

## VENDOR NEEDS AND STRATEGIES

### ZANTAZ: Focused on Information Retention and Discovery Management

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#### IDC OPINION

ZANTAZ has evolved significantly from its earliest incarnation as a hosted email archiving services firm. With the onset of key regulations pertaining to data retention, the explosive growth of email data within corporations, and the strategic importance of corporate information in general, the market in some ways has found ZANTAZ, rather than the other way around. That said, the company is playing in a market space that is going through rapid change and has attracted a wide variety of competitors, including independent software vendors (ISVs), services firms, records management firms, and storage companies. ZANTAZ's future growth will depend on a number of factors:

- ☒ **Its ability to move beyond regulatory compliance as a driver for spending on functions such as information retention and discovery management.** Through some astute acquisitions, ZANTAZ has already broadened its portfolio so that it is positioned to take advantage of three drivers of growth: the runaway growth in email and other electronic records, the potential for substantial customer costs for electronic discovery associated with litigation, and the continued market focus on compliance and corporate governance.
- ☒ **The market trend toward greater integration of functionality in an integrated software "platform," where something such as email archiving is a piece of a larger whole.** This trend speaks to ZANTAZ likely finding itself competing with other suppliers that have invested in developing and acquiring broad portfolios of software, with the goal of offering end-to-end solutions.
- ☒ **The value of its intellectual property, as delivered in its software.** ZANTAZ has expanded its business beyond a pure hosted service and now offers customers the flexibility of choosing between a hosted solution or a licensed software solution (or, depending on the client, a combination of both).
- ☒ **The adoption of more widely accepted standards and best practices in the areas of data retention, email archiving, and compliance.** ZANTAZ has the opportunity to drive much of this, in a still-forming market, and "inoculate" itself against the onset of competing standards and practices that could be used for competitive advantage by other players.



## **IN THIS STUDY**

This IDC study provides a profile of ZANTAZ, an information retention and discovery management company. The document provides an overview of the company regarding its strategies, management, and current product set, as well as a brief discussion of its history. It also reviews ZANTAZ's financial performance, its competitive positioning, and its partnerships and alliances and provides short profiles of several key ZANTAZ customers. The study concludes with a discussion of ZANTAZ's opportunities in the current marketplace, as well as some of the challenges it faces moving forward.

## **SITUATION OVERVIEW**

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### **Company Overview**

ZANTAZ is a privately held firm that was founded in 1996 around a hosted email archiving offering (see Table 1). The Pleasanton, California-based company has since greatly expanded its portfolio in response to changing market conditions, and now offers a suite of software products and services focused on four key areas: email archiving, compliance, electronic discovery, and litigation support. Across all of its products and services, the company now boasts more than 600 customers in North America, Europe, Australia, New Zealand, Asia, the Middle East, and South Africa, according to company officials.

Originally created around the hosted services model, ZANTAZ, with its 2004 acquisition of email management software ISV Educom, began to offer customers a choice of a hosted or a licensed software version of its email archiving/management and compliance solutions. Its acquisition of Steelpoint Technologies Inc. in the same year added case management, litigation support, electronic discovery, and compliance risk management capabilities to the company's family of software products and services. ZANTAZ also offers professional advisory services focused on the issues its products address, as well as to ensure the optimal implementation of its products. Key partnerships with IBM, Microsoft, and others bring additional capabilities to ZANTAZ as it meets its customers' needs.

ZANTAZ officials state that email represents 70% of all electronic records that are discoverable, thus increasing the synergies between the product lines.

**TABLE 1****ZANTAZ at a Glance**

Category	Data
Date founded	1996
Headquarters	Pleasanton, California
President and CEO	Steve King
Funding	6 rounds, \$90M since 1998
Lead investor, latest round of funding	General Atlantic Partners
Number of employees	350
Number of customers	600+
Solution statistics	
Digital Safe	Over 6 billion messages, 400TB archived
EAS	Over 2 million seats licensed
Introspect	Over 250 million pages stored
Notable customers	MetLife, Lincoln Financial, Chevron, Calpine, H&R Block, ADT
Key partners	IBM, Microsoft, EMC, NetApp, Lucid8, IMlogic, Singlecast, Citrix, Hummingbird, Orchestria, LiveNote, Mitrtech, Huron Consulting, FileNet, Akonix
Key competitors	Symantec/VERITAS/KVS, iLumin, EMC/Legato, OpenText/IXOS, IBM, Iron Mountain, Applied Discovery, Kroll Ontrack, CaseCentral
Key vertical markets	Financial services, insurance, healthcare, pharmaceutical, government, legal, oil and gas

Source: IDC and ZANTAZ, 2005

**ZANTAZ Milestones**

ZANTAZ was founded in November 1996 by William E. Bankert and Randall K. Gausman. Other company milestones include the following:

