



Insider Corporate Legal is Legal Technology Insider's regular supplement looking at the benefits of technology and business best practices within general counsel and corporate legal departments.

Trust in flexibility

by Geoffrey Beedham

We all know the legal sector has long been resistant to the flexible working vision and although most partners will now be armed with a BlackBerry and a laptop that can connect by WiFi to the internet, most will also still be office-bound. The profession may still have a long way to go with flexible working but this is largely the result of some debatable beliefs about the benefits of a physical workplace, which the legal sector, ever-traditional, has been reluctant to let go.

The tide *is* turning, but slowly. Managing partners are starting to convert to the practice that being out of the office doesn't affect your availability for your client, and that you will be judged on results, not on hours visibly spent at the desk. Half of BT's own inhouse legal department are home workers, and we are finding more and more practices are talking seriously about the benefits.

However the age-old challenge persists: how to know where partners and associates are, what they are working on, or indeed whether they are working at all. It is an unfortunate axiom that to progress up the greasy pole in a law firm, it is still essential to put in the hours, and be very visibly seen to be putting them in. It's a challenge that other sectors have overcome and legal firms need to learn to do the same, if the fledgling flexible dream isn't to turn into a nightmare.

This might sound strangely cynical. BT should be evangelising left, right and centre about flexible working, surely? After all, it's our technology that makes it work, ➡

➡ isn't it? Well yes – and no. The shiny, happy picture of flexibility with which we are typically presented is insulting in its simplicity. It implies that flexible working is *about* technology. That you plug something in and you are then magically flexible. It isn't. You don't.

Assessing whether or not employees are keeping up the 'working' end of the flexible working bargain can be hard when they're not in the office. You can opt to replace the old-fashioned hours-at-the-desk measure with detailed targets but those are no guarantee of productivity. Any firm, be it in the legal sector or not, needs a culture of trust. But managers also have to trust their new culture.

Technology makes flexibility *possible*. It is culture that makes it *work*. It is changing your company's culture that makes it successful. And cultural change is hard.

Flexible working is not just the employee's responsibility. How to trust a mobile or homeworking employee is a red herring. Forget fretting about whether they are working or not. An untrustworthy employee is an untrustworthy employee, regardless of whether or not you can see them. ...continued on page 2 ➡

Also in this issue...

- Consultant Paul Longhurst asks whether we are now seeing a renaissance in knowledge management ...p.2
- Law department organisation – Jeff Hodge explains how to align legal and business goals ...p.4
- News: DataCert acquires Corprasoft ...5
- Consultant Neil Cameron concludes his guide to cutting risks and costs by spending strategically ...p.6
- Cole Morgan looks at Web 2.0 ...p.8



Insider Corporate Legal is sponsored by DataCert, the leading provider of corporate legal and IP spend and matter management solutions. – www.datacerteurope.com

Trust in flexibility

⇒ *continued from front page...* Trust is actually a managerial responsibility. It is managers who have to be trustworthy. Employees are trusting that they will be given the same opportunities as if they were close enough to be seen or heard. They are trusting that they can still reach the top jobs even if they are working flexibly, where they can't be seen. The idea that senior positions are incompatible with flexible working must not only be challenged – it must be quashed.

Flexibility is the starting point. Changing corporate culture is the goal.

Don't listen to the fancy management or PR consultancy babble. Success is not about putting in place strategies to *achieve* flexible working; it is about putting in place flexible working to achieve a new and better way of running your practice.

- *Geoffrey Beedham is chief counsel GSUK, with BT.*

About ICL's Sponsor

Insider Corporate Legal is sponsored by DataCert Inc, the largest and fastest growing supplier of legal and IP spend and matter management solutions. Corporate counsel rely on DataCert's products and services to manage legal activities and provide transparency into outside legal spend. With 47 Fortune Global 500 clients and customer connections in 110 countries, DataCert processes in excess of \$9 billion of electronic billing data on an annualised basis. DataCert is headquartered in Houston with offices in Austin, Dallas, Frankfurt, London and Paris. Visit the DataCert website for more information. www.datacerteurope.com

The renaissance of KM – and what it means for inhouse lawyers

by Paul Longhurst

In recent months, much has been made of how knowledge management (KM) has been experiencing a second wave within the legal sector. Why is this, how does it differ from the first wave, and what does it mean in practical terms for lawyers? I hope to try and answer all three questions in this article.

