

# Briefing

MANAGING RISK

MARCH 2014

*Interview*

## **Chris Vigrass**

Ashurst's risk chief on managing commercial risks and more

*Feature*

## **Risk and reward**

Can legal learn to take risks like other businesses do? We find out how firms are getting there

*Research*

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# CHANCE



**Can legal business learn to take commercial risks like other businesses? Should it? And can it afford not to?**



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# Turning risk into business



**Businesses take risks. It's what entrepreneurialism is all about. But can legal businesses be like that? Can they be entrepreneurial in the same way, or to the same extent?**

**Should they? Can they not?**

Risk management in law firms, following the COLP rules that ensured that risk leaders most likely have to be lawyers, has had a push back to the world of legal rather than business risk. Can it now swing the other way, in line with the goals of outcomes-focused regulation? OFR was welcomed by many top firms as potentially unleashing their businesses – but in reality, there is a gulf between how businesslike law firms think they are, and how commercial they could be.

In this issue of **Briefing**, we examine the challenges of today's risk management and ask: how can law firms use risk management to become better businesses?

Our interview with **Chris Vigrass** of Ashurst, and our feature, including interviews with risk and operations leaders at **A&O, BLP, DWF and Hogan Lovells**, analyse these areas in detail. Plus this month we have industry insight on business, commercial and compliance risk management ranging from how dangerous email is (in so many ways, it turns out) to creating automated risk set-ups inside tomorrow's firm.

Should you or your firm be in **Briefing**? Perhaps you could recommend a business leader for an interview or feature article? Email me at [rupertw@lsn.co.uk](mailto:rupertw@lsn.co.uk).

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## **Interview:** **Chris Vigrass, Ashurst**



Rupert White speaks to Ashurst's director of risk management about focusing on commercial risk, automating work for compliance, and managing risk internationally

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## **Feature:** **Risk and reward**



Declan Tan asks if legal business can take more risk to make more revenue and how can it take risks while remaining true to the practice of law?

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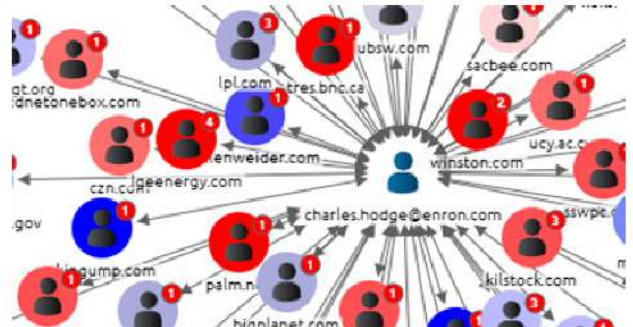
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This month's interview with **Chris Vigrass of Ashurst** was transcribed by:





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*The Briefing Interview*

# Rules of engagement

*Building an international risk framework, automating new business intake and compliance, defining breaches and assessing risk against a new, more nebulous regulatory backdrop, and building a more commercially focused risk management function in tomorrow's top law firms. It's all in a day's work for Ashurst's director of risk management, Chris Vigrass*

*Words: Rupert White. Photography: Jonathan Goldberg*

**Risk is the lifeblood of business. Entrepreneurship is about taking calculated risks, and those risks create jobs, wealth and trade. This is the lesson that law firms must learn to be much better businesses – to compete much more effectively in tomorrow’s competitive legal market, whatever size they are.**

Some legal businesses are already well on their way to this goal – Capita-backed legal entities, private equity market investment, reformatted limited companies with pure management boards, highly competitive corporate firms... these and more are, as you read this, rewriting the rules of engagement in your market.

For law firm risk chiefs, that should be a massive opportunity – but there’s every likelihood that you, or your firm’s risk head, doesn’t see it that way. There are many reasons for this, ranging from an inability for the risk leader to be seen as someone responsible for more than ‘just’ compliance, to a deep-rooted inability to break as a firm from the risk-averse backdrop of law.

Chris Vigrass has been on both sides of the fence – he was a litigation partner at Ashurst until 2008, when he was made up to director of risk management. His firm faces the classic ‘new normal’ legal market challenges – growth in a competitive market space, leveraging and aligning international growth and mergers, and trying to reshape the business to be more commercially capable while increasing compliance capability.

Ashurst’s recent merger with Ashurst Australia created an “awful lot of work” both before the November tie-up and beyond, he says, but risk heads like him have many international challenges. These range from being ‘one firm’ and managing risk across jurisdictions that have very different approaches to it (more on that later), to conforming to ever stronger rules in places where key clients reside.

“Information security/information assurance remains a very hot topic, which is being pushed down to law firms by financial institutions and other clients, particularly those regulated by the US Office of the Comptroller of the Currency [the US national and international bank regulator].

“Well-known American financial institutions, for example, have to show their regulator that they are protecting client data appropriately and, in turn, because they give us some client data, we have to meet all the standards imposed upon them by the US regulator. That was arduous initially but less so after going through the process two or three times. In a way it’s proving quite useful in further raising our standards.”

This is an interesting counter to the way Europeans usually view US state data regulation – for a change, US information rules are raising a UK business’s game. Vigrass says there’s a large conceptual separation between US national data protection (compare and contrast the Snowden story and leaks around NSA behaviour) and regulatory direction on sectors such as financial services – in the latter case, he says, “the Americas, I think, are setting the standards”.

One of those standards may be on its way to the UK, via the EU. The US operates a system whereby organisations are fined for losing or otherwise compromising personal data, and banks have to declare to clients when this has happened. The former exists here in the UK, but the obligation to inform people of lost data doesn’t generally exist in Europe. It may, however, yet come to pass. That’s why firms working in the US system take out ‘cyber insurance’, says Vigrass – and, if long-awaited EU data protection regulations come down on the side of forcing communication and exposure of data leaks, says Vigrass, “there will be a host of law firms knocking on the doors of the cyber insurers, and we’ll all have to increase our standards”.

But Vigrass is keen to point out that corporate/commercial firms don’t have a lot of personal data, compared to PI, family, med-neg or other, more consumer-focused firms. But firms like Ashurst do nonetheless hold sensitive personal data – which “has to be appropriately protected”.

Another risk topic for 2014 is a continuing teasing out of the relationship between the SRA and internationally practising firms. “It will be interesting to see how their international approach works in practice,” says Vigrass. Whatever the SRA does, he and the firm



are pushing ahead with a methodology focused on “local risk champions or risk partners, and making sure that local MLROs are up to speed”. That’s in response to the SRA’s “more articulated approach” to firms with international offices, says Vigrass, but it’s also, following the Ashurst Australia merger, to drive consistent standards across the whole legal group.

On a more prosaic level, Vigrass is pleased that the SRA has seen fit to soften its approach to applying outcomes-focused regulation, in areas such as requiring firms to report all breaches, material or not – but, of course, they still have to record all breaches and be capable, if necessary, of reporting them.

Putting aside the wonderful vagueness around the definition of ‘non-material breach’ (see Vigrass’s thinking on breaches on p10), the new OFR system with its onus on internal decision-making is a good thing for risk heads and firms, says Vigrass, for a tactical reason: it forces people to face problems.

