



cutting through complexity

# KPMG Enterprise- Level Electronic Discovery

[kpmg.com](http://kpmg.com)

**The amount of electronic data that corporations produce today can be overwhelming. As a result, organizations face a variety of complex issues when dealing with electronically stored information (ESI), as well as substantial costs in responding effectively to litigation-related requests. Effectively managing ESI is getting harder and the stakes are getting higher.**

Improper or incomplete collection and preservation remain a major risk. A common reaction to the omnipresent preservation risk is to keep all data, but that is neither practical nor economical. However, innovations now provide companies a variety of processes and technologies—from near-duplicate identification and concept search to technology-assisted review (TAR) and predictive coding—that are all designed to reduce the time and cost of eDiscovery. Uncertainty remains as to which of these technologies and processes are sensible and defensible, and under what circumstances. Finally, as the size and stakes of matters increase, so too does the need for tools, processes, and organizations that can scale dramatically.

**Our processes and technology are designed to meet our clients' needs.**

**Our process-oriented approach can deliver reduced overall cost and improved quality and efficiency.**

At KPMG, we believe that “electronic discovery is a process, not a technology.” Technological tools are important in that they are designed to support the process. It is the process that creates a successful project. A process-oriented approach includes planning, optimizing work flows, implementing controls and standards, utilizing automation wherever possible, testing and sampling, applying appropriate quality assurance, providing project management, and delivering lessons learned back into the process.

We leverage our process excellence to deliver high quality results. More than 90 of our professionals are certified Project Management Professionals (PMP) and/or have Lean Six Sigma training, enabling them to design an efficient process for quickly delivering outstanding results.

## Reducing review costs by 43 percent

**In one matter, KPMG's client was looking to reduce the overall cost of document review by using TAR. The client had a subset of 234,000 documents, and, based on our long-term relationship with that client, we knew that the cost for document review through a typical, linear process would have been significant.**

**While the overall cost is typically lower than a linear review, the TAR process incurs costs in the following categories:**

- Expert reviewer time to train the relevance ranking engine
- Linear review of documents ranked as relevant
- Sampling of documents ranked as nonrelevant
- Costs associated with use of predictive tagging technology

**Considering all of the above costs, the overall bill for the TAR project resulted in savings of 43 percent compared to the estimated cost of traditional linear review.**

**Transparency as a result of our approach provides increased defensibility and reliable timeliness.**

Our attention to process provides transparency throughout the project. The importance of full transparency cannot be overstated. It provides:

- Improved project management. Our project management protocols make it easier for our clients to know the status of all their projects—and the location and progress of their data—at any time.
- Increased defensibility. A thorough understanding about the integrity of the data at every stage of a project and a trail of the decision-making process behind each document review decision, is important in an era when judges have limited patience for litigants who are not able to explain the results from their “black-box” technology.
- Predictable cost. We can deliver the ability to better stay on budget—without hidden fees or surprises— or make informed adjustments when necessary. Good process control is the key to “no-surprise” billing.
- Reliable timeliness. Good process and work flow enables work to be done more efficiently and creates a much higher likelihood of meeting deadlines.

**You guys keep me informed**

– General Counsel  
FORTUNE 500 company

**KPMG did in 6 weeks  
what [another Big Four firm]  
could not do in 5 months.**

– Partner in white-collar  
defense law firm



**We leverage both process and technology at every stage of discovery to help increase productivity and efficiency.**

Because as much as 73 percent<sup>1</sup> of the cost of discovery is in document review, the most effective method is minimizing the amount of data that is handled throughout the project from initial processing through each stage and ultimately submitted to reviewers.

### Collection

Based on thorough custodian interviews conducted prior to collection, our Discovery Radar® Collector technology performs a forensically sound, yet targeted, collection to help minimize the amount of ESI collected during litigation and other matters.

### Early Case Assessment

KPMG's Early Case Assessment process begins with analysis of data by file type, count and size by custodian, followed by data processing, which extracts file metadata and text for indexing, including e-mail threading and near-duplicate identification.

<sup>1</sup> RAND Institute for Civil Justice publication: *Where the Money Goes; Understanding Litigant Expenditures for Producing Electronic Discovery*, 2012; page xiv.



