



a p p l i e d | **DISCOVERY**®

A hand is shown typing on a laptop keyboard. The entire image is overlaid with a warm, orange-to-red gradient. The text "Welcome to Applied Discovery" is centered in white.

Welcome to Applied Discovery

It is often said that necessity is the mother of invention. In the case of Applied Discovery, the necessity was an attorney's need to streamline the discovery process. And the corresponding invention was our industry-leading service.

Applied Discovery was conceived in 1998 by Richard Corbett, an attorney with litigation and in-house counsel experience. Overwhelmed by paper and deadlines, he was convinced that there had to be a better way to wade through hundreds of thousands of documents during the discovery process. Recognizing that most of the costs incurred during litigation or mergers and acquisitions were attributable to outdated document review methods, he believed that lawyers would welcome new discovery tools. This vision evolved into the legal profession's first service designed specifically for handling electronic documents in discovery.

Today, Applied Discovery is the leading provider of electronic discovery solutions. Our proven service gives attorneys a strategic advantage throughout the discovery process, while eliminating costs associated with traditional document review.

# THE APPLIED DISCOVERY SOLUTION

## Electronic Discovery Defined

As the number of companies claiming to provide electronic discovery services has grown, so has the confusion over what, exactly, electronic discovery is.

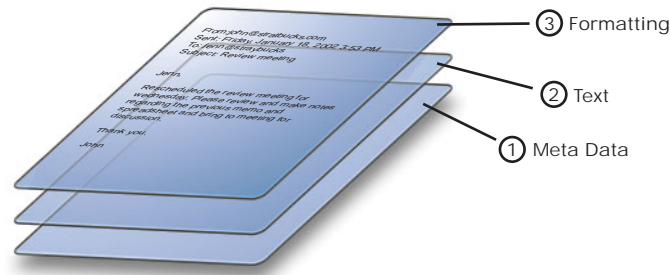
Some companies believe that the use of computer technology during any phase of the discovery process qualifies as electronic discovery. This overly broad definition includes the practice of scanning and coding, in which an electronic document is first reduced to paper, then electronically scanned. The scanned document then has its text "replaced" through an OCR process and subjective keyword coding is used to create a searchable database. This process is not only expensive and inefficient, but significant information about the document is lost during this electronic-to-paper and back-to-electronic translation.

Our definition of electronic discovery is more stringent – and has never changed. True electronic discovery means that electronic documents must be reviewed and prepared for production electronically. In so doing, the documents are ready for attorney review in a fraction of the time, and their original electronic properties, including the so-called "meta data", the full text, and the original formatting, are preserved. Let's examine what this means in more detail.

Applied Discovery's proven technology uploads the *original electronic file*, such as a Microsoft Outlook file (email.pst), or a Word file (memo.doc) into our innovative system. This process captures three important aspects of every file:

The definition of discoverable "documents" has included electronic data for more than 30 years.

