DATAssimilate's PowerSearch brings PayPal-palatable pricing to e-discovery

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As data volumes have exploded, corporate legal departments have attempted to find ways to cut e-discovery costs, creating a large market for early case assessment (ECA) software, also called early data assessment software by those with less of a litigation focus. The idea is to discover what data you have and to govern your legal strategy accordingly, saving money in the process.

Canadian software vendor DATAssimilate Systems brings a novel approach to the ECA pricing process. Marketed with the concept of 'cull before you collect,' the company's PowerSearch software is actually a free online download. Once users download the software, they can cull email and other electronically stored information (ESI) for free, paying only for the data they actually collect. In what may be a first for e-discovery software, when customers do make a payment, they can do so by purchasing online tokens through PayPal or by credit card.

The 451 Take

The unique pricing model of PowerSearch alone makes it an e-discovery application to watch. Its basic pricing structure could be considered old-school e-discovery, in that it's volume-based, as many vendors begin to offer subscription models. However, the ability to download the software and cull for free gives PowerSearch an opening in a crowded market. DATAssimilate's challenge is to convince customers to go that extra step – buy the tokens and make PowerSearch their culling and collection tool, not merely a novelty item to be used for free, first-pass forensics before using traditional tools.

Context

Toronto-based DATAssimilate Systems traces its roots back to the 1995 founding of JLS – short for Jansons Legal Services and named for founder Girts Jansons. It began as a legal services provider, managing legal document productions in Canada and the US. The company got its start imaging hard copies of documents, but Jansons realized ESI would be overtaking paper, so he moved into the software business. In 1997, he founded DATAssimilate to be a software development company for the legal industry.

In 1999, the company released its DATAssimilator scanning, OCR (optical character recognition) and coding software, and followed up that product with its DataOntology Suite, a Web-based product for remote document review. Jansons serves as CEO of the privately held company; he is also the chief designer of its software, working with contract developers. The company's client base is primarily in North America, with both Canadian and US customers, but it also has clients in Australia and the UK, and other parts of the world. The company maintains a minimal full-time staff augmented by contract development personnel. PowerSearch users include US corporate legal departments, major Canadian banks and KPMG Canada.

Not only did the 2006 amendments to the US Federal Rules of Civil Procedure make e-discovery in general a much more important business function, it spurred the development of ECA software to give companies an idea of what data they had in the early stages of the e-discovery process. In 2009, DATAssimilate was working for the Canadian government on a project that needed an ECA capability. Jansons decided to develop one, and the PowerSearch software was born.

Technology

The on-premises PowerSearch software searches hard drives as well as network repositories and Exchange servers for responsive data. A key feature of PowerSearch is its low-cost components, including some open source software, which enable the company to offer its unique – and most importantly, very affordable – pricing. PowerSearch's components include the open source Apache Lucene as the backbone of its search system. It features Transym's TOCR product for the PowerSearch OCR, and it does .PST file extraction with Encryptomatic's MVCOM. Encryptomatic stopped selling MVCOM in March, but says it will continue to use it for its own products and continue supporting it for existing customers.

With low overhead, and low-cost but technologically respected components, DATAssimilate embarked on a novel pricing structure. Prospective customers download the PowerSearch software

for free from the company¹s website. Once the software is installed, the customer can essentially perform initial ECA for free, paying only for saving the search results. Through PayPal, users purchase a token for each file to be saved, priced on a sliding scale, with discounts for buying in larger quantities. The price for 1,000 tokens is $50 or $0.05 a token. It goes down to $0.04 a token for a 2,500-token purchase, and $0.03 a token for a 5,000-token purchase. Customers can pay as little as $0.004 per token if they purchase one million, meaning they can save a million files for only $4,000.

The company released version 4.2 of PowerSearch in April, adding new features, including a file-header reader enabling the software to identify and index files even if they've been renamed. The release came on the heels of version 4.1, which added Unicode language support and the ability to search webmail accounts, such as Gmail, Hotmail and Yahoo. Plans for upcoming releases include the addition of linguistic analytics powered by Princeton University's open source WordNet application.

Competition

The ECA market within e-discovery is a crowded one with many formidable competitors. It also hasn't always been easy to define. Traditionally, the archiving and forensics vendors of the so-called left side of e-discovery's Electronic Discovery Reference Model (EDRM) had an advantage in ECA by the very nature of what their products did – namely, analyzing ESI before it got to the attorney-review stage so lawyers could assess the merits or risks of a particular matter.

However, ECA software has expanded to include more analytical capabilities, and other full-service and review vendors have jumped into the space, sometimes by marketing existing products as having ECA features. Vendors offering ECA – either by developing technology internally or licensing it – include AccessData, AlphaLit, Applied Discovery, Daegis, Digital Reef, EMC, Epiq Systems, Equivio, Exterro, Fios, First Advantage, FTI Consulting, GGO Digital Warroom, IBM, iCONECT Development, iDiscovery Solutions, Kroll Ontrack, Guidance Software, HP's Autonomy, Merrill Corp, Nuix, Orange Legal Technologies, OrcaTec, Planet Data, Recommind, RenewData, SFL Data, StoredIQ, Symantec's Clearwell, Vound's Intella, X1 Discovery, Xerox Litigation Services, ZL Technologies and ZyLAB.

Not surprisingly, we see DATAssimilate's primary competitors, at least for now, as those with specialized offerings in the lower-cost and do-it-yourself e-discovery markets, such as GGO, Orange LT and Vound. But there's new competition there as well with larger vendors, such as AccessData and Kroll Ontrack, moving into the space.

SWOT Analysis

Strengths

DATAssimilate's use of open source and low-cost components enables it to produce PowerSearch as an organically developed software application at a lower price. In addition, the application's instant deployment and ease of use are key benefits.

Opportunities

With e-discovery no longer the sole domain of Big Law, PowerSearch's unique – and almost ridiculously economical – pricing model makes it an ideal ECA product for small firms and solo practitioners. In addition, its expanding capabilities make it a tool even larger enterprise clients can use as part of their e-discovery arsenal. In essence, its pricing model could make PowerSearch the Skype of e-discovery.

Weaknesses

Although the company has been releasing upgrades with significant new features, PowerSearch still lacks coast-to-coast capabilities spanning the EDRM that some enterprise customers demand in a new era of comprehensive information governance.

Threats

As a small company, DATAssimilate faces the daunting task of taking on e-discovery's big players with their extensive marketing and development teams, some of which are already moving into the lower-cost and do-it-yourself e-discovery markets. In addition, its significant price advantage can also be a liability – should enterprise clients feel an application available via free download isn't possibly robust enough for their needs.