KPMG's proven work flows to foster effectiveness and productivity include:

- Data collection strategies
- Data filtering and culling strategies (including keyword search)
- Incorporating review results into ongoing collection and filtering/culling strategy
- Data stratification and sampling
- Custodian-based prioritization and sampling
- Systems-based prioritization and sampling
- Identification of multilingual documents



KPMG helped us with a large e-discovery project in the context of bet-the-company litigation. Beginning to end, they shined. KPMG's work flow allowed us to quickly and inexpensively cull terabytes of data into a tight set of documents for case analysis and production. KPMG's metrics and sampling procedures assured us that we had done so accurately and reliably. And we found KPMG's proprietary review software—with advanced analytics and machine-assisted review—to be state-of-the-art. More generally, KPMG has emerged as one of the leaders and visionaries in the e-discovery industry. We would not hesitate to work with them again.

— Attorney  
Leading International Law Firm



## Process, review and produce 600 gigabytes in two weeks

**In another matter, KPMG's client elected to move forward with TAR because they needed immediate access to the most likely relevant documents and did not have time to perform linear review on the whole data set, which included 600 gigabytes of data from 31 custodians, representing 2.5 million documents.**

**KPMG project managers worked with the client and its law firm to train the relevance ranking engine; determine statistically appropriate cutoff lines for document review; and identify and select the appropriate sample size to test and validate their decision to withhold and not review documents that had been categorized as irrelevant.**

**The process started with a subject matter expert reviewing less than 2,000 sample documents in order to train the relevance ranking engine. Then KPMG ran all 2.5 million documents through its predictive coding process, analyzing all documents based on the training document set. The results were the relevance ranking applied to the documents, with only the most relevant documents being immediately reviewed by the law firm in a linear review process, the middle-ranked group being held in batches for further review, and only a random sample from the lowest-ranked group reviewed for quality assurance.**

**As a result, the client and its firm were able to meet its production deadline in only two weeks.**

The KPMG-managed services approach to electronic discovery is premised on a phased methodology that seeks to reduce the volume of data at each step in the process while demonstrating soundness and defensibility. As such, we generally:

- Preserve more than we collect
- Collect more than we process
- Process more than we ingest into technological tools
- Ingest more than we submit for manual review

Defensibly reducing the document set at each stage reduces the cost of the subsequent stage—and all other downstream stages. The savings can be extraordinary.

In a recent matter, KPMG applied its TAR process to a corpus of hundreds of thousands of documents and was able to reduce the overall cost to review the documents from an estimated \$447,000 to less than \$98,000—a reduction of 78 percent.

**Leading technology enables our process, allowing us to quickly implement changes that can benefit our user base broadly, or to create custom implementations for specific client needs.**

KPMG is committed to providing outstanding electronic-discovery tools. In many instances, we have developed industry-leading applications to deliver the appropriate solution to the client need. In other cases, we provide process and technical excellence around leading third-party tools.

### KPMG's proprietary tools Global Evidence Tracking System®

KPMG has built our Global Evidence Tracking System (GETS) to track both physical and logical evidence from collection through the processing and production stages. It provides a consistent and systematic collation of digital evidence, preservation of processed data, and documentation of the chain of custody. It also delivers integrated evidence processing notifications and data handling specifications.

GETS includes a task-history feature that provides a detailed status and history of each item of evidence—including file counts and time stamps for each stage in the process—for audit, metrics, and productivity measurement. The result is a transparent view of the corpus of evidence and processes that the corpus is undergoing. GETS is a critical tool in supporting client-driven priorities to select the order in which evidence is processed and reviewed.

### GETS EVIDENCE RECORD



PLBO -000010

Label: Original Evidence (EV0)

Matter: Placebo vs Acme

Date: 12/12/2005 9:00:00 AM

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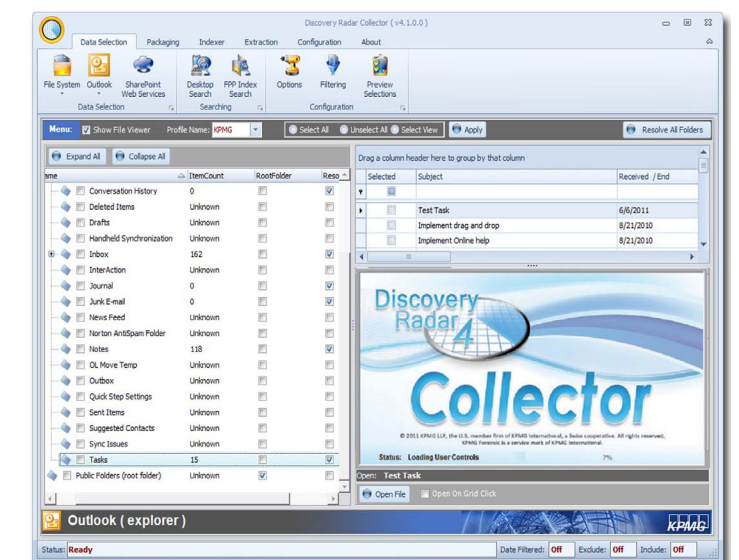
### Discovery Radar® Collector