1970 Amendment to Federal Rule of Civil Procedure 34(a)



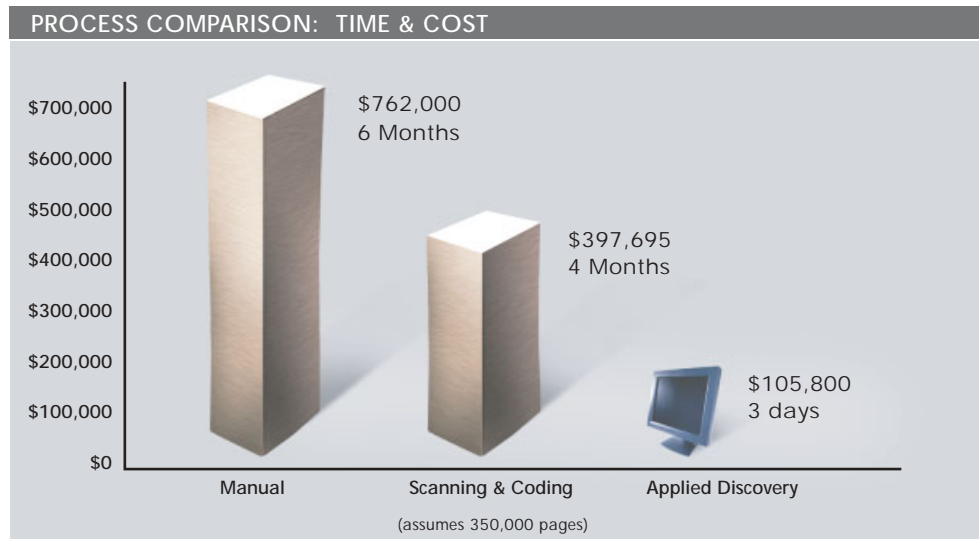
1. All meta data. Think of meta data as the data "behind" the document – the electronic history of its behavior. Every Outlook email message, for example, has over 90 fields of hidden data. Meta data exposes important information such as when the message was sent, received, or forwarded. It also reveals the complete email address (not just the friendly name) of every person who received the message, including someone on a "bcc" list. Instead of just knowing how a document *looks*, meta data tells you *what it did*.
2. The complete text. The text or numerical content is the data in the "middle" of the document. Every word is indexed and saved in a fully searchable text database. Without this content, you simply have a picture of an electronic document.
3. Original formatting. The "front" or face of a document often reveals important information. Words in bold or *italic* may have special meaning. And numbers in red may warn of a financial loss. Because our system displays every document in an Adobe PDF (Portable Document Format) file, the original layout, fonts and color are all preserved.

The "Best Evidence Rule" mandates that an **accurate representation** of information stored in a computer is required to qualify as an "original" document.

Federal Rule of Evidence 1001(3)

There is a big difference between Applied Discovery's service and the scanning and coding process. Not only does it take more time and money to scan and code, it compromises the document attributes described earlier. The original meta data is lost. The re-scanned text index is, on average, only 85% complete. And the original formatting can only be viewed as a TIF image. Compared to the more versatile PDF format, TIF files require about ten times the disk space, don't show color, and don't link to the indexed text.

The scanning and coding process made sense in the early '90s, when a minority of discoverable documents were electronic. But today, when 99.997%\* of all documents are created and stored electronically, it's too costly and time consuming.



"It is black letter law that computerized data is discoverable if relevant."

Anti-Monopoly, Inc. v. Hasbro, Inc.,  
94CIV2120, 1995 WL 649934  
(S.D.N.Y. Nov. 3, 1995)

\* "How Much Information?"  
The Berkeley Study, October 2000

## True Electronic Discovery in Practice

What sets us apart from other electronic discovery companies? Applied Discovery's services were designed specifically for managing electronic documents – not retrofitted from the paper world. Our Web-based application is loaded with features that meet the demands of today's high volume, fast turnaround discovery projects. Some examples:

Culling

Searchable meta data

Email conversation threads

Links between email and attachments

Online redaction

Automated Bates numberdata

Applied Discovery's services give legal professionals a strategic advantage in the quest for maximum effectiveness in the discovery process. Combining proven technology with an intimate knowledge of the discovery process, we eliminate the needless steps of outdated discovery methods.

