NEW RULES FOR KNOWLEDGE MANAGEMENT TOOLS:

Elevating Tactical Knowledge into a Strategic Advantage for Law Firms

A LEGAL BUSINESS REPORT BY ADERANT

Aderant

EXECUTIVE SUMMARY

As the digital age came about, a combination of computer technology and intellectual prowess turned mountains of paper into digital files. Fast forward 20 or 30 years and law firms are now sitting on mountains of data, but most aren't using this data to the best of its ability. Enter knowledge management – an often misunderstood and misused phrase.

The daily operation of a law firm centers on the matters the firm is working for its clients. In turn, knowledge management in law firms also tends to be matter-centric. It makes sense: whatever the matter, chances are something similar has been done a hundred, perhaps a thousand, times before in the firm. While this is useful, perhaps even essential on a tactical day-to-day level, it forgoes the potential improvements to efficiency and profitability KM can provide when knowledge is leveraged at a higher level.

Leveraging knowledge that is applied more broadly has an inherent strategic value. To do this, law firms look to bring all the data and information stored in the many systems and platforms into views that provide a single picture at an attorney, client, practice, and firm level. In the end, modern KM strategies must leverage technology that enables both the daily operational needs of attorneys, facilitate strategic transfer of knowledge, and provide the firm the ability to leverage this information to make better decisions and improve profitability.
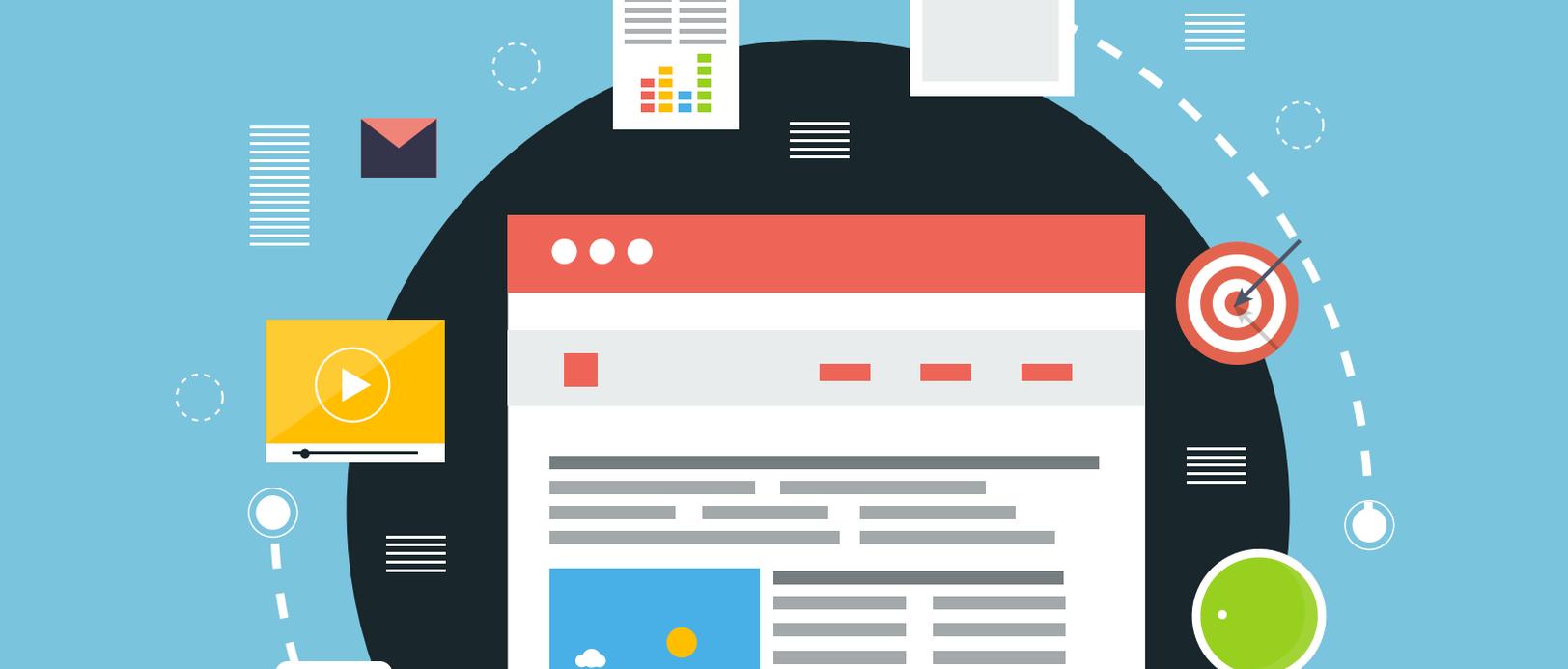
WHY KM TENDS TO BE MATTER-CENTRIC