“Half the battle for risk managers is to get the business just to address an issue. [Regardless of the outcome,] the good thing is that they’ve actually thought about it and looked at the factors. If they come to the wrong answer, so be it.” Vigrass likens this to a test for negligence in litigation (something he knows plenty about). “If you address your mind to the underlying issues but you get to the wrong answer, yet it’s still within the spectrum of what people would have come to, there’s no negligence.” This does not, of course, make you any less wrong, which is the central criticism of OFR – it can’t drive results, just behaviours.

The other half of the battle is creating change within the business. Vigrass says that the fee earners, especially partners, tend to know when things might need to be raised with the risk chief, but (much like raising the issue of money) it’s hard to bring this up with the client.

The client, though, is often happy to change direction when the conversation’s been had. The key is to address something – whether that’s internally or externally.

The best firms, compliance gurus say, are those that don’t treat risk management as something you do at the end of a process, as something ‘on top’. They constantly reference risk management – which is something



*“We can’t let our standards lapse to make an IPO succeed, so I have to be the conscience of the firm.”*

Vigrass says Ashurst is trying to achieve. “The mantra I use is that risk management is a culture, not an event. It shouldn’t be a reaction to an event, it should be part and parcel of the overall approach.” That’s easier said than done but, says Vigrass, “catch them young and it will percolate through”. The messaging is repeated further into careers, he adds, particularly at new partner induction, but it’s a message that’s repeated “frequently”. Ashurst has “risk flashes”, where Vigrass’s ‘mug shot’ appears on a short video, the link for which is circulated by email. It’s hard to tell which variant of Big Brother this is – Orwell or TV show – but it works and it’s

to the point. These are little reminders or updates, Vigrass says, such as changes to password policies. “Risk management applies to everybody in the firm.”

Embedding risk into culture, beyond seeing Chris Vigrass’s head pop up, Red Dwarf-style, on a desktop, can be done in many ways – but a great way is to bind it to work flows. This takes the onus for compliance and risk thinking away from ‘users’ and helps them to bind risk to everything they do. Back in 2008, when Vigrass moved over from fee earning to risk management, he took on a project to institute risk-related IT work flows and systems, including a business intake system. When interviewed by the Lawyer back then, he said it would be ‘an all-singing, all-dancing, one-stop-shop for money laundering, conflict, credit and business reputation.’ “Hopefully, it would be an onscreen experience...

that will make the lives of the assistants a lot easier,” he said at the time. Ah, the heady days of earlier technology.

However, he says now, “most of that has come to pass”, though credit checking is “a separate stream”. But turning compliance into process has not been a journey without challenge – “on some occasions partners just still find it difficult to believe that a full conflict check is required, because they believe they just know that particular area”, explains Vigrass. And now, of course, Ashurst has even bigger and more problematic fish in the fryer – it’s more international than it was in 2008, and managing international compliance is a big deal.

“The reason why [we have to drive risk through IT and process now] is that we are now in 16 jurisdictions and we’ve got 28 offices. You cannot rely upon your own innate belief that there isn’t a conflict.” Following the Australia merger, with “separate practice management systems, time recording systems, billing systems to”, there is a lot of work to do creating a single infrastructure that can be effectively risk-managed.

Ashurst might not be fully one single indivisible firm

in legal terms, but from a management and operational position it acts in every way like one, says Vigrass, who is at pains to point out how unlike the currently popularverein structure that is.

This needs the capability to stand on a metaphorical hill and see every part of the firm. “To be a global firm, we really ought to have one new business inception system, one conflict system and one practice

*“You cannot rely upon your own innate sense of belief that there isn’t a conflict.”*

management system, and so on. That’s what we’re moving towards over the next year or two – to ideally have the same underlying system. It will be the same questions being asked [around areas such a conflicts], whether you’re in Frankfurt or Shanghai.”

This is an even bigger challenge than it might seem. Australia, says Vigrass, has no anti-money laundering identification verification requirements, for example – so in future the Australian side of the firm will have to take on much more data on clients than a native-only firm would need, because the rest of the business can’t deal with that client unless fuller checks are made. The same is true of the US offices. This “international passporting” of clients between offices is the only and best way forward, says Vigrass – but it requires great systems across the whole international business, and the whole firm has to operate to “the highest common factor”.

Is there still a journey to go on to be more embedded in commercial risk decisions? Yes, says Vigrass – but for many firms this is still in its early stages as a journey.

“Whether you call it general counsel or a director



## Once more, into the breach

**When is a breach not a breach?  
When it's a non-material breach.  
Chris Vigrass, Ashurst's risk chief,  
on defining and dealing with the  
new view of breaches after OFR**

At the moment, the loose consensus on what defines a non-material breach is that it does not cause the client loss, or potential loss. But that's still vague – and when does a non-material breach become a material one? How does a firm track and report these?

Chris Vigrass, director of risk management for Ashurst, says defining breaches is a little like the old tale of the elephant. “Generally, you would know when you see what is material and what's non-material.” Vigrass says he takes “samplings” from colleagues whom he trusts, “but at the end it's going to be my view, so long as I can justify that view”.

Whether a risk head should seek advice directly from the SRA, he says, “in a hypothetical fashion, and ask them to give a view, that's the more difficult area yet to be teased out”.

The Law Society's move into providing input on breaches with its panel helpline is an interesting move and useful, he adds, because it can make your position more defensible.

However, it may not – if a firm goes against that advice, the advice itself is probably discoverable, admits Vigrass, which may go against a firm that hasn't protected itself in other ways. Of course, a risk chief could still iron-clad a decision, despite going against Law Society advice – but more input isn't always necessarily more useful.

of risk or whatever, if the firm is thinking of opening, for example, a new office in a riskier jurisdiction, then that ought to be taken into account by the [risk chief as much as by partners judging on a business case],” says Vigrass. That's something many firms will probably have a fair feel for, by now. But how about being the firm's commercial conscience? Vigrass says yes, again. “There is a significant amount of work which is done on a success fee arrangement [in the world], so one has to take a view whether we should be doing the work at all – what is the likelihood of the success of the IPO, for example, [that the firm is pitching on, and might be asking for a share in on success]. And there is a tension. We can't let our standards lapse in order to make the IPO succeed, so I have to be the conscience of the firm.”

In commercial risk terms, this might mean not doing anything that's so badly financed a firm could be criticised for having “so much skin in the game that we had suspended our objectivity”, he explains. A firm's “financial stability comes from its reputation”, says Vigrass, because if you damage reputation, you damage revenue. A “perception that there was so much pressure that people succumbed” would be disastrous.

To me, this is a fascinating point at which marketing meets risk meets BD/pricing and partners. Firms want and need to take more commercial risk; they want to work with clients to help them succeed, and find ways to reduce costs against increased reward; but they need to be more careful than the kinds of businesses they generally work for. That raises the commercial risk management game for risk chiefs (be they GCs or risk directors) to above most other GCs, in some ways.

Vigrass says that it's doubly important to have a risk chief playing conscience now that the rules of engagement are different under outcomes-focused regulation. Financial services nearly destroyed the universe after being allowed to play with similar, though not identical, regulatory rules, he says.

