Implementing a Cloud technology strategy for your law practice

Patrick Ng, Principal Consultant, InPlace Solutions

Tory Ishigaki: Hi and welcome to InfoCast, Infotrack's podcast. I'm your host, Tory Ishigaki and today I'm sitting with Patrick Ng of InPlace Solutions, Principle Consultant, to talk about technology solutions for the legal market and working in the Cloud. Welcome Patrick. So first can you tell us a bit about InPlace Solutions and what it is exactly that you do?

Patrick Ng: Thanks Tory. InPlace Solutions is a boutique, small consultancy focused on professional services, legal sector in particular as our principal consultants - people like me - have extensive experience as senior executives in top tier legal firms. We work with a number of software partners, most of whom have a legal focus and we're well known among the CIO community for conducting the annual Australian Legal CIO Survey.

Tory: You and your colleagues have a large network within the legal community as a result and a lot of experience in IT as well so can you tell us, how do you feel technology will shape the legal market in 2017 and is there any new technology that you've seen making a big impact?

Patrick: Look, that's a really good question and something we're asked quite often and I have to say of course I wouldn't want to rank ourselves against Gartner or IDC and I opt out there by saying it's very hard to predict but what we can be confident about is the continued move to Cloud services and a consumption model for software and this has been confirmed by our survey work over the past two years. We also think that we'll probably see an increase in the employment productivity risk mitigation software, something that's also confirmed in our survey.

The irony remains that the biggest challenge for successful implementation of this kind of software is the adoption by professionals, lawyers in particular, the people who profess a desire to be more productive and whose interest it is to reduce the risk of associated improvements in production. So I'm not sure whether that's particular informative but I guess the third thing that we would say is that we also think that firms are working hard forging online direct client collaboration solutions really under the banner of client innovation and that will also be a big factor in the coming year.

Tory: You mentioned about the kind of resistance to change still being something that's preventing successful implementation. Do you have any insight into what is really holding that back?

Patrick: We do have some views about that and one of the views that we have is that professionals these days are particularly busy so the paradox that we're seeing at the moment is there's a huge desire to be more productive and technology is the way to achieve that. If you're looking for multifactor productivity in the workplace today one of the easy ways to achieve that, well perhaps I'm underestimating that by using the word easy, but it's to really improve the tools you use so that you can do more for the same or more with less. Two things are really occurring, one is that where that productivity occurs a lot of that is going back into our lifestyle which is typical in developed economies and that's a great thing.

If you look at a firm like your firm, like InfoTrack we know this for example that people get home on time. Given you're an IT firm, in my day when I was the age of some of your people, that would never have occurred of course, and that's a great thing. That's a factor of being in a developed society where we're a lot more sophisticated. The other side of that, of course, is that people today have only limited amounts of time that they can spend and time is very expensive. People's labour is expensive and we have many, many options and many choices as to how we achieve that productivity.

Marketing people are telling you you need to market harder. The psychologists are saying you need to get home to see the family more. The IT guys are saying well you need more software products, you need more apps and I think the difficulty for lawyers today, for accountants, for those in professional services is to prioritise and decide what they want to do and that's leading to something we call, I suppose, choice inertia and means that a lot of people are simply saying look it's all too hard let's just stick to what we know.

Tory: We've conducted a survey with you this year and the last year as well and this year it was focused around the Cloud and you also have your upcoming conference all around the Cloud. I was reading an article recently on the Cloud and it was saying something about in 2014 there were 14 million people in Australia actively using Cloud computing but only 26 percent of those even were aware that they were doing that so I think there's still a bit of confusion by people when you say the Cloud. What exactly does that mean? Can you explain in the simplest way that you can think of when you say working in the Cloud, what does that mean?

