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2006 Legal IT Integration Survey Results

About the Authors:

Jerry Askew, Askew Network Solutions

Jerry Askew possesses over 17 years of IT experience, including CIO and Director-level positions in top AmLaw firms. His technical expertise includes process automation and optimization, workflow, application integration and network security. Jerry has been deeply involved with the International Legal Technology Association (ILTA) where he served as chair of the Elite Information Systems peer group and as a member of the steering committee for the Linux/Open Source peer group. He is a frequent conference speaker at ILTA events and contributor to ILTA publications. As the principal consultant of Askew Network Solutions, Jerry now delivers his legal expertise on an even broader scale. His clients include firms with as few as 40 and as many as 3,000 attorneys.

Anne Becknell, Thomson Elite

Anne is responsible for overall leadership of the Thomson Elite implementation, customer support and consulting services organizations. These areas of the enterprise span across the Elite and ProLaw product lines and include a staff of over 400 professionals. Under Anne's leadership, the organization has developed a mission of total client satisfaction and adopted the Project Quality Model which entails relevant certifications for project management, support service and Thomson Elite software to ensure deployment of the best possible resources and methods. Anne has over 25 years of experience in the software implementation and consulting business in a variety of capacities including project management, data conversion and custom application development.

Methodology

This survey was conducted over a two week period in July, 2006. 425 respondents were randomly selected from a pool of ILTA members and referred contacts. Respondents were offered an incentive for their participation in the form of a modest gift certificate as well as access to a complementary copy of the published survey results. Responses were collected using a third-party hosted survey provider (www.surveymonkey.com). Results where then imported into Microsoft Excel for analysis. Freeform responses presented herein may have been edited for grammar or length, but no substantive changes have been made to these comments.
Plans are in place to conduct a follow-on survey in 2007. To participate or to suggest additional related areas for inquiry, please contact: surveys@askew.net

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Executive Summary

In 2005, Askew Network Solutions conducted the first Legal IT Integration Survey. That report provided new insight into the experiences, challenges and goals of legal IT organizations. This year, the survey has been improved and expanded in several ways. First, Thomson Elite has joined as a co-sponsor, providing logistical, analytical and execution support for the project. Additionally, the scope of the survey has been expanded to include a broad set of covered topics and questions.

Many of the key findings in this report will surprise few observers. Several restate and reinforce the results of the 2005 report. IT organizations still face the same fundamental challenges with respect to managing and connecting their legal IT ecosystems. Firms are still working to better connect their infrastructure in order to better support business process efficiency. And they still struggle with limitations in application functionality and resource constraints.

However, the 2006 survey reveals several new legal IT priorities and indicates a growing trend towards prioritizing integration and security management across firm application portfolios.

A recent survey validates this trend. The 11th annual AmLaw Tech Survey released in October, 2006 and published by LawFirmInc notes that: "The technology chiefs of the Am Law 200 firms who responded report that they are tackling a bevy of new projects that update old concerns and applications – integration and security, to name two – rather than attempting more radical changes."[1]

As outlined in this report, most organizations are employing a variety of tools and strategies to overcome the challenges of disconnected systems and better manage internal data and information security.

Key Findings

Integration and BPM

1. Most legal IT applications lack sufficient native support for integration and data sharing.
2. Organizations are moving away from using ad hoc approaches to adopt more centralized approaches.
3. Lack of proper integration leads to process delays, inefficiency, errors and other IT pain.
4. More organizations are budgeting for integration, but several of them treat it as part of existing projects or initiatives.
5. Disaster recovery continues to be a key legal IT priority.
6. Achieving greater control over business processes and improving process efficiency remain important IT goals.

Information Security and Ethical Walls

7. Controlling access to sensitive information is important within law firms.
8. Not every firm has implemented walls or other security enforcement tools.
9. Not all firms employ walls or tools that can enforce security outside DM.
10. Firms use a variety of tools to create and manage walls; in most cases, the IT or conflicts/records group manages them.
11. More organizations are planning to implement ethical walls.

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[1] http://www.lawfirminc.com/texts/0906/techsurvey0906.html

Demographic Data

Firm size

The majority of respondents in this report are from medium sized firms (nearly three-fourths), with about one-fifth of respondents from larger firms with 500 or more attorneys.

Respondent Firm Size

< 100, 6%

> 1000, 11%

500 - 1000, 12%
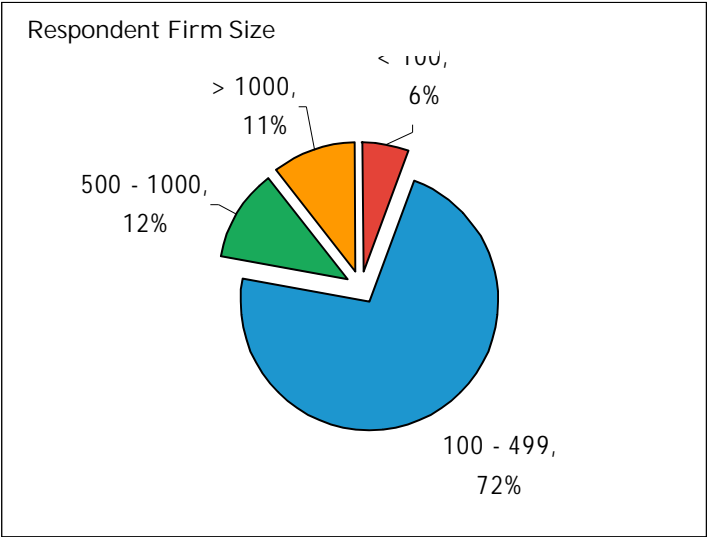
100 - 499, 72%

IT staffing ratio

Respondents from medium sized firms with 100 to 500 attorneys indicated an average IT staff ratio of one IT staff member for every thirteen attorneys.

Attorneys	IT Staff Ratio
< 100	12
100-499	13
500-1000	15
>1000	13

Survey Response Data

Data Integration Trends

Trend 1: Most legal IT applications lack sufficient native support for integration and data sharing

The majority (more than 50%) of respondents indicated that "none" or "a few" of their applications provide native support for data sharing. Predictably, no one suggested that all of their applications provide sufficient native support. The response to this question closely matches that of the 2005 survey. Last year, a similar breakdown of respondents indicated that their applications did not offer sufficient data sharing capabilities.

