

# Briefing

LEGAL SERVICES REFORM

ISSUE 15 | OCTOBER 2011

## Time's up

**How the Legal Services Act will affect your firm, and what you should be doing about it. Now.**

### **Interview:**

#### **Time to reset?**

Alternative business structures expert and top-100 law firm consultant Paul Harding on what consumer-facing firms have to change to compete

### **Feature:**

#### **A brand new start**

What law firms are doing today to re-engineer themselves as fitter, faster and more competitive – before the LSA bites

### **Plus:**

Case studies on outsourcing switchboard and practice management IT  
Analysis from expert suppliers on workflow technology, e-discovery, business process automation, reforming client service and the cloud





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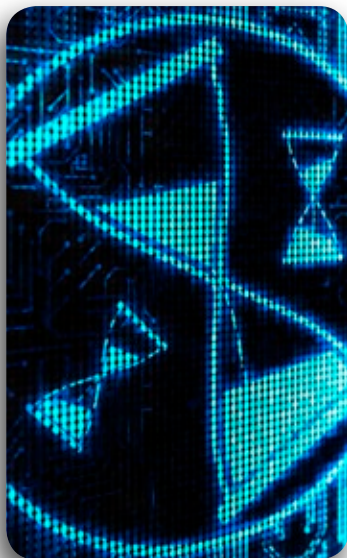
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# Time to change or get out of the game



The time for talking is over. The Legal Services Act is upon us, ABSs will be with us soon (if the SRA doesn't implode from the effort) and there are big companies out there salivating at the prospect of pushing law firms' noses into the dust.

This issue of **Briefing** makes an attempt to see if William Gibson's old saw – that the future is already here, it's just not evenly

distributed – is true when it comes to the legal market.

We talk to Paul Harding, a commercial lawyer, partner, consultant at Clyde & Co and LSA and ABS expert, about what the mid-tier and below should be doing to re-engineer itself before it's left out in the cold. We hear from a variety of firms that are doing things now to reform themselves, ready for competition and growth.

And we have expert

input from legal suppliers, including our issue sponsor **LexisNexis**, on what firms can do in the real world, from outsourcing to reforming client service, from business process outsourcing to e-discovery and the cloud.

There's a huge amount in this issue of **Briefing**. I hope you find it useful and provocative.

**Rupert White**, head of content and community at LSN and editor of **Briefing**

## Time to reset?

All-round round Legal Services Act guru Paul Harding talks to Rupert White about the urgent need for change as the LSA gains traction



## A brand new start

When the LSA kicks in, the smaller firms will be most threatened. Grania Langdon-Down talks to those firms about what they're doing to fight back



## Lean machines

LexisNexis Enterprise Solutions' general manager, Tim Cheadle, on why process and efficiency equal profitability and competitiveness



## Becoming customer-centric

Arlene Adams, CEO of Peppermint Technology, on why law firms bend every part of their make-up towards their customers – and do it now



## Eat or be eaten

Innovation through business process management is now vital for firms that want to be fit to survive, says Philip Vian, CEO for EMEA at Winscribe



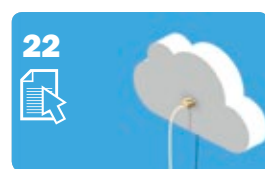
## Case study: Outsourcing

Russell Stevens, head of facilities at Nabarro, talks about how he saved his firm £50,000 with outsourced switchboard from ComXo



## Cloud competitive

Jonathan Seaton from DPS Software outlines how to outsource IT effectively, and manage and get the most from your supplier



## Case study: Workflow IT

Richard Wilson, DWF's senior recoveries manager, on using Linetime Liberate SE to deliver commoditised work at a profit



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## Discovering difference

Thinking differently about e-discovery can create real competitive advantage, says Johannes Scholtes, chairman and chief strategy officer at ZyLAB



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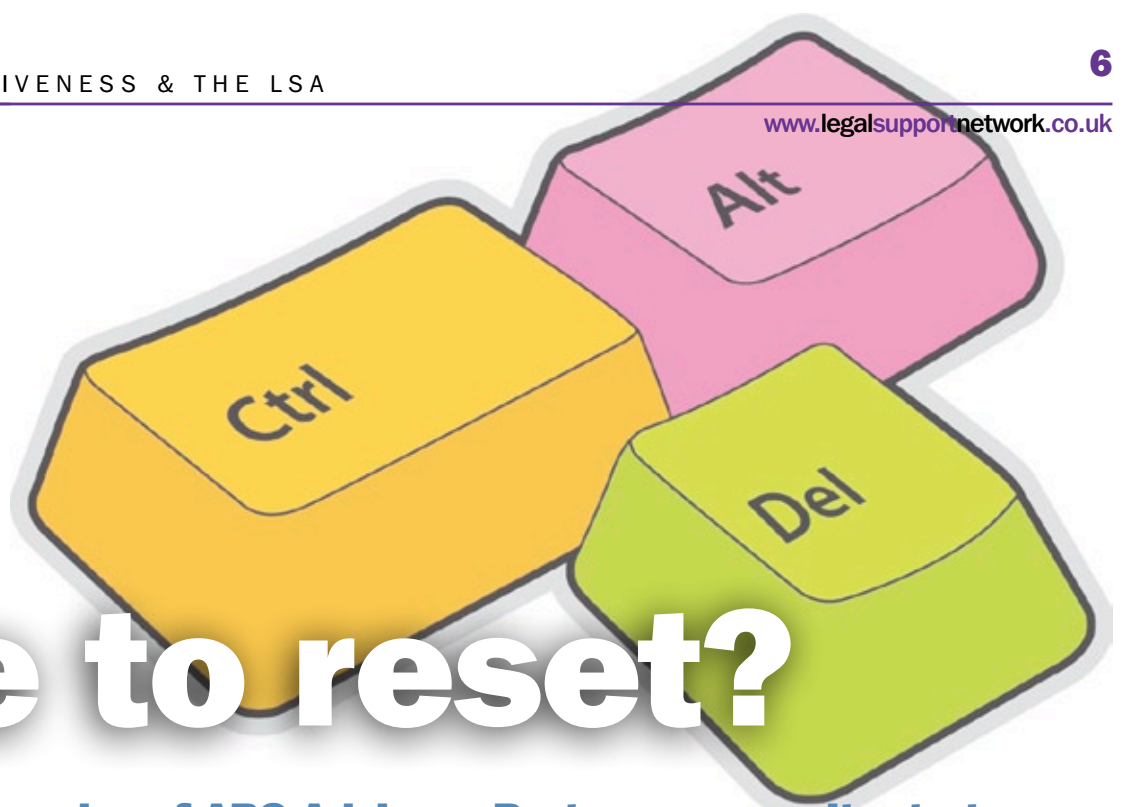
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## INTERVIEW



# Time to reset?

**Paul Harding, founder of ABS Advisory Partners, consultant at Clyde & Co and legal reform guru talks to Rupert White about the threats and opportunities of the Legal Services Act, who will be affected and what firms need to change to succeed**

**“The corporate, high-revenue firms may well adapt and improve efficiency, and be squeezed a bit more by client pricing pressures, but they won’t in any sense be put out of business, or anywhere near it. For them, this is an opportunity, not a threat.**

**But consumer-facing firms had better watch out.”**

Those are Paul Harding’s thoughts on the real impacts of the Legal Services Act (LSA), and that warning is why this Briefing is for all the firms that are threatened (and, you might also say, being offered a huge opportunity) by the act.

Harding is a corporate lawyer turned LSA consultant – after studying law at the London School of Economics in the 1970s, he gravitated to corporate partner in the 1980s at Titmuss Sainer & Webb, the firm that would gradually morph and merge into

Dechert. He moved to Clyde & Co in 2003 as a transactional corporate consultant, and he’s still there.