Managing Knowledge – a brief of history

Before computers invaded the world, lawyers would re-utilise previously created content by remembering that they had written something (or asking around to find out whether their colleagues had done so) and then having this re-typed with relevant changes to suit the latest matter. With the advent of word processing, content could be re-utilised more easily by virtue of cutting out the re-typing stage, but it still had to be found. This was often easier said than done, as early document storage was not good at replicating the seasoned filing systems employed by lawyers and their secretaries (although it did provide a modicum of searching which could assist when trying to find a document without the context of its matter).

As document management systems came onto the scene and then matured, it became easier to find content stored under previous matters than was the case with the manual systems these applications sought to replace. However the re-use of lawyers' work product was not restricted to documents in these systems – email attachments, know how systems, external websites and the like were all included in the search for the best and most relevant content. And this, allied to the general hype surrounding the dotcom bubble in the late nineties, was the point at which the first wave of KM vendors fell upon the legal sector.

Salesmen hurried to the City with stories of KM nirvana and price tags to match. Some firms, eager to lead the way into the brave new world of 21st century commerce, embraced these systems and sat back expecting their lawyers to shower them with thanks. Unfortunately, the reality often included overly heavy categorisation, woolly or inaccurate search results, and little or no return on major investments. This led to a swift fall from grace for KM, and added to the suspicions of lawyers who felt ransomed by IT departments over the (supposed) impact of the millennium date change. ⇒

⇒ The KM Renaissance

Less than ten years later and law firms are once again turning their focus on knowledge management. However this time it is against the backdrop of the ubiquitous internet and its de facto search engine Google. People in all sectors have an idea not only of what is possible but also how it can be delivered. The so called dinosaurs that once held sway in law firms are fast becoming extinct – replaced by lawyers who, even if not fully embracing technology themselves, understand the implications for their firms of using such systems wisely and (more importantly) the opportunity cost of not doing so.

The understanding of KM has also changed in this intervening period, extending from documents and precedents to areas such as best practices, time and cost estimates, and skills profiles. It is also starting to become entwined with issues about conflicts, client confidentiality and information barriers (formerly Chinese walls), which, if not handled sensibly, have the potential to prevent rather than improve KM. The other axis that has shifted in this time is the sheer volume of data that firms hold – manual systems, whether more or less efficient, simply could not cope with the number of items being referenced by anything but the smallest firms.

Given this greater understanding of technology amongst lawyers, especially its ability to assist when searching for needles in the haystack that is the internet, it is easy to see how search vendors are receiving a warmer welcome from the legal sector. For their part, the vendors of search products (many of which are new kids on the block and some of who see legal as their primary market) have improved the quality of the solutions provided. Their products are often able to provide more accurate results with ever decreasing requirements for categorisation, whilst lawyers have also ceded ground by accepting that definitive answers may be limited to a known corpus (such as know how libraries, selected external websites etc) and more general results will be acceptable elsewhere... sort of like a Google search.

This is not simply about searching though. Social software, incorporating blogs and wikis, has also started to break into common parlance. It may be relatively early days for these solutions in law firms, but some have already dipped their toes... and with more foresight than the heady days of dotcom. Blogs are like shared online diaries where individuals post entries that others are able to comment on without changing the original posting. These could be used in a similar way to email, allowing people to garner an opinion on, say, a point of law. Wikis differ from blogs in that content is posted but others ⇒

⇒ are able to change this content. The use here is therefore to evolve content such as, say, guidance notes. However you only need listen to the introduction of many TV parlour games to hear witty references to the inaccuracies of Wikipedia (one of the better known examples of social software) to understand that there are pitfalls for uncontrolled access in an area where accuracy is paramount.