Applications Providing Native Integration

All, 0%
None, 5%
Most, 18%
Half, 26%
A few, 51%
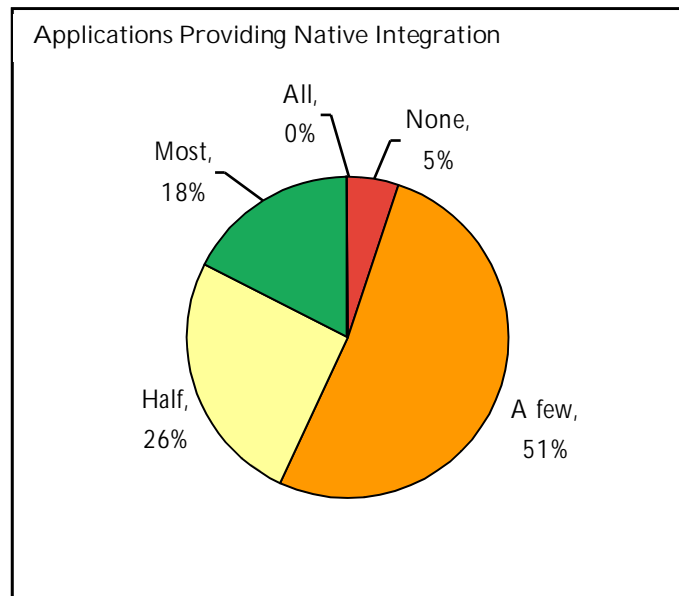
The open-ended, follow-up question "Describe your key data integration challenges" elicited several unique responses. Generally, organizations tend to struggle with moving and transforming data between disparate systems. Other key areas of difficulty include:

- Maintaining consistency and completeness of data across all applications
- Making do with limited IT resources
- Refining business process and firm policies affecting IT
- Automating workflow

"Most (challenges) result from commercial software vendors' lack of understanding or lack of caring about enterprise integration challenges." – CIO

"Trying to identify duplicated data throughout all the systems and keeping them current."
– Information Systems Administrator

"Not enough time or resources to get everything done."
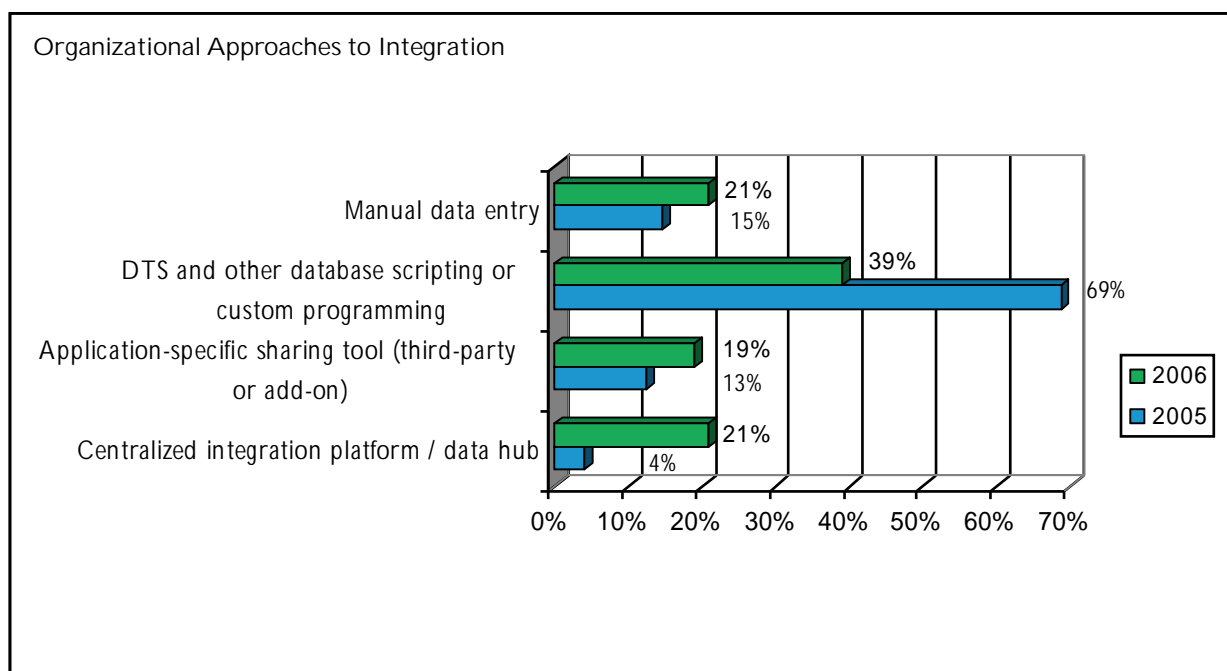– Team Lead, Application Services

"Workflow and getting people 'on board' with automating things."
– Director of IT

Trend 2: Organizations are moving away from using ad hoc approaches to adopt more centralized approaches

More than 20% of respondents indicated that they use a centralized platform or data hub to solve their integration needs. This is a significant jump over last year's results, where less than 5% of organizations indicated that they were using such solutions.

Compared to 2005 results, respondents also indicated increased usage of application-specific sharing tools or third-party add-ons to connect specific applications. Similarly, firms report decreasing dependence on custom-built batch scripts to connect applications in an ad hoc manner, although scripting approaches are still widely used.

Organizational Approaches to Integration

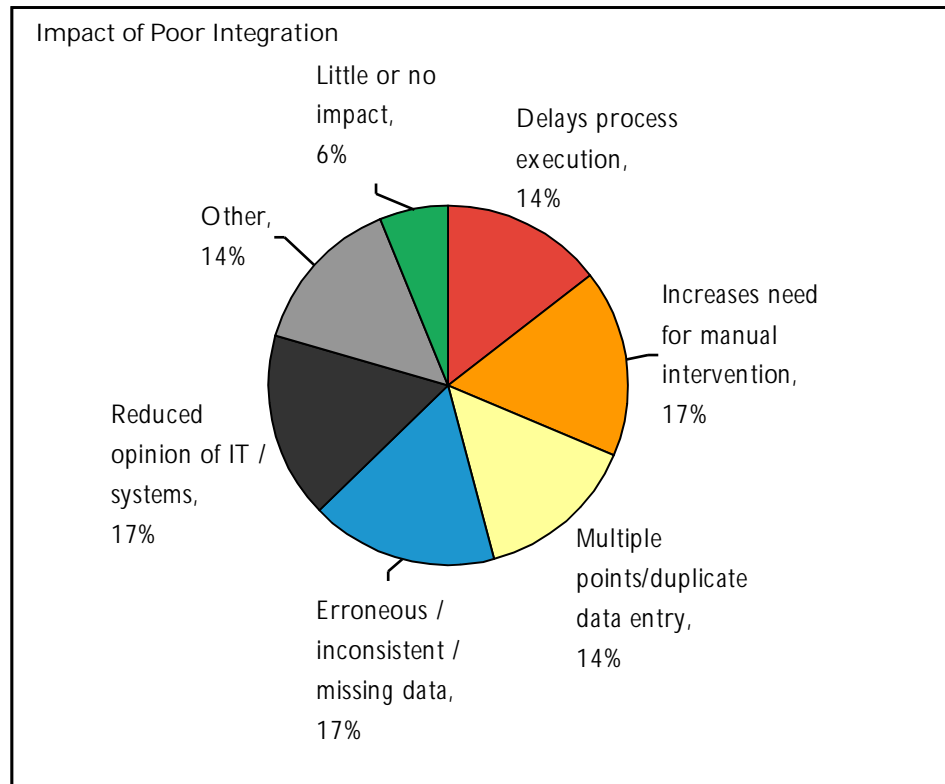| Approach	2006	2005
Manual data entry	21%	15%
DTS and other database scripting or custom programming	39%	69%
Application-specific sharing tool (third-party or add-on)	19%	13%
Centralized integration platform / data hub	21%	4%

Participants were asked to list specific technologies they use to overcome data sharing barriers in their organizations:

- A significant majority mentioned they use DTS and other scripting approaches or Microsoft development tools including .NET and BizTalk to build integrations between their systems.
- More than one-third of the respondents indicated that they use Integration Appliance (IntApp) for centralized data management.
- Other products listed include solutions like DataFlux's dfPower Studio, BI Suite, vendor supplied application-specific tools, workflow solutions like Microsoft's BizTalk server, Metastorm, HandySoft's BizFlow, InfoPath, and others.