Patrick: That's a really good question I think and I think that it's reasonable what your postulating in terms of your reading that there are many people who are unaware of whether they're using Cloud and what it actually means. I don't think

people need to get too caught up in that but we do have some fairly specific definitions as far as we're concerned. Out of those many definitions these days I think it's probably pretty much fair to say that any of your computing that isn't on premises and is sold via a consumption model so that there's no requirement to make capital investment in traditional file server computing for example such as your own servers and data storage facilities would constitute a good idea of what Cloud might be. What we mean by that is really ... so instead of owning and operating your own computer with all the attendant utility requirements such as power and cooling and so forth. Instead what we see firms doing is their investing in fast and fat internet connections or two and then they lease their computing and store it from reputable Cloud service providers or they'll buy a service on line such as InfoTrack's search service and from there they'll look at reaping the advantages associated with this type of model.

Tory: The survey that we were running this year showed that a lot of people do have Cloud strategies in place already and have already moved to the Cloud so from your clients and people that you've been talking to in the industry what are the main benefits that people are finding from working in the Cloud now?

Patrick: We think that the benefits of the Cloud are clear and simple. Clearly Cloud helps with mobility, collaboration and business continuity because you don't have to worry about running your own computer room and it's a naturally connected type of model that can work on any device. We think of course, the move to the consumption model facilitates a number of advantages, particularly I suppose that it means that systems more scalable to client demands so firms as they shrink or grow their computing needs based on what their clients want to do can really stretch to meet the unpredictable computing requirements that might entail.

We also like the fact that the speed of software updates for new functionality is enhanced because distribution of the updates happen centrally and system improvements can be added incrementally which is a huge time saving for your internal IT professionals. That said, to get the benefits of Cloud computing our view is that a good Cloud solution needs to address security and data sovereignty concerns. It needs to be accessible via the net and It needs to offer a multi tenanted architecture. Don't ask me how to explain what I mean by that but really what I'm saying is that it needs to be the same for all comers because this allows for more efficient and effective evolution of functionality and it also needs to, in our view anyway, provide an open eco-system that allows one to integrate locally with other Cloud providers.

As a good example of what we mean by that eco-system if you look at, again I'll refer to you guys again, I think that's relevant. Your search services, your excellent search services which people can purchase via the Cloud. In fact, the secret source is the ability for you guys to provide interface to clients to their on-premises financial system and that reduces their data entry workload and improves their accounting oversight. The integration component is very, very important and it's worth time and money to the end users. In the long run however, we could see firms like yours providing similar integration to Cloud based systems, other financial systems and so forth and in effect become a party to that open Cloud based information type eco-system that we're referring to.

Tory: I think one of the main things that our clients seem to appreciate is the flexibility of the system because every time we launch a new product people think it's going to cost a lot of money or be a lot to download and think it's going to be a really complicated thing but on the Cloud it's really easy to develop and evolve and integrate new products so easily. People aren't used to that flexibility and I think that's one of the main benefits that we've heard from our clients, that they enjoy that working on the Cloud.

Patrick: It's interesting ... it provides a whole new way of doing business. It becomes less, so much, cost focused per transaction but really looking at how the life of the transaction moves through a client organisation and CIO's love that idea and so do CFO's and finance managers because each step of the way you're saving them a lot of work in their back office and you're also at the same time improving their oversight so that's a clear benefit that you get with Cloud. Once you have those integrations I think back either to the client's system or to your partners in the Cloud.

Tory: For those who aren't working in the Cloud yet – I know we have a lot of smaller clients who maybe are sole practitioners, they've been working based off paper forever, they might have some aspects in the Cloud - but there's people who are still hesitant, they think it's a big leap or something that'll be complicated. What would you say to people, what advice would you give them about making that transition?

Patrick: Good question. It really isn't that difficult and every business is already dependent to some extent on Cloud services. Typically you think about web mail, online banking, research via Google, travel and accommodation bookings and consuming news and social media. Every ones using it, wittingly or otherwise.

