



Executive Roundtable White Paper

The Changing Role of the CIO in the Law Firm

Written by Robert Angel

Roundtable facilitated by Alan Kay

Access Group

Table of Contents

1. Introducing the Technology Challenge	4
2. Linking Technology to Culture Change.....	6
3. Adapting to a New External Environment	10
4. Putting Technology on the Table	12
5. Changing the CIO's Role	14
6. Conclusions	15
Appendix: Roundtable Faculty & Sponsors.....	16

© The Access Group May 2006, All Rights Reserved. Reproduction without this copyright notice is prohibited. Opinions expressed herein reflect judgment at the time of writing and are subject to change. Registered trademarks are the property of their respective companies.

Executive Roundtable White Paper

The Changing Role of the CIO in the Law Firm

What do law firms need from technology? How can vendors understand and anticipate the challenges? How can the profession and technology providers work together more closely – as partners rather than just customers and suppliers?

The foregoing questions were posed at the start of the May 11th, 2006 Executive Leadership Roundtable.

Some seventy people from the legal profession – lawyers, Chief Information Officers, technology and service providers – gathered at the Dominion Club in Toronto to listen to and participate with an expert CIO panel in a discussion of the changing role of the law firm CIO.

The Roundtable panelists feel strongly that the CIO must become increasingly involved in strategic planning and must gain recognition for technology benefits, and described their own experiences in doing this. The discussion emphasized how the role of the law firm CIO is now much more than just being an operational technical manager – selecting and running the technology infrastructure of the firm. The CIO today needs to be strategist, trusted advisor, educator, technology salesperson, and more. The CIO needs to earn a position at the management table as a full member of the firm's executive team.

As Taimour Zaman, president of the Access Group and producer of the Roundtable, put it, professional success depends on lawyers buying in to using technology to increase productivity. The purpose of this White Paper is to document this and other key points.



Jim.carroll.com

1. Introducing the Technology Challenge

“The legal profession presents a huge time saving opportunity for technology, but it is definitely not an easy sell.” This is the view of a panelist, helping to set the scene by drawing on his own experience as a lawyer and a well-known legal profession technology advocate.

The CIO panel agrees with this assessment. A Director, Information Services and a Managing Director of Professional Services started the Panel discussion by noting how technology competes for mind share and funding with multiple business issues such as advising clients, optimizing firm performance and profitability, protecting data privacy, branding, and more.

Each partner can be viewed as a separate business with a discrete client base and individual client projects. A partner’s legal expertise, client relationships, and experience have tended to foster a project-level perspective – maintaining client satisfaction, billings, and profitability. The partner may see technology – bringing with it centralized processes, investment for economies of scale, and corporate management – as a lesser priority.

The legal profession presents a huge time saving opportunity for technology, but it is definitely not an easy sell

This is reflected in a traditional resistance to technology in many law firms. “Working in the same old way and having technology do same old thing is still in lawyers’ comfort zones,” says a Director of Technology. Not surprisingly, law firm management has often been exclusively by the partners, leaving the CIO without a real voice in executive management.

This applies especially to what another Director, Technology calls “an over-40 barrier” – the law firm’s greatest revenue generators may have the greatest difficulty with technology. At the same time, younger lawyers in the firm have huge expectations for technology, from instant messaging to remote offices. These expectations have to be fulfilled to keep them engaged and retained.

As a result, IT strategy is often insufficiently linked to firm strategy. According to a Director, of Information Services, lawyers do not create regular strategic plans the way public companies do. “In the legal profession, it is more a guessing game, with attention given to the highest priority of the moment. As an example, I did not know about an expansion plan until the very last minute and had to divert half my group at extremely short notice to deal with the project.”

Changing Role of the CIO in the Law Firm

Despite these challenges, the larger firms and many smaller ones have poured technology in. Today, on average, over 5% of a law firm's revenues are spent on IT. However, technology adoption has often been underwhelming. It is estimated that less than 20% of the technology is actually utilized.

It is estimated that less than 20% of the technology is actually utilized

The reason is certainly not lack of training, materials or techniques. In the opinion of another Director of Information Technology, it is more because of the aforementioned attitudes to technology, and obstacles such as dealing with rapid employee turnover – administrative staff as well as legal staff – that distract lawyers from supporting technical projects such as productivity, disaster recovery, and knowledge management.