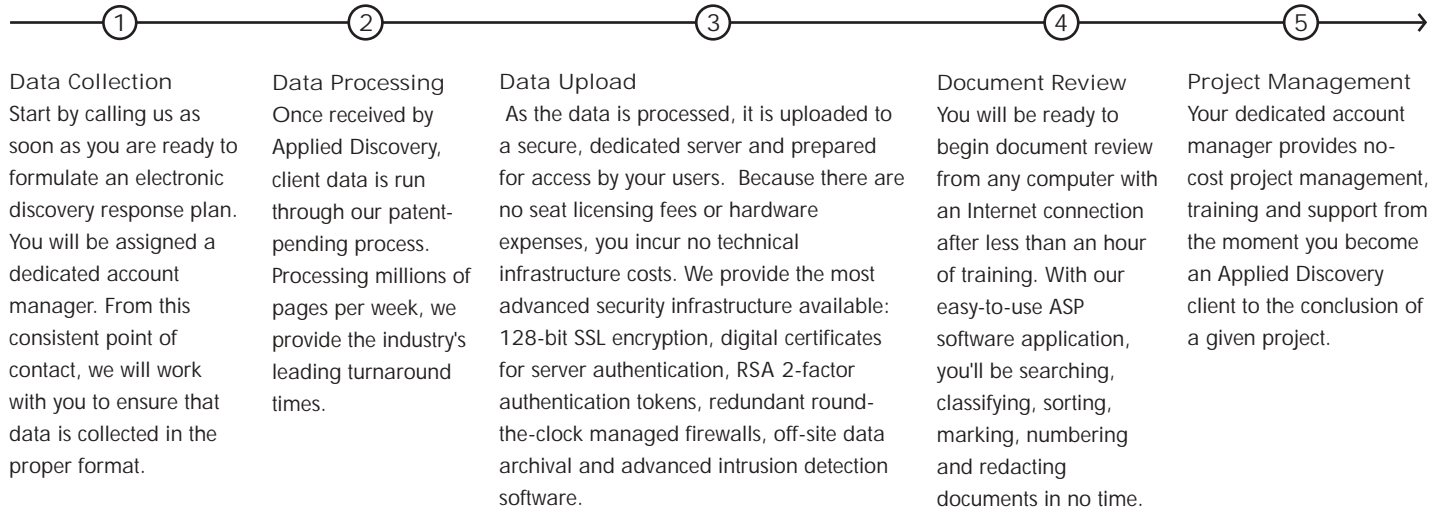


*Applied Discovery can work with nearly any file type. Examples of some of the most common file formats are shown above.*

## Working With Us

A large electronic discovery project can be overwhelming, even to the most experienced legal professionals. That's why our service follows a familiar workflow, adapting to the process you already know. And our patent-pending technology enables you to quickly find the most important evidence in your case in days, not months.

Working with Applied Discovery is simple:



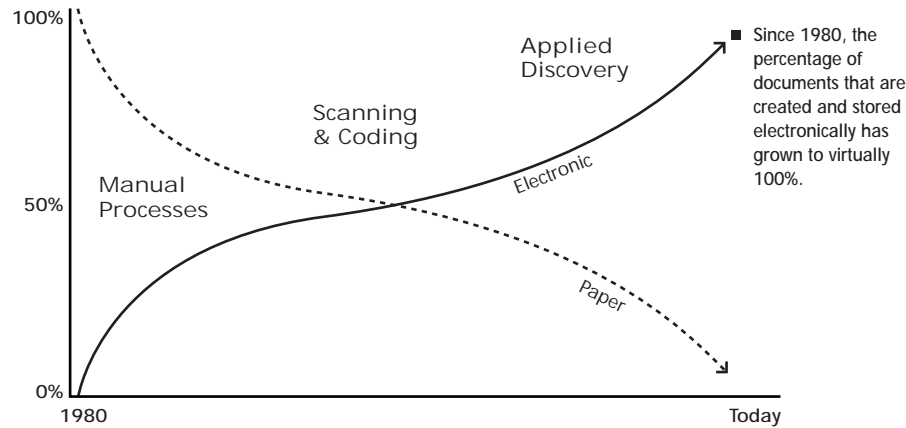
We work with clients as partners throughout the entire process. Our comprehensive service eliminates the need to coordinate multiple vendors for large discovery projects. It's no wonder that most of the country's major law firms rely on our services.

# THE INEVITABILITY OF ELECTRONIC DISCOVERY

## The Electronic Document Tidal Wave

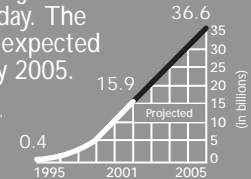
The alarming rate at which businesses create electronic information mandates the use of true electronic discovery practices. Every day, businesses create millions of new documents – contracts, meeting minutes, financial models, board presentations – and store them in a wide variety of electronic formats. Further complicating matters, these documents are often attached to email messages and shared with others. In fact, about 10 billion email messages are sent every day, a number that is expected to triple by 2005.