Trend 3: Lack of proper integration leads to process delays, inefficiency, errors and other IT pain

Survey Question: What impact does the lack of integration/data sharing between applications have on your productivity or efficiency? What key examples would you highlight?

Impact of Poor Integration

- Little or no impact, 6%
- Delays process execution, 14%
- Increases need for manual intervention, 17%
- Multiple points/duplicate data entry, 14%
- Erroneous / inconsistent / missing data, 17%
- Reduced opinion of IT / systems, 17%
- Other, 14%

"Delay in data integration means delays in productivity for the end user. A user waiting to enter time under a matter or a document regarding a certain matter will usually create a temporary solution which oftentimes is hard to consolidate down the line." – IT Director

"It causes duplicate work, increase in errors and puts us at risk due to data integrity issues."
– Manager of IT

"I just had a request for information on a report that I could not provide because the data was stored in our data warehouse and HR systems." – Analyst

"It certainly contributes to lack of confidence in the data on the part of the users. Ultimately I don't think that it's affected efficiency or productivity since we have various scripts to move the data around, but perception indeed suffers when anything in the process fails."
– DBA

"IT and Accounting spend a fair amount of time manually running system updates or entering data."
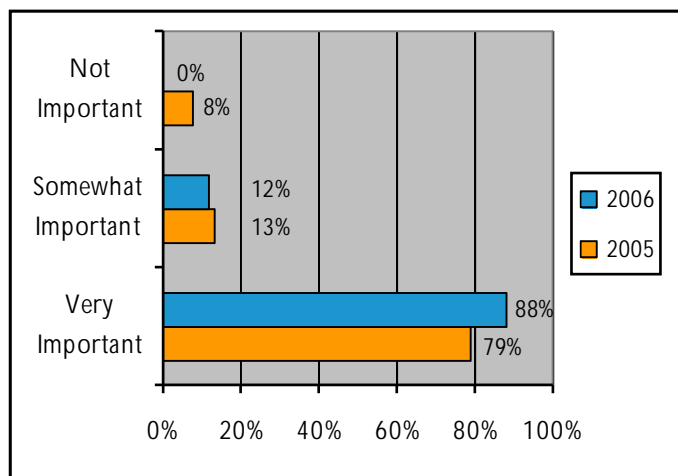– Director of IT

"Constant requests to research data problems and identify and correct where the integration process failed." – Internal System Manager
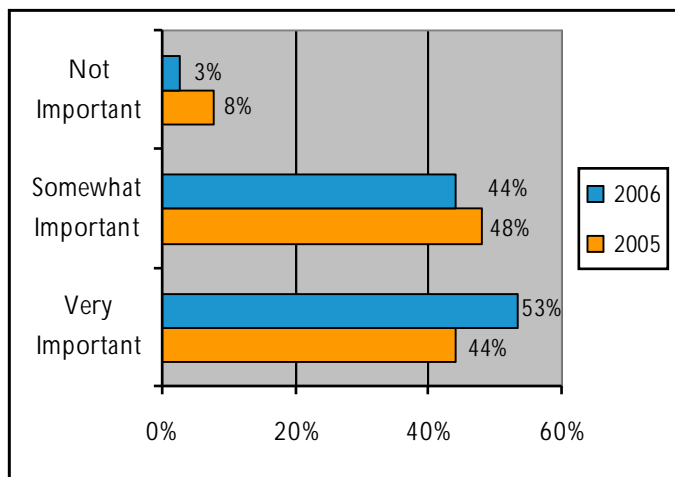
Data Management Priorities

As in the 2005 survey, participants this year were asked to prioritize several common legal IT projects typically requiring connected data and applications. In 2006, there have been some minor as well as some significant shifts in interest.
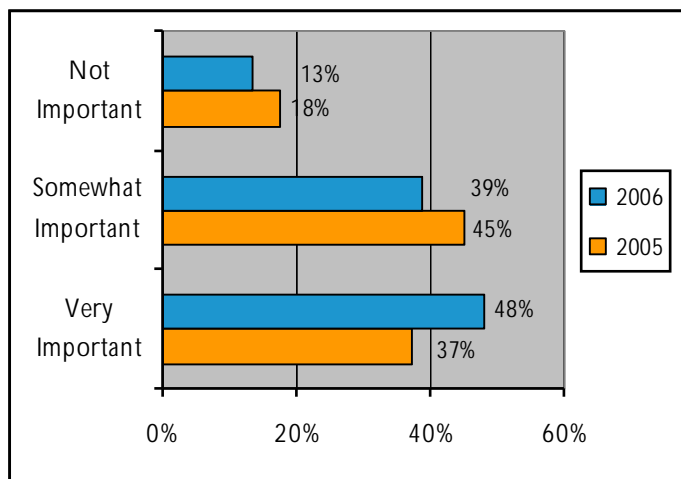
Very Important Priorities

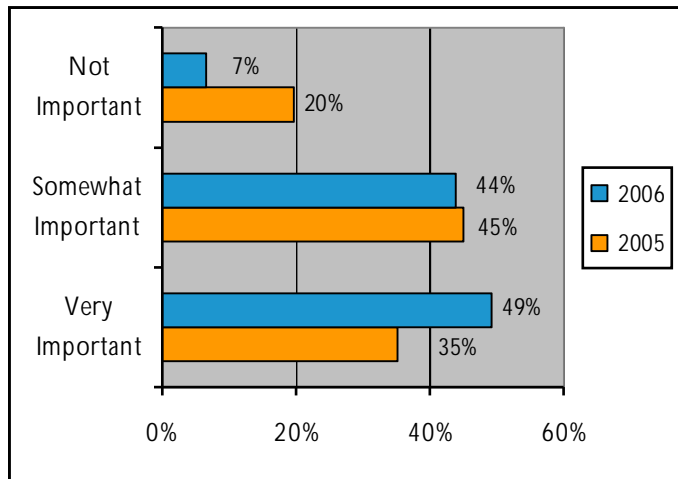### New Business Intake (Including Propagating Client/Matter Data across Applications)

Priority	2006	2005
Not Important	0%	8%
Somewhat Important	12%	13%
Very Important	88%	79%

Automating User Account Provisioning

Priority	2006	2005
Not Important	3%	8%
Somewhat Important	44%	48%
Very Important	53%	44%

Ethical Walls Enforcement

Priority	2006	2005
Not Important	13%	18%
Somewhat Important	39%	45%
Very Important	48%	37%

