

What
They Mean
to Your
Law Firm's
Future



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- Over100,000 companies tracked
- Single largest repository of minute book and stockholder information for non-public companies
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Today's Discussion

- 1. Will technology upend the legal industry.
- 2. Will clients pay for judgment and not information they can get free online.
- 3. Are most firms doing well to create value for their clients.
- 4. Has the billable hour model given law firms little reason to innovate or to use technology to enhance efficiency.
- 5. Does the structure of law firms make change hard and slow.



Introduction to the Panel



Paul Lippe Founder Legal OnRamp





Barend Blondé Co-Founder FrahanBlondé





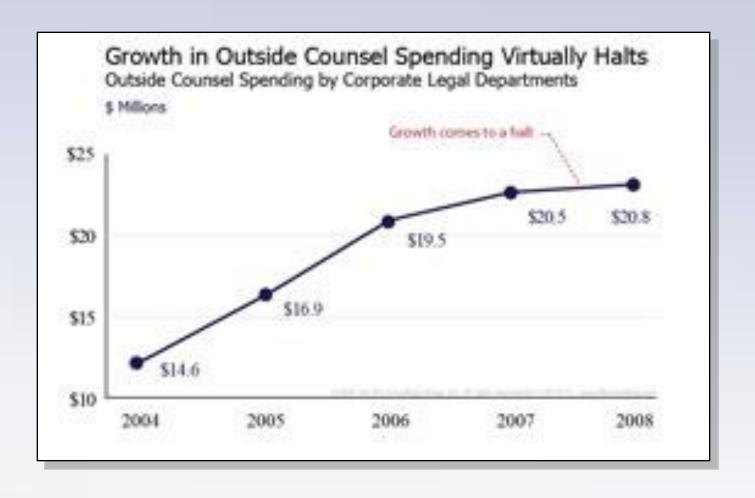
Gary Levine
President and CEO
Two Step Software, Inc.







BTI's Premium Practices Forecast 2009: Survey of Corporate Legal Spending







Fred Paulmann, head of Legal **Operations at Pfizer,:** "To remain competitive in the global economy, our businesses are adopting productivity improvements at a much faster rate than the legal profession has. This includes process, technology and communication. That imperative has migrated to corporate legal departments, who in turn are pressing law firms to join them in improving legal productivity and meeting company mandates. But it's fair the say that the "change curve" will be very steep in the coming years (as opposed to linear and gradual). **Legal OnRamp** ... and similar organizations are poised to significantly influence this evolution by presenting a new way of collaborating and assessing the traditional processes."

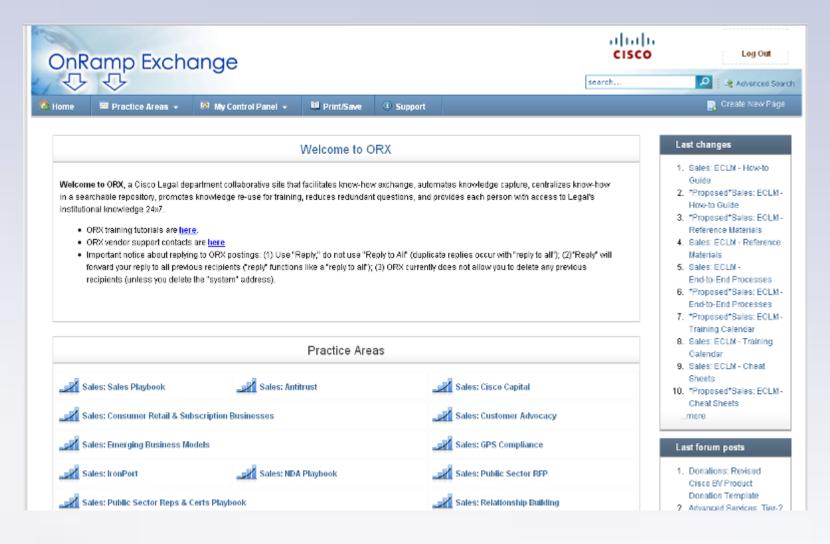
Turbulent Times: Clients Want Change

- 1992-2008 legal costs growing faster than corporate revenues
 - Client thought leaders disaffected
 - But legal demand greater than capacity, so firms grew fast
- "Reset, not Recession" means change
 - Double-whammy of structural change and cycle
 - Best example of "way forward" is Cisco model