The information technology (IT) explosion of the late 1990s brought with it a broader adoption of knowledge management (KM) among law firms. Early on, KM focused on documents, indexing prior work to create summaries for regular reference and reuse. As law firms grew more serious about knowledge management initiatives, many carved out dedicated KM leaders and teams from their IT staff. Those newly commissioned with KM responsibility looked for quick wins to prove their value and the value of KM.

Those wins were often found in surfacing information contextual to a matter. This could be contacts, status about matters, related documents, improving search, and creating libraries of best-in-class documents.

This focus naturally ushered law firm KM into a matter-centric direction, since almost every activity in a law firm is built around a matter. These activities generate data which is being captured and tagged, during the routine workflow. Surfacing that information means an attorney can log into a portal, navigate to a matter, and see relevant and related information.

For the last several decades, this is what KM has been. The problem is KM has become something of a placeholder for current work rather than knowledge as a business intelligence tool. It has continued to center around the search of information. Meanwhile, the truly strategic knowledge is buried within this data and information: it's not just about the current case that's important but applying all the lessons the firm has learned to identify the most effective approach to opening, working, and winning the next one too.

3

WHAT DOES KNOWLEDGE MANAGEMENT REALLY MEAN?

While different law firms and KM leader's definitions tend to be subjective, it is important to define KM from a forward-thinking perspective.

In the basic Wikipedia sense, KM is "the process of capturing, developing, sharing and effectively using organizational knowledge in a multi-disciplined approach to achieve organizational objectives by making the best use of knowledge." Forward-looking focuses on effectively using the knowledge to achieve objectives.

According to Ted Tjaden, author of Legal Research and Writing, knowledge is categorized into two types: **explicit knowledge**, as in business agreements, litigation pleadings, checklists, research, and opinions among others; and **tacit knowledge**, being what legal professionals know, their experience and personal judgement. But more importantly in forward-looking knowledge management, the need is to be able to organize all information within a law firm, enabling efficient role-based views that help simplify day-to-day efforts, and provide insight that delivers better service and helps to make better business decisions.

It's surfacing the right information, to the right people, at the right time. Here's how several leading experts in the field define the concept from a law firm perspective:

Aderant

1. Knowledge is an asset

KM is a framework for converting knowledge into a common asset, according to a definition by Knoco, an international knowledge management consultancy:

> "It is the framework structure of relationships, roles, processes, technologies and governance that an organization puts in place that allows knowledge to be treated as a common asset, and which allows relevant know-how, insight and experience from others to be accessed and applied to business problems."

Nick Milton, who represents Knoco in the UK has noted that experience gained through work isn't converted into an asset until its captured in a knowledge product:

> "Knowledge is not created through work, it is created through reflection on work, and it is captured not in work products, but in knowledge products such as lessons learned best practices, guidelines, and checklists."

2. Packages assets for reuse

KM enables the capturing of collective wisdom for reuse, according to Ron Friedmann, a lawyer and prominent consultant within the legal technology community:

> "KM captures and reuses lawyers' collective wisdom and helps identify lawyers with relevant experience. It consists of both processes and systems that identify, save, profile, disseminate, and use prior work and accumulated expertise to solve legal and business problems."

