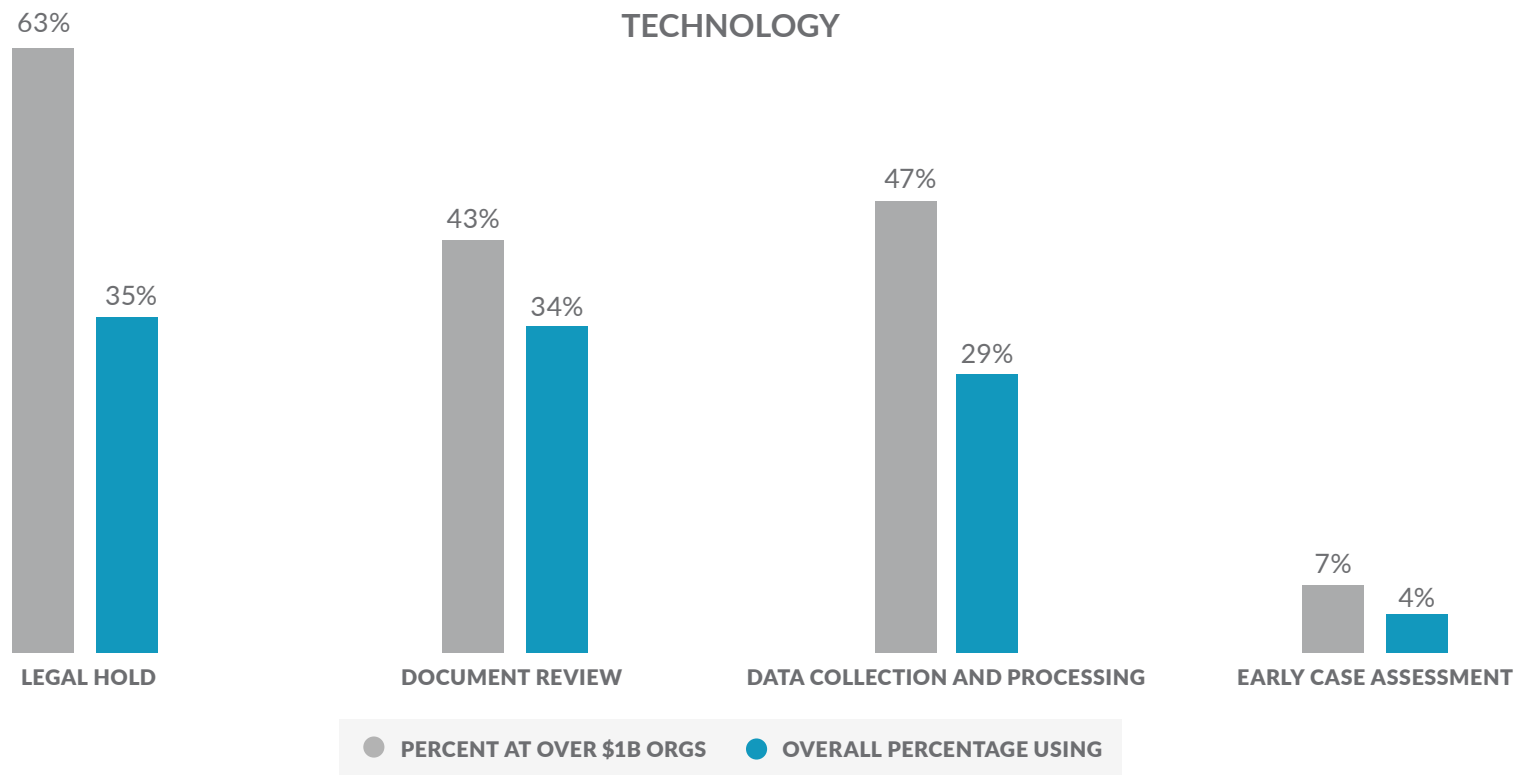
Less mature organizations can catch up on the technology front quickly. With smaller purchasing teams and shorter procurement cycles, they can ramp up quickly by purchasing comprehensive technology solutions that address their needs across the EDRM.