- 1998:** ZANTAZ receives its first round of funding
- 1999:** ZANTAZ Digital Safe hosted email archiving service is launched; ZANTAZ receives second and third rounds of funding; E\*TRADE becomes a customer

- ☒ **2001:** Steve King is named president and CEO; ZANTAZ earns SunTone certified status; ZANTAZ and Caisse des Depots Group (CDC) of France form a joint venture to deliver ZANTAZ solutions to businesses in France
- ☒ **2002:** ZANTAZ announces a partnership with IBM; launches ZANTAZ Digital Safe 5.0 with a new MultiCell architecture; forms a partnership with Tower Technology; spins off Persist as an independent firm to explore alternative applications of ZANTAZ technology (Persist is later acquired by HP)
- ☒ **2003:** ZANTAZ acquires iWitness, an electronic records management (ERM) software firm; launches its data restoration and electronic discovery services; launches ZANTAZ Digital Supervisor, a hosted email supervision and monitoring solution; launches ZANTAZ Audit Center, a hosted discovery and compliance search application; and archives its billionth email message
- ☒ **2004:** ZANTAZ secures \$50 million in financing, led by General Atlantic Partners, bringing its total funding since 1998 to \$108 million; acquires email archiving software firm Educom; releases ZANTAZ EAS 4.0 and launches hosted ZANTAZ EAS; acquires Steelpoint Technologies, an electronic discovery/litigation support solution firm; releases ZANTAZ Introspect 5.0, the latest version of Steelpoint's online discovery review and production management application

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## Strategies

### ***Marketing/Positioning***

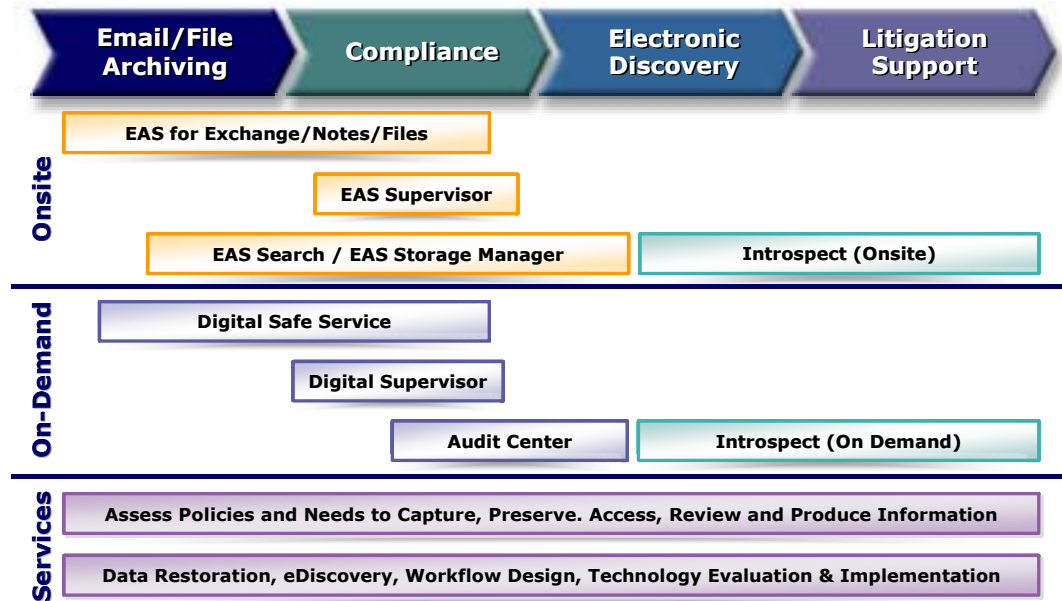
ZANTAZ has aggressively acquired other technology companies and intellectual property to expand its coverage beyond its original business focus, hosted email archiving (see Figure 1). The following is the company's current description of its value proposition:

Our solutions enable organizations to *capture, preserve, and access* unstructured digital information — including email, IM, files, scanned documents, and other electronic records — and *review and produce* relevant documents in a manner that reduces operational risks and costs while complying with legal, regulatory, and business policy requirements.

Each product or service can be implemented separately, or deployed together as an integrated solution, company officials point out. The emphasis is on being able to address customer needs, including retention (e.g., archiving), compliance, discovery, and litigation support, if required.

**FIGURE 1**

ZANTAZ Solution Suite



Source: ZANTAZ, 2005

ZANTAZ recently adopted the following as its external positioning statement: "ZANTAZ is the global leader in Information Retention and Discovery Management solutions." Consistent through its marketing messages are two distinct advantages the company believes its products and services provide: reduced risk pertaining to data retention, security, and regulatory/legal requirements and the ability to reduce costs and improve efficiencies pertaining to the key business processes of data retention (more specifically, email archiving), compliance, discovery, and litigation support.

**Sales**

As a private company, ZANTAZ does not release its financial results. That said, company officials note that ZANTAZ's total GAAP revenue more than doubled between 2003 and 2004. Pro forma revenue, including a full year of Educom and Steelpoint revenues, nearly tripled. The company's revenue objective for 2005 is to exceed \$100 million, according to company officials.