3. Reusable assets facilitate efficiency

"Reusing what others have already learned, created, and proved can save time and money, minimize risk, and increase effectiveness," according to Stan Garfield a notable KM author and speaker. "The reuse of ideas, documents, and expertise is one of the key benefits of knowledge management."

Lawyers are at the apex of knowledge work and develop proficiency with time and experience. Knowledge management can expand that expertise through people, process and technology – and this represents a significant opportunity for profitability.

For law firms, the core concept in knowledge management has revolved around figuring out the best way to get the current case done – and pass that knowledge along. To date, KM technologies have followed suit and primarily centered on helping to move knowledge along at the matter level.

TRADITIONAL TECHNOLOGY TOOLS FOR KM

There's a lot of overlap among technology tools in KM. Many tools perform similar functions but from a different approach. What follows is a representative sample of traditional law firm technologies that describes the purpose, strengths, and shortcomings from a strategic knowledge management perspective.

Document Assembly

Document assembly was one of the first technologies to be deployed in support of KM, and it remains both a reliable tool and practical example of KM in action. The idea in document assembly is to capture the knowledge of an expert in an area of law and use it develop a template for how a document supporting that category of matter, or practice area, should be composed.

This is a direct extraction of knowledge from an expert that can be shared with the rest of the firm. However, that extraction portion is often the hardest part. When firms procure these tools, they must realize someone has to sit down with expert attorneys to develop the assembly template. This can take many hours, and even days or weeks, of work.

Context remains a common underlying challenge because it's not just the composition of a document that matters, but also how it is used. A simple example is that a good document can have a terrible outcome if it is used on the wrong side of a case by a well-intended, but unknowing attorney.

Document assembly tries to take such possible vignettes into account by walking users through a question-and-answer workflow. However, the nuance and dynamics of applying law mean it isn't foolproof.

Still, law firms generally find document assembly to be a productive tool. The 2018 Aderant Business of Law and Legal Technology survey, found that 61% of respondents said document assembly had a moderate-to-high impact on the effectiveness of their firm.

However, the more templates firms developed, the greater the need for a system to store and organize these assets. This led the industry toward document management.

Aderant

6

Document Management

Document management systems (DMS) promised to be the solution for the proliferation of documents. As the name suggests, it would be a repository to store and organize the documents a law firm has constructed over time. Ideally, the best documents would be showcased as models to follow.

Unfortunately, it hasn't turned out that way. These systems have been, like the definition of knowledge management, largely a work in progress. The DMS has existed for the better part of 30 years, and while law firms have filled these repositories with millions, even tens of millions of documents, the irony is, attorneys and staff still can't find what they need.

Part of the problem here is that the only metadata is captured – that is, searchable descriptive information about the contents of a document – is a title and a matter number. It's nearly impossible for anyone to find what they need based on those parameters alone.

Consequently, the DMS has become a place where law firms and staff place what they are working on now. In other words, it's become a housing unit for work products and existing matters, which isn't useful for new matters, where knowledge would be instrumental.

Even so, law firms generally give document management high marks as a useful tool. DMS was the top technology on the survey mentioned earlier. Some 90% of respondents said DMS had a moderate-to-high impact on the effectiveness in their law firm.

Life in the business of law without DMS would be complicated. Still, carving out exemplary documents and narrowing down the possibilities to an exclusive set has a been a largely manual task. As a result, in part, many firms turned to search technologies.

Enterprise Search

By definition, searching is an expression of need. The idea in law firm KM was to point a search index at millions of documents and hope we have a reasonable chance of finding what we need.

The challenge again centers on context because there's a quality control risk in enterprise search. Law firms cannot be assured that the best document is what will be returned in response to a search query.

