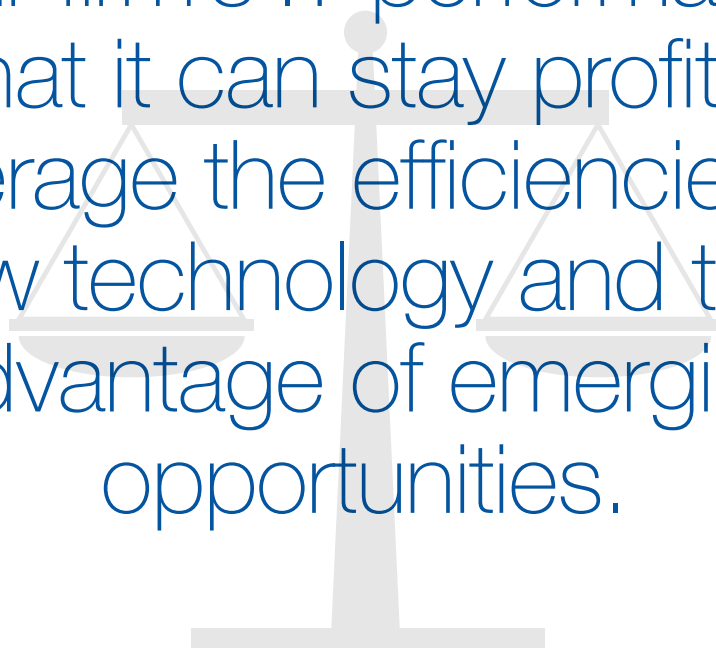


WHITE PAPER

# 10 Things Every Law Firm Should Know About Improving IT Performance: A Practice Director's Guide

To remain successful and experience growth, you must focus on improving your firm's IT performance so that it can stay profitable, leverage the efficiencies of new technology and take advantage of emerging opportunities.



# Executive Summary

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After several years of operating in a challenging economic environment that witnessed the financial failure of many law firms, Practice Directors are once again optimistic about their firm's future. The economy is recovering and a feeling of stability and confidence is returning.

However, this is not the time to relax and return to business as usual. We are experiencing a technology revolution that threatens to leave behind law firms that don't prepare themselves for the future. Now is the perfect time for you to examine your firm's technology environment and set new goals.

This white paper highlights 10 things every Practice Director should know about the challenges and benefits of improving IT performance:

1. Investing in Your IT Infrastructure is an Investment in Your Firm
2. The Rising Importance of Legal Project Management & Business Intelligence Tools
3. An Aged or Weak IT Infrastructure Threatens Your Business Continuity
4. Data Storage & Security
5. Mobility & Remote Working
6. Deciding Whether an In-House IT Team is Necessary
7. The Cultural Shift of Transitioning to a Managed IT Provider
8. Contracting with a Managed IT Provider
9. Issues to Consider when Negotiating a Cloud Service Agreement
10. Successful Law Firms are Outsourcing IT, Should You Consider It?



# 1. Investing in Your IT Infrastructure is an Investment in Your Firm

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*Without a reliable, robust, and resilient infrastructure, it will be difficult for your firm to stay competitive. You need better and newer technology to reduce costs and increase productivity.*

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Without a reliable, robust, and resilient infrastructure, it will be difficult for your firm to stay competitive. You need better and newer technology to reduce costs and increase productivity.

Investing in your IT infrastructure is not simply a matter of innovating for the sake of innovating. Infrastructure upgrades set the groundwork for future technology improvements, enable your staff to leverage more sophisticated legal project management and business intelligence tools, increase your staff's ability to use mobile devices, expand your data storage capacity and enhance the security of your data. The resulting efficiencies will be the driving force behind higher revenues and profits.

## **Law Firms Don't Spend as Much as Other Businesses on IT**

The average top UK law firm spends 4.1% of revenue on IT. Although that percentage increases every year, it's still 2% to 3% lower than other business sectors, including education, media and entertainment, as well as banking and financial services.<sup>1</sup> Clearly, the legal sector is lagging behind the technology curve.

