

EMC Seeks to Extend Its E-Discovery Position With Kazeon Buy

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The acquisition of Kazeon will enhance EMC's e-discovery offerings with policy management, litigation hold and other functions. Kazeon technology will also play a key role in EMC's information governance strategy.

NEWS ANALYSIS

Event

On 2 September 2009, EMC announced a definitive agreement to acquire Kazeon Systems, a privately held e-discovery vendor. Kazeon is to become part of EMC's Content Management and Archiving Division, and Kazeon's offerings will become part of EMC's SourceOne product family. EMC expects to close the deal in 3Q09; It did not disclose other details.

Analysis

EMC sought this deal to help it compete in the e-discovery market, which Gartner estimates will grow 25% to 35% a year through 2012. EMC seeks to assemble a complete set of capabilities that customers today want in e-discovery. EMC already has capabilities in e-mail and content archiving, and enterprise content management. If successfully integrated, Kazeon would bring:

- Identification and collection of electronic data
- Policy management and classification of records
- Review and analytics (a recent Kazeon addition)
- Litigation hold for preserving paper and electronic communications and data

EMC has offered some of these functions via a third party, StoredIQ, which has provided the discovery, collection and legal hold capabilities for SourceOne in content types including e-mail. The acquisition of Kazeon could give EMC more control in integrating and building out its new SourceOne product family. EMC executives declined to detail the effects of the deal on the relationship with StoredIQ or Clearwell Systems, but we believe EMC will largely dissolve those partnerships in favor of its own offering.

EMC has the clout in development, sales and marketing to compete against the largest vendors in the e-discovery market. EMC must sell Kazeon's products in a way that allows for broader partnerships with clients. In some cases, Gartner has spoken to Kazeon clients who value the product but have no significant ongoing relationship after purchase; EMC's ownership of the product line could sustain the relationships more effectively.

Sales partnerships on which Kazeon has developed a strong pipeline, such as NetApp, may see EMC as more threatening. In general, the deal indicates that e-discovery will become part of infrastructure vendors' offerings as enterprises seek to add this capability into their own operations.

RECOMMENDATIONS

EMC customers and prospects:

- If you use EMC and StoredIQ for e-discovery, ask EMC for its long-term migration plans.
- If you lack e-discovery capabilities or need to better protect sensitive information, compare EMC with competitors.

Kazeon customers:

- If you require more complete solutions, including e-mail archiving, enterprise content management or records management, evaluate a broader relationship with EMC.

RECOMMENDED READING

- "MarketScope for E-Discovery Software Product Vendors" — Enterprises purchasing e-discovery software can reduce the costs of litigation by improving their control over unstructured and semistructured content, most notably e-mail. **By Debra Logan, John Bace and Whit Andrews**
- "Dataquest Insight: E-Discovery Market Drives New Information Governance Investments" — E-discovery is an emerging market, and the vendor landscape is crowded and confusing. **By Tom Eid**

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