



12th BILETA Conference

The Future of Legal Education and Practice

Monday, March 24th & Tuesday, March 25th, 1997
Collingwood College, University of Durham

The Use of Teleworking Technologies by UK Law Firms

Nigel Armitage, Link (Legal Information Network), London and
Christopher Davis, Davis & Co, London

Keywords:

Law firms - Teleworking - Competitive Advantage - Link

Abstract:

There is a vast quantity of information technology which lends itself to teleworking within a professional legal practice, yet very few firms appear to have embraced it. This paper considers the communications technology available to lawyers and illustrates how, in a time of increasing competition and the globalisation of legal services, it can be used to gain competitive advantage. The authors focus on the widespread application of teleworking by City of London law firm, Davis & Co, including the use of a specific online communication and information system, *Link*. Davis & Co is the first, and currently the only City firm to employ teleworking extensively and, for this reason it makes a worthwhile case study. The paper concentrates on the commercial benefits of teleworking. It does not examine the social ramifications.

Introduction

The relatively recent advances in methods of electronic communication lend themselves particularly well to the practice of law. However, recent evidence shows that UK law firms have been slow to adopt the full range of new technologies in a comprehensive way. The benefits of using PCs, mobile telephones, networks, The Internet and online systems are gradually being accepted by law firms, as indicated by trends in expenditure in electronic communication-enabling technology, but whilst the technologies are seen in a positive light, their application is predominantly piecemeal.

This paper looks at the use of technology by the legal profession from the early 1980s onwards, including the growth in the application of PC technology, electronic mail systems, the impact of the Internet and world-wide web technology. The more recent development of video conferencing is also briefly examined.

The Historical Use of Technology by Law Firms

A study published in 1983(1) concluded that 'all solicitors now have a telephone' - a statement suggesting that, prior to that time, this was not necessarily the case! It is therefore not surprising to learn that not all firms today have computers.

This situation is changing, albeit gradually.

A survey of lawyers conducted in June 1996(2) gives some indication of the future by finding that 72 law firms were budgeting to spend nearly £2 million on information technology during the twelve months following the survey. The survey asked how much, as a global figure, lawyers were planning to spend on IT, and how much of the total sum would be spent individually on PCs, modems, printers, networks, Internet software, business software and personal software. Every respondent acknowledged that they were budgeting to spend a certain amount on IT, the lowest estimate being £500 and the largest £260,000. However, the results revealed that 82 per cent planned to spend between £500 to £112,500 on PCs: - on average about two fifths of the total budget.

A total of £31,450 was to be allocated to modems and the lowest anticipated expenditure of all was on Internet software. These figures compare with a total planned investment on printers of £122,350.

Overall, the survey shows that investment in key technologies required for teleworking is small. In fact, some firms intend to spend nothing at all on modems and Internet software. Having said this, although the results of the survey are interesting, one is left wondering for what purpose law firms intend to use the technology? The heavy investment in

printer technology over and above communications hard and software (modems and Internet software) would suggest a poor awareness of the benefits that can be achieved through the *comprehensive* use of electronic communications as a business tool.

What is Teleworking?

Teleworking has been given many different definitions. This reflects its novelty.

According to Stephen Simmons(3) teleworking 'is essentially communications-based flexible working.' He defines 'flexible working' as being 'independent of office formalities, office hours and office locations.'

British Telecom (BT)(4) says teleworking 'means different things to different people', but its definition is 'working away from your traditional workplace on a full or part-time basis and using telecommunications to stay in touch and do business.'

Both definitions assert that teleworking involves working from a location remote from the traditionally accepted office. The conventional view, perhaps, will be that this location will be interpreted as being the teleworker's home, or a building independent of their traditional office.

However, this need not be the case. With the emergence of new technology, teleworking can take place from any location, not just the home. The office is now as mobile as the individual worker. For instance, the use of a laptop or notebook computer which has access to the Internet and is connected to a mobile telephone, enables the user to communicate world-wide from any location - and that location need not be a building of any description - it could be a car, train etc.

Another relevant term is 'telecommuting'. Telecommuting, according to a pilot project at CSU, San Marco also has a number of interpretations - 'the substitution of technology for transportation'(5) or 'work that is independent of the employer.' (5) These definitions are clearly at odds with each other and only serve to show that in attempting to define terms in this area, one is presented with a myriad of potential interpretations. Many may see teleworking, telecommuting, flexible working and home working as being one in the same.

The authors' definition is:

'The use, in connection with an individual's employment, of electronic communications technology from any location, including that party's traditional place of employment, in such a manner that business benefits accrue over and above those achieved by traditional means of communication.'