“One has to note that the financial services industries tripped themselves up horribly by taking advantage of [their regulatory environment], and we've got to be careful not to do that with OFR.” ●



Feature

# Risks and rewards

*Declan Tan finds out how some legal businesses are moving from a compliance view of risk management to a commercial one. Can legal business take more risk to make more revenue and win business in a competitive market? And how can it take those risks while remaining true to the practice of law?*



**Assessing risk to clients is what legal does best – but are legal businesses managing and exploiting risk well when it comes to themselves? Can law firm management transition their view of risk management from being about compliance to being a vital part of commercial planning and operations?**

After the SRA made it impossible for a non-lawyer to be the risk management leader in a law firm, at the end of the refinement of outcomes-focused regulation and the final stages of implementing the Legal Services Act, it temporarily sent many a firm's risk cycle into scattershot mode. Many firms had to untangle plans, assigning COLPs and removing heads of risk without a law qualification. One year into the new OFR regime, some of the more leading legal businesses are trying to turn their risk managers into true business advisers, thinking more about commercial risk than compliance.

This, of course, matches well the stated aims of OFR – to open up how law firms deal with their regulatory requirements to subtlety, and allow more commercial approaches in a much more competitive market place. Gone are the days of mere box-ticking for heads of risk – law firms now face a combination of stiffer competition, a need for leanness and efficiency, dwindling growth in local markets leading to share poaching, increased attention on data security, information governance and assurance, and a need to take more chances on work than ever before to win business.

## **Strategic risk taking**

A far more proactive approach to risk may be the answer to these challenges, both commercial and compliance. This will entail closer collaboration between traditionally disparate business services functions – the

silos of IT and finance and beyond to HR and marketing need to integrate risk thinking and goals, a drive we've been closely following here at **Briefing**. But is that a realistic change for firms to achieve? And if it isn't yet, what's holding them back?

For Nicole Bigby, director of risk at Berwin Leighton Paisner, the evolutionary curve of modern risk management in legal ends at a commercial apex. "When you start out, with effectively a 'greenfield project', this is your aspirational objective. Your challenge is to move the organisation through that change," she says. At the beginning, a lot of the work is "around defensive risk management, building cultural change, identifying the risks in the organisation, and working through policies and procedures to manage them", she says. This leads to a "dynamic model, where the power of risk management information is leveraged to assist much more strategic and commercial decisions based on that risk information".

Creating a more dynamic view of risk can help firms shape the rules of the game and create business opportunities. "That's where the real power is – developing that optimised risk management model," Bigby says.

Bigby has spent her five years at BLP assessing the peaks and valleys of the legal risk landscape, analysing where the firm's business model needs most resilience and where opportunities might emerge. "The objective is to demonstrate the value and competitive advantage in risk management," she says, "advancing risk and opportunity management with the organisation's strategic risk-taking".

For that, firms need a strong risk foundation, she says, building on the base of a solid operational risk module, ensuring a clear compliance and risk tolerance model supported by policy, risk registers, values and, increasingly, the level of audit.

"Our focus now is looking at what strategic



risks we face – how we can stress-test scenarios with the management team. We play devil's advocate in terms of decisions taken, and assist strategy teams with new initiatives in assessing the portfolio of risk issues. It's still very much dialogue-based, but we're developing tools to pool all the information together and tie it back to financial information and costing."

## Commercial futures

Big, especially international firms will find the challenges of creating more 'joined-up' businesses both easier and harder than smaller firms.

Head of risk management for Hogan Lovells, Scott Nicholl, says a future wherein the firm takes more advantage of a commercial understanding of risk is very much a driving factor. "That kind of transition has been talked about for the last decade, if not longer".

Legal is catching up with other sectors with regards to working in a world of commercial risk, he says, and moving away from a traditional, siloed approach to risk as compliance. "The larger firms are much more on board and already going down that direction. Some of the smaller firms may well be at the extreme end, and it's probably completely alien to them." But the fact that there's a spectrum of change is enough – legal is changing in its attitude to risk.

OFR and principles-based regulatory changes, he says, "are very much aligned to that more commercial, opportunistic side of risk than the older prescriptive, rules-based approach". The flexibility and freedom OFR provides, leveraged within the right control framework, is an opportunity for firms to use compliance "in a way that's fundamentally beneficial to your firm and how you

work internally".

Deborah Abraham, director of risk management and excellence at DWF, says firms that hooked into risk management in the early days saw it as a means to an end to comply with the code of conduct and Data Protection Act, but pushing it forward through the current parameters opens up a field of options. "With the current regulation, we can be more commercial, and as long as we're not breaking the rules, we can offer more solutions to our clients by pushing those rules as far as we can with bolstered risk management in the background."

Jason Haines, finance and operations director at Allen & Overy, says there is, however, a nuance to that. "You could argue that growing the number of offices [of a firm, despite looking like commercial behaviour] is somewhat a defensive strategy from a risk perspective, because client demand is moving towards more global work and moving to firms that have got better reach. To some extent, you're being risk averse and defending your position by making sure you can deliver the right quality in each of the markets your clients are going to."

And larger firms might be farther down commercial risk road as a result of perceived market pressures and opportunities, and client demand.

"What might drive for some of the larger firms is perhaps client-based," says Nicholl. "They increasingly expect that we manage our own affairs in a way that's appropriate. Some of these ideas might be more mature within the client base, over the last 10 years or longer, and increasingly feature within their expectations of their service providers."

For Abraham at DWF, client sophistication also means greater expectations of risk coverage, especially around information security. "We're seeing more and more on

tender documents and in interviews with clients, interrogating what our security is in the event of a cyber attack. They know we need to know their data is safe for their own regulators, and for their own systems.”

Beyond reacting to client needs over security, Abraham is working on the next hot zone of client needs through improving the firm’s value-adding proposition with risk management advice.

“We’re doing a lot to advise our clients in terms of emerging risks within their sectors and changes to regulations,” she says. “The [UK] financial services industry is going through a regime change with the Financial Conduct Authority, so we’re using audit tools to identify clients’ gaps that need filling before new regulations come in. In our volume insurance business, that’s a lot of collaborative work – not just advising them but making sure of a fair outcome for all parties. It’s another thing that brings the client and adviser together, an added value on top of the legal work.”

Nicholl at Hogan Lovells agrees that risk can lead a firm on a journey from internal risk management to client value. “Whether that’s related to information security – a very current and tangible example – [or not], if clients are already attuned to managing risks [such as information security] internally, it’s a logical progression that they’ll expect somebody like their legal adviser to be equally proficient and manage themselves to the same

level, meeting the best practice standards themselves.”

## Beyond the risk function

Whatever the interconnection relationship, for Nicholl at Hogan Lovells it is a critical



*“It’s another thing that brings the client and adviser together, an added value on top of the legal work.”*

Deborah Abraham, director of risk management and excellence, DWF

misconception that only risk people manage risk in a law firm. That perception needs to change, because it’s one that’s not workable in reality, he says.

“There have to be other operational and practice areas fundamentally responsible for

exposure to risk, and of course they're the ones closest to it." This approach forges a multifunction relationship, where risks may be dealt with by HR or finance, for example, in conjunction with risk. "That overlap facilitates cross-functional working, joined up at the right places," he says, "because there's always the temptation to improve one area, but that shifts the risk exposure elsewhere, or creates a new one, if it's not understood in its fullest sense".

Bigby at BLP says that combining the force of risk and other business functions "allows us to make quick choices based on allocation of resources, and thinking a lot about the hard cost information associated with those choices".

Risk isn't inherently undesirable when taken on to achieve superior strategic returns, she says, "but you also need to understand that when you're managing across a portfolio of developed risks, where there are interdependencies and relationships between them, you may want to take certain action to mitigate or address them in one sequence rather than another".

"Harnessing the information within the organisation, and interrogating it in a more sophisticated way with the finance and IT teams is very much a direction we're pushing forward."