In the past, when it offered only a hosted email archiving service, ZANTAZ sold its services primarily through a direct sales model, with the exception of its partnership with IBM Global Services. Its recent acquisitions have added multiple sales channels to the mix. Educom, for example, sold its EAS software exclusively through partners, with no direct sales force or face to the customer. Steelpoint's Introspect product, meanwhile, has historically been sold through a direct sales model, and will continue to be, according to ZANTAZ officials. Introspect requires specific domain knowledge in the sales force, with a strong vertical market orientation.

Rather than attempt to integrate these multiple sales forces, ZANTAZ officials say that the company wants to focus on cross-selling opportunities in the near term. With ZANTAZ EAS, the plan is to continue to grow the indirect, reseller channel, to reach into small and medium-sized businesses, and to grow the business outside of the United States. ZANTAZ's direct sales force will be focused on the Fortune 1000. ZANTAZ also benefits from marketing relationships/partnerships with IBM Global Services and EMC Corp., which help bring ZANTAZ into new accounts. (IBM provides a hosted solution using ZANTAZ Digital Safe, while EMC is ZANTAZ EAS channel partner.)

Its broader product portfolio also means that ZANTAZ, from a sales perspective, no longer feels pressure to "push" the outsourcing model because it can now sell a licensed software solution to customers who would prefer to manage their archiving that way.

The addition of Educom and Steelpoint customers also means that, in some cases, ZANTAZ has multiple contact points within a single account because ZANTAZ and Steelpoint, in particular, had several accounts in common prior to the acquisition. Typically, Steelpoint account representatives were talking to a customer's general counsel, for example, while ZANTAZ was working with the firm's IT management and/or compliance officer. Now these common accounts can potentially have a broader relationship with ZANTAZ, officials note.

#### **Sales/Distribution Outside of the United States**

ZANTAZ sees Europe as its biggest short-term opportunity outside of the United States today. Both the Educom and Steelpoint acquisitions brought the company non-U.S. customers and channel relationships. Educom had master distributors in Europe and Australia, and resellers in South Africa and Asia/Pacific.

Steelpoint, meanwhile, built a practice in the United Kingdom over the last few years, selling to larger law firms and corporations in the United Kingdom and Europe. Events such as the Parmalat (Italy) scandal will help drive compliance requirements in Europe, ZANTAZ officials believe, although certain countries (such as Germany) may offer smaller opportunities for compliance- and litigation-related solutions. The predominant driver in Europe, however, continues to be the explosive growth in email and helping IT departments manage their rapidly expanding email server requirements.

Large multinationals tend to deploy compliance or archiving-related solutions in North America first, even if it's just mailbox management, and then expand in a phased way to Europe and then Asia, ZANTAZ officials note.

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### **Executive Management**

Members of ZANTAZ's senior executive management team are listed below:

- Steve King: president and CEO, director
- Steve Klei, CPA: CFO and SVP of finance and administration

- ☒ Roger Erickson: CTO and SVP, technology solutions and product strategy
- ☒ Michael Sullivan: SVP, operations and services
- ☒ Steve Kennedy: SVP, worldwide sales and corporate marketing
- ☒ Steve Reny, CPA: SVP, business process and corporate development

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## **Product/Service Offerings**

### **ZANTAZ EAS**

Prior to 2004, ZANTAZ had offered only a hosted or outsourced solution to customers regarding email archiving and file management. With its acquisition of Educom in February 2004 (financial details were not disclosed), ZANTAZ could begin to offer a licensed software alternative for those customers who preferred the traditional onsite approach versus the hosted approach.

Technology-wise, the two solutions seemed complementary. Educom brought with it onsite email management and archiving functionality for email and files — Enterprise Archive Solution, or ZANTAZ EAS. It also brought a comprehensive storage management capability with enterprisewide single-instance storage and storage drivers for EMC, Network Appliance, and virtually any other storage device. ZANTAZ's hosted email archiving service (ZANTAZ Digital Safe) offered a parallel, grid-computing architecture for highly scalable storage and indexing and retrieval of emails and attachments for Exchange, Lotus Notes, GroupWise, and Sendmail.

Educom also brought with it a global reseller and distribution channel — something ZANTAZ, selling only direct and through IBM at the time, was lacking — as well as a significant presence in key vertical industries, such as pharmaceutical, government, legal, and healthcare. (Until the Educom acquisition, ZANTAZ had focused primarily on selling to financial services firms.)

The Educom acquisition also brought a new set of competitors to ZANTAZ — other ISVs playing in the email archiving/management software space. These included KVS (since acquired by VERITAS, which in turn is being acquired by Symantec), EMC/Legato, iLumin, and IXOS (acquired by OpenText). This was a stronger and more varied set of competitors than ZANTAZ had faced to date in the hosted email archiving space, which, aside from Iron Mountain, was virtually devoid of serious competitors.