## **Focus New Investment on Your Firm's IT Infrastructure**

After reviewing the economy of small to medium-sized law firms in the UK, NatWest made this profound conclusion; "Firms must invest in IT and knowledge systems consistently, so that their fee earners can produce more in a day than they would otherwise. Such investment should be designed to improve quality, reduce risk, and increase efficiency. The firms that have invested wisely in this way do not need as many fee earners to achieve the same level of fee income as other firms."<sup>2</sup>

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<sup>1</sup> Legal Support Network, Legal IT Landscapes 2015, 2015.

<sup>2</sup> NatWest, 2013 Financial Benchmarking Report – Law Firms, 2013.

## 2. The Rising Importance of Legal Project Management & Business Intelligence Tools

*The ultimate value of these legal technology solutions depends on the health of your IT infrastructure.*

Project management and related software, along with other business intelligence tools now rank at the top of the list of what legal IT leaders say are the best for driving competitiveness and efficiency. That's according to a survey conducted by Legal Support Research of law firms with revenue exceeding £10m.<sup>3</sup>

The rising importance of legal project management and business intelligence tools is based on the recognition that firms must change the way they work and manage themselves. If they are to thrive in an economy that is increasingly powered by technology, firms must adopt the most useful technologies.

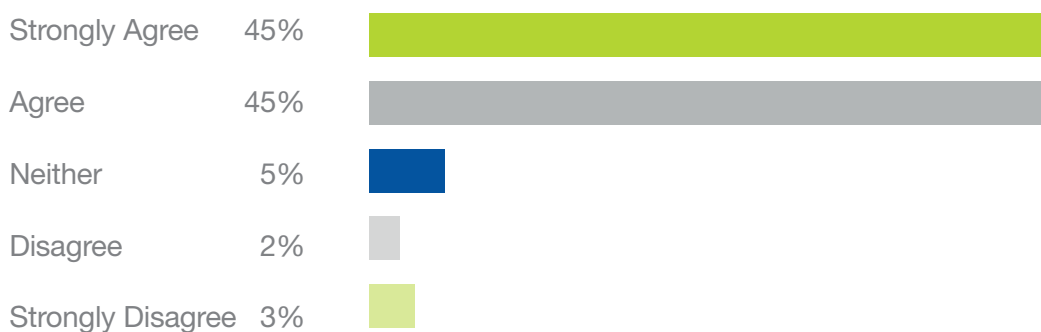
The results of the Legal Support Research survey makes it clear that although the need to make strategic business decisions is a big driver behind the changing attitudes about IT within law firms, there is a deeper level of urgency.

Firms need more and better-integrated management information to help them understand how to change the way they work so that they can better align themselves with the coming projects-focused and process-focused future.

The ultimate value of these legal technology solutions depends on the health of your IT infrastructure. Whether it's a new case management system or a highly integrated business intelligence suite, it all relies on fast networking, maximised connectivity, and ample data storage. Any investment in state-of-the-art applications requires a related investment in your firm's IT infrastructure.

<sup>3</sup> Legal Support Network, Legal IT Landscapes 2015, 2015.

*Law firms in general need to collect and analyse more management information than they currently do to get the edge they need in an increasingly competitive legal market*



Source: Legal Support Network, Legal IT Landscapes 2015, 2015

### 3. An Aged or Weak IT Infrastructure Threatens Your Business Continuity

*Having a business continuity plan is more than a good idea. It is an obligation.*

Ensuring your firm's ability to continue operations and handle your clients' affairs in the event of a business interruption event is essential for the protection of your firm's business and reputation. Your firm, and its IT infrastructure, must be prepared for such things as natural disasters, vandalism, theft, or the departure of key lawyers or staff.

The international legal community is becoming increasingly aware of the need to have a documented disaster recovery or business continuity plan. Reflecting this awareness, the percentage of firms with such a plan has risen steadily over the past few years from 48% in 2012 to 56% in 2014.<sup>4</sup>

Having a business continuity plan is more than a good idea. It is an obligation. The Data Protection Act requires that businesses take appropriate technical and organisational measures against accidental loss or destruction of personal data. Additionally, Chapter 7 of the SRA Code of Conduct requires firms to identify and monitor operational and business continuity risks related to IT failures and abuses.<sup>5</sup>

If you have a business continuity plan in place, or you are in the process of creating one, you know how much that plan depends on your IT infrastructure. That's because effective plans provide for the protection of business-critical data using network security protocols and a reliable backup system.

