

MARKET NOTE

HaystackID Separates Itself from the Alternative Legal Services Providers Pack

Ryan O'Leary

EXECUTIVE SNAPSHOT

FIGURE 1

Executive Snapshot: HaystackID Separates Itself from the Alternative Legal Service Providers Pack

COVID-19 has dramatically changed the world and every industry. This IDC Market Note explores the impact on the alternative legal service providers (SPs) market. Alternative legal SPs have risen to prominence in recent years, mainly through their prevalence in the ediscovery market.

Key Takeaways

- The alternative legal service providers market rose to prominence by solving a need for corporations and law firms by providing access to large supplemental workforces in the time of large litigations. However, these alternative legal SPs have not adapted to the cloud era very well and still rely mostly on on-premises software and review teams.
- COVID-19 has blindsided the vast majority of alternative legal SPs, and the move to work from home has been a challenge for a market that is heavily reliant on an office-centric model.
- HaystackID prioritized remote review capabilities to address global concerns and create a more dynamic workforce. HaystackID unintentionally prepared for the mass work-from-home exodus related to COVID-19, and it will likely gain a strong amount of market share because of its strategic choices.

Source: IDC, 2020

IN THIS MARKET NOTE

COVID-19 has dramatically changed the world and every industry. This IDC Market Note explores the impact on the alternative legal service providers market. Alternative legal service providers (SPs) have risen to prominence in recent years, mainly through their prevalence in the ediscovery market. The ediscovery services market relies heavily on their ability to scale reviews up quickly with a large staff/contractor base. Most service providers set up shop in a variety of in-person locations but do not enable or allow work from home, citing security concerns, until the pandemic hit. The alternative legal SPs market has been able to largely operate the same way for years. eDiscovery service providers buy and largely host on-premises review tools within their own private cloud and charge clients for hosting, processing, and reviewing their data in relation to litigations and second requests. Alternative legal SPs rely heavily on contract labor and as such tend to require those folks to work in an office for security purposes. Many employees report that service providers require them to surrender their phones so as not to be able to take pictures of sensitive documents they are reviewing. This atmosphere has struggled in the COVID-19 era. The move to work from home has been challenging for businesses that have modeled their business around entirely office-centric work. Shifting quickly to work from home has been a major hurdle. However, there are some service providers that realized the remote workforce benefits long before they became necessities.

HaystackID has bucked this trend by creating a dispersed and global reviewer base that is enabled to work from home. Secure remote review has been listed as part of its strategic differentiators. HaystackID goes through a comprehensive screening process for its contractors/reviewers to create a level of trust and respect that doubles as a security enhancement. HaystackID has the unique capability to manage remote review globally, which has renewed importance since the invalidation of the U.S.-E.U. Privacy Shield (see *E.U.-U.S. Privacy Shield Invalidated by Highest European Court in Major Privacy Decision With Major Data Sovereignty Impacts*, IDC #IcUS46715720, July 2020). HaystackID can review the data where it sits within the sovereign borders of the country. HaystackID has not had a fear of the cloud like other service providers and has embraced cloud technology, which further empowers the company's workforce to work remotely securely. Further, its workforce has experience with not only remote review capabilities but collecting and spinning up matters remotely. The ability to enable remote managed service deployment was a correct strategic choice by HaystackID that would have paid dividends regardless of the COVID-19. HaystackID stands to gain dramatically from the mass shift to remote work and could potentially win share from the market leaders. HaystackID is not without its challenges as scaling rapidly its contractor and review base to meet massively increased demand. HaystackID would likely need to look toward inorganic growth to satisfy the likely boom that it is facing.

IDC'S POINT OF VIEW

Alternative legal SPs have ridden ediscovery managed review and a deep understanding of the technical aspects of ediscovery to prominence since the Federal Rules of Civil Procedure were amended in 2006. The cyclical nature of ediscovery, especially with regard to complex litigation, means that alternative legal SPs will always be necessary as the largest cases that require hundreds of reviewers are difficult to manage in-house. These alternative legal SPs provide a supplemental talent base and workforce for corporations and law firms when they need large-scale reviews and fast. However, the model has been too office centric for a long time. The alternative legal SPs seemingly acted like they existed within some sort of impenetrable fortress and their work couldn't possibly be done under the watchful eye of senior leadership. The Epiq ransomware attack was the first indication

that perhaps offices with on-premises software have security concerns as well. The cybersecurity concerns are one thing, but alternative legal SPs often are afraid the contractors they employ pose an insider threat. These providers often forget that the contract attorneys they employ are beholden to professional ethical standards that guide their conduct, and any behavior contrary to the ethical guidelines, say leaking information, would impact their livelihood forever.

The need for remote managed services was present before COVID-19 and has a number of advantages. HaystackID and others like it are not wholly reliant on the talent pool in the immediate vicinity of their offices and as such can create greater diverse staffs culturally, geographically, and linguistically. Remote-centric providers can more quickly and accurately review foreign language documents without having to hire specifically for a matter as others do. Further, the client base is not located in one, two, or three specific geographies, and if an onsite collection is needed, the likelihood that a remote-centric alternative legal SPs will have someone nearby is far greater and can reduce time and cost to the client. COVID-19 may have forced others to adapt, but those that are already remote centric have a leg up and will for some time.

LEARN MORE

Related Research

- *2020 U.S. Legal Technology Buyer Survey* (IDC #US45856020, July 2020)
- *Worldwide eDiscovery Software Forecast, 2020-2024* (IDC #US45857120, June 2020)
- *Who Are the Most Trusted eDiscovery Providers?* (IDC #US45856120, May 2020)
- *IDC Market Glance: Legal Technology, 1Q20* (IDC #US45295720, January 2020)

Synopsis

This IDC Market Note discusses the impacts of the COVID-19 pandemic on the alternative legal service provider market with respect to ediscovery-managed review capabilities.

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Global Headquarters

5 Speen Street
Framingham, MA 01701
USA
508.872.8200
Twitter: @IDC
idc-community.com
www.idc.com

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