Clio

How Cloud Computing is Making Law Firms More Efficient and Profitable

What Moving to the Cloud Means for Legal Practices

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Why does the cloud matter to law firms?

Moving to the cloud offers secure, remote accessibility with the advantage of more reliable, efficient, and collaborative workflows—often with less cost. Cloud is also easier to set up and use than older, on-premise legal software. Yet, many law firms still haven't embraced cloud-based solutions.

In the years to come, however, cloud computing will become almost ubiquitous among law firms of all sizes. Firms that embrace cloud-based legal technology sooner will position themselves ahead of their competitors; this will become ever more important as the practice of law transitions to a modern approach that prizes efficiency, ease, and client-friendly practices.
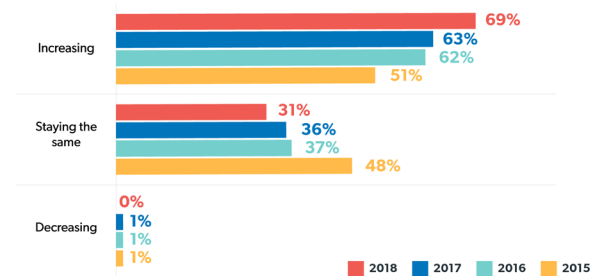
Overview

In this guide, we'll cover:

- What cloud computing is.

- How cloud-based legal software helps law firms save money, enhance productivity, and increase security while providing a better experience for legal clients.

- Why cybersecurity is of the utmost importance for modern law firms—and how compliance is cost savings.

- How cloud computing enables law firms to "productize" their services, so the firms can develop new revenue streams, deliver better experiences for clients, and prioritize legal staff's time for more valuable and important matters.

- How to evaluate which cloud software is the right fit for your firm.

Understanding the Cloud

For the upcoming year, how do you predict your firm's adoption of cloud-based solutions will change?

	2018	2017	2016	2015
Increasing	69%	63%	62%	51%
Staying the same	31%	36%	37%	48%
Decreasing	0%	1%	1%	1%

According to the International Legal Technology Association (ILTA) 2018 Legal Technology Survey, more law firms planned to increase their adoption of cloud technology than the year before—which has been the case now three years in a row. Of all law firms, 69% said they planned to increase cloud adoption; among larger law firms, that number rose to 84%.

Why?

Before we can answer that question, we must first understand what "the cloud" is.

Cloud computing, defined

The National Institute of Standards and Technology defines cloud computing as: "a model for enabling ubiquitous, convenient, on-demand network access to a shared pool of configurable computing resources (e.g., networks, servers, storage, applications, and services) that can be rapidly provisioned and released with minimal management effort or service provider interaction."

What this means, in everyday terms, is that the cloud essentially enables you to set up a hard drive and run software—securely—on the internet. This is a very simplified description, but it describes the major benefit the cloud provides: access to important data, applications, tools, etc., at any time and from any location.

Additionally, this cloud definition indicates how you can outsource a significant portion of your technology infrastructure while still maintaining control over it. This creates cost savings and security at a level that, for most organizations, has never been attainable before.

Why the cloud makes such a big difference

IaaS	Infrastructure as a Service
PaaS	Platform as a Service
SaaS	Software as a Service
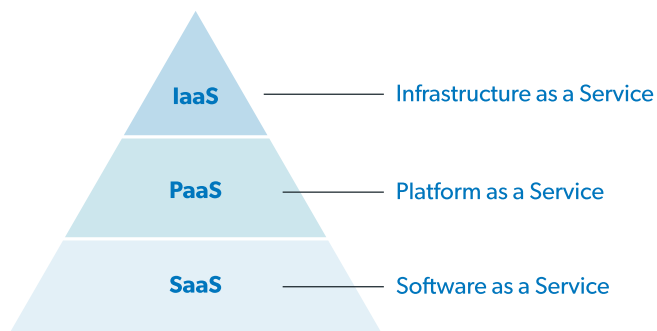
There are three primary levels, or types, of cloud computing—Infrastructure as a Service ("IaaS"), Platform as a Service ("PaaS"), and Software as a Service ("SaaS").

Without getting too technical, these three levels of cloud computing work together to help people use software in more powerful and effective ways. Whereas before, when people had to use many different software programs separately from each other, the modern cloud enables people to connect a large number of apps via a common platform, so they can function together far more effectively than they could individually.

