



Upgrading Legal Technology

White Paper

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The Legal Software Industry and Upgrades

Introduction

A time consuming distraction, a costly nuisance – or a genuine opportunity for business improvement?

What is an upgrade and why do both software developers and software users have to deal with them on a regular basis? A common question posed by many throughout all lines of business including the legal technology industry.

It used to be the case that software was developed, purchased and used. The odd 'patch' would be released to user communities to correct a bug or to reflect a change in legislation or other rules that govern legal procedures. Now new releases, new versions, new interim releases and new modules are far more regular in their delivery and in some cases, intensive in their content. The motivation behind these new versions are numerous; some benefitting users and some as a result of technology paradigm shifts, which will ultimately benefit users, although often not immediately.

There are two obvious sides to this topic – (1) the customer's view and (2) the supplier's view. Both are clearly intertwined and one would have thought the more in step with each other they are the better for all concerned. However this is often not the case.

The Motivations

Suppliers want to sell increasing amount of software licenses, expand their user base, retain all their clients and increase their annual recurring revenues. Law firms strive to select the best system for them and extract as much value from their existing software applications as possible on a continual basis.

The Supplier's Perspective

The legal technology market is a very busy place. It is a comparatively small market with arguably too many suppliers vying for business. Suppliers are acutely aware that competitors continually try to get their respective wares in front of their customers. If supplier and customer become too detached then the current version of a competitive product can often seem light years ahead of their current product, when in reality the current version of their existing product (which they will likely not be using) is probably far closer to the functionality displayed by the competitor.

Software developers want to create a product that is regarded as being the best at what it does. Whilst those of us that work alongside developers see them as a breed apart and often question their personal habits as well as wonder 'what makes them tick', ostensibly they are motivated by a goal many of us share – be the best they can possibly be and create the best software on the

market. In order to achieve such lofty status they need to focus on various key areas of their product including; Functionality, User Experience, Reliability & Speed, Compatibility, and the ability to address real business issues, to name but a few.

What Influences New Versions?

Traditionally there are four key areas of influence: -

1. The supplier's existing customers
2. Market intelligence – i.e. what prospective customers are looking for and what the competition is doing
3. The supplier's own ideas
4. General technology of the day – e.g. Microsoft development languages, Office suite etc.

A supplier has a finite amount of resource so ergo it is a constant 'battle' amongst these influences to get their key requests onto the development schedule. Even the supplier's own motivations present a dilemma. Does it focus on new functionality that it thinks will win it new business, or does it deliver on the requests of its existing customers in order to retain them as users and secure the annual support revenue therein? The ideal is to align both drivers as much as possible and this leads to the question of the value of an upgrade. Should existing clients pay for them or should they be part of their support agreement?

New Version versus New Product

The supplier's development department is likely to be its most cost intensive business unit and it needs to be 'fed'. The amount that is often squeezed into each new release can be of significant value to the client, and is arguably worth more than the client pays for annual software support. But to charge additional sums over and above support payments creates its own issues. Obviously it changes the decision on the part of the customer from one of time and planning to one of time, planning and expense; the latter of which tends to focus the minds of key law firm decision makers. In effect this would create a barrier to upgrade which would ultimately damage the firm. Standing still in technology terms is a silent, slow killer. Firms do not realise that they are being left behind. When reality dawns the gulf that needs to be spanned is significant, involving much time and expense; far more than would have been needed had the firm made the step changes in line with each new version release.

This means that at present software houses must look to new business for growth. In many instances each new version could ostensibly be called a new product such is the degree of changes that are often included in each iteration of the product. So to the market as a whole the new version is viewed as a new product, whereas the existing client base view it as an upgrade to their existing software. And whilst in many cases both sectors will deem certain areas of progress in equally positive degrees, the existing client base, being more product savvy, may be pushing for intricate changes to the product that cause them issues. Often such changes take disproportionate amounts of time to resolve, thus taking resource away from developments that are more likely to win new business, which we have already established is vital for the supplier and its ongoing success.

In some instances a supplier makes it clear that it is releasing a new product and it is moving away from or retiring its legacy software. Normally the reason behind such a risky move is that the underlying technology on which the legacy software is based, prevents the supplier from staying abreast of general technology changes and keeping pace with its competitors. This is usually make or break time for the supplier because the ructions caused internally and externally by such a move are massive. Examples of this are numerous in recent times: -

- In the late 1990s Pilgrim retired its Advocate system to switch all development to the then Windows based LawSoft product.
- In the early 2000s LexisNexis Visualfiles brought out a replacement for its market leading case management system SolCase. Visualfiles the product was technologically quite different from SolCase, which made 'upgrading' very difficult and at best only a partial data conversion could be achieved. The result – in 2009 the company still supports and provides upgrades for SolCase, such are the numbers of users it still has.
- Thomson Elite in 2007 announced the launch of Elite 3E, the successor to its successful Enterprise product. There has been a mixed reception to this development from its clients.
- LexisNexis Axxia announced in 2008 the launch of its new DNA product. Built using completely different technology from its previous Arista and Atriion product lines, existing clients have to pay significant sums to remain Axxia clients. In many cases this encourages clients to assess the market place as a whole.