In other words the essence of teleworking is found in the technology that enables remote communication, not in the location from where the communication link is made. For instance, a lawyer communicating from his/her office to a client by electronic mail and receiving communication likewise from the client, is teleworking.

The authors have found no published information relating to the number of law firms using teleworking methods. All we can infer from our qualitative assessment is that it is not being employed as extensively as in other industrial and professional sectors.

According to a survey conducted by Flexible Working magazine(6) in 1992, 13 per cent of organisations (not all lawyers) were already implementing teleworking. A subsequent survey by Small World Connections in 1993 reported that interest in teleworking was increasing with 37 per cent of a sample of organisations reporting some form of teleworking and 65 per cent planning some teleworking by 1995. In 1996, the number of organisations claiming to have teleworkers increased dramatically to 75 per cent, with 85 per cent of a sample predicting that they would be using teleworkers in the future(6).

Legal Information Network (LINK)

E-mail is the technology that is found to be the most useful. It is the speed of e-mail that people find most valuable, followed by the saving on paper, the ease of international communication and its effectiveness for reaching busy people.

The Legal Information Network - *Link*- is the most widely used dedicated form of e-mail for lawyers in the UK. It was launched in 1994 and is now the largest online system for lawyers outside of North America. With some 8,000 users the system is revolutionising the way in which many UK lawyers communicate. Based on free e-mail, conferencing and database of legal information, Link is largely a no-charge service - no registration fee, no subscription fee, and

approximately 80 per cent of its services are accessible to the end user at no cost.

Link is presently the only closed system exclusively for lawyers and associated professionals in the UK. It provides the highest standards of security and confidentiality demanded by the legal profession. Only approved members can access it; all they need is a computer, modem, and standard telephone line to do so.

Consequently, *Link* is an ideal 'intranet' for law firms, providing them with an internal electronic communication tool regardless of whether they are all in one office or at multiple locations. An e-mail message may be sent easily to any number of people in the organisation and documents can be attached to those e-mails, enabling multiple fee earners to input into it. Those documents can also be exchanged with clients.

Private conference areas can also be used to publish information on a particular topic relevant to the firm e.g. its marketing programme. This can be complemented by electronic discussion groups whereby anyone within the firm (or those given access to that discussion group) can ask questions or make comments and others can respond to them, the threads of discussions being displayed much in the same way as the script of a play.

The next generation of *Link* is based on Internet technology, with the system moving to become an Internet Service Provider (ISP), offering users the option of having full Internet access, local telephone numbers and an off-line reader and writer, while still providing a closed secure system .

The Law Firm's Service

Lawyers provide specialist services to clients in return for a fee. Like any other business, they seek to maximise profit. Typically, lawyers charge clients for the time they spend dealing with that clients' particular problem - the normal method of charging being by way of an hourly rate. Different situations and activities attract various charge rates. For instance, court advocacy generally attracts a higher charge rate than, for example, attendances on individuals other than clients.

It is becoming increasingly important for lawyers to increase chargeable time spent on client matters and at the same time reduce costs, since this will lead to increased profit. The latest survey by The Law Society, 'Trends in the Solicitor's Profession'⁽⁶⁾ reports a reduction in real income for all solicitors since 1991. In particular, gross fees per partner for the 1994-95 financial year were down by two per cent in five to ten partner practices to £74,000. The report goes on to conclude that while there is some evidence of improvement in the economy, both private and commercial clients are likely to remain more cautious, critical and cost conscious.

The lowest rate of charge is attributed to time spent travelling - which reveals how teleworking and services like *Link* can assist in increasing chargeable time - the ability to work 'on the hoof' with a laptop computer from a remote location such as a train or an aeroplane - means that the traditionally less lucrative travelling time can be transformed into chargeable time - in essence by creating a mobile office.

Competitive Advantage

Ohmae⁽⁷⁾ maintains that business strategy is all about competitive advantage and that a good strategy is one whereby any company, law firms included, can gain significant ground on its competitors at an acceptable cost to itself. He recognises four ways to achieve this:

- (i) Identify key success factors in an industry and concentrate resources in an area where the business can gain the most significant advantage over its competitors;
- (ii) Exploit an area in which the business has supremacy;
- (iii) Try and change the key success factors by challenging the ways in which business is conducted in the marketplace;
- (iv) Innovate by opening up new markets or by developing new products.

The experience of Davis & Co demonstrates how the innovative use of technology, and in particular the use of technology as part of a comprehensive teleworking strategy, substantially contributes to the achievement of these objectives.