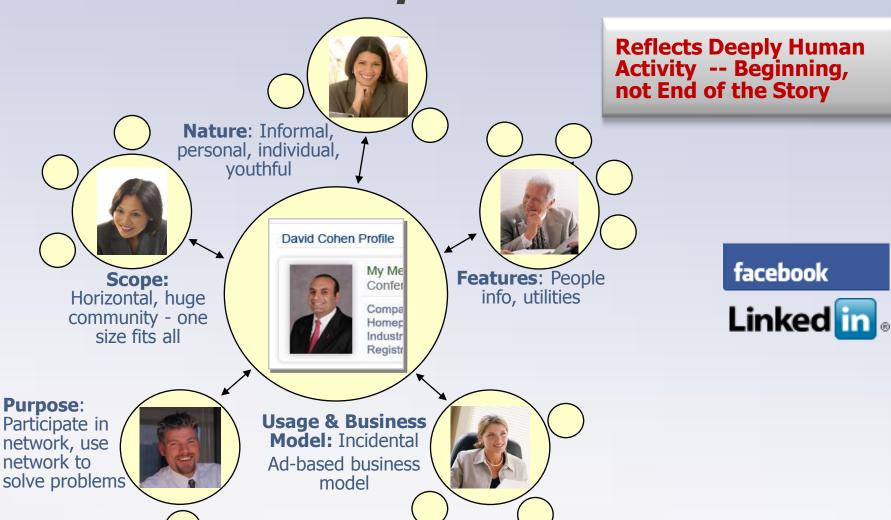
Doing nothing riskiest choice of all ...

Cost Cutting alone not a Winner

Cisco: Globally Recognized Leader in Legal Operational Excellence



Network 1.0 - 'Social' Network to Keep in Touch



Network 2.0 - My Network Helps Me Do My Job



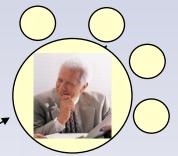


Scope: Vertical, elite community Segmented Access





My Me Confer Compa Homep Industr Registr



Tools: Communicate, publish, search, productivity tools for doing my job

2009 Tool for

jobs for 200

years

How Lawyers have Done their

Purpose: Manage relationships, reputation, use network to solve problems



Usage & business Model: integrated into workday - fees for cost savings, revenue generation.





"The greatest vulnerability of the legal industry today is a failure to drive models based on value and efficiency and to make information more accessible to clients. The present system is leading to unhappy lawyers and unhappy clients. The center will not hold."



Marc Chandler General Counsel of Cisco

Poll 2008: What are the priorities of legal departments?

	In-house counsel		Attorneys	
	%	Rank	%	Rank
Reducing costs	18%	8	63%	1
Improving efficiency in outsourcing work to law firms	20%	7	46%	2

Our poll had no scientific ambitions, yet it attracted hundreds of visitors and participants.

Death of the billable hour

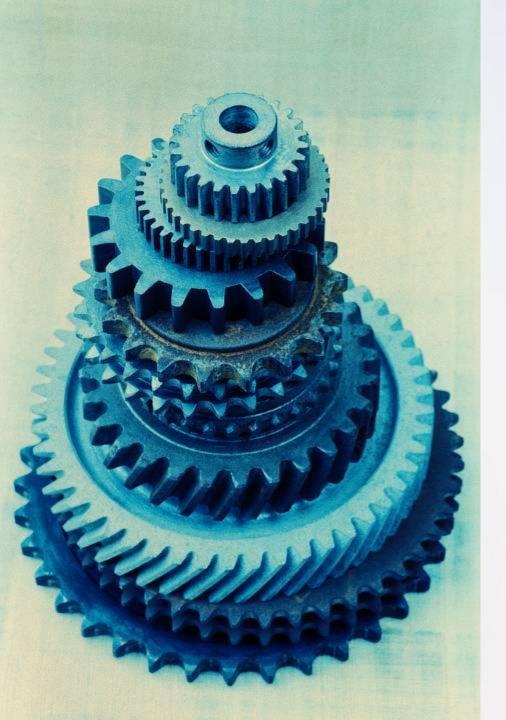


New trends:

- Alternative, value– based billing methods
- Higher levels of efficiency
- More client access to information







"For all the imprecise discussion, the change agenda boils down to a bid to disaggregate the functions of large firms ... examining what firms do, finding the tasks that really aren't worth their bespoke costs, and developing new systems for doing this work more cheaply and efficiently."