Since the acquisition, ZANTAZ has rolled out several significant new additions to the ZANTAZ EAS family of products, including:

- ☒ **ZANTAZ EAS for Files**, which extended ZANTAZ EAS to include archiving of files in NTFS file systems as well as email messages
- ☒ **ZANTAZ EAS Supervisor and Pre-Review**, which provide key compliance capabilities that meet NASD and NYSE supervision and monitoring requirements

- ☒ **ZANTAZ EAS for Notes**, which extended ZANTAZ EAS to include archiving for Lotus Domino/Notes environments

According to ZANTAZ officials, ZANTAZ EAS can scale to well over 100,000 users globally, can reduce an organization's email storage requirements by 50–80%, and has hundreds of customers worldwide.

ZANTAZ has discussed the following upgrades to ZANTAZ EAS in the near future: a ZANTAZ EAS Discovery module, a new search engine platform with optional concept searching, and enhanced integration with ZANTAZ Digital Safe and ZANTAZ Introspect.

### ***ZANTAZ Digital Safe***

ZANTAZ Digital Safe is ZANTAZ's hosted email archiving service. It provides both archiving and supervision for SEC compliance and can search hundreds of millions of records with rapid retrieval capabilities. Its architecture is designed for massive scalability and supports all major email/instant messaging (IM) systems. ZANTAZ officials say that there are more than 6 billion email messages (650TB of data) archived in the ZANTAZ Digital Safe and that this data is growing at a rate of 20–25% per quarter. ZANTAZ Digital Safe also offers rapid deployment with 50% total-cost-of-ownership benefits and is used by 14 of the top 20 securities firms.

ZANTAZ Digital Safe is compatible with all major email systems, including MS Exchange, Lotus Notes, GroupWise, and Sendmail, as well as major IM management systems from IMlogic, Facetime, and Akonix. ZANTAZ Digital Safe supports Windows and Unix customers (about 90% currently run on Windows platforms). Almost all of ZANTAZ's production servers are running Linux. ZANTAZ uses Raging Wire in California and Switch Communications in Las Vegas for hosting, as well as IBM Global Services' hosting facilities in Colorado. The service automatically captures any inbound, outbound, or internal user-to-user message from a user-specified email or IM system. ZANTAZ uses Microsoft journaling for Exchange environments and a proprietary Livestream capture agent for non-Exchange environments to take a live, single-instance copy of each message and send it to the ZANTAZ Digital Safe service. Using ZANTAZ's data restoration service (see the Professional Services section later in this document), customers can restore historical messages from tens of thousands of backup tapes, eliminate duplicates, and store them in the ZANTAZ Digital Safe.

Document retrieval with ZANTAZ Digital Safe is based on ZANTAZ's indexing technology. Users access the system and manage the archiving process through a standard Web browser or through ZANTAZ Audit Center. All files are archived to a secure, offsite datacenter; documents are produced on demand, only to authorized users. ZANTAZ employs digital signatures and write once, read many (WORM) disk systems to guarantee authenticity.

In 2003, ZANTAZ made available a hosted application called ZANTAZ Audit Center that allowed ZANTAZ Digital Safe customers to perform large, complex retrievals and packaging of their archived data. ZANTAZ Audit Center is meant for customers who need to instantly search and access terabytes of email, attachments, and other documents to prepare for possible legal or regulatory requests.

ZANTAZ also offers a hosted application called ZANTAZ Digital Supervisor, meant for financial services customers, that lets them monitor inbound and outbound communications for use in adhering to NASD and SEC supervision and monitoring rules. The software lets organizations conduct required email sampling (e.g., they can periodically check the content of email messages and attachments), monitoring, and archiving. Authorized supervisors can review sampled messages using a simplified work cycle within MS Outlook. Digital Supervisor is compatible with MS Exchange, Lotus Notes, GroupWise, Sendmail, and Bloomberg as well as with IM management systems from IMlogic, Facetime, and Akonix, and it can be integrated with NT Group or Windows 2000 Active Directory.

ZANTAZ has about 80 hosted customers on its ZANTAZ Digital Safe service, according to company officials.

### ***ZANTAZ Introspect***

ZANTAZ acquired Introspect software when it purchased Steelpoint Technologies in 2004. Steelpoint was founded in 1993 as a services company in the content management market. After writing custom software to support the Orange County, California, bankruptcy lawsuit in the early 1990s, its founders created Introspect, an application that provides for case management, electronic discovery, litigation support, online review, online discovery, and collaboration for auditors and lawyers. Using this software, customers can access and review electronic and paper documents and produce evidence for courts and regulatory agencies. The package can manage tens of millions of pages for litigation management purposes and is offered as licensed software or as a hosted solution. It features a distributed architecture so that managers in disparate locations can collaborate on complex, large-scale, multiparty cases in a secure environment. The ZANTAZ Introspect hosted version is hosted at ZANTAZ's legal datacenter at EMC in Hopkinton, Massachusetts.