For example, a law firm partner with 30 years of experience knows what they need, where to look, and how best to use the instrument returned by search. A junior associate may not have the experience to determine if a document returned in search is exemplary or not.

This nuance, of why enterprise search is so challenging, is often lost because search is typically compared to conventional search engines we all use every day. What law firms need to remember is that consumer search tools have an ecosystem of experts dedicated to helping search engines understand their content with the intent of having it rank higher in search results.

In other words, there's an economic ecosystem powering commercial search results that do not exist in a law firm. Add to this problem the fact that finding legal documents is a search task an order of magnitude harder than returning a typical Wiki entry.

While there are some similar things firms could do – developing a system of votes for documents the way Google counts links on the web – this requires facilitation and curation along a nomination workflow. This is happening in some forward-thinking firms, especially in Europe, with the help of non-billable practice support attorneys. However, many firms do not have the strategy, culture, or technology to make it a reality.
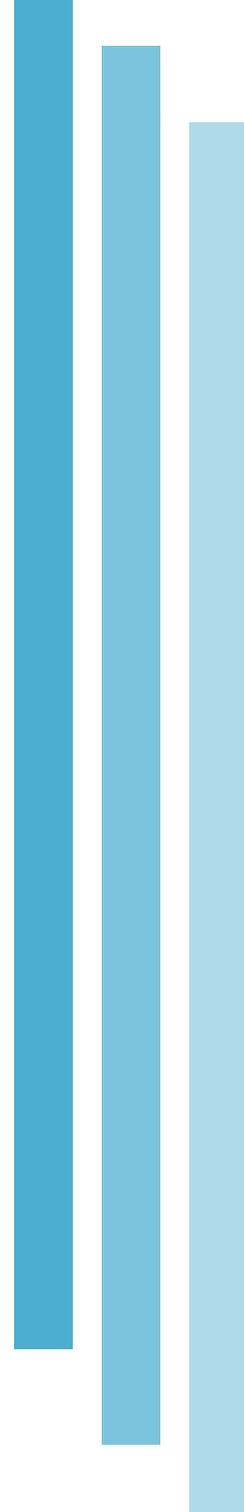
Matter Management

Matter management systems are a place to host information about events, documents, and tasks related to that matter. In many firms, it functions like a DMS. It's a self-contained silo that has the information an attorney needs for the matter he or she is working at that moment.

There is tactical knowledge value in current work, but there is no strategic value unless the firm has a way to extract and relate the data to similar matters, and then to apply knowledge to new matters.

Firms that do this effectively tie processes to a type or category of matter. This allows a firm to develop a workflow or pre-defined checklist of tasks that need to be completed. It becomes a matter template that can be applied to give an attorney a running start on a new case.

To surface this knowledge, many firms look to portals to share the collective experience across offices.

Portals

Portals are arguably the single best approach we have from an enabling technology perspective. It's important to note that no portal tool in an of itself is KM, but rather it's a framework by which a firm can pull assets together.

The alternative is to send attorneys and staff on a virtual scavenger hunt through separate systems, with different accounts, and different passwords – the accounting system if they need financials, the case management system for matter information, CRM if they are looking for information about contacts. Access, credentialing, navigation, and system familiarity are all challenges that slow progress and eat valuable time.

More importantly, what makes portals valuable isn't merely access to systems. It's the capability to pull disparate sources of information into a context that transforms information into knowledge – without hiring a team of expert curators.

Aderant

Experience Management

In the previously cited piece for Prism Legal, Mr. Friedmann writes the "knowledge management emphasis shifted from finding documents to finding experts." This is exactly what experience management technology has set out to accomplish.

Experience management is among the newest ideas in KM and it's about using the data and information a firm already possesses to help identify the experts. While most firms already have a process in place to identify experts, it's one weighted heavily by self-declaration and was designed for business development, rather than knowledge transfer.

By contrast, experience management systems seek to mine the data to discern expertise – that is time entries that are crafted against specific areas of law for example. To some degree, experience management relies on volume, but more importantly, it strives to identify the context.