But this year he founded a consultancy, called ABS Advisory Partners, to work with law firms on how to adapt to a post-LSA world. And he has good form in that area: back in the 80s he worked with the kinds of professions that were then going through similar changes – architects and opticians. He’s also been hired as a consultant by a major outsourcer.

It’s a bit of a poacher-turned-gamekeeper journey, but it means he’s seen almost every side of the issue. He even studied for a specialist legal MBA at Nottingham Trent, writing a thesis on the LSA’s potential future impact.

Harding carried out a poll of the top 200 law firms in late 2010 as part of that study, testing their appetite for external investment, which got him a bit of press when the

report on this was released earlier this year.

But, despite the small but not insignificant interest in external investment the survey showed, the idea of UK law firms launching on the stock market and getting bought out by venture capitalists is a bit of a red herring, Harding says. It might yet happen, but only with the very largest firms or the choicest targets for market segment consolidation.

“There is a world of difference between those who want to seek some sort of external participation in their law firm, [and those who want to just become better businesses without taking external cash]. [For external investors,] the firm’s business ‘model’ is going to be very relevant, and firms are going to have to align governance practices to those more familiar to investors.”

This is going to be because that Faustian pact means handing over the reins to people who will want to find



## INTERVIEW PAUL HARDING

an exit and run the firm in a more corporate way. It hands over control – never something attractive to partners.

“The biggest barrier to private equity or high-net-worth individuals getting involved in a legal business is likely to be a failure to be able to control what goes on at the partnership table.

“A mid-market, generalised transactional firm... is just too difficult [for investors] in terms of governance, of the lumpiness of cashflow and in terms of relationships, because the assets [are human].”

### External investment

External investor interest in the legal sector is, anyway, “on the wane”, he says, for all but the biggest and most attractive firms – the mid-tier, frankly, will sing for its supper and go home hungry. Investors also cannot see an exit route – “because the reality is, there is no market. Until there is a market for the sector, they do not know how they are going to get out of it”.

The problem at the heart of the external investment model is that most of the firms that want external investment aren’t attractive, and firms that are attractive to investors generally don’t want or need their money.

But for firms that could legitimately use the money for growth, there’s another problem. “A lot of the major law firms who might seek investment already have significant revenues accruing from various jurisdictions

where [external investment] would not be permitted,” Harding explains, “including continental Europe.

“It’s going to be years before continental Europe is going to be anywhere near allowing the sort of model we’re currently talking about and, in the US, they are still allowing decisions on this to be made on a state-by-state basis.

“Put yourself therefore in the position of an external investor who is being told ‘We want to

trying to get to, and will get to within the next five to 10 years” – and S&G, he says, is the kind of firm private equity and the corporate investing market will want to invest in.

That’s not the future for most law firms. The big problem facing law firms outside the top 100, as a sweeping generalisation, is not the LSA or alternative business structures (ABSs) – it’s resistance to the change that these issues make possible,

tect’s practice on the Unlisted Securities Market (now AIM).

“In the 80s, people were scared about going to an optician and sitting there with a ticking clock and a musty smell – now you have Vision Express.” Which is, he says, what the legal reforms are in place to fix, why they have to work and, most likely, the kind of vision they’ll produce on the high street. “Why should people be scared of going to a solicitor? Why should

“Why should people be scared of going to a solicitor? Why should they actually not find it a very user-friendly experience?”

Paul Harding, founder, ABS Advisory Partners



expand!’ Well, expand where? Doncaster?”

How about Australia? Harding says yes to that, but bounces back with the fact that the firm always held up as an example of the ‘law firm of tomorrow’ in articles on the LSA, Slater & Gordon, is ahead of us and thinking of coming to the UK “and taking us on at our own game”.

The spectre of S&G represents, Harding says, “the brave new world that we are

because only through change will firms be able to turn these threats into opportunities.

All the arguments against change in the sector have been played out before, he says – back in the 1980s, when architects, opticians and the like were experiencing the same thing. Now we have a completely changed market in those areas that resisted so hard at the time.

Harding was in the middle of it – he floated the first archi-

they actually not find it a very user-friendly experience?”

### Making the change

So how do we get those turkeys to vote for Christmas? The argument has to be financial, he says – either there is too big a disadvantage in not doing it, or because you can show evidence of a real financial advantage in doing it.

But something has to be



## INTERVIEW PAUL HARDING

done. "If you stay in this industry [at that level], I believe it is going to be bottom-line driven", Harding says.

Turning the post-LSA world to your advantage, Harding says means strategy becomes primary and vital.

"You must design a strategy, now. And you must make sure you know what it is you're seeking to achieve."

Becoming more competitive as the market shakes out, whether your firm makes £500m a year, £50m or £5m, is, he says, a matter of re-engineering the work of the firm, turning more work into process, and pushing work down the value chain to much cheaper resources. This is happening throughout the industry, he says, but it's not evenly distributed.

Outsourcing also plays a big part in some of this, but many of the most at-threat firms are those in the revenue bracket that outsourcers gain least from – those in the sub-£10m revenue box – because there often just isn't enough work to shift to create a margin.

"Really, you have got to get to the £30-£50m turnover [point to make it really make sense]." This does, he says, depend heavily on what kind of work a firm is doing – some firms with smaller revenues doing the 'right' kind of work may well benefit significantly from outsourcing. But, he says, these firms should really be looking at process re-engineering before outsourcing.

There are, of course, lots of outsourcing arrangements that can help those law firms outside the top 100 deliver

better service and much lower costs (see [the case studies in our back section](#)), such as in transcription, reception, IT, payroll and the like – but, Harding says, "if you are going to go for serious, full outsourc-

end of the swingometer and 'threat' at the other – and the place of any law firm on that swingometer is directly related to their revenue. Those with the greatest revenue have the greatest opportunity; those at

pushing work down [to cheaper staff], re-engineering the business and deciding how things can be done in a much more efficient way.

"Every option for outsourcing or other process rationalisation, implemented internally or with external help, and commoditisation needs to be considered.

"Above all, [firms must] look at their service levels from the moment of first client contact to delivery. People may be prepared to pay for service standards."

That's the chink of hope for consumer-facing firms, he says: consumers might pay for a tailored, 'law firm' service.

"I think there will be blood on the high streets, because [those firms] simply cannot compete on price with the Co-Op [just to pick an example]. They probably cannot compete on Co-Op levels of turnaround and levels of service either. The only thing they will be able to compete on is if they can really up-skill their service levels.

"So they have to get out there and persuade the consumer that it may be worth paying a little bit more for a personalised service."

But many firms won't see this need before it's too late, he says. "I'm not sure law firms on the high street feel they ought to be relating more to the consumer. I think some of them quite enjoy putting up barriers and asking slightly obtuse questions to make themselves feel important."

If this is true, it could spell real disaster.

Harding is hardly the only

### HARDING'S WARNING

"I think there will be blood on the high streets, because consumer-facing firms simply cannot compete on price with the Co-Op. They probably cannot compete on Co-Op levels of turnaround and levels of service either."

ing, you need a fair throughput of transactions and you really need to be the £30-£50m revenue category [or above]. Below that, the best thing you can do is to look at what you might do internally, and restructure it."

#### Re-engineer the law firm

Harding studied at the LSE in the 1970s under Bob McKenzie, otherwise known as 'Swingometer Bob', the man John Snow and Jeremy Vine imitate every election night. In McKenzie terms, he says, 'opportunity' would be at one

the other end see more threat than chance."