There's great opportunity for innovation in integrating risk and strategic management, she says, developing more sophisticated tools to manage and support the business. "If you look at a number of the large international firms, with established [risk] functions for nearly 10 years now, an area for innovation is building resilience through developing stress-test scenarios and using that data to identify trends."

Nicholl at Hogan Lovells says scenario analysis – and resilience – fit into the opportunistic, upside view of risk. By factoring in analyses and tests, the business can get

"insight as to which strategy to choose and go forward. Those kinds of methodologies will be increasingly important."

This leads risk into a 'big data' world, analysing trend data and getting more deeply involved in resourcing. Bigby at BLP says "uncovering the unexpected correlations is the trick with a large body of data". Equally useful is comparative experience, glancing sideways to industry sectors outside of legal where consolidation has already made its impact. "There might be opportunities or lessons there that are just as valuable to us," she says.

## Raising risk cultures

Much of the changes needed to advance risk thinking in legal business is cultural. "The key piece of building through to a mature phase of risk management is the cultural foundation," says Bigby. "We need to get out and see the businesses, understand the environment in which they operate, develop relationships and spend time on training and education – that very much underpins the success of our function."

Getting people thinking about risk, according to Haines at Allen & Overy, has been one of the biggest culture change wins for the function across the firm. The value of risk registers, found in almost every top 100 firm, "is not in the registers themselves," he says. "They're just bits of paper. The value is having people sit down and think through the risks and understand everything we're currently doing."

For Nicholl at Hogan Lovells, you have to demonstrate the value in risk in a way that relates to the partnership business model. If you engage the right people in the right places, others typically follow. "That's the difference between this environment to your



average corporate, hierarchically managed organisation. The way to do it is to pick your people and focus on them, knowing they're going to engage, then using them to spread the word to others who may have been resistant or pessimistic about its value at the outset."

Having a single risk leader seems to be helping with this. There's as much a convergence of the risk-related disciplines within firms, says Nicholl, as is needed between the traditionally separate business support functions. "There's internal audit, risk management, compliance, new business intake – which have historically been separately managed – with more and more reference to resilience as a concept. That could be helpful, because it covers a lot of disciplines, and as there's more uncertainty with things moving quicker, like tech and social media, the risk profile changes far quicker than it did."

## **New dimensions to risk**

Velocity of risk is the third dimension of the new world of risk – how quickly a risk can appear and affect a firm (or a client). Being able to plan for that might prove very hard, because by the time the risk is coming, it's impacting you with no time to prepare. "The idea of being resilient, flexible, and having multidisciplinary risk-related functions can strengthen a firm internally and externally," says Nicholl.

But this has its upsides – business

opportunities can arise just as quickly. Haines at Allen & Overy says risk-taking has always been a possibility for any legal business – but firms now have the tools to see where they want to take risks. "There's always been that trade-off between risk and return, and always possible to take a more risky approach to any piece of business.



*"The idea of being resilient, flexible, and having multidisciplinary risk-related functions can strengthen a firm internally and externally."*

Scott Nicholl, risk manager, Hogan Lovells

"You've always been able to do those things, depending on your risk preference. As a firm, we've always tended to be more conservative in the way we run our business, particularly financially."

Averaging three new offices every year for the last five years, conservative probably isn't the word some might use. Allen & Overy is familiar with taking risk, he says, which comes from a long history of taking it seriously and binding it to other functions.

"The first place your mind goes to is practice risk, practising law – making sure you get the legal opinions right. Then you can develop into things like disaster recovery, financial risk and IT security – an example of a risk that, several years ago, wasn't high on people's agendas."

## Tech positive

New technology is at the heart of much of the modern world of risk management. It's a double-edged, digital sword – as much as helping firms grow profitability, efficiency and capability, it also unlocks a dark labyrinth of risk.

As we saw in February's **Briefing** on finance management, the emergence of analytics has meant more potential for tight-knit working between business functions. And if finance is the live wire in this picture, and IT is neutral, risk may be able to position itself as the earth wire, grounding a firm's business.

Moreover, cyber risk and information security are top of mind for most businesses, not just law. An avalanche of security breaches in a range of sectors has had many companies unpacking the rescue flares, and law firms have not been untouched by the drive towards a more security-aware way of working.

"Our risk committee decided that IT risk is becoming important enough as a topic in its own right and that the CIO ought to sit on the risk committee," says Haines. "The firm's [information security] committee works very closely with our CIO to ask all the right questions: How are we dealing with it? What

particular actions are we taking, and do we feel we're spending enough resource on it?"

Abraham at DWF points out that "cyber attacks cost the economy in the region of £28bn in 2012". "It should be seen as important as physical security. We need to wake up to the fact that development of technology means hackers are going to get in."

Nicholl at Hogan Lovells agrees. "You'd be naïve to think technology wasn't going to play a part not only in the underlying risk exposures, but also in the way we manage and monitor progress in this area.

"Cyber threats are going to become more pervasive in terms of our own risk profile. Equally, we need to keep up with that internally, and then make sure we use technology to better manage our own frameworks."

## Growing risk

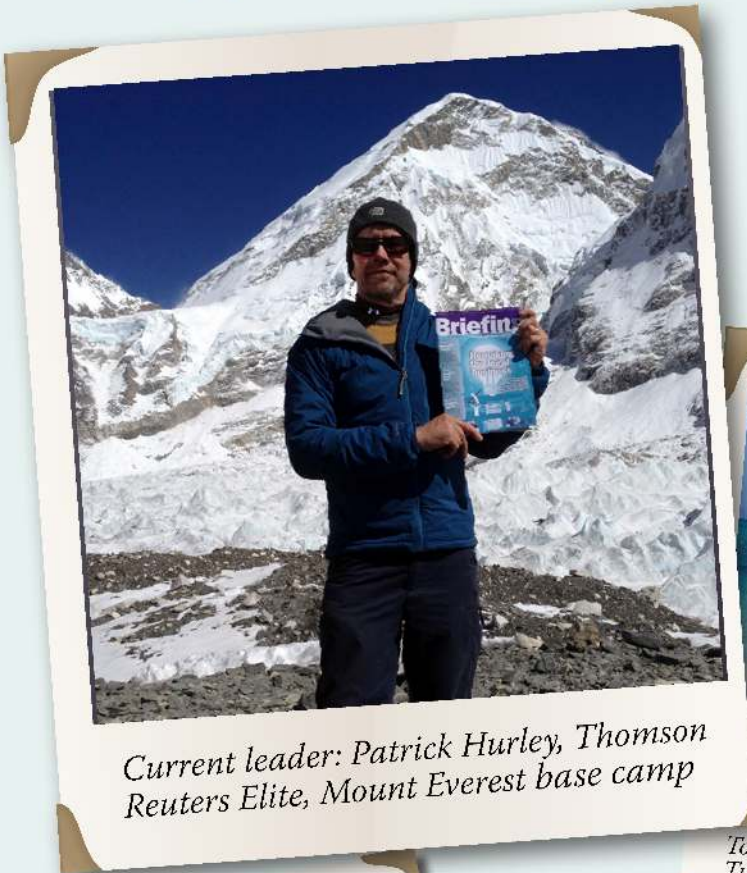
From information security to a growing need for commercial risk understanding, risk teams are growing in terms of status and size. Haines at Allen & Overy says: "Risk has grown in emphasis and resourcing levels in the last few years, and it will continue to grow. I don't see risks going down. We've invested quite a lot more in our business acceptance unit activities in Belfast, and even increased resourcing there because we've been able to afford to. If anything we'll be putting a lot more effort into risk."