Law firms have always had experts and the seasoned lawyers in a firm generally know who the experts are in a particular field. However, this information hasn't been accessible for associates, mid-level associates and lateral hires. For many, it still isn't accessible, and the problem stands to grow as consolidation sweeps the legal market.

While other complementary technologies may have overlap with knowledge management-like functions, most are similarly focused on tactical information. The knowledge requirements for law firms are shifting from the tactical – 'how do I get this legal project done' – to the strategic – 'how can the firm do more of this type of work profitably and with a favorable outcome.'

WHY THIS SHIFT IN KM AND WHY NOW?

It's no secret the business of law is changing. That's the first of three primary drivers we see driving this shift.

Law firms feel the pressure from competition and from clients. A firm that has done a hundred matters of the same flavor is liable to have within its reach, the knowledge to both price more effectively, and complete the work with greater efficacy.

Second, firms are changing, and we can see this in the merger and acquisition (M&A) activity among firms. The legal market set a record in 2017 with 102 M&A transactions and another 51 took place by the halfway mark in 2018.

The larger firms are forming mega firms and institutional knowledge is becoming diluted. An attorney might know the specialists in the same office, but that knowledge frays rapidly across multiple offices and international locations.

Third, and finally, KM itself is evolving. Where it once gravitated around finding a document or searching with a single repository, savvy firms are looking to leverage the numerous, mainly unconnected repositories of data knowing that if these sources can be integrated together, a transformation in how they work, service clients and manage the firm growth can gain unrealized value into strategic knowledge, at the attorney, practice, client, or firm levels.
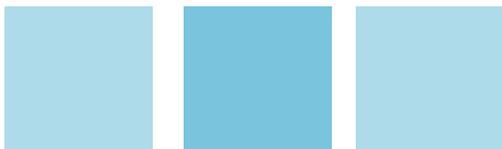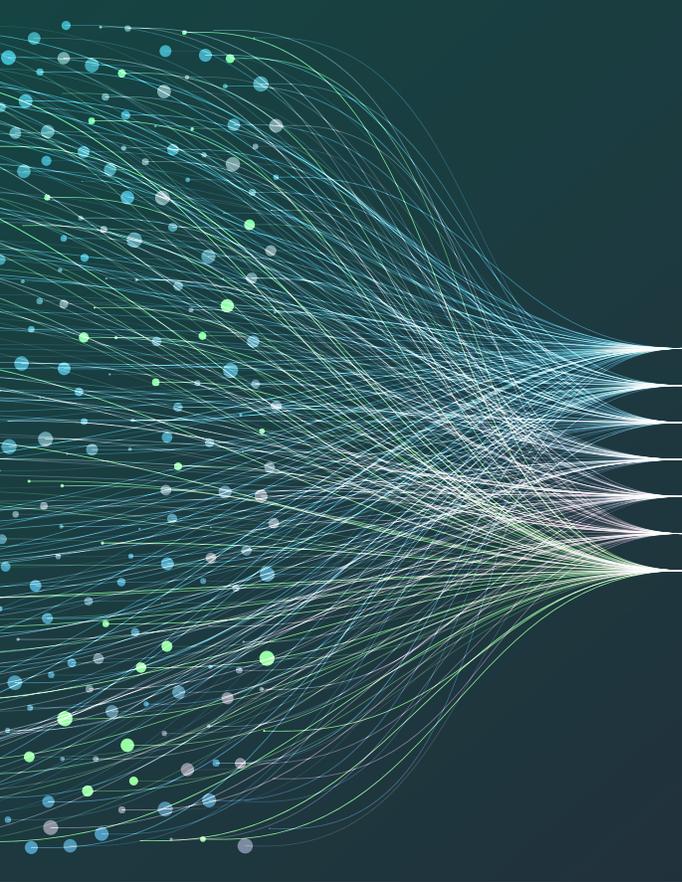
7 NEW RULES FOR MODERN KM TECHNOLOGIES

Elevating KM programs from tactical information to strategic knowledge requires a mental shift from thinking solely about matter-centricity to including practice-centricity. KM technologies must support both the daily operational needs and the strategic knowledge transfer firms need to compete on future matters. Enabling KM technologies must facilitate this shift by embracing the new rules which follow below.

