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PERSPECTIVE

Migration to cloud storage accelerates for firms

Some 30 percent of law firms are using cloud computing, but how safe is it?

By Melanie Brisbon
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Two years ago, Patricia Y. Trendacosta, managing shareholder at the midsize law firm Frandzel Robins Bloom & Csato LC, realized the firm's thriving practice was presenting a challenge: it was running out of space.

"Our storage needs for our data were growing exponentially," Trendacosta said. "It finally got to the point where the cost to maintain our data and related functions got out of hand."

The search for a solution led her to cloud computing — using a network of remote servers hosted on the Internet to store, manage and process data instead of a local server or personal computer.

Trendacosta's decision to utilize the cloud helped streamline her firm's storage and access to data. In the past few years, an increasing number of law firms have done the same: 30 percent of law firms reported using cloud computing last year, according to the Legal Technology Survey Report published by the ABA, a 14 percent increase from 2011.

But experts say that despite almost all businesses using some form of the cloud, many still struggle to fully understand its capabilities and implications.

"Part of the challenge is defining what cloud means," said Todd A. Corham, chief information officer at Sedgwick LLP and member of the International Legal Technology Association.

Legal organizations have recently tested various levels of cloud services. Last year, the L.A. County Superior Court began updating its telephone system to a cloud-based system while firms like Lewis Brisbois Bisgaard & Smith LLP and Sedgwick LLP use a mix of cloud

computing and external services.

The advantages of cloud computing are many: It is typically cheaper than investing in external servers and paying for a place to house them, and storing data offsite allows employees to access it from any location, a necessity for the modern lawyer.

But for all the benefits there are also concerns, like data security and whether the firm or the company providing the cloud services has ownership of the information.

Michael P. Downey, an attorney who regularly advises law firms in risk management and professional responsibility matters, said law firms in particular are concerned about the rights to the information stored on the cloud. Services like Dropbox and Google Docs allow users to send information privately over the Internet at no cost but attorneys could relinquish some of their rights to the content when agreeing to the terms of service.

"Any information that you choose to put on their system, you give them a license and it gives them permission to do what they want with the information," Downey said.

Many cloud service providers are less willing to negotiate the terms of service with users who are not paying to use the services, but the companies still recognize their responsibility for the data, he said.

"They don't want to be held liable if something goes wrong," Downey said. "But, you as the lawyer have to be careful about how the information is handled."

Various state bars have noticed law firms' growing interest in — and concerns over — cloud computing, and have issued several opinions on the topic, making particular note of ethical and security worries.

"They almost uniformly have said you can't advocate all of the data responsibilities to the third party," said Dana J. Finberg, partner at Arent Fox LLP and an intellectual property litigator who regularly advises



Sam Attal / Special to the Daily Journal
Patricia Trendacosta's firm, Frandzel Robins Bloom & Csato, like many others, have made a transition to cloud-based storage.

clients on data security. "The bar associations are recognizing that this kind of migrating data to the third parties will continue to happen."

The American Bar Association has a listing of cloud computing opinions issued in different jurisdictions. Companies like Amazon Web Services, Inc. that provide cloud services also provide their clients a list of certifications they have received.

"Because of limited resources, I usually tell [law firms to] find someone that is deemed to be acceptable by bar associations and look at why they are deemed acceptable," Downey said.

International Organization for Standardization, Payment Cards Industry Security Standards Council and the Service Organization Control are some of the entities that vet cloud service providers, though vulnerability to cloud hacking — and threat of stolen data from a disgruntled former employee — are still big concerns for law firms.

Concerns over the cloud can also vary by practice area, experts said. Law firms must make sure the clouds help them achieve technology goals, but they also have to comply with client needs and both state and federal laws.

"If [a law firm has] a client base that is highly regulated — for example banking clients — they have

to deal with compliance standards," said Steven Meyers, a consultant at Innovative Computing Systems, Inc. who regularly advises law firms with cloud-based solutions. He added that most firms cannot host their data overseas, but that it's important to consider what data is associated with practices that cross international borders.

But experts say that smaller firms — like Trendacosta's 30-attorney outfit — have already started to pave the way for larger law firms to opt in to more cloud-based options.

"One of the things that are going to drive this is that smaller firms may not have an IT person," Corham said. "How perfect is it for them to say, 'Let's put everything in the cloud, so we don't have to pay for our own license'?"

When Trendacosta first utilized the cloud, she transitioned Frandzel Robins' email, then began pilot testing data storage on the weekends. This allowed attorneys and legal staff to recognize any problems before the transition to the clouds becomes official in the next few months.

While legal experts don't anticipate that law firms will make a mad rush to cloud computing, they do expect the trend will increase in popularity.

"I think we're on the edge of the frontier," Trendacosta said.