E-DISCOVERY TECHNOLOGY

Given that most survey respondents were either legal operations or in-house counsel, it is not surprising that e-discovery technology use lagged behind other use cases, such as legal research, matter management, and e-billing. Nonetheless, e-discovery software was far from rare, with legal hold being the most popular in-house e-discovery technology.

Enterprises bring e-discovery in-house more often.

As expected, larger organizations used all of the technologies at a higher rate, especially legal hold software. Given the potential for time and cost savings offered by **early case assessment technology**, it is surprising to see that it is not widely used at all.



Legal hold technology is highly effective for in-house legal teams.

When asked to list which legal technologies were most effective, legal hold again led the pack among e-discovery software solutions, with 57% of those using it listing it as one of the most effective legal technologies they use—but other e-discovery technologies had their advocates, as well.

LEGAL HOLD

“One-click legal holds that effectively hold data behind the scenes are best – asking people to maintain documents when they’re subject to inbox size limits or when they’re on an extended legal hold and might forget are recipes for disaster.”

DOCUMENT REVIEW

“Document collection and review for large scale litigation is more cost effective than manual processes without quality compromise.”

DATA COLLECTION/ PROCESSING

“Data collection and processing is the most powerful tool for developing insights and making informative decisions.”

If your goal is defensibility, e-discovery technology can help.

Compared to efficiency (64%) and cost reduction (24%), defensibility came in far behind as the biggest factor in purchasing legal technology, with 4%. But as e-discovery professionals understand, a single mistake in process defensibility can have very large consequences.

If defensibility is your priority, e-discovery technology (25%), matter management (24%), and compliance/privacy software (23%) led the pack all contribute to success. Efficiency tools like project management (7%) and e-billing (5%) don’t contribute much, if anything, to defensibility.

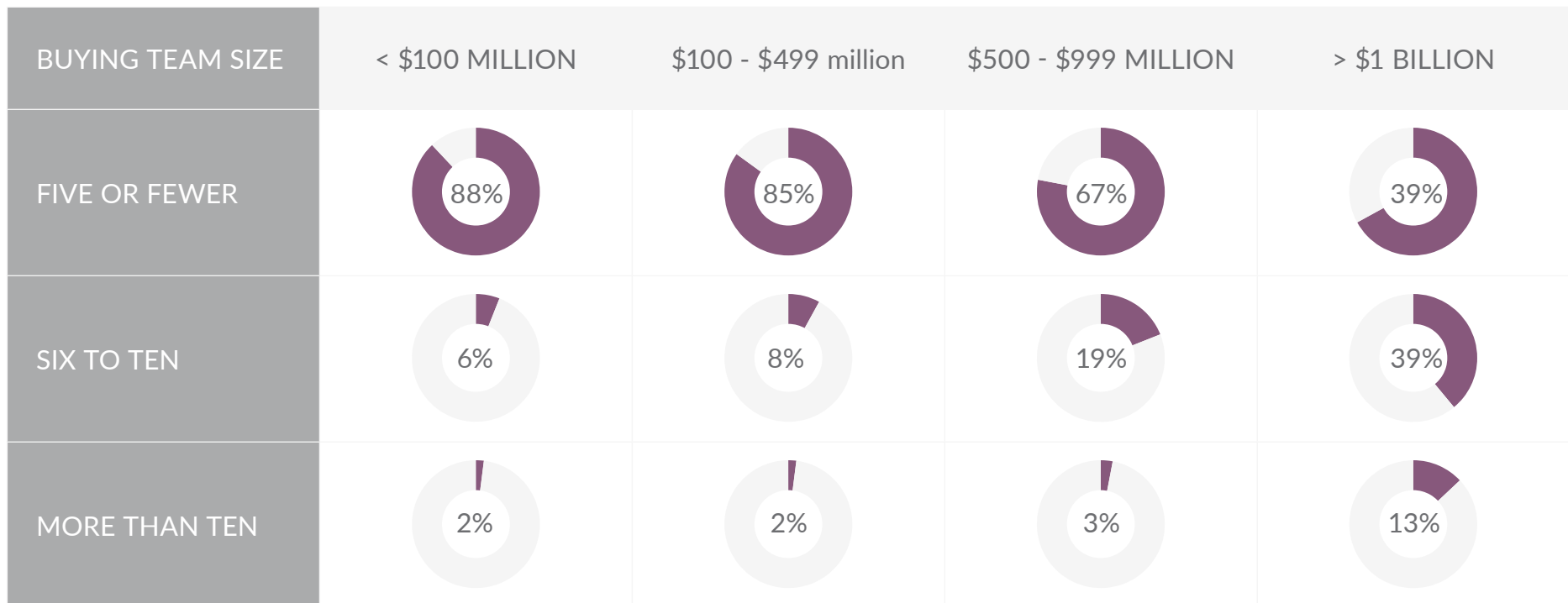
While legal hold software ensures defensibility in the initial phases of the e-discovery, the process optimization and automation of an e-discovery platform extends these benefits across the EDRM. It allows legal teams to bring additional processes, such as document review, in-house, increasing overall defensibility as well as providing cost savings and efficiency.