Davis & Co and Teleworking

Davis & Co was established in 1993. From its inception it has been structured around the use of teleworking and the use of electronic communications technology is central to the firm's on-going success. It has grown rapidly to around 30 fee earners, most of whom have been drawn from the large City firms and handles individual client transactions in excess of a billion pounds. The firm focuses on highly specialised areas of practice to corporates, concentrating its expertise in such fields as mergers and acquisitions, Due Diligence, banking and compliance services. The widespread application of electronic communications significantly enhances its competitive advantage.

With the increasing concern of clients at the high cost of legal services, the firm looked at ways to streamline its operation. Expensive City premises to house its personnel were seen as unnecessary in an environment where technology liberated its people from traditional work practices. The personalised nature of so much of their work means that solicitors are ideally suited to operating on a teleworking basis.

Accordingly, every fee earner and most support staff at Davis & Co telework. A City office is only maintained for meeting clients and carrying out certain administrative purposes.

Business Benefits of Teleworking

The benefits of teleworking continue to manifest themselves beyond those originally envisaged and have been found to provide tangible advantages to:

- Clients
- The firm
- Its personnel

Clients

The benefits include:-

- **Improved quality of service**

- *Enhanced accessibility and speed of response*, through fee earners being available 24 hours a day, seven days a week. Teleworkers do not need to differentiate so distinctly between their business and personal lives, and are more likely to work after hours.

Indeed, Davis & Co is finding that teleworking is the best way to handle high pressure matters where long hours are required.

- *Higher efficiency and effectiveness* of fee earners (see Business Process Re-engineering)

- **More innovative services**

The use on a daily basis of communications technology continues to open the minds of the firm's personnel to new ways of delivering services to clients. For instance, the application of this technology has transformed Davis & Co's practice of Due Diligence; a critical service for clients investigating the legal affairs of businesses they are purchasing. Typically, it involves large volumes of information on the company being purchased. Davis & Co has developed a system which distributes this world-wide to clients and their advisers via the Internet.

- **Potential cost savings**

The savings in the firm's overheads (see Increased Profitability) are shared with the client, enabling Davis & Co to offer fees at rates typically up to one-third less than other City firms.

The Firm

Teleworking brings competitive advantage to the firm in a number of distinct ways:-

- **Differentiation.** Teleworking differentiates Davis & Co generically from other law firms. It catches people's attention and singularises some of the firm's services by featuring aspects of teleworking within that service, for

instance, Due Diligence, which operates globally through the linking of Davis & Co's personnel abroad.

- **Increased profitability.** Davis & Co's overheads (excluding personnel) are 17 per cent of turnover, compared with the norm of 35 per cent.(8) Areas of saving extend beyond premises to other areas affected by the inevitable business re-engineering that accompanies teleworking (discussed later), such as the reduction in support staff. These savings enable the firm to offer clients lower fees while the firm also enjoys higher than average profitability.
- **Improved adaptability to the business environment.** Davis & Co has found that teleworking:-
 - *Improves responsiveness to change.* Teleworkers are not cloistered in an organisation and operate in an environment more conducive to external interaction and influence.
 - *Lowers costs of growth.* The addition of personnel is not accompanied by the associated costs of premises.
 - *Enables more flexible organisational structures.* An organisation, such as Davis & Co, which operates an office that is a temporal concept rather than spatial, inevitably experiences a difference in the interaction of its personnel and must structure itself accordingly. Unlike most law firms, Davis & Co operates on the corporate model and is incorporated rather than a partnership, with its top management comprising a mix of lawyers and other disciplines. This reflects the conscious empathy of the organisation with the business community in order to better understand their needs.

Increased Productivity

Studies by other organisations, supported by the experience of Davis & Co, indicate that teleworking leads to:-

- *A 10-15 per cent increase in hours worked.* This is due to the savings in time and energy attained by not having to commute. Teleworking also helps to transform the concept of work from a chore to the expression of the worker's vocation.(9)
- *A 25 per cent increase in productivity* - due to greater concentration (quieter and more pleasant environment, with fewer interruptions).(10)

Business Process Re-Engineering

The competitive environment of the legal sector in Europe is becoming increasingly intense. Accountancy firms and US law firms are already introducing new methods of operation, such as systematising tasks so that computers and more junior personnel can undertake them at lower cost to both the firm and the client.

This type of business re-engineering is sweeping through other areas of the service sector, such as banking, and the legal profession is likely to be next.

Davis & Co's personnel already find that new techniques in working improve their effectiveness and efficiency. For instance, keyboard skills dramatically improve the performance of a lawyer. This has significantly reduced the ratio of secretaries to fee earners. Legal research is being revolutionised from the manual search for material to the increasing supply of information online and on CD ROM.

