

MATTER MANAGEMENT INTEGRATION SURVEY:

Taming multiple legal tools into a central technology workhorse

by Kelly Lumpkin and Penny Simpson

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In this era of technology advancement, it's generally recognized that law departments have more tools available to help manage their responsibilities than ever before. While some are still just scratching the surface with one tool, such as matter management, the more progressive law departments are busy juggling an assortment of additional tools such as document management, IP management, file room management, eBilling, records management and litigation support systems.

With so many tools available to manage niche areas, the challenge of how to utilize all of them effectively toward the common goal is, and will continue to be, at the forefront of the legal technology discussion.

The solution for many?...Integration.

For years, matter management vendors have been asked to integrate with document management and eBilling systems. More recently file and records management systems are being thrown into the mix. This year, Simpson Neely Group, a legal technology consulting firm, conducted a survey in conjunction with the International Legal Technology Association to assess matter management integration trends and the impact integration has on taming the legal technology animal into an efficient workhorse for the entire organization.

Fifty-three law departments were included in the survey. Of those, 21 responses were received, representing a 40% response rate. The respondents reflect a valid cross section of the corporate legal community, including law departments representing various industry groups, sizes, locations and technology usage.

Total legal staff of respondent companies, including government organizations, ranged from 22 – 12,500 with an attorney mean of 67. 2004 annual revenue ranged from non-profit to 40 billion.

MATTER MANAGEMENT

A full 95% of respondents use a matter management system. Of those, 85% use a vendor developed package, while the remainder use internally developed systems. Of those respondents that do not currently use a

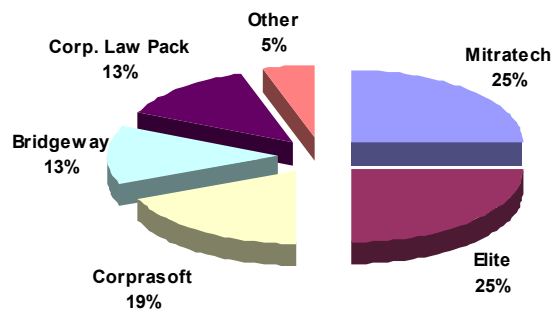
matter management system, 100% plan to install one within the next 12 months. Of those, ALL plan to install a vendor developed package. These results indicate not only that matter management remains the technology priority of today's law departments, but also that law departments are increasingly valuing off-the-shelf systems over in-house databases for:

- Enhanced functionality
- Easier implementation
- Shorter roll out time
- Defined upgrade paths
- Vendor support

Why is matter management so popular? Simply put, matter management systems provide a central tool for:

- Electronically managing all legal matters
- Improved analysis, reporting and management of legal projects
- Increased productivity
- Improved client communications
- Ability to track and control outside legal expenditures

The following vendors / systems were reported as the most popular among respondents currently using a vendor matter management tool:



The maturity and flexible functionality of today's matter management systems make them the obvious central data source around which all other legal technology tools revolve.

DOCUMENT MANAGEMENT

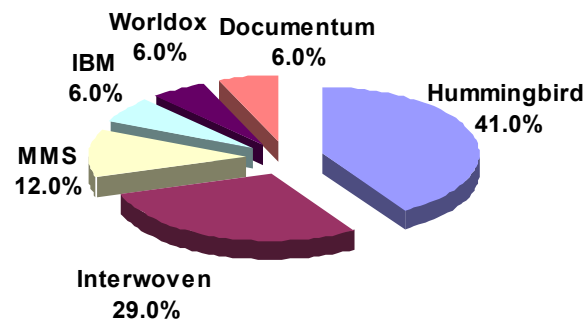
Eighty-six percent of survey respondents use a document management system. Of those, 94% use a vendor developed package. Fifty percent of those not currently using a document management system plan to install one in the next 12 months. Of those, ALL plan to purchase a vendor package.

These results indicate that document management continues to gain popularity in the document intensive legal community. Due to the enterprise-wide capabilities and benefits of document management systems, their growth in the legal sector is often governed by the entire organization's document management intentions. Nonetheless, top reasons document management is widely used as a legal tool include:

- Document management and retention
- Easy storage in a central repository
- Easy search and retrieval of documents
- Local security control
- Global file sharing
- Electronic workflow and routing
- Creation of a collaborative work environment

The following packages were reported as the most popular among respondents:

One noteworthy item here is the percentage of respondents that report their matter management system as their tool for document management. Law departments with less complex document management requirements and those that are not part of an organization with enterprise-wide document management initiatives often find their matter management system's document management features sufficient.



For those law departments that utilize separate matter and document management systems, 56% integrate the two, associating key documents (including email) with the legal matter to which they pertain, making it the single largest matter management integration point. These tools, working

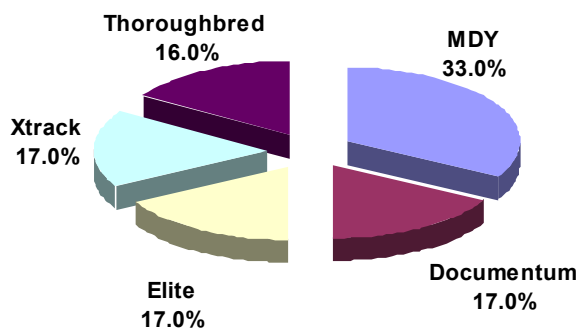
in tandem, contribute to collaboration efforts and retention of legal knowledge and services.