INVESTING IN LEGAL TECHNOLOGY

The larger the company, the more stakeholders become involved in purchase decisions.

Based on survey responses, most often a small team of between under five individuals (66% overall) make legal technology buying decisions, especially at organizations with under \$1 billion in revenue.

At \$1 billion or more, it's equally likely that a larger team of six to ten individuals (39% each) will be involved. Most likely IT (69%), procurement (50%), and information security (39%) departments will play a role.



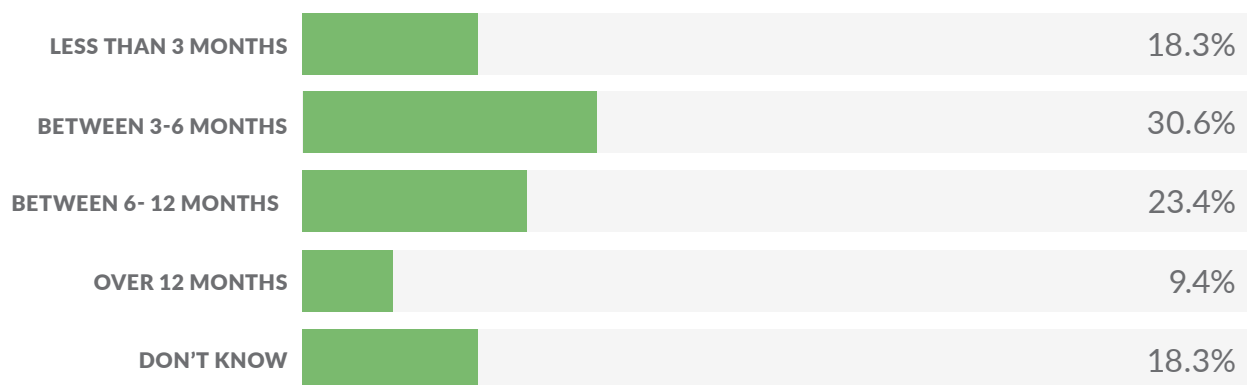
Note: Percentages do not add to 100% accounting for rounding and "Don't know" responses.

Smaller organizations can move quickly to address technology gaps

Like the size of buying teams, the length of the purchase cycle also roughly correlates to organizational size. Larger companies move more slowly. This gap in speed opens the door for smaller companies to catch up with their more mature brethren.

Three to six months was the most common response, at 31% overall. Thirty-five percent of the smallest companies (under \$100 million) made buying decisions faster, while 33% of companies over \$1 billion took six months to a year to complete purchases.