The reality is that it doesn't matter how well written your continuity plan is if your IT infrastructure is aged or weak. For instance, some firms that back up their data on a regular basis are living with a false sense of security. That's because they've made the mistake of storing their backups on site or in another unsafe location.

A best practice is to upgrade your IT infrastructure to allow for routine backups or data synchronisation. Consider cloud storage as a business continuity strategy that supports both backup and remote recovery of business-critical data as well as robust security and encryption protocols.

<sup>4</sup> International Legal Technology Association, 2014 Technology Survey, 2014.

<sup>5</sup> SRA Code of Conduct 2011.

## 4. Data Storage & Security Concerns for Your IT Infrastructure

*The downside of managing a growing number of servers within an aging IT infrastructure environment is the increasing financial and time costs associated with maintaining an internal IT team.*

It's never been easier to store and protect data. Law firms have a wide range of options when it comes to data storage and security. With so many options, it's often difficult to decide on the best way to manage concerns about cost and the very real possibility of data breaches.

### **Concerns about Data Storage Costs**

Fortunately, the cost of storage devices are steadily decreasing while their capacity is increasing. Firms can now afford to store an enormous amount of data and data backups, in a relatively small space. However, maintaining a robust IT infrastructure involves more than adding storage devices. That's because they are only one component of your IT infrastructure that includes all of the equipment, systems, software and services used throughout your firm.

### **Concerns about Data Breaches**

In 2014, there were 15 incidents of data breaches within the legal profession, prompting the Information Commissioner's Office to issue a public warning that solicitors and barristers need to do more to ensure that client information is kept safe.<sup>6</sup> Because of the sensitive nature of the information handled by law firms, and the monetary penalty of up to £500,000 for a serious breach of the Data Protection Act, it's important to get your data security strategy right.

### **Cloud Storage is a Secure Alternative**

Cloud storage is one of the best ways to store and secure sensitive information. Here are a few reasons why:

- Cloud storage is scalable, and you only pay for the storage space you need
- The monthly expense is predictable
- Data can be easily backed up and synchronised to eliminate the fear of data loss
- You have control over who accesses the data
- Cloud storage allows for remote access from any location
- It supports your business continuity plan by allowing for fast and efficient data recovery

<sup>6</sup> Information Commissioner's Office, Information Commissioner 'Sounds Alarm' on Data Breaches Within the Legal Profession, August 2014.

## 5. The Mobile Technology Revolution is Here, Are You Ready?

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*To realise the efficiencies that innovative mobile technologies promise, your infrastructure must evolve with a goal of facilitating mobility instead of hindering it.*

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Ready or not, the mobile technology revolution is here.

Smart phones and tablets are changing the way law firms conduct business. Apps that offer new conveniences and extend the functions of desktop computer software, along with the ability to access documents and data from virtually anywhere, have given practitioners greater flexibility in how they serve clients.

Worldwide, an average of 40% of lawyers in firms of all sizes use tablets and 37% have access to email via their smartphone or tablet.<sup>7</sup> Those numbers have been increasing steadily each year.

The questions you must ask now is whether your IT infrastructure is ready for the revolution.

### **Increased Remote Access Places More Demand on Your IT Infrastructure**

The more your lawyers and staff use their mobile devices to manage email and access information on your network, the more data is moving through your IT infrastructure. To realise the efficiencies that innovative mobile technologies promise, your infrastructure must evolve with a goal of facilitating mobility instead of hindering it.

As both the number and types of mobile devices increase, so does the burden on your IT team. In addition to maintain existing systems, they must develop new policies, perform training and increase their capacity to provide ever-widening support services across multiple mobile platforms.

### **Mobile Device Usage Creates Security Concerns that Can't Be Ignored**

Each mobile device that accesses your network creates an additional risk of a data security breach. Whether you provide your staff with mobile devices, or they are allowed to use their own, it is crucial that you effectively manage security. Among other things, this means requiring strong passwords to access the network, forcing the use of passwords to unlock mobile device screens and using a mobile device management application that increases your visibility and control of each device.

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<sup>7</sup> International Legal Technology Association, 2014 Technology Survey, 2014.



## 6. Deciding Whether an In-House IT Team is Necessary

44% of respondents believe that their firm's top management primarily views the IT department as an expense, whilst only 33% views the IT department as an asset.