### DOCUMENT CREATION & STORAGE: PAPER VS ELECTRONIC



Nearly 10 billion email messages are sent each day. The number is expected to triple by 2005.

The New York Times,  
December 6, 2001



Source: E-mail Usage Forecast and  
Analysis, 2001-2005, IDC #25335,  
August 2001

Applied Discovery's service was developed in response to this dramatic shift in the way documents are created and stored. Our offering is best understood in the context of how discovery practices have changed as new technologies have become available.

## The First Generation - Paper

In the early days of complex litigation and mega mergers, most business documents were created and stored in paper format. Correspondingly, the majority of discovery documents originated in paper form. During this time, companies specializing in legal copy services, manual Bates stamping, and document storage began to crop up. Processes for handling large volumes of documents were developed. Law firms hired paralegals and built litigation support departments to manage the influx of paper.

Because of the nature of paper documents, a one-size-fits-all discovery review process was established. Whether the document was a letter, a table of numbers, or a graph, the process for handling it was the same. Paper is paper.

Using this all-paper review process, a collection of 350,000 documents (a small project by today's standards) would take an average of six months and \$762,000 - just to get the documents to the point where attorneys can begin the review.

### MANUAL DISCOVERY PROCESS (assumes 350,000 pages)

1	Establish plan and procedure for paper document review	\$6,000
2	Bates numbering	\$21,000
3	Copy (working copy + production copy)	\$126,000
4	Working copy storage and access	\$9,000
5	Create case chronology (summarize docs, enter into WP or database) before lawyers can begin document review	\$600,000

Total Cost: \$762,000  
Total Time: 6 months

## The Second Generation - Scanning and Coding

As computers became more commonplace, so did the number of documents created and stored electronically. By the mid-1990s there was a sharp decline in the number of documents created in paper format. The paper vs. electronic mix continued to shift. In response to this change, vendors attempted to force electronic data into systems originally designed to handle paper. Paper documents were copied, scanned and coded. Scanned text and subjectively coded fields were then entered into a database to enable limited keyword searches. Electronic documents followed a similar process. First they were printed (reducing them to the lowest common denominator – paper), then scanned and coded like paper documents.

Some efficiency is gained with the scanning and coding process, but it still takes an average of 4 months and \$397,695 to prepare the same collection of 350,000 pages for attorney review. This approach was reasonable when the majority of the discoverable documents originated on paper. But today, when virtually all documents are created electronically, it no longer makes sense to force 99.997% of all discovery materials through a process optimized for the other .003%.

### SCANNING & CODING PROCESS (assumes 350,000 pages)

1	Database planning & documentation	\$3,000
2	Copies and Bates numbers for original set	\$84,000
3	ID key doc types, sampling, review test batch, etc.	\$7,650
4	Scanning	\$84,000
5	Copies for production set (est. 75% of pages)	\$28,875
6	Two sets of CDs (30 original + 30 copy set)	\$3,750
7	Full bibliographical coding of docs	\$171,500
8	Shipping costs (est. 120 boxes)	\$1,680
9	Off site storage (est. 3 years)	\$7,480
10	Load files & maintain database	\$5,760

**Total Cost: \$397,695**  
**Total Time: 4 months**

## Applied Discovery - Today's Solution for True Electronic Discovery

In anticipation of the wholesale shift to electronic document creation, Applied Discovery developed an efficient, effective method for handling electronic documents in discovery. Instead of trying to revamp old practices to meet new needs, we developed new tools that enable legal professionals to work with documents in their original, electronic form, without disrupting the workflow of familiar discovery practices.

Using our technology, the same 350,000 pages can be prepared for review for only \$105,800, and in a matter of just three days. That's a mere 14% of the all-paper price, and 26% of the scanning and coding price.