KPMG's Discovery Radar Collector (DRC™) is a targeted collection application that reduces the amount of ESI collected during litigation and other matters, which in turn reduces processing and review costs downstream. It is a self-contained, executable application that requires no installation, can be launched from a network share or thumb drive, and can be used by remote desktop to perform long-distance collection for preservation or review.

Using DRC facilitates collections of data and documents that are most relevant to a matter. By using this approach, less data is collected up front, reducing overall processing costs and review costs. A targeted collection approach is also more cost-effective and reduces the risk of collecting data that isn't relevant to another matter, but, once preserved, may have to be retained if it becomes relevant to another.

Data collection capability includes:

- E-mail
- Native documents
- Wikis
- Calendar items
- Contacts
- Tasks
- Attachments
- Microsoft SharePoint®
- Other data sources.



**Discovery Radar®**

KPMG's proprietary enterprise discovery life cycle management application, Discovery Radar, offers advanced functionality within a single environment, eliminating the issues caused by moving data from one platform to another.

**Review of Documents – review, analysis and production**

The Discovery Radar review module provides full-text searching, filtering, and document review capabilities and supports hosted native file review, hosted image review in TIFF or PDF format, and a hosted hybrid review that consists of native and TIFF file review.

Discovery Radar delivers:

- Prefiltering by custodian, metadata, file type, date range, keywords, and de-duplication
- Tagging, redacting, Bates stamping, and exporting in document sets
- Full document review functionality with efficiency tools for the document review administrator as well as individual document reviewers
- Issue coding, annotating, redacting, printing, and downloading as native files
- Full endorsement and production capabilities
- Statistical sampling capability throughout the application (early case assessment, quality control, verification of TAR results, etc.)

All operations are tracked and subject to Discovery Radar's robust, customizable reporting on user actions, productivity, and review management metrics.

**Review optimization**

Discovery Radar was built to facilitate the fastest and highest-quality review possible. Search capabilities include "fuzzy search," which accommodates for word variances (due to misspellings or OCR issues). In addition, all documents are processed so that various "Related Documents" (i.e., attachments, exact duplicates, near-duplicates, other messages in the thread, etc.) can be displayed and organized in batches.

Discovery Radar's filtering capabilities allow for quickly identifying documents that are not responsive or relevant. Our clients can easily stratify the corpus of documents by using search terms, conversation threads, document similarity groups, and concept search. With accelerated reviews, clients can enhance review quality, enrich keyword lists, and effectively reduce costs and manage resources by reviewing less data.

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*"KPMG has been positioned by Gartner, Inc., in the Visionaries Quadrant of the analyst organization's 2012 Magic Quadrant for e-Discovery Software report."*

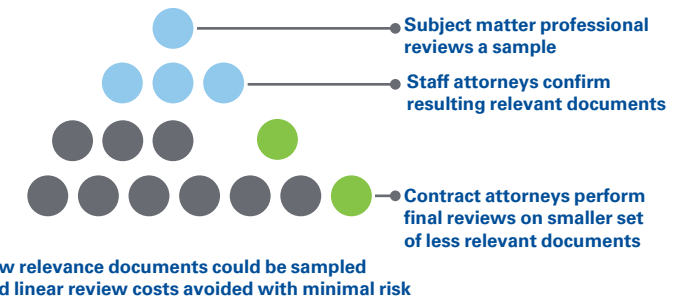
– Gartner, Inc., Magic Quadrant for E-Discovery Software, Debra Logan, Sheila Childs, May 24, 2012.

**Technology Assisted Review/Predictive Coding**

Technology Assisted Review helps to reduce overall project cost by making human review more accurate and efficient. Using technology can also help a team get to the most relevant data faster, streamlining the review, and helping to reduce overall review costs, which are typically the most expensive component of discovery.

KPMG has fully integrated Equivio>Relevance® technology into its Discovery Radar platform to analyze these large volumes of data and efficiently rank documents. A relevance ranked review leverages the knowledge and experience of a Subject Matter Professional (SMP) across the document corpus based on an iterative training process. The software ranks the relevance of the selected document population based on the SMP reviewer's feedback on samples of documents, resulting in efficiencies and mitigated risks throughout the litigation and investigation process.

