

SUPPLEMENT MAY 2017

LPM

LEGAL PRACTICE MANAGEMENT

In association with



CLOUD LEADERS

*Why are SME law firms moving
towards a cloudier future?*



SKIES THE LIMIT

SME firms are starting to recognise the enormous potential of the cloud – but how have different firms with different needs made the most of it?

Cloud computing has made inroads into the SME legal market – but we, and our sponsor **Pulsant**, wanted to know why. We conducted this research to find out if keeping data and systems online has enabled firms to be significantly more competitive – and, more importantly, how?

For some legal businesses, we imagined, cloud was adopted to drive up efficiency – and for others to drive down overheads. But we also wanted to know how different firms, with very different clients, needs and business models, use the cloud to meet their needs. IP and shipping firms, for example, have international clients so always needed to be mobile – so has having systems online enabled them to do that better?

Fortunately, the results did not disappoint. Thanks to help from the LPM community and Pulsant, we now have a much better idea of how SME firms are keeping ahead in the cloud. [LPM](#)

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**INTRODUCTION TO THE RESEARCH FROM OUR SPONSOR:
NICK HAYNE, BUSINESS DEVELOPMENT MANAGER AT PULSANT**

EVERY CLOUD HAS A SILVER LINING

Over the past few years, the cloud has been firmly on the business agenda for most organisations. Whether these businesses have been looking at cutting costs, streamlining operations or becoming more agile, cloud IT has often provided the answer. And in the legal industry, where cloud adoption rates have been a little behind the mainstream, the appetite for cloud computing is clearly growing.

Of course, the legal industry is characterised by strict adherence to regulation and compliance, which can make the cloud discussion more complex – and today's cyber threat landscape brings greater complexity and uncertainty into the mix.

But cloud has matured a great deal from its early adoption, which is one of the reasons law firms are more readily adopting various cloud models. Compliance, security and data privacy remain key considerations, but with the depth of cloud options and services available, the barriers of the past have been largely overcome and there is an increased desire to benefit from this technology – whether that's in email hosting and document management, or billing, and risk and compliance.

The discussions IT managers are currently having are not around adoption or migration necessarily, but more about where cloud can play the biggest role or add the most value in their legal businesses. Initially cloud was seen as a cost saver or a means to make organisations more flexible and scalable. But as cloud has matured, so too have the solutions around the technology. Simply put, there is more to the cloud than storing data.

Areas such as business continuity, disaster recovery, and even collaboration and productivity, have been affected by the cloud paradigm. When deployed 'as a service' these types of solutions bring additional benefits to operations, from better efficiency and effectiveness to meeting compliance. Taking business continuity as an example, cloud can help you create, implement and test plans – incorporating vital elements such as disaster recovery as a service (DRaaS). Cloud-based disaster recovery is a cost-effective and efficient way of making sure you can resume operations following a disaster, be it a network failure, cyberattack or act of nature.

Looking at the cloud models themselves, just consider the buzz word of the moment – hybrid.

“ The discussions IT managers are currently having are not around adoption or migration necessarily, but more about where cloud can play the biggest role or add the most value in their legal businesses. ”

Hybrid models are a mix of private and public cloud services, allowing you to keep the data and applications you need to in-house, or in a private cloud environment hosted by a trusted provider, while using the scale and cost-effectiveness of public cloud for hosting those systems not governed by compliance or for development.

The legal landscape shifts constantly, shaped by external factors like legislation and cybersecurity, and wider issues that will impact operations, such as Brexit. Some of the challenges brought about by these changes make it increasingly difficult for law firms to be competitive and productive. However, while cloud does not solve all problems and certainly is not the answer to all questions, what we are finding is the demand to see where cloud can add value and where these benefits can be fully realised. [LPM](#)



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COMING UP CLOUD

SME firms are embracing the cloud – but how has it helped them improve their businesses? We polled and interviewed SME law firms to find out

Why do law firms love the cloud? Not too long ago, SME legal leaders wouldn't have dreamt of keeping vital IT systems or client data outside their offices – but it seems many have now embraced the opportunities that can bring.

According to LPM's cloud leaders research, carried out in March/April 2017, many firms have moved a lot of their IT online. Almost half (48%) we polled have over half of their total IT systems in the cloud or as part of a managed service. And though as much as a third (32%) of firms have only 10% of their systems there, three-quarters of respondents said that more than half of their IT systems would be cloud-based or a managed service within the next five years. An additional 16% also said that at least a quarter of their systems would be there within the same time.