Portal / Intranet

Priority	2006	2005
Not Important	7%	20%
Somewhat Important	44%	45%
Very Important	49%	35%

Data Audit and Cleansing

Priority	2006	2005
Not Important	20%	16%
Somewhat Important	60%	51%
Very Important	20%	33%

Data Warehousing

Priority	2006	2005
Not Important	20%	33%
Somewhat Important	51%	51%
Very Important	29%	16%
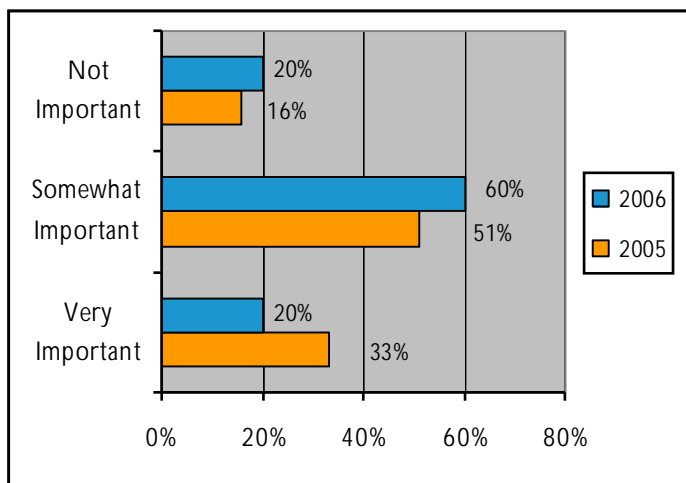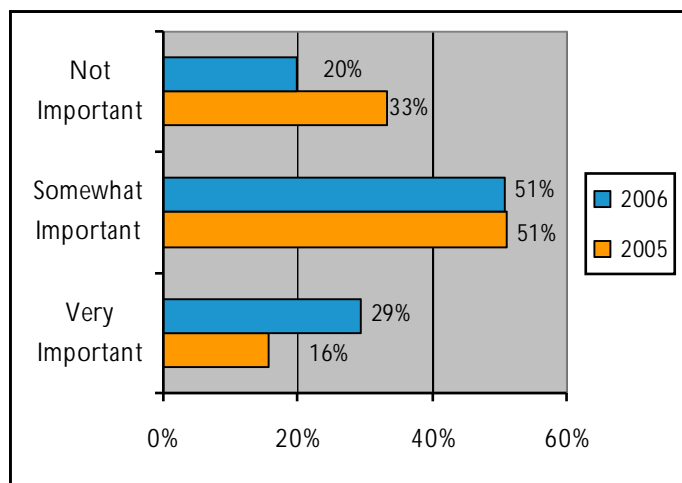
Legacy Integration / Data Sharing

Priority	2006	2005
Not Important	13%	39%
Somewhat Important	51%	53%
Very Important	36%	8%
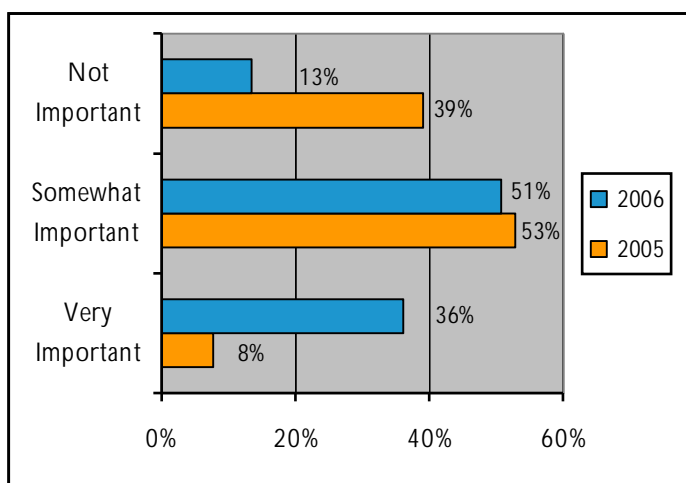
VoIP Integration / Extension

Priority	2006	2005
Not Important	27%	37%
Somewhat Important	55%	39%
Very Important	19%	24%

Event-Driven Reporting

Priority	2006
Not Important	13%
Somewhat Important	57%
Very Important	29%
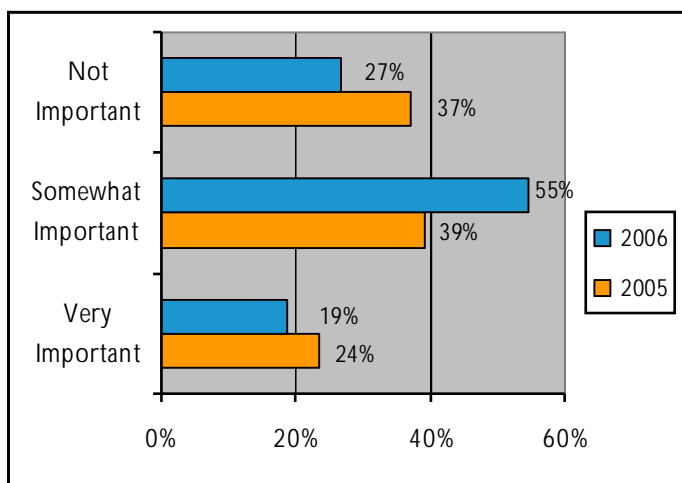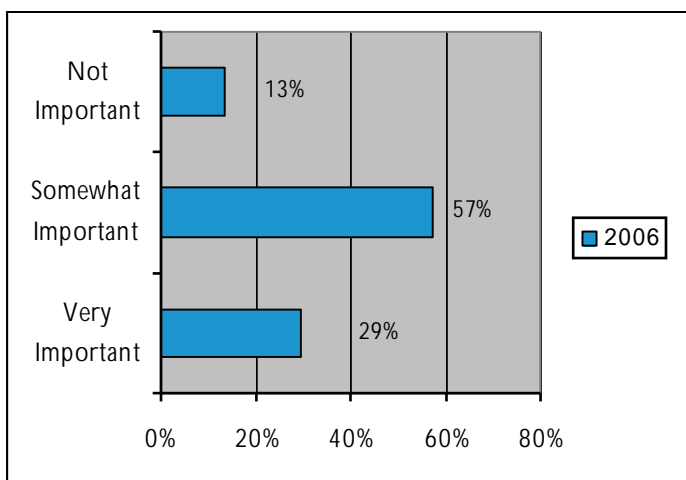
Trend 4: More organizations are budgeting for integration, but several of them treat it as part of existing projects or initiatives