Alan Kay (the Roundtable Facilitator) pointed out that uniformity across the organization coast to coast, even when customized, creates efficiency. Indeed, changes are happening. Driven by competitive forces, law firm management is becoming more strategic. Many firms are organizing more around clients, branding themselves, and looking at ways to enhance the client experience.

A panelist says that CIOs must package technology solutions better so people will use them better.

How does the CIO's role need to be changed – to make it an easier sell? This White Paper picks up on the challenges, and explores the implications for the CIO's role.

2. Linking Technology to Culture Change

Many of the challenges faced by the legal profession are actually quite similar to those faced by other industries. Issues such as arrival of new competition with lower costs and a knowledge-power shift to the customer, along with resistance to change, are universal.

What makes them seem unique to law firms may in large part be the legal profession's traditional partnership structure. As described in the previous section, the partnership model is collegial but highly autonomous, and has helped color attitudes to technology. While not the only factor, it is symptomatic of cultural barriers to performance improvement, which the CIO has a major role in changing.

How can traditional attitudes to technology be turned around? The remedy includes building a "knowledge and learning" environment and cooperative effort across the organization. It is the CIO's role to lead technology-oriented culture change.

A "knowledge and learning" environment with cooperative effort right across the organization

Technology priorities need to be agreed along with the productivity improvement business justification, technology risks must be mitigated, and processes must be made to serve lawyers and clients rather than the reverse.

The desired result should be an integrated organization – engaged, cost effective, innovative, and highly appreciated by clients.

Priority Setting

What technology issues do lawyers worry about most? The panelists emphasized adapting to change, specifically:

- Email access – to be able to make an immediate response to a client's email request
- Using a Blackberry to communicate better, not just more
- Lawyer differentiation – how best to accomplish this by moving to specializations
- Improving work/life balance, preventing a loss of lawyers to government and industry
- Enhancing efficiency and profitability in the face of increased risk and competition
- Willingness to change, especially for older lawyers who may be seeing changes happen faster than can be adapted to

As the panel noted, lawyers have traditionally been independent and educated, and trained to conduct research. In other words, lawyers are well equipped to adapt.

The Case for Productivity

CIOs must “focus on tools that make the lawyer’s job easier,” says a panelist. Lawyers like all service industries have massive opportunities to reengineer client processes.

CIOs must focus on tools that make the lawyer’s job easier

Conventional IT wisdom says that technology must be disruptive to get the really huge benefits, but a panelist cautions that pushing technology is often not the solution. “We have not yet looked deeply enough at how lawyers can best use training, nor have we mastered tailor-made solutions for each lawyer, rather than a one-size-fits-all approach.” Another panelist concurs. “Lawyers want IT to know how they work before implementing new technology.

Lawyers at a recent international legal conference indicated clearly that they want technology, but do not want it to be too intrusive.” The panelist has spent 12 years learning how lawyers work differently. “Technology people may think they have answers – but they often don’t even know the questions yet.”

Productivity comes from doing things differently. “Email has fundamentally changed the practice of law, which is why we introduced the Blackberry with email,” he says. This has given CIOs a dual role – of being technology experts and dealing with the culture.” The role of the CIO clearly includes making the productivity business case. The CIO must be a good listener and able to develop clear business requirements with rapid payback. The CIO must enlist lawyer support in selling technology projects – packaging, communicating, and fine tuning the solution.

Some lawyers may be determined to keep practicing the way they do, so his advice is to “concentrate on the 90% who want technology because they are looking urgently for increased profitability – otherwise why change?”

Complexity and Risk

Law firms are incurring greater risk from increasing complexity. Ten years ago, file retention for five years may have given adequate protection. Today, “email and attachments to 900 people without any policies on what to retain has created open season on the whole system. 80% of the CIO’s task is now risk management, protecting the lawyer rather than addressing what the lawyer needs. The opportunity has made us concentrate on things that don’t add value, just protect us.”

We have become a document-centric industry, rather than a law industry

“Today, it is much easier to know the author of a document and communicate with that person. We can give a lawyer an opinion letter and who to consult with instantly. We have become a document-centric industry, rather than a law industry. We manufacture and publish documents more than we give legal advice”

The solutions provider referred to an accounting firm partner who, inspired by using X-Box technology, inserts three-minute video clips stored on servers into his reports. The goal is to be consistent with how his clients are working today.

The different forces operating on a law firm may become a lever for changing how people change. He is seeing the emergence of a collaboration paradigm in Microsoft's own professional services clients. He sees this changing how clients view information, including where it has to reside.