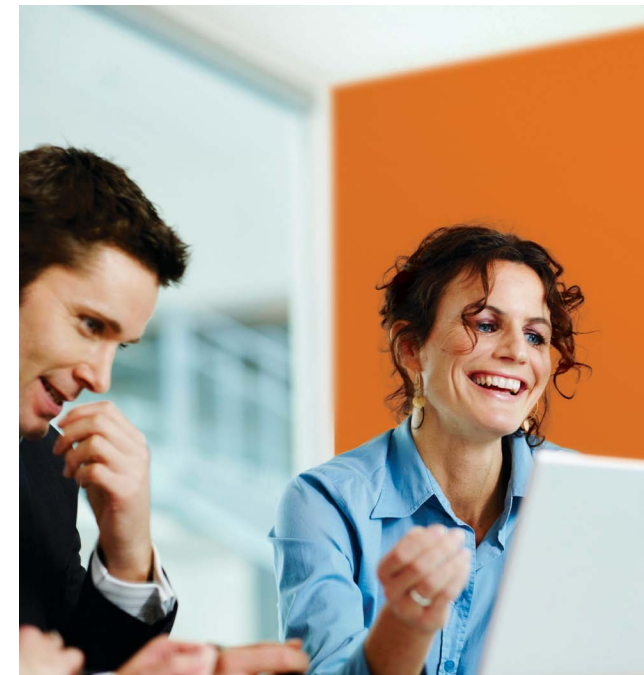
KPMG has built in attribute sampling for the discovery process in order to facilitate TAR and predictive coding. Our sampling tools and methodology, which can also be applied in other areas of review, help our clients meet search-efficiency and quality-assurance goals, increase productivity, and reduce costs while maintaining or even improving defensibility.

**Relevance review model****Audit history and reporting**

The Discovery Radar Audit History feature improves defensibility and transparency by tracking actions performed by reviewers and other users to individual documents during the discovery process.

KPMG's work process procedures to manage document review and electronic discovery are enhanced by the DR Report Writer. Within Report Writer, custom reports can be created to monitor and manage document reviewer metrics, productivity, and document/work product disposition.

*KPMG's philosophy is to recommend the best tool for our client's particular set of circumstances. In cases where KPMG's proprietary technology is not the best option, or to suit a client's preferences, KPMG is knowledgeable of third-party tools such as Nuix®, Attenex Patterns®, Clearwell®, Relativity® and Encase®.*



*"We elected to move forward with technology-assisted review because we needed immediate access to the most likely relevant documents and did not have time to perform linear review on the whole data set.... It has been, and continues to be, our experience that when used on the proper type of data, by the appropriate team of professionals, this technology works. You guys made it easy."*

–Shareholder, 120-Attorney Law Firm



### KPMG Forensic Technology Services is your reliable and experienced choice in navigating complex electronic discovery issues.

KPMG Forensic Technology Services is a leading provider of enterprise-wide electronic discovery services. We have been working with ESI since 2002 and have perhaps the industry's most experienced team. That experience, combined with leading technology (both proprietary and third-party), a consultative approach, and the firm's commitment to project management and transparency helps KPMG to deliver projects with reduced risk, lower overall cost, and much more cost predictability.

Since the group was founded in 2002, we have served hundreds of major corporations and law firms, providing services in more than 50 different countries. Our clients include leading law firms and large global financial services firms, as well as industry leaders in pharmaceuticals, life science/medical devices, consumer, aerospace, education and more. All face complex and high-stakes matters. And all benefit from outstanding technology, scalability, massive and secure infrastructure and lower overall cost, along with the professionalism and confidence gained by working with one of the world's leading professional service firms.

At KPMG, client satisfaction is paramount: we do not "chase projects" but instead focus on building trusted relationships centered on our clients' particular business needs and delivering outstanding results throughout their overall organizations.



## Facts and Figures

- KPMG has been working with ESI since 2002 (Enron matters).
- Team members have been in the discovery management business since 1987.
- Proprietary review tool, Discovery Radar, created in 1995.
- Listed as a "Visionary" in the 2012 Gartner Magic Quadrant for E-Discovery Software.
- KPMG began applying (Lean) Six Sigma to our practice in 2005.
- KPMG has 2,300 forensic professionals in 50+ countries.
- KPMG has more than 400 Forensic Technology professionals worldwide, including 220 in the United States.
- Our team includes electronic discovery specialists, attorneys, and law enforcement professionals.