Why have so many SME law firms embraced a cloudier future? For many firms the short answer is: "Because it makes us more competitive." Agility was the second most mentioned benefit of cloud or managed service IT among SME law firms in our survey – perhaps unsurprising since flexibility often delivers significant competitive advantage. Depending on the firm, increased agility can bolster productivity by giving employees access to systems virtually anywhere, or enable cost-efficient scalability – allowing firms to introduce things or improve their services in ways they couldn't before.

Cloud or managed IT is also often more cost-

effective than fixed IT infrastructures – and can give SME firms access to crucial software solutions, with regular upgrades, or a level of service that they perhaps otherwise couldn't afford. For example, it can help firms to create a more effective business continuity and disaster recovery plan, and to better tackle cybersecurity at a fraction of the cost – which is vital in an increasingly competitive market where firms can't afford to be dead for even a few hours.

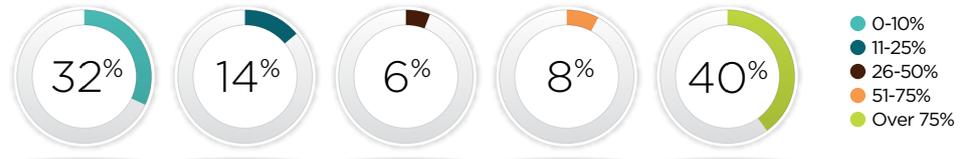
But while firms are undoubtedly getting ahead in the cloud, many are also missing the opportunities smacking them in the face. LPM's research suggests that while firms see agility, productivity and improved cybersecurity as key benefits of the cloud, they're missing a trick, because they don't necessarily relate those to improving client service – which is the real benefit all businesses should strive for.

SKY HIGH PRODUCTIVITY

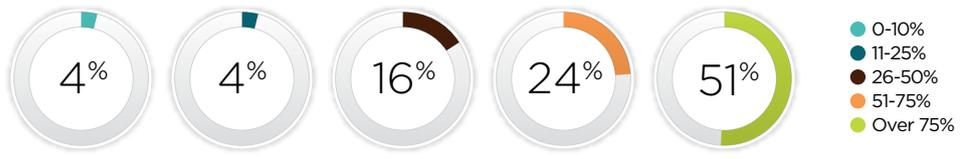
Productivity is a significant hurdle for any business, but one that cloud computing may well be able to improve – just under two-fifths (59%) of respondents in LPM's survey said it was a key benefit of cloud IT or managed service IT. This is particularly the case for law firms that have always had to be mobile but previously didn't have a way for employees to work on the road.

Elizabeth Baxendale, head of accounts and IT at London firm Winter Scott, says the increased agility cloud IT has given her firm makes it enormously

Right now, how much of your firm's total IT systems are cloud-based or a managed service?



In five years' time, how much of your firm's total IT systems do you think will be cloud-based or a managed service?



more productive.

"We're a niche firm that only does shipping law and our employees have always had to regularly travel to clients. Moving to the cloud has enabled them to get their administrative work done on the go - which has made us significantly more competitive." She adds that the firm is currently looking at expanding its IT provision to mobile voice recognition, empowering fee earners to draft documents as they travel.

Sarah Mitten, head of finance at Cheltenham-based Wiggin, agrees with Baxendale and adds that enabling staff to work as they travel was a much greater consideration than cost-savings for her firm when moving to the cloud. "Clients rarely come to us, we have to go to them - and it's enormously beneficial when fee earners can work anywhere, not just at the office." She adds that perhaps the key benefit of the cloud has been the impact on time recording - which is more up-to-date and accurate than before the firm's move to cloud computing.

Other firms haven't needed to be mobile in the past because of the impact it would have on productivity, but are now able to implement flexible working. Grace-Ann Pickles, finance and practice manager at Leeds-based firm Genus Law, says employees' ability to work flexibly has had a considerable impact on the business by allowing them to work more to clients' schedules.

"Having our IT infrastructure in the sky means staff can meet clients outside usual hours and keep up with their work. It also means that they can work when they need to travel between the firm's Leeds and London branches."

But it's not just a matter of employees being able to work

on the go - cloud IT also allows them to work from home. Tracie Linehan, office manager at Kent firm Fairweathers Solicitors, says that cloud-facilitated homeworking allows firms to give employees a better work-life balance and improve recruitment and retention without having productivity suffer.

"Many firms, such as ours, give staff a day at home each week - perhaps because they've got child commitments or they enjoy working at home occasionally. Having a cloud-based IT infrastructure means that they can do that and the business doesn't suffer."