Opportunity can often be taken at leisure, he says – "but a threat needs to be dealt with pretty quickly". Right now, the high-revenue practices "can wait and see, but those lower in the revenue chain must react swiftly – and I'm far from convinced they are".

Firms under threat should examine "every process line, back, middle and front office, in detail" now. Consumer-facing firms have little time left to act, he warns, and only a few options available to them. "We are talking classic business commoditisation,





## INTERVIEW PAUL HARDING

person to be spelling out the future this bleakly. Stephen Mayson told an audience of this very size segment, at an NatWest-hosted conference just weeks ago (late September 2011), that the time for real change in firms had pretty much run out. The traditional model in law firms is irretrievably broken, Mayson said – and it will be the millstone round the mid-tier law firm's neck when it has to duke it out with the likes of Saga, Marks & Spencer and the Co-Op.

One thing seems certain:

clean up because [the brand power of] Marks & Spencer and Saga will do wonders. The consumer does not care about what goes on in the background, they just want to see a sensible lawyer being attentive and doing it at a price they feel is fair."

### Are franchises the future?

Some firms have cottoned on to this and chosen a 'third way', finding refuge under the umbrella of franchise or near-

be faded out, replaced by one single QS brand.

Whether this means the firms under those umbrellas can yet compete with companies that have selling at the cores of their business remains to be seen. Fundamentally, consumer-facing law firms, large and small, will need to radically overhaul their delivery of customer service. This doesn't just mean putting in and learning to really use customer relationship management (CRM) systems, though that will surely help. It means getting people in front of clients who can actually sell legal products, and selling legal products in places and ways that are easy for consumers to deal with – be that in supermarkets or over the internet.

"[Now that QualitySolicitors is working] with WHSmith [for example], the point of sale is so much easier. They're not selling using solicitors, they are using people in branches who know how to sell. The real risk is those [firms] who are still scratching their heads and do not really know what to do, have not thought about it – and there are thousands of those out there."

Harding is convinced that all this talk of competition from outside and the need to change isn't just trash-talking by companies and consultants with vested interests in getting paid for helping that change happen. It's all happened before, in other sectors (such as opticians, mentioned above), and the change was sweeping, irreversible and very, very disruptive.

"I have been a transactional corporate lawyer since 1981. It is a very, very long time. I have no doubt whatsoever that, despite all the critics within the sector saying [the LSA] is a non-entity, this is very big business indeed."

But if consumer-facing legal service provision does change to match these threats, becoming much more sales-led, run by managers, staffed by people who do process not law, working in the equivalent of law shops, and with a huge amount of product delivered on the internet, barely touched by humans... what kind of legal industry are we creating?

Are we making a legal industry that, as customers, we may end up cursing – one filled with robotic workers who don't really know anything, and IT systems that are the legal equivalent of an automated telephone system?

Harding says the way out of that future is for firms to find a better solution. "You have to work on getting a compromise between commoditisation, cost savings and customer service. It's not going to do anyone any good to sweep away the service and commoditise it and then not come up to the mark."

"If you can not only reduce your cost base but increase your level of customer service, you will be flying."

Let's just hope he doesn't mean like a budget airline. ●

**"The consumer does not care about what goes on in the background, they just want to see a sensible lawyer being attentive and doing it at a price they feel is fair."**

law firms doing any more than a modicum of consumer-facing work will be fighting for customers that don't care who does their work, just how much it costs. Brand will matter more than reputation. Price will matter more than PQE. And customer service will be everything.

"If we could get Saga to offer services [such as conveyancing, wills] at the consumer level, they would

franchise operations like QualitySolicitors and the recently launched Face2Face solicitors brand. Harding says this franchise approach may work. "I do wish QualitySolicitors well. There are a lot of cynics out there, but for heaven's sake at least they're trying something." Though QualitySolicitors isn't a franchise in the pure form, as individual firm names are being retained, Harding agrees they will most likely gradually

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## FEATURE



# End of the line, or a new start?

**Firms outside the top echelons will be most under threat when the legal world changes for good. So what can they do?**

**Grania Langdon-Down talks to a variety of firms outside the top 100 to find out if the future is already here, just not evenly distributed**

As the Legal Services Act (LSA) starts to bite, out-comes-focused regulation (OFR) becomes the norm and alternative business structures (ABSs) rumble about in the wings, law firms are realising that they need to find ways to cut unnecessary costs, outsource work, re-engineer their businesses and fundamentally change the way they engage with their clients. But what does this change look like?

Some say that facing the challenges of competing with the likes of the Co-Op and Saga – the kind of new entrants this month's interviewee, Paul Harding, names – will lead to a dramatic increase in 'new' roles, such

as chief operating officer, more strategic roles for practice managers and directors, and a growth in the power of the business services side in legal.

Many of the top-100 firms are turning to business process re-engineering and outsourcing to re-focus internal resource on core legal work and cut their cost bases. It's about being efficient and competitive, but they're not doing it because of the LSA – they're doing it because it makes sense.

But how are law firms in the mid-tier and below changing, or thinking of changing, their ways to become more capable and competitive now that the big day is almost upon them?

## Is outsourcing the answer?

Outsourcing is an issue that's high on the agenda for many firms further down the ladder that want to reduce the cost of doing business – both the cost associated with growth and that associated with today's work. (See the case studies in this issue that show what firms can do to deliver more for less through outsourcing)

Harding would say that smaller firms have fewer options when it comes to farming work and processes out. But even when it can be done, it can be very hard to convince partners of the idea, or even to accept it after it's been implemented. Alan Cousins is practice director

for the commercial and private client law firm Paris Smith, one of the largest regional firms in central Southern England. "I found tough decisions that would have been made [easily] in a commercial environment were much harder to sell to the partners," he says.

There was resistance to change when Paris Smith reformed the firm's secretarial services. From working with the old one-to-one model – one secretary, one lawyer – following Cousins joining seven years ago, the firm has introduced digital dictation and later supplemented that by outsourcing transcription with DictateNow.

Cousins says that selling the DictateNow move to the



## A new start cont.

partners was partly achieved by telling them that the outsourcer only uses UK-based secretaries – but it should have been the savings that swung it: Cousins reckons that, had the firm tried to keep the same ratio as it grew over the three years following the change, the salary bill would have been £250,000 higher.

Paris Smith was able to retain a core group of secretaries, and use the outsourcers to manage peaks and troughs. Cousins also outsourced some reception to Moneypenny to supplement reception, which has helped the firm gain work from callers ringing out of hours.

An area that's now accepted as a good outsourcing target is IT. More than a decade ago, generalist firm Martin-Kaye moved its IT to the cloud. Former partner Chris Cann, now a non-practising consultant responsible for the seven-partner firm's systems, IT, risk and service standards, says the firm's early adoption of this IT model was sparked by Claims Direct, which he says "revolutionised" the way law firms could pick up work.

"It was at that point that I realised our creaky old IT systems couldn't cope, so we decided to move it to the cloud and let someone else to look after it, while I concentrated on the business processes. We went with a company called the Hub, which went bust after 18 months. Since then, we've been with E-know.net."

Deciding to outsource or introduce new business processes is a big decision, with

cost and resource implications, but Cann believes smaller firms can get the jump on bigger rivals because they can be more agile. The big downside is that a lot are hidebound by partnerships that include the 'dinosaurs' we've all met at some point.

### Re-engineering the firm

More in line with Harding's advice for smaller firms, employment and personal injury firm Underwoods Solicitors took the bold step of set-

ting the work out to people who are not directly answerable to me, and where it is harder to check quality control."

Risk is a bugbear. The challenge when outsourcing non-core work, says Kim Hobbs, practice manager at 13-partner full service firm Curwens, is to keep a very good handle on compliance and the quality of client care.