This is not to say the strategies of the above mentioned companies are flawed. They all must have soul searched long and hard in the lead up to making these decisions. In effect they felt that their existing technology had 'hit the edges of the envelope' and could progress no further. To stay competitive in what we have already established is a very busy marketplace, a sea change was needed. They can now only hope that their thinking is correct.

When a supplier releases a new product often the existing customers feel let down. They have invested much time and money in the product that is to be superseded. They do not want to hear that they need to move to a new platform to remain up to speed with technology – 'My system is doing very well thank you very much! And you want me to pay for this new product, which I don't really want?!'

The key therefore for supporting a development cycle that caters for existing and new business alike, is to select a development platform that has the biggest chance of longevity. In today's market this has to be the Microsoft platform. Those that nailed their colours to the Microsoft mast early will do well. They can push forward their products in the safe knowledge that a sea shift will not be necessary thus protecting their customers' interests and increasing their chances of new business wins in equal measure.

Differences in Upgrade Content from Supplier to Supplier

Probably one of the most frustrating things for clients and effective suppliers to contend with is the fact that some suppliers bring out new versions which are low on content and/or are difficult to implement thus creating unnecessary issues for the firm to deal with. If there is little functional improvement available in an upgrade and a risk that the upgrade will disrupt a firm's operation, then

understandably firms will be resistant to partaking in the upgrade process. It is the doubt cast by such occurrences that creates widespread misconception amongst the profession when considering upgrading their existing software version.

Suppliers that put a lot of diligent effort into each upgrade are at risk of being unjustifiably ‘tarred with the same brush’ as those of its peers that sometimes release new versions in an effort to appear that they are staying abreast of technology changes in an effort to retain their existing users. There are some suppliers that not only fill each new version of their product with a significant amount of new functionality and enhancements to existing features, but also make the process of moving to that new version a relatively simple task, in terms of the physical upgrade. Over and above this these suppliers understand the importance of proper planning around an upgrade. As such they offer the right level of support services to ensure a smooth transition is achieved on the part of the customer.

When a firm decides to select a new key enterprise system, whether that be PMS, CMS, Digital Dictation, DMS or CRM, one of the key considerations it should make is the track record of potential suitors when it comes to upgrades. Ask existing users of the systems being considered what their experiences have been like. A firm is not just buying the software that is available today; it is buying the ability of the supplier to ensure the software remains relevant and can support the business challenges of the future. Firms are putting their faith in the supplier’s key decision makers. Are they capable of assessing what needs to go into new versions of the software over time? Do they really understand the subject matter – what makes law firms more efficient, more relevant, able to deliver better service to clients? There are not many people left in the legal technology industry that are steeped in the experience and therefore knowledge necessary to provide firms this assurance. The recent spate of consolidation has seen a huge amount of knowledge and talent leave the industry and they are not being replaced by the right people in many instances. Arguably this makes it easier for firms to select a supplier because there are less good ones to choose from.

A good supplier will continue to invest in its software and pass on the results of this investment to its client base. The changes it makes to its product have to be more than just cosmetic. The changes have to be meaningful, relevant and reflect the needs and wants of the era. Those suppliers that continue to delve out lacklustre version offerings do themselves, the legal technology industry and the profession absolutely no favours whatsoever.

The Client’s Perspective

Law firms are focussed on delivering excellent legal service to a hopefully expanding client base. In a recent survey carried out by the Ark Group, when asked what are the key business drivers for firms for the next 5 years, 77% of respondents stated it is to improve efficiency of process. In order to achieve this law firms need to manage their key resources so as to maximise efficiencies and thus leverage maximum revenues and profits. These key resources are its people, its knowledge base and its reputation. The technology that firms use provides the opportunity to improve efficiency and successfully share the firm’s knowledge.

Suppliers are constantly looking at ways of improving how technology can support law firms. This means law firms are regularly presented with means of improving their provision of legal service. However in order to implement new technology, there is a constant investment of time and money required. It is this clash of time and cost constraints that often present the biggest barrier to using the most up to date technology.

Suppliers constantly need to 'prove' to law firms that their developments will have positive effects on firms' top and bottom lines. This is particularly so given that 66% of firms polled in a recent survey believe that the current trend of law firm mergers will result in an increasingly competitive marketplace. The desire for firms to create competitive advantages over their peers has never been greater.