For legal professionals, an example of this would be using Clio—a cloud-based software platform—to unite and incorporate the strengths of many different apps, such as Fastcase, Dropbox, Google Calendar, virtual receptionists, and an abundance of other integrations.

Three reasons to adopt cloud computing

In truth, there are many reasons why cloud-based technology is superior to on-premise technology for the majority of modern organizations. Here are three of the primary ones.

Mobility   Costs   Security

Mobility

If you use multiple devices—your computer, tablet, and phone, for example—to access your data, cloud technology allows you to synchronize information across all of your devices. Without the cloud, you would need to manually transfer data from your computer to your phone or tablet, or vice versa, every time you wanted to sync files across devices.

Also, according to the 2017 American Bar Association (ABA) Legal Technology Survey, 79% of lawyers telecommute. On average, the study states, respondents spend almost a quarter of their work time outside of their offices.

The cloud allows you to work in multiple locations because you can access it wherever you go, on each of your devices. Whether you're at your office, on the road for a client meeting, or at home, you have full access to all your clients and matters.
Cloud mobility also empowers you to work with your team easily, no matter whether you're all in the same place or scattered across multiple time zones.

Cloud saves you money

Why does cloud computing cut technology costs by 30% or more?

- Cloud is a "turnkey" solution—just download the software, and you're up and running.

- Cloud doesn't rely on long-term contracts, so you're not locked in to long-term payments.

- Cloud involves no hardware investment, so there's essentially no overhead.

Costs

Simply put, cloud computing saves you money.

How much money? Well, cloud solutions cut technology costs by an average of 30% or more—with many of these savings from not having to set up internal servers and other on-premise hardware.

One thing that makes this savings possible is that the majority of cloud applications are so-called "turnkey" solutions—all you have to do to implement cloud software at your firm is visit a website, download an app, and start using it. (Just like turning a key to start an engine.)

Additionally, cloud technology usually comes without any long-term contracts, nor does it require a hardware investment. Instead, you can use the technology you already have (in most cases, your laptop or phone) to start using the software.

In 2017, the Information Systems Audit and Control Association[1] ran a report on how enterprises calculate return on investment (ROI) by looking at 1,000 different companies. The report found that 71% of companies achieved ROIs that were either on-target or higher than expected when moving to the cloud. These companies reported that this ROI was due to time savings for employees—less administrative work freed employees to work on more valuable tasks—and that operational expenses for cloud technology were lower than the companies originally anticipated.

The report cited the Federal Labor Relation Authority (FLRA) Case Management System to illustrate the cost savings provided by the cloud. When the FLRA migrated to the cloud, it:

- saw an 88% reduction in total cost of ownership (TCO) over a five-year period.

- eliminated up-front licensing costs of $273,000.

- reduced annual maintenance from $77,000 to $16,800.

- eliminated all hardware acquisition costs.

- established worldwide, secure access to case information from any internet connection.

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1. The Information Systems Audit and Control Association's report appeared in the white paper _How Enterprises Are Calculating Cloud ROI_. For more information, visit isaca.org.

Security

With the growing worldwide importance of data security—and the increased legal responsibility companies have to safeguard customers' data—firms need to be sure that the software they're using protects their customers and staff.

In most cases, given the degree of resources required to set up, enforce, and keep up with an ever-changing landscape of potential security vulnerabilities, many cloud solutions provide more security than on-premise solutions.
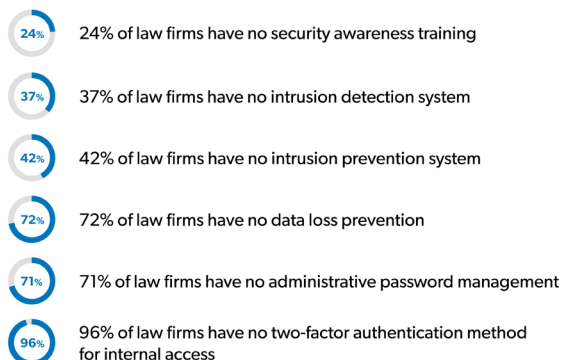
For one thing, cloud software providers have "economies of scale," which means that they can offer more competitive pricing and security features. Without needing to create actual hardware to house the software, cloud providers have a much lower cost per unit of output than on-premise providers.

These economies of scale enable cloud providers to offer enhanced security in a number of ways—dedicated security teams, greater investments in security infrastructure, superior protection against network attacks, more efficient compliance analysis, low-cost disaster recovery and data storage solutions, real-time threat detection, and a number of other advantages.