Aric Press American Lawyer

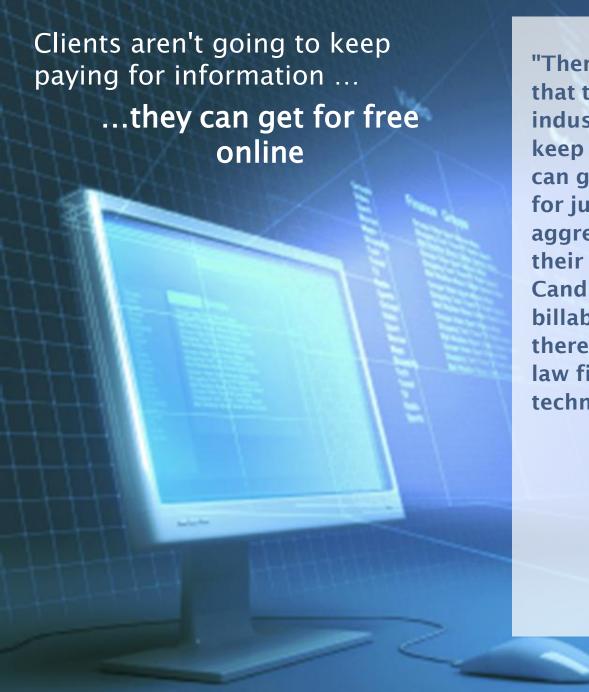


"One of our key law firms created a dedicated extranet for us; they call it a Client Room.

Please don't tell them, but I have not even visited it yet."

General Counsel of a FT 500 Bank

Source: FrahanBlondé's General Counsel Survey 2009

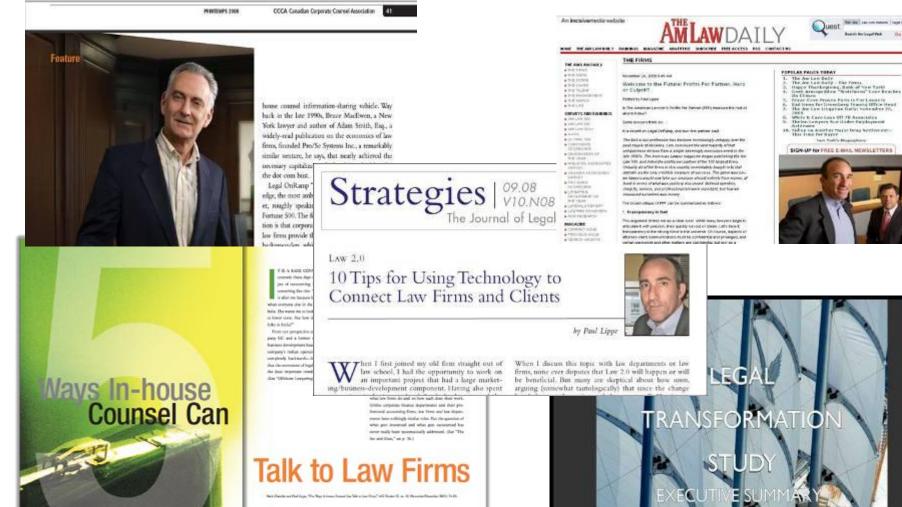


"There is no question in my mind that technology will upend the legal industry. Clients aren't going to keep paying for information they can get for free online. They will pay for judgment, for talent aggregation, for things that increase their profits or peace of mind ... Candidly, the dominance of the billable hour model has meant that there has been very little reason for law firms to innovate or to use technology to enhance efficiency."

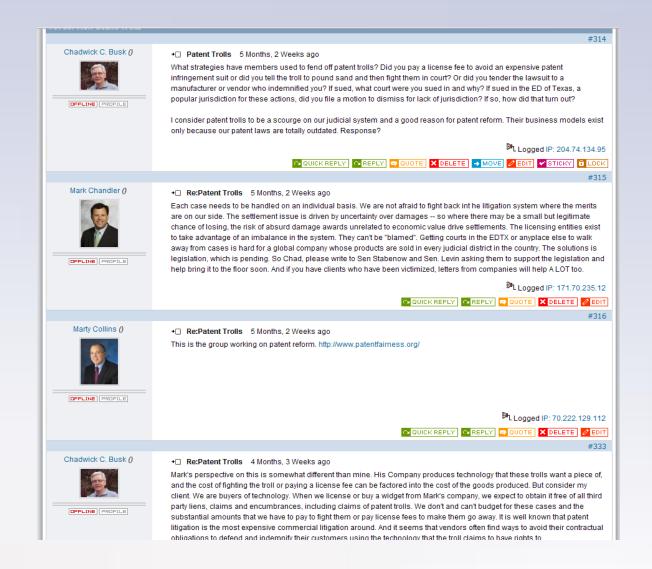
> David Baca, Chairman Davis Wright Tremaine

