ELECTRONIC DISCOVERY & CYBERSECURITY CAREERS: TOP 10 PREDICTIONS FOR 2017

An examination of the effect of consolidation on jobs, cloud considerations and more.

BY JARED COSEGLIA, TRU STAFFING PARTNERS

The undeniable truth about the e-discovery and cybersecurity industries is that they change quickly! Last year's Top 10 countdown in ascending order from No. 10 to No. 1 included these prophesies: Midwest job growth, contract staffing demand and supply acceleration, polarized law firm lit support models, nuanced Relativity software development by third-party channels, outliers in analytics entering legal, consultants being pressed to sell, fewer jobs above $150K base, a concrete ceiling for Am Law leaders and project managers, cybersecurity jobs entering the space meaningfully—and the No. 1 prediction for 2016 was "The Great Roll-Up" of service providers citing Epiq/Iris, DTI/Merrill and Ubic/Evolve.

Reflecting on 2016, the Top 10 Predictions for 2017 might not surprise you, but they will deeply affect your career.

1. The Big 3: Still on top and the most notable trend for 2016 and 2017 is the consolidation happening in the e-discovery service provider world. This year, the community witnessed an unprecedented level of acquisition at a scope never before seen. There are now three dominant e-discovery service providers: Epiq/DTI (est. $1B), LDiscovery/Kroll, Consilio/Huron.

These consolidations will create opportunity for some and redundancy for others. Underperforming sales reps and middle management beware. Overperforming client service employees and technicians at these companies, now is the time to step up to new responsibilities, go above and beyond for clients concerned about service delivery quality and volunteer to help with integration efforts. Making yourself visible within these large organizations is essential to vertical mobility—which there will be for some.

Some of these companies will acquire more companies in 2017, guaranteed. These mergers continue to polarize the e-discovery vendor community, creating fewer middle market players in the $50-$100M/year range. This makes it significantly difficult for vendors

JARED COSEGLIA

doing less than $50M/year to grow organically and necessary for companies hovering around $100-$150M/year in revenue to compete with the Big 3 by acquiring more companies themselves or preparing for roll up into one of them. Beyond size, the Big 3 companies also share a few other competitive advantages: venture capital or private equity backing, dual Relativity and proprietary technology offerings, robust on/offshore document review and, most importantly, an established global

footprint of service, capability and reputation.

2. International Matters—A Lot: Europe will experience an uncomfortable level of litigation and e-discovery staffing demand in 2017. The talent to handle this wave of demand is simply not there and cannot be trained organically fast enough on-site. Corporations, law firms and particularly service providers will need ways to staff-up all over Europe, specifically in Germany and England.

Complexities in European data privacy and collection law will complicate traditional ways of doing things expeditiously. Language barriers will give those with the proper skills a wildly competitive advantage in acquiring business and landing jobs. Consulting firms, which compete rigorously with the Big 3 in Europe, will find themselves bracing for talent turnover and fiercer competition than ever before. The primary solution for these providers, their clients

and their outside counsel will be to augment their staff with contractors.

3. Contract E-Discovery Staffing: Up from No. 9 is the dynamic shift from full-time permanent to contract e-discovery staffing. Facing changes in pricing models squeezing margins, continued consolidation and the ongoing attempt to combat business cycles that spike erratically with the ebb and flow of litigation, hiring authorities are turning to contract staffing options to solve many of their people problems. Employers are recalibrating their expectations and hiring strategies to integrate contract staffing into their human capital plans to reduce annual overhead, minimize employee liability, increase margins and profitability and scale rapidly. This is particularly the case for landmark litigation, geographies with thin talent pools, night and weekend shift coverage and managed service contracts.

4. Security: Cybersecurity has made such an impact on the legal community that this year's roundup references it in the title. Legal publications have changed their names to include "cybersecurity" to attract broader, more intellectually curious readers. If you as a professional in e-discovery are not looking into ways to become more deeply educated in cybersecurity, you will find job mobility challenging five-plus years down the road. Just as the litigation paralegal who did not pivot and become more technical in the early 2000s found, so too will today's e-discovery professional see their careers potentially stagnate and become less financially competitive if they do not move toward cybersecurity-related disciplines over the coming years.