"You'll have financial agreements, so you know the margins," he says. "But compliance means you'll be comfortable when the SRA comes knocking on your

door, and quality means you can sleep at night knowing your clients are being given the same service you would give if it was being done within your walls."

Outsourcing compliance under the new outcomes-focused regulation model comes under [section 7.10 of the new SRA code](#). And outsourcing can be done for other reasons than cost savings – in fact, it might not save any money at all and still re-engineer a firm. Niche media practice Wiggin outsourced its back office functions in 2003, shortly after it demerged from its private client side. Wiggin's COO John Banister says this was a matter of necessity at the time: "We recognised there was a lot to do to build the new firm, and we didn't want to commit too many resources to managing the admin when our priority was the clients."

Banister brought business process outsourcing (BPO) company Intelligent Office

"We still take all the decisions, but I'm delighted that somebody who knows what they are doing is dealing with these functions."

John Banister, COO, Wiggin



ting up its own South African 'capture' to take on secretarial services rather than outsource it – re-engineering the firm on the inside. Secretarial salaries in SA are roughly a quarter of that in the UK, and there is no national insurance to pay.

But senior partner Kerry Underwood says it's not just about the money. "I'd rather employ my own people in a cheaper jurisdiction than put

door, and quality means you can sleep at night knowing your clients are being given the same service you would give if it was being done within your walls." Outsourcing compliance under the new outcomes-focused regulation model comes under [section 7.10 of the new SRA code](#).

And outsourcing can be done for other reasons than cost savings – in fact, it might

in, which took over functions such as post room and stationery management. Two years later, Wiggin outsourced front of house to the same firm. Wiggin has kept secretarial in-house, though Banister is looking at bringing in third parties to handle work peaks. (Wiggin also outsourced comms to Total Ltd – read the case study in [Briefing on Strategy, June 2011](#))

## A new start cont.

Wiggin has between 12-15 Intelligent Office employees across two sites, and treats them as part of the firm. "I see this as a partnership rather than a third-party relationship," Banister says. "We didn't do it to save money, but to save time. It's probably cost-neutral because, while [Intelligent Office] can bring additional purchasing power, there is a management fee on top."

Did he fear any loss of control? "Not at all. We still take all the decisions, but I'm delighted that somebody who knows what they are doing is dealing with these functions. It is a high-churn area, so a lot of recruitment is required – which is no longer our problem."

### Becoming an LPO

In a radically shifting market, some law firms are radically changing their business model and strategy.

In an interesting twist on outsourcing, Pannone set itself up as a legal process outsourcer (LPO) to other law firms and businesses. Its Connect2Law support and referral network is 10 years old in October 2011, covers England, Wales, Scotland and Northern Ireland, has over 2,400 law firm members now, and expects that to rise to 2,800 by April 2012. Last year, the firm created its Affinity Solutions division to provide a range of services including running legal helplines for insurers and other corporates.

Just under a third of member firms are sole practitioners,

one third is firms with three or fewer partners, with just the remaining third being firms with more than four partners.

Charles Layfield, Pannone partner in charge of Connect2Law, says member firms aren't just outsourcing legal work they can't do so as not to lose a client – they also pass on work they could do but which another firm, such as Pannone, can do more cost effectively, because it has a higher degree of process automation.

Member firms also benefit from the network's buying arm, CostController, which spent 2011 analysing members' BPO needs, and is now in the process of creating a solution for them across IT, pay roll, finance, secretarial, HR, billing, call handling, and marketing assistance.

This last point shows how an umbrella-style network of work referral, alongside shared buying power and possibly some shared back office services, draws a possible future for firms too small to even dream of buying those advantages individually – and shows how tomorrow's legal business isn't a binary outcome, with some firms able to do things like outsourcing and process automation, while others cannot.

### Managing risk

There are inevitably risks involved in handing over services to an outside provider, and those risks need to be managed as part of a business relationship. But who will be responsible for managing these new relationships?

Traditionally, lawyers juggled responsibility for different services alongside heavy caseloads. This is changing, generally from the top of the legal market down. But is it time to make a wholesale

doing it.

"But if you are talking about running and leading the firm, in my view that should remain a lawyer."

Underwood might represent an increasingly minority view in the legal market once ABSs become reality, though.

Cousins at Paris Smith is a former group company secretary of a FTSE 250 listed company, and was headhunted for his experience in risk management and compliance as well as his commercial outlook.

**"I only spend money – which is why it's so important that all the different functions are well managed by people with the right expertise."**

Alan Cousins, practice director, Paris Smith



change to firms' management structures?

That still depends on the size of the firm, says Underwood. "Professional managers can be an absolute disaster, and bringing someone in who has no experience of the profession or sector is a big mistake," he says. "However, when a firm is sufficiently large, you need people to manage it, because it isn't cost-effective having a lawyer

In headcount terms, Cousins has the second biggest department in Paris Smith, but "the problem is, I only spend money, I don't make any – which is why it's so important that all the different functions are well managed by people with the right expertise".

The job initially on offer at Paris Smith was that of practice manager, but Cousins says he "persuaded them to enhance it to practice director

## A new start cont.

so that I would be involved in strategic development and risk management”.

His firm is currently reviewing all potential outsourcing opportunities, but this has an impact on the firm's own staff. “You have to look after morale internally, if people feel their jobs are under threat,” he says. “It's a case of trust. You have to be aware that some-

with suppliers on behalf of the members. “Our objective is to do something similar with BPO. There is a management and resource cost to managing those relationships – one of our USPs is that we provide that service.”

Layfield hasn't earned fees for six years, but, he says: “My interest has always been in law firm management. Can

manager, but there are others who can and will.”

### Corporate future

There's been a slow shift to more corporate structures in law firms above a certain size, with the rise of CEOs and COOs, Layfield says, and “this will be accelerated by the

person management team at Wiggin (alongside two of the more senior lawyers). With no senior or managing partner, it's a relatively corporate structure and unusual for a law firm.

“When I was at Linklaters in the mid-90s, we thought there would be an explosion in the role of COOs and practice directors, but it has been a slow drip-drip. However, post-recession and with the LSA changes on the doorstep, the time is ripe for firms to seek professional managers.”

Cann at Martin-Kaye agrees. “It is a matter of trust, putting your life's work in the hands of an outsider,” he says. “It is hard for old-fashioned partnerships to swallow, but it is much better to bring in an outside manager to run the business than get [a lawyer] up to speed to compete in the new environment.

“Progressive firms are bringing in CEOs. With ABSs, they will be able to bring them partially into ownership if they're really good.”

And, while all those interviewed for this issue of **Briefing** believe the changes wrought by the LSA will create more of a war of attrition than a world-ending bang, they are enthusiastic about the opportunities ahead.

“We are exploring all sorts of opportunities which may fit with our niche specialism,” says Banister. “This is another reason why you don't want to be distracted by the photocopying or post room – firms should be embracing [things like] outsourcing for non-core work, so that they can focus on the main business.” ●



“It is hard for old-fashioned partnerships to swallow, but it's much better to bring in an outside manager than try to get [lawyers] up to speed to compete in the new environment.”

Chris Cann, head of IT/risk/standards, Martin-Kaye

thing you see makes perfect sense in business terms can be very worrying for staff.”

But things like speech recognition software, he says, will eventually transform secretarial support. “We are working with Winscribe, which provides our digital dictation system, in association with speech recognition provider Dragon. Each time I look at it, it works better.”

For Layfield at Pannone, one of the benefits of their CostController buying arm is that it manages relationships

you do this and fee-earn? In my, very subjective, view, no. When I started, I had a 50/50 fee-earning/non-fee-earning split for a year and I ended up doing two-thirds of both. Ultimately, if you want to be best in class, you need to do it whole-heartedly.

