THE E-DISCOVERY JOB MARKET: 2019 ANALYSIS & YEAR IN REVIEW

BY JARED COSEGLIA

2019 served as the runway for what should be a landmark year of change ahead. Based on the current trends, 2020 will demarcate a shift in the types and amount of jobs available in the legal tech market, dynamically affecting e-discovery professionals' options.

The 2019 ESI job market trajectories include continuations and culminations of steadily emerging annual patterns, but also some sharp shifts in staffing habits that will undoubtedly affect everyone in the industry over the next decade.

Sharp Shifts

The year started with a bang in January for the e-discovery community when DISCO announced an $83 million investment of capital and OpenText acquired Catalyst Repository Systems. This news came on the heels of both Everlaw and Logikcull's $25 million in venture funding as well as CloudNine's acquisition of Concordance and LAW in 2018, making all these logos formidable challengers to RelativityOne in the increasingly competitive ESI

software war, a war which is being fought in the cloud.

The accumulation of this infusion of capital created a hyper-acceleration of hiring from these and other software companies in the e-discovery space—specifically in sales, sales engineering, and customer success. In 2019, cloud-focused ESI software companies successfully bolstered, expanded and matured their salesforces and client onboarding mechanisms in order to pave the way for anticipated booms in business in 2020.

Service providers not selling proprietary e-discovery cloud-based technology did not have the same sales staffing success or staff up at the same volume as their software-centric peers. In 2019, the number of ESI sales reps who changed jobs to service providers dropped by 50 percent. The average base compensation offered for an individual contributor also decreased nominally from 2018, while the number of reps who accepted counteroffers from their current employers jumped by 20 percent. It is likely that many ESI service providers

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spent more money on sales staff retention than net new hiring in 2019, particularly in the first two quarters. Outliers to this general trend included companies that have a more diverse offering of services (some consulting firms, specifically those in cybersecurity and privacy) and companies willing to hire talent from outside the industry.

Unlike in years past, in 2018 and 2019, the targets for acquisition

and investment were largely software, not services companies. This is illustrated by the sales staffing statistics and story told above. Though brewing for some time, 2019 put into focus the market pivot to software companies' role in evolving the industry and employing a larger subset of professionals in the space.

Despite increased investment in and hiring at alternative ESI cloud software companies, in 2019, Relativity remained the primary tool utilized by most law firms and third-party service providers. In 2017, TRU partnered with Relativity to create a self-assessment matrix to help hiring managers better assess the Relativity-specific strengths and weaknesses when considering candidates for hire, dually giving job seekers a clear way to articulate and rank their Relativity skills (details that are often left off a resume). In 2018, about one-fourth of hiring managers staffing for e-discovery professionals requested the self-assessment in conjunction with a resume. In 2019, that jumped to 63 percent of all hiring managers who were looking to acquire e-discovery talent desiring a Relativity self-assessment at the time of submission. That is a sharp shift in how hiring managers are evaluating talent and a reinforcement of the reality that right now, Relativity skills matter for upwards of 63 percent of managers soliciting talent in litigation support.

iring within both the law firm and vendor sector of the legal technology community at the project management and specialist/analyst level accelerated from 2018 to 2019. In e-discovery, law firm compensation is up from 2018 for project managers and analysts, but compensation is slightly down at vendors; however, law firm *headcount* pales in comparison to vendors who are hiring similarly skilled professionals at almost ten times that of the law firm market. Vendors simply need to hire more people for less, and law firms are willing to pay a bit more for the skills they need day one while hiring significantly fewer people overall.

In 2019, there were very few corporate jobs for exclusively ESI-centric talent. There were, however, a wealth of jobs in the corporate sector in other disciplines like privacy, information governance, security, legal operations and more.

Steadily Emerging Patterns

There are several trends that have been gaining momentum that did not wane in 2019. Those trends include increased utilization of contract augmentation of talent, more direct-hire remote work-from-home opportunities, and the inevitable convergence of tangential disciplines with e-discovery that finally allows for growth into new and emerging roles.

If the economy veers toward recession in 2020, expect contract augmentation to become the

norm for scaling up and backfilling attrition. Subtle signs of this expectation were revealed in the acceleration of contract hiring in Q3 and Q4 for ESI project managers, specialists, and analysts in all sectors—law firm, corporate, government and vendor.

It would not be difficult, however, to argue that the steadily increasing engagement of contract ESI resources (not including contract review attorneys) has nothing to do with recession worries and everything to do with ESI hiring managers finding the benefit and right balance of full-time and contract resources to run their businesses more efficiently and effectively. Different circumstances dictate different solutions, and hiring managers across the board are increasingly subscribing to this paradigm shift, which echoes the greater national economic employment trend of normalizing a "gig economy."

The number one motivator for e-discovery job seekers in 2019 was for remote work-from-home flexibility, and many got what they asked for! This has been building for years (see Top 10

Predictions for 2019: #1 Hiring really goes to the cloud—finally!), and in 2019, service providers and some law firms began shifting their hiring practices to include remote options. In 2018, one in every four TRU placements was a remote work-from-home hire, whether contract or direct employment. 2019 was nearly identical, but the number of hires increased substantially. Engaging the remote option also often resulted in a faster hiring process, shortening the average interview lifecycle down two to six weeks for an ESI project manager or analyst hire.

Five of the biggest ESI service providers are all staffing talent remotely—not exclusively, but abundantly. This strategy caused several things to occur in 2019 that worked in their favor. First, it neutralized any of them using remote hiring to attract talent away from one another and forced talent to consider other factors like culture, capability, compensation and growth potential when shifting between the big brands. Second, it wooed talent away from law firms, corporations, and regional midsize ESI companies who will not offer remote employment options. Third, it opened opportunity for many highly skilled and underpaid ESI professionals in second and third-tier geographies where local job opportunities

are scarce to level-up their salary and experience by moving to large service providers. Conversely, outside of some sales talent, the ESI software providers are very regionally staffed, and that remained the case in 2019. Most of Relativity's staff is in Chicago, Ipro's is in Arizona, Everlaw's is in Northern California, DISCO's is now in Austin, and so forth.

For e-discovery professionals looking for reinvention, 2019 signaled that those who demonstrate aptitude in other areas of discipline and have some educational or foundational knowledge of a new focus could get hired and transition from pure ESI to a hybrid interdisciplinary position. In 2019, TRU tracked and helped transition more professionals moving from ESI to a job in another core discipline than any year prior. The most common transitions are to privacy, cybersecurity, information governance, legal project management, and legal operations. These new roles, many of which are being created for the first time within their organizations, are largely at corporations.

Corporations have a serious "high-demand, low-supply" problem when it comes to hiring for roles in privacy, cybersecurity, information governance, legal project management, and legal operations. This is primarily

because these are newer roles with more immediately applicable skill set requirements and simply fewer available professionals with those exact skill sets. ESI pros are officially trending toward filling this talent gap.

This reinforces a steadily developing theme emphasizing the importance of continuing education and certification into adjoining areas within the larger legal technology ecosystem (see 2019 Predictions "#8: Certification required to separate from the pack" and "#10: Legal tech pros will want jobs that don't yet exist"). Jobs people wanted a few years ago have started to become available and viable but only for those who have been preparing for expanding their careers by expanding their knowledge base.

So what does all this mean for the future? Read TRU's upcoming Top Ten 2020 Job Market Predictions in this publication in January!

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