

How Intellectual Property Law Firm Carlson Caspers Reduced Its Ediscovery Costs by 99%

Case Study — Carlson Caspers and Digital WarRoom

By Neil J. Squillante
October 18, 2018

Insourcing



TL Research™ LEARNPAPER™

Reliable legal industry analysis, data, and insights.

Beginning in 2014, the clients of Minneapolis-based [Carlson Caspers Vandenburg & Lindquist, PA.](#) (Carlson Caspers) started to see something unprecedented — a steady and significant drop in ediscovery-related costs even as they sent the law firm more cases. Somehow, Carlson Caspers reduced its average monthly ediscovery costs from \$91.54/GB in 2014 to \$1.00/GB today.

This *TL Research Learnpaper* explains how Carlson Caspers worked with [Digital WarRoom](#), its ediscovery vendor, to “insource” the work it used to outsource, forwarding the cost savings to its clients. It also explains why this vendor willingly abandoned its business model to make this transition at Carlson Caspers possible.

Rapid Growth from Day One

Carlson Caspers specializes in intellectual property and has an outstanding reputation for patent litigation that differentiates it from competitors. [Alan Carlson](#), [Philip Caspers](#), [J. Derek Vandenburg](#), and [Timothy Lindquist](#) co-founded the firm in 2003. Each had already earned excellent reputations for intellectual property litigation before starting the firm.

The founding team has earned many accolades and awards. In 1991, Carlson was named one of “Minnesota’s Winningest Trial

LEARNBOARD

IP Law Firm Carlson Caspers’ Approach to Ediscovery

- ✓ Carlson Caspers sought to reduce its ediscovery spending.
- ✓ The firm trained an internal team and now “insources” ediscovery work.
- ✓ The team uses [Digital WarRoom Private Cloud](#) ediscovery software.
- ✓ [Digital WarRoom](#) provides services as needed for tricky issues.
- ✓ Ediscovery costs plummeted by 99% from \$91.54/GB/month to \$1.00.
- ✓ This has elevated Carlson Caspers’ value proposition among its clients.

Lawyers” by the *International Academy of Trial Lawyers*, and in 2003 was the first patent attorney in Minnesota inducted as a Fellow into the *American College of Trial Lawyers*. Caspers has repeatedly been named by *Managing IP* as an “IP Star.” Vandenburg has earned Chambers’ “Leading Lawyer in Intellectual Property.” Lindquist has been recognized in *Best Lawyers* since 2007 and listed as a Minnesota Super Lawyer from 2004 to present.

The firm doubled in size its first year and currently has 29 lawyers. Its clients span several industries, including chemicals, medical devices, pharmaceuticals, semiconductors, and telecommunications. Carlson Caspers has litigated many [high-profile cases](#) and won large multimillion-dollar verdicts.

Like most complex litigation, the cases Carlson Caspers handles are document-intensive.

Over the years, the volume of email and other electronically stored information (ESI) has grown, requiring the use of ediscovery software to process, review, and produce potential evidence, create privilege logs, etc. Some clients need Carlson Caspers to use their ediscovery platform but most defer to the firm for all ediscovery work. Since 2014, Carlson Caspers has used Digital WarRoom for the ediscovery work it controls.



Joe Winkels,
Shareholder, Carlson Caspers

“Digital WarRoom helped us identify a business opportunity in our intellectual property litigation practice,” says Carlson Caspers Shareholder Joe Winkels. “Importantly, with our newly qualified internal ediscovery team, we have delivered tremendous value and saved our clients a significant sum by doing a lot of the work ourselves.”

Digital WarRoom Declares War on Ediscovery Bundling

Digital WarRoom originated within Am Law 100 firm KL Gates and spun off as an independent company in 2002. Digital WarRoom has never taken venture capital, and its founders still run the company. CEO Bill Gallivan has a reputation for being a maverick and an outspoken critic of his industry. This explains why the company is one of the few left that offer low-cost, do-it-yourself ediscovery software that runs on a PC — namely, [Digital WarRoom Pro](#).

