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Breaking Technology Barriers: The Best IT Investment for Your Firm



Discover the best investments your firm
can make to increase stability, lawyer satisfaction
and client relations

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The Launch Pad 2107 Gunn Highway, Odessa, FL 33556 phone: 813-920-0788 fax: 813-920-0769 web: www.launchpadonline.com

Launch Pad Sales Team: 888-920-3450 x202 e-mail: sales@launchpadonline.com

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There is an irony to IT in law firms: Firms spend so much time on issues like IT infrastructure and upgrade projects that they spend too little time using technology to improve how lawyers work. Law firms cannot achieve real value from their technology investments until they change this model. Moreover, changing the usual model can lower overall IT spending while increasing stability and lawyer satisfaction. With law firm IT benchmarks reflecting that the highest spending firms spend twice as much per lawyer on technology as the lowest spending firms, there is a lot to be gained by increasing technology efficiencies.

With good leadership, streamlining IT infrastructure and rebalancing attention to IT practice technologies; law firms can have real effects on productivity and client relations.

A FIRM'S BEST IT INVESTMENT: IT LEADERSHIP

Based on the assessments of hundreds of firms, it is clear that a leading factor in the quality and value of a firm's technology is the proficiency of the IT director or for smaller firms, an IT partner that understands the needs of law firms. A good IT director or partner will build a solid team, communicate effectively with lawyers, plan and architect with an eye to the future, emphasize testing, be a smart purchaser and better control the firm's vendors. Every dollar poured into a good IT director, CIO or technology partner pays back in terms of risk mitigation, hassle reduction and cost control -- not necessarily lower costs, but better control of spending.

Even a good IT director can become ineffective when working with technology leadership in ill-defined roles. The challenge is even bigger in outsourced IT relationships. Effective IT management requires four key components from the firm outside the IT Department:

1. Representative feedback from key groups or a topic-specific group;
2. Authoritative decisions;
3. Qualified advice, recommendations and planning;
4. Advocacy.

Firms often assume a technology committee serves all four purposes. In practice, a technology committee is optional or at least in a back seat role compared to a qualified technology partner and COO. It is imperative that technology be seen as an integrated part of all key operations, not something outside the mainstream.

STREAMLINE IT, NOT JUST A LITTLE, BUT A LOT

It's common for a firm to spend more than 80 percent of its attention and IT staff time or budget on infrastructure and less than 20 percent on applying technology to the practice of law. The aim of streamlining IT systems and processes should be to reverse this balance.

For IT infrastructure, the objective is straightforward: to provide a highly available foundation that requires less effort and cost to maintain. Consolidating IT systems via virtualization software (allowing multiple servers to run on each physical server machine) has been a reality for a number of years but the actual business results are much more attractive now as costs of virtualizing have dropped. IT staffs have gained initial success by reducing the firm's total number of servers and, sometimes, software licenses. These efforts are generally

focused on cleaning up ancillary and older servers. Think of this as Stage 1 in streamlining IT. Stage 1 helps

reduce the number of servers, reduce power consumption and sometimes streamline data center needs, although these gains can be initially offset by the costs of migration to the virtual infrastructure. Additionally, thin or “smart” clients can be implemented which reduce not only the hardware costs and carbon footprint of desktops, but also streamline management.

It is possible to streamline IT systems much further and achieve a real, positive effect on reliability, recovery capabilities, IT spending and staffing levels. We call this Stage 2. This requires a focus not just on technology, but on people, process and technology within the IT department. You should expect this level of streamlining to involve upfront investments, although the net result over three years should reduce overall IT spending by at least 20 percent compared to traditional implementations. This is important -- if you can't map your projects to these long-term business results, then you may simply be increasing costs and complexity under the guise of "improvements." It is easy to argue that while spending reductions are critical, of more importance are better disaster recovery, reliability and levels of lawyer satisfaction.

Elements of Streamlined IT

Standardizing and Packaging Applications for Delivery

Standardization of the PC build is a fundamental attribute of well-run IT departments, and doing so actually supports user customizations rather than negates them. Virtualized environments support desktop images for thin clients and there are other tools to create common PC images for easy management and application deployment. These upfront efforts create significant payoff in support needs, reliability and ease of rolling out new changes.

Consolidation and Virtualization of Core Systems

Reducing the locations and quantity of servers related to Exchange, document management and other core systems simplifies management, reduces licensing and reduces the number of document libraries. Adding new servers becomes a negligible effort and system recovery after failures can approach minutes rather than hours.

Storage Optimization

Storage is often allowed to grow (each gigabyte is cheap), but then becomes a significant expense. Intelligent management, data de-duplication and recovery capabilities are available through different vendors but take investigation to identify best choices. By combining smart systems with good firm retention and archival policies (notably inclusive of litigation support), firms can realistically reduced storage needs by 50 – 60%.

Data Centers

Often overlooked, a key benefit of consolidation is the potential to avoid or reduce costly power and cooling upgrades.

These changes will simplify IT operations and staffing levels to one IT staff managing infrastructure and PCs for approximately every 100-150 users. The recent release of Windows 7 and, assumedly, better economic conditions are expected to kick-start more firms into making these improvements over the next 12 months.