Survey Question: Does your IT organization have a budget line item for integration?
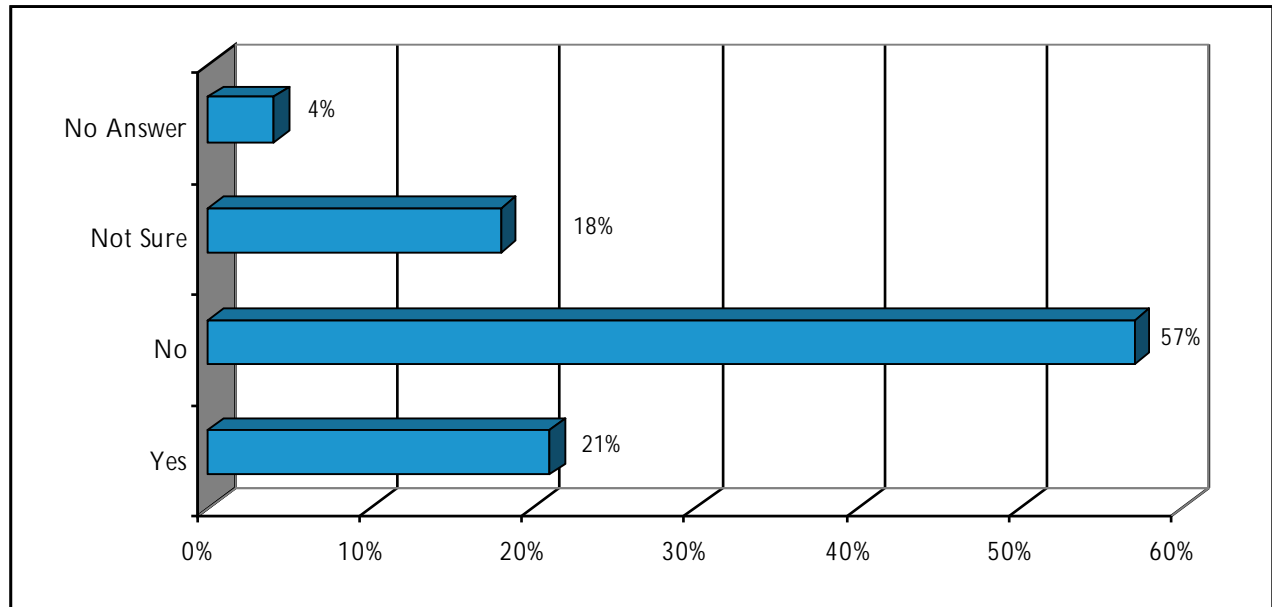
Compared to last year, this year's results show a 27% increase in the number of firms with a data management plan already in place or working to develop a unified data management plan within the next year. This reiterates an overall trend as organizations move to define more coherent, comprehensive integration strategies.

Survey Question: Does your IT organization have a unified integration / data management strategy? If not, is it developing one?
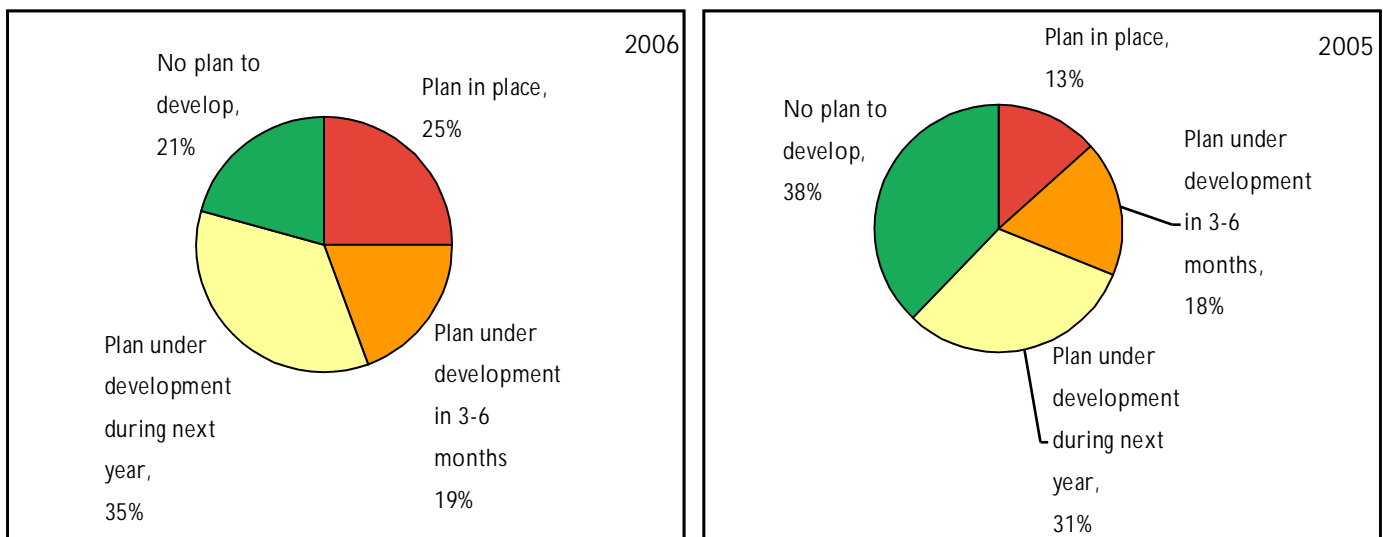
Trend 5: Disaster recovery continues to be a key legal IT priority

92% of respondents reported that disaster recovery is a "top" or "very important" priority. Last year, 18% of respondents mentioned DR was a "top" priority and 64% said it was "very important."

Importance of DR

- Not at all important, 0%
- Somewhat important, 8%
- Top priority, 37%
- Very important, 55%
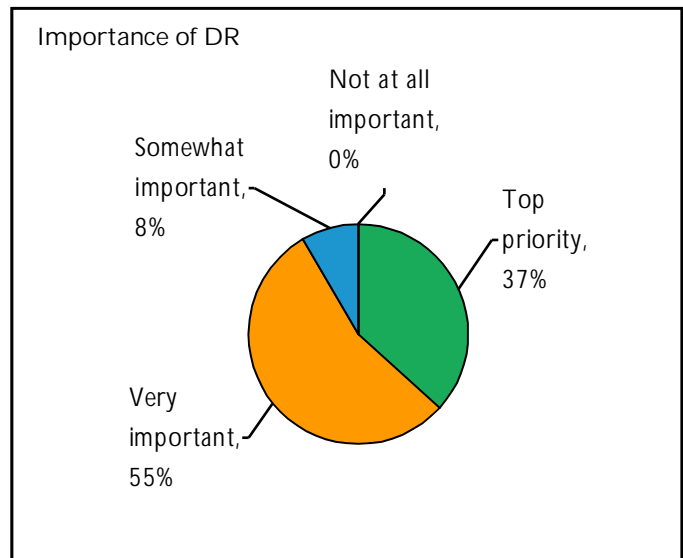
As much as system recovery in the event of a disaster rates as a high priority for law firms, restoring connections between those systems is also of greater concern for respondents in 2006. About three-fourths of respondents said that they maintain backups of all the ties between their applications, a significant jump over last year's results.

