



Cloudburst

The new challenges for law firms mean that many are looking towards technology as a way to gain competitive advantage. **Andrew Wildblood** examines how cloud computing is now firmly on the agenda for global law firms

The effective storage, management, and security of data continues to be a priority for the IT decision-maker in the legal profession. Further competition in the legal sector, encouraged by the Legal Services Act 2007, will see high street shops and supermarkets in England and Wales begin to sell legal services within the next two years. Firms will be under more pressure to look at their IT and telecoms infrastructure as part of ensuring that they maintaining the best cost base.

The recent M&A drought has also meant that many growing European legal firms have expanded into emerging markets, such as China and India, and a number of the Magic Circle law firms have had success in Asia Pacific and the Middle East and continue to do so. This expansion into new territories brings its own IT challenges in ensuring compliance and security as well as seamless communications throughout the entire infrastructure.

Although technology has not historically been a differentiator in the legal space, it is increasingly becoming so. The ramifications of not adopting these evolving technologies are significant because of the potential benefits of improved efficiency and productivity.

Evolving IT demands

To cope with these challenges, legal firms are looking increasingly at innovative approaches to manage their IT infrastructure. They must also ensure that compliance to industry standards is a priority and remain aware of how IT can impact company reputation. IT must also continue to drive business continuity and organisational productivity at a firm, team and individual level.

Many legal firms are currently considering outsourcing different functions of the business. This increase in outsourcing means putting the responsibility for delivering required standards in the hands of a third party. The key therefore is demanding strict service-level agreements from suppliers. Without these, maintaining the responsibility and reliable service that a law firm and its customers require becomes too complex.

Looking to the clouds

This also applies to cloud computing, which legal firms are considering to help meet cost and efficiency demands. Cloud computing is a term that has been bandied around the legal sector for some time. The uptake has, however, been comparatively

slower than other industries due to concerns around reliability, governance and risk. Businesses today however are increasingly accessing and using computing resources located somewhere in the "cloud" including software, storage and processing services, replacing tools previously stored on individuals' hard drives or businesses' servers.

Cloud computing has the potential for a profound impact on business and the legal industry overall. For large organisations the reliable, cost effective delivery of applications, data and services to enable their business operations is a critical requirement. Because of the enhanced availability, security and flexibility afforded by cloud computing, technologies that can be deployed in cloud environments, operating in a multi-tenant cloud environment, will survive. Technologies such as legacy document management, litigation databases and analytics tools that don't operate in the cloud, and are therefore not scalable, will become obsolete.

What of the future

As we move towards further developments, the adoption of cloud technologies will need to be rapid to keep up with industry changes. IP (Internet Protocol) has now become the dominant data standard for global organisations and advanced networks based on this standard now exist which handle the increasing complexity, scale, scope, variable capacity and security demands of law firms across multiple locations.

Organisations that invest in the cloud will reap the benefits of improved productivity, lower capital expenditure and increased responsiveness to market changes through quick and secure rollouts. This will allow enterprises to focus on their core businesses and manage resource allocation, while driving business continuity and growth. Importantly, it will also help law firms maintain the competitive edge in a sector which will become increasingly aggressive as more changes such as the Legal Services Act are introduced.

Entities that adopt cloud-based models, whether service bureaus, technology companies, corporate legal departments or law firms, will survive, emerge and ultimately successfully reshape themselves in a new industry landscape.

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