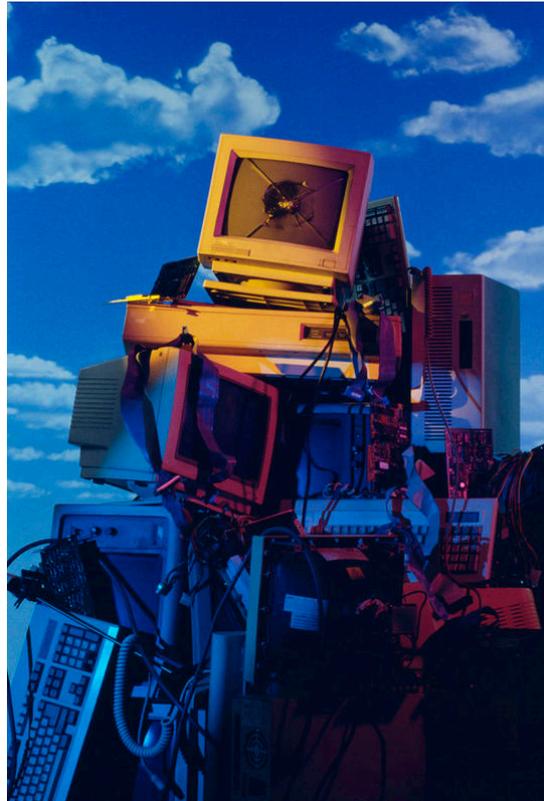


THE LEGAL TECHNOLOGY LANDSCAPE



WHITE PAPER

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The Legal Technology Landscape

The Origins of Legal IT

Legal technology has followed an evolutionary path that at times has mirrored general technology trends, but at other times diverged away from them.

Visible Record Computers

In the late 1970s the PC did not exist and only blue-chip companies could afford any kind of computing power in the form of mainframes. Small and medium enterprises (SMEs) relied upon magnetic ledger card Visible Record Computers (VRCs) to perform their statutory accounts/bookkeeping duties. The most well known suppliers at the time included the likes of Olivetti, NCR, Phillips, Burroughs and Kienzle. All of these suppliers sold systems into the general business market, and some also developed specific solutions for various vertical markets, including legal. In particular, Olivetti, Phillips and Kienzle were fierce competitors within the legal market at that time.

Mini-computers

The early to mid 80s saw affordable mini-computers being introduced into SMEs. Ledger cards were replaced by multi-user hard disk based systems and a number of new competitors entered the market including the likes of AIM, Miles 33, and Pilgrim. This period also saw the emergence of the first dominant office automation supplier, Wang.

The technical limitations of the VRC had made it suitable purely for basic ledger operations. As mini-computer technology developed it became possible for the legal system vendors to look at other applications within law firms that might be suitable for automation. This era saw the advent of the first case management solutions (“Debtco” probably being the most well known) and the development of the first “legal specific” word processors (Miles 33 had a highly regarded one). Such was the nature of technology at that time, law firms chose a supplier based on the general mix of software available from them. There was no concept at that time of what has become known as ‘best-of-breed’.

PCs and PC Networks

In the mid 80s a growing number of businesses, including law firms, were installing PCs for specialist applications such as spreadsheets. Confined primarily to FDs and finance departments, the concept of a network or ‘shared data’ was a floppy disk circulated from desk to desk. Software, and the underlying operating system, was based on DOS which required users to work with command lines and arcane acronyms in order to operate their machines. This was the first time that users were able to select best of breed applications. Lotus 1-2-3 quickly became the de facto spreadsheet, Freelance Graphics was the early market leader in presentation software and there were a number of early word processors including Ami Pro and (an embryonic) MS Word.

With the advent of the PC network the days of the mini-computer were numbered. A PC network allowed users to run stand-alone tasks such as spreadsheets, but also to share documents and data where necessary and use group calendars and other collaborative applications.

Forward thinking legal software vendors embraced the PC technology and evolved systems to operate on PC networks. Most took the intellectual expertise they had developed on the mini-computer platform and re-engineered this for PC networks. Hence an 'accounting only' mini-computer vendor became an 'accounting only' PC network vendor. Those that had accounting, word processing and case applications tried to migrate these to the PC environment.

Non-law firm specific applications

It became clear to the general market that there was a need to (a) share data between applications and (b) share data between businesses. An accountant might prepare a set of figures in a spreadsheet but would need to document these to the board in a word processor and present them to shareholders in a presentation package. There may be a need to share the files with analysts, colleagues, and so on.

There are few commentators who would ascribe the dominance of Microsoft Office to excellence in each of its applications. Microsoft won the office suite war because it supported (a) and (b) above. For the first time applications could share data (through cut-and-paste, OLE and DDE) and as more businesses adopted Office so it became easier to exchange business documents electronically without conversion concerns. Today it is impossible for an organisation not to use Word because it could not be sure that third parties would be able to open and read its documents. The quality of Word as a word processor is now somewhat irrelevant. Best of breed has been abandoned for other, equally valid, business considerations.

At the same time that Microsoft was demonstrating the business advantages of a single vendor solution, the legal technology market was moving in a different direction.