Trend 6: Achieving greater control over business processes and improving process efficiency remain important IT goals
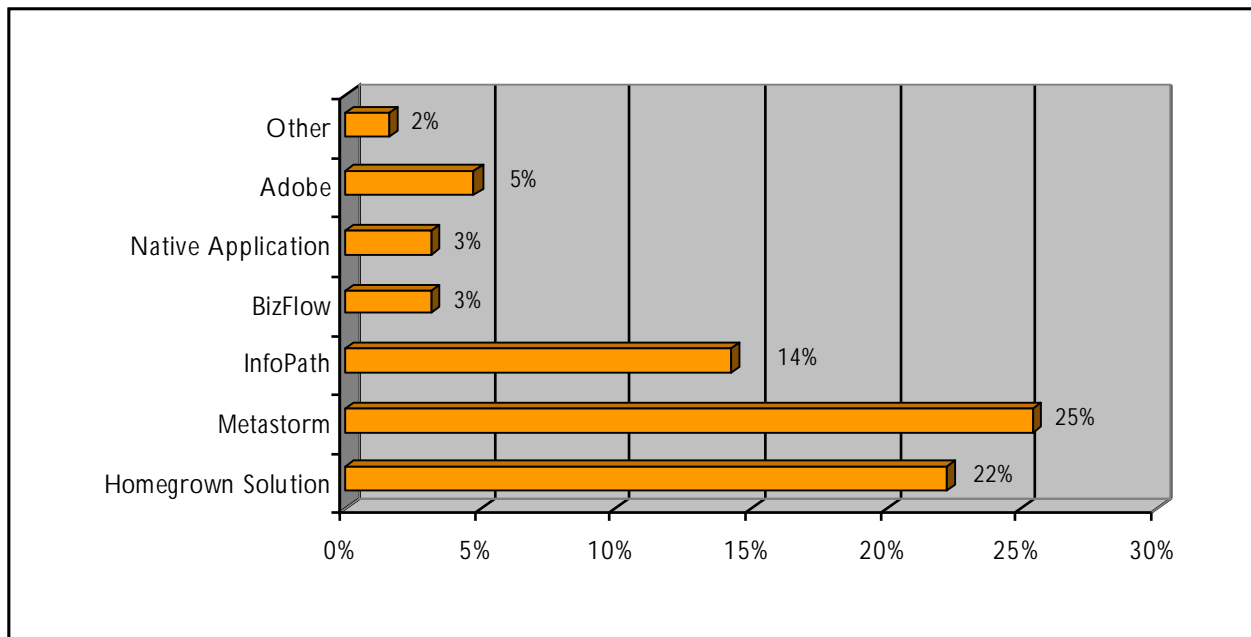
Survey Question: What benefits does your organization hope to achieve through BPM?

64% of respondents indicated that the main benefits they seek are efficiency and control. Respondents also mentioned improving communications, data accuracy, providing better scalability and reducing manual tasks among other benefits.

- Other, 13%
- Improved process efficiency, 36%
- Greater control, 28%
- Improved staff communication, 5%
- Error reduction, 19%
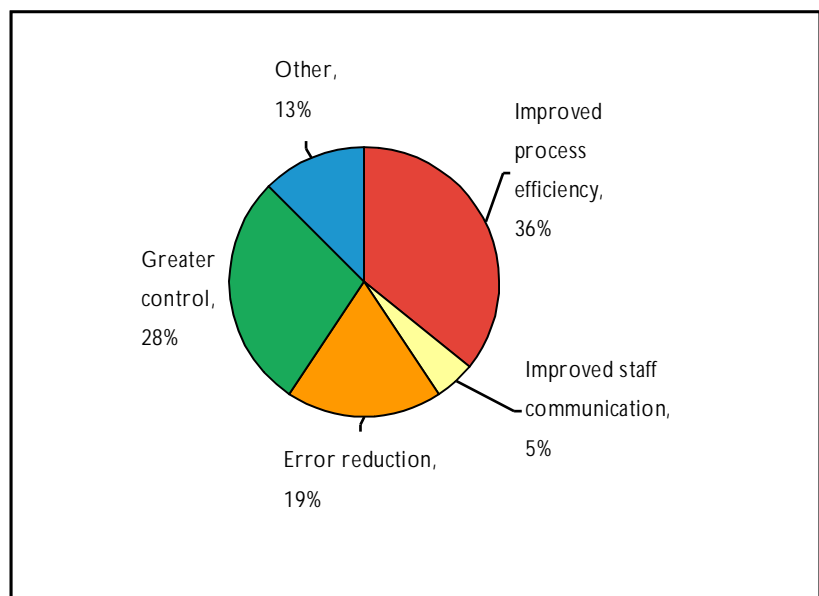
Organizations use a wide variety of tools to support their BPM initiatives. A significant majority of respondents indicated using Metastorm, InfoPath or homegrown tools to help manage their business processes.

Survey Question: Describe the tools or technologies your firm is using or planning to use to manage business processes?

Survey Question: What processes does your organization plan to automate or optimize through the use of BPM?

New business intake tops the list of processes that firms wish to optimize. Other processes reported include: new employee intake, records management, form-based financial processes, marketing and client information maintenance processes.
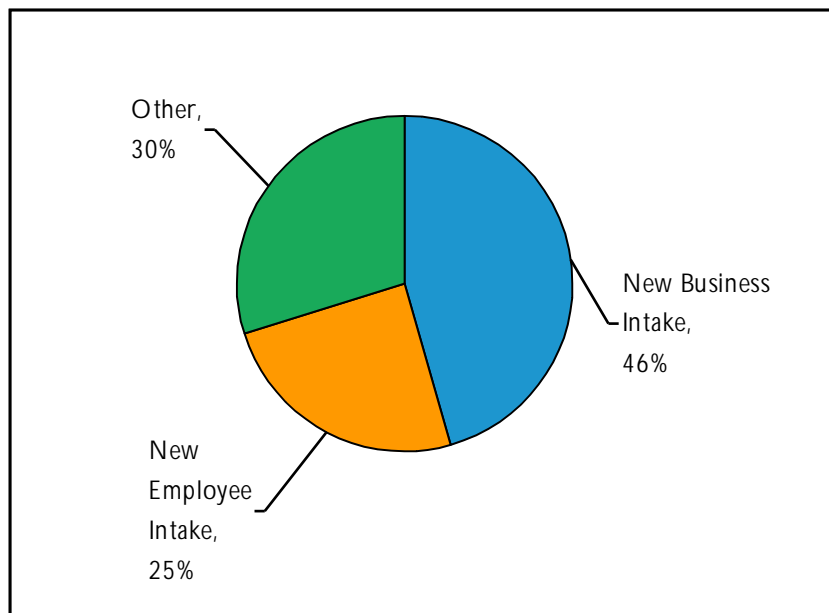
Information Security and Ethical Walls Trends

## Trend 7: Controlling access to sensitive information is important within law firms

Survey Question: How important is it to your organization to control access to information restricted by ethical walls or subject to other internal security /confidentiality requirements?