As market forces alter the form of delivery of legal services, the expected pressures for change will not be limited to work processes. Client demands are likely to be affected greatly by the telecommunications and information technological revolution, with the possibilities for electronic expert systems by lawyers being endless. Davis & Co has begun to meet this challenge with an electronic self-audit programme which an organisation can use to assess the effectiveness of its environmental management. Similarly, other solicitors are likely to focus their skills on specialist high value services leaving many routine legal services to be handled online or by CD-ROM, at a fixed price.

Benefits to Personnel

Teleworking increases self-management by personnel and offers tangible rewards to them, such as:-

- **Lower stress levels.** The experience of Davis & Co's personnel is that teleworking reduces stress significantly and enables them to cope better with the daily pressures of working life. This correlates with surveys conducted by National Westminster and BT which examined the effect of teleworking on BT directory operators.

- **Control over working time.** A teleworker has greater choice over when to work.
- **Less conflict between personal and business life.** High work pressure in the legal profession means long hours, and this creates tension between business obligations and private life. Through the close proximity of one's family and work, a teleworker increases his or her flexibility to meet the demands of both.

How Davis & Co Operates Teleworking

Typically, the equipment that teleworking personnel at Davis & Co use includes a personal computer, printer, modem and facsimile machine. The total purchase price is around £3,500 ex VAT.

Inexpensive telephone systems with patching facilities have been introduced, enabling calls to be received at a central office and then patched through to branch offices or teleworkers' private offices. Davis & Co uses such a system to provide a seamless service to clients. Solicitors at different sites can organise conference calls with a number of parties using the system. Remote working may eventually be enhanced by video communications, given that the costs of this technology is falling every year.

At the heart of the Davis & Co's exchange of written documentation is its e-mail system provided through Link. This allows solicitors to pass the same documents back and forth before sending them to the client. Clients are also linked into the system, enabling a more rapid exchange of documentation. Whereas the cost of establishing an intranet in an organisation, particularly one with multiple locations, is usually an expensive exercise, Link provides an intranet with a broad range of features which is immediately operational at no cost.

In addition, fee earners use Link's online information services and discussion forums to keep abreast of developments in the law and to undertake research. Among a number of added-value services there are daily updates on the latest legal news (*Legal Times On Line*) prepared by trained legal journalists, access to a searchable database containing thousands of full judgment transcripts online, articles from legal magazines on a wide range of subjects, and approximately 60 public discussion areas. The majority of these services are accessible at no charge.

The Internet

According to Delia Venables(11) there are some 120 UK law firms with world-wide web pages on the Internet. However, the authors believe most business people including lawyers still find the Internet confusing.

Presently, the majority of firms are using this relatively new medium to advertise their legal services and to raise their company profile, both nationally and internationally, although firms such as Merriman White(12) are also using the Internet to actively sell legal services to clients world-wide.

London firm Jeffrey Green Russell claims to be the first UK law firm to have a world-wide web site established in September 1994. It sees a number of benefits from its presence on the Internet(13);

- A shop window on the world - the firm believes that 'the web will become the first port of call for people requiring more information about a law firm, for example potential clients and recruits'.
- A statement of the firm's technological capabilities and culture differentiating it from firms not equally committed to new technologies;
- A place to meet and interact with interesting people;
- A way of communicating with clients and a wider audience in new ways;
- A means of expanding its market beyond traditional boundaries of time, geography and competition;
- A tool to reduce operating costs associated with global communications.

In essence, Jeffrey Green Russell is using the Internet as a global communications tool.

An aspect to the Internet which is largely neglected by UK law firms is the ability to search for business information

world-wide. Not only is this generally a cheaper way of locating information than traditional methods such as hard copy and telephone enquiry, but it can also form part of the practice's market intelligence, helping it to keep abreast of developments in competitor firms.

As a result of the relative low cost of having a presence on the Internet, as against the cost of, say, producing a hard copy corporate brochure, the law firm will see a reduction in costs, which help contribute to increased revenue.

The ability to upload online forms and questionnaires to world-wide web sites should assist new business development. An example of this is the pro bono work being advertised on the world-wide web site of Tyndallwoods solicitors.(14) Here one is presented with a form which has to be completed by the Internet user as part of the process of receiving free legal advice from the firm. The interactive questionnaire therefore gives the firm important information about the client - and the fact that they are now in a position to possibly turn free legal advice into chargeable advice the next time the client seeks 'cyber legal advice'.