APPLIED DISCOVERY PROCESS		(assumes 350,000 pages)
1	Data upload to client database	\$105,000
2	Project specification planning meeting	\$750
3	Shipping CDs	\$50
4	Web-based software access, unlimited users	Included

Total Cost: \$105,800  
Total Time: 3 days

Count the F's in the sentence to the right. Count them only once.

FINISHED FILES ARE THE RESULT OF YEARS OF SCIENTIFIC STUDY COMBINED WITH THE EXPERIENCE OF YEARS.

How many did you count? There are six, but most people count only three because many people forget the "OF" combinations. The human brain tends to see them as V's and not F's. This exercise demonstrates how hard it is for humans to accurately search discovery documents for key words or terms. Why settle for a 50% error rate when modern technology can guarantee 100% accuracy?

# GETTING STARTED

Applied Discovery has regional offices serving all 50 states. Our corporate clients are served by sales representatives in Seattle, Chicago and New York. Our law firm clients are served by sales representatives in Seattle, Chicago, Houston, New York and Washington, D.C. Our Corporate Headquarters office is in Bellevue, Washington and our East Coast Headquarters office is located in Midtown Manhattan.

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[www.applieddiscovery.com](http://www.applieddiscovery.com)

To review electronic discovery case summaries, White Papers and articles, visit our online Law Library at:

[www.applieddiscovery.com/lawLibrary/lawLibrary.stm](http://www.applieddiscovery.com/lawLibrary/lawLibrary.stm)

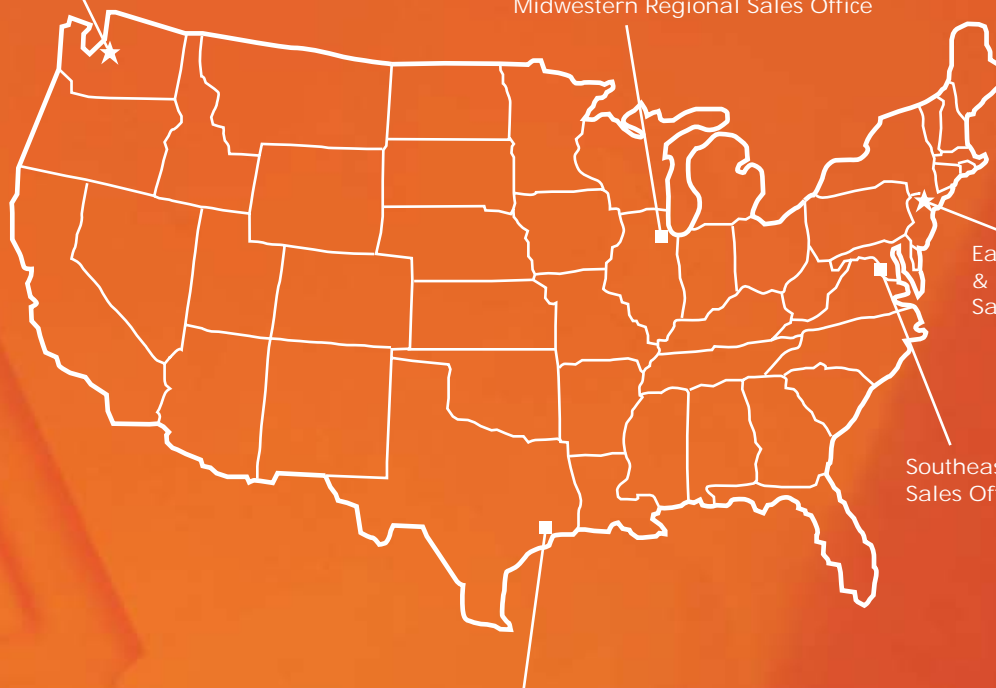
Corporate Headquarters  
& Western Regional  
Sales Office

Midwestern Regional Sales Office

East Coast Headquarters  
& Northeastern Regional  
Sales Office

Southeastern Regional  
Sales Office

Southern Regional Sales Office





*The proven electronic discovery solution™*

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