It is apparent that controlling information access is a priority for law firms, whether to manage conflicts, keep clients satisfied, or comply with regulatory requirements. More than 90% of respondents said that they needed to restrict information access within their firms.
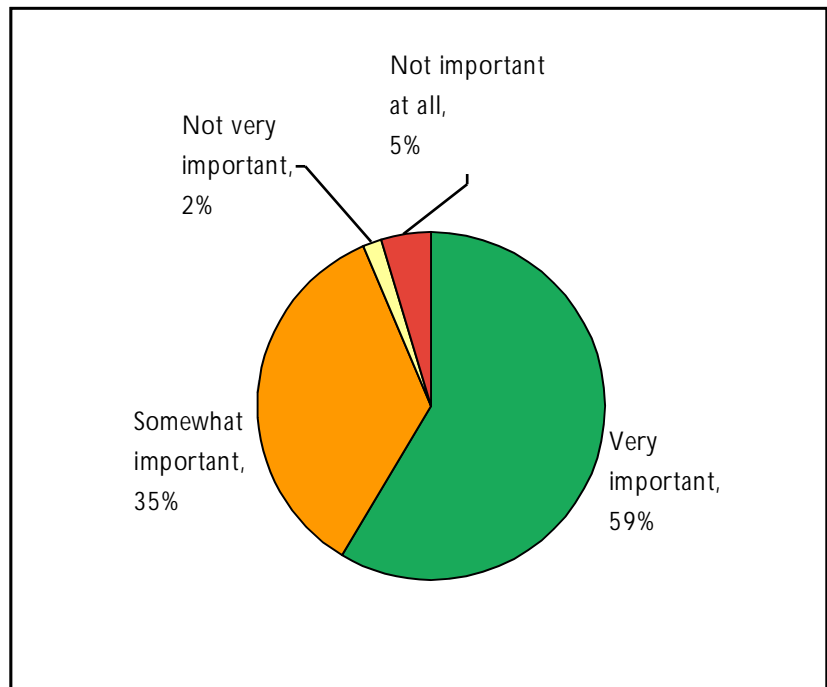
Trend 8: Not every firm has implemented walls or other security enforcement tools

Survey Question: Has your organization implemented ethical walls within its DM infrastructure?
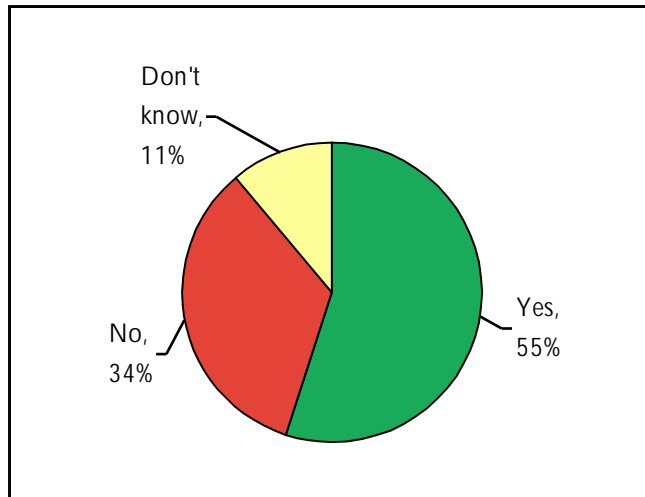
More than one-third of respondents indicated that they have not implemented ethical walls within their DM infrastructure.

Survey Question: If you are using ethical walls technology, does your walls technology provide the capability to update walls and respond automatically when timekeepers access sensitive materials (e.g. when a timekeeper that bills time against one matter is restricted moving forward from accessing another matter)?

An overwhelming majority of respondents reported that their walls technology does not update security settings based on timekeeper activity. This may represent a potential security management vulnerability.
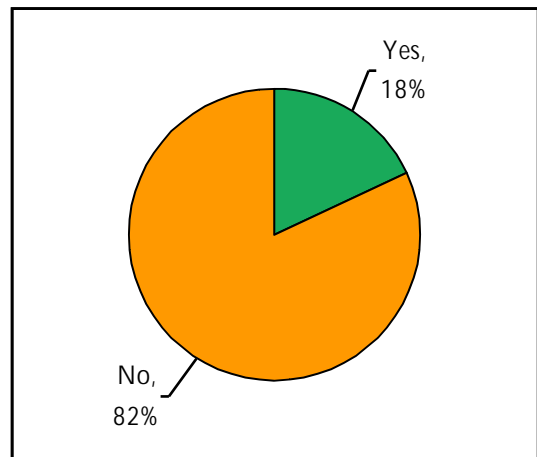
# Trend 9: Not all firms employ walls or tools that can enforce security outside DM

Survey Question: If you are using ethical walls technology, does your walls technology provide the capability to enforce walls across information repositories beyond document management (e.g. CRM, accounting, portals)?

More than half the respondents reported that their walls technology enforced security only within document management systems and did not extend to information residing outside of the DMS.

Firms Enforcing Walls Outside DMS

Don't know, 11%

No, 34%

Yes, 55%
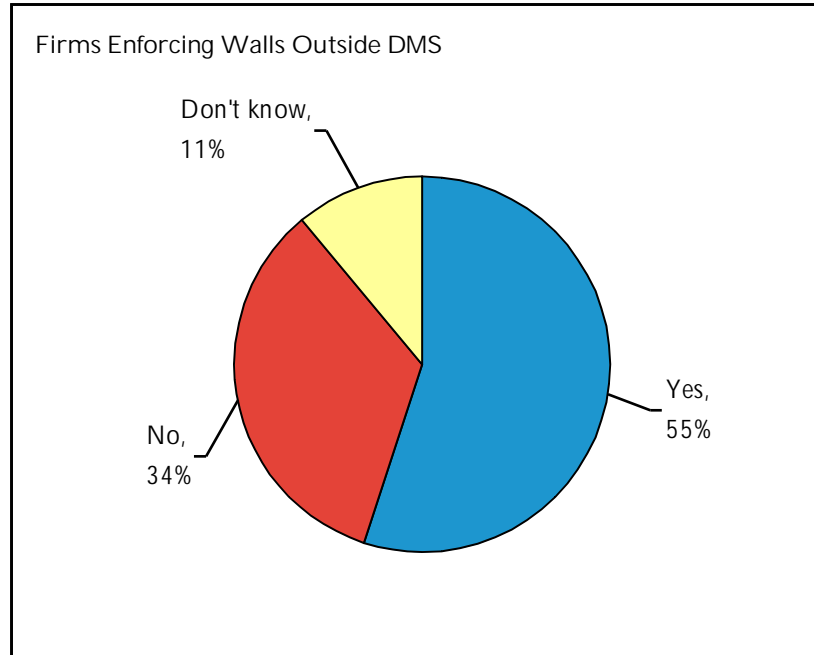
Trend 10: Firms use a variety of tools to create and manage walls; in most cases, the IT or conflicts/records group manages them