### Security and infrastructure

The KPMG Forensic Technology Services practice focuses on corporate Enterprise Discovery Management (EDM) process improvement and support, and is based out of our 40,000 square foot Cypress Technology Center (CTEC) in Cypress, California, with the U.S. Data Center in Montvale, New Jersey.

Forensic Technology Labs are located in San Francisco, Los Angeles; Chicago; Houston; New York; Boston; Washington, DC; Atlanta; and Miami; and are staffed by approximately 70 Forensic Technology professionals in total.

KPMG employs security measures to monitor and control physical access to facilities that contain and process client information. Access to the CTEC office and Montvale Data Center is restricted to authorized individuals using means such as electronic and mechanical access control devices, photo ID badges, and visitor sign-in logs. Visitors are provided escorted access as required.

Client-accessible servers are equipped with redundant power supplies, network interface cards, as well as mirrored, RAID 5 or RAID 10 disk arrays. Network hardware is also redundant with redundant uplinks, supervisor modules, and power supplies. Systems are monitored 24x7 using various monitoring approaches and engineers are notified immediately in the event of an incident. On-call personnel are assigned and expected to be within one hour's reach in the event of an issue requiring on-site intervention.

Applicable systems containing data follow a backup regimen that consists of weekly full backups taken during the weekend and daily incremental or differential backups four days of the week using an enterprise backup solution.

System configurations and documentation are regularly updated and compiled to a disaster recovery DVD weekly that could be used in the event of a major disaster.

### Outstanding returns

At KPMG, we deliver "Electronic Discovery for the Enterprise." We leverage outstanding technology, process specialization, and specialized personnel to deliver results and an outstanding return on investment. We provide high levels of security, transparency, and defensibility, and are committed to reducing overall costs.

### KPMG's Montvale Data Center has won several awards including:

- First Data Center in the United States to receive the EPA Energy Star Award for Combined Heating and Power (CHP)
- Recognized by *ComputerWorld* as one of the Top 10 Green IT Organizations in 2010 and 2011
- Received The Uptime Institute 2010 Green Enterprise IT Award (finalist)
- InfoWorld Green Award for 2010



## KPMG does in six weeks what others could not in five months

We were contacted by client's outside law firm to "solve their problem" of having engaged low-cost vendors for data collection, filtering, processing, hosting, and discovery management project management. Our discussion revealed that the five vendors, each engaged to provide a segment of the Electronic Discovery Reference Model (EDRM), were each having difficulty with the scale of the project. In addition, there was no effective overall project oversight to manage all of the moving parts, despite the fact that another Big Four firm had been brought in months earlier.

KPMG offered to resolve many of their challenges by creating a work flow within a single environment, Discovery Radar, a scalable integrated discovery life cycle management environment, including data filtering, data assessment, TAR, validation sampling tools, redaction, annotation, production, and more.

We were engaged in a matter of days, began collecting data (both ESI and paper), and transitioned approximately 2 terabytes (tb) of data from the legacy third-party service providers. One of our initial challenges was to normalize the "structured data" from the other systems. In addition, one of the vendors could not provide the data in a consistent format. KPMG professionals overcame these challenges and were able to ingest all data into Discovery Radar in a way it could be processed, filtered, and reviewed.

Within six weeks, we had collected and filtered nearly 2 tb of ESI, processed nearly 4 tb of data, and were hosting nearly 1 tb of client-facing data. We continue to collect, normalize, filter, process, and host data, and to date we have 3.5 tb of client-facing data (more than 7 million unique documents).

## About KPMG Forensic<sup>SM</sup>

### Access to deep forensic capabilities across the globe that match your needs

KPMG Forensic is a global practice comprised of more than 2,300 fully dedicated professionals from KPMG member firms who can assist clients in their efforts to achieve the highest levels of business integrity through the prevention, detection, and response to fraud and misconduct, including bribery and corruption.

Our professionals not only help clients discover the facts underlying concerns about fraud and misconduct, but they also assist our clients in assessing and mitigating the vulnerabilities to such activities. We also deliver a broad range of services to help prevent and resolve commercial disputes including the assessment of damages; the resolutions of accounting, audit, and finance-related issues; and expert witness services.

