



A RETURN TO VALUE IN eDISCOVERY:

Why Simplicity and Cost Matter Now

In our conversations with law firms and corporate legal teams, we see an interesting technology topic emerging. Legal technology use is gravitating towards a selection of solutions with tried-and-true functionality with proven deliverables and value points.

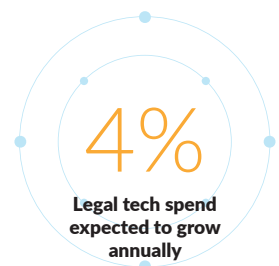
One might wonder, why is this the trend?

In our work lives, many seek simple solutions to complex work tasks. Tech leaders require direct, straightforward solutions and answers to their problems. It's all about simplification, not overcomplication, to achieve success.

And why might the value of technology – over and above its simplicity – be even more important now?

Part of the answer is the economy. The recent Federal Reserve interest rate hikes, high inflation, layoffs, budget freezes, and [the uncertainty facing law firms](#) are all driving a demand for practical, straightforward solutions that get the job done in a time and cost-efficient way.

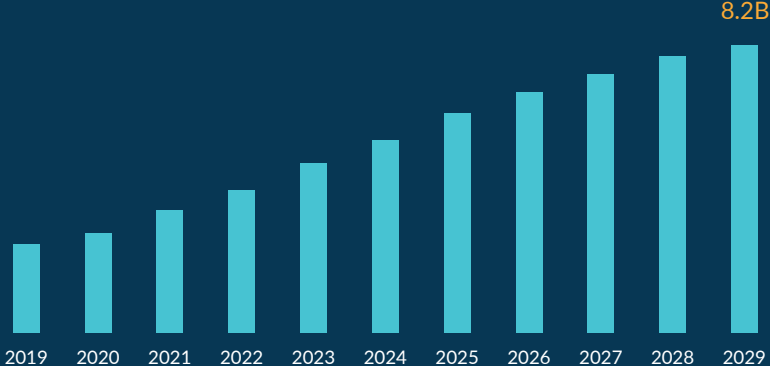
In our field of legal technology, those undercurrents are driving real change, although admittedly the story is complex and has some mixed signals. Both eDiscovery spend, and overall legal tech spending are bucking the overall negative currents of slowed growth, with each expected to grow by more than 4% annually, resulting in tens of billions of dollars by the end of the decade. General metrics, such as the size of the data center IT infrastructure market are also sharply rising, driven by the fact the amount of data to be managed by corporation applications is skyrocketing.



Legal Tech Market to Achieve a Valuation of USD **8.2 Billion** by 2029 Witnessing a CAGR of **4.3%** Over the Forecast Period

- Adroit Market Research (October 2022)

Global Legal Tech Market 2022-2029 (USD Billion)



Source: Adroit Market Research 2022





These forecasted technology-oriented increases are prompting, as one might expect for trends running contrary to the norm, increased scrutiny of tech spend by Chief Financial Officers and Corporate Legal Operations functions. All expenditures are being examined with a more finely toothed comb.

Accordingly, demonstrating short-term business value to C-Suite decision makers spanning the legal, financial, and operational functions is increasingly important.

Here are four tips on how legal teams can connect with financial and executive decision-makers when trying to onboard new technology, using the concepts typically associated with tech spending decisions.

Getting Executive Sign-Off for Tech Spend

4 Ways to Connect with Executive Team

<p>Business strategy alignment.</p> <p>How does the technology relate to corporate goals?</p> 	<p>Value proposition.</p> <p>Are you improving efficiency or helping manage costs? What is the total cost of ownership (TCO) and return on investment (ROI)?</p> 	<p>Timing.</p> <p>How does this initiative fit in with current and future priorities? How quickly will we recapture our investment?</p> 	<p>Implementation.</p> <p>What is required - both money and people - to get this done?</p> 
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3 Value Points of an ROI Framework

<p>Hard Value.</p> <p>The best type of ROI comes from direct and immediate savings.</p> 	<p>Soft Value.</p> <p>Things like “improved efficiency,” “easier to use,” “time savings,” “cost avoidance,” or like considerations.</p> 	<p>Other Value.</p> <p>The last area of value is esoteric, yet is often a primary driver (e.g., a key client or executive wants what the project delivers)</p> 
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Finally, most financial professionals define TCO as the purchase price plus operating costs over its expected life. This helps evaluate the total cost a business will incur for a product/project, not only Year 1 costs.

As an example, here’s a sample useful “closing argument” for implementing or renewing a specific legal technology. If a corporate law department’s spend is increasing by 2-3% annually, while market forecasts suggest legal work will be increasingly streamlined by automation and process improvement, processes and technology empowering such change are all the more important.

How Does eDiscovery Software Deliver Value?

With this framework in place, and thinking about today’s need for straightforward, practical solutions, let’s examine how eDiscovery technology contributes to ROI and TCO.

Are you buying expensive software but not using all the extensive features? For example, we typically won’t buy items like smart refrigerators unless there is value in connecting them to the Internet. Why purchase feature sets one does not intend to use often or ever?

The same concept applies to eDiscovery software. This is why modern architecture and modular feature sets deliver, providing clients with what they need without added cost for ancillary capabilities – all at attractive price points.

While those in the legal tech industry are proud of our many innovations, it’s also increasingly mindful of the economic climate. Listening to our clients helps eDiscovery vendors deliver value via advanced software to meet current and future eDiscovery needs.

How do software companies achieve this objective? One strategy suggests we do so by providing a sensible product and feature mix. When offerings focus on the most in-demand elements of the **EDRM** model, excluding expensive feature sets such as TAR or AI, this avoids unnecessary software costs. Leading software providers also offer both cloud and on-premise solutions, so customers can choose what is best suited for their needs.