5. High-end Hiring Returns: For the past five years, director and manager-level hiring (or above) has accounted for consistently less than 7 percent of the available jobs in the marketplace for e-discovery and cybersecurity professionals. The year 2017 changes all that. While consolidation will squeeze out a significant amount of middle management jobs in the vendor world, high-level slots will be opening up in abundance for emerging new roles. These roles include specialization in the disciplines of information governance, information protection, threat analysis, incident response, risk assessment, privacy and compliance. Expect salaries ranging 90-300K, depending on discipline and years of experience.

6. Beefing Up the Back End. kCura Goes Cloud: The fourth quarter of 2015 was an unusual one for e-discovery staffing. Since the "Fest" announcement of kCura's RelativityOne cloud offering, the volume of demand for client service-focused e-discovery professionals (aka project managers) significantly decreased in the vendor community. Instead, service providers are hiring bulk in developers, infrastructure technicians and security professionals at a technical and tactical level. On the flip side, law firms and corporations who have outsourced most or all their e-discovery hosting and processing are now looking toward higher-end, consultative professionals to help market services internally and execute externally with partners. kCura's shift to the cloud has vendors preparing for battle.

7. Talent Goes Cloud Too: In 2016, remote employment, aka virtual staffing or WFH (work-from-home) hiring, constituted its own category in TRU's placement metrics. Representing 2 percent of the market in 2015, virtual e-discovery staffing was up to 6 percent of the national market in 2016 (that's more hiring than in Los Angeles all year). Increases in remote workforces have dramatically altered the balance between quality of life, compensation, profitability and scalability. Employers can often get 10-30 percent reductions in employee base compensation (contract or direct hire) by

building virtual staffing models instead of in-office centralization. Humans hate commuting, and in-office models are no longer the most effective way to run a business for everyone.

8. Relocation Nation: In Q3 of 2016, hires that required relocation were up 35 percent compared to the same time last year. Staffing in second- and third-tier markets, where e-discovery and cybersecurity talent does not currently exist, coupled with people in big cities wanting to move to smaller ones (and vice versa) has driven a level of comfort around relocation as a viable option for employees and employers alike. Many hiring managers also feel the talent pools in their markets are "stale," and relocation has been a great way to introduce new energy with a new hire.

9. The End of Am Law Lit Support Departments As We Know Them: In 2016, TRU Staffing Partners received only two direct hire job requests from law firms as an "add to staff." All other job orders coming from the Am Law 200 were replacements for someone who had resigned. This is because law firms are augmenting their staff with contractors (see No. 3), relying heavily on vendors, adopting managed service contracts and using technology more effectively. Most law firms have shifted their focus to being more consultative and strategic, rather than highly operational and tactical in their internal service offerings.

There are exceptions to the rule, but with massive price compression in processing and hosting as well as a potential to move to the cloud, most firms are only replacing employees as they leave, and they are being replaced with more consultative rather than technical professionals.

10. Analytics. Still the Future, Not the Present: In an informal survey of providers, law firms and corporations, TRU Staffing Partners validated that an average of less than 8 percent of cases leveraged advanced analytics for e-discovery in 2016. Adi Elliott of Epiq/DTI suggests we retire terms like TAR, CAR and PC and use the more encompassing "machine learning" as pragmatic universal vernacular. This is good thinking, as true analytics may have greater applicability and monetization in legal venues extending away from traditional e-discovery. Still, "analytics" as a broad way of describing "machine learning" makes the top 10, but does not dramatically change the available job demand in this market in 2017.

Jared Coseglia is the founder and CEO of TRU Staffing Partners, an Inc 5000 Fastest Growing American Company 2016 and National Law Journal's #1 Legal Staffing Agency, and has over 13 years of experience placing thousands of professionals in e-discovery, litigation support, cybersecurity and broadly throughout legal and technology staffing.