

## Catch the Competitive Edge IT Planning for the 90's

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### INTRODUCTION

At a time when Information Technology (IT) budgets are under severe scrutiny, implementation planning for new legal systems demands scrupulous attention. If such projects are to be successful, and many are not, both computer and legal professionals need to pay attention to issues which may be new to them.

The intention of this article is to give practitioners some idea about the nature of the planning issues without dwelling too much on the theory. It is important to realise that every information technology project and each individual firm has their own requirements and systems, which in many cases may take precedence over the general observations made in this article.

The three phases involved in the life of an IT project are:

- pre-implementation planning, including tender preparation and evaluation;
- implementation; and
- post implementation activities.

This article will focus on the important aspects leading up to the implementation of a computer project and will provide an insight into the reasons for computerisation. The next issue of the Society for Computers and the Law Newsletter will cover some of the implementation aspects of IT projects.

### PRE-IMPLEMENTATION PLANNING

#### Is top management committed to the project?

The successful implementation of a computer system is largely dependant on senior management perceiving it as an instrumental tool of their larger business strategy. It is insufficient for management to be committed to IT as such. IT needs to be understood as one of several means of improving the competitive position of your firm.

Apart from a mutual agreement about the strategic value of IT by senior management, a written statement of direction must be understood and adopted by the power base within your firm. A large part of the expense will be involved in assessing what your firm's requirements really are. This may seem tedious and non-progressive but unless the specifications are clearly defined the success of the system can be constantly challenged.

#### How far should you proceed with computerisation?

Depending on your firm's experience with computerisation and the maturity of your systems, you may decide to limit the scope of a new computer system to a limited number of tasks such as word processing and accounting. However, even for these smaller scale projects you need to make sure that you are not restricting your options at a later date. For example, do not be tempted to purchase dedicated word processing hardware even though this may satisfy your requirements at the present time. As your firm becomes more computer literate, your requirements will expand and you will not want to be limited by dedicated or proprietary hardware or software.

Other factors determining the extent to which you may decide to computerise include:

- the need to replace existing systems which are approaching the end of their useful life;
- the need for a single, uniform system following a merger or consolidation of previously separate organisational units;
- whether your existing systems can no longer be adequately supported; and
- whether your current systems are too limited with no or only prohibitively expensive expansion options.

One of the major considerations when deciding to what extent you should computerise, is what degree of integration you require. Integration encompasses the following features:

- provision of identical information to any local or remote group within the organisation;
- once only entry and storage of information;
- consolidation of formerly separate technologies, for example "computers" will incorporate telephone, printer, fax, telex, copying and conferencing technology;
- one workstation for all office functions based on standardised systems.

As is apparent from this definition, total integration is often not feasible or cost effective. However it is of crucial importance to keep integration in mind when deciding on new systems. This will allow you in the future to upgrade your system to a more complete solution

and keep your options as unrestricted as possible.

In many cases, non-integrated IT projects will appear a less expensive option. This is because the scope of the project will be restricted, hence less resources will be required in the short term. In the longer term, however, this will prove significantly more expensive as you try to link the non-standardised components.

### **Tender Preparation and Evaluation Process**

The selection process is dealt with in some detail in the article by Michael Saunders "Negotiating a Computer Contract" on page 11 of this publication.

Past experience indicates that the considerable effort put into defining the specifications and preparing the Request for Proposal (RFP) document will be rewarded by a much more efficient evaluation and selection process. A failure to define the specifications initially, will result in non-specific tender responses with ensuing confusion and sub-optimal selection results. Computer consultants may provide valuable advice in this phase.

We recommend that the final RFP response of the successful tenderer be used as an integral part of the contract and as a basis for the design of the actual system. This will help to amortize the initial expense.

It is highly preferable to restrict the number of recipients of the RFP. In general there are only a small number of vendors who can potentially provide a particular solution. This is especially the case for larger projects. On the other hand, it is not advisable to make the RFP too hardware or software specific,

otherwise you run the risk of precluding many interesting and innovative solutions.