Risk departments are rewiring how law firms work to bind risk to every part of the business, and help the business make more money and take better commercial decisions. Whether you're in IT or finance, BD or HR or beyond, risk people will help your firm find a more successful future – because there is no alternative. ●



# Where do you read your Briefing?

On the beach or up Mount Everest (yes, really), Briefing readers take their favourite legal business management read pretty much everywhere. Yes, this page was supposed to be a joke compared to our normal high-octane content – but people will insist on sending us these...



*Current leader: Patrick Hurley, Thomson Reuters Elite, Mount Everest base camp*



*Tony Loiacono, Global Exchange, Turks & Caicos islands*



*David Sparkes, LSN, some hill somewhere*



*Amanda Recknell, Canon, Mauritius*



*Briefing sales guru Matthew Armstrong, Lanzarotten*



*LSN team, on the bus to Richmond*

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*Bristol/Bath* As director of quality and risk you will take responsibility for all aspects of risk, including regulatory compliance and money laundering reporting. A real opportunity to drive the risk management strategy and embed quality standards within the firm.

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**ambition**

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*London* This is a newly created role leading a small business development and marketing team, and playing a vital role in converting this niche professional services firm's ambition into revenue, growth and success.

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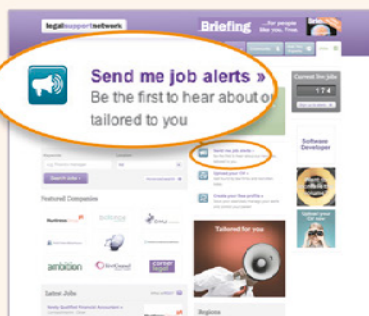
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**balance.**

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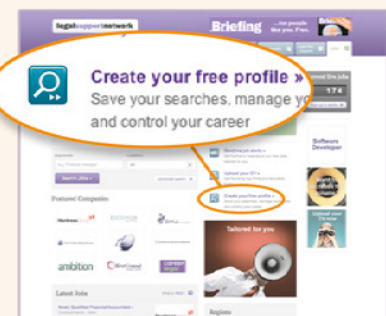
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*Top 100 Directors Research*

# Who runs risk in the top 100?

LSN's risk research turns its eye to risk directors, and finds a role that's healthily diverse and a credible career path for lawyers – but one that is still foggy on its status and placement in the hierarchy

**Knowing how to roll with commercial risk, on top of the requisite compliance and regulation onuses piling on across the legal business, firms are taking a significantly more focused approach and learning lessons from other businesses, according to our research.**

LSN’s Top 100 Directors report, sponsored by Prosperoware, has just covered the risk role – and the results are telling, especially around how much effect outcomes-focused regulation has had on job mobility in risk over the last few years.

Binding strategic, operational and financial risk into a source of value for firms, not only protects from high-impact events, but it also helps find new avenues of business. That has made a board-level risk position central to core strategy – reflected in how many risk heads are ‘directors.’ As John Verry, risk director at TLT, says in our report (downloadable from our risk top 100 page): “The business takes risks, and the risk director manages them. It is difficult to see how this role may be undertaken effectively unless the risk director is a board/strategic level role.” There are, nonetheless, wide variations in the risk leader’s job titling, an indication that perhaps how a risk chief is, and is not, defined is still an area very much up for debate.

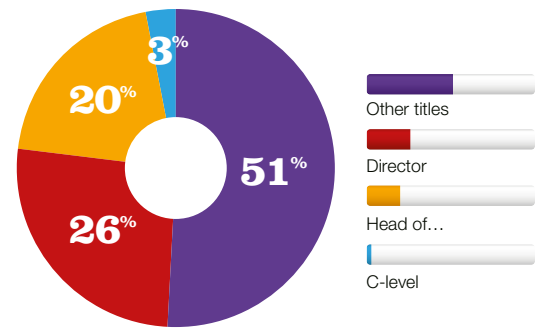
Out of all the functions we research, risk is also the legal management role with the most balanced gender ratios (55%/45% in favour of women). Why? One reason might be that credible career path, without the ridiculous hours associated with fee-earning partnership – or it could just be the freshness of the role as a management function.

The risk leader’s job has also been a highly mobile one, but only recently and for perhaps obvious reasons. This might be a blip, especially if risk heads we quizzed for this report who say that movement since 2011 is down to the COLP definition are right. But other risk chiefs we questioned say the role is growing in importance and power – which means ongoing job mobility.

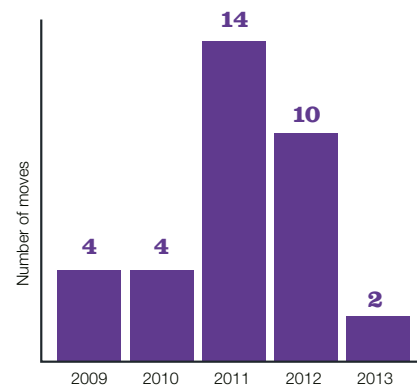
Find out much more about our research into the risk roles in the top 100 law firms, and keep track of whose running risk in those businesses, on LSN’s website.

[www.lsn.co.uk/risk-compliance/top-100](http://www.lsn.co.uk/risk-compliance/top-100)

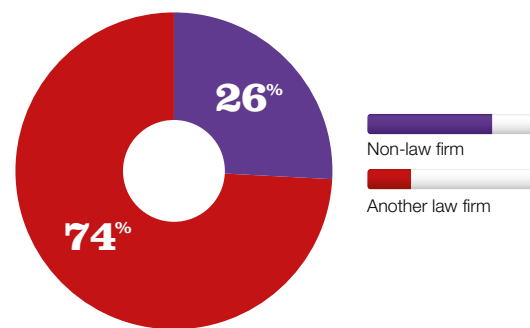
*What’s in a name? Variety of top 100 risk chief titles*



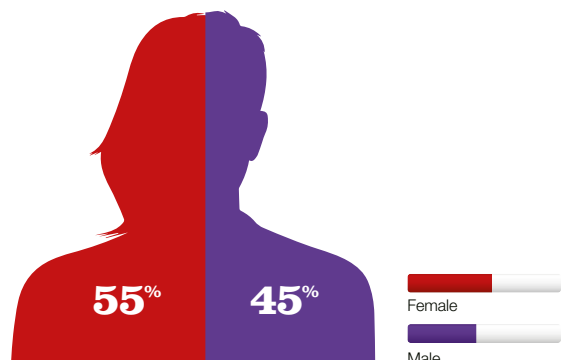
*New COLP rules seem to create spike in hires/moves*



*Risk chiefs move most often from other law firms*



*Gender split in risk says role has good diversity*





## LSN's Top 100 Directors Research

## Who's running risk?

We've found out who the risk leaders are in the top 100 UK law firms so that you don't have to – listed using the new 2013 Lawyer 200 list. These are the risk chiefs to know