Having an in-house IT team has both advantages and disadvantages. You may enjoy a feeling of control by keeping your IT infrastructure in the hands of your employees. However, maintaining an in-house IT team can be expensive, and your team may struggle with keeping software and hardware up to date, integrating newer technology, training users and providing help desk support for your firm's staff.

Although there is a general attitude shift towards a greater use of managed IT providers, each firm has to make its own strategic decisions. One respondent to a survey seeking opinions on outsourcing IT services gave the following response: "I strongly believe that with the right service culture, it is better to have support in the firm, not out of it"<sup>8</sup>

Fortunately, outsourcing doesn't necessarily mean that your Managed IT Provider will be managing your systems remotely. The right provider will offer the level of service you need, which could include having their technicians working on-site as a part of your team.

Additionally, how a firm regards its in-house IT team will play a role in the decision. According to a study by the International Legal Technology Association, 44% of respondents believe that their firm's top management primarily views the IT department as an expense, whilst only 33% views the IT department as an asset.<sup>9</sup>

Here are a few questions to ask when deciding whether to maintain an in-house IT team or to rely on a Managed IT Provider:

- **Does your firm's management view your in-house IT team as an asset or an expense?** If it is considered an asset, then treat it as one. Make the necessary financial investment to create an infrastructure that will enable you to reduce IT-related risks, help your staff to function with greater efficiency, and drive profitability. A Managed IT Provider can help focus your investment.

<sup>8</sup> Legal Support Network, Legal IT Landscapes 2015, 2015.

<sup>9</sup> International Legal Technology Association, 2014 Technology Survey, 2014.

## 6. Deciding Whether an In-House IT Team is Necessary (continued)

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- **Do you need to have a high level of expertise on site every day?** This is a cost-benefit analysis. If the cost of having an in-house team outweighs the daily benefits, it may be more practical to outsource services that you can access only when you need them.
- **How effective is your in-house IT team?** If you have concerns about their ability to maintain your systems or manage new projects efficiently, you may need to consider seeking outside expertise.

## 7. The Cultural Shift of Transitioning to a Managed IT Provider

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While you are considering transitioning some or all of your IT services to a Managed IT Provider, it is important that you manage the impact this transformation will have on your firm. In a very real sense, your organisation's culture is evolving—and with change comes challenges and opposition.

As the Practice Director, you will be responsible for leading this IT transformational change. Your ability to lead this change in a proactive manner is crucial to the success of your firm.

A landmark study conducted by IBM Global Business Services ranked the key change management elements in the order most needed for successful outcomes.<sup>10</sup> You'll see that each one of these elements relate in some way to the culture of your organisation. A major part of your effort must be devoted to nurturing a firm-wide commitment to an evolved recognition of the value of managed IT services and how your firm invests in them.

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<sup>10</sup> IBM Global Business Services, *Making Change Work... While the Work Keeps Changing, How Change Architects Lead and Manage Organizational Change*, 2014.



## 7. The Cultural Shift of Transitioning to a Managed IT Provider (continued)

Here are a few factors to consider while managing the cultural shift of transitioning to a Managed IT Provider:

**Top management sponsorship** – Leaders set the tone so it is essential that your firm’s leadership openly express their support for strengthening the firm’s IT infrastructure.

**Employee involvement** – Having lawyers and staff involved in the decision-making process helps them understand the need for change and generates support.

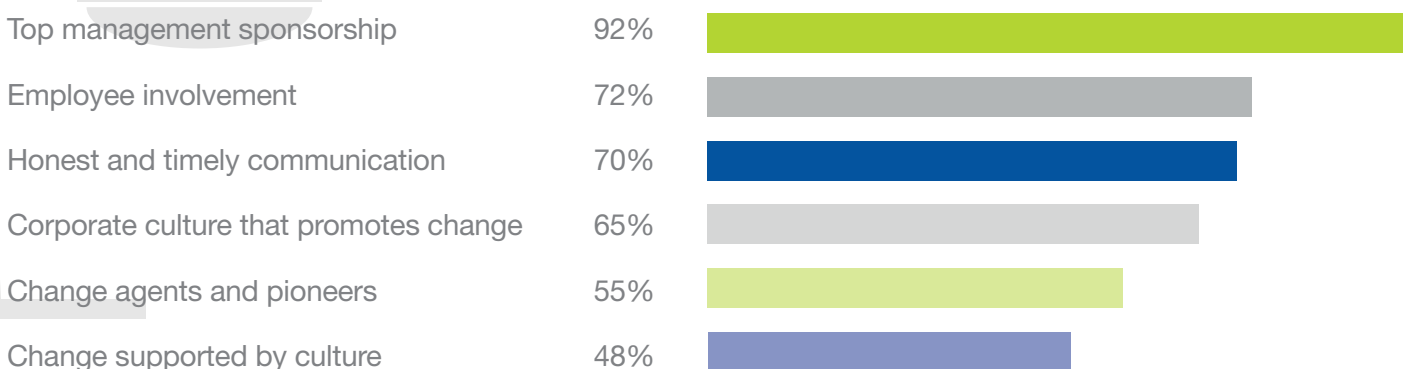
**Honest and timely communication** – Keep everyone informed about the process so that no one is surprised and concerns can be addressed quickly.