When selecting the list of tenderers it is important to strike a balance between the interests of individual partners and their clients, and the interests of the firm as a whole. This may sometimes cause more difficulties than anticipated particularly if one of your important clients happens to be a hardware or software vendor.

Historically, the major point of contact for RFPs has been computer vendors. As projects become more complex, a new group of system integrators is emerging. The primary role of system integrators is to provide a complete solution by:

- liaising with vendors and combining their products;
- providing assistance in the initial training, support and other ancillary functions;
- serving as a single contact for the client; and
- taking over risks associated with the implementation and use of the system.

If your projects are complex or your experience in the area of IT is limited, integrators offer a worthwhile alternative. However, if you use the services of a system integrator, be careful not to hand over control of your project. In order to safeguard your firm's interest, you should appoint internally, a competent project manager.

### COMPETITIVE EDGE

For most firms the emphasis is still on back-room IT applications, such as word processing and accounting. For a firm that is not computerised or only minimally computerised, this will still lead to an increase in productivity.

However the major benefit is to be obtained from bringing terminals on to the desks of all legal staff. Potential productivity gains from reducing fee-earners' non-chargeable time are greater than gains from reducing the administrative time of others in the firm. Moreover, the move away from billing based on time expended, towards value added billing, will enable fee-earners to directly increase their billings by increasing their chargeable output.

In a legal environment, higher levels of computerisation will lead to:

- enhanced communications between legal staff in all offices of the firm by electronic mail and conferencing. For a decentralised organisation this will generate a sense of belonging and common purpose;
- an increased level of computer literacy among staff, making it easier for the firm to take advantage of new trends in technology;
- access by all solicitors to a computerised legal precedent system;
- access by all fee-earners to a single corporate database, to guard against conflict of interest and for focused mailing and marketing;

- the provision of a efficient practice management system for financial management and reporting and for prompt, consolidated billing; and
- the provision of new products and services including semi-automatic document generation, calendar and diary programs, desktop publishing, litigation support and financial modelling.

More and more law firms are adopting modern business management structures, including the hiring of professional management staff. These professional managers will insist on using IT as another means of achieving a better overall result for the firm.

#### **COMPETITIVE PRESSURE**

Competitive pressure comes from a number of sources. Major corporate clients who are already highly computerised expect their professional advisers to be technologically advanced. Client are increasingly demanding direct links to their lawyers' computers for easier exchange of information. This enables more rapid verification of draft agreements and quicker negotiations. It also eliminates one additional source of error. Under certain circumstances, for example in potential defamation claims, clients want their documents reviewed almost immediately and may be willing to pay a premium for this service.

Similarly, major competitors either have common systems already, or are moving in that direction. The emerging trend in larger cases is for teams of lawyers from different firms to work closely together and this will require a minimum level of computerisation. Because of a regular exchange of documents between participating firms, compatibility of systems or at least the provision of efficient information conversion facilities will become increasingly important.

The third source of competitive pressure originates from university campuses and the business community in general. Law firms will find it increasingly difficult to recruit the best graduates if they do not provide the supporting computer systems which new graduates expect. In addition, the business community perceives companies with a high degree of computerisation as efficient managers of information. This in turn may lead to additional business opportunities.

Finally there are competitive pressures from semi legal organisations who aim to do repetitive work more cost effectively (e.g. conveyancing, debt recovery etc.).

#### **WHAT ARE SOME OF THE LARGER LAW FIRMS DOING?**

In the large firms there is still a predominance of large centralised mainframe computer systems, such as IBM, Wang, or STC Alcatel.

However more recently a number of medium to large firms have been implementing distributed systems, for example PC local area network systems.

Others are just now starting to review their existing systems in view of new opportunities provided by more modern networked, decentralised architectures. Another frequently mentioned cause for reviewing traditional IT structures is the need to exploit more powerful workstation software based on graphical user environments.

A more detailed consideration of the systems existing in different law firms will be included in the next edition of this publication together with guidelines to implementation of the system.

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