1. Facilitate secure integration

Rather than providing yet another place to hang information, modern KM tools must enable firms to weave together the information (and preceding investments) in their existing systems. This means providing secure integration across the common systems law firms already have – practice management, time and billing, research, email, and CRM for example – and pull that information together for a view across a practice area or category of law.

2. Automate indexing and categorization

Modern KM tools must have a way to crawl large volumes of content and analyze it in a way that returns context. This means using automation to assist curators with the indexing and categorization of content by practice area.

Aderant
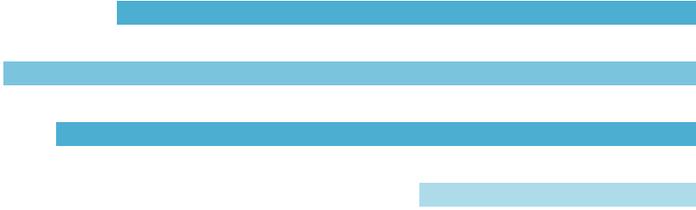
3. Mobile-enabled

Everyone is on the go, and a lawyer on site with a client can't wait to get back to the office to look for lessons learned. He or she needs it where they are and on whatever device they are using. KM technology must work in a mobile environment with the same level of functionality the firm expects in the office.

4. Deep analytics

KM tools must provide system analytics to understand how the KM tool is being used by individual, practice group and by frim. It's not uncommon for a large law firm to observe 60,000 searches per month from its attorneys and staff and be able to tie that activity to improving profit and margin. This provides both measures to quantify the value of KM and produces knowledge that can be re-invested into the overall KM strategy.

5. Provide universal search

KM tools must build on the strength of integration and automated indexing by providing universal search. This means one place to search all systems for the knowledge needed and return contextual information by category, practice, or area of law.

6. Surface the experts

Experience management is imperative and must go beyond the list of names compiled by the business development shop. Those lists are useful, but it neglects the treasure trove of data in documents and time entries that can identify new experts that can help a firm win new clients and their cases. KM tools must be capable of mining these systems for that information to surface these experts.

7. Demonstrate speed in deployment

The knowledge requirements within firms are changing right now and time-to-value is essential. KM tools can't take months or even years to roll out. These tools must be capable of being rolled out quickly, foster user adoption, and show value in short order.

13

STRATEGIC PROFITABILITY

At Aderant, we have [observed](#) KM projects, supporting both a tactical and strategic focus, that are helping law firms solve the top challenges of pricing pressure and operational efficiency. We've seen firms deploy KM projects that weave together multiple systems to surface higher level knowledge to meet the new challenges within the business of law.

When a firm has worked 100 matters on a particular topic, they possess a deep understanding of the tasks to be done, the best way to complete them, the time it will take and the cost to the client. Reorienting KM technologies on this strategic knowledge stand to provide law firms with greater legal success, higher realization and subsequently, improved firm profitability.

ABOUT ADERANT

Aderant, headquartered in Atlanta, Georgia, is a global industry leader in providing comprehensive legal business management software for law firms and other professional services organizations. Aderant is a market leader in technology solutions for practice and financial management, ebilling, knowledge management, business intelligence, matter planning, calendaring and docketing. Aderant is an established and trusted partner with its versatile and innovative technology solutions, superior customer service and reliable implementation process. Aderant operates as a unit of Roper Technologies, a constituent of the S&P 500®, Fortune 1000® and the Russell 1000® indices.

www.aderant.com | info@aderant.com | @Aderant

Aderant