Even so, Digital WarRoom behaved like a typical ediscovery vendor in its early years with its flagship product—[Digital WarRoom Private Cloud](#) (DWR Private Cloud), a more sophisticated hosted solution that competes with DISCO, Everlaw, Logickull, Relativity, and others. Carlson Caspers uses DWR Private Cloud because its robust features are designed for complex litigation involving higher volumes of ESI.

Like the rest of the industry, Digital WarRoom previously charged customers like Carlson Caspers an opaque price that included both DWR Private Cloud (software) and a full suite of ediscovery services. This bundling made it difficult to unpack the constituent components. With few exceptions, this remains the dominant pricing model in the industry.

Any bundled ediscovery price converts into dollars per GB per month, so this metric has

become the lingua franca for benchmarking and comparison purposes (some vendors price their bundles using this metric). This has provided some transparency at least across different vendors.

A student of the technology industry, Gallivan knew that bundled software products and services inevitably become commoditized, resulting in unbundling to broaden the appeal and addressable market. Gallivan felt that law firms would increasingly want to handle ediscovery services internally rather than outsource this work to companies like Digital WarRoom. Also, cloud storage costs have continually dropped — even the higher end, more secure private cloud storage used by many ediscovery platforms.

“A paralegal with the requisite training can deduplicate, de-NIST, and otherwise process ESI for review just as well as ediscovery vendors can,” says Gallivan. “Similarly, both paralegals and lawyers can collaborate on reviewing documents, creating a privilege log, applying redactions, and producing a final set to opposing counsel. When lawyers and paralegals do this work, the firm can bill for it or pass the savings onto clients. When we do this work, the firm needs to recover it as an expense. Law firms have given ediscovery vendors billions of dollars in revenue that they used to earn during the paper discovery era, so it’s only a matter of time before they demand it back.”

Digital WarRoom jumped on this shift a few years ago and did the unthinkable — it

began offering its software (DWR Private Cloud) stand-alone for a flat monthly subscription with up to 500 GB of ESI (higher volumes of data add \$1/GB to the subscription price). It charges customers separately on an a la carte basis for any ediscovery services needed. Entrepreneurial law firms like Carlson Caspers took notice.



*Bill Gallivan,
Co-Founder, Digital WarRoom*

“Ediscovery costs are rapidly dropping towards \$10/GB,” says Gallivan. “And as Carlson Caspers has shown, DWR Private Cloud costs less than \$2/GB. For law firms, we’re providing considerable value with up to \$8/GB of potential new revenue, which is preferable to a reimbursable expense.”

The Incredible Shrinking Cost of Ediscovery at Carlson Caspers

In 2014, Carlson Caspers spent an average of \$7,371 per matter per month or \$91.54/GB per month for Digital WarRoom—the height of Carlson Caspers’ ediscovery spending. “These fees included both platform hosting, as well as all billable hours for tasks such as data ingestion and characterization, assembling and endorsing productions, assessing adverse data, keyword and document analytics, creating review assignments for lawyers, and ad hoc reporting,” says Gallivan.

According to Gallivan, full-service monthly ediscovery costs range from \$50-\$300/GB depending on the level of service, but the

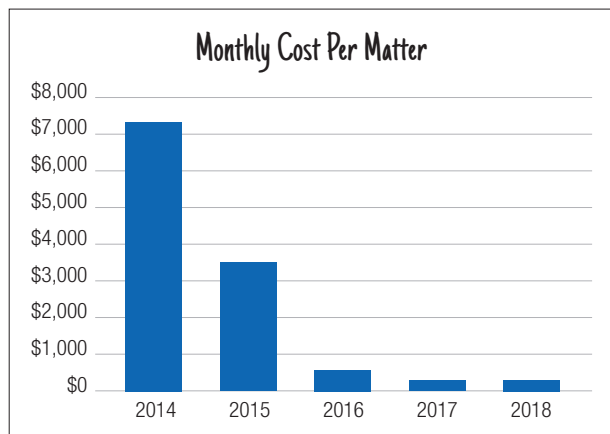
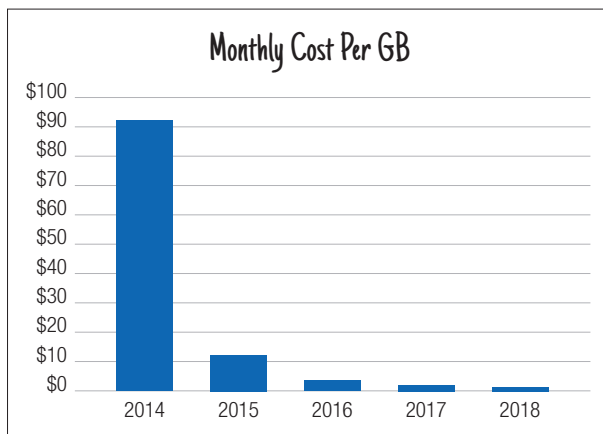
current typical monthly cost is about \$90/GB, which is where Carlson Caspers was in 2014.