Video Conferencing

Conferencing is 'the process of linking individuals or groups using audio or video telecommunication systems, and enables interactive communication between people at two or more geographically separate sites'.(15) The type of interactivity can be either one-way video with two-way audio, or two-way video with two-way audio'.(15)

An indication of things to come in the use of video conferencing, to save travelling time in particular, is seen in a system proposed by the High Court. A pilot scheme is shortly to be introduced enabling solicitors to make applications to the Queen's Bench by video conference. The scheme aims to 'save expensive and time-consuming trips to court'.(16) The project is being funded by The Bar Council and is due to run from 1 February to 26 March 1997 and will initially be used by lawyers on the Northern Circuit - making their applications no more expensive than for those of lawyers whose practices are in London.

One of the leading providers of video conferencing systems is Intel with its *Proshare* range of systems which can be used as a business tool in a number of ways, not least of all to discuss on-going matters and hold face-to-face meetings, all from remote locations, to get immediate feedback on documents and contracts, and for lawyer and client to jointly draft documents in real-time. Intel claims that use of its systems 'cuts 20 to 30 per cent of travel and related expenses in law litigation'.(17)

With prices in the US set at around \$1235.00 through to \$4375, video conferencing systems are not cheap.(17) Add to this the cost of an ISDN line at around £40.00 a month,(18) most law firms would be unlikely to invest so heavily in what is a largely untested and immature product.

For the immediate future video conferencing will continue to be too expensive. Moreover, it is often reported as having no atmosphere, which makes it less attractive as a means of communication.

Conclusion

The strategic use of mobile electronic communications technology can substantially contribute to a law firm's profit in today's competitive market place for legal services. In particular, the leading online system used by the UK legal profession, Link, has been proven to be a cost effective, efficient technological innovation that can lead to competitive advantage. This is demonstrated by Davis & Co - Link is at the core of an organisation-wide teleworking strategy that has brought tangible benefits to the firm, its staff, and its clients in terms of increased profitability, increased productivity, and an adaptability to the law firm's business environment.

Other important teleworking technologies that can contribute to competitive advantage include the Internet and video conferencing. In particular, the former is being recognised as a relatively low cost national and international marketing and promotional vehicle by law firms. It is also an efficient means of locating timely accurate information on a myriad of topics as well as a means by which to remain abreast of developments in competitor firms. Although not a widely used tool by the UK legal profession, the benefits of the Internet are becoming more apparent as public perception of this relatively new medium is heightened. Conversely, video conferencing is a very recent development and the business benefits, if any, of using this costly technology are yet to be put to the test by the UK legal profession en masse.

More training and experimentation is needed if law firms are to get the most out of electronic communication. Meanwhile, take-up is likely to remain patchy while traditional systems and work practices are allowed to run in parallel.

The eventual shift to the widespread application of electronic communications in law firms will most likely occur when the next generation of computer literate solicitors attain middle and senior management positions. Until then, there will

continue to be many cases where senior managers authorise the use of the new technologies but do not learn how to use them. The scope for more multi-disciplinary partnerships may accelerate things, especially where accounting and management consultant services are involved.

Notes

- 1 *Study of Lawyers & Office Technology*, National Law Library 1983.
- 2 *On-Line In Print*, June 1996 p1.
- 3 *Flexible Working*, 'A Strategic Guide To Successful Implementation And Operation'
- 4 BT at <http://btlabs1.labs.bt.com/innovate/telework/index.htm>
- 5 *California State University, San Marco*, 'Telecommuting Pilot Project' world-wide web site at http://www.csusm.edu/projects/Telecommuting_Pilot_Project/what/def.html.
- 6 *Flexible Working* 'Teleworking in the UK 1996', 4 May 1996.
- 7 Ohmae, K 'Getting Back to Strategy' *Harvard Business Review* November-December 1988.
- 8 Coopers & Lybrand 'Financial Management in Law Firms'
- 9 *Financial Times*, 7 June 1995
- 10 *Financial Times*, 7 June 1995
- 11 Delia Venables' web site at <http://www.pavilion.co.uk/legal/welcome.htm>
- 12 Merriman White's world wide-web site at <http://www.ukbusiness.com/merrimanwhite/>
- 13 Tyndallwoods world-wide web site at <http://www.demon.co.uk/tyndallwoods/>
- 14 Open Learning Technology Limited's world-wide web site at <http://www.oltc.edu.au/>
- 15 *The Lawyer*, 7 January 1997.
- 16 Intel's world-wide web site at <http://www.tekaccess.com/>
- 17 Visual Connections Corporation's world-wide web site at <http://www.vconnect.com/>
- 18 New York Consulting Group's world-wide web site at <http://www.nycg.com/proshar.htm>