Why do Technology Projects?

There are many reasons why organisations undertake IT projects, not all of them strictly logical or as a result of a clear cost benefit calculation! Assuming that no one reading this article invests just for the prestige of a big project, or because the technology appeared in the Sunday papers, what is the best way of assessing what you are doing, and what are the areas that should be considered for the next year?

The use of technology in business really falls into a number of categories. The boundaries between these are of course blurred, and many projects will cover more than one, but it is helpful to look at the distinctions both to help with current projects and more importantly to help assess future strategic spending.

Money spent on IT can be used to improve existing processes, where the cost is justified against some specific saving, usually in terms of removing a need for additional staff. Alternatively the purpose may be to allow new processes that were not previously possible or cost effective. Both of these types of investment can be viewed as internal or essentially back room projects, or they can be external and client facing. This gives us a useful four categories. However, many of the largest changes in technology at present fall into a separate category of communication. Again, commercially this can be split between internal communications and communications between a firm at its clients and other contacts.

We can see that the objectives of IT projects fall into one (or more) of six boxes, as illustrated in the table shown.

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It is worth highlighting that other sectors (i.e. not lawyers or professional services) would need to include a third row in the table, and specifically address projects linked to suppliers, thus covering the whole supply chain. This may become more important to certain types of law firm following proposed reforms, but at present such relationships form a minor part of the overall service delivery to clients.

Internal efficiency

These projects always sound a bit uninteresting, and tend to be driven by support departments. Often they are major replacements of core legal systems: accounts, HR, marketing, or even in smaller firms an all encompassing PMS. These are high profile, high investment projects, although they are often seen as an inconvenience to the lawyers as they have to learn to use the new system.

Projects that deliver an appreciable gain that outweighs the investment are often much smaller, and require less investment in hardware and software, but a more about spending time configuring existing systems to work better. In the real world, law firms do not stand still and business processes evolve, but all too often the supporting IT systems are left the same as the day they were first installed. Similarly, small amounts of IT can fill in gaps in existing processes where the manual element of a process is slow. This is especially true of anything involving a paper form, where it is now simple to create an online form to capture information (that can also be validated). This data can then be fed directly into relevant back office systems as required.

Suggested actions:

1. Get your IT analysts to look at any particular aspect of your existing systems, and see if they can come up with a way of reconfiguring systems to streamline the work currently done.

2. Look at any paper forms you still have, and see if they can be simply moved onto the computer systems *without* investing in new systems.

Internal new services

Technology projects for new services require someone to first come up with something new that they would like to do that requires technical support. Unfortunately, there is often a mismatch between how much cost and effort that person thinks will be required from the IT department and the reality. This actually works both ways: not only does IT often get approached with ideas that will be very costly, but sometimes ideas are not brought to them because they are assumed to be difficult when in fact they can be achieved quite simply.

The new services in question will often be based around support functions, for example a new system to allow staff to book flexible benefits as part of their remuneration. However the services may be client orientated whilst still really being an internal project if the technology is playing a supporting role as part of the in house processing.

Suggested actions:

1. Make sure staff with new service ideas, however large or small, have a quick and simple way to run them past IT for a sanity check and technical advice at an early stage.

2. Remember that IT themselves are users of many of the firm’s internal services, and may already have some ideas for new services that they have thought through. Don’t allow a ‘not invented here’ attitude stop other support departments from taking advantage of these.

Internal communications

The types of communications projects that a firm looks at will depend partly on their structure and organisation. A large city firm in a single office will have very different needs to a regional firm in multiple locations. Communication has moved on from just face to face and telephones, with email, text messaging, video conferencing and interactive intranet sites all providing a forum for staff to communicate with each other.

Unlike many other projects, communications systems tend to evolve rather than be planned. More specifically, the underlying technology is put in place as an IT project (new phone system, email system) but the way in which it is used is left open. Communications projects will form a huge part of the changes and investment in the short term, and firms should be looking carefully at how these projects are designed and managed.

Suggested actions:

1. Look through the list of modern communications methods, and see if greater use of them can help overcome any communication barriers within the firm

2. Look at the communications you do use internally, and check to make sure they are not being used as a way of avoiding personal contact; this is a very common problem with email.

Client facing efficiency

Efficiency in client facing systems is always a double edged sword in organisations who charge by the hour (or by the rather shorter billing unit). However, there is usually an upwards pressure on billing targets and on minimising no chargeable support costs, especially secretarial costs, that make several of these types of project compelling.

The highest profile type of project in this category is in billing, which done manually can be an intensive and time consuming job. Most PMS vendors have software or tools to help with this process, and 3rd party vendors have free standing tools which can also be used.

Given that the main aspect of a law firm’s work is exchanging documents with clients and other parties, work done in this area to increase speed and make it easier for the client to see where things are can also pay dividends. Deal rooms and extranets may not have lived up the hype as new services, but they are an effective tool viewed as a way of improving the delivery of existing services.

Suggested actions:

1. If you do not have highly automated billing with some form of electronic transfer of information to clients (emailing copies of bills is fine) and automated credit control procedures, this is a good time and place to start. Clients always appreciate good information about their charges, and the more efficient your process looks, the more efficiently they are likely to pay.

2. Look at the feasibility of providing more effective online access to documents for clients. A simple add on to your DMS should create enough of a framework without significant investment in new free standing systems that do not integrate.

Client facing new services

This is the holy grail of legal services; a new, technology driven service that makes money for the firm. The bulk of such projects actually fall into the category of high levels of automation of existing services to provide a volume service (conveyancing, Personal injury etc) which in many ways is an efficiency project. Alternatively they are ‘loss leaders’ (or at least low profit) services, designed to pull in new clients or help retain existing clients for higher value work.

There is very little that can be done to point firms in the right direction. By definition, most of these projects will be quite high risk, very specific to the firm and its client base and require a careful analysis of the potential market.

Suggested actions:

1. Arrange regular (but not too frequent) brainstorming sessions to consider new ideas. These are best done both within departments of the firm and across departments. Don’t worry if 99% of ideas get shot down as impractical; the one that makes it through could reposition the firm for the next

2. Watch closely what other firms are doing. There is no harm at all in implementing services in the second wave, but missing out entirely is likely to hurt in the long term.

Client facing communications

As with internal communications, historically this has been based on evolution rather than planning, and very few projects actually look directly at the way clients communicate with modern technology.

Law firms are notoriously conservative in this area, with most concentrating on making sure that clients can phone, fax and email and someone will deal with the contact.

However this is one area where the growth of new mechanisms based both on the evolution of telephony and on new web based services mean that some thought must be given to how and when these new services should be brought in. Firms should also remember that communications technology can also become obsolete. Telex was once the mainstay of certain sectors, but has disappeared. Fax is rapidly heading the same way, with many organisations only maintaining minimum legacy support.

Suggested actions:

1. As with internal communications, look at all the modern methods and see if any are appropriate for use with clients. Look in particular at the low level contacts dealing with administrative matters and also at the high level client conference types of contact.

2. Listen carefully to your clients, and even more carefully to ex clients and failed prospects to find out what they expect. There was a point at which many clients would not deal with firms who did not use email, as it was too inconvenient. Firms may have moved on and addressed, but so have these potential clients and firms may still need to play catch up.

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