Towards Knowledge Management Processes

Until recently, most IT change was *technology* related. Now, technology changes are starting to generate *business process* changes as well. This is despite a lingering belief by some partners that process is not an IT concern.

In some larger firms, "the supply chain will become predominantly electronic, a dramatic change compared with five years ago." Much still needs to be done. For instance, it is still not easy to share emails and other documents, exacerbated by lawyers being traditionally independent.

Technology changes are starting to generate business process changes as well

In advancing process change, beware of a one-size-fits-all approach. Rather, the CIO must accommodate the way people work, with their different learning curves and own speeds of change. Increasingly, lawyers want just-in-time training and just-in-time technology. "A lot of content comes in by email. The intake is not fax or voice mail as much any more. However, we still don't have a really clean way to connect document management to the 'fire hose'."

One panelist's partners use emails all the time, in and out of the office. He is concerned that lawyers are increasingly being asked to be file clerks and typists, doing tasks that used to be done by lower-priced administrative support. When document management systems first came in, lawyers were made to change the way they worked. Now, they are being asked to use technology that returns them to the original method. For example an email by-passes the intermediary, and the assistant is the filter.

Another panelist sees the most efficient way to file emails as a hot topic today. The lawyer finds files only because the assistant knows where they are. "Dictation is dying – is it right that lawyers type their own letters? Am I able to make the decision to tell them how they work?"

Outsourced Business Processes

Outsourced disaster recovery is well advanced among large legal firms. Not necessarily a competitive advantage, disaster recovery is moving towards becoming an industry utility. A panelist foresees firms being willing to outsource some specialized transactions to other firms. Another already sees outsourcing of some litigation work on big cases, as well as some coding and storage of documents. Another panelist noted that US firms have outsourced litigation extensively but can not yet get adequate turnaround and quality.

Outsourcing, the panel said, is often a response to client costs containment pressure, implying that technology decisions, once made by lawyers, in future will be made by clients.

The Integrated Organization

A panelist sees organizational silos being bridged, with CIOs actively supporting the other functions, not just lawyers. “Technical support and service has become the public face of the IT department. IT operates interactively with HR, Finance, and Business Services, so our role has changed at the top and has become a value added position. Our role now is to help people in all kinds of ways.”

The CIO has a critical role to play in strategic planning

The CIO has a critical role to play in strategic planning, e.g. technology adoption planning in support of strategic goals, staff engagement, and fostering a performance culture across the organization. Technology performance metrics must be tracked. Results need to be assessed and plans updated regularly.

The CIO's role in organizational performance includes work/life balance, a growing technology and legal professional staff retention issue, as the war for talent restricts the supply of really qualified people. This needs to be tackled now, anticipating increasing competition from developing countries with highly skilled, low cost legal and technical staff.



To summarize, culture change is at the heart of the technology discussion. It determines among other things how well people adapt to a changing environment. For lawyers, it can make the difference between using technology merely to automate existing processes – and using it to rethink how legal work is done. Lawyers need to embrace the change technology brings about, and the CIO needs to encourage this.

Productivity and decision making must keep pace with demands or create a steady loss of competitiveness and relevance. The culture change required is never easy, but the alternatives usually turn out to be a lot harder eventually.

3. Adapting to a New External Environment

With technology pushing culture change internally, changes are also at work externally. Technology has caused knowledge, once within lawyers' control, to be easily accessible by clients. Communications, information and decisioning technology is widely used by clients in the conduct of their own business, and is re-setting their expectations of how their legal advisers should operate.

How significant is the power shift to the customer? What is being done in this regard? How does this affect the CIO's job?

Knowledge and Power through Technology

Historically, the legal profession has been largely a networking business. Under pressure from clients, lawyers are becoming more customer-focused. In part, this has caused law firm management style to shift – away from being just a collection of experts to being a significant service organization run on corporate management principles.

A panelist notes that law firms now invest significantly in governance and marketing, particularly the large firms which now have enormous budgets for client development. Lawyers, he said, are now learning how to sell.

Another panelist is seeing increasingly demanding customers, with expectations of transparency and access to a wide array of specialized information. Clients can research competitor offerings on web sites. As a consequence, RFPs are becoming more sophisticated. Clients are looking not just for the best price; they are also evaluating quality and service, and looking for strong advice and consistency from lawyers who understand them. They do not want multiple opinions from the same firm.