1	DLA Piper	Julia Graham	Director of risk management and insurance
2	Clifford Chance	Chris Perrin	Executive partner and general counsel
3	Freshfields Bruckhaus Deringer	Jonathan Kembery	Global risk and compliance director
4	Linklaters	Raymond Cohen	Director of risk, partner and general counsel
5	Allen & Overy	Heather McCallum	Head of risk and compliance
6	Hogan Lovells International	Scott Nicholl	Head of risk
7	Norton Rose Fulbright	Jonathan Ody	Head of compliance
8	CMS	Craig Perry	General counsel
9	Herbert Smith Freehills	Clare Wilson	Head of risk management
10	Slaughter and May	information unavailable	
11	Eversheds	Angela Robertson	General counsel
12	Clyde & Co	Samuel Walker	AML and compliance manager
13	Ashurst	Chris Vigrass	Director of risk management
14	Pinsent Masons	David Halliwell	Director of knowledge, risk and legal services
15	Simmons & Simmons	Chris Andrews	Director of risk management
16	Bird & Bird	Roger Butterworth	General counsel and risk management partner
17	Berwin Leighton Paisner	Nicole Bigby	Director of risk
18	Taylor Wessing	Annette Fritze-Shanks	Head of risk management
19	Irwin Mitchell	Sue Weatherson	Director of risk and compliance
20	DAC Beachcroft	Tony Cherry	Head of practice governance and risk
21	DWF	Deborah Abraham	Director of risk and compliance
22	King & Wood Mallesons SJ Berwin	Kate Scott	Director of risk management
23	Addleshaw Goddard	Juliet Tainui-Hernandez	Director of risk and compliance
24	Holman Fenwick Willan	Otilie Sefton	Head of risk management and compliance
25	Wragge & Co	Karl Wernham	Director of professional support
26	Withers	Jennifer Curley	International director of risk and compliance
27	Kennedys	position doesn't exist	
28	Nabarro	Jennifer Armson	Head of risk and compliance
29	Macfarlanes	Jo Riddick	Compliance officer for legal practice
30	Hill Dickinson	position doesn't exist	
31	Osborne Clarke	position doesn't exist	
32	Stephenson Harwood	Nirupa Narayan	Compliance officer
33	Olswang	Tom Heselden	Head of risk management and compliance
34	Parabis	Sue Derbyshire	Team manager, risk solutions
35	Watson Farley & Williams	Neeta Aulak	Head of compliance and risk
36	Field Fisher Waterhouse	Catherine Hudson	Director, head of risk group
37	Ince & Co	Quenton Lennon	Head of risk and compliance
38	Minster Law	position doesn't exist	
39	Mishcon de Reya	Jarret Brown	Partner, head of risk
40	Shoosmiths	Andrew Tubbs	Director of quality and risk
41	Travers Smith	position doesn't exist	
42	Berrymans Lace Mawer	position doesn't exist	
43	RPC	Clare Jaycock	Director of risk and compliance
44	Weightmans	Michelle Garlick	Head of compliance and partner
45	Trowers & Hamlins	Catherine Innes	Director of compliance
46	Burges Salmon	Emma Dowden	Director of best practice and operations
47	Mills & Reeve	Robert Farrant	Head of risk management
48	Charles Russell	position doesn't exist	
49	Gateley	position doesn't exist	
50	Keoghs	Philippa Hayes	Risk and compliance director and partner

Sponsored by




51	Speechly Bircham	Karen Mitchell	Head of compliance
52	Lawrence Graham	Bill Richards	Head of risk and compliance
53	Farrer & Co	Sue Shale	CFO (chair of risk management committee)
54	Bond Dickinson	Nicki Shepherd	Head of risk and compliance
55	TLT	John Verry	Director of risk
56	Dundas & Wilson	Caroline Andresier	Director of knowledge and professional support
57	Brodies	Brenda Scott	Head of risk and development
58	Blake Laphorn	Niall Brook	Partner, head of risk and compliance
59	Pannone	Emma Dimblylow	Head of risk and compliance
60	Shakespeares	Simon Astill	Risk director
61	Stewarts Law	Funmilayo Kolaru	Compliance manager
62	Browne Jacobson	Mandy Cooling	Head of compliance
63	Walker Morris	Kathryn Farrar	Director of risk
64	Lewis Silkin	Richard Curtis	Risk and compliance counsel, compliance officer
65	Maclay Murray & Spens	position vacant	
66	HowardKennedyFsi	position doesn't exist	
67	Freeth Cartwright	position doesn't exist	
68	Burness Paull	Lindsay Wallace	Director of knowledge and risk management
69	Thomas Eggar	position doesn't exist	
70	Shepherd & Wedderburn	position doesn't exist	
71	Bristows	position doesn't exist	
72	Dickson Minto	position doesn't exist	
73	Morgan Cole	Jenni Howard	Head of compliance
74	Clarke Willmott	Philip Fry	Risk and compliance manager
75	Ward Hadaway	Jamie Martin	Managing partner (head of risk board)
76	Bevan Brittan	Peter Rogers	Director of risk
77	Forsters	position doesn't exist	
78	Penningtons Manches	Marcus Shepherd	Head of risk and compliance
79	Capsticks	position doesn't exist	
80	Bircham Dyson Bell	Mark Jones	COO and head of risk management board
81	Hugh James	Mairwen Whittaker	Head of risk management
82	Brabners	Tony Harvey	Director of training and risk management
83	Ashfords	Bryony Crump	Quality and compliance manager
84	Birketts	Cecilia Dent	Risk and compliance director
85	SGH Martineau	Diane Price	Director of compliance
86	Fladgate	position doesn't exist	
87	Kingsley Napley	David Smythe	General counsel, head of risk management
88	Wedlake Bell	position doesn't exist	
89	Manches (no longer trading)		
90	Fentons	John Turner	Internal affairs manager
91	Russell-Cooke	Lindsey Bradley	Risk and compliance officer
92	Gordons	Victoria Davey	Head of regulation, risk and compliance
93	Winckworth Sherwood	position doesn't exist	
94	Greenwoods	position doesn't exist	
95	Sackers	Nick Couldrey	Partner and head of risk management team
96	Foot Anstey	Duncan Ralph	Commercial and financial director
97	Veale Wasborough Vizards	position doesn't exist	
98	Turcan Connell	position doesn't exist	
99	Michelmores	position doesn't exist	
100	Thrings	Marion Back	Director of quality and risk

List based on the Lawyer 2013 top 200

INDUSTRY ANALYSIS INDEX

# Changing the game



*Interview: Patrick Archbold of Intapp* talks reaching a more commercial focus and how compliance can become integral to better business

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*Analysis:* Retaining contacts and managing leavers is all part of risk in a merger, writes **Nila Hirani of Nikec Solutions**, with an impact on fraud and compliance

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*Interview photography on pages 26-31*  
Jonathan Goldberg [www.jongoldberg.co.uk](http://www.jongoldberg.co.uk)





*Briefing Industry Interview*

# From risk to revenue

Briefing speaks to Patrick Archbold of Intapp about creating a shift to a more commercial focus for risk management in legal, and making compliance an integral part of doing better business

**Perception around risk is reaching a tipping point. Now far from its days as the ‘deal prevention department’, its increasingly commercial remit may prove the maker (or breaker) of tomorrow’s firm.**

Out of an optimised risk function built into the management team, advising both clients and lawyers, will emerge more visible revenue-growing opportunities, says Patrick Archbold, head of the risk practice at Intapp. But while business services people are arming their firms for a reliably uncertain future – one that promises competition on the fiercest terms – knowing how and with what tool is a question many risk leaders are pondering.