That said firms sometimes do not want to hear that they need to upgrade. Often there is a feeling that they have just got to grips with the version they are currently using and the thought of upgrading holds more fear than desire. Furthermore upgrading one key technology can often have ramifications for other technologies in use. For example upgrading a document management system to handle emails effectively may require the firm having to upgrade its enterprise wide email solution (normally MS Outlook and Exchange), or upgrading a PMS that has interfaces to cost capturing software may mean that the interface needs to be amended to retain its function. The perceived hassle factor involved in upgrading can therefore in the minds of some, outweigh the benefits of the upgrade itself. This can result in firms lagging behind in terms of the version of the product it uses when compared to the latest version made available by the supplier. This type of situation can often lead to friction between customer and supplier, but standing still can often be the biggest threat to the progress of the firm.

How Best to Upgrade

The first step to a successful upgrade is to have selected the right software and supplier in the first place. If a firm finds itself with a supplier that offers little in the way of version content then whether the upgrade is simple or not makes little difference because the end result is not going to move the firm forward very much. If the firm has selected a supplier that has a track record of content rich version production then staying up to date with each new release makes a lot of sense and will be well worth any effort required in so doing. A supplier whose people are steeped in legal technology knowledge and experience is the only entity that can guarantee that it has the right input to ensure its technology stays at the forefront of legal technology.

The 'type' of software selected is also of huge importance when considering future upgrades. A consolidated single solution that caters for multiple requirements (e.g. one solution for finance, workflow, case management, matter management, document management, email management and marketing management) will be far easier to upgrade because of its self-contained nature. Products that fulfil only one key function and then have multiple interfaces to other single solution products, will be far more problematic when it comes to upgrades. Each interface needs to be tested and often amended to cater for the upgrade. A firm that uses single point solutions will have potentially seven (7) upgrades a year to contend with.

When a firm decides that it makes sense to upgrade a key enterprise wide solution, it is imperative that the project is well managed. Sometimes firms upgrade for upgrading's sake. They realise it is important to use the latest version. Indeed some supplier support agreements 'demand' that clients use the latest version or their support agreement is invalid. What tends to happen in such circumstances is the firm upgrades and carries on using the new version as it did the old, thereby not taking advantage of the new features available in the new version.

The supplier in conjunction with the firm should manage the change involved in taking the upgrade. Decisions need to be made about training style; should it be hands on training carried out by the supplier, or should a train-the-trainer approach be employed. The firm's staff need to be kept abreast of key dates involved in the upgrade whether that be via a presentation, email notifications, the training sessions or handouts. Good suppliers that understand the mechanics of a successful upgrade will offer Workshops, at which firms learn of the upcoming changes to the software. These Workshops will involve: -

- Demonstrating the software in detail
- Involving different staff members who will play different roles in the upgrade project
- Providing IT teams and trainers with the information they need to pass on to other staff members in the firm
- Identifying what the firm is going to 'switch on' and rollout on day one
- Devising a plan for implementing areas of functionality that will not be 'switched on' at day one

Thereafter training sessions will be arranged and an installation date agreed. Again a good professional supplier should be able to offer the customer the choice of performing the upgrade themselves if they have a suitably trained IT team, or have the supplier's installation staff carry out the physical upgrade activities. Hand holding support can also be arranged in the form of floor walking for the first few days of live usage, so as to ensure maximum take-up of the new version.

Sometimes before a firm reaches this stage it is necessary to engage with the partners and key fee-earners. Some suppliers arrange demonstration sessions not dissimilar to those used when competing for new business. This allows decision makers to see the benefits of the upgrade and often makes them realise the importance of keeping up to date with versions (providing the supplier can illustrate how the new version will deliver added value to the firm).

Firms that have experienced both ways of upgrading always comment on the significant benefits of embarking on a well thought out planned upgrade. For example in reference to his firm's recent upgrade to the latest version of its consolidated solution, Philip Studd FD at Goodman Derrick commented,

"After consultation with Pilgrim, we chose to take a more comprehensive approach to the services package around our upgrade to LawSoft R7 than we had with previous upgrades. Our approach included presentations to all staff on what the new version would offer as well as a detailed upgrade workshop and hand holding on the day the new version went live. The result was a much smoother experience and a better focus on what we would gain from the version."

Conclusion

Upgrades, new versions, new releases and new modules are part and parcel of the software industry. Technology moves at a great pace and offers key business advantages to those that are able to manage their take-up of new versions and at the same time remain focussed on the reasons for so doing.

The supplier fraternity needs to ensure law firms understand the reasons for upgrading, the potential benefits for the user community and then agree a planned set of activities that will deliver on the expectations of all involved.

A challenge for today's law firm in an ever changing legal technology sector, is to align itself with the right technology, which arguably is a feature rich consolidated solution, and align itself with the right supplier, which is one that has the knowledge, experience and focus necessary to continue to deliver excellent software and advice for the long-term.

About the author: Colin Kennedy is Chief Operating Officer at Pilgrim Systems Plc. Since attaining a Masters in Business Information Technology Systems from Strathclyde Graduate Business School, he has held a number of business leader roles in legal technology companies for the past 12 years.