



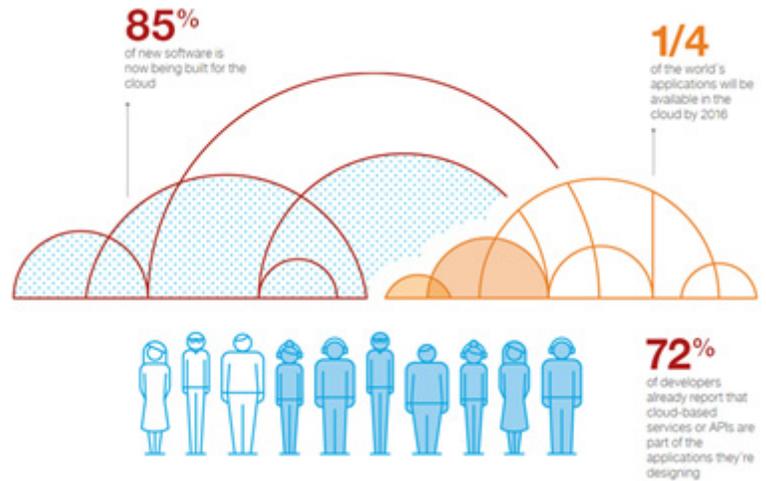
EDiscovery – SaaS vs. On-Premises

by Marta Farensbach, VP of Product Services at Sherpa Software



SaaS, hosted, and on-demand - oh my! New eDiscovery solutions have popped up everywhere as vendors catch up with the rapid shift to the cloud – a trend that has overtaken the world of information technology. These changes are happening quickly. According to IBM, over a quarter of the world's applications will be available in that medium by 2016 with 85 percent of all new software being built expressly for the cloud.

Despite the popularity of cloud options, eDiscovery practitioners may find themselves questioning which model is best for their specific needs. In this white paper, we will explore the trends in eDiscovery solutions, unscramble the jargon and offer practical advice to help choose options that are most suitable for your organization.



Source: IBM (<https://www.ibm.com/annualreport/2013/strategy-cloud.html>)

A Brief History

For many years, business software has been deployed within an organization's IT environment. This on-premises model puts the responsibility, supporting resources (personnel, dedicated hardware), and maintenance obligations behind the firewall and within the company using the software.

eDiscovery software followed a slightly different route. After the 2006 revisions to the Federal Rules of Civil Procedure codified the requirements to search electronically stored information (ESI), eDiscovery became a more prominent part of litigation processes. This, in turn, prompted innovation in software designed to analyze, search, and review electronic data. At first, only large service providers or law firms had the expertise and resources to run the early tools needed to comb through the ever increasing volumes of data. Large sets of ESI, priced by the gigabyte, would be extracted from litigious organizations and out-sourced to vendors for further processing. As the market grew, more and more on-premises software was developed to help reduce the costs associated with the increasing volume (and costs) of dealing with ESI in litigation. Additionally, eDiscovery features slowly began to make their way into enterprise software for archiving, retention, and communication run within the corporate infrastructure.

However, in recent years, a new paradigm has emerged to take advantage of rapidly expanding internet capabilities, inexpensive storage and improved communication technologies. On a consumer level, users began migrating to web-based tools that allowed them to access advanced features from any web browser while taking advantage of cloud applications and functionality. As the rise in mobile platforms accelerated the adoption of hosted solutions, businesses started recognizing the opportunity available with an "access anywhere" approach, especially when combined with the benefits made possible by cloud-based providers. With the establishment of key players in fields such as CRM (Salesforce), document management (SharePoint), file sharing (DropBox,) and email (Gmail), delivering business applications via the cloud gained acceptance leading to the rapid proliferation of offerings.

Building on this acceptance (and the popularity of the free or freemium offerings), the Software as a Service (SaaS) model really began to gain momentum. This model puts the management of software in the hands of the vendor. Pricing models tend to be more attractive to businesses by avoiding the upfront costs and resource expenditures needed for traditional on-premises deployments. The vendor makes changes, updates, and

maintains the software behind the scenes with minimal end-user or internal IT resource requirements. This SaaS model is often called On-Demand for the flexibility of these tools which are often accessible with any internet connection combined with a browser or mobile app.

These days, many major application providers are showcasing cloud-based offerings. These may be cloud only, or include solutions which coordinate with on-premises components. Gartner estimates that over 62 percent of software revenue will be generated by SaaS solutions in 2016. Even the venerable Microsoft has adopted a cloud-first focus with new features becoming available on their Office 365 platform before their on-premises products.