I think what's important is that organisations develop a position in relation to Cloud that will underpin their enterprise transition and usually that starts with strategy and policy followed by a good dose of cultural self-awareness and prudence to sort out the best all over approach. Firms will know what will work internally with them and they'll also have to look at their portfolio and decide what's the best order of moving their legacy applications to Cloud. There are many steps that can be followed that will enable a gradual transition of the Cloud and it will vary from business to business

depending on the type of business they are and the business sector they're in.

Often, for example, a firm may be unable to simply transfer say a Cloud based financial system without putting in months or even years of preparation however they may be able to easily shift a Cloud based payroll or email or a component of that in the meantime and reap immediate benefits and this is where prudence and practicality will dictate the order of their journey and that's the message that we're getting back generally and that's the way we see rational organisations behaving. On that basis if you look at Cloud based Microsoft office 365, it's making quite an impact within the market place because its transition is relatively straight forward and the mobility benefits are quite significant.

Tory: As I mentioned before we conducted a survey both this year and last year and you already did mention something about data sovereignty earlier. In our survey last year that came up as one of the biggest concerns for most firms from small to large size so is this something that you think that firms are still really concerned about and is there any way we can allay those fears?

Patrick: We were interested to see that in the survey we conducted on behalf of InfoTrack last year that there were very deep concerns around data sovereignty and privacy and of course I think they're legitimate and some of the high profile stories that have come out in the media have probably reiterated the importance of that concern but what's surprising I suppose is that concerns in terms of how the market is dealing with that particular problem is rapidly decreasing as I suppose our understanding of risk posed by Cloud per se dissipate and that seems to be the new trend.

We found that more than 60 per cent of firms surveyed this year are happy with the security offered by Cloud services and even our public sector clients are far more comfortable with the capabilities of market providers so that's reassuring. That's not to say that security risks don't remain a concern for buyers especially given some of the high profile breaches that I referred to earlier and the realisation that the growth of digitisation and the commensurate data that has to support it leads to greater temptation for the unscrupulous but just that they have more faith in providers now because providers responded to concerns around data sovereignty and privacy and it seems that providers are responding very, very well and in a sophisticated manner.

Tory: For those who do still have concerns about the data sovereignty, it's just interesting because on the Cloud I know there's a lot of encryption, there's different security measures but if you're holding your data in house - on premises on your hard drive, in your filing cabinets - that's a huge security risk as well so it's interesting that people hesitate about the Cloud when they already don't have those security measures in place in their existing systems.

Patrick: It is interesting Tory but I think it's quite human to do so and firms worry about reputation and waiting to see what other firms do although it may not seem rational. It certainly worked well for humans in their evolution to take that approach I suppose and what we're seeing is there's been a real change from that, where firms are saying for themselves, well in fact it's really tough to manage security ourselves it's not just the issue of securing the information locally knowing that I can see the bug on the wall and pull it out but I've also got to think about the internal threats. If I'm looking for ISA based security certification, these sorts of things. Many of the Cloud providers offer better solutions now around that because the firms generally, they're not specialists at providing data sovereignty. They're specialists at protecting their reputation, they're specialists at managing the complex issues around privacy but in a technical sense why would you do it yourself? And the Cloud providers are demonstrating very, very well that they do that particularly well.

One of the firms we work with, Netdocuments for example, yourselves, are acutely aware of the risks posed by that and have really stepped up to provide assurances that data is kept locally and networked directly with CIO's, CSO's to assure them of their methods and make sure that they pass audits and I think those assurances are powerful and are working very, very well. I would say to firms even if you've got some misgivings about it now, the trend is clearly that the Cloud providers are doing a better job than you and if you strike good, strong relationships and you make sure you've got a good exit strategy then you'll be fine.

Tory: We've discussed already how resistance to change is still something that the industry is struggling with. The results of our survey this year seem to show that the industry is recognising the importance of the Cloud and of being more mobile and they're putting plans in place. Do you think that there's more of an open attitude towards adopting new technology that's coming into play?