The depth and breadth of one’s product compilation offers law firm and corporate legal departments a vast array of ROI-related benefits which move the financial needle. Self-service, improved workflows, a flexible cloud framework and helping to avoid costly consulting engagements related to handling modern data collection and processing needs are all part of the best-in-class eDiscovery software providers.

Here are more examples of how top tier eDiscovery providers help legal teams operating under the burden of increased data volumes and emerging data types, demanding workloads, *and* budget/time constraints.

Why is Modern Data capability important?

Since the onset of COVID and remote work becoming the norm, the amount of Chat and SMS has grown exponentially and will continue to do so. **And the days of being to argue away this type of data in a courtroom are numbered.**

Products with the capability to support ingesting a vast array of modern data sources and organize them in a cohesive way helps legal teams tackle this problem. Bringing data and processes to life in a consolidated, single platform allows attorneys to first construct, then tell the entire story with a broad swath of evidence-based information.

Solutions that consolidate evidence effectively and intuitively, allowing legal teams to focus on the merits of a matter rather than the costs, improve client service.

The Internet in 2023 every minute



Source: eDiscovery Today and LTMG

What Are The Benefits of Data Processing Improvements?

Data handling and processing is an important element of most technology products. And in the legal function, the most complex elements of this work often are handled by third-party consultants with subject matter expertise. These costs are significant. eDiscovery experts earn a pretty penny for their exceptional talent, executing tasks like data loading, processing, tagging, reporting on, analyzing, and exporting data.

Outstanding review capabilities empower clients to load and export documents themselves, often without assistance from the aforementioned experts, whose billing rates often exceed \$250 per hour. Some of the data types in scope include common output types such as native files and emails, static images of documents containing confidential language, unique identifiers, searchable text and redactions.

What's the ideal game plan? Empowering members of your legal team to execute a certain percentage of "routine" data processing tasks provides multi-directional value. This reduces hard costs, generates client billable work, and client service is also improved, which is a great example of "soft ROI benefits."

Another common cost savings is employee productivity. More specifically, tech solution interoperability and integration help streamline processes and help attorneys and legal support teams work in a single platform. Achieving this vision within eDiscovery delivers value.

How Can We Use Native Cloud Architecture to Maximize Client Value?

The ability to ramp up – and scale back – capacity is always desirable. It's not a trivial exercise to build out a new production line for manufactured products like appliances, automobiles and the like, and technology must contend with the same issues, albeit a bit behind the scenes.

More specifically, new on-premise IT projects often require incremental infrastructure (servers, network equipment, storage, etc.) and specialized professionals (programmers, network architects, security experts).

The cloud offers favorable expense related capabilities, most notably increased flexibility and responsiveness. With cloud architectures, the infrastructure cost components are generally networking, computing and storage equipment.

As a client you don't have to worry about these expensive capital resources. You simply pay for usage based on GB or user access. The eDiscovery software company takes care of "spinning up" or "decommissioning" services such as servers, storage, processing power, etc.

eDiscovery systems hosted in the cloud offer deep capabilities without burgeoning capital expenses, resulting in attractive pricing and greater efficiency.

How Does Advanced eDiscovery Functionality Provide Value?

eDiscovery software providers who seek to understand customer challenges and possess in-house technical expertise can provide innovative products delivering great value to the legal profession. A few examples are the ability to offer up entity management and message threading capabilities, which are applied to legal

scenarios such as linking an employee's work activities to their billed hours, or the task of following a complete communication stream as it transitions from email to MS Teams to text messages.

In these instances, more advanced technological solutions empower deeper analysis at much lower costs than less automated analytical techniques.

How Can eDiscovery Software Grow a Law Firm's Top Line?

ROI is not solely based on managing eDiscovery costs. Growing the revenue line is the corresponding element of improving financial performance. For example, an exceptional litigation support team or legal operations unit creates opportunities to generate new types of billable activities for law firms and attorneys.

Another new activity law firms can provide is the handling of modern data (texts, collaboration app, etc.) in eDiscovery, and taking this idea further, assisting corporations on how to develop a plan for modern data, like Whatsapp, Facebook Messenger or SMS. Based on the proliferation of communications in this area, this is a significant business opportunity.

So, what's the key message?

That the value of a software company is not solely the technical solution, it also includes the ability to offer (and monetize) new solutions to legal problems.



Final Thoughts

To summarize, these three points highlight how top tier eDiscovery software providers, such as CloudNine, contribute to bottom line financial results in legal.

Value Proposition

Software which drives productivity improvements offer a direct contribution to ROI. Employees who are working smarter, faster and who are capable of “insourcing” tasks are more valuable.



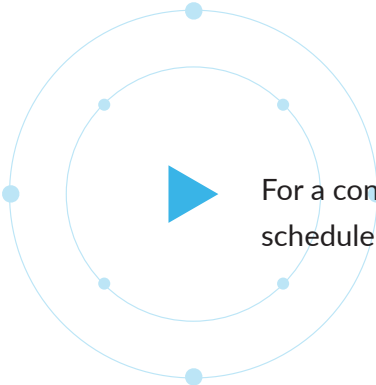
Cloud Driven Flexible Cost Models

Software delivered without large capital investments in infrastructure and operated in a right-sized capacity slashes overhead, waste and other tech costs, which contributes to a higher ROI. CloudNine’s cloud native architecture empowers clients to achieve reduced operational and infrastructure costs.



Help Law Firms Expand Client Relationships

Software supporting new process flows, such as the ability to efficiently service emerging data, support new service offerings, i.e., counseling clients on handling modern data in eDiscovery. Automation offered via technology also allows law firms to scale and be more efficient, leading to increased margins and revenue.



For a consultation on how you can reduce the time and cost of eDiscovery, schedule a meeting with us [here](#).