“Why would a lawyer be the best person to manage a back office function? I think there will be a change with outsourcing, but it will be more down to the size of the firm – some won't be able to justify employing a full-time practice

LSA – and it is long overdue. The reality is that the CEO of a FTSE 100 firm would not be working on the shop floor”.

Banister at Wiggin agrees. He spent eight years in the Royal Navy before becoming business manager in an investment bank, and then the same for Linklaters. It was a new role, then, and he was one of just four – now there are more than 60. He then went on to KPMG to be COO for KLegal, seeing it grow to 650 people.

Now he's one of a three-



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Norwel's Prescient PMS software is designed to meet over 90% of client's needs whilst the remainder is addressed by tailoring and integrating Prescient with third party applications.

Alan Richardson, Norwel's M.D. says "Firms need to ensure that their IT investment is supported by a supplier who not only provides best value for money, but who can give them what they want when they want it allowing the business to respond quickly to new opportunities. That means being responsive, agile and adopting a collaborative approach with the firm".

### **Here's what our clients say:**

*"Well, we're still happily using Prescient's case management module five years on so that should tell you a lot."*

*"What we saw there was a supplier with a long track record in the sector having put all its knowledge and expertise back into the product – taking feedback and suggestions from clients and putting them into the product as part of a continuous improvement program. We were struck by how very dynamic that process was – and still is – and there's huge value for all Norwel clients in this".*

*"Norwel's strengths are two-fold. First, it's the fact that 90% of it works out of the box, a testament basically to decades of legal know-how and experience at the coal-face. Second is the fact that you are not left high and dry as regards the remaining 10%, and just expected to put up with an incomplete solution"*

*"This openness and resultant dialogue has been key to accelerating IT that is properly aligned to business requirements. Rather than getting stifled by a more bureaucratic, consensus-driven approach to system development, we've been able to push on as there's been an immediate and urgent response to our needs".*

*"The hook with Norwel is that they look after you – they welcome dialogue; they take on board criticism; they embrace challenges; they respond to your needs".*

*"We review our suppliers regularly and assess whether they are still delivering value and still committed to the relationship. Norwel passes that test consistently and indeed the longer we have worked together, the more fruitful the alliance has become as our understanding of each other has developed".*

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## ANALYSIS INDEX

# Adapt to compete

In this issue of **Briefing** we have a wealth of information from suppliers to the legal market about what changes firms should be making as the **Legal Services Act** kicks in, and some real life stories from firms that are already changing to become leaner and more agile.

**Are you ready to begin?**

**Lean machines**

LexisNexis Enterprise Solutions' general manager, Tim Cheadle, on why process and efficiency equal profitability and competitiveness

**Becoming customer-centric**

Arlene Adams, CEO of Peppermint Technology, on why law firms bend every part of their make-up towards their customers – and do it now

**Eat or be eaten**

Innovation through business process management is now vital for firms that want to be fit to survive, says Philip Vian, CEO for EMEA at Winscribe

**Case study: outsourcing**

Russell Stevens, head of facilities at Nabarro, talks about how he saved his firm £50,000 with outsourced switchboard from ComXo

**Cloud competitive**

Jonathan Seaton from DPS Software outlines how to outsource IT effectively, and manage and get the most from your supplier

**Case study: workflow IT**

Richard Wilson, DWF's senior recoveries manager, on using Linetime Liberate SE to deliver commoditised work at a profit

**Discovering difference**

Thinking differently about e-discovery creates real competitive advantage, says Johannes Scholtes, chairman and chief strategy officer at ZyLAB





## ANALYSIS EFFICIENCY THROUGH TECHNOLOGY

# Lean machines

**LexisNexis Enterprise Solutions' general manager, Tim Cheadle, on why process and efficiency are key to law firm profitability, and how law firms aiming for these goals will be more competitive**

Addressing the Birmingham Law Society last year, justice secretary Ken Clarke said that as many as 3,000 high street firms may disappear in the UK after alternative business structures (ABSs) come into being. This is something we'll have to wait to see – the Solicitors Regulations Authority will only begin licensing ABSs in early 2012.

But commoditisation of services and products is well under way across a number of industry sectors, and the coming of the Legal Services Act 2007 has triggered this trend in the legal sector.

This subject has been extensively debated, but one could argue the point that the commoditisation of legal services should not be considered any different, or less useful, than in any other sector. You can buy insurance, mobile phone contracts and

mortgages from supermarkets or similar sellers today – why not legal services?

Regardless of the rights and wrongs of the reforms, the opportunity for new legal market entrants is huge, and many corporate brands are already queuing up to become legal services providers – WHSmith, the Co-Operative Group, AA, Saga, Which? and Halifax spring to mind.

So, some serious challenges clearly lie ahead. Competing with large corporates with financial muscle, strength of brand and well-oiled marketing machinery and access to customers will not be easy.

Moreover, securing funding – which was rarely an issue for law firms prior to the recession – can no longer be taken for granted. Following recent insolvencies in the sector, such as Halliwell's and Howreys, banks no longer consider law firms to be low-risk. They

are now demanding evidence of advanced financial management, alongside assurances that practices are being run profitably. The financial challenges will only worsen with the professional indemnity renewals due the week this **Briefing** is released.

## **Operational efficiency will be key to profitability**

To deal with these challenges, law firms must learn to operate in a more competitive, enterprise-like manner.

Ironically, in all this change, the need to adhere to the traditional business values of efficiency, cost-reduction and innovation to win and retain customers has never been greater. Increased price competitiveness, reduced budgets and a shift towards alternative fee arrangements makes operational efficiency

imperative.

Firms must also free up latent capacity to develop new services and act on the opportunities these 'new normal' conditions will bring.

As an enabler, IT will be instrumental in achieving this goal. When planning for IT requirements against this backdrop, IT outsourcing is worth considering – in finance terms, it instantly moves IT from being a capital to an operational expenditure. It also shifts the IT department's responsibility from day-to-day administration towards acquiring and developing technology that will positively impact the firm's bottom line.

To illustrate, Your Conveyancer, a Scotland-based volume conveyancing provider, has implemented Visualfiles, LexisNexis's case management system, as a fully managed, hosted solution.

Because Visualfiles is a



## Lean machines cont.

hosted solution, the firm has been enabled with workflow-based technology without incurring the additional capital expenditure that would have been required in a traditional IT environment, such as software licences and hardware. On top of that, the firm has 24x7 technical support 'on tap', and disaster recovery is offered as part of the managed service.

Hosted IT is giving the firm enhanced flexibility, scalability and reliability – and staff can access Visualfiles from anywhere in the world, reliably and securely. Better still, this IT model is supporting the firm's strategy and online business diversification objectives, because it allows Your Conveyor to recruit staff based purely on merit, regardless of where they are located.

### Streamline your business processes for an integrated business environment

The emergence of ABSs will increase competition, but they also present an opportunity for small and medium-sized firms.

Delivering legal services is not the expertise of super-markets and co-operatives. I think the trend of outsourcing legal work to smaller firms will increase significantly, and those practices that have the right technology in place will be well positioned to secure this business.

The technology needs of law firms vary, and the hosted model is not suitable for all. But, whatever model they adopt, law firms need to make sure the technology they deploy is workflow-based and delivers business process automation.

Contrary to the traditional approach of focusing only on legal process efficiency, firms now need to look for business process efficiency

and underpinning them with a technology solution.

Integrated practice management solutions based on Microsoft technologies are a good route to achieving this. Such solutions seamlessly integrate all core functional business areas of a legal business, such as billing, customer relationship management, document management, risk management and compliance, workflow and key perform-

their disposal immediately on joining – which means they are billable within a reduced amount of time.