Using a wide range of sophisticated technology tools, KPMG Forensic helps organizations address the risks and costs involved with evidence and discovery management as well as the acquisition, management, and analysis of large data sets. Our professionals work alongside clients to handle information from its creation to its preservation, collection, analysis, and presentation in discovery. We also apply computer forensic and data analysis techniques to assist with detecting fraud and misconduct. To support

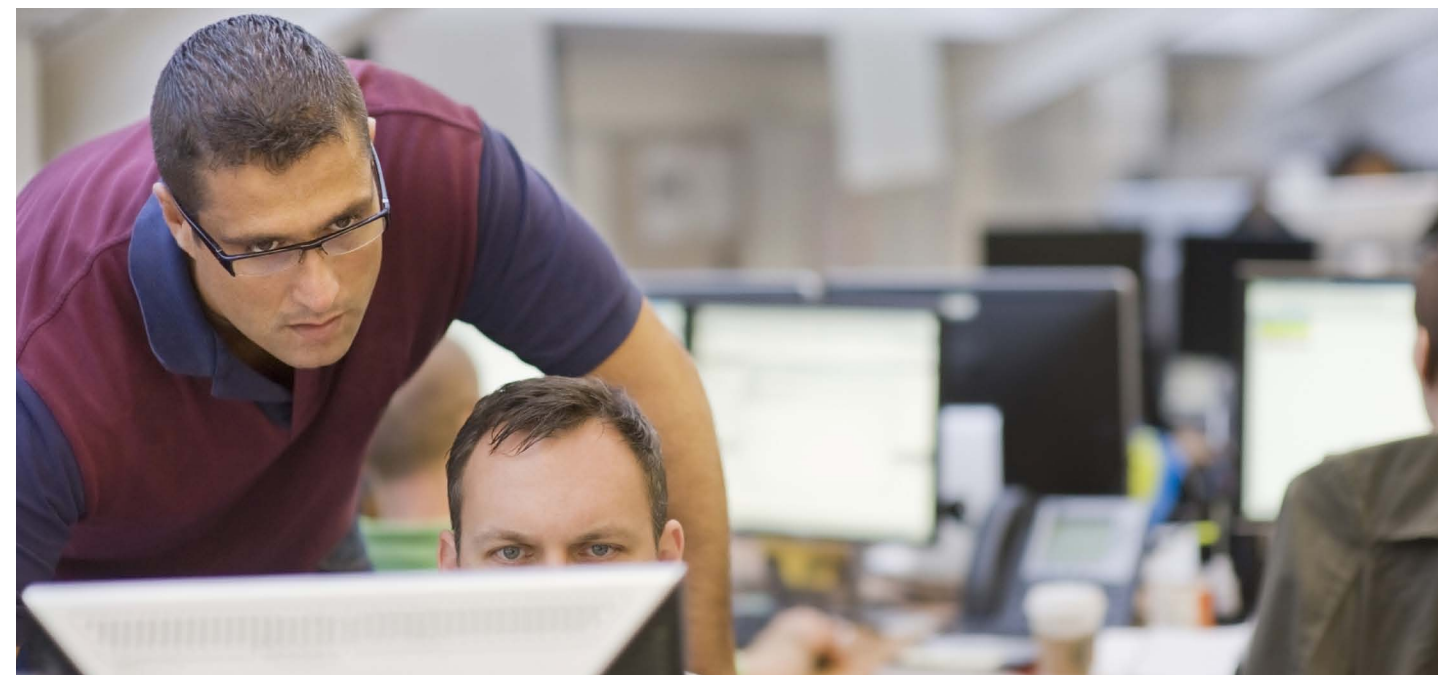
these services, member firms of KPMG International operate secure data centers in the United States, the United Kingdom, Canada, Australia, India, South Africa, Germany, and Austria.

### Multidisciplinary global client service teams

Professionals in our Forensic practice draw on extensive experience in law and regulatory enforcement, fraud and misconduct risk assessments, ethics and compliance program evaluation, asset tracing, forensic accounting, electronic discovery, computer forensics, and forensic data analysis. With Forensic professionals from the Americas, Asia-Pacific, and Europe to the Middle East and Africa, KPMG is well positioned to provide a high level of consistent service to our clients, and will be there to assist clients around the world. We can readily assemble multinational teams from member firms whose members have been consistently trained on our Global Investigations Methodology and who will draw on specific subject matter investigative experiences and skills from across the firm's disciplines.

### About KPMG LLP

KPMG LLP, the audit, tax and advisory firm ([www.kpmg.com/us](http://www.kpmg.com/us)), is the U.S. member firm of KPMG International Cooperative ("KPMG International"). KPMG International's member firms have 145,000 people, including more than 8,000 partners, in 152 countries.





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