Patrick: I think there's definitely an open attitude and I think part of that is generational and I that firms would be well advised to consider the views of their younger members who are far more comfortable with adapting to a new world where change is rapid but at the same time I would suggest to firms that the way to achieve that change and deal with that is to focus on what works for you and what you do best and don't worry too much about what the competition down the road are doing unless your clients are really saying 'unless you do this too it's going to be a problem in terms of our relationship'.

Beyond that it's surprising to me that given that firms are all seeking to do more for less that they're not addressing this

challenge better. I think humans are rational, I think really if they're struggling to do that there are underlying reasons for that and that they're professional staff who are the people who have to carry the load there probably need to be listened to very carefully about their particular needs and what works for them. I'm not sure whether that's too airy fairy an answer Tory but that's just generally our view. It's very much that the human touch is required.

Tory: Makes sense. In our 2016 survey, one third of the firms that we talked to said that their current technology wasn't capable of meeting the growing demand and the top priority was increasing efficiency and again this year the top priority was increasing lawyer productivity. Among your connections in the industry, what kind of technologies have you seen being adopted more and more to meet these goals of increasing efficiency and the growing demand?

Patrick: We would say that, and I mentioned this before that client collaboration platforms are particularly in demand but we would say that any tech tools that save production time for professionals are in demand. That said there's a little bit of irony there because as many firms still charge by the hour some would suggest in seeming to adopt such obvious time savings - a good example would be proof reading tools - we're surprised for example why such tools aren't picked up en masse by lawyers. That incentive may not be there as yet. Going back to client collaboration platforms, e-commerce tools, online platforms, workflow tools etc. Especially in the high volume areas such as insurance, mortgage, property development, the vendor property space which you guys know well. These sorts of tools are highly sought after and that suggests to us that firms wish to mechanise in that particular space because of the high volume, repetitive practice areas where these fees are charged, which is good news for you guys.

Finally the other big trend we see is that workflow is something that is constantly talked about as being deployed especially those transactional areas of firms such as insurance and property but without wanting to sound dramatically ... in our view without those automated processes it would be increasingly difficult for firms that practise in these areas to remain in business and I know that might be a contentious call but what we see is that the competition in that space is very, very severe and that ultimately there will be winners and losers.

Tory: In the survey from this year, about 95 per cent of those that we surveyed recognised the importance of a mobile and flexible working environment so have you seen this reflected amongst your clients and what are the trends, how are they providing this and beginning to implement strategies around this?

Patrick: That's a good observation Tory. Mobility consistently features as something that's very important and again I think it comes down to the need for professionals to practise wherever they are, any time of day or at least the perceived need to do that. We'll see over time, I suppose, how clients respond to that but I spoke to a partner at a firm the other day who told me that he's moved to a part-time arrangement, which for male partners and top tier firms, is interesting but he says his clients are very forgiving once they know about that and in fact have become less demanding so it may be, that in fact, we've seen the peak of that demand for mobility.

It was interesting the other day I was watching BBC Global and they were suggesting, in fact, the comeback of the Nokia 3310 mobile handset. The old analogue phone. Free people up from many of the pressures and demands of the smart phone mobile computing world. We would suggest to you that, in fact, perhaps the next big trend in mobility might be roller skates.

That said, in the mobility space we think that there's still a lot of interesting possibilities there and one of the things we have picked up upon of late really is part of the rise of what Gartner called the enterprise mobility management space. Essentially platforms that look to federate all your various computing devices via a uniform interface. All the things that people love to carry around and I think that would be a good thing for people so they're not driven mad by all the new gadgets that they're expected to understand and then beyond that there appears to be a real desire to achieve a consistent digital experience through that medium so the follow on from that is what InPlace call the dynamic digital workspace so we're just calling that term. Essentially what we mean is a virtual office that you can take anywhere and be delivered to any device but dynamically proffers the functionality information one requires as one goes about their everyday work. For example, to be able to talk to ones ECRM system and get a taxi report presented as you get into the cab automatically in a mobile readable format while on the way to see a client or to get access to board papers while I'm on the way into a board meeting or when I'm running a transaction to pop up my InfoTrack corporate or property search service and have that pop up on my device seamlessly. I think that'll be a space that'll be interesting and quite dynamic for firms because it will really help them in a contextual sense I think we'll be quite keen to explore that.