ZANTAZ recently experienced a shift in buying patterns for ZANTAZ Introspect, which has traditionally been sold into law firms. About half of the business is now done directly with corporations' general counsel rather than with law firms.

ZANTAZ Introspect is built on Microsoft SQL Server and features browser-based client access. It provides HTTP linking to collections, folders, documents, annotations, and reports and offers full integration with LiveNote. Company officials say that ZANTAZ Introspect customers have experienced up to 75% savings by using ZANTAZ Introspect instead of doing manual processing of the same information.

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## **Professional Services**

ZANTAZ has several professional service offerings in addition to its software products and hosted services. ZANTAZ's holistic approach addresses a wide range of requirements and solutions. ZANTAZ uses a structured methodology to review all relevant potential sources of data and to devise capture, management, supervisory, and discovery strategies for all data sources. The company's approach incorporates the use of industry-standard technologies and services to complement its own capabilities.

### ***Data Restoration Service***

Through the ZANTAZ data restoration service, ZANTAZ will restore MS Exchange, Lotus Notes, cc:Mail, GroupWise, and other email backup tapes; process and remove duplicate emails; and then store this data in the ZANTAZ Digital Safe. This process makes data available in a single, secure repository for online searching.

ZANTAZ personnel are trained in chain-of-custody protocols and must pass stringent background security clearances, company officials note. The automated process has been stress tested by large-scale restoration projects involving 65,000+ backup tapes and is audited quarterly by an independent third party (in addition to private audits conducted by Fortune 500 customers). This process of restoration has also been used as the push to move relevant compliant information from slow backup media to fast spinning disk for future compliance and discovery requests. The high cost of electronic discovery has "primed the pump" for a more proactive solution that saves significant time and money by not reprocessing data with each discovery request, officials commented.

### ***Audit Support Service***

ZANTAZ will assist customers in the event of a regulatory audit by helping them comply with audit requirements in the most efficient and cost-effective way possible. As part of this service, ZANTAZ personnel, with the customer's permission, will retrieve all required documents from the ZANTAZ Digital Safe and store them in a separate, temporary repository. ZANTAZ Audit Services provides a team of project managers who are experienced in conducting complex searches of data stored in the Digital Safe, as well as in analyzing and refining results, to help customers rapidly respond to requests for electronic documents.

### ***Business Needs Analysis***

ZANTAZ has expertise in dealing with electronic data of all types; its service offerings are designed to let customers devise the best strategies for capturing and managing all digital assets to ensure that companies comply with industry regulations, corporate policies, and legal strategies.

### ***Technology Planning***

ZANTAZ applies technology capabilities and real-world experience in designing and enforcing management, retention, and discovery policies over electronic data. The company, with its experience in systems integration and custom software development, brings together technical expertise, corporate compliance, and litigation risk management in designing solutions for its customers.

### ***Consulting Services***

For clients that seek changes to their business processes and technology infrastructure, ZANTAZ has domain experts, business analysts, technical architects, developers, and project managers available to lead complex, enterprisewide initiatives or to contribute as part of a larger engagement managed by clients or other service providers.

(For additional information on ZANTAZ's products and services, please see *Software as a Service in the Midmarket: Profiles of 20 Providers*, IDC #32558, December 2004.)

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## **Financial Performance**

ZANTAZ is a private firm and does not release its financial results. Company officials note that GAAP revenue for the company more than doubled between 2003 and 2004. Meanwhile, pro forma revenue (including a full year of Educom and Steelpoint revenues) nearly tripled; ZANTAZ's revenue objective for 2005 is \$100 million+.

IDC estimates that ZANTAZ's email archiving applications revenue in 2003 was approximately \$31.5 million, when ZANTAZ and Educom revenues are combined. Please see *Worldwide Email Archiving Applications 2004–2008 Forecast and 2003 Vendor Shares: To Be Dedicated Solutions or Not to Be — That Is the Question for the Forecast Scenarios* (IDC #32033, December 2004) for further discussion of the financial performance of ZANTAZ and others in this market.

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## **Competitive Positioning**

With its acquisitions over the past two years, ZANTAZ has broadened its position in the market considerably. Basically, the company has taken the approach of many of its competitors: To be competitive in markets such as email archiving today, it is important to offer a range of solutions and put together a "solution set," or portfolio of related functions. In ZANTAZ's case, these functions include email and file archiving, compliance, electronic discovery, and litigation support, all offered as either hosted solutions or licensed software. These solutions are offered individually or as a comprehensive Information Retention and Discovery Management suite and are supplemented by ZANTAZ's professional services capabilities. In combination with the products and expertise of partners such as IBM and EMC, ZANTAZ can deliver a broad set of solutions to any particular customer. Among other things, this capability creates multiple entry points into the account, an important advantage when addressing problems that are still highly individual, on a per-customer basis, today.