Over in business development, the bid and tender management process can be streamlined to ensure that only the most appropriate personnel and references are included. Using embedded analytics, the team can then also calculate if the prospect would be a long-term profitable opportunity.

And, by streamlining processes, finance can provide clients with a transparent view of fees structures in real time, safe in the knowledge that all the information is accurate and fully auditable.

The answer to the question "how do we become more competitive after the LSA", therefore, is clear.

**"Firms now need to look for business process efficiency that extends beyond legal activities and spans every aspect of the business."**

Tim Cheadle, LexisNexis Enterprise Solutions



that extends beyond the legal activities and spans every aspect of the legal business, from finance and accounting to customer relationship management, from business development to HR.

A tried and tested way of achieving operational efficiency that impacts the bottom line is by streamlining and automating underlying business processes.

Business process automation, essentially, involves taking existing processes and making them more efficient by applying business rules

ance indicators. But they also crucially provide close integration with Microsoft Office, which delivers productivity gains, cost savings and overall business efficiency. Microsoft-based solutions are also relatively future-proofed, which means law firms can maximise their technology investments for the long term.

Let me give you an example of this in action:

In HR, the process employed for new joiners can be automated and honed to ensure that fee-earners have the training and tools at

Given the increasing competitiveness and regulatory compliance complexity following the final phase of the LSA, any legal business must be underpinned with technology to drive efficiency, reduce business risk of professional negligence, speed up service delivery and ensure compliance.

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## ANALYSIS REFORMING CLIENT SERVICE

# Towards the customer-centric firm

**Briefing speaks to Arlene Adams, CEO of Peppermint Technology about why law firms should look at why businesses in other sectors bend every part of their make-up towards their customers – and do the same, because they are your new competition**

**Arlene Adams has done her time in the legal IT sector, riding buyout waves that would sink many business leaders. She then spent a couple of years in the wilderness, assessing the market while it rode out the recession. Now she's back, with a new insight into what law firms must do to be competitive leaders in their sector in the future.**

Unlike many commentators, she doesn't believe that it's only the smaller firms that will face the pressures of 'Tesco Law' after the Legal Services Act finishes its run in October and once ABSs are introduced in 2012. "It's not just going to be the commoditised space that new entrants target", she says. "People are still living in a bit of a wishing world rather than reality when it comes to who will be under pressure."

Whether your firm is large or small, though, the challenges are similar – competition, and becoming agile enough to compete. Adams says she's heard first-hand from "well-

established brands or businesses that understand what they're good at, what their core competences are and how they can translate that into the legal services market" that want to enter the legal market, creating significant disruption and competition.

What does this mean for law firms, and what can they do?

"Some firms believe that legal is highly niche, it's personalised and it's built on very personal relationships, so it's not really going to affect them – and so they will continue to focus on differentiating through the sort of personalised touch that they give their clients. To some extent, that's just an excuse for people not wanting to face up to reality.

"But a lot of firms are starting to ask the big questions: where does this leave us, what is our core competency, what is our strategy, and how are we going to compete?"

These are the key questions any firm has to address in its strategy (*for more on that,*

see [Briefing on Strategy, June 2011](#)) – regardless, Adams says, of whether the big threats fully materialise; competition will dramatically increase either way.

"Even if ABSs and the Legal Services Act don't have the impact that many predict, the fear that they might will be what instigates a lot of firms to change, and I don't think that's a bad thing. It's kick-starting them into looking at their firm much more as a business.

"This means looking hard at how they deliver a customer experience, and it means looking at how they can be much more efficient and streamlined in what they do, to be price competitive."

Adams says that research Peppermint Technology has done into the consumers of legal services, both private and corporate, shows definitively that "the overriding factor influencing consumers buying legal services is price," – more than nine out of 10 private clients said price

influences their decision to select a lawyer. Therefore, Adams says, "streamlining the business is really important".

Price sensitivity is partly down to the ongoing economic woes affecting the country, she says; but it's also a fundamental shift in consumers' attitudes to buying legal services. "We've seen the emergence of a lot of online services that put control back into the hands of the consumers when it comes to making buying decisions over the last five years or so. The consumer now expects it to be easy to be able to compare like-for-like services for a like-for-like price."

This challenge for legal is compounded by the rise of a generation used to doing everything on the web, she says, and that extends into the corporate buying world – Peppermint's survey found that online was by far the most preferred communication mode by corporate clients.

The primary strategic shift in capability that law firms must

## The customer-centric firm cont.

embrace is one that will give firms the ability to reshape their customer experience and streamline their business for maximum efficiency: becoming more agile in delivering new legal services.

"A firm's ability to rapidly build and deploy new legal services is critical – firms will have to be much more creative in their offerings. Where traditionally their offerings have probably been quite static, the likes of Tesco and so on are used to changing their offers twice a week."

For a law firm – or 'legal services provider' in the argot of the near future – to be able to deliver these tenets of future competitiveness, Adams says, it has to put customer experience at the core of its IT systems the same way it must put customer experience at the core of its business strategy.

"The legal services market is about how you give the customer a really good experience around the value that you deliver to them as a legal firm – and that value is actually content. How do you take that content and make it highly personalised, highly relevant and really easy for the consumer to consume? That is one of the challenges in the legal market.

"If firms can make their content easy and accessible for a consumer, at the right price point, then they're going to be very successful."

A simple example of this, she says, can be found when buying a house. "For most people today, the busiest peak time of online services

is between 7pm and 9pm. Not only that, law firms' target audience is often time short and not necessarily cash rich, but they've got money to spend. Those people don't often have the time to interact and collaborate with a lawyer during the working day. An office that shuts at 5pm isn't much use to them.

"That same individual is

experience than they do if they're having to engage on someone else's terms."

And, she says, it is thinking differently about a law firm's IT systems that can deliver this. Everything has to revolve around customer experience, in a fully integrated, automated and process-led environment.

"You want it to work seamlessly. A platform that

that joins everything up to provide a slick, automated process wherever it can, but also gives the customer a highly personalised, satisfying experience at the other end.

"The firms that are going to be successful in this market will be those that strip their business back to the two things that will make a successful legal company:

**"The firms that are going to be successful will be those that strip their business back to two things: the customer experience, and the content they deliver."**

Arlene Adams, CEO, Peppermint Technology



used to an online experience where they can take control of their own finances, for example, through internet banking, anywhere, anytime, from anything. And with control comes a feeling of a better service that is highly personalised to them. I would suggest that people expect the same of their lawyer.

"It's been proven time and time again in other industries that, where people can self-serve, they have a much more personalised, satisfied

mixes applications, content, and collaboration, that brings it all together, can give you a completely different experience." And it delivers a consistency that's going to be vital in future.

"A consistent experience is proven to drive up satisfaction. If you have a single customer view, if you have all your applications completely integrated through your single customer view, you can make very informed decisions.

"It's about having something

the customer experience and the content that they deliver to them. If you've not got that customer experience right, sometimes it won't matter how good the content is – because you've lost the customer before you even get to the point of sharing the content with them."

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## SUPPLIER ANALYSIS OUTSOURCING IT



# Eat, or be eaten

**Innovation through business process management is now vital for firms that want to be fit to survive, says Philip Vian, CEO for EMEA at Winscribe**

Status quo has had its day, and I'm not referring to the rock band. The following phrases that have traditionally been trotted out to reinforce the status quo should now be the preserve of etymologists: "if it ain't broke, don't fix it", "tried and true" and, my favourite, "it's worked for us for the last 100 years and there's no reason to change now".