PURCHASE AND SCALE

But having increased agility doesn't only benefit productivity - it can also help firms scale cost-effectively.

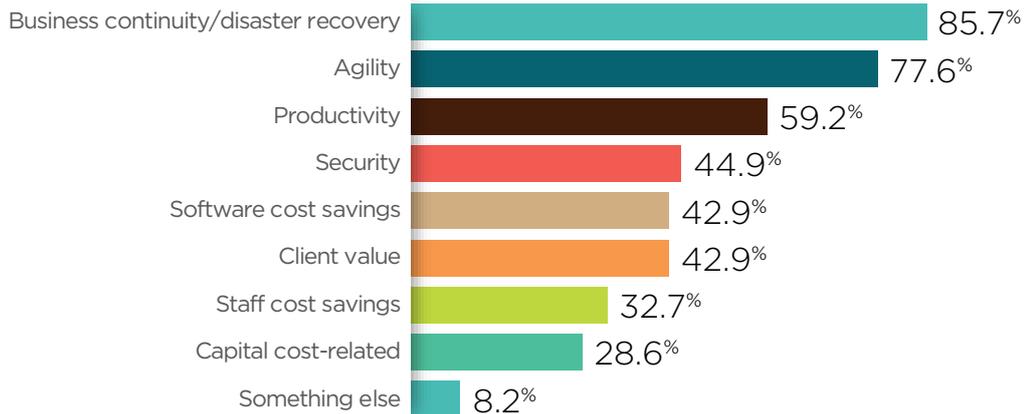
Chris Cann, head of compliance at Manchester firm Metamorph Law, says his firm is currently testing a hotdesking policy, where the firm will have more workers than desks for them to sit at.

"A hotdesking policy could help firms drive down costs of offices and can allow them to scale up their IT provision to accommodate new workers as they need." Graham Sweeney, operations director at Leeds-based Schofield Sweeney Solicitors, agrees with Cann and adds that his firm currently has more people than desks.

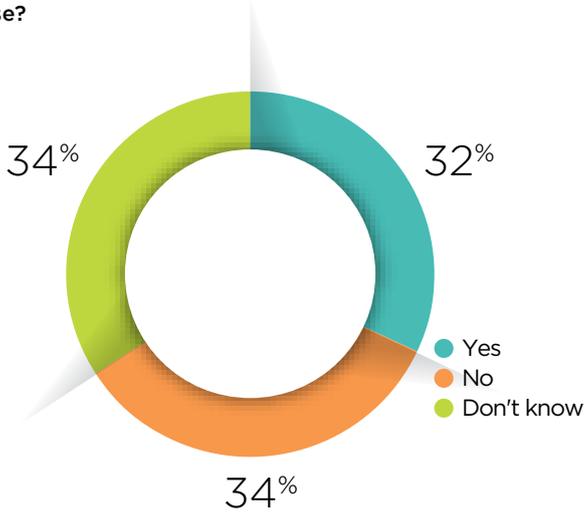
"We're in the process of getting more space - but before the cloud we wouldn't have been able to increase our workforce without first expanding our premises and IT infrastructure. Now we can bring on new people all the time with only minimal expense to IT."

But Peter Carr, IT head at Essex firm Fisher Jones

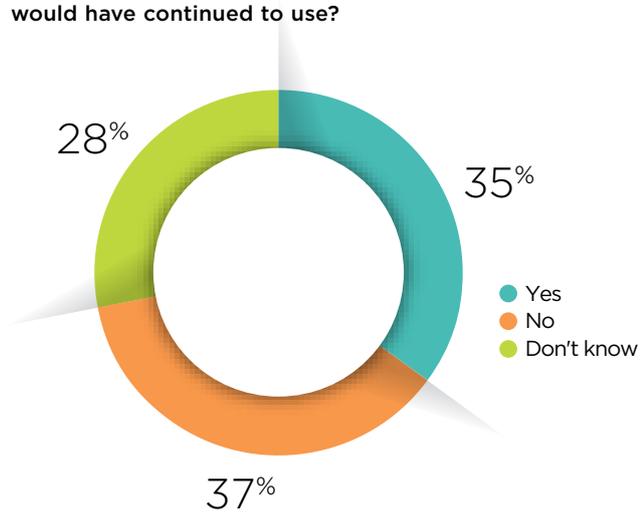
What key benefits does cloud IT/managed service IT deliver to your firm?



