SHOVELING SMOKE: CONNECTING WITH OUTSIDE COUNSEL

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In this column on professional issues, legal department management, and relations between in-house and outside counsel, Mr. Pol discusses the technology gap between professional services firms and their clients, a gap that has less to do with technology than communication.

SURVEY SAYS: MORE TECHNOLOGY USE

The *ACC-Serengeti Managing Outside Counsel Report*[1] reflects legal departments' increased reliance on technology to manage outside counsel more effectively.

The report shows technology utilization rates increasing within legal departments. At over 95 percent usage, email is ubiquitous. The use of spreadsheets, databases, matter management, and electronic billing software is on the rise, together with internet-based technologies like extranets and electronic document repositories. This mirrors a consistent priority for corporate counsel—to get better control over outside legal spending.

Seeing the World Through Clients' Eyes[2] *(the latest report of a survey of the chief legal officers of the 100 largest UK companies) contains insights across a range of issues, including firm selection and perceived differences between US and UK firms. The report also confirms law firms' heavy use of technology in dealings with corporate counsel.*

Yet the ubiquity of electronic newsletters, extranets and electronic deal rooms (seemingly "tailored" for all clients but relevant to none), means that corporate counsel are increasingly inundated with material that often is too generic to be consistently useful.

SOMETIMES, LESS IS MORE

The UK report suggests that clients want firms to do things specifically designed for their benefit, in response to their needs. In practical terms, a simple email or note outlining a new development, and what it means for that client, can be more valuable than expensively produced generic mass newsletters. As noted by respondents:

"Anything tailored to us, I'm impressed with."

"Basically they are great at the things I'm less interested in, but poor at the things I value."

HELP THEM TO HELP YOU

Less reliance on technology is not, however, the answer. The increasing use of matter management systems, electronic billing, and the range of tools outlined in the *Managing Outside Counsel* report is likely to continue. Nor should firms abandon technology tools in dealing with legal departments. Instead, the combined message from such reports is that firms should focus more on systems that add most value to the client. As respondents noted:

"[Firms] can be more innovative around IT. They could help clients with large legal departments to develop our IT better. They say they'll do it but you don't see it— case management, contract management—more innovation and R&D around that."

"If I could get a firm to understand cost control that would be innovation! Why can't we have an electronic link that allows us to access our financial/fee data at any time? Why don't they help us budget our fees and help us plan them over a specific project or across the year?"

The ability to use technology more effectively doesn't depend on greater use of technology (which will surely happen), nor on less use of some technology (which should also happen), but on more effective use of the *right* technology. Usefully, most outside counsel would be happy to do so. But it's a two-way street. As one respondent frankly remarked:

"Maybe [we should] get off our backsides and do a little more—tell them more about our company, about our strategy."

Therein lies the rub. The real issue is to improve communication between organizations and their lawyers. In other words, to enable outside counsel to deliver value, we need to work together to identify what value looks like.

In practical terms, a useful first step might be for in-house and outside counsel to invest time to work through issues highlighted by studies such as these.

A second step might be to consider whether the proliferation of law firm extranets and reports is based upon an erroneous assumption that their firm is the only one used by the client. Looking at the world from their clients' eyes, firms may recognize the value of developing a single extranet, reporting system, etc., that all of the client's firms could use, genuinely enabling the client (and its firms) to use technology to become more efficient.

NOTES

1. The *ACC-Serengeti Managing Outside Counsel Report 2003* is available from *www.serengetilaw.com*. The 2004 report is discounted for ACC members and slated for release at the ACC Annual Meeting 2004.
2. *Seeing the World Through the Clients' Eyes 2004* is available from *www.nisus.net*. Recently released, it supersedes the 2002 report. The normal price £1,750, but ACC members can purchase the full report for $1,750.

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