Helping Lawyers... both in private practice and inhouse

I'm no fan of glib labels like *knowledge workers* but it is indisputable that law firms trade on expertise and this is largely about what they have done before and how that can help clients in the future. As such, any IT strategy that does not have KM close to its heart is likely to be missing a trick. However this is not simply about installing a search engine and hoping that it will cover up the ills of existing and/or poorly conceived solutions. This is about helping lawyers to use the firm's accumulated expertise more effectively to the benefit of clients and, let's be honest, the bottom line.

The use of KM must therefore start with the inception process – if effort is put in to categorising, richly and accurately, all new work and clients, less effort will be required to analyse and re-utilise any item stored against the same. That said, inception is only one half of the process for new business, with matter closure offering practitioners the chance to adjust categorisation to ensure that reality is reflected, such as matters that open as non-contentious but subsequently become contentious.

If the clients and their work are accurately categorised, it should be easier to provide lawyers with guidelines for their time and costs estimates based on (an ever increasing number of) similar matters previously undertaken by the firm. It should also be easier to identify useful precedential content based on a combination ...continued on page 4 ⇒

The renaissance of KM

⇒ *continued from page 3...* of the matter's inception/closure categorisation, the client categorisation, and each fee earner's practice area.

Search tools are able to tap into this categorisation and, in some cases add to it, to provide information taken from a number of underlying systems and integrated with clients and matters. When viewed this way, it is easy to see why KM should be at the heart of a firm's technology strategy rather than on the periphery as is so often the case.

As an inhouse lawyer, all of this may seem to be fine and dandy but may equally seem to have little relevance to your own situation. On the contrary, whilst inhouse legal departments are often poorly provided for in the technology stakes, this also means that they are not encumbered by solutions which have been created with little consideration for KM. As such, they might be able to work KM into the heart of any reappraisal of their existing technologies and, more importantly, ensure that any new systems are purchased with due consideration for KM as part of an overall strategy.

Unfortunately, none of this comes for free – it will require time and effort to plan a well thought strategy, and patience to implement it correctly. However console yourselves with the thought that some of those cash rich law firms have spent buckets of money yet still managed to leave KM languishing on the sidelines. Spending lots of money does not always equate to money well spent, so cut your cloth accordingly and make sure that it provides intelligent solutions that meet your real needs.

- *Paul Longhurst is an independent consultant working in the legal sector for 3Kites Consulting Limited. He can be contacted at paul.longhurst@3kites.com or www.3kites.com*

Law department organisation - aligning legal and business goals

by Jeff Hodge

Aligning your legal and business goals within a corporate law department can be as simple as taking a long look at the department's current structure and organisation. This extends to a much higher level than, for example, a filing system or a chain of authority.

As economies and businesses evolve into global-oriented endeavours, legal complexities are driving international business and risk is expanding into a multi-jurisdictional environment. There is increasing pressure on inhouse counsel from C-level management and regulators for financial, operational and risk accountability. The organisation of each law department varies depending on the corporation, the industry and the development as a whole. This leads me to ask: what is the best way to organise a law department? Is there a right or wrong way?

This often depends on each law department. For example, a centralised functional alignment – having practice groups aligned with each business unit structure – affords a strong emphasis on consistency, communications and unity. However it may also offer less incentive to develop structured coordination of cross-functional practice specialities.

A law department that is completely centralised – much like a law firm within a company – will offer high staffing flexibility and minimal duplication of effort. However this may foster a distant relationship with the clients and clients may not have a single point of contact. If a law department is completely decentralised, with each business unit having a separate legal organisation, concerns will likely arise regarding objectivity and vision for the overall risk/benefit analysis. There may also be unnecessary duplications and lack of economies of scale.

How can a law department successfully streamline and strengthen its organisation and address the ongoing demand by C-level management to define its value? By integrating simple business principles and organisational best practices into their law department.

First and foremost, strong law departments rely on strong leadership – in this case general counsel. General counsel face tough challenges and their business acumen and legal knowledge are key to resolving issues and problems. ⇒

⇒ By providing a combined business and legal strategic vision, general counsel can anticipate external legal and regulatory trends and developments. This is a spring board for innovative actions to address or avoid these problems. Furthermore, it is imperative that general counsel is included in most senior-level policy and decision-making teams. Within the department, general counsel should be involved in performance reviews, hiring, staffing and compensation decisions. This allows a uniform vision for law department management.