Has going with a cloud option for an area of IT provision helped your firm afford or choose systems or services it would otherwise have been unable to use?



Has going with a cloud option for an area of IT provision allowed your firm to upgrade a significant IT software package it otherwise would have continued to use?



Greenwood, adds that another cost benefit of cloud computing is that there usually aren't any surprises at the end of a financial year.

"The cloud costs us roughly the same amount each year as we pay for it on a per-user basis. If the firm has hired lots of new people then we don't have to invest in an expensive server to accommodate them. We just tell the provider that we need to increase our capacity and it's done in the flick of a switch." He adds that additional costs such as licensing fees are also wrapped up in the monthly cost of the solution.

CLOUD COSTING

But the cost advantages aren't confined to scalability - firms can also use the cloud to drive down overheads on software, hardware and staff, and pass savings to clients. In LPM's cloud survey, 42% of respondents said software cost savings was a key benefit of cloud or managed service IT. Sweeney at Schofield Sweeney says the software saving potential of cloud computing is what initially attracted his firm to it.

"We moved to Office 365 largely because the licensing model for the cloud was significantly cheaper than a renewal-on-premise - particularly after taking Office applications and Exchange into account."

But Dinesh Raja, managing partner at London firm Bowling & Co Solicitors, says that the key cost-saving element of cloud IT for his firm was reducing the amount of capital spent on servers. "When we compared the cost of moving our systems to the cloud with bringing in new servers the choice was obvious."

In our research, 33% of respondents also said that staff savings was a key benefit of cloud or managed service IT. Raja, however, says his firm had to increase its IT workforce after adopting a cloud-based infrastructure.

"We had to hire more people to deal with the sophistication of this technology and security matters around it - though this was negated by the cost savings we reaped from getting rid of our servers."

Not everyone believes the cloud is inherently cheaper than traditional IT infrastructures. Keith Mason, IT and office manager at London firm New Quadrant Partners, says that in the long run cloud computing is more expensive.

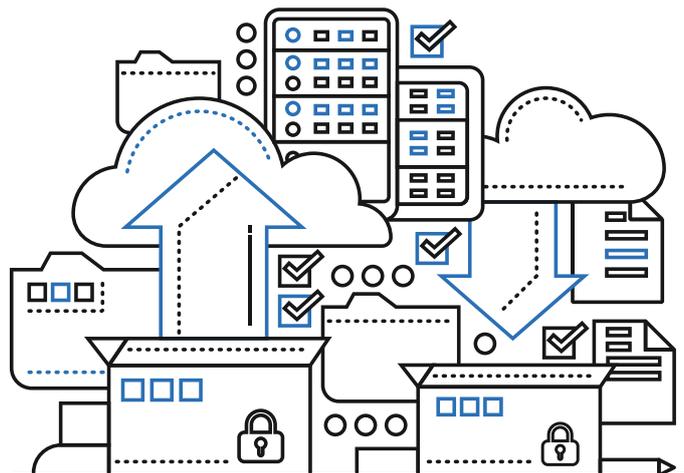
"A server system, that might last up to five years, while more expensive in the short term, is probably cheaper than the amount you spend on cloud IT over the same period. The benefits, however, outweigh the costs." He adds that though the infrastructure itself is more expensive, it allows the firm to do things it previously couldn't have afforded.

He isn't the only one - almost a third (32%) of our survey's respondents said that going with a cloud option for IT provision helped their firm afford or choose systems or services it would otherwise have been unable to use.

Raja says his firm reinvested the capital saved by getting rid of hardware and putting in cloud-based software.

"It's enormously benefitted the firm because staff now have access to state-of-the-art legal tech that helps them do their job better, and helps the business run better and makes it more competitive."