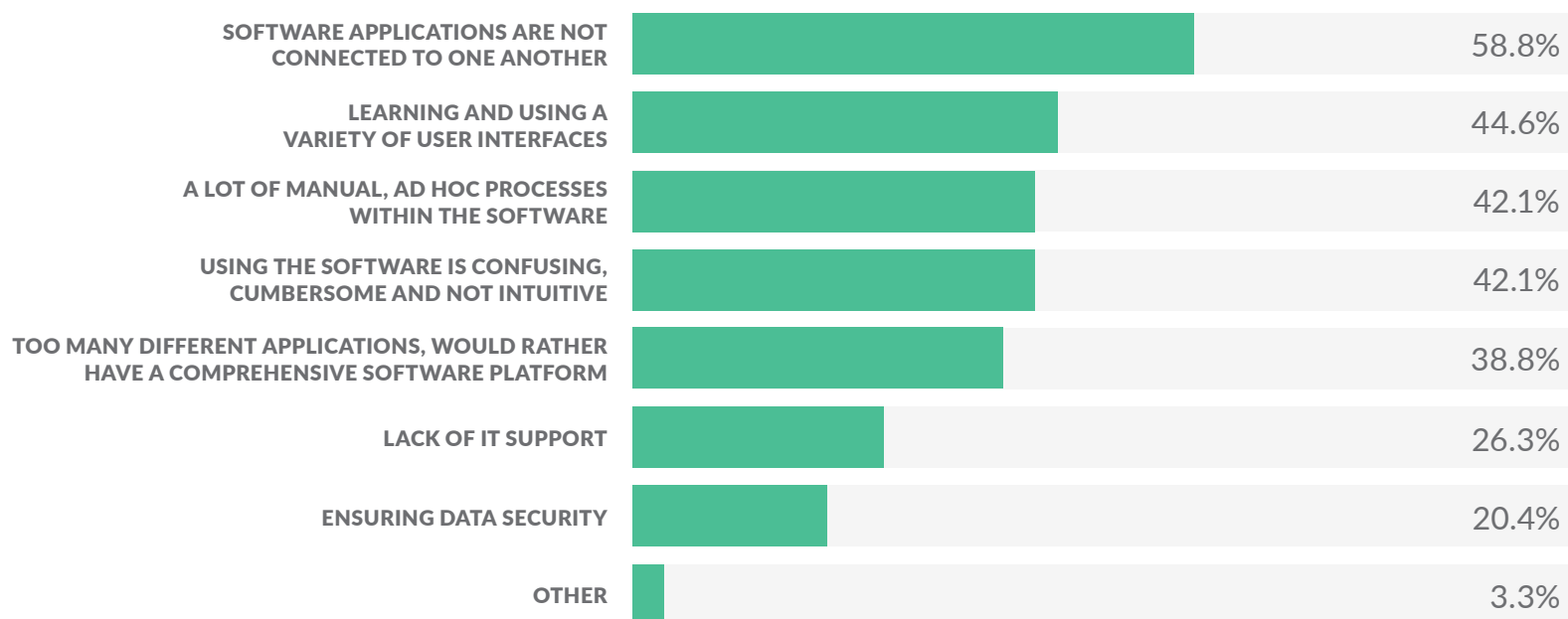
ON AVERAGE, HOW LONG IS THE BUYING PROCESS FOR LEGAL TECHNOLOGY AT YOUR ORGANIZATION?



Legal technology users are looking for a more streamlined experience

Despite the benefits of legal technology and the willingness to bring more software solutions into legal departments, respondents recognize that the current experience of using legal technology is cumbersome and disjointed. The top responses to challenges to legal technology could largely be solved by adopting an integrated platform or product suite that provides a consistent, user-friendly experience.

WHEN USING LEGAL TECHNOLOGY, MY BIGGEST PAINPOINTS ARE



CONCLUDING THOUGHTS

What conclusions should an e-discovery professional draw from the data points and observations in this report? We think there are a few key takeaways you should consider.

- Adopt technology to optimize your efficiency. With larger organizations with more resources continuing to invest in technology, there's a potential for a widening gap between technology "haves" and "have nots." This concern can be mitigated by smaller companies' ability to move fast through the buying cycle.
- Streamline buying processes and accelerate time-to-value by investing in platform tools. Minimize your time spent building business cases and negotiating with IT by buying one tool that helps eliminate the headaches legal departments face when they use disparate point tools.
- While CLOs and GCs may not focus on e-discovery, technology does the job effectively and defensibly. E-Discovery professionals often work in the background, but the work is critical to maintaining defensibility. Most organizations justifiably start with legal hold, but document review, collection, and processing software plays an important role at large companies.

SEE THE BIGGER PICTURE IN THE

2021 Legal Technology Report for In-House Counsel