In 2015, Carlson Caspers began transitioning to doing ediscovery work internally, and started using DWR Private Cloud. Digital WarRoom trained a project manager at Carlson Caspers but still handled approximately 80% of the work. Nonetheless, the average monthly cost plummeted to \$3,600 per matter or \$12.25/GB. But plenty of services money remained on the table for Carlson Caspers to claim.

In 2016, Carlson Caspers expanded its ediscovery team. Digital WarRoom trained three paralegals and an IT professional at no charge.

LEARNBOARD

Carlson Caspers Monthly Ediscovery Costs



During this ongoing transition, Digital WarRoom performed about 40% of the services with the newly qualified team at Carlson Caspers handling the remaining 60%. The average monthly cost of DWR Private Cloud eroded further to \$600 per matter or \$3.20/GB. But more headroom remained.

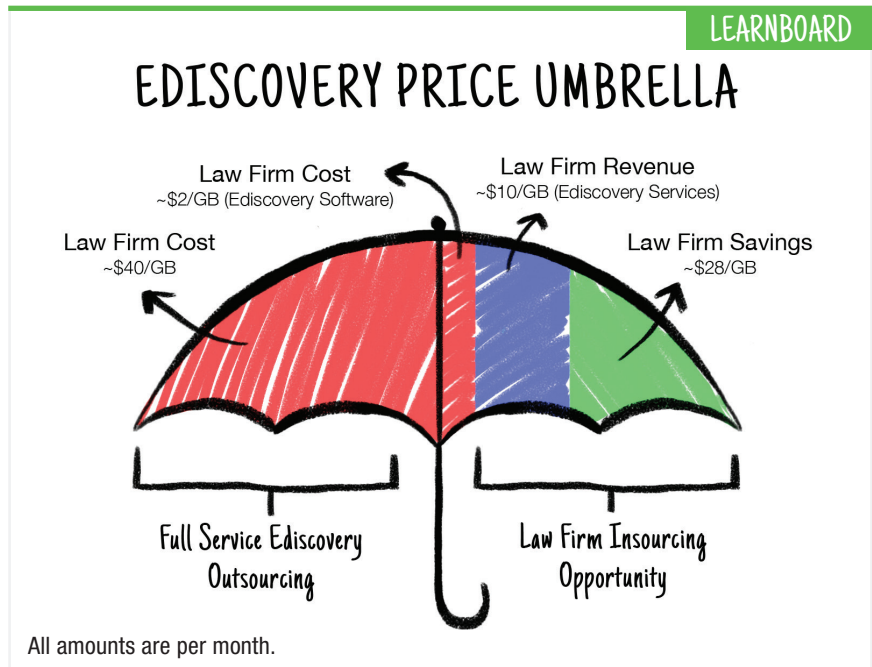
In 2017, Carlson Caspers had an ediscovery team comparable to the team at Digital WarRoom and other ediscovery vendors. Digital WarRoom performed just 5% of the work, handling challenging one-off problems. The average monthly cost of DWR Private Cloud dropped to \$330 per matter or \$1.50/GB.

In 2018, Carlson Caspers hit its stride with an average monthly cost for DWR Private Cloud of just \$388 per matter or \$1.00/GB.

This managed transition since 2014 explains why Carlson Caspers' clients began noticing smaller ediscovery bills. "Some of our other law firm customers pass through the cost of DWR Private Cloud," says Gallivan. In contrast, Carlson Caspers offers ediscovery services to its clients at prices far below most ediscovery vendors. The firm does not recover the cost of DWR Private Cloud, but instead treats it as overhead like a Microsoft Word license.



