



Information Revolution in Legal Services

Lean practices and new technologies redefine information management and governance



Law firm practice managers are under pressure to improve information management and governance processes, practices, and workflows. They must:

- ***Manage rapidly increasing volumes of information:*** As a legal firm's data volume grows exponentially, failure to manage vast amounts of manual and digital information could risk responsiveness and impair client services.
- ***Effectively store, access, use, and update information to enhance customer relationships:*** Without processes and technologies to efficiently manage data, timely delivery of quality to clients may be compromised — along with client relationships.
- ***Comply with regulatory requirements:*** Information management practices must help law firms and legal practices — and their clients — in efficiently meeting regulatory obligations.
- ***Secure information:*** Safe management of client information not only reduces risk of data breaches, but also offers competitive advantage.



Which information management and governance challenges face your organization, and how will you address them?

Many industries have turned to lean management methods to improve operations. Fortunately, these same practices can be applied to information management and governance within law firms and legal practices, providing operational benefits while also enhancing the value they create for clients and themselves. Why? Because lean principles help organizations focus only on work that creates value. Improving productivity can remove or minimize time wasted on non-billable activities, helping to drive increases in billable ones.



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That's why value-stream mapping and other lean tools are now being applied to information management and governance practices. Mapping tracks the progress of data streams as they enter and move through an organization, helping to identify bottlenecks and unsafe practices that put information and client service at risk. Lean problem-solving techniques are then deployed to find root causes for these problems, leading to the development of standardized solutions (e.g., new processes, technologies, and workstreams) that keep these issues from recurring. As solutions are embedded into law firms and legal practices, productivity and quality increase and costs decline.

These lean solutions, such as standardization, can help firms in addressing the top two problems identified by *The Lean Information Management and Governance Study*¹: multiple information systems (27 percent report as a “significant problem”) and multiple information formats, sources, and repositories (23 percent). Standardized information systems and formats make it possible to design, develop, and deploy common information workflows throughout a firm. Standardized systems also eliminate time and effort spent by staff on reworking or reformatting information to accommodate legacy, non-standard technologies and configurations.



Lean Strategy Sets Path for Improvement

A lean approach to information management and governance doesn't happen without a strategy. The *Lean Information Management and Governance Study* finds that some law firms and legal practices are headed in the right direction but others struggle: just 47 percent of organizations have an information management and governance strategy defined, with aligned policies and tactics disseminated across the entire organization.

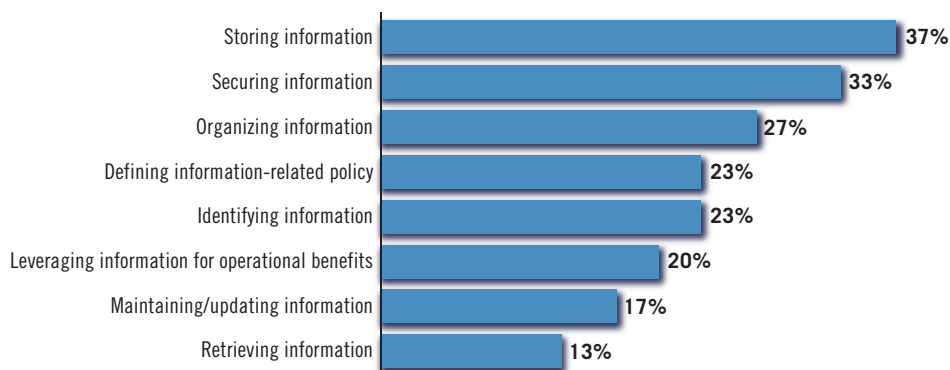
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¹ All data in this report from *The Lean Information Management and Governance Study*, Canon USA, 2019.

Most firms are challenged in achieving results from information strategies, policies, and tactics. For example, the activity for which legal organizations are most effective at executing information management and governance strategies is storing information (“extremely effective” at just 37 percent of legal services) (Figure 1).