Most law firms live and breathe the status quo – it's in their DNA. But times are changing and firms will need to change. We may even have a case for a new version of Darwinism as a result: legal Darwinism.

We are in the midst of a malevolent economic cycle and all the indications are that the market is going to remain stagnant for a few years yet. Not only is the market stagnant, but clients are becoming more discerning. Fixed-fee work, once the unwanted prerogative of the high street firm, is beginning to creep into commercial law. A firm will need to have its costs under total control to even be

able to contemplate fixed fees, otherwise it will go the same way as the *raphus cucullatus* (that's the Dodo).

As if the economy was not enough to contend with, in 2007 the government saw fit to stir things up with the Legal Services Act. Now the era of outcomes-focused regulation (OFR) and alternative business structures (ABSs) is upon us, and a certain part of the legal market is going to be commoditised as a result.

You only have to look at what has happened to the conveyancing market to understand what is coming, and it is not just the high street firms that are going to feel the impact of the new entrants or 'predators'. ABSs are not just about new entrants practising law – they are also about firms entering the sector from highly efficient industries with strong process controls and high levels of process automation. This position delivers not only lower costs, but also new levels of service quality to clients.

The DNA of UK law firms has to change; the cessation

of the species is already happening.

But study evolution in more detail and you will find that, since the beginning of time, species have survived by two means: adapting to a new threat in their territory by evolving their own defences, or by expanding into empty ecological niches.

The common theme is that the species that have survived have been adept at changing, and there is nothing that embraces change more than innovation. Therefore, innovation must be at the root of a law firm's DNA, because this will allow it to expand into profitable niches and to build defences against new threats.

We have been helping law firms to embrace innovation in several ways. First, by developing and introducing a business process management solution – Winscribe BPM – to the UK legal sector, which promotes law firm competitiveness by reducing the firm's overall costs arising from inefficient, manual processes. By integrating existing systems, maintaining

a firm's current investment, and enabling firms to make constant improvements to their business processes over time, our clients are well placed to meet the upcoming challenges.

Second, we have created an Innovation Advisory Board – a group of practice managers, compliance managers, CEOs, CIOs and ABS consultants from across the legal sector – with the specific aim of providing a forum for innovation in the UK legal environment. Meeting once a quarter, the team uses its knowledge and experience to identify the most compelling areas of invention for the legal sector.

Winscribe will take those invention areas and use our BPM solution to build the process to turn invention into usable innovation for all UK law firms.

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## CASE STUDY OUTSOURCED SWITCHBOARD

# Out of hours, but not out of mind

**Russell Stevens, head of facilities at Nabarro, talks about how he saved his firm £50,000 with outsourced switchboard from ComXo**

Sometimes, what seems like the least important thing in a law firm's daily grind is the most important thing. But when Nabarro outsourced its out-of-hours switchboard to ComXo, head of facilities Russell Stevens knew that a few late night calls could be far more important than many of the firm's daytime conversations.

Until December 2010, Nabarro's after-hours phone calls were taken by security staff at the firm's London offices – but the problem was that security staff weren't answering calls with consistent quality. "We don't get a huge amount of calls out of hours but when we do we obviously want them answered professionally," Stevens says. He was also looking at whether he could divest the firm of its separate security contract, as its home is a leased building with security.

Stevens realised that he could save money by getting rid of the security contract and moving the phone answering it had carried out to a professional service. The firm's then managing partner, Nicky Paradise, had already called for the in-house switchboard staff to be re-located from London to Sheffield, so Stevens' idea to also switch out the security and have ComXo pick up the evening

slack dovetailed perfectly into the plan.

Stevens had been aware of ComXo's services and spoken to another ComXo client, Farrer & Co, about the service. This tipped the balance – when the firm moved to shift switchboard to Sheffield, he terminated the security contract and brought ComXo

wanted to leave mobile phone numbers with reception and so on could do so, and that those answering would be reliable enough to use that information. This had been happening, but it wasn't as good as it could have been."

The most regular ComXo help covers issues such as taxi bookings for late-night

what is a vital client-facing service, but he had no service level fears, because the same 'mystery shopper' service that Nabarro uses for its own services also scores ComXo in its highest bracket.

"When we get our report on how our own people have performed, we also get a list of other firms who've achieved a certain category – and ComXo are consistently in the platinum category. That gives us peace of mind," Stevens says.

"In the time we've been using ComXo, I don't think I've received a single complaint, so you know they've responded very well to everything that's been thrown at them."

Firms are taking on ever more of these outside relationships, and with them the need to oversee them. With ComXo, Stevens says, this has been relatively easy.

"The crucial thing is to make sure you're comfortable that the people you partner with have done their due diligence and understand your business. With ComXo, you know they're working with large law firms and providing this service to them – they know what they're doing."

**"We don't get a huge amount of out-of-hours calls, but when we do, it's generally quite important."**



in to deal with out-of-hours calls. He reckons the move has saved Nabarro around £50,000 year.

Nabarro chose to outsource to gain better call handling quality, more efficiency and some cost savings – a simple mix, but a potent one.

"The client calls tend to kind of drip-feed in after about 7pm, but when they do call after that, it's generally quite important," Stevens explains. "We needed to make sure messages would get through, that the partners who

workers, and some client relationships where a lawyer must be provided within a set period – but, he says, "we know ComXo have all that information, and they know what they've got to do when they receive that kind of call".

Management is fairly simple, including giving ComXo a weekly list of leavers and joiners, "so if a client rings up and asks for someone who's left, it's not embarrassing trying to fiddle around trying to get hold of someone who isn't here".

Stevens chose to outsource

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your law firm



## SUPPLIER ANALYSIS OUTSOURCING IT

# Cloud competitive

**Jonathan Seaton from DPS Software outlines how to outsource IT effectively, and manage and get the most from your supplier**

**“The most important single ingredient in the formula of success is knowing how to get along with people.” So said former US President Theodore Roosevelt – and, when it comes to how law firm management creates productive relationships with service providers, this couldn't be more accurate.**

With the final elements of the Legal Services Act (LSA) sliding into place, how well law firms create and maintain a small but growing number of key strategic supplier partnerships will have increasing impact as the legal market becomes much more commercial and competitive.

When alternative business structures (ABSs) enter the market from 2012, outsourcing essential but non-core elements of a legal business will provide many vital advantages to most firms. This behaviour may even be a determining factor in the future success of many firms – giving them the ability to focus on legal work, and bring to bear the knowledge of the legal market they've built up over years in practice.

In certain work areas, new entrants to the legal services market are likely not just to hit the ground running, but with a head start. A commercial

background and a wealth of experience in other markets will see them bring operations and business development knowledge and processes, alongside big budgets and infrastructures, that all but the largest law firms are unlikely to be able to match.

During times of change there are few strategies more dangerous than sticking your head in the sand. And, regardless how far-reaching the impact of the LSA and ABSs, building a business strategy, improving operational structures, strengthening relationships and, ultimately, putting your firm on a competitive footing can only bring positive results.

IT strategy is a major part of this, but it must now be a far more wide-ranging effort, especially when it comes to examining the options available for outsourcing law firm technology.

We think cloud services play a key part in this shift in IT strategy. A fully-managed hosted IT service, a service like DPSCloud, for example, provides a way for law firms to meet several crucial elements of a legal IT strategy: responsibility for infrastructure, legal software, IT support and maintenance are all delegated to and managed through a

single supplier relationship.

But how should legal firms go about managing these outside IT relationships?

#### **Outsource work, not**

**knowledge:** It's important that the knowledge of outsourced functions is still held by those managing the relationships. Outsourcing does not mean that non-legal skills should be done away with – quite the opposite. Expertise should be cultivated internally so that those managing relationships can work effectively with suppliers.