With this broader portfolio comes a longer list of competitors across the various markets in which ZANTAZ plays. The following sections list key competitors based on ZANTAZ's current competitive positioning.

### ***Email Archiving/Compliance Vendors***

- EMC/Legato
- Symantec/VERITAS/KVS
- OpenText/IXOS
- AXS-One
- iLumin
- Iron Mountain

### ***Electronic Discovery/Litigation Support Vendors***

- ☒ Daticon
- ☒ Dataflight (Concordance)
- ☒ Kroll Ontrack
- ☒ EED
- ☒ CaseCentral
- ☒ Applied Discovery
- ☒ Ringtail
- ☒ WK/Summation

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### **Partnerships and Alliances**

ZANTAZ operates three formal partner programs:

- ☒ **Strategic partners:** Firms that integrate technologies or services with ZANTAZ solutions and actively participate in joint selling to global, enterprise clients
- ☒ **Technology partners:** Companies that provide technologies that complement ZANTAZ products and services, which ZANTAZ can resell as part of an integrated solution on a cobranded basis
- ☒ **Channel partners:** Companies across North America, Europe, Australia, Asia/Pacific, and Africa that market, deliver, and support ZANTAZ's industry-leading solutions through the company's global distribution channel

ZANTAZ's key strategic partners are IBM Global Services and EMC. IBM Global Services actively markets the ZANTAZ Digital Safe service as part of its larger portfolio of services, while EMC markets a ZANTAZ EAS/EMC Centera solution as part of its Content Addressable Storage (CAS) business based on Centera storage systems. ZANTAZ is a Microsoft Gold Certified partner and is working closely with Microsoft on the development and delivery of new products, according to ZANTAZ officials.

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### **Customer Profiles**

#### ***ADT***

ADT Security Services Inc., a subsidiary of the Tyco conglomerate, has used ZANTAZ EAS for about two years. At the time the company implemented ZANTAZ EAS, most internal ADT users were storing and retrieving mail locally; the firm has changed its architecture so that mail is now stored on a central server or servers. Its email infrastructure includes 12,000 mailboxes and six back-end servers in two locations. ADT uses ZANTAZ EAS from both locations, both for archiving as well as for compliance requirements pertaining to email retention. ADT is currently migrating from Exchange 5.5.

Before it standardized on ZANTAZ EAS, ADT looked at several competing products and found that ZANTAZ EAS, unlike some competing packages, kept everything within Outlook, which ADT saw as a positive. ZANTAZ EAS also seemed best overall from the end-user standpoint, ADT officials commented. (At the time, the competing products focused on retention only.) ZANTAZ EAS didn't rely on proprietary technology, noted officials, and had the best overall price/performance.

So far, ADT has between 1.5TB and 2TB archived, and it is archiving its email at a rate of about a terabyte per year, with the rate increasing slightly each year. It archives its oldest messages onto a DVD archive, and uses a Windows file share for recent messages.

Company officials say that overall they are very pleased with the product.

### ***Hennigan, Bennett & Dorman LLP***

California-based Hennigan, Bennett & Dorman LLP is a law firm specializing in intellectual property litigation, business reorganization, and bankruptcy and complex commercial litigation. These specialties require that the firm handle a tremendous number of documents for a relatively small firm of 50 lawyers and just over 65 staff. After a long history of using and building various litigation support systems, the firm found itself searching for a flexible system that provided it with functionality to satisfy each constituency in the organization. In 2000, Hennigan, Bennett & Dorman chose ZANTAZ Introspect and deployed an in-house version of the software. The following are some reasons the firm cited for choosing ZANTAZ Introspect:

- ☒ **Attorney perspective:** ZANTAZ Introspect was robust enough to handle the required volume while providing the necessary flexibility to allow lawyers to work with documents the way they wanted (i.e., find, flag, and annotate documents among millions of pages).
- ☒ **Paralegal perspective:** ZANTAZ Introspect reduced the paper burden, helped eliminate "war rooms" and manual indexing, and allowed paralegals to offload large print jobs to different printers.
- ☒ **IT perspective:** ZANTAZ Introspect provided a flexible system due to its SQL-based architecture. Its capabilities could be easily extended using custom scripts and stored procedures, a built-in OCR engine, and numerous tools that greatly assist in the administration of the system.

Hennigan, Bennett & Dorman was one of ZANTAZ's first customers to migrate to Introspect Version 5. Introspect 5 provides Hennigan, Bennett & Dorman with enhanced, high-performance searching, search-term highlighting, image review, foldering, and production capabilities for all types of documents, including native electronic files and email, scanned images, and transcripts. Firm officials say the migration went very smoothly, and they were satisfied with the amount of support available in general, as well as during the migration.