**Figure 1. Extremely effective execution of information management and governance strategy
(% of legal organizations)**



Why are these percentages so low? In part because many firms have departments and functions that don’t collaborate well on information practices (30 percent “extensive collaboration” and 40 percent “moderate collaboration”). This failure to collaborate also impairs the adoption of many best practices, including:

- **Information management** — Breach-awareness and -response policies are in place at 60 percent of firms, but 57 percent don’t have automated classification tools to catalog, store, and protect information. Manual classification of information by staff adds effort and expense — and potentially damages accuracy.
- **Information systems** — Automation/enforcement of information security policy is in use at 50 percent of firms, but 63 percent don’t have automated information-usage tracking. An information security policy is a good start, but if a firm is the subject of an audit — cyber security insurance rider, regulatory oversight, lawsuit discovery — a policy alone may not be sufficient to demonstrate best practices.
- **Methods to improve information management** — Periodic purging of irrelevant/old information is in place at 53 percent of firms, but 77 percent don’t map information workstreams. Law firms and legal practices that don’t map information flows risk gaps, leaks, and divergent destinations outside of their control — and an out-of-control process won’t reduce liability.

Another issue is that while legal information management and systems are often focused on security and risk management, only 17 percent of law firms and legal practices have evaluated the value of organizational content against a risk management matrix. That’s a problem: risk matrices help firms in prioritizing preventive actions by estimating both the likelihood and the consequences of an adverse event.



In addition to standardization, collaboration, and application of best practices, successful information management and governance also depends upon effective, up-to-date systems and technologies. Yet many firms have aging hardware and software: 40 percent have copiers more than five years old; 37 percent have multifunction printers more than five years old; and 30 percent have document management systems more than five years old. Just because something still works doesn't mean it's the best solution for the current task. Favoring the use of legacy equipment because "it still works" is like still using a horse and buggy when there are roads and cars; eye-catching, maybe, but less than practical.

These legacy technologies make it difficult to manage a combination of physical and digital documents, or to move toward full digitization. Not surprisingly, few firms have functions that are fully digitized. For example, just 13 percent of firms report that their finance/accounting departments are fully digitized, and just 10 percent report that their client-services departments are fully digitized. Given the growing dependence on digital interfaces for most products and services, limited or missing digital workflows can impair an organization's competitive position.

State-of-the-art technologies also can help to improve two key measures of effective information management and governance where better performance is needed:



- **Data reliability:** 37 percent of firms report that more than 10 percent of information is out of date and should be purged. Old information imposes risk through both liability and expense; massive effort is typically required to store and retrieve information in varying formats throughout a firm's catalog of files.
- **Data security:** 27 percent of firms have had more than two information security breaches (i.e., unauthorized access of data, systems, applications, or networks) in the past two years. Public knowledge of a breach is a competitive liability. Firms and practices can lose business both in the short-term when incidents occur, and in the long-term by earning a reputation for being unable to secure confidential information.

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it's the best solution for the current task.**

Improve Your Information Processes

How effective is your organization in dealing with information management and governance? More importantly, are you investing effort and resources to improve them? Approximately half of law firms and legal practices spent 5 percent or more of revenues on equipment, hardware, and software for information management and governance in the past year. Yet another 13 percent spent *nothing*.

Which group resembles your firm?

Improving information management and governance can boost operational capabilities, automate workstreams, and help partners leverage information for analytics. These are more than just operational changes; they can also deliver more value to clients and boost firm productivity and profitability. Leading law firms and legal practices are achieving these results via lean improvement work that:

1. Develops an organization-wide information management and governance strategy
2. Works with experienced partners that help to navigate roadblocks to improvement
3. Conducts honest, unbiased assessments of current processes that are realistic in scope, expanding the effort as resources allow
4. Ensures audits of all information channels, including third-party vendors, consultants, etc.
5. Engages stakeholders early to ensure collaboration in mapping information environments and planning realistic improvements (i.e., redesigning workstreams with those who work within them).

When will your firm get started?



How effective
is your
organization
in dealing with
information
management
and
governance?
More impor-
tantly, are
you investing
effort and
resources to
improve them?

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