Why SaaS?

A software trend is usually driven by popularity. So why are SaaS solutions so popular? One reason is ease of use. Operating an on-premises system versus accessing a SaaS offering has been likened to the difference between operating one's own airline versus purchasing airline tickets. End-users in a SaaS model get the functionality they require without the responsibility (uptime, backup, disaster recovery) or resources (equipment, software licenses, personnel) needed to run the application.

There are a number of other reasons that SaaS offerings have proven so popular. Any of the benefits listed below could drive your decision, but generally your choices will depend on your particular circumstances. Keep an open mind - the culmination of all the features and benefits may make SaaS the right choice for your organization, but some of the risks may not make it a fit.

Cost Savings

SaaS solutions shift much of the cost and burden of on-premises software to the vendor or hosting provider. Instead of an organization providing equipment, maintaining software, and employing highly trained technicians to monitor the up-time of applications, these tasks move to the solution provider. Companies can spend their time focusing on their core business. IT managers have peace of mind, knowing critical software will run on optimal, best-of-breed hardware and networks benefiting from the vendor's economies of scale.

This is particularly true for eDiscovery software. Instead of investing in appliances or cost prohibitive applications, smaller organizations can become competitive by using the latest search, analytics, or review software without the headaches of supporting it.

In addition to the savings on the resource side, typical subscription pricing models offered by SaaS providers mean that the software can be booked as an operating expense which is often preferred to the up-front capital costs scenario incurred by most on-premises licensing agreements.

Access Anywhere

Another key advantage of SaaS deployment is that it enables flexibility; users are not tied to one location or internal corporate systems to access data and features. In addition to enabling telecommuting and keeping traveling employees connected, SaaS solutions can usually be run from a variety of devices thereby eliminating rigidity and improving employee choice. It also ensures that all employees are using the most up to date version and that all data is synced and current.

This feature has particular resonance for team based eDiscovery. It becomes easier to coordinate resources such as IT, vendors, lawyers or review teams from diverse locations. Accessing data from anywhere also helps solve some of the difficulties with a 'Bring Your Own Device' (BYOD) approach to the eDiscovery process.

Quick Onboarding or Reduction

Ramping up on-premise software often takes a concentrated effort in resources and time. By contrast, expansion of SaaS solutions are built into the platform. Implementation is swift, often with only minimal adjustments or setup to start. By the same token, as functionality is no longer needed, it can easily be disabled

with the click of a few buttons. As Smartbridge notes, “as the enterprise grows, solutions can be easily scaled up with little time and effort. Similarly, solutions can be scaled down without wasting resources.”

This scaling is a boon to small and medium size organizations who are not challenged by continuous litigation. Instead of investing in expensive systems for the occasional need, they can utilize just the eDiscovery resources they need, at the time they are needed. This helps eliminate wasteful downtime for expensive litigation software.

Vendor Management

Put simply, with SaaS solutions the vendor is responsible for all upgrades, support, and fixes. Instead of building up an internal infrastructure and maintaining resources for running, backing up, and recovering data, these critical processes are all included as part of the service. There is no wait time for internal teams to test and deploy upgrades and fixes - the software in SaaS models always reflects the vendor’s newest, and presumably, best features. Additionally, SaaS offerings tend to run on top-of-the-line hardware optimized for the solutions being deployed. This is helpful for intensive eDiscovery functions such as technology assisted review, reporting, and analysis on large data sets which require extensive hardware resources.

In-Sourcing eDiscovery

All the benefits mentioned above apply to eDiscovery software needs, which, in turn help companies to use in-house talent to save money and streamline their processes. Features offered by SaaS solutions allow internal resources to perform the work traditionally sent to costly vendors or service providers while avoiding maintenance headaches with on-premises software.

Three areas in particular lend themselves to in-sourcing of eDiscovery tasks. The first is the cost savings. Rather than having to send data away to be processed, in-house talent can take advantage of up to date technology at a fraction of the cost of an on-premises installation. Next, organizations involved in litigation can take advantage of flexible scaling options. Because most SaaS solutions price by utilization, occasional litigants can take advantage of features only when they are needed, avoiding costly software commitments. Lastly, even the smallest organization will be working with partners on litigation. The entire team can effectively work together using the same tools with real-time updates, improved communication and minimal disruption.