Thanks to cloud computing, your law firm can breathe easier, knowing that your most important files are secure.

Compliance = cost savings

Cybersecurity is no longer optional.

24% 24% of law firms have no security awareness training

37% 37% of law firms have no intrusion detection system

42% 42% of law firms have no intrusion prevention system

72% 72% of law firms have no data loss prevention

71% 71% of law firms have no administrative password management

96% 96% of law firms have no two-factor authentication method for internal access

According to the 2017 ABA Legal Technology Survey Report, 76% of large law firms report that their clients want firms to implement more stringent security requirements and guidelines than what they currently provide. This percentage will likely continue to rise in the next few years.

Yet, despite this pushback from clients, law firms are woefully underprepared when it comes to modern cybersecurity.

Cloud is already huge in law firms—but firms may not realize it

Whether it's obvious or not, cloud is already everywhere in legal. According to the 2016 Skyhigh Networks Cloud Adoption and Risk Report, the average large company uses 2,033 distinct cloud services; law firm employees, on average, use 56 different cloud services. From general cloud software such as Dropbox, Google Docs, iCloud, Evernote, to legal cloud software such as Clio, NetDocuments, Fastcase, and Lexis Advance, it's clear that legal employees—if not all legal practices—have eagerly adopted cloud technology.

In most enterprises, a large percentage of the apps employees use are so-called "unofficial clouds" or "shadow IT," meaning that these apps have been adopted by employees but are not directly provided or supported by the firm. This kind of cloud utilization often puts sensitive information at risk because the firm is unable to adequately enforce security protocols across shadow IT apps. Because so much of a law firm's data is sensitive, it's a bad practice for any firm not to have a clear knowledge of the apps their employees are using.

To prevent these security risks, firms should adopt cloud services in a public, clear fashion. That way, firm employees know which apps are permitted, which apps are not, and what the company's protocols are for ensuring security and compliance.

The need for law firm cybersecurity

The ILTA 2018 Tech Survey revealed some alarming trends about the legal industry's security readiness.

Some of these stats point to glaring security risks that are easily preventable.

Privacy regulations (such as the GDPR in Europe) and other professional security requirements have strict standards, but overall, firms can meet these requirements—and save money—by switching to the cloud.

The caveat here is that cloud compliance is comparatively less expensive, and more effective, if the cloud provider takes important security measures into account. Amazon Web Services, for example, accommodates many different standards and regulations, such as GDPR, HIPAA, IRS 1075, and numerous others. If a different cloud provider does not handle these standards and regulations, that cloud provider would be not only a security risk, but a cost risk as well (because security breakdowns can cost your firm dearly).

So, compliance creates cost savings … and competent cloud service creates compliance. If you get the right cloud provider, you will be compliant—and you'll save money.

Products as a Service

In addition to the savings earned from ensuring compliance, adopting cloud computing also enables your firm to offer "Products as a Service" to clients. This productization of services can add a major boost to firm revenues by increasing the number of avenues your firm has for generating income.

Traditionally, the only way for law firms to make more money is to serve more clients by bringing on more staff. This model is not rapidly scalable—it needs to be built slowly, over time, because each increase in a firm's client base requires a proportionate increase in staff (and overhead). Often, even doubling staff doesn't double profits because of the associated costs.

By productizing aspects of your firm's legal work, your firm can become more productive and efficient, and your profits can grow exponentially on a non-linear scale (your cost per

item goes down, and your profit per item goes up). Productization also frees your employees up to do more important, bespoke work that is both valuable to your clients, and revenue-generating for your firm.

The commodification of legal services

Richard Susskind's work, Tomorrow's Lawyers[2], describes the "commodification of law." Susskind's hypothesis is that, as technology is applied to the practice of law, the practice of law will become standardized, systemized, packaged, and then commoditized.

For an example of how commoditization works in practice, we can look at LegalZoom, which identifies repetitive legal services, creates a system for quickly delivering those services to customers, and offers those services to consumers at a competitively low price.

By applying the concept of commoditization to the Products as a Service idea, we end up with a model that includes packaged—i.e. productized—legal services within a law firm's standard operating procedures. Packaged products can be embedded into a law firm's offerings, along with the bespoke, custom legal services that require an attorney's skilled touch.