The partnership between Carlson Caspers and Digital WarRoom has thrived because both organizations are committed to client service and have skin in the game. Without a lofty venture capital valuation to grow into, Digital WarRoom was able to change its business model when Carlson Caspers sought to offer more value to clients and increase its profit margin.



"Digital WarRoom helped us identify a business opportunity in our intellectual property litigation practice," says Carlson Caspers Shareholder Joe Winkels. "We have used DWR Private Cloud for a number of cases and Digital WarRoom has provided us with much-needed services during discovery. Importantly, with our newly qualified internal ediscovery team, we have delivered tremendous value and saved our clients a significant sum by doing a lot of the work ourselves."

"Ediscovery costs are rapidly dropping towards \$10/GB," says Gallivan. "And as Carlson Caspers has shown, DWR Private Cloud costs less than \$2/GB. For law firms, we're providing considerable value with up to \$8/GB of potential new revenue, which is preferable to a reimbursable expense. We refer to this as the Ediscovery Price Umbrella." (See the illustration above.)

Carlson Caspers Builds Its Profitable Process With DWR Private Cloud

While Carlson Caspers transitioned most ediscovery services from Digital WarRoom to its internal ediscovery team, the firm continues to use DWR Private Cloud for ediscovery client work it controls because of its features and performance (see the key features), and the Help Desk when needed.

DWR Private Cloud 9.1 recently launched, offering performance 5-10 times faster than the previous version. “Our team loves the speed increase,” says Winkels. The paralegals provided the following feedback to Winkels about DWR Private Cloud:

- “The speed in which documents can be reviewed using DWR Private Cloud is much faster than in other review platforms. There is little-to-no lag time going from document to document.”
- “I like being able to do everything myself without going through a vendor, especially if we have to do something quickly. It’s nice to being able to cut out the time spent waiting for outside vendors to get back to us on tasks.”
- “My favorite feature is that you can use any Bates number to search for a document. Often, attorneys will ask us to find a document by giving us a Bates number from the middle of the document. Most, if not all, other platforms will only retrieve a document when you query for the beginning or ending Bates number.”

“Carlson Caspers essentially just pays us for our software plus a few tricky problems at this point,” says Gallivan. Recent examples of such problems include:

- Assistance with loading documents from an opposing party or third party when the load files are nonstandard, incorrect, or nonexistent.
- Supporting unusual or nonstandard production requests such as ANDA productions,

video and voicemail files, audio-to-text conversions, etc.

- Preserving and processing social media accounts.
- Turning text and phone messages into hosted documents based on thread and time definitions.

The Founder Connection

The partnership between Carlson Caspers and Digital WarRoom has thrived because both organizations are committed to client service and have skin in the game. The founders of Carlson Caspers and Digital WarRoom run their businesses efficiently out of their own pockets. Without a lofty venture capital valuation to grow into, Digital WarRoom was able to change its business model when Carlson Caspers sought to offer more value to clients and increase its profit margin. In the long run, both Carlson Caspers and Digital WarRoom will continue to grow by saving their respective clients money while delivering a superior product, great value, and measurable results.



Digital WarRoom

1511 Third Avenue

Suite 910

Seattle, WA 98101

(866) 927-7006

info@digitalwarroom.com

www.digitalwarroom.com

Neil J. Squillante is the founder and publisher of TechnoLawyer, an award-winning network of free email newsletters for lawyers and law office administrators. Many consider TechnoLawyer the only email subscription they need. Previously, Neil practiced commercial litigation at Willkie Farr & Gallagher. He received his J.D. from UCLA School of Law and his B.A. from Duke University.

About TL Research Learnpaper

TL Research is TechnoLawyer’s trusted imprint for reliable legal industry analysis, data, and insights based exclusively on primary source material. The TL Research newsletter features legal industry trends, product reviews, Microsoft Word tutorials, and more. A Learnpaper is an in-depth TL Research report created by TechnoLawyer often in partnership with fellow industry experts and companies. Learnpapers help law firms make informed decisions with less legwork. Learnpaper — Learn. Act. Succeed. Learn more at technolawyer.com/tlresearch.