**Major law firms
are forming
practice groups
and client
service teams**

In response, major law firms are forming practice groups and client service teams, with people and services organized for big and demanding clients. A panelist welcomes this because it leads to consistent methods, billing, quality, and service. The service provider is working on similar issues – the shift of power to clients who want not just a black box but to feel engaged in the process.

Another panelist also sees a new group of influencers at the clients - people about 35 years old with authority to purchase legal services.

The Customer Experience

Technology is an opportunity to learn about meeting the changing needs of clients. For example, the help desk should be called with any question and be able to provide a one-stop service. Clients expect to be recognized when contacting their legal firm, rather like contacting a bank. Within twelve months, he predicts, a caller ID will pop up with a screen on the client relationship and legal matters in hand when a client calls.

Collections at month end are a difficult process, but becoming a more gradual activity now the lawyer has access to information on screen. Collections people need to understand customer service, not just collections. With changing customer expectations, it is even more important that collections staff do not make a wrong comment from lack of access to adequate information.

Information sharing has sensitivities – both regarding client privacy (external) and client ownership (internal). A panelist prefers the notion of “My Data” rather than everyone seeing it, given that lawyers are still protective of the client relationship and some senior partners protect their senior contacts. “My firm share data selectively, but not 100%. It all makes the system more complicated,” he adds.

Outside Help

Meetings with vendors used to be the vendor asking the CIO “what can they do to help?” Now, vendors suggest what he needs and put forward solutions. This panelist sees vendors still needing to understand better what lawyers are doing to establish a relationship business rather than provide just professional services. There is still work to be done.

Vendors suggest what he needs and put forward solutions

Large law firms can study non-law professional services firms and some smaller law firms. The technology provider watches other geographies closely for developments, flagging a number of overseas firms with superior capabilities. He is increasingly being asked by accounting firms about how law firms handle documents.

Process outsourcing is booming in low cost regions. UK and Australian firms especially are moving processes to India. Taxation is a trend leader in this regard, finding a transactional fit and talented people in India.



In summary, the CIO must understand client’s environment to upgrade internal processes and reports and support an enhanced client experience. The CIO needs to be involved in the firm’s strategy and have a seat at the executive management table. Understanding the firm’s client environment and the needs of lawyers is in effect the price of admission.

4. Putting Technology on the Table

The question was posed, how can we deliver distinctive client service experiences and pursue differentiation? All the Roundtable participants convened in groups, each guided by a panelist, to report on what the CIO should do next.

The CIO must deliver technology that works. The end state can typically be defined as continuously improving service quality, timeliness, and efficiency. The platform, systems, and business applications to accomplish the foregoing are represented in the Roundtable producers and sponsors listed in the Appendix.

**Continuously
improving
service quality,
timeliness, and
efficiency**

Seamless Technology Integration

A participant reported that the integration mechanism is seen as multiple data bases linked to specific applications like email and CRM. Information should be accessible as a single source. “We need to keep working at limitations in existing systems, software, and integration of applications in accessing the data, but use existing applications to degree they have been implemented,” he says. Lawyer feedback and hands on assistance will help to upgrade the systems progressively.

Progress can be described as ‘making baby steps’. Technology does more than the users are ready for, creating opportunities to utilize systems better, however, education on tools will continue to be difficult. While people are being better educated, law firms are still questioning whether they have the right solution, in light of utilization shortfalls.

Strategic Technology

**The critical issue
for the CIO to
resolve is how to
build
relationships
with lawyers**

Technology is an increasing operational necessity but many law firms are still just using products rather than utilizing technology as a strategic advantage.

Knowledge management has a real revenue impact from faster and better access to knowledge, but like other law firm technology, it needs greater adoption. Do lawyers really see the benefits of applications like VOIP and document management? A participant spoke from the perspective of a knowledge management specialist embedded in a corporate department. A lawyer as well, he is helping to move his firm from technology to relationships. The CIO must resolve how to build relationships both with lawyers and clients. He described a recent joint meeting between lawyers and a technology group, a major step forward because “we need to talk more amongst ourselves”.

Demonstrate the benefits from investing in expanding knowledge

One panelist takes lawyers and assistants on systems tours to demonstrate benefit from investing in expanding knowledge – rather than just keeping costs down. This illustrates how CIOs are moving from being purveyors in isolated IT departments to collaborators.

Customer Centricity

A participant referred to the organizational shift from departmental to practice teams bringing CRM and contact management into the spotlight. It is critical to get people to participate in putting information into the systems.