Tory: So all these tools in the Cloud and everything we've been talking about obviously they increase productivity for the firms themselves and help them get the tedious tasks done faster and all that but one of the things that we like to highlight is how that can differentiate the firm to the clients and the client's experience of that because most consumers nowadays they shop around a lot - they're used to being on their mobiles like internet banking, all of that. They're used to that convenience and that speed and I think they're beginning to expect that a lot more from their professional service providers as well.

Have you heard anything from the clients that you work with around how these new technologies are impacting their relationships with clients or the feedback from their clients?

Patrick: I can suggest to you two things. One is how it's impacting them. Firms are getting pressured very heavily by clients who have now … you see then new cohort of general councils coming through. They're very, very internet literate. They're used to using apps and they're used to using online services, such as banking for example and they expect that from their firms so what we've seen is a real clamouring by firms to adopt online services to satisfy this particular demand. A very typical requirement would be online data rooms for sales transactions for example. The more sophisticated ones are introducing online work flow of course and are trying to integrate very, very heavily with major clients and the banking sector offers quite a bit of scale there and so does insurance as well and we'll see that repeated right across the industry.

From the client point of view, they benefit because the services are improved and they're improved in a number of ways. One is that these particular systems reduce the administrative function so instead of having to call your legal provider to see where something is at you can simply check the online portal and get a live position of where a transaction may be at and those firms that are smart are including things like bills, documents, etc, etc as part of that and even automated contract based systems.

In terms of how well they do? In our view it's got a long way to go and we feel the firms don't understand that space very well and we feel also that firms don't really have a good enough sense of what their clients are hoping for and what they aspire to in that space so I know you asked me about their clients and really what I'm saying is the providers, at the moment, are really looking to step up and are working hard to do that.

One of the other trends, of course, that shows that they're serious is in some cases they're appointing either people responsible for an innovation portfolio who are well armed with a legal technology professional, often it might be an ex IT manager or CIO to assist them to achieve outcomes for clients in the particular practice areas where they want to succeed and that's a really interesting trend and show that firms a becoming quite sophisticated in how they address the market needs.

Tory: That's great. You have a conference coming up very soon, Taking IT to the Cloud. Can you tell us a bit about the conference in case any of our listeners are interested in attending?

Patrick: We'd love to. Obviously the theme is Cloud we've been rabbiting on about that today. What we're attempting to do with our conference, there's one in Sydney and there's one in Melbourne and of course John Ahern from your organisation will be there, which will be great, your CEO, which we're delighted to have there as a speaker and a guest. We're attempting to highlight the very best of specialised Cloud applications in professional services. Really covering search, case and document management, automation ECRN and related analytics.

At most conferences vendors and sponsors pay up a lot of money to participate but are largely ignored by the delegates. Our particular forum is set out to offer informed and interesting perspectives on the market in general and we hope that that will be more interesting than perhaps the typical string of, perhaps, mediocre speakers from industry itself. Be it legal accounting or something else. As a result of that we've been very, very fortunate to appeal to a broad and interesting range of attendees from CIO's to partners in private practises, corporate councils and senior executives and we also thought that would be a nice, useful way of promoting ourselves and, more importantly some of our business partners so we're looking forward to that.

Perhaps some nice social events as well but really interesting to bring people from quite different disciplines, both on the clients side, the providers side and the intermediaries side together and I reckon we'll have some really interesting chats around the table there.

Tory: Sounds like it'll be a really interesting event. Thank you for joining us today Patrick. For our listeners, you can register of the IPS Cloud conference on www.inplacesolutions.com.au.

Patrick: It's been a great pleasure.