#### **Build internal functions into strategic roles:**

Specialist knowledge will also allow staff managing supplier relationships to take on more strategic roles – as they learn to delegate responsibility for day-to-day support and maintenance to the supplier, they can give the firm clear direction in essential business support areas.

#### **Really work the relation-**

**ships:** Ultimately, supplier relationships need to be leveraged to provide law firms with certain key capabilities:

Flexibility and agility to take advantage of business opportunities: Your supplier relationships must give you

near-instant access to the services and products your firm needs to capitalise on developments in the market.

Freeing up of internal capability to leverage superior legal knowledge: Some new entrants may well have a head start, but law firms are uniquely placed when it comes to market experience and knowledge. The best supplier relationships should free them to use that capability.

Cost-effectiveness, across the board: This will be essential as new organisations enter the market from commercial areas where cost-savings are the primary focus of almost everything they do.

The LSA means it's time for law firms to act much more like businesses, but established law firms should not lose the 'human face' that may differentiate them from competition. Firms should look to strike a happy medium between a commercial entity and a traditional legal practice, and the right strategic supplier relationships can help them achieve that balance.

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## CASE STUDY INTEGRATED PRACTICE MANAGEMENT

# Competitive case advantage

## Richard Wilson, DWF's senior recoveries manager, on using Linetime Liberate SE to deliver commoditised work at a profit

**One of the primary concerns around the Legal Services Act is that of increased competition in the sector. Worse, that the competition might be more technologically equipped than many firms and make better use of process automation and client-facing systems to drive down costs – even very capable top-100 firms.**

One of the areas of legal work becoming increasingly commoditised is debt recovery. Top-50 firm DWF operates a debt recovery team, but instead of farming out the work, it saw a way to keep it in-house and do it in a competitive, profit-making way. To do that, though, it had to provide more client value while maintaining margins.

DWF had to both increase the amount of workflow and process management within the debt recovery unit, while delivering more transparency and ease of use. DWF did this by using Linetime's Liberate debt management system to automate processes, drive efficiency and deliver timely case data directly to clients – cutting costs and increasing value to clients.

Richard Wilson, DWF's senior recoveries manager says that "the market we operate in is increasingly competitive and commoditised, so it's my job to make sure we're as efficient as we can be, and that we reduce costs".

"Our workflow and processes need to be automated to reduce the admin burden on fee-earners, while giving the best service to clients – which means we stay competitive."

DWF provides recovery services for consumer or commercial debt, ranging from credit card loans and domestic mortgages to asset-based finance (leased vehicles, eg) and B2B debt for companies such as Otis, Anglian Water

system, where cases are automatically created and the debtor communication is kick-started immediately. DWF's clients can upload data directly into Liberate via an FTP web address. "It's easy for the client," says Wilson, "and the first letters can be going out the door in a matter of hours". Once the case is on the system, the procedure is turned into a process.

DWF's Liberate system can

view into current cases as well as the ability to directly influence the firm. "Our clients can see a full case history, review cases and issue instructions all via a secure internet connection," says Wilson.

Otis, the global elevator and escalator business, is a prime example of how a client can get the best out of such a system. Otis has 25 UK credit controllers, all of whom use B2C Online Case Tracking to review cases and correspond with DWF. "B2C gives Otis a full audit trail of transactions and reduces the risk of any errors. They can manage their debt recovery process more efficiently and ensure that they're controlling costs."

Delivering more information and transparency, as well as better reporting to clients, is a vital part in DWF's competitiveness: "It's being able to provide these benefits that really sets us apart in terms of client service," Wilson says.

DWF, then, is in a very competitive position in a commoditised market – using technology to automate processes, drive down costs and create a fundamentally better client experience. Just what Clementi would have wanted.

**"It's being able to provide the benefits of more transparency and client reporting that really sets us apart in terms of client service."**



and Portakabin. DWF chose Liberate because the system builds on workflow and process automation to increase efficiency, reduce costs and provide greater value to its clients – as Wilson puts it, it "means we can offer clients an improved higher-volume debt recovery service".

One really useful way to use technology in debt recovery is to allow for bulk work to be pushed straight into the

also push claims en masse to the Claims Production Centre, which issues claims electronically, and then on to the County Court Bulk Centre. Mass issuance, says Wilson, reduces workload and it's faster – "and the court fees are cheaper – a saving we can pass on to the client".

Adding value directly to the client, the extranet element in Liberate, B2C Online Case Tracking, gives clients a clear

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## ANALYSIS INFORMATION MANAGEMENT

# Discovering difference

**Thinking differently about your firm's approach to e-discovery can create real competitive advantage, says Johannes Scholtes, chairman and chief strategy officer at ZyLAB**

**Alternative business structures (ABSs) will give tomorrow's law firms the freedom to offer a combination of advice and other services under one umbrella, a change that could commoditise legal services beyond anything we have seen to date. Law firms that want to stay ahead of the curve need to act now.**

The area of e-discovery has a bigger part to play in creating competitive advantage than you might think – mainly in how firms can deliver better services while maintaining cost proportionality.

The current backdrop from an e-discovery company's point of view is identical to that of a law firm – volumes of data created are growing exponentially year over year, 'claim culture' continues to rise, and legal budgets have been crushed by the recession. Clients are looking for ways to minimise the cost of legal actions, and they're wising up.

As they consider alternatives, larger firms may even be looking to bring e-disclosure in-house. When they do, using the right tools for the job can make all the difference. Early case assessment functionality embedded within e-discovery platforms – such as ours at ZyLAB – will help with the

scope of the disclosure in the first instance.

But e-discovery solutions are often called for on a more project-based, ad hoc basis. Clients act only when something has gone very wrong and litigation is already under way. They then turn to their trusted legal advisers – you, one hopes – and expect immediate assistance to deliver services at speed.

What makes a client choose one law firm over another in this scenario?

## **Offering a superior legal service while keeping costs proportional**

The speed and agility with which a law firm can react to the litigation crisis ahead are obviously crucial. Also important are the expertise and the amount of individual service the firm can provide. Last but certainly not least, considering how fast legal budgets are shrinking, is the associated cost for these services – which needs to be perceived as 'reasonable and fair'.

Clients expect to receive a superior service and gain a return on their investment. That is why we at ZyLAB developed our hosted platform, which addresses the need for an agile response,

delivers a project-based engagement and also provides proportional costs associated with the given service.

As an example of how this delivers a better service, we recently worked with an international, full-service top-10 law firm in the US to deliver a 48-hour turnaround in a high-profile e-discovery case. With the deadline for the 'meet and confer session' only three weeks away, there was extreme pressure on turnaround times. The project included data from 10 custodians, all stored in disparate sources, including email (Lotus Notes, including password-protected and corrupt files).

The law firm was able, using our service, to deliver the required content for the 'meet and confer' and ultimately reached a favourable settlement.

## **Litigation response and readiness are moving targets**

Staying ahead of the competition is not just about choosing the right framework – it's also about selecting a capable e-disclosure specialist partner.

While the latest technologies enable great progress toward putting clients and firms in



control of their information assets and liabilities, the environment is dynamic and requires solutions that can scale and adapt to new realities. To stay ahead of the curve and retain that vital trusted adviser status, law firms need to partner with outside suppliers to respond to new threats, such as collecting and analysing data in the age of social media, cloud computing, and the increasingly litigious nature of our society in general.

By using 'on demand' information management and e-discovery services, or even bringing them in-house, law firms are able to handle an increased billable caseload with better speed and agility, while keeping the costs proportional for the client. This will deliver client satisfaction that will, in turn, create increased and repeat business for the law firm.

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