For example a Blackberry used en route to or from clients provides instantaneous service but also creates huge security and management issues especially in smaller firms. The risk is often not well evaluated and highlights the importance of infrastructure.

The Role of the CIO

A CIO in a smaller firm – with 30 lawyers and 30 staff – gave the boutique firm view. The firm is reliant on an outside organization for IT support, including IT staff being on site in minutes, providing remote back up, and covering a wide spectrum of products. “With an external It provider, you gain access to other firms’ ideas,” Olsen says.



CIOs have built in credibility on technology through their technical knowledge and experience, and that of their team. The job of the CIO is to leverage it in solving business problems for their customers. It is evident from our CIO panel’s and participants’ comments that real progress is being made in the major law firms in Canada. Given progress, what are some of the next steps for the CIO? This is discussed in the next section.

5. Changing the CIO's Role

The Roundtable concluded with a discussion of how the CIO role will need to be different in two years. The consensus is that there will be much more understanding of technology and its benefits right across the firm. The CIO will have a larger role in driving business. Technology will turn into a commodity but the emphasis will switch to dealing with talent. Business processes will have more visibility than technology. Specific points are listed as follows.

There will be much more understanding of technology and its benefits right across the firm

Vendor Partners: Assist the CIO

The key ingredients of business partnership are defined as follows:

- Share the risk, invest in the law firm, help them to learn, improve communication
- Provide trust-ware
- Draw knowledge from other geographies - Canada tends to lag the US by two years
- Reduce the frequency of different versions, and help us use the existing version better
- Service law firm's needs rather than vendor needs in getting to market
- Develop strong account managers and plan to keep them in role for a long time
- Narrow industry applicability from being too broad

These points help answer the question posed at the beginning of the Roundtable, namely how can vendors understand and anticipate the law firm's challenges?

CIO: Help Vendor Partners

Roundtable participants see the following steps for the CIO:

- Spend money to see how software is actually used, make IT more transparent
- Build knowledge, e.g. take Bar Association technology sessions on practice issues
- Act as a forum for vendor research, develop more facilities for shared professional services technology
- Share initiatives plans, to treat vendors as partners rather than just suppliers

Participants and vendor partners both indicated great interest in closer working together.

6. Conclusions

Lawyers are said to be the most exacting of clients themselves when it comes to technology. Little wonder that law firm CIOs experience frustration in trying to apply technology to improving communication, management decisioning, and work practices.

The Roundtable learnings include that CIOs need to reinforce a performance culture for their staff, and to package technology solutions and benefits more clearly. Partners need to build technology enthusiasm into the firm's culture to keep pace with external change. Vendors need to find continuous partnership and innovation value for their clients.

The role of the CIO needs to be broad. Besides managing technology, it also encompasses such areas as business strategy, integrating with other departments, influencing cultural change, and packaging and selling technology ideas. The CIO needs a range of skills, including knowing how to listen and communicate.

A Roundtable is only as good as its participants. In conclusion, we wish to thank the Panel, the Sponsors, and all the other attendees for their participation and insightful contributions.

Robert Angel
Toronto
May 11, 2006



Appendix: Roundtable Faculty & Sponsors

Organized by The Access Group

In conjunction with Microsoft Canada

Roundtable Panel

Managing Director of Professional Services Industry Solutions, Technology provider

Director, Information Services, large law firm

Director, Technology, large law firm

Director, Technology, large law firm

Director, Information Services, large law firm

Director, Information Technology, large law firm

Faculty

Taimour Zaman (taimour@accessgroup.com.cn): Roundtable Producer

Founder of The Access Group, a management consulting firm specializing in customer executive education sessions, recruiting 3rd parties and event management for Roundtables, and qualitative research for industry and technology companies

Alan Kay (akay@glasgrp.com): Facilitator

Consultant in corporate strategic and operational planning, and management development issues such as customer, supplier, and partner relations, and supplier compensation – as well as corporate brand strategy and implementation

Robert Angel (bob.angel@gilfordgrp.com): Report

President of The Gilford Group Limited, a marketing strategy and performance management consulting firm, and subject matter expert in understanding customers as individuals, strategic performance implementation, and changing organizational culture

Access Group

145 Front Street East - Unit 208
Toronto, Ontario M5A 1E3

416-629-7924

www.accessgroup.com.cn
info@accessgroup.com.cn