Secondly, know your law department's weak points. This is sometimes as simple as realising that lawyers specialise in the law, not business as a practice. Therefore it is important to supplement your staff with not only talented lawyers but also talented business personnel to help with law department administration and management. These business-oriented professionals will work to streamline processes and broker measurement and accountability for the law department's business function.

Thirdly, law departments that cannot measure and communicate their business value will suffer the consequences. Until recently, law departments were treated as autonomous entities within a corporation, immune from most guidelines placed upon the rest of the corporation's divisions. This was a necessity dictated by the confidentiality of law department documents and cases. Now, more and more law departments are being called upon to demonstrate their business value as well as their legal value.

Technology can play a key role in helping to measure a law department's business value. For example, matter management systems keep in-house counsel and general counsel abreast of issues and enable transparency into these issues at an early stage. Legal spend management technology that tracks and validates law department expenses with vendors and outside counsel allows in-house counsel to demonstrate not only where money is being spent but to identify how to save money for future expenses. Indeed, many companies achieve ROI on their legal spend management investment within one-to-three years and continue to save afterwards.

Ultimately, there is no right or wrong way to organise a law department. But simple measures and common sense, coupled with new technology, tools and business professionals, can help grow a law department's capacities and accountability.

• *Jeff Hodge is Senior Director, EMEA, at DataCert Inc. He can be reached at jeff.hodge@datacert.com*

DataCert acquires Corprasoft

Legal e-billing and spend management provider DataCert Inc has expanded its product line with the acquisition of Corprasoft Inc. Corprasoft are developers of the leading matter management system that allows corporate law departments to manage their legal activities, including document management, matter status and workloads. DataCert now provides a comprehensive software solution for law department business operations that includes e-billing, legal and IP spend management and matter management. DataCert and Corprasoft customers will now benefit from a product vision that includes a seamless integration of two proven products.

“DataCert and Corprasoft both offer top tier products, market to Fortune 500 law departments and specialise in complex integrations,” said DataCert president & CEO Eric Elfman “This strategic acquisition will not only benefit the overall legal market but existing customers will gain from our joint expertise.”

Corprasoft, founded in 1991, has long been a major force in matter management software innovation. The company released its Windows-based matter management software in 1993 and led the market with the release of the first web based matter management solution in 1998. Its clients include Barclays, Honeywell and ConocoPhillips.

“DataCert has a proven history of expanding its product portfolio to assist corporate law departments with business process efficiency and cost management,” said Corprasoft president & CEO Jim Bridges, “In addition to elevating our status as a legal technology thought leader, the combined operations of DataCert and Corprasoft will be strongly positioned for future growth in this high demand market.”

www.datacert.com

www.corprasoft.com

Factoid: tethered to technology

A survey of 1000 business professionals by the Associated Press and research company Ipsos discovered that taking a holiday doesn't necessarily mean leaving work at home. The results included:

- One in five took their laptops with them on vacation
- 80% took their cell phone on vacation
- 40% checked their emails
- 50% checked voicemails and personal messages

Who is the most likely to work during a holiday? The poll results indicated men in their late 40s or early 50s.

For the full results, visit www.ipsos.com

Insider Corporate Legal

Insider Corporate Legal (ICL) is published by Legal Technology Insider and read by corporate legal departments across the UK and Continental Europe. For all editorial and subscription enquiries contact Legal Technology Insider, Oak Lodge, Darrow Green Road, Denton, Harleston, Norfolk IP20 0AY, United Kingdom

Publisher & Editor: Charles Christian
Tel: +44 (0)1986 788666
Fax: +44(0)1986 788808
Email: news@legaltechnology.com

The next issue of Insider Corporate Legal will be published on 11th October 2007. www.legaltechnology.com

ISSN 1752-3184 © Insider Corporate Legal 2007
All rights reserved. Published by Legal Technology Insider Ltd. No part of this publication may be reproduced without consent. While every effort is made to ensure the accuracy of information, no guarantee is expressed or implied and the Publisher does not accept liability for any loss or damage that may arise from errors or omissions. Please note that website addresses can change. All brand names and trademarks are acknowledged. **Privacy policy:** we do not sell or disclose the names, addresses or contact details of our subscribers to anyone... ever!