Welcome to the Future: A View from the Left Coast February 17, 2009

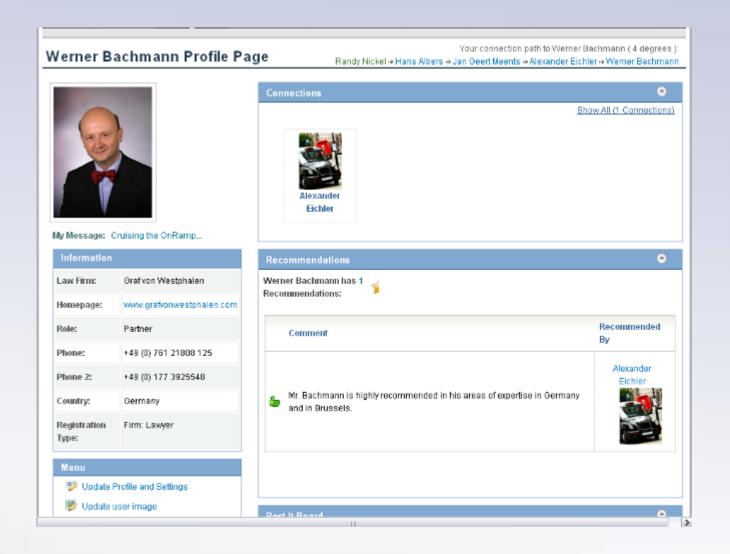
Clients Already Networking



Peer-Peer Discussions



Recommendations



Share Whistleblower Policy

Reporting Suspected Violations of Law or Policy					
is committed to maintaining a workplace where employees are free to raise good faith concerns regarding the Company's business practices, specifically. (1) reporting suspected violations of law on the part of the Company, (2) providing truthful information in connection with an inquiry or investigation by a court, agency, law enforcement, or other governmental policy. This whistleblower policy has been put in place to provide a mechanism for employees to raise good faith concerns and to protein					
Reporting Violations	2				
To report a suspected violation of law or Company policy, you can contact the Chief Compliance Officer:					
, Chief Compliance Officer					
If the suspected violation implicates the Chief Compliance Officer, contact the General Counsel:					
, General Counsel					
You may also anonymously report a violation through the Company's "Hotline." You can access the Hotline in the office or at home and chose choose your communications method: telephone or the internet. The hotline has been designed to maintain your confidentiality and anonymity.					
The hotline telephone number is: (International)					
The hotline website:					
If you are uncertain if a situation violates company policy, is illegal or constitutes retaliation, please contact the Chief Compliance Officer or use the Hotline to obtain clarification. We would much					

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OFFLINE CROSSLE

* It is the litigation market at last ready for a new business model? 2 Days, 7 Hours ago.

When we started down this journey I proposed the following structure for our discussions:

"First I will discuss the litigation market generally."

Second: I will consider how this market has been the captive of a terrible business model

Third: I will elaborate on how our model perfectly aligns interests of client and lawyer and aligns quality with cost

Fourth: I will point out many unexpected "spin off" benefits of a better model, in terms of quality and life style

Fifth: Finally, I will consider why, if the innovative model is so superior, none of our competitors has adopted, or even experimented with, the innovative model*

We have covered 1. The litigation market generally.

My conclusions were:

The litigation market is significantly north of 100 billion, maybe nearing 200 billion.

What is so anomalous about the litigation market is that this huge market, uniquely, has:

- 1. no competition
- 2. no innovation
- 3, no metrics
- 4. A market where the suppliers, not the customers, dictate terms and conditions

We have also, in other blogs, touched on 5 - why the traditional firms stick to selling hours.

This post will be devoted to how the billable hour business model has been the main driver of an very unusual and anomalous market. While we are all generally aware of the impact of this model on quality, cost, and life style, I propose that there are a number of other downsides driven by this model which are not generally discussed.

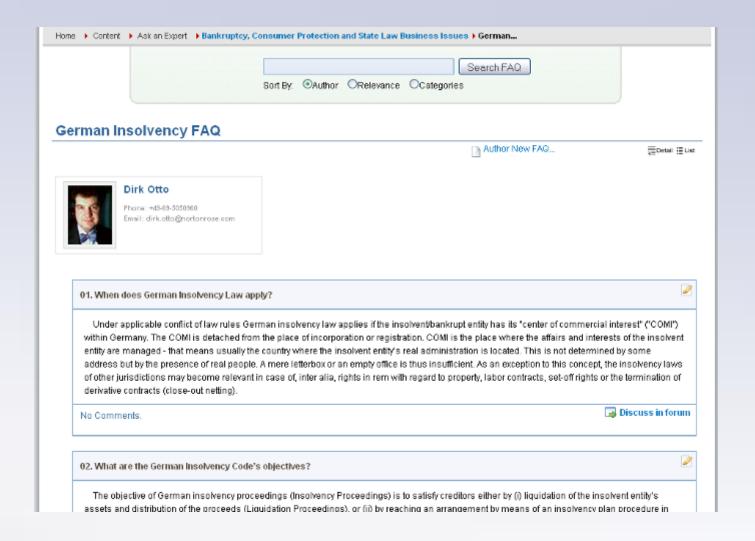
Here is a summary of where the "selling of hours" business model has taken the litigation market:

