Transforming the law firm’s document workflows for improved efficiency, compliance and reducing expenses.
Executive summary

Transformation of the legal profession into a digital business promises new levels of quality, productivity and profitability. But despite law firms’ investments in technology to improve workflows, increase collaboration and meet staffing challenges, documents remain a leading source of expense, inefficiency and risk. Many law firms cannot consistently create and manage documents without incurring errors, delays, security lapses or unrecovered costs.

Multi-function printers (MFPs), desktop and notebook computers, mobile phones and tablets are all touch points in the modern collaborative process for document creation, access and sharing. But they are also points of vulnerability where firms could find themselves out of compliance with regulatory requirements that apply to them. Clients’ or other individuals’ legally protectable information is at risk every time a matter-related document containing it is created, scanned, copied, printed, faxed or emailed. In outsourcing work to gain efficiencies, firms have increased the number of touch points.

Some firms try to reduce document costs by application of less expensive resources to administrative tasks, but this only masks the reality that a firm may not be reducing the actual time spent accomplishing critical tasks. The firm may in fact be increasing the overall complexity and time spent on a matter. This is frequently the case in creation and handling of PDF documents, where many firms are paying for software features they never use or not getting all the capability they need, such as easily adding comments, redacting content or extending access to documents to all in-house or virtual staff in full compliance with data governance.

And finally, alternative billing methods are putting pressure on firms’ ability to recover costs directly, while the steady increase of printing and scanning—in place of copying and faxing—introduces untracked and unbilled methods of working. Regardless of billing approach, firms need a way to capture, understand and profitably recover the costs of document research, collaboration and publication.

Nuance helps law firms large and small gain control of document processes and their related costs to drive productivity, ensure compliance and enhance profitability.

Firms do not have documents under control

As important as documents are in the practice of law, documents continue to be a source of problems for law firms. The ABA’s 2011 Profile of Legal Malpractice Claims provided perhaps the best evidence that law firms have yet to solve their document challenges when it found that the activity generating the most claims against firms was preparation, filing and transmittal of documents.

But before a firm’s document handling impacts client service to the point of malpractice, poor document processes impact the firm itself, in unnecessary inefficiencies, security and compliance risks, and unrecovered but billable costs.
Searching for the promised efficiency of collaboration

Document management systems (DMS) were invented for law firms, where their use is nearly universal. Yet many firms are not fully realizing the efficiencies that a DMS can deliver.

In the International Legal Technology Association’s (ILTA) 2014 Technology Survey, 66% of firms said they are not using any significant third-party add-in for their DMS to help generate a matter-centric workspace or folders or to further enhance the DMS platform. Translation: the workflow to move documents in and out of these systems to organize, navigate, collaborate, and publish them is dependent on staff knowledge, experience and process. That takes time that could be vastly improved with the right software middleware or add-ins to make the system more automatic, faster and secure.

Inefficiencies also arise when law firms’ business processes don’t support all the devices people use or when those devices can’t connect directly to the document collaboration systems in an intelligent way.

Firms could reduce inefficiencies such as these by automating the manually intensive processes of getting information off of paper documents or out of email, into the DMS, and then routed in digital form automatically to the correct client-matter folders, the attorneys who need them or other appropriate destinations.

Striving to maintain security and compliance

Critical to the practice of law is protecting and holding confidential every client’s most sensitive, private and personal information. It’s good business, a requirement under the ABA’s Model Rules of Professional Conduct, and it’s the law.

Since 2013, the Health Insurance Portability and Accountability Act (HIPAA) Omnibus Rule has required “business associates” of healthcare providers, insurance companies and other HIPAA “covered entities” to maintain the same safeguards for patients’ protected health information (PHI) as those entities themselves. Law firms with such organizations or individuals as clients are business associates and subject to the law.

Similarly, the Federal Gramm-Leach-Bliley Act requires law firms with financial sector clients to protect any individual’s non-public information (NPI) or personally identifiable information (PII) that comes into their possession. The penalties for non-compliance include monetary fines and even imprisonment for the most serious criminal violations.

The compliance challenge for law firms is that the threats to their information come from all directions.