By making innovative technology more cost effective, easier to use and scalable, key eDiscovery steps can be brought in-house with minimal expenditure, efficient resource allocation and improved collaboration, making it an ideal choice. However, it is not for everyone.

Why On-Premises?

While SaaS solutions are becoming more widespread for all the reasons listed above, traditional on-premises and hybrid models maintain a strong footprint. In this type of deployment, software is installed and managed behind the firewall by the organization running the application or appliance. Licenses may be purchased from a vendor with a variety of terms. Alternatively, software can be developed in house. Either way, there are some key factors that should be considered that may make an on-premises deployment the right choice for some organizations.

Security & Control

Beyond a shadow of a doubt, the biggest concern for cloud-based SaaS solutions is the security of the cloud. Highly regulated or risk averse organizations often prefer to keep data in private control so its location and integrity cannot be compromised. When software is on-premises, the company is in control of all aspects of the application including access, back-up, disaster recovery and distribution of information. They are not dependent on a third party vendor for the security of their data, and they avoid the possibility of their critical information co-mingling with that of other vendor clients.

Although hybrid cloud offerings exist which allow you to manage your information in-place, they often require accessing a cloud hosted application. For some, opening even this small gateway to the internet is an untenable risk. As security continues to improve and SaaS gains even more momentum, it will be interesting to see if security concerns will be outweighed by the benefits. Even now, the staunchest opponents do have SaaS options.

Tightly controlled organizations may find a private cloud to be the most viable option to gain the benefits of SaaS while mitigating the risks. This is a hosted solution that is setup behind the firewall, utilizing an organization's own resources and complying to internal policy. Private clouds provide the features and benefits of cloud based SaaS solutions— but one completely controlled by the organization's IT department and policy needs. This model tends to be pricier than standard SaaS solutions without vendor managed benefits, but often provides the collaboration and access anywhere which is a primary motivator for hosted deployments.

Legal Challenges

The storage of data in the cloud is currently a legal gray area. Several items in particular have become a concern: the potential storage of data in unfriendly jurisdictions and the access of information for official inquiries without the consent or knowledge of the client. Additionally, there may be questions regarding the accessibility of the data for eDiscovery purposes. Lastly, if a company is in a highly regulated industry, they may feel that internally-controlled data more adequately complies with regulatory requirements for PCI, PII, HIPPA and the like.

Invested Resources

If a company has invested significant amounts of capital on hardware and software solutions that continue to meet business needs, they are less likely to migrate to cloud-based services immediately. Another consideration is that existing, often entrenched systems may integrate more seamlessly with an on-premises deployment or custom development than a cloud solution.

Performance

Applications which have heavy data usage may see some degradation when communicating over the internet. Because of these perceived performance issues, many high volume or high transaction processes are kept on-premise. In eDiscovery, for example, hard drives full of data are often sent via postal mail to facilitate the collection and review of large or dispersed sets of ESI. Even small delays for an intensive process like document review add up causing frustration for users and managers alike. These concerns, like others mentioned earlier, should continue to abate as the proliferation of cloud solutions force the improvement of connection speeds and transfer rates.

	SaaS/On-Demand	On-Premises
Pros	<ul style="list-style-type: none"> • Vendor responsibility • Access anywhere • Quickly scale up or down 	<ul style="list-style-type: none"> • Control • Security • Performance
Cons	<ul style="list-style-type: none"> • Security/data privacy • Latency • Access behind the firewall 	<ul style="list-style-type: none"> • Internal resource expenditure • Time to deploy • Maintenance & upgrades
Pricing	<ul style="list-style-type: none"> • Flat fee, subscription model • Based on usage, active accounts, modules and/or features 	<ul style="list-style-type: none"> • Up-front costs with optional termed maintenance
Hosting	<ul style="list-style-type: none"> • Single version of the software • Centrally hosted, frequently updated 	<ul style="list-style-type: none"> • Hosted "behind the firewall" on-premises • Users upgrade on their own timetable

Further EDiscovery Considerations

The last few years has seen an exponential increase in SaaS-based eDiscovery options offered by application vendors. SaaS solutions can be found for the entire EDRM model either piecemeal or as all-in-one solutions. These applications make it easier to take eDiscovery in-house by offering cost-effective, feature-rich, solutions without huge infrastructure investments. In addition to these benefits, collaboration between management, IT, inside and outside counsel becomes streamlined and more effective by using the same, easily accessible platform. With the elimination of the middleman, further cost reduction is achieved without sacrificing defensibility. As BNA points out, another benefit of on-demand solutions for eDiscovery practitioners are the efficiencies gained by eliminating divergent technologies to collect data, process it, then review and perform analytics.