Cut risks & costs by spending strategically

by Neil Cameron

This is part 2 of the article that first appeared in the September issue of ICL... The next stage is taking control of the department's matters in such a way that the department can add process and classification to their work, then take measurements and fine-tune the processes – and the firms to whom they dole out work – to make sure that they run as cost-effectively as possible. The key applications here are matter management and e-billing.

Matter Management

In contrast to document management systems (which manage matter-related documents and emails) matter management systems maintain and control the range of matters the whole legal department is working on, whether they are being undertaken inhouse or by an external panel firm. A DMS can only maintain a small amount of matter information, by reference to the documents stored against the matter; but there is a lot of vital information that relates directly to the matters themselves, such as:

- Which part of the business instructed the department
- Who has been assigned to work on the matter
- Which external law firms have also been instructed, what for and to what budget
- What other third parties are related to the matter
- What internal recharge mechanisms apply
- How – and for how much – will external firms be billing
- The classification of the work involved
- The maintenance of key activities and dates

A matter management system can do all this. In addition, it will permit better resource allocation by allowing management to determine lawyers' current workloads; it also enables better continuity and transition management since files and matters can more easily be transferred from one individual to another, if all the relevant information is in one place. Matter management can assist in better confidence in the ability to meet deadlines and contributes towards compliance with the Green Book, Sarbanes Oxley and the generation of efficient reports. They also reduce the risk of legal and business liability arising and result in less reliance on external counsel.

The lack of a matter management system is a hindrance to the collection of management information. The collection of the appropriate information when opening a file permits the matter management information system to run the reports and analysis that are required. All legal departments should have a consistent manner in which →

⇒ files (or transactions) are opened, identified and tracked. A consistent file opening system and a consecutive unique file numbering system greatly assist in management reporting, as well as in the implementation of document management.

Matter management systems also allow much greater identification – when a file is opened and who, within the department, has worked on similar file types before – and enable greater up-front knowledge sharing. As well as being used as a management tool for resource planning, and (if internal time recording is adopted) value for money analysis between (a) undertaking work inhouse and sending it to external law firms, and (b) between one law firm and another.

E-Billing

The next stage is specialist legal department e-billing systems, such as those provided by DataCert. This is a key element of inhouse legal automation. E-billing systems are programmed with the detail of the commercial agreement between the department and its panel law firms including the rates for each grade (or role) of fee earner, the travel rates, the photocopying rates, rules for multi-lawyer charging etc. Bills are then provided by the law firms in the appropriate e-billing format (usually LEDES) and fed through the e-billing system which will automatically identify non-compliant bills. These can then be returned to the firm with a list of irregularities and an invitation to correct it and resubmit. Only when a compliant bill is submitted will the lawyer in the legal department be asked to approve it for payment, again usually electronically.

There are significant additional benefits to be gained by implementing an e-billing system in association with a matter management system. For example the time recording, resource allocation and other features of the matter management system will, over time, provide a legal department with the ability to manage the total costs of the department (external and internal), and to compare the relative value for money of having specific types of work undertaken inhouse as opposed to by external counsel.

Technology benefits

The current methods of storing, maintaining and managing electronic documents and related emails used by many legal departments are inefficient and prone to operational error. In implementing a document management system significant improvements should result relating to efficiency and effectiveness, improving the productivity of the whole department and streamlining the working practices of the users and their ability to service the needs of the business. ⇒

⇒ Important documents and emails become corporate resources instead of being squirrelled away in a variety of inconsistent and inefficient ways; and as such can be retrieved, indexed, backed-up and shared much more effectively. Furthermore, it greatly improves the ability of the department as a whole to comply with corporate standards and procedures, and thereby reduce legal, regulatory and operational risk.

