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## Law Department Management And Technology – Roundtable

### Technology Saves Time, Money For Law Departments, Law Firms

*The Editor interviews Don Davis, Associate General Counsel, Los Angeles Unified School District, Hassan El Asraoui, District Manager, Law & Government Affairs, AT&T, Larry Goldfarb, Director and Chief Information Officer, Legal and Compliance, UBS Warburg, and Michael Mills, Director of Professional Services and Systems, Davis Polk & Wardwell.*

#### **Editor: Would you each describe your organization?**

**Goldfarb:** UBS is a global company. We have significant groups of lawyers and compliance professionals in New York City and Stamford in this country (approximately 145 staff in those two locations) and in Europe, where we also have 145 staff members, and roughly 75 staff members scattered in other locations. Our legal and compliance department is extremely globally focused.

**El Asraoui:** The law department of AT&T consists of law and government affairs (L&GA). The majority of our attorneys are located in New Jersey, but we have presence in every major geographic region of the country.

**Mills:** Davis Polk & Wardwell is a firm of six hundred and fifty lawyers with offices in nine cities. The majority are in New York, but we have offices in London, Menlo Park and Hong Kong, with smaller offices in Frankfurt, Paris, Madrid, Washington and Tokyo.

**Davis:** Right now the members of the law department are dispersed in three buildings within a mile of each other, but in late spring we will bring most of them together in one location for the first time.

#### **Editor: To what extent do you rely on technology to deliver or manage legal service, internally and externally?**

**Davis:** Internally, we are heavily dependent on technology. All of our data are on a central server. Our matter management program handles everything including legal research, document production, document archiving and our billed time. Each attorney has a computer and

accesses that central server.

With respect to outside counsel, we have used DataCert for electronic billing for about one year. With five of the firms, we have robust extranets in operation that enable us to share documents and other materials electronically. We plan to have an extranet with each outside firm by the end of this year.

**Mills:** Our firm made its first major investment in the use of computers in 1978 and we have focused intensively on technology in the practice ever since. The firm drafted a remarkable vision document in 1978 laying out a view of what computers could do for lawyers, and I am not sure we have achieved all of it yet. A couple of partners believed that the firm should use computers to facilitate sharing information and to search and create documents. We have a long tradition of technology use.

Lawyers had computers on their desks by the early 1980s and people here were using e-mail in the 1980s very widely. We built our first document assembly program in 1979 and had full-text searching by the early 1980s. We built a computer architecture that assumed that documents were going to be shared.

**El Asraoui:** Internally, we have always relied on technology to help streamline our processes, for example in the past couple of years we have moved from a manual vendor-management process to an e-billing solution that is virtually paperless. We also focus our technology selection on solutions that enable us to evolve with the changing nature of the business.

**Goldfarb:** We are increasingly utilizing technology. Initially, technology played a small part in how the department was managed, but now our suite of applications has grown to such an extent that there is heavy reliance on technology.

For example, we have an application for the restricted list, which limits the firm's and its employees' ability to invest in the securities, issue research, etc. for specific companies. There had been at one time a spreadsheet that listed those companies, that was passed around the globe, but we now have an online database,

with a backup system, so that employees can access the information. That is a critical system.

We have also developed what we call our "affirmation online system." This requires that employees affirm what accounts they have, that they have read the appropriate policies and similar things. That system is global and another critical element of our internal compliance systems. It saves massive amounts of time and effort. We have also developed a global "surveillance" system to track compliance with rules on securities trading and another system, "Lexida" (developed in-house) to track litigation risk, regulatory inquiries and exams. We also utilize a time tracking application to allow for systematic allocation of internal legal expenses, and finally, we have built a "Bill Tracker" application to keep track of outside counsel expenditures. All these systems feed results into a quarterly metrics report.

#### **Editor: Would you describe some of your primary technology applications?**

**Goldfarb:** To summarize the applications noted in the previous question, we have a strong suite of compliance and legal applications including Global Surveillance, Affirmation, Employee Trade Monitoring, Global Restricted List Monitoring, and Employee Training Tracking on the compliance side, and Case Management, and Bill Tracking for legal staff. Time Tracking is used by both legal and compliance. In addition, we use the intranet for communicating within the department and to the firm as a whole. It allows any of the attorneys to post material on the intranet for client review as well as allowing attorneys to share information and knowledge throughout the organization.

**El Asraoui:** Our matter management system, which we are using to track cases, manage vendors, track internal time and manage budgets, is totally integrated with most of our web applications. Using our intranet portal, attorneys can access, review and approve invoices. They can also run reports related to any of the matter-management modules.

**Davis:** We use Time Matters Enterprise Edition as our matter management system and Lexis, which integrates with Time Matters very well. We use Microsoft Office as our productivity suite and Adobe Acrobat and Adobe Capture's OCR component. We back up our data every night over the Internet with eVault.

**Mills:** We send and receive so much e-mail that some days I would say spam filtering is our primary technology.

From a client perspective, there are three significant technology areas where we have invested over the last seven years. The first is in knowledge management, though we prefer the term "practice resources." We launched a very broad intranet in 1995 that has since served as the platform for our precedent files, standard forms, current awareness and other efforts to provide better and more timely information to lawyers.