Survey Question: What tools or technology is your organization using to manage the creation and enforcement of walls?
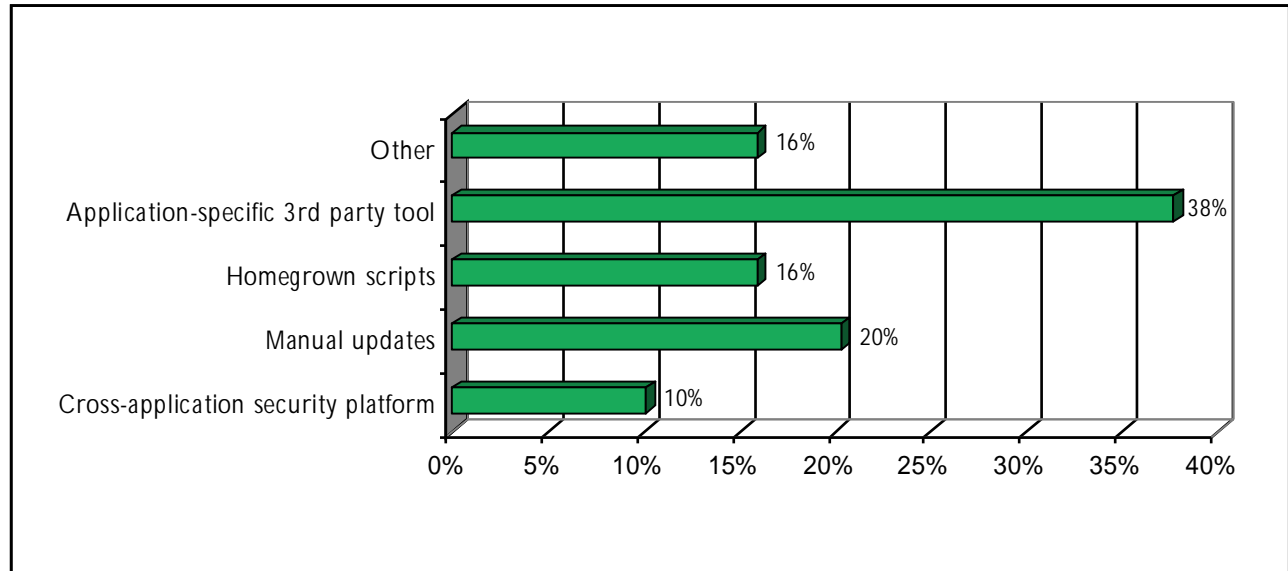
Several organizations rely on application-specific third-party tools or homegrown scripts to manage the enforcement of walls. In some cases, firm application administrators set up security restrictions manually.

Survey Question: Who within your organization is responsible for building and managing ethical walls?
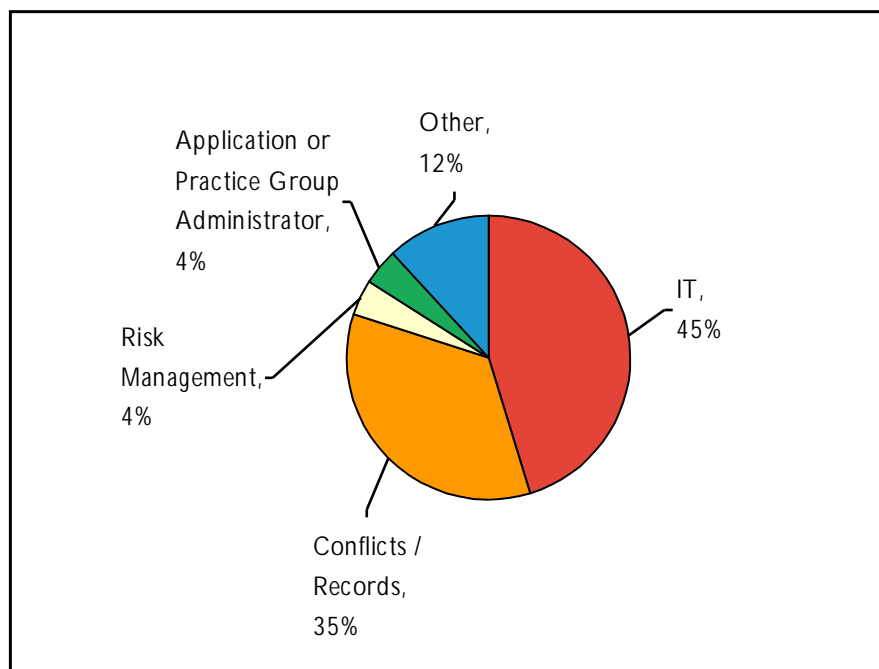
Trend 11: More organizations are planning to implement ethical walls

Survey Question: If your organization is not using ethical walls, is it looking to implement them and if so in what time frame?

A majority of the firms that have not implemented walls are planning to do so within the next two years, nearly half of them within the next year.

Undetermined, 16%

Next 3-6 months, 19%

Next 6-12 months, 28%

Next 12-24 months, 38%
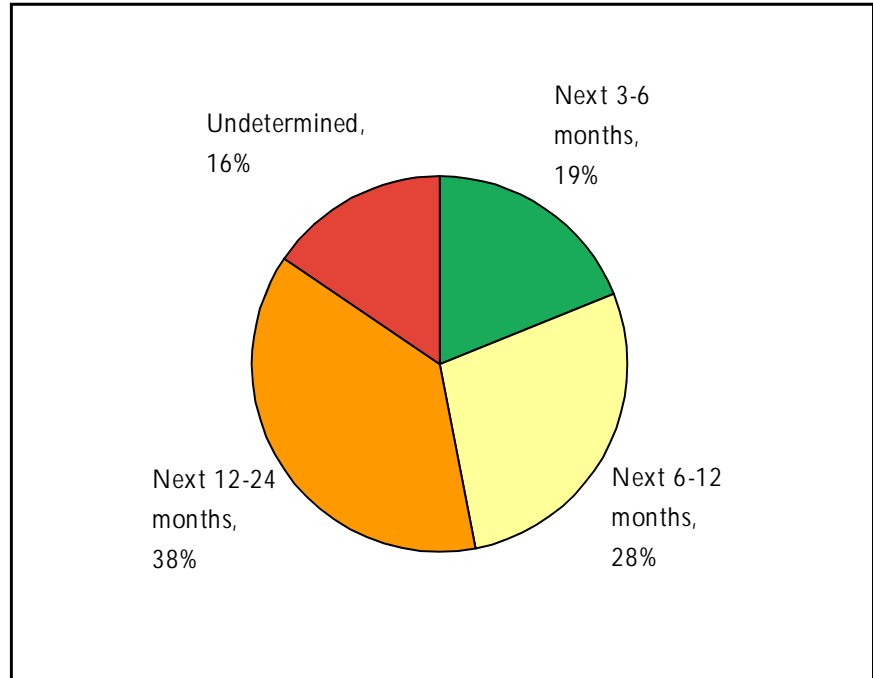
Conclusion

While law firms continue to struggle with complex data management challenges in a complex information ecosystem, the response to this survey suggests several progressive trends. For one, there is a universal acknowledgement of the data integration challenge. Similarly, more and more firms are looking at the entire data problem in context of the dependencies, relationships, costs and benefits of addressing these issues. Finally, there is an emerging understanding of the risks associated with forgoing a strategic data management, security and integration plan.

As law firms move toward a more unified approach to data management and integration, they are reaping benefits in control, efficiency and capability.