But is SaaS the best solution for your organization? First of all, have realistic expectations. As techopedia notes, “organizations that migrate to the cloud expecting continuous uptime should be aware that cloud implementations are subject to the same hardware and software failures and human errors that cause downtime for in-house implementations.”

Next, it is important to gauge your organization’s needs. To help gather information to make an informed decision, try these steps:

- Define a litigation profile for your organization
- Detail company policy or regulatory constraints on data leaving the company
- Find the applications and processes that could benefit from migration to the cloud
- Perform total cost of ownership calculations for your current (or planned) solutions and compare them to the equivalent SaaS offerings
- Identify the availability of internal resources including personnel, budget and hardware
- Outline the performance implications, feature improvements and efficiencies gained or lost

Keep in mind that the viability of any eDiscovery solution depends on the unique environment at your company. Electronically stored information (ESI) that needs to be collected, preserved, searched or reviewed can be found in many different locations (desktops, servers, file shares), stored in many different proprietary systems (Exchange, PeopleSoft, Sales Force), and exist in many different formats. Verify that your solution can access the most common data stores with minimal disruption of day-to-day business needs.

Hybrid: The Best of Both Worlds

While much of the industry literature focuses on on-demand or on-premises, there is also a strong case to be made for hybrid solutions, like Sherpa Altitude IG®. These industry leading options incorporate the flexibility, pricing and access advantages of SaaS while maintaining the control and security of on-premises offerings. Another variation of a hybrid offering is co-existence, using different tools for different tasks. For example, it may make sense to keep search and collection on-premises, while hosting litigation hold or review. Look beyond eDiscovery to find more value in your solution. Altitude IG, for example, provides policy enforcement, search and collection and business analytics.

When considering a SaaS solution, ask questions of your vendor, including:

- *Do you have a full functioning trial version?*
- *What type of security is employed for data at rest? In transit?*
- *What are the Service Level Agreement (SLA) terms? What kind of uptime can be expected?*
- *Describe your back up and disaster recovery systems.*
- *How can data be exported? What is the wait time? What format?*
- *Who has access to my information?*
- *Where are the data centers located?*
- *What type of support is offered? Training?*

- *Can the solution access data behind the firewall?*
- *What performance can be expected for typical deployments?*
- *How does the solution co-exist with existing applications?*

Conclusion

The advances of recent years have provided a variety of offerings with many compelling benefits that deserve exploration. On-premises, hybrid or SaaS? Before investing in a solution, analyze your environment, resources and challenges to find the best option. Do your due diligence to make sure that whatever solution you deploy is the right fit for your company. Popular trends often move the industry forward and provide innovative solutions, but you have to be careful not to buy into the hype and to carefully select a solution. You need a partner with a track record and a future and not a “johnny-come-lately” trying to take advantage of an emerging market. Be educated and ask questions. Sherpa Software has been developing tools to manage electronic content for 15+ years. Trust in our experience! Go to www.SherpaSoftware.com to learn more about your eDiscovery options.

About the Author

Marta Farensbach, Director of Product Services

Marta contributes to the development and growth of Sherpa’s products and platforms and is responsible for ensuring customer satisfaction. Since joining Sherpa in 2003, she has done extensive research on eDiscovery while expanding her expertise in litigation preparedness, compliance and content management.

Prior to joining Sherpa Software, Marta oversaw the management of the information technology department for a leading logistics firm. During her tenure, Marta was instrumental in increasing profitability and efficiency of real-time data inventory reporting, while guiding the deployment of a number of web-based applications.

Marta received her Bachelor of Arts degree from Pennsylvania State University. She enjoys Sherpa’s team-building activities and is a founding member of the Sherpa Movie Club. She has a zest for travel and takes great pleasure in soaking up culture, scenic beauty and adventures wherever they can be found.



About Sherpa Software

Sherpa Software, a leading provider of technology-driven information governance solutions, has helped more than 3,500 companies worldwide. Sherpa’s award-winning software, services and support address information management, regulatory compliance, electronic discovery, PST management, email archiving and more. Sherpa Altitude IG, Sherpa Software’s signature information governance platform, connects to more data sources than traditional platforms, leaves your data in-place and offers robust analytics and metrics, while addressing core business issues.

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