**Corporate culture that promotes change** – You have an advantage if the culture of your firm already embraces change in other areas of firm management.

**Change agents and pioneers** – Even though support from top management is essential, you still need change agents at all levels of your organisation.

**Change supported by culture** – Helping everyone understand how important technological advancement is to the firm’s success will nurture a culture that supports your transition to a managed IT provider.

*Factors for Successful Change*



Source: IBM Global Business Services, *Making Change Work... While the Work Keeps Changing, How Change Architects Lead and Manage Organizational Change*, 2014.

## 8. Contracting with a Managed IT Provider

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*Your provider must be able to conduct 24-hour systems monitoring, respond quickly to problems, and work on site if necessary.*

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Because you are running a law firm—and not an IT company—contracting with a Managed IT Provider is an excellent strategic decision. When you invest in outsourced managed IT services, you are improving your firm’s ability to operate efficiently by eliminating the distraction, time and cost burdens of managing your own IT infrastructure. Free of these burdens, your legal and support staff are free to focus on their core functions that drive revenue and profits.

Here are a few issues to consider when selecting a Managed IT Provider.

### **Find an IT Provider You Can Trust**

Do not think of your Managed IT Provider as just another company that delivers services to your firm. It is important that you find a true partner whose recommendations you can trust. During the selection process, ask penetrating questions so that you can feel confident that the IT provider shares your firm’s goals and has the technological expertise necessary to help your firm achieve those goals.

### **Follow the SRA’s Guidance on Cloud Computing**

Among other things, the SRA recommends that you perform adequate due diligence and select a Managed IT Provider that:<sup>11</sup>

- Is a reliable, established, known and well-regarded provider
- Can offer full Safe Harbour compliance if data is stored outside of the EEA
- Can provide acceptable up time and audited information security
- Can meet the requirements of Outcome 7.10 of the SRA Code of Conduct, which requires contractual terms authorising the SRA to access data and visit provider premises

### **Can Your IT Provider Deliver the Help You Need, When You Need It?**

Even the IT provider that seems most qualified is not a good partner if they can’t deliver the support that you and your staff needs when it’s needed. When someone needs help with a system, or something goes wrong, every second matters. Your provider must be able to conduct 24-hour systems monitoring, respond quickly to problems within agreed SLAs, and work on site if necessary.

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<sup>11</sup> Solicitors Regulation Authority, Silver Linings: Cloud Computing, Law Firms, and Risk, 2013.

## 9. Issues to Consider when Negotiating a Cloud Services Agreement

Because your transition to the cloud involves mission-critical services and sensitive information, you should focus on negotiating a cloud services agreement that adequately protect your firm's business and legal interests, as well as those of your clients.<sup>12</sup> You will find that the right partner will be accommodating.

Here are a few points to consider:

**Compliance with the Data Protection Act of 1998.** The Law Society's practice notes on cloud computing<sup>13</sup> stress the importance of having a written contract and that the Managed IT Provider's servers and applications comply with the provisions of the Data Protection Act.<sup>14</sup>

**Data Security and Confidentiality Provisions.** Law firms are subject to professional conduct obligations to maintain client confidentiality. To maintain compliance with the rules of the Solicitors Regulatory Authority (SRA), you must have guarantees of confidentiality and integrity of your data.