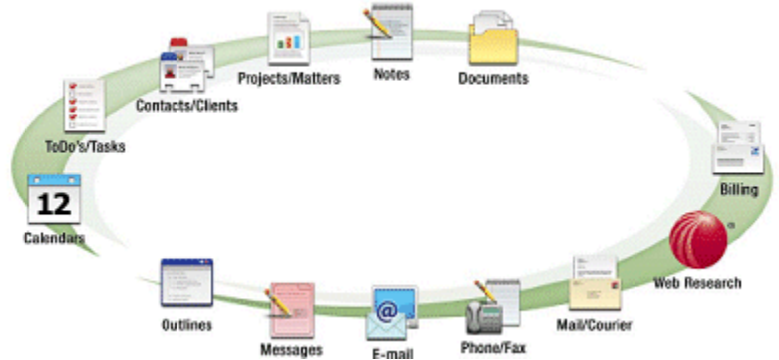
GET A REALITY CHECK ABOUT OUTSOURCING – LEARN ABOUT MANAGED SERVICES

Evaluating outsourcing is uncomfortable for law firms. However, rather than consider outsourcing to be an all or nothing proposition, recognize that a new delivery model called “Managed Services” provides a set of fixed-fee services from which a law firm can choose (hence the term "managed services") both for complete IT outsourcing and integration into existing internal IT departments. There are a small number of legal-specific managed IT service providers like The Launch Pad who offer cost-effective vertically-targeted services, such

as the [RevITup™ Business Care Legal IT Series](#), that can match your internal costs, provide lower risk of failure and security breaches and provide deeper bench strength of IT skills than most firms can afford.

Therefore, it is smart for a firm to undergo a "technology sourcing analysis" to compare its internal risks, service levels and costs to those of technology providers. At a minimum, the firm will understand its own areas of potential improvements. While only a minority of firms will turn core operations over to a vendor (e.g., hosting and managing the e-mail system), all firms should list and scrutinize the services provided by IT. Four areas to look at IT for managed service opportunities can help focus the analysis:

1. Services that are notably resource-intensive but not user facing?
2. Services that require specialist skills, but aren't full time?
3. Services that require 24-hour attention?
4. Services that need high capital investments?
5. Services directly effecting user productivity



One firm, for example, had several IT staff employed to run backups and provide 24-hour monitoring of the firm's network. While one could applaud the generosity of their monitoring focus, they were able to turn to a managed technology provider for business continuity for about 10 percent of the firm's previous cost. And frankly, the vendor was able to afford better monitoring and troubleshooting tools. Other examples include help desk (notably after hours support), database maintenance, wide area network monitoring, security control and disaster recovery testing.

GET MORE FROM PRACTICE TECHNOLOGY

With IT infrastructure streamlined, resources can be redirected to applying technology to the practice of law. Practice technology objectives include supporting the quality and profitability of legal services to clients, while enabling lawyers to spend more time on high-value work and client-facing activities.

At the core of practice technology is document and e-mail management. Common issues are fragmented client matter files (electronic and paper files scattered across multiple locations and applications) and difficulty finding and sharing matter materials (lawyers and staff perform redundant, inefficient searching and filing activities and redundant paper files consume unnecessary amounts of physical space). As a result, while good service is likely maintained, it is done with more effort than necessary while profits are undermined and client service could be compromised.

Such practice issues require a blend of people, process/policies and technology to address. In relation to electronic matter files, an e-records management policy and retention schedule should serve as guides for what is stored, where and for how long. Software vendors have long recognized the convergence of e-mail, document management and records management, so companies such as Autonomy offer tools to support a single, unified electronic matter file from open through close, and effective e-mail management.

As the economy has changed, one of the few areas in which firms have invested more resources is in nurturing client opportunities and relationships. Despite investments in marketing software, firms are unsatisfied with their own abilities to learn whom and what the firm knows about clients and potential clients. Passive technology, such as ContactNet, mines information about relationships from e-mail, voice systems, billing systems, etc. Such software combines internal and external information sources and requires no additional effort to keep information current. Having this "six degrees of separation" network available at a lawyer's fingertips can enhance business development and help to strengthen client relationships.

The Changing Landscape of High-Demand Legal Environments

The precedent for firms using technology to enhance their service delivery is unfortunately low. Like other areas, technology can only play a supporting role in improving these business functions, but there are many simplified project management and collaborative extranet technologies available for firms. In a time when investing in client relationships is a priority, providing clarity on matter status can be a firm's strong differentiator.

One of the fastest changing aspects to client relationships is an arrangement in which a firm's fees are based partially on the success or satisfaction of the work-product. To make such an arrangement profitable, a firm has to learn how to price such work, how to define success or satisfaction, and how to manage progress against the budget. Few firms are yet good at all three areas. Technology can play a role not only in managing matter time and budget (as above), but also in providing access to existing firm resources (templates, precedents, best practices, experts, etc.) quickly and easily. Matter and practice financial dashboards can provide current status and issue information. Any effort to create efficiencies pay off handsomely, especially since a recent study within professional service organizations reflects that people spend 30 percent of their time simply searching for content.

Never before have firms been as willing to shake up the traditional focus of IT. While the age is over for IT departments to simply keep systems running, the role for IT and managed IT partnerships in supporting lawyer productivity is the dawning of a new age for many firms.

About The Launch Pad

The Launch Pad shares technology insight through research studies, white papers, news articles and most importantly feedback from our clients. Our Legal Services team has been serving the needs of law firms and corporate legal departments since 1992, covering a broad range of technology requirements through both professional services and managed IT services. We understand their cultures, collaborative work processes, IT challenges... and need for immediate technical support. We grasp the complexities law firms face in their efforts to improve the way legal services are delivered, including automating routine legal transactions, sharing documents and work processes, deploying mobility solutions and capitalizing on tools like electronic data discovery.

We encourage you to contact us for information about RevITup Business Care Legal Managed IT series, specialized technology services for law firms. As a starting point, we can offer a no-cost technology assessment to help identify best solutions for your firm.

clientservices@launchpadonline.com

toll-free (888) 920-3450

(813) 920-0788 x210

www.launchpadonline.com

www.twitter.com/revitupnow

You pursue your vision... We manage the technology