Functioning well, this model creates a system wherein some services can be sold to customers as pre-packaged products; some services can be systemized so that existing templates can rapidly be repurposed; some services can be standardized so that certain clauses can be used to accelerate the work process; and a few services can still be completely "from scratch" because they require a high level of skill and effort. All together, these different levels of service can be offered to clients at corresponding price points, creating a client-friendly business model that makes better use of your firm's time and resources.

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2. Richard Susskind's international bestseller, *Tomorrow's Lawyers: An Introduction to Your Future*, provides a look at the future of legal practice "for aspiring lawyers, and for all who want to modernize and upgrade our legal and justice systems. "

once you receive the document, it automatically imports all of the important information into your practice management system, eliminating manual data entry.)

Using the cloud, any legal service which your firm frequently performs for clients, and which can be automated through technology, is an ideal candidate for productization. As the law becomes more commoditized, firms that deliver Products as a Service to clients will be better positioned for success.

To operate such a system, the cloud is critical because the cloud enables you to provide clients with digital services that maximize your profit potential and decrease time investments for you and your clients.

For example, you can use cloud-based legal software like Clio Manage to rapidly create a document from a pre-existing template online. You can send a link to that document to your client, who opens the document on a laptop or mobile phone, completes it, signs it if needed with the app's built-in e-signature functionality, and sends it back to you—all without ever needing a printer, a pen, or a post office. (And,
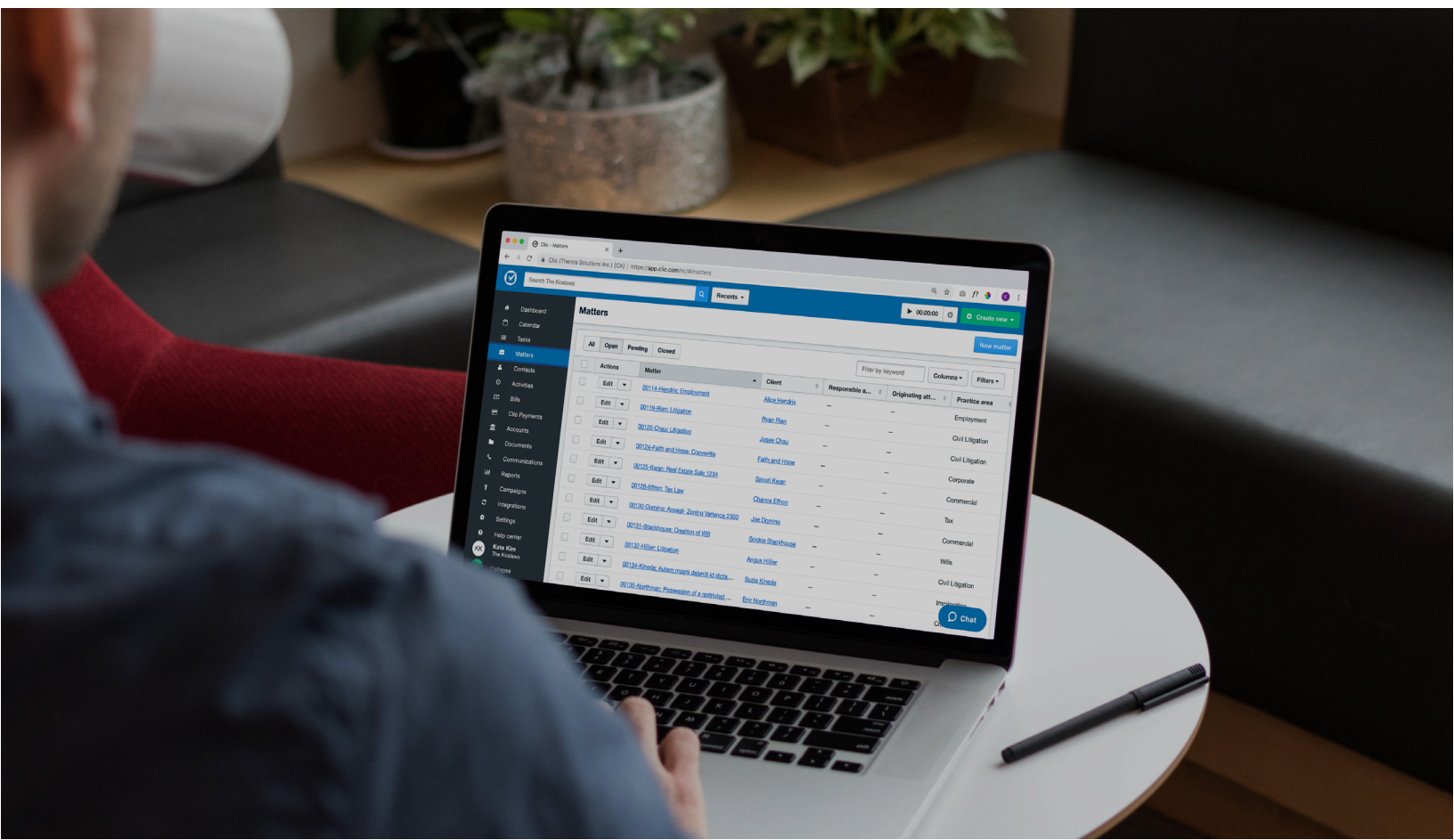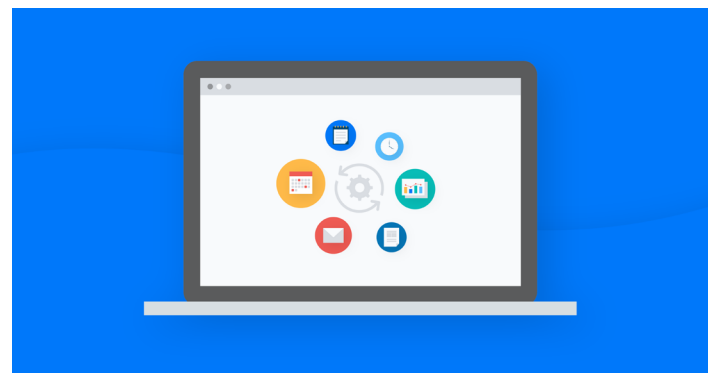
Evaluating Legal Cloud Technology