The Economics of Software Vendors

Law firms represent very unique challenges for software vendors. It is often asked why a legal PMS – even with just basic accounting functions – can cost a six figure sum whilst an entire suite of applications from Microsoft costs just hundreds. The answer comes down to simple economics. Microsoft can sell its applications to millions of businesses. Law firms need specialist applications, some of which are technically quite complex, yet there is a relatively small potential client base. In order to employ the necessary numbers of development, support and implementation staff, vendors have to charge the sums they do to the law firms.

Vendors that were less successful than others did not have the necessary revenue streams to develop more than one law firm application. Most therefore produced just one, typically either an accounting solution or case management one. One or two vendors, Pilgrim included, were successful enough to generate the necessary revenues to allow development of both.

Enter 'Best-of-Breed'

Best of Breed was not born out of the vendors' wishes to specialise. Would Microsoft sooner sell an entire office suite for £500 or just Word for £100? Best of Breed exists purely because very few legal system suppliers were successful enough to develop an entire law firm solution. The single solution vendors have positioned themselves as 'specialised' and 'expert'. Whilst many do have excellent skill sets these are not unique to the single product vendors. One could even argue that this singular focus makes their understanding of the full working practices of law firms very limited, leading them to develop applications that overlap or

conflict with other business processes and software modules. One-stop-shops are phantoms. They only exist in the minds of some. The phrase was once convenient for a section of the legal IT industry and perhaps held some stock when legal IT meant legal accounts, time recording and case management. Nowadays it is simply not appropriate. This is the view Pilgrim has held for many years. Pilgrim focuses its efforts on its core competencies and works with customers and other suppliers to add value wherever it can for the client.

Enter Integration Issues

IT departments in law firms have been struggling for years to ‘hold together’ the various applications demanded by the lawyers. They have standard desktop applications built around MS Office. They usually support one type of PDA. Support one type of home computer. Their job is to keep the firm productive in its use of technology. They would not contemplate different fee earners using different word processors, different accountants using different spreadsheets, a mix of handheld devices and so on. It would be an enormous undertaking to maintain these separate applications and devices.

However, because of the lack of suppliers of total legal solutions, firms have been forced to accept the notion of “Best of Breed”. Perversely, seamless shared data – one of the driving forces for the success of the integrated office suite – is even more necessary between legal applications yet is completely abandoned in a Best of Breed approach. It is left to IT teams to find ways of duplicating/replicating/sharing data between, say, accounting, case, marketing and document management solutions. To the partners this may be transparent. But it is a real and burdensome support overhead. Even if a supplier offers an API (application programming interface) to its solution, this may only offer limited data sharing and may only work with one version of other vendors’ products. Accordingly, upgrading the CRM to obtain new features may break the integration so painfully achieved in the first place. Without doubt, the most elegant possible solution is one with a single consolidated database that all applications use and in which, say, a client name and address is entered just once and once only and does not have to be replicated across to other applications.

Pilgrim and the LawSoft Suite

Pilgrim is one of very few suppliers who has enjoyed the success and hence the financial ability to develop an entire suite of legal applications. Within LawSoft are the four major business applications a law firm or legal department requires; Case/Matter/Business Process Management, Practice Management, Client Relationship Management and Document Management. None of these elements is a poor relation to so called Best of Breed solutions. Each is a major piece of software developed by people who understand the totality of law firm operations. Any development of the PMS product takes account of the requirements of the other components. Few who have seen LawSoft would argue that Best of Breed provides anything like the same degree of integration.

Whilst keeping all development under one roof, Pilgrim nonetheless employs individuals who are acknowledged leaders in particular subjects. Colin Kennedy, well known for his role as COO of LexisNexis Visualfiles, and David Thorpe equally well known for his role as General Manager of Thomson Elite Europe, bring unparalleled expertise to the table in respect of Case and Practice Management solutions. But they bring this into the same discussion, with the one common software suite and with a common, rather than competitive, purpose.

Pilgrim and Integration

Despite the elegance of the LawSoft suite, some firms may already have stand-alone applications. For these situations Pilgrim does indeed offer all possible integration conduits and APIs that technology allows. Pilgrim has 'off the shelf' conduits to integrate with systems from many vendors, including:

- Miles 33 PFW
- Elite
- SOS
- Visualfiles
- Interwoven
- Open Text
- Interaction
- nFlow
- Scanning Technologies
- Redwood Analytics
- Crystal Reports
- Microsoft Office
- Equitrac
- Postcode software from Hopeweiser, QAS and Capscan
- Laserforms, Oyez forms
- Hotdocs

Conclusion

Very few software vendors have the financial resources, intellectual capacity and expert individuals to produce a legal suite. Instead they produce single applications, which they market as specialised or 'best of breed'. Whilst some may be good applications they do not take account of all other applications and data repositories within the firm.

Where a vendor can afford to produce an integrated suite of applications this has tremendous advantage for its users. They have a single application with a consistent look and feel and method of operation and they have no worries at all about shared data.

Colin Kennedy joined the board of Pilgrim in October 2007 after 10 years at Visualfiles, initially as Managing Director of the Scottish operation and laterally C.O.O. of the entire LexisNexis Visualfiles group. Via his 12 years of involvement in legal IT, Colin has an extensive knowledge of the case & matter management arena both in terms of what clients want and how best to deliver solutions.

LawSoft Office 

LawSoft Web 