

Gartner Says E-Discovery Software Marketplace is Set to Continue High-Growth Pace

Worldwide Market is Predicted to Surpass \$1.2 Billion in 2010

STAMFORD, Conn. December 16, 2009 — Worldwide electronic-discovery (e-discovery) software revenue is on pace to total \$1 billion in 2009, a 25 per cent increase from 2008 revenue of \$807.6 million, according to Gartner, Inc. In 2010, the market is forecast to surpass \$1.2 billion, a 23 per cent increase from 2009 (see Table 1).

E-discovery is the identification, preservation, collection, preparation, review and production of electronically stored information associated with legal and government proceedings. E-discovery technology can be provided as a stand-alone application, embedded in other applications or services, or accessed as a software-as-a-service (SaaS) offering.

“Increasingly, more organisations are being confronted with litigation regarding bribery and corruption, foreign corrupt practices, securities and financial fraud, government contracting abuses, and healthcare fraud,” said Tom Eid, research vice president at Gartner. “Such unplanned events underscore the need for more-effective business information strategy and information governance policies.”

Mr Eid said that the e-discovery market is in a period of simultaneous growth and consolidation that should last through 2011. Market and technology consolidation will continue during the next several years as vendors expand their product and service portfolios, obtain market-centric expertise, and acquire new customer bases. As the e-discovery market shifts from an emerging market to a high-growth market, Gartner expects new vendor entrants and non-traditional competitors to participate through technology partnerships and acquisitions.

Table 1

Worldwide E-Discovery Total Software Revenue (Millions of Dollars)

	2008	2009	2010	2011
Total Software Spending	807.6	1,009.5	1,241.7	1,490.0

Source: Gartner (November 2009)

Until now, vendor revenue for e-discovery has focused on the US, with approximately 90 per cent of market revenue for 2008. However, going forward, market growth is also expected in common-law jurisdictions, such as Australia, Canada, South Africa and the UK, as new civil litigation regulations are passed regarding privacy and disclosure. In addition, many organisations based in the US have subsidiaries in countries around the world that will provide further pockets of regional growth.

“The December 2006 amendments to the Federal Rules of Civil Procedures (FRCP) in the US regarding the discovery of electronically stored information (ESI) and passing of subsequent similar statutes in other countries, has really spurred market interest in e-discovery,” said Mr Eid. “This is prompting many companies to rethink their overall information management strategies, from the policy level to the implementation level.”

Mr Eid said three important e-discovery market catalysts underscore the importance of linking business goals to IT risks and the ability to manage both. The three core market catalysts are:

- Transparency of business performance as aligned to governance, risk, and compliance regulations and subsequent organisational reporting.

- Mitigating IT risk through the use of real-time and continuous controls monitoring for transactions, segregation of duties, application configuration, and master data.
- Preventing business failure through fraud detection, improved user-level and application-level security, and corruption.

Additional information is available in the Gartner report "Dataquest Insight: E-Discovery Software Marketplace Continues Its High Growth Pace." The report is available on Gartner's website at <http://www.gartner.com/resId=1228213>.

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