### ***A Leading Global Law Firm***

One of the world's largest law firms leverages ZANTAZ Introspect for case management discovery on a global basis. The firm has been very progressive regarding IT, and currently runs a Citrix/Windows terminal server (e.g., thin-client) environment. It also recently implemented SAP to manage back-end business processes.

The firm's U.K. litigation practice began using ZANTAZ Introspect for case management and discovery about two years ago, before ZANTAZ acquired Steelpoint. The firm has since implemented the solution in its New York office as well. At first, the firm anticipated that it would see significant collaboration on legal documents across the company's various locations, but this hasn't happened. (Part of this is due to ZANTAZ Introspect's limitation to English only at this point. ZANTAZ officials note that multilanguage capabilities will be available in 2005.) The firm is currently running ZANTAZ Introspect Version 4.5 because it does not have significant business requirements for upgrading to Version 5.0.

The firm has found ZANTAZ Introspect to be highly scalable, rich in functionality, and full of useful features. Compared with competing products (which the firm tested before choosing ZANTAZ Introspect), the product made loading files easier and was more straightforward regarding implementation. Common-law countries such as the United States and the United Kingdom require a large amount of document exchange between sides in a case, making a solution such as ZANTAZ Introspect especially useful, the firm's officials noted.

Besides its satisfaction with the application itself, the firm has been very happy with the technical support and assistance it has received from the ZANTAZ staff.

### ***Nicor Gas***

Nicor Gas is one of the United States' largest gas distribution companies and is owned by Nicor Inc., a holding company. Based in Naperville, Illinois, the firm serves more than 2 million customers in northern and central Illinois.

A few years ago, Nicor Gas was hit with a lawsuit and created a policy to preserve all of its email from that point on. With approximately 4,000 end users, the firm realized it needed to put an email management strategy in place, especially because it was investing in expensive EMC storage at the time. Nicor looked at four or five competing software products in the email archiving space, including ZANTAZ EAS, which it discovered through RAND Worldwide, a leading North American reseller of ZANTAZ EAS. ZANTAZ EAS turned out to be one of the most powerful solutions among those tested, with strong functionality and ease of use. ZANTAZ and RAND officials were also better at communicating clearly regarding pricing, updates, and related information than were their competitors. ZANTAZ technical presales support was superior and focused on specific Nicor needs, offering a variety of options, Nicor officials noted. Given these pluses, Nicor went with ZANTAZ EAS.

Nicor has been very pleased so far with ZANTAZ EAS. Before the solution was installed, Nicor had used up about 500GB of storage on two back-end servers for email retention. With ZANTAZ EAS, Nicor has been able to recover approximately

150GB, with about half of its email archived. It expects to free up another 100GB of storage space before it completes the process. The company's goal is to get production email storage requirements down to about 175GB and archive the rest. It is using about 2TB of local Dell RAID storage for archiving purposes. Nicor does not archive anything at this point except email.

Nicor has expressed interest in taking advantage of some of the disaster-recovery features of ZANTAZ EAS, where production data can be copied and streamed offsite.

### ***A Leading Global Financial Institution***

One of the world's largest financial institutions recently used ZANTAZ's historical data restoration service to restore data from backup tapes to meet certain regulations (specifically SEC 17a) that pertain to financial services firms and data retention.

Under pressure from new regulations, the institution found that its installed backup and restore infrastructure was not designed to meet current regulatory requirements. ZANTAZ was asked to restore data from a multitude of platforms and put it in a central repository, which would be hosted at ZANTAZ.

This organization determined that its internal expertise in this area could not match that of a subject-matter expert such as ZANTAZ, so it was comfortable with bringing in a third party. As long as ZANTAZ adheres to the institution's strict principles about how data is kept, and maintains its security policies, having the data hosted offsite is not an issue, officials said.

During the entire project, multiple types of media will have been restored into the ZANTAZ Digital Safe, including 630 hard drives, 10,000 backup tapes, 1,200 CD/DVDs, and 508 optical platters for phase 1 alone. Phase 2 of the project will include a similar scope. Data will have a specific retention cycle, officials said. In the case of this financial institution, its IT department has a very good working relationship with its compliance and legal departments, and decisions are made by all three parties. Although the firm is aware that global compliance issues will arise in the future, it is focusing on the United States at the moment.

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## **Assessment of Future Directions**

Through a series of strategic acquisitions, ZANTAZ has assembled a very complementary suite of product offerings targeting information management for compliance and litigation, as well as email and file archiving to reduce operational risks and costs. The acquisitions have also allowed the company to assemble necessary pieces to push the market dynamics further. IDC expects significant research and development to occur between products, to leverage and expose synergies.

For example, with the current product lines, customers can use ZANTAZ Digital Safe as an archiving system and ZANTAZ Audit Center to search through the information. If that customer is then part of a litigation, it would normally need to export the relevant information in an export format to another medium and then into some type of discovery or litigation support solution. Now, however, customers can export

directly to ZANTAZ Introspect's secure environment, which has tracking and auditing functionality. This capability greatly decreases chain-of-custody risks and reduces costs.

