

Finding Safe Harbor for Your eDiscovery Data as EDD Vendors Navigate Stormy Economy

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EDD Vendor Selection: The Importance of Considering Financial Stability



A recent report from the [Integreon Blog](#) highlights the importance of understanding the financial stability of EDD vendors as a criterion for vendor selection. This is critical in light of the present economic downturn in which some EDD vendors have recently gone out of business with little or no notice to their clients.

According to Integreon's [Liam Brown](#):

(Source: [Integreon Blog](#))

Industry sentiment is that Q4 08 was very challenging for many EDD vendors as corporations reined in litigation spending. And Q1 09 looks to be the same, if not worse. [Tanking Economy Hits eDiscovery Firms \(The National Law Journal, January 29, 2009\)](#) reveals that some EDD vendors are in financial distress or have simply gone out of business. One can only imagine the consequences of litigation data suddenly becoming unavailable during a lawsuit.

Corporations and their legal advisors should now urgently diligence the financial health and capital structures of their EDD vendors and consider those dimensions beyond the usual price, experience, technology, information security and disaster recovery capabilities. It's not sufficient to be told, "we have big private equity investors with deep pockets" — the wallets of those very investors who were spending their way into the 'hockey stick' EDD market growth, e.g. described in the [2008 Socha-Gelbmann Survey \(Law Technology News, August 11, 2008\)](#), are now superglued shut despite pleas for cash from their portfolio companies.

We're seeing more EDD vendors for sale right now than ever before and we are actively looking to make an acquisition. It's a good time to be an acquirer of one of these businesses since it fits our overall business strategy, we believe we understand what we are buying (these are very complex, technical businesses), and many of these companies are struggling under a debt burden they cannot service or have investors that want to get out rather than invest more.

Before trusting data to an EDD vendor, we encourage buyers to dig deeper than ever before into the current Q profitability of the vendor, the level of debt, and the management team or investor plans to sell the business.

Brown's assessment of the e-discovery market is sobering, but not altogether surprising considering the ongoing economic turmoil around the world.

Gartner Research Forecasts a 25% Drop in the Number of EDD Vendors

Another report published in December lends support to Brown's assessment. The [2008 MarketScope for E-Discovery report from Gartner Research](#) forecasts that, *"by the end of 2012, there will be 25% fewer vendors in the e-discovery market as a result of mergers and acquisitions and vendors exiting the market."*

If one applies Gartner's forecast to the [more than 600 vendors](#) listed by [Socha Consulting](#), it can be estimated that over the next two years 150 of these vendors (or more depending upon the length and severity of current economic pressures) may experience consolidation or exit the market entirely.

Those vendors with the strongest value propositions will likely be the targets of [M&As](#), and subsequently receive much needed investments for greater financial stability and growth in the years to come.

Integreon to Acquire ONSITE³ for Creation of National E-Discovery Division

An example of the trend for market consolidation is Integreon's recent announcement of plans to [acquire ONSITE](#). According to the official release, this move underscores Integreon's intention to create a \$40million national electronic discovery division with industrial-scale processing centers in Washington, DC and New York City, along with review centers in the U.S., India and the Philippines. Integreon's move also highlights the strength of ONSITE's market position.

Integreon's attraction to ONSITE considers, for instance, ONSITE's breadth of e-discovery offerings, which have received considerable attention from a wide range of news media and analyst reports in recent years, including from the [2008 Gartner MarketScope report](#).

What It Means to be a Full Service Vendor

Gartner's report distinguishes ONSITE as a *"Full Service"* e-discovery service provider, which the report goes on to define as having a range of offerings and products that include consulting, data collection, forensics, hosting, review and production. While many vendors today may claim to be "full service" (or similarly "one source"), very few have actually met Gartner's objective criteria for identification as such.

And fewer still have also been recognized in the [Socha-Gelbmann Electronic Discovery Survey report](#), which has listed ONSITE as a [Top Provider](#) for the last four consecutive years. The report's authors characterize the top e-discovery providers identified in the report as, *"the best of the best, an elite cadre singled out from a field of well over 600 organizations that offer some form of EDD services or software."*

ONSITE offers not only [consulting](#) and [EDD processing / production](#), but also its own proprietary [document review platform](#) as well as a world class [computer forensics](#) laboratory and [data collection](#) services. ONSITE's extensive services also include tools for [easy case assessment](#) and [backup tape indexing / restoration](#). All of these services can be packaged into a very cost-effective approach that provides a measurable [return on investment \(ROI\)](#). The strength of these combined offerings and the single point of accountability makes ONSITE one of best choices for e-discovery, as evidenced by their extensive clientele of over 1500 law firms and corporations worldwide.

Similarly Integreon is widely recognized across the industry, primarily for its strong success in legal and financial outsourcing and for consistently receiving high rankings in [Brown and Wilson's The Black Book of Outsourcing](#). Integreon currently serves 7 of the 10 largest investment banks, 2 of the 3 largest global law firms, several top-tier private equity firms, hedge funds and many Fortune 100 and FTSE 100 corporations.

In addition to Integreon's expansion efforts in the US, the company is also expanding into the U.K. following the recent announcement of a [seven-year, £50 million pound agreement](#) with [Osborne Clarke](#), a U.K. top 30 law firm with more than 300 lawyers.

The combination of Integreon and ONSITE appears to be the makings of an extremely compelling choice for multi-national law firms and corporations looking to gain control over spiraling costs of e-discovery while also achieving careful management of the associated risk, in which the courts and regulatory agencies are becoming ever less tolerant of missteps.

"Integreon's planned acquisition of ONSITE³'s electronic discovery business will create an unrivaled end-to-end 'enterprise' set of litigation and compliance services for law firms and corporations under one roof. The expanded scope will include forensics and collection, proprietary E3^(TM) processing and eView^(TM) hosted review applications, and will be coupled with Integreon's onshore and offshore document review," said Robert Ballou, chief executive officer, ONSITE.

The Value of Financial Stability — Reliable E-Discovery

Integreon's acquisition of ONSITE will lend a greater level of financial stability and provide a solid foundation for years to come for the reliable delivery of a full range of e-discovery solutions.

Whether you need a long-term preferred relationship or simply a rapid in-house or hosted project oriented solution, ONSITE is the reliable partner you need to ensure success today and in the months and years ahead.

If your current EDD vendor cannot adequately answer questions about their financial stability, it might be time to ask yourself why.

To learn more about ONSITE and our award winning technology-enabled e-discovery solutions, visit www.ONSITE3.com or call us today at 1-877-433-5227. You'll be glad you did.

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