The second area has been client communications over the Internet. We developed in 1997 and launched in 1998 a secure client extranet that we call ClientLink. That extranet allows us to run deal rooms for managing and distributing documents in transactions and data rooms, which are document repositories used for due diligence and mergers and acquisitions. We provide selected clients custom libraries of information and documents and news. We have also used the extranet to provide interactive advice-giving systems to clients. On our expert systems, we have worked with Jnana Technologies, which has a product called the Jnana Logic Server, which is to building expert systems what Excel is to building a financial model.

We have also put lots of work into improving communication with clients. That has evolved significantly from the homegrown system that we launched in 1998. We are now working with an industry-leading vendor, called Vignette, to attain a greater degree of flexibility and personalization in our client communication.

We have also done a lot of work in litigation document management. We have taken a firm-wide approach to that and have been routinely managing scanned documents and e-mail in a centralized database. On the litigation document management side we have worked for a decade with nMatrix, a vendor in New York, and we use the latest versions of their products as the universal database for litigation.

**Editor: Have you been able to measure the benefits of the technology applications?**

**Goldfarb:** Some applications clearly have resulted in savings. The affirmation system that I described is one example. Previously, several employees had to spend several months per year collecting that information from the staff. With technology compiling that information automatically, we no longer need to dedicate significant resources to that effort.

The employee trading system also once

required the time of several employees. We now can assign those employees to other tasks. Technology allows us to use those resources in more productive ways, not to reduce head count.

Our Bill Tracking Application was developed to allow the legal staff to analyze and reduce its outside counsel expenses. The department expects to realize a 10% savings on external legal fees in 2002.

Our big effort now involves knowledge management. That effort will pose some very difficult measurement challenges. We are trying to determine how to measure the benefits of that project. We may try to determine the degree to which we can reduce our reliance on outside legal services, but we have not yet finalized the appropriate measurement tool.

**El Asraoui:** The use of technology has enabled us to streamline our processes and save cost at the same time. For example, by developing a web-based approval workflow module in combination with electronic billing and matter management, we are now processing a lot more data in less time with fewer resources.

**Davis:** Electronic data and document exchange enabled us to reduce the time lag and costs associated with sending things around by messenger. Technology is also a great productivity enhancer. We plan to implement scanning across the board as much as possible and are well along the way toward that goal.

I see no original correspondence. All incoming material is immediately scanned and I see it only in its electronic form, so I can work with and share it without handling paper at all. When I have finished working with a document, I can delete it from my desktop because the document is already on our server.

**Mills:** We do not do formal return-on-investment calculations, though we make approximate ones when making decisions about where to invest both cash and time. We attempt to forecast the business benefits of each of the technologies that we implement. Of course, it is always easier to measure the costs than the benefits.

In some areas, the benefits are quite apparent. In the early stages of our word processing system, we were able to change the ratio of secretaries to attorneys to a more cost effective one. The specific benefits of client communications, knowledge management and similar initiatives are harder to measure, but real.

**Editor: How do you determine what technology applications to implement?**

**El Asraoui:** We have a technology committee that meets regularly to discuss the technical goals and objective of the L&GA department. AT&T has a corporate foundation architecture (FA) council that includes representatives from L&GA. We work closely with the FA council to make sure our technical selections are within

the approved list.

**Davis:** We have a "vision committee." The general counsel is very technology inclined. He and I, along with a few other members of the department, speak often and make those decisions pretty informally. If we think that a particular application will enhance our productivity, we move forward with it. We just decided on a new calendaring program, for example.

**Goldfarb:** We have an overall management committee, which consists of the most senior attorneys, that sets the overall strategic direction for the department. We have an IT project management committee, chaired by the global general counsel, Robert Dinerstein, and co-managed by the head of IT for Legal and Compliance and me. That committee oversees the technology efforts, though the individual projects are managed within the appropriate substantive group in the department.

**Mills:** We have a process that I would describe as omnivorous but informal. All of us who are active in technology are on the lookout for things we can do that would improve efficiency. We informally collect information about possible technology projects. Resources are always scarce. We meet frequently and make decisions collaboratively.

**Editor: Will your use of technology increase, decrease or remain the same?**

**Mills:** We have seen a steady, fairly gradual increase in technology. There is almost nothing that lawyers do now that is not computer-based to one degree or another. We always say that we don't know what we will be doing three years from now, but it does seem we do more of it with technology. We expect it will increase.

**Davis:** I think that our usage will increase. We probably have everything that we need, but the push is to get everyone to understand how our applications can help them and to use those applications effectively.

**El Asraoui:** Our use of technology has increased year to year as we implemented many systems internal to the department. Moving forward, I expect that we will still increase its use internally but the bigger opportunity for increase would be in terms of collaboration and sharing with external suppliers and partners.

**Goldfarb:** I expect our use of technology to increase. Instead of many new systems or applications, though, I think that the increase will occur in terms of how much the attorneys in the department use technology on a day-to-day basis as an integral means of serving the clients. This will result from enhancements to make the systems more targeted and easier to use and more-informed attorneys and staff.