What firms are now realising, says Archbold, is that

risk needs not merely to be reactionary box-ticking but an outward-thinking, integral component of a firm’s strategy. “To be successful today, risk teams must be recognised as resources that help lawyers figure out how they can or if they should take matters on.” This requires a redefinition of what risk means to law firms and their clients. “Firms that have built professional staffs to get lawyers through this process prefer the term ‘business acceptance’ as opposed to compliance which, to a lawyer, has negative connotations.”

The shift to a more commercial outlook lies in how those people helping lawyers take on business look at their data, says Archbold. “A 360-degree view of the client or prospect will allow business acceptance teams

to align the firm's commercial strategy with their legal requirements. If they have the right tools and processes to help lawyers take deals, the lawyers start to come to the business acceptance team to find solutions, as opposed to bypassing processes."

Assessing which work to take on is a business issue, he says. "Mixing the financials of a particular client with the strategic interests of the firm means the risk management group becomes ingrained with the management goals of the firm."

This means also giving equal importance to analysing deals the firm turned down. "How do you know your team is making the right decisions if you never review the decisions? Did you ask the right questions in the inception process? Did your team have the right information? You can never avoid all risk, but with the right information you can effectively manage risk in the context of your economic goals."

It's a simple change to frame risk as business acceptance, he says, and "if they view risk as helping them take on business versus telling them why they can't, that's just a fundamentally different view".

This won't happen by just rewriting a lawyer's lexicon – firms need to go from data neutral to data positive. "It's what every other industry is doing and has been doing for a long time: organise your data and apply business rules to align strategy. You can't consistently apply business rules if the data is not organised. It's a case of presenting good information, at the right time, to make an informed decision."

That's a huge opportunity in automating compliance, he says, but not unless firms learn to build on agile, configurable technology that's been created specifically for risk management. "You shouldn't be held hostage by a programmer to make the changes needed to capture data," says Archbold. "The process needs to be simple and interactive for the lawyers to use and available from any device, anywhere." Business acceptance teams can then collaborate with lawyers, piling on value gleaned

from past instructions. "Once a lawyer experiences that collaborative sense," Archbold says, "they start to see the risk group as helping them get business in the door."

Buy-in at this stage can be a significant challenge. One oft-cited reason for legal's slow resistance to automating risk lies in the difficult seeing the ROI at the outset. But, says Archbold, market consolidation, along with firms' data reaching ever wider and firms trying to access more information and bring in more

*"How do you know your team is making the right decisions if you never review the decisions?"*

Patrick Archbold, vice president of risk management practice, Intapp

international clients, having a centralised, authoritative data source becomes crucial to safe growth.

Developing that future will require risk teams to get answers quicker, and develop more complex answers.

"If the technology can't support that ability and move very fast, allowing firms to change on a dime without big spend and delays waiting for programmers, firms will struggle to grow," says Archbold. "The legal business is changing, and there probably isn't an industry that's going to change more over the next 10 years. You'd better have a technology platform that is ready to respond, or get left behind."

Learn more about  
**Intapp** risk technology  
[www.intapp.com](http://www.intapp.com)







*Briefing Industry Interview*

# Commercially minded

**Making smarter business decisions means risk. But better information, Jacqui De Gernier of Aderant tells Briefing, can turn risk into profit**

**Risk management in legal shouldn't just be about compliance, it's also about commercial risk. And to handle commercial risk and compliance, you need information. But today's legal risk management isn't just about taking commercial risks – it's also about avoiding them to remain competitive, says Jacqui De Gernier, Aderant's sales director.**

“Legal businesses are now facing a lot of competitive risks that threaten the very nature of law firms. And there are some progressive and forward-thinking firms out there that are prepared to change the way that they do business. Risk management needs to change from being inwardly focused to looking at external influences and changes, and their effects on the firm.”

Clients want more creative pricing, more value, more

work and more flexibility – often (though not always) for less money. For firms, this means thinking in more businesslike, commercial and competitive ways, and part of that is developing a less risk-averse mentality, says De Gernier. But firms also have to watch out when they take risks on work without understanding it. “When they're pitching, firms now need to come with creative pricing solutions, but if they don't have historical matter data to analyse and review, there's a chance that they will win pieces of work that will ultimately end up not being profitable.”

Another key risk in play is that, without good management information behind decisions, firms are more likely to be cautious and conservative with their pricing proposals. “That could make them uncompetitive



– they could end up not getting the work because they don't have good historical data on which to base that pricing proposal." A risk that's possibly worse is an inability to know what to pitch for and what to leave alone. Firms should be able to componentise work in better ways and only take forward the parts they can do profitably. Taken together, these risks represent the need for "a real mindset shift that some firms don't seem prepared for".

Information, and reporting, is everything when it comes to risk management. In particular, De Gernier says, risk heads should be much more involved in identifying when firms are, or aren't, fulfilling obligations around key dates and client requirements on work – something risk isn't generally involved in. "Often they are relying on lawyers to adhere to SLAs offered to the client, so now many corporate commercial firms are now looking to implement case and matter management to centrally manage key dates and commitments, and adhere to client SLAs."

Clients also want a piece of the reporting and transparency action. For a lot of firms, says De Gernier, reporting for clients is highly manual and painful. "But if you're storing that information in a case, matter or practice management systems, and it's all being commonly categorised, it becomes very easy to provide that level of reporting and change the nature of the reporting as the client wishes."

One place where there's most data (and possibly the most useful data) when it comes to risk management is in finance – both for managing commercial risk and for compliance. Tools such as business intelligence (BI) are helpful for risk management as much as finance because they deliver reporting on compliance and breaches (for the COFA) and they can assess commercial risks, says De Gernier. Aderant's ClearView, for example, "give managers a clear, single version of the truth – everybody can be looking at the same data".

"Something unique to BI is that you can bring

information from third-party systems and create metrics and dimensions you want to measure and track, so it's possible to have financial data presented alongside any case management or SLA-related data – information that's useful for legal and risk teams."

Here's an example: your firm works for Pepsi, and you have an agreement that you can't act for Coca Cola. You want to make sure that this commercial (not regulatory) conflict pops up for anyone in the firm, regardless

*"Having information in one place is hugely powerful in managing internal and external commercial risks."*

Jacqui De Gernier, sales director, Aderant

of what kind of search they're doing. Here's another example: your IT system should be tracking or actively helping you to track key case/matter dates and SLAs to ensure that the relevant team is not only carrying out the work profitably, but also adhering to client needs – otherwise the client will be deeply unhappy, regardless of whether they pay handsomely.

"Having information in one place is hugely powerful in managing internal and external commercial risks," De Gernier says. Can your firm do that?

Find out more about  
**Aderant**  
[www.aderant.com](http://www.aderant.com)



*Briefing Industry Interview*

# Is email your biggest risk?

Briefing talks to Eliza Hedegaard of Mimecast about addressing the 'dark document management system' in most law firms – and how to handle email when mergers happen.



**Regardless of the talk about collaborative working and social networks inside firms, legal businesses are still utterly reliant on email. This creates many challenges for IT – but it should also concern those working in risk. Email might be your firm's biggest unaddressed risk.**

Eliza Hedegaard, Mimecast's legal business manager, says law firms are now waking up to issues around information security risk in email – but this has taken a long time. "I'm sometimes surprised that there are firms still not using a very general level of encryption to make sure that email is encrypted."