Similarly, over a third (35%) of respondents said a cloud

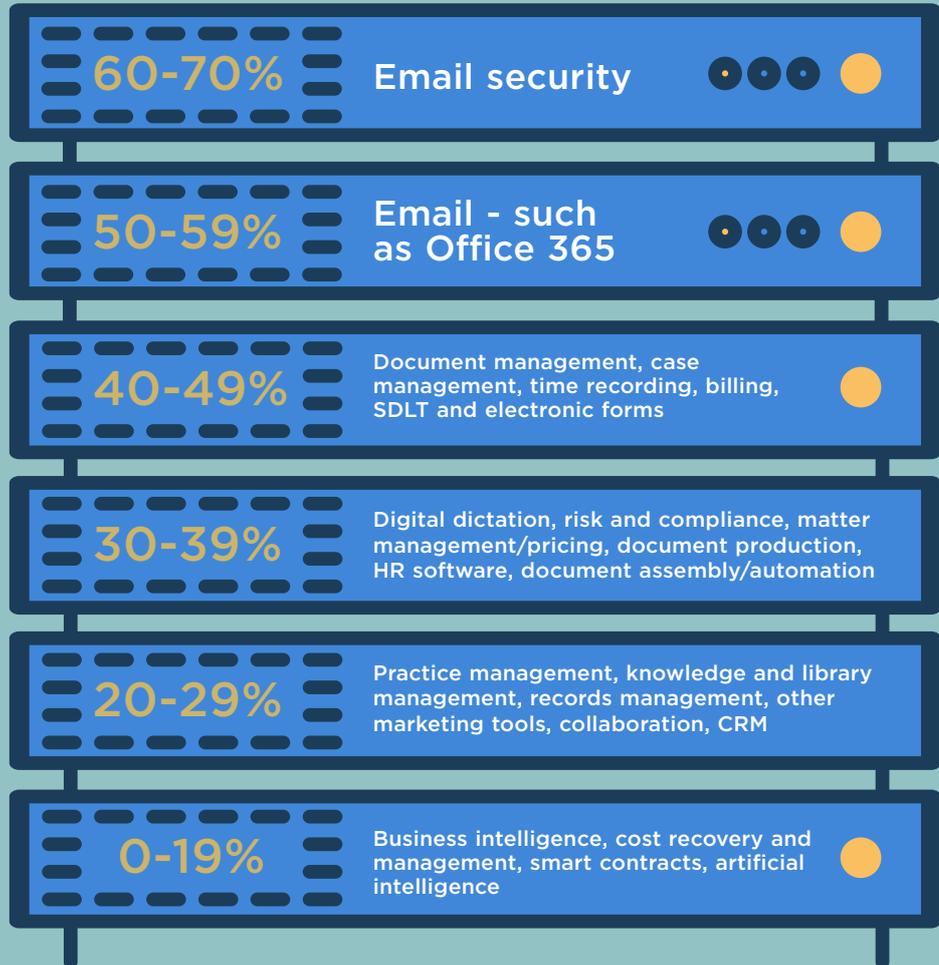


WHAT'S IN YOUR CLOUD?

We polled the LPM audience in our cloud leaders survey to find out which IT systems, software or client-facing systems they have in the cloud or as part of a managed service.

Email security and email were the two 'top-scoring' systems – between 50% and 70% of SME law firms that responded to our cloud survey said they had these in the cloud or as part of a managed service.

But systems such as document management and case management were also popular choices – between 40% and 49% said they had those online. The least popular systems for cloud were those such as cost recovery and AI – hardly surprising about AI though, since it hasn't become widely used in the SME legal market, yet.



option for an area of IT provision allowed the firm to upgrade a significant IT software package it otherwise would have continued to use.

Carr at Fisher Jones Greenwood says cloud software is more expensive to use over a five-year period than a single installed solution, but it's more cost-effective because it regularly updates itself across the business.

"The software updates itself automatically, which saves costs of administration, and gives us access to the newest systems."

SAFE AND SECURE

The new opportunities cloud can deliver to firms aren't just about competitiveness, they're also about making sure it's compliant and can survive in a world where there are more threats to SME businesses than before.

Mason at New Quadrant Partners says his firm moved to the cloud because of the potential it had to revolutionise its disaster recovery and business continuity plan.

"Before the cloud, creating a DR site would have been very expensive. Furthermore, in-house servers didn't have the same potential for business continuity – such as having employees work from home if disaster struck or recovering data quickly if it were compromised."

Mason's firm isn't the only one to move to cloud for

this reason – business continuity and disaster recovery ranked as the 'top' benefit of cloud or managed service IT in our cloud survey.

Linehan at Fairweathers adds that having data stored in the cloud is also extremely beneficial if the firm suffers a cyberattack.

