



The Changing Legal Industry

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Note:

This paper presents a discussion of technology issues. The contents of this paper are presented to create discussion in the legal industry on this topic; the contents of this paper are not to be considered an adopted standard of any kind. This does not represent the official position of the SeDanGroup.

The Changing Legal Industry

Technology changes overnight. Once you buy the newest smart phone, there is already a newer phone within a few months. Terms like Cloud storage, Big Data, Encryption, Analytics, Hacking, Social Media Management and eDiscovery are new and many attorneys are not familiar leading to misunderstandings and frustration. Studies show that law firms need to effectively incorporate technology in order to compete with non-law firm alternatives for legal representation, to streamline administrative costs and to improve security.

Virtual office technology helps attorneys work without a renting office space. Most Courts also have electronic filing systems so the days of delivering paper copies to the Court Clerk are nearly gone. Shared files and data management software streamline the work. Social media and mobile versions of websites are now considered essential for advertising. Most large law firms maintain blogs on the firm's website. Attorneys or firms that refuse to update technology and take advantage of social media will lose revenues and may have trouble staying in business.

The Changing Legal Industry

According to a recent study, *Trends & Opportunities in Law Firm Outsourcing 2014 – 2015* conducted by Williams Lea for Sandpiper Partners, LLCⁱ, pressure from clients concerned with costs, data security and data protection are driving law firms to outsource back office administration and technology “IT” functions to Managed Services Providers. In fact, data security and protection were the second highest concern per the studyⁱⁱ.

While administrative and secretarial costs in law firms are being reduced, spending for in-house technology and cyber security are projected to increaseⁱⁱⁱ. Look at the high profile cases of security breaches such as Hillary Clinton’s email, Target Stores’ credit card data and Ashley Madison’s back office data. Regardless of a person’s opinion of the entity or person whose data was hacked, the damage to those involved is immeasurable. Law firms and solo practitioners need to protect their data. It is inevitable that a law firm will suffer a similar, high profile security breach. Fear of data being hacked, how to efficiently store volumes of sensitive client and lawyer information are front line concerns for many lawyers and law firms today.

Outsourcing data security and management along with IT support are effective means to both reduce employment costs and

The Changing Legal Industry

improve service in those areas^{iv}. Law firms need to prepare for and incorporate changing technology in their practices^v. A LexisNexis list of 2015 predictions encourages law firms to hire twentysomething “whiz kids” to help with social media and technology^{vi}. Big Data predictive coding and technology will be necessary to compete^{vii}. Security Breaches will impact law firm insurance policies and protection strategies will need to be addressed^{viii}.

What do these changes mean for lawyers and law firms?

Finding a reliable outside vendor to assess and implement Managed IT Services needs to be high on the “to do” list. In the alternative, hiring an in-house IT specialist to oversee both data security as well as assess and improve technology solutions for information management will be crucial. Legal practices must change to catch up to technology.

In the instance of a group of attorneys working on a case together, well designed cloud-sharing means less emailing of drafts back and forth within the same law office. All current drafts and filings can be maintained in one central location for all persons on that case to access. This may seem simple given the level of

The Changing Legal Industry

technology available today yet many law firms are slow to update. Paranoia about a security breach also hampers improvement. The Cloud is still a nebulous concept for many attorneys. It is hard to trust what you do not understand. Therefore, it is important to find an IT vendor to assist with upgrading internal data management and security. Hire an expert so you can focus on the lawyering.

Studies show a trend that the majority of law firms are looking to increase technology spending and data security while reducing headcounts in secretarial and administrative areas. Reducing costs with better workflow and improved technology will keep a law firm competitive. Potential clients have more options when legal help is needed so traditional law firms need to modernize and reduce costs.

Clients do not want to overpay nor does a client want to see his/her law firm in the news for a data security breach. Law firms that move to Managed IT Services Providers or hiring IT specialists can take advantage of the newest technology. Most Managed IT Service Providers companies both assess data security risks and offer solutions to possible risks. In addition, those same entities can review workflow systems and offer technology to improve and

The Changing Legal Industry

streamline those processes with Business Process Management and Business Analytics tools. Many also offer social media consulting including developing mobile versions of websites and assistance creating a firm blog.

Technology has revolutionized all industries. The legal industry is no exception; it is just a stubborn industry that is reluctant to change with the times. In regards to revising the interpretation of a long-standing rule of law, it is wise to be measured and consider radical re-interpretations slowly. In contrast, maintaining a competitive edge and securing sensitive information demands a faster response. Law firms that decide to keep up with the speed of technology with high quality Managed IT Services or in-house IT staff will survive to practice measured and considered law for the benefit of their clients.

ⁱ <http://www.williamslea.com/sites/default/files/white-papers/2015-trends->

ⁱⁱ Id. at 14

ⁱⁱⁱ Id. at 17, 19 and 20

^{iv} Id. at 24

^v 2015 Law Firms in Transition an Altman Weil Flash Survey, http://www.altmanweil.com/dir_docs/resource/1c789ef2-5cff-463a-863a-2248d23882a7_document.pdf, at 13 -14. ("Altman")

^{vi} <http://businessoflawblog.com/2014/12/predictions-legal-2015/> at #10

^{vi} Id. at #12

^{vii} Id. at #17 to #25

^{viii} Id. At #17