Mimecast's raison d'être is to manage and traffic email acting as either a fallback for business continuity, or to bridge between IT projects or mergers. As a result, Hedegaard has seen a number of issues email raises in legal, around encryption and beyond. "We work with 80% of the leading firms, so at any one time our service not only handles messages but also securely holds documents, just because most of these documents will travel as attachments and sit in the email archive."

Security of client information is a key regulatory metric and a hot button for the Information Commissioner's Office, and



firms have in recent years started to adopt encryption – many now have it across all email. But there are still some not encrypting. Client demand will change this, says Hedegaard. “Often, clients will ask firms to use their mandated encryption solution. But those forms of encryption can be difficult to manage.” Mimecast is dealing with this by managing email alongside firms’ existing systems, she says, “by offering a simpler and easier-to-access mechanism for making sure email is encrypted”.

But email poses much bigger challenges. As firms work more internationally, so email is spread around the globe – and it carries and contains documents. This means law firms are creating ‘shadow document management systems’, alter-repositories of sensitive information stored on servers spread all over the world.

And there’s a more commercial or workflow-related risk to email – it hordes versions, and people use it to store documents. It’s the ‘Dropbox dilemma’ in another form, says Hedegaard. “Two reasons people in firms start using something like Dropbox is that their client uses it, and the other is they’re trying to bypass restrictions put on them in terms of mailbox sizes and the size of attachments.” To counter this, Mimecast has built a ‘Large File Send’ solution that works from Outlook and sends files using secure links, and ensures the file is retained within the firm’s secure email archive.

Perhaps where businesses like Mimecast are helping law firms most right now is in mergers. The legal market is consolidating, but one thing that many firms fail to think about in good time is how to meld email systems together. One day there are two firms with two email addresses – the next day, just one. It’s a giant understatement to say this is not as easy as it sounds.

“The people having the discussions at the highest level in a merger don’t think about how the firms are going to send and receive emails once the deal is done, when infrastructurally they are still two separate firms.” Mimecast can ‘take over’ email for a merging firm until it’s ready to take the power back, she says, which dissolves the risks involved in the change process. Perhaps more importantly, the Mimecast teams have done a lot of work around migrating data from two firms onto a single archive platform, to push it into a single management platform for the new firm. “It’s easier to do that in a cloud solution than with something that you’re managing on premise.”

Another area of risk that relates to email more than you’d think is information governance. Many clients, especially US clients, expect firms to act upon their needs around information governance and destruction – but firms’ systems may not be centralised enough to or capable of enacting those rules.

“One of the advantages of a centralised set-up for email such as we have at Mimecast is that everything is in one place. We empower firms to be able to make decisions about what they retain and for how long. If they decide to destroy, that is recorded and audited to create a high level of accountability.”

Your firm may not see the risks surrounding email, or it may only see the obvious ones – but risk chiefs should be asking questions about how the business is using email and how it will handle email if mergers or business growth occurs, says Hedegaard. Otherwise, it will remain the biggest unaddressed risk in legal.

Get more from  
**Mimecast**  
[www.mimecast.com](http://www.mimecast.com)





*Industry Analysis*

# More intelligent messaging

**Nila Hirani at Nikec Solutions on how email can help you manage the risks around leavers, from retaining contacts to reducing the risks of fraud and non-compliance**

**During a recent conversation with a manager in a law firm, I learned that he'd spent several days trawling through thousands of emails within a leaver's archive mailbox. Why? He was trying to build a clear view of the leaver's 'top 10 clients' and of the work undertaken in the past six months, after a handover report which proved to be incomplete – vital information had been omitted.**

The harsh reality – and very real commercial risk – is that although firms have handovers to capture knowledge and information, many fee earners are protective of their client lists. This is mainly down to the time and effort they have spent in building relationships – but it may also be for other reasons. A striking survey by Sophos in 2012 highlighted that 50% of employees who had changed or lost their jobs in the previous year had taken confidential company data or information with them. Four in 10 of those who took data planned to use it to help them in their new job.

Capturing and safeguarding intellectual property such as client lists, pricing structures and other market sensitive information is of crucial importance. Firms need to ensure that adequate protection exists by implementing systems and processes. This not only allows them to be proactive, it also empowers them to quickly respond to situations while defending their organisation, employees and clients.

**A firm-wide communications overview reduces the risk of losing clients**

Given that lawyers will change employers several times during their careers, how can a firm gain an accurate and high-level insight into a leaver's work with clients?

How do they judge the strength of the relationships a leaver has? Is there anyone else in the firm who can nurture this relationship once the fee earner has left? A handover is designed to extract this information, but it's rarely sufficient because it relies on the employee to fill in the details. Whether intentionally or not, information can be omitted or misinterpreted.

But there are other options that can be used to complement the process. With approximately 120 emails being sent and received per user, per day (according to technology research firm Radicati), email can provide a vital and insightful place from which essential information can be mined and unlocked, and from which an accurate picture of the relationship and its context can be created.

This can bring to the fore very important 'latent' information – a client relationship that appears insignificant in the handover report may actually turn out to be of greater importance when investigated further, for instance.

Conducting such investigation is tedious, labour-intensive and time-consuming – a point proved by the law firm manager I met.

Fortunately, there are technologies such as 'messaging intelligence' that automate this process. This software churns through vast numbers of inbound/outbound emails, reporting the frequency, location and subject of email exchanges. It then

provides a 360-degree graphical representation of the communications had by an individual, or a group of people across the organisation.

Essentially the software generates a powerful visual connections map, unveiling key business relationships, their strengths and associations between internal employees and external clients. It can also transform this into a real-time ‘communications heat map’ (see diagram, right) to display the frequency of communications and how recently these took place. From the pattern and frequency of communications between the fee earner and clients, firms can identify their key clients and their relationship status, and can continue communications with them after the fee earner has left.

## The risk of information loss through fraud, non-compliance and security breaches

Information is not just lost when a fee earner leaves. Indispensable data can just as equally disappear through non-compliance, leaks of corporate information to a competitor, and corporate policy breaches – exposing the firm to further risks.

Modern technologies empower users to share and save large amounts of data effortlessly, but it has also increased the risk of sensitive information being distributed to unauthorised recipients. This risk is further heightened as firms use contractors and temporary staff who may be unaware of the sensitive nature of the data they work with.

How do you ensure intellectual property is not unlawfully distributed, or conflicts of interest are effectively avoided? How do you verify whether employees are adhering to the confidentiality policy?

This is another risk that can be managed by examining the email exchanges of your staff. Of course, only the subject line of the emails, not the content of the actual email itself, is reported, so there is no breach of privacy. An automated investigation can uncover a domain that is of concern – a competitor’s or a specific

client’s email address, for example.

Not only does this increase the performance and efficiency of investigations by narrowing the scope of the communications, it also allows for corrective actions to be implemented instantaneously.

In today’s dynamic legal environment, law firms need to protect their main assets – their clients and their reputation – stringently. In addition to policies



*Messaging intelligence: This ‘communications heat map’ shows a user and her connections. The internal user in blue is surrounded by coloured contacts ranging from bright red (‘hot’ clients that have been contacted recently) to bright blue (where communications are ‘cold’ or older)*

and procedures, deploying software such as messaging intelligence will be instrumental in preventing more damaging problems occurring later.

This kind of proactivity allows firms to manage risk, protect their reputation and retain control over intellectual property – a priceless prize.

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