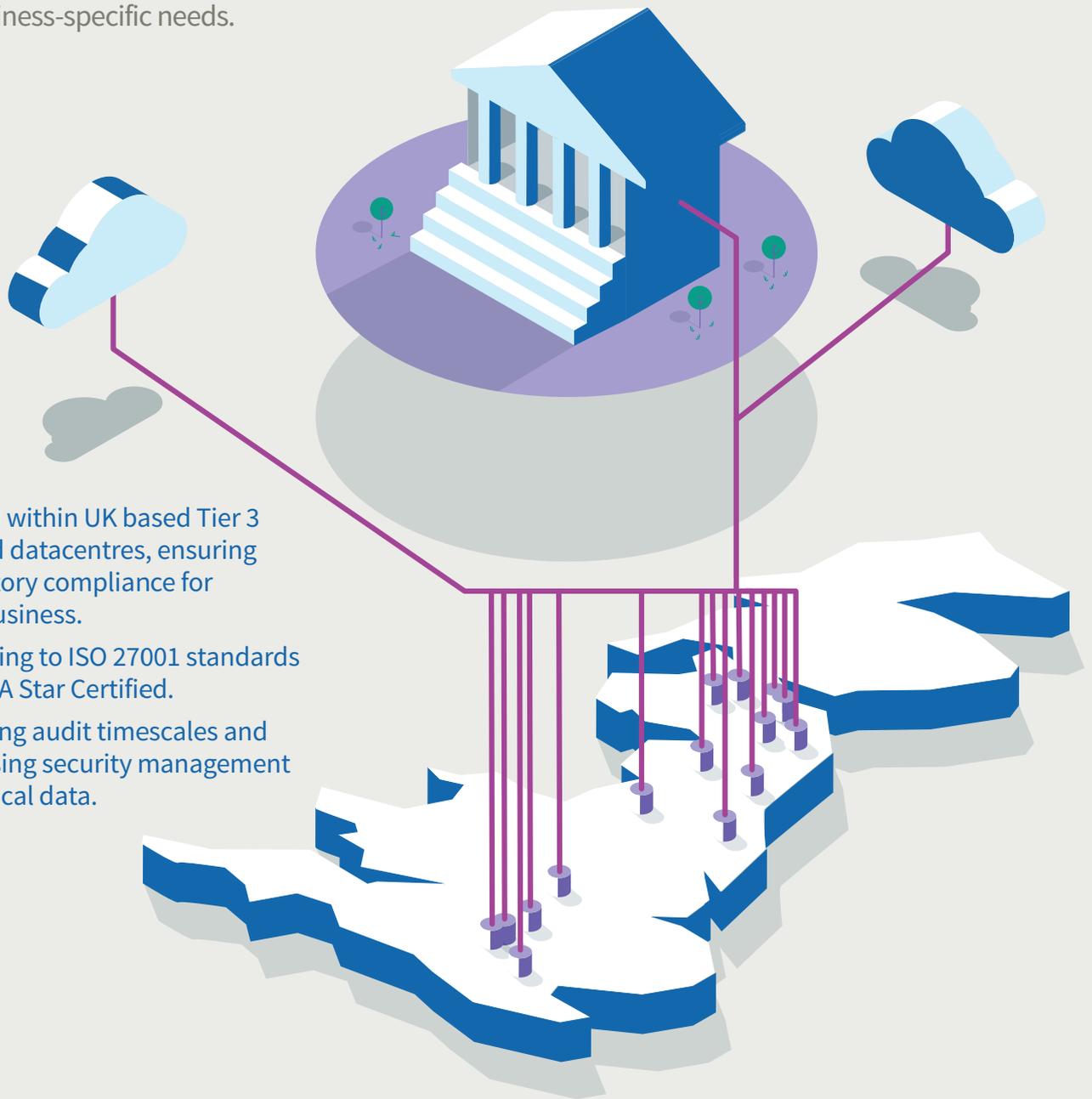
"Ransomware – which is where your systems become infected with software that encrypts your data – is a terrible hazard. I've heard several stories about firms that paid the ransom but didn't get their data unencrypted. If your data is stored safely on the cloud though, that isn't a problem."

Mason adds that cloud and managed service IT providers have far greater resources to tackle cybersecurity than SME law firms – which means that small businesses can now benefit from the infosecurity resources of larger organisations at a much lower cost.

While SME law firms were traditionally sceptical of cloud, they are now open to the competitive advantages it can offer – whether that be the productive and scaling benefits of increased agility or the cost savings of purchasing software that is continually updated and stored on hardware outside a business's premises. And cloud isn't just good for competition – it's also an excellent tool for compliance, keeping firms more secure and making them more able to recover if disaster strikes. [LPM](#)

Enabling Cloud within the Legal sector

Pulsant answers your business IT needs through ultra-reliable, flexible, scalable, secure, stand-alone solutions or hybrid service combinations, designed to deliver your business-specific needs.



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- Operating to ISO 27001 standards and CSA Star Certified.
- Reducing audit timescales and increasing security management for critical data.

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