

Business & Careers

Hosted solutions shift expenses away



Luigi Benetton
Hi-Tech

This is the second instalment in a two-part series in *The Lawyers Weekly* offering basic advice to law firms that want to make cost-effective technology decisions.

This time, we'll look at hosted solutions. Businesses of all stripes use applications and data storage outside their own (fire)walls, and law firms are no exception.

"Most law firms want to focus on their core business, not on having a massive IT department," says Dominic Jaar, national leader, information management and e-discovery at KPMG, listing some key benefits of hosted solutions including a larger selection of options, reduced in-house IT costs, tighter security than most law firms can implement, and better functionality than many firms could otherwise afford.

Capital v. operating expenses

Jaar notes the heavy capital-expense load in-house solutions require up front, from hardware to licences, upgrades, support, backups and so forth.

"The speed at which technology evolves means you'll be back shopping in three to five years," he says.

Hosted arrangements shift the capital-expense workload to the solution provider. They also shift the costs to operating expenses, for which it's easier to budget.

In some cases, firms can pass on those expenses to clients as disbursements. For instance, firms can set up user-pay environments. At his previous company, Jaar would use SharePoint to create an extranet for each client. Clients appreciated the ability to access working files for a minimal monthly fee, for which they were billed.

Thanks to those bills, those environments did not linger long after engagements ended. Clients would ask Jaar to put an end to the expense when they no longer needed the tool. Jaar would have them archive their documents and take any other steps required before terminating the extranet.

Hard costs aren't the only ones Jaar externalized. He informed clients up front that a third party would host their data, but the learning didn't end there.

"In my environment, clients



4X-IMAGE / ISTOCKPHOTO.COM

needed to create an account in SharePoint," Jaar explains. "To do that, they reviewed and accepted terms and conditions of the hosting provider I used."

Clients thus educated themselves on the tools to be used, saving Jaar the effort.

Computing as a service

When clients approach him to refresh their computing equipment, Sheldon Waters introduces them to the idea of hosting their entire computing environment.

"Think of computing like you think of cable TV," says Waters, president of DSM Computing Solutions.



“

The speed at which technology evolves means you'll be back shopping in three to five years.

Dominic Jaar
KPMG

He pitches the idea of hosting all applications and data on his company's servers, creating a private, secure and fully backed-up environment. The law firm's computers become mere workstations connected to their work via the Internet.

town Toronto, whether he uses a mobile carrier's USB stick-based solution or pairs his computer to his phone. As a result, he copies required documents to his notebook before going to court.

Meanwhile, there is the issue of server location. Canadian

lawyers who want to use services hosted outside their firewalls need to make sure their data and their clients' data stays in Canada. Fortunately, business-grade hosted services are spreading throughout the country. Even Microsoft joined the market this spring when it announced it would base two new data centres in Canada.

Policies and training

Law firms can be as loose or restrictive about how staff uses equipment, but it's wise to implement usage policies people understand.

Waters suggests policies that cover the basics, including password usage, safe computing, prescribed computing (sticking to a computing regime that works reliably), and compliance with law society and client requirements.

Law firms can improve staff compliance with their policies not just by training staff but also allowing frank discussion about the rationale behind those policies.

Sometimes, that isn't enough. Malware like CryptoLocker continues to hit computers worldwide thanks in part to people clicking things in e-mail that they shouldn't. Security suites and spam filters don't always catch such e-mails and when the wrong links are clicked, the consequences can cripple computers.

To help clients prevent such problems, Waters offers a different educational approach. His company can send phony e-mails to employees of his customers. If they click links in these e-mails, they are told right away that they should not have done so, then are obliged to watch a video training session that educates them about the issue.

"That's the level we've had to go to, to protect our customers," he says.

DIY v. outsourced support

Car owners commonly ask for recommendations to good mechanics, yet some lawyers hesitate to take on the expense of outside technical support. The reluctance is easy to understand if, for instance, a firm just started up, its lawyers are tech-savvy and billable hours don't fill their days.

When the billable hours arrive, lawyers earn more than the market rate for technical support. The profit maximization argument says it's time to let go of DIY support and keep the technical tinkering as an off-hours hobby.

Outside support can save lawyers money in other ways. Feldstein scored a 45 per cent discount on seven notebooks (each one cost \$1,500 after the discount) thanks to his long-time IT support consultant telling him about a two-day sale he would not have heard about otherwise.

Jaar respects arguments for outsourced support, but he points out a catch-22.

"You would outsource IT support if you don't have the knowledge to do it yourself, but this means you probably haven't encrypted your data before giving it to a service provider, and you may put your client data at risk," he says.

Subscribe to
**THE LAWYERS
WEEKLY**



www.lawyersweekly.ca/subscribe

LexisNexis