FILE ROOM AND RECORDS MANAGEMENT

A close relative to electronic document management, physical file and records management systems offer similar benefits. Although records management and file room management systems were only a little more than half as used as document management, 52% and 48% respectively, their integration with matter management systems is the 2nd highest among respondents.

Physical file management systems allow the law department to manage physical file locations and contents, while records management systems manage the archiving, retention schedules and disposition of files. Records management systems are less often vendor packages, with only 55% of respondents using records management reporting vendor packages, compared to 70% for file room management. However, of those that currently use a vendor package for both records management and file room management, 100% of respondents reported using the same package for both pieces.

Most popular systems reported include not only file and records specific systems, but also document management and matter management systems:



For those law departments that utilize separate matter and file / records management systems, 38% integrate the two, associating physical files with the legal matter to which they pertain. Like document management, these tools, working in tandem, contribute to collaboration efforts, search and retrieval of key documents, and retention of legal knowledge and services.

ELECTRONIC BILLING

Most mature matter management systems today offer the ability to receive electronic invoices from outside counsel either natively or via integration with a third party eBilling package. However, of respondents utilizing matter management systems, only 37% receive electronic invoice data from outside counsel into their matter management systems and only 5% are receiving electronic invoices independently of their matter management systems. Of those that do not currently receive invoices electronically, only 25% are considering it in the next 12 months.

These results indicate that while most law departments understand the importance of having robust and central legal matter management, a startling majority of them have not implemented them to take advantage of their full potential, particularly in the area of financial management.

Fear of law firm resistance and percentage pricing models (vendors charging a percentage of the legal spending) are contributing factors to slower adoption of this technology. However, proper due diligence and cost-benefit analysis prove powerful in alleviating these concerns.

INTEGRATION CHALLENGES

No technology is perfect, a fact that is often magnified when the tool is challenged to play nice in the sandbox with others through integration. Without proper planning and management of the integration process, the benefits of integrating two or more tools can be overshadowed by the problems one system creates in another.

We asked some of our respondents to comment on integration challenges they experienced and how they dealt with them. In summary, challenges generally fall into 2 key areas: project management and technical compatibility.

“Probably our biggest challenge in the beginning was getting the two vendors to work together, because neither one of them had the other's environment to test in,” says Cyndie Cox, Technology Manager for the United Parcel Service law department, which has integrated more than one system with its matter management program. “It took proactive project management on our part to facilitate the process and open communication between the vendors because neither wanted to take responsibility for issues that arose.”

Now that the integrations are complete, things run very smoothly technically, but users had to make adjustments as well. For example, applications they were accustomed to viewing in “desktop” format when accessing them directly are now displayed in “web” format when accessed through the web-based matter management system integration.

At Georgia-Pacific Corporation, legal technology integrations are abundant. For a law department that does most of its work in-house, integrating technology tools in a way that increased productivity was essential. They met the challenge by creating an “Executive Dashboard” that serves as a portal from which key information from matter management, document management, IP management, electronic billing and Outlook is accessed. When deciding how to integrate these tools effectively, “the biggest driving force for us was the desire to provide attorneys with a single front end that was easy to use and contained relevant business information compiled from all sources,” says Pamela Anderson, Legal Administrator for Georgia-Pacific. “The biggest benefit now is that usable information is at the attorney’s fingertips, instead of in the back room. We optimized all of our technology tools by integrating them, and increased productivity as a result.”

Still, getting there presented some expected challenges. “Our biggest challenges involved getting world A to talk to world B,” she admits. “Making sure all programs operated from the same database platform and having the appropriate resources available to help manage and support the process helped us address those issues effectively.”

THE WORKHORSE

There is little doubt that legal technology tools provide great benefits, enabling law departments to operate more efficiently with fewer resources. As more tools are added and integrations with the central matter management system mature, law departments will be empowered to improve their service level and tighten their spending.

As with any change, growing pains will still exist. How do you manage the implementation of each new tool, and how will it impact your existing technology configuration and usage? To address this and other concerns, many are consulting with third party experts to assist with managing their legal technology portfolio. This provides a combined project and technology expertise that enables the department to anticipate and manage design and configuration changes to existing

systems that may be necessary to best accommodate the newly integrated tools. However you proceed, developing a plan to properly and proactively manage this process is the key to optimizing the benefit of your technologies while minimizing the impact of the changes themselves.

Penny Simpson is Principal, and Kelly Lumpkin is Senior Consultant at Simpson Neely Group, Inc., which provides technology consulting services to corporate law departments. For more information, or to contact Simpson Neely Group, visit www.simpsonneelygroup.com.

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