**Follow SRA Guidelines.** Because the SRA has broad investigative powers, your contract should ensure that your provider allows the SRA to be able to obtain information from, inspect the records of, or enter the premises of the provider, in relation to the services provided to your firm.<sup>15</sup>

**Service Level Agreement.** Negotiate the highest uptime commitment as possible as well as the right of immediate termination if downtime exceeds a specific level.

**Indemnification.** Seek indemnification for third-party claims regarding breach of confidentiality obligations.

**Post Termination Transition Provisions.** It takes time to migrate your data, so be sure to require 90 to 180-days' notice of the date your data will be locked or deleted after termination of the agreement. Also, to prevent data loss and ensure data security, request that the provider assist with the migration process and certify that your data has been deleted when the migration is completed.

<sup>12</sup> CIO, How to Negotiate a Better Cloud Computing Contract, 2010.

<sup>13</sup> The Law Society, Practice Notes – Cloud Computing, 2014.

<sup>14</sup> Information Commissioner's Office, Data Protection Act of 1998 – Guidance on the Use of Cloud Computing, 2012.

<sup>15</sup> Solicitors Regulation Authority, Silver Linings: Cloud Computing, Law Firms, and Risk, 2013



# 10. Successful Law Firms are Outsourcing IT, Should You Consider it?

*Technology should be a differentiator and help their firm become more efficient, more capable, more flexible and more profitable.*

Just a few short years ago, most law firms considered outsourcing IT functions and migrating data services to the cloud too risky to pursue. Sector analysts were vocal about the need for a significant change in thinking. They were hopeful that Practice Directors and CIOs would come to the realisation that the future of law firm technology is no longer just about cost cutting, but is about careful investment that yields improved efficiency and good financial management.<sup>16</sup>

Today, attitudes have changed dramatically. Legal IT leaders believe, in ever-increasing numbers, that they need better and newer technology to increase efficiency. They know that technology should be a differentiator and help their firm become more efficient, more capable, more flexible, and more profitable.<sup>17</sup>

According to a 2014 survey of law firms with £10m in revenue and higher, 65% of respondents said that their firm currently outsources some form of IT provision and 57% reported that their firm was likely to consider outsourcing IT services or provisions in the future.

Additionally, PwC's 2014 Annual Law Firms' Survey revealed that IT and automation ranks 5th in the financial priorities for law firms over the next twelve months. Business process outsourcing, particularly IT support, remains a viable solution for many firms.<sup>18</sup>

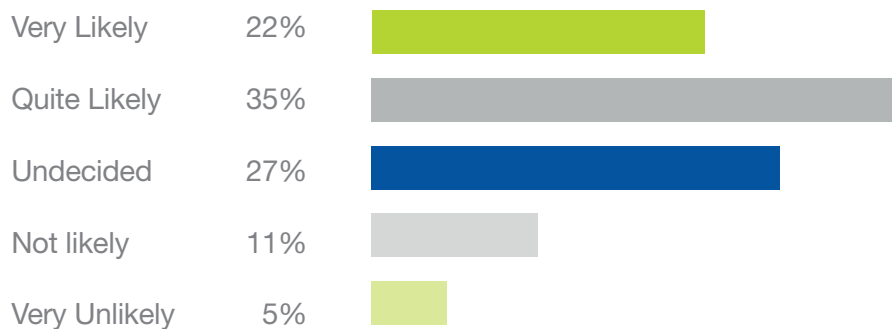
Based on these trends, fuelled by greater confidence in the cloud and advancements in technology, law firms will be turning to Managed IT Providers as an investment in their firm's future.

<sup>16</sup> NatWest, 2014 Financial Benchmarking Report – Law Firms, 2014.

<sup>17</sup> Legal Support Network, Legal IT Landscapes 2015, 2015.

<sup>18</sup> PwC, 2014 Law Firms' Survey, 2014.

*How likely is your firm to consider outsourcing IT services/provisions?*



Source: Legal Support Network, Legal IT Landscapes 2015, 2015

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# Taylor Made Computer Solutions is Your IT Partner

Law firms are facing many urgent technology issues. As a Practice Director, you need a partner that can help you navigate these issues and maintain an IT infrastructure that empowers your firm to improve the quality of its services while reducing business risks.

Taylor Made Computer Solutions understands the technology environment in which law firms must operate. By blending this understanding with broad and deep expertise as a Managed IT Services Provider, Taylor Made can help you make the types of strategic decisions that result in increased efficiency, revenue and profits.

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