First: The most discussed downside of the hourly model is, of course, that there is a big incentive to generate more hours
than are needed to accomplish the task.

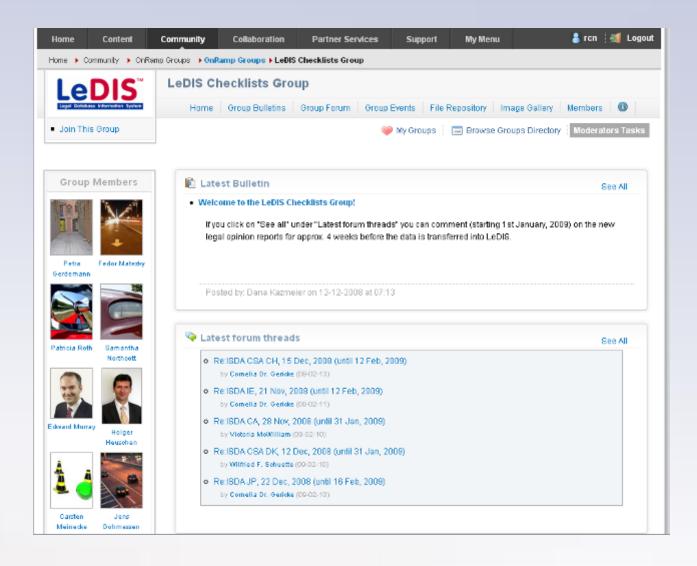
Profiles Highlight Expertise



Author FAQs



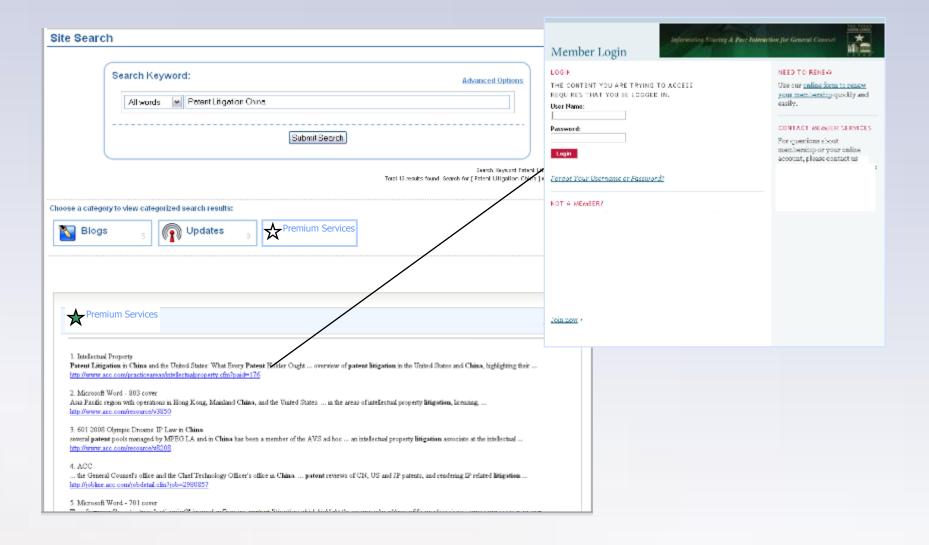
Coordinate Groups



Connecting via Lawyers



Index Firm Site







"The most important shift in business today is from 'ownership' to 'partnership' and from 'individual tasks' to 'collaboration.' The successful organization is not the one with the most brains, but the most brains acting in concert."

"For any successful journey, the crew must all work together. But law faces basic structural issues. as the gap grows between the efficiency companies demand and the incentives created by the traditional law firm business model. Without some change, this gap can only grow to the detriment of all. Lawyers must apply their problem-solving skills to develop and articulate a positive vision of change, finding ways to get back in synch with their clients that are also good for them."

Paul Lippe and Mark Chandler

Legal Transformation Study

co-published by Decision Strategies International (DSI) and Legal Research Center, Inc. (LRC)



