

MANY ROADS TO TAKE: THE 20-LANE HIGHWAY OF LAW FIRM INNOVATION

BY JOBST ELSTER



Many law firms are launching legal operations consultancies designed to streamline operations and offer business and technology innovation to improve their services.

In a recent article for Legaltech News, ALM reporter Frank Ready examined several law firms who ‘recently began moonlighting as software developers to help make day-to-day operations run more efficiently, provide better service to clients or just to keep the lights from going out’. While I agree that the recent surge of entrepreneurial law firms is more than just a fad, we can turn back the clock nearly two decades and point to similar law firm developments.

This article touches on the varying flavors of law firm entrepreneurship that together represent a highway with many lanes and speeds all travelling together to reach their individual innovation destination. We are seeing mostly global law firms launching legal operations consultancies designed to streamline operations and offer up business and technology innovation to better serve the firm’s clients.

Legal technology innovation is being incubated by the likes of Allen & Overy (Fuse), Dentons (Nextlaw Labs), Littler (CaseSmart) and Reed Smith (GravityStack), all of whom are focusing on bringing together lawyers, technologists and clients to collaborate on new tech. Law firms of varying sizes and complexities are developing technology to improve internal processes and reduce time spent on non-billable and administrative tasks. And lastly, law firms like Greenberg Traurig and Chapman and Cutler have developed technology to address productivity, efficiency and management reporting challenges internally before re-packaging and selling their innovations to other law firms—and in the case of Chapman, to a technology company.

Making financials sizzle: from month-end close to dynamic dashboards... in 2000

Jay Nogle is the Chief Information Officer for Greenberg Traurig (GT). He and his staff are responsible for providing all technology solutions, including security programs and procedures, remote access, email, eDiscovery support, litigation support, imaging, graphics, automation, emerging technology, extranets and

practice specific technology to the firm’s 38 global offices and 1900 attorneys. During his 24 years at the firm, Nogle has ‘been there, done that’ when it comes to evaluating, designing, teaching, using and innovating with technology.

GT has always demonstrated its tech savvy with an open mind to innovation. ‘From its inception, GT has had a strong culture of empowerment and innovation,’ Nogle says. ‘If an “expert” said something couldn’t be done, we looked for ways to accomplish what we and our clients needed.’

This willingness to consistently push the technology innovation envelope is what led to the development of GT’s advanced financial dashboard capabilities, first specific to firm needs, then uniquely branded and packaged for broader law firm management use. You might think OK, dashboards are nothing new... but they sure were back in 2000 when the idea for GT’s LawDrill product came about.

According to Nogle, the firm recognized the need to go beyond static reports and offer up a new and improved way to supply firm partners with financial KPIs and essential metrics. ‘At the time, financial dashboards just weren’t available for law firms—and certainly not in a way that was directly accessible by the typical practice partner,’ he says. ‘We wanted and needed a system that could display matter, client and billing information to our partners, specifically on the work that they were doing, in real time. The only other alternative was static reports, which were out of date as soon as they were printed. We needed a way



to easily access the up-to-the-minute version of the data.’

After the initial rollout of the financial dashboards, Jay and his team quickly realized that the complexity of the project meant an ongoing commitment would be vital. ‘Recognizing that other firms were likely in a similar state, we thought it would make sense to go beyond GT,’ he says. ‘We realized that although law firms have similar tools, how they implement them is what distinguishes them.’

In 2002, Taladro Systems, an independent software organization developed ‘by attorneys for attorneys’ launched and the LawDrill attorney portal for managing financial information was introduced.

Today, 16+ years later, a version of the initial LawDrill product is supported and sold by a third party. GT has also continued its own LawDrill development. There was a major upgrade this year including mobility access and a new streamlined interface.

From financial dashboard to automating closings

When NetDocuments CEO Josh Baxter announced the acquisition of

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Chapman and Cutler's Closing Room deal management application during the company's ndElevate partner and customer event in November, many of us in the room thought 'wow, a law firm selling tech to a tech company'. Baxter made the announcement at the conclusion of an interactive 'NetDocuments partner innovations in practice' session during which Eric Wood, Practice Innovations and Technology Partner at Chapman and Cutler and the driving force behind Chapman's software prowess, demonstrated Closing Room integrated within the NetDocuments content services platform.

As it turns out, the process of creating closing sets of documents had frustrated Wood and the firm for many years. As a firm focused exclusively on financing work, Chapman and Cutler handles thousands of closings a year, previously spending \$500 to \$1,500 on production costs alone, and up to 10 billable hours in assembly per closing. Enter the Closing Room technology developed by the firm.

'Closing Room has completely transformed the way our firm manages closings,' says Wood. 'In the two years since we launched the application, our attorneys and staff have used it on over 5,000 closing sets, providing the firm

with significant efficiency gains and cost savings. We built Closing Room to work seamlessly with NetDocuments, and we're thrilled to partner with them to deliver this proven technology to the broader legal market.'

Although many firms might include innovation and a focus on better client service as part of their boilerplates, enabling innovation assumes the firm is flexible in its approach and open to letting its creative resources explore non-traditional business models and embark upon unorthodox technology efforts. The creation of Chapman's Closing Room required billable resources that in the past might not have been approved or deemed worth the effort. In this scenario, not only did the firm save upward of \$5 million annually in closing set production costs, the quicker, more productive closing process translates to client value.

'As firms look at innovative ways to create processes and tech to better deliver legal services, often using or enhancing existing tools, this will continue as a trend,' says GT's Nogle. 'The cloud framework makes this even more attractive, given the lower barriers to accessing complex tools and the ease of distribution. However, I would caution

any firm against straying too far from its core competencies. It is one thing to develop a product that has broader application to the legal industry and consider selling it to a software company. It is an entirely different endeavor to commit to becoming a developer and seller of that software.'

So, what's ahead for law firm funded and fueled technology innovation and entrepreneurship? Will the many flavors of innovation continue to expand, or will we see a consolidation of efforts across specific firms, application areas and incubators? Only law firm client demand and competition for superior client delivery will tell.

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