Apart from the intangible benefits referred to above, there are a number of potential opportunities for tangible cost savings, or cost avoidance:

- Reduced external counsel spend
- Increased efficiency of inhouse lawyers
- Space savings due to paper scanning.

Most large organisations spend several millions of pounds (or more) annually on internal and external legal services. In the light of expenditure of this magnitude, the company only has to effect a saving in the region of 2% or 3% – on the basis of the various factors outlined above – to more than cover the initial and ongoing costs of implementing document and matter management technologies. The additional benefits relate to the operational effectiveness of handling transactions.

They provide a mechanism for maintaining information on all the legal department's transactions and provide a means of managing the matters more effectively. Over time a system will allow an internal legal department to answer questions such as:

- Are we more cost-effective at managing certain matter types than others internally?
 - Are some of our external advisers more cost-effective at managing certain types of matters than others?
 - How much do we spend on specific types of transactions?
 - Do we accurately re-charge for work?
- Can you answer all those questions?

• *Neil Cameron is a legal IT management consultant and head of the Neil Cameron Consulting Group. He can be reached at neil@neilcameronconsulting.com.com*

Legal technology and Web 2.0

by Cole Morgan

Web 2.0 is characterised by a decentralisation of authority, open methods of communication, and the constant refinement of work product within communities. Emerging from these silos of information and static applications, this next generation of web shifts the focus to user experience, dynamic content and functionality.

The key driving force for near-term technology innovation in the legal community is the desire for collaborative mechanisms. Technologies that support the legal industry today will begin to move outside of the boundaries of the firm or corporate client firewall and allow for direct input of relevant content by involved parties. This change will create a fundamentally new construct for client/counsel interaction. But will time spent collaborating online with a client be deemed billable within the construct of an outside counsel relationship? Will the traditional billable-hour model persist? Will the systems that support these collaborations be subject to the same lawyer/client privilege rigours as paper and spoken correspondence?

Legal technology solutions have traditionally focused primarily on the aggregation of data for management reporting and historical trends analysis. The result has been the creation of systems that mimic the work routines of the past yet are difficult to use and provide only modest value-add to the user. As the legal community increases its technology sophistication, it will demand IT systems provide more immediate relevance and decision support information. In fact, the desire for an increasing amount of information relevant to context may be the key driving force behind the convergence (either by consolidation or integration) of the disparate systems in use today.

By providing information to support individual working tasks, IT can dramatically improve the work routines of the legal professional. For example, when selecting firms to retain on a matter, systems will provide data on the performance of firms in similar matters in the past. By fluidly embedding this ability to review information and take action within the relevant context, web 2.0 technologies can increase the efficiency and effectiveness of the decision making processes.

Such systems will also increasingly rely on user generated content. As systems evolve from historical data repositories to providing more active and relevant content, valuable information can be drawn from the actions of users to ➡

➡ support other actors within the system. For example, while notifying a corporate client of an amount due for payment, a law firm could update a budget and provide a status update on the corresponding matter. This would create a far more accurate system than one managed by the client alone and is more efficient for both parties. It may even revolutionise the manner in which highly variable legal services are accounted for and managed. If budget-to-actual performance can be tracked in realtime, lawyers will almost certainly develop more advanced models facilitating predictability and cost efficiency.

The future will also see the emergence of legal community web sites providing focused content to small groups of interested parties. Much, if not all, of the content of these communities of practice will be contributed by the users of the system. Early versions of these systems will undoubtedly be modelled after the wiki or blog technologies in use today.

Use of these systems will require a major shift in thinking for the legal community. In an industry whose primary marketable asset is knowledge, protectionist sentiment towards new ideas and interpretations will not fall easily. However as new ways of thinking emerge, this form of information sharing will fundamentally change the nature of legal research and professional interaction in the legal community.

In a market where reputation and word of mouth are the primary forms of marketing, new entrants can establish themselves by demonstrating credibility in these online forums. A more open exchange of ideas will provide entirely new sources of research in addition to the legal libraries of case law available today. Legal professionals will be able to leverage the actual experiences of the members of its community.

• Cole Morgan is managing director of DataCert Inc. He can be reached at cole.morgan@datacert.com