In addition, IDC expects ZANTAZ to move further in the direction of records management. Currently offering records retention consulting and email retention software and services, ZANTAZ lacks records management functionality that enables companies to establish a file plan, classify records, and assign the appropriate retention schedule for all types of information. This addition would help to complete ZANTAZ's solution.

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## **Pricing**

For a company such as ZANTAZ, which is playing in one or more still-evolving markets, pricing can be a challenge because there are few standards or benchmarks from which to work. A hosting engagement, for example, usually includes some standard elements where a customer is charged a service fee for handling legacy data. Data restoration can be more difficult in some cases than in others, resulting in a custom bid. Once the data has been captured and indexed, it is then stored in the ZANTAZ Digital Safe. Pricing is per megabyte captured and stored, typically for a three-year period.

Although data is typically stored (initially) for three years, as per SEC 17a-4 requirements, legal contracts can vary from one year (with annual renewals) to five or more years. Also, once the three years are over, ZANTAZ charges an incremental per-megabyte fee to continue to store the data.

ZANTAZ also has found that customers often struggle these days with how long they want or need to keep their data (e.g., email) in the ZANTAZ Digital Safe, especially in the still-evolving regulatory climate. Some customers may want to bring the data back in-house after three years, while others may need to extend their ZANTAZ Digital Safe engagement. So although ZANTAZ's standard offering is 36 months, the company will provide a price for longer engagements if the customer requests this.

ZANTAZ also offers traditional software licensing agreements for ZANTAZ EAS and ZANTAZ Introspect. The latter package is offered as a classic license model based on named users. Hosted solutions include a storage fee, infrastructure fee, and user fee. Additional transaction fees are based on the menu of services customers can request, such as OCR services, and rendering or loading information into the system.

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## **FUTURE OUTLOOK**

### **Opportunities**

- ☒ ZANTAZ has the opportunity to take advantage of the domain expertise and best practices in the areas of digital archiving, compliance, electronic discovery, and litigation support it acquired. IDC research shows that customers are seeking deep domain and industry expertise, as well as assistance in creating proper information management and record retention policies.

- ☒ ZANTAZ's product suite also enables the company to take on a unique consultative, trusted-advisor role. By offering both onsite and hosted solutions, it can present the pros and cons of either solution without a hidden agenda.
- ☒ ZANTAZ has the opportunity to substantially reduce the rising cost of electronic discovery (currently increasing at a 65% compound annual growth rate [CAGR]) and discovery management by educating the market on the benefits of proactive archiving and proper information retention.

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## **Challenges**

- ☒ A significant amount of confusion exists around digital records management. Although records retention is a top concern in many organizations, there is a lack of understanding in both the business and IT communities about the discipline and technology requirements of digital records management. Many organizations are managing retention at the data storage level and are not aware of the benefits of utilizing applications to index, classify, and dictate file-level retention schedules.
- ☒ Adoption of email archiving and retention technologies has been slower historically in lightly regulated industries, although demand is emerging in many of these sectors as well.

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## **ESSENTIAL GUIDANCE**

### **Actions to Consider**

- ☒ ZANTAZ will need to watch the entrance of new vendors very closely. Both the regulatory compliance and litigation support markets are areas that are garnering a lot of attention from vendors across a variety of markets, including content management, document outsourcing, and storage.
- ☒ The company should continue to educate the market on the business advantages of email archiving, retention, and proactive litigation support technology and services.

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## **LEARN MORE**

### **Related Research**

- ☒ *Worldwide Information Management for Compliance 2005–2009 Forecast* (IDC #33024, March 2005)
- ☒ *Worldwide Email Archiving Applications 2004–2008 Forecast and 2003 Vendor Shares: To Be Dedicated Solutions or Not to Be — That Is the Question for the Forecast Scenarios* (IDC #32639, December 2004)

- ☒ *Software as a Service in the Midmarket: Profiles of 20 Providers* (IDC #32558, December 2004)
- ☒ *IBM Announces Risk and Compliance Framework* (IDC #32130, October 2004)
- ☒ *VERITAS Buys Top-Seeded KVS for a Front Row Seat in the Email Archiving Software Game* (IDC #31856, September 2004)
- ☒ *NaviSite Launches Email Archiving: Do Customers Want a Hosted Service?* (IDC #31693, July 2004)
- ☒ *Worldwide Records Management Software 2004–2008 Forecast: Regulatory Compliance Drives Market Growth* (IDC #31290, May 2004)
- ☒ *Regulatory Compliance: What Role Will Technology Play?* (IDC #31213, April 2004)
- ☒ *Your New ABCs — Archiving, Backup, Compliance ... and Records Management* (IDC #30852, March 2004)
- ☒ *ZANTAZ Acquires Educom TS to Offer Customers Email Archiving at Your Place or Mine* (IDC #30883, February 2004)

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