What do you feel are the top three biggest barriers to moving your firm's technology to the cloud?

Cost: 39% / 37% / 36%

Security: 38% / 44% / 44%

Reliability concerns: 32% / 34% / 34%
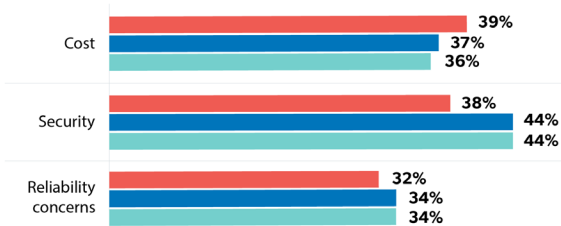
trending data 2017 - 2015   Source: ILTA 2017 Legal Technology Survey

By now, it's probably evident that the cloud offers many significant benefits to law firms—but you would also be justified in asking, "What's the catch?"

Among firms polled in the 2018 ILTA survey, the three most-reported concerns legal practices had about moving to the cloud were cost, security, and reliability. As we've established, cloud computing actually excels in these areas—if the cloud provider does its job correctly, and if the cloud software is managed properly by the user.

According to the ABA's 2017 Legal Technology Survey, the most important functionality for cloud-based legal software to provide, in law firms' eyes, is:

- Time and billing

- Centralized case management

- Scheduling/calendaring

- Document management

- Conflict checking/contact management

Rather than looking for different software providers that address each of these needs, adopting a comprehensive solution lets you manage all of these functionalities from one software platform. The Clio Suite provides this value by combining two products—Clio Manage for practice management, and Clio Grow for client intake and client relationship management—into the only end-to-end, cloud-based software solution created specifically for law firms.

Beyond the above features, Clio's products provide industry-leading security with built-in user management, secure standards and encryption, confidentiality, and ethical considerations. Additionally, Clio offers fixed pricing plans to simplify costs, and Clio provides the type of mobile-ready access that legal staff and clients value so highly.

Because of this, Clio stands apart when it comes to cloud-based legal software providers.

About the authors

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About Clio

Clio, the leader in cloud-based legal technology, empowers lawyers to be both client-centered and firm focused through a suite of cloud-based solutions, including legal practice management, client intake and legal CRM software. Clio has been transforming the industry for over a decade with 150,000 customers spanning 90 countries, and the approval of over 65 bar associations and law societies globally. Clio continues to lead the industry with initiatives like the Legal Trends Report, the Clio Cloud Conference, and the Clio Academic Access Program. Clio has been recognized as one of Deloitte's Best Managed Companies, as well as a Fast 50 and Fast 500 company. Learn more at clio.com.