For starters, paper is inherently insecure. In one of the most egregious cases reported by the Privacy Rights Clearinghouse, Houston sheriff’s deputies recovered from a dumpster 32 boxes containing thousands of documents including financial records, medical files and Social Security numbers of a Houston law firm’s clients.
Replacing paper documents with digital versions does not eliminate the risk of exposure. In some ways, it increases it. The FBI has warned law firms that cybercriminals see them as an attractive pathway to clients’ data. The data forensics firm Mandiant estimated that 80 of the top 100 U.S. law firms in fact suffered some type of malicious computer breach in 2011. While malicious or criminal attack was the leading source of large data breaches worldwide in 2013 (at 42%), the Ponemon Institute’s Cost of Data Breach Study found human error to be the second largest source, at 30%. That includes mistakes or lapses leading to theft or loss of portable devices such as laptops, tablets, smart phones and USB drives containing individuals’ personal information.

Breaches such as those are, unfortunately, too common among law firms. For example:

– 200 laptops were stolen by a former employee of a Palo Alto, California law firm.

– An employee of a Baltimore law firm lost a hard drive containing medical records, insurance information, Social Security numbers and other data on patients who were suing a physician at a regional medical center.

– A computer purchased at a South Texas pawn shop was found to contain personal information on hundreds of clients of a state representative’s former law firm.

Finally, the risk of information exposure comes from within the firm itself, as security vulnerabilities and potential compliance breaches exist at every information touch point. Analog fax machines lack controls or activity logging, making it too easy to send faxes to wrong numbers and have that error go undetected. Unsecured digital MFPs can be used to make unauthorized copies or scans. In the absence of automated encryption and file destination control, client information can be accidentally or intentionally emailed from these devices to unauthorized addresses. Printing of matter-related documents to shared MFPs risks exposure of sensitive information in papers left sitting in the output tray or picked up by the wrong person. Documents stored in the MFP’s hard drive could be improperly printed out or copied onto a USB stick. Email addresses, network and user IDs and even passwords stored in the device’s memory can be accessed by someone with the right skills.

If law firm CIOs aren’t fully aware of these risks, the government certainly is. That’s why a security risk assessment tool prepared by The Office of the National Coordinator for Health Information Technology (ONC) includes copiers among the types of workstations on which HIPAA-covered information must be protected with administrative, physical and technical safeguards that authenticate users, control access to workflows, encrypt data handled on the device and maintain an audit trail of all activity.

While firms told ILTA that security and compliance are among their top five concerns, too many firms are not yet fully securing all of their data processes. Over one-fourth are not encrypting communications, fewer than one-third use multifactor authentication to control access, almost half permit unrestricted loading of data to network drives, and just over half use ethical wall protection.
There’s no doubt that security gets stronger when users get it right. But the only way to protect data at rest, data in motion and data in use is with a system that combines enforced but unobtrusive user authentication and authorization with automated encryption, destination and output controls and audit trails. That’s how the modern law firm assures the integrity of client-matter information wherever paper is required and on whatever device information is accessed or transmitted.

The cost of not tracking all document related activities

Law firms’ bottom lines are being negatively impacted by one unintended consequence of the legal profession’s digital transformation: digital technologies, in particular MFPs, have changed some common law firm workflows from processes that have always been tracked and billed to those that are not.

As a result, cost recovery revenue in law firms is declining even though client reimbursable costs may be increasing. For example, printing continues to replace copying, as print volumes were up at 44% of firms and copy volumes were down at 56% in the latest survey by Mattern and Associates. Scanning volumes were up at 43% of firms, both as scanning to email replaces faxes and as firms increase their in-house scanning into their DMS or litigation support systems. But even though the vast majority of firms charge for copies, different surveys find only half to three-quarters of firms charging for prints and even fewer charging for scans. Neither are all firms billing for online research, even when costs can be defensibly related to a client matter.

One estimate suggests firms lose up to $16 per day per attorney in unrecovered costs. For a 50-attorney firm, that’s nearly $200,000 per year. In the AMLAW 200, ranging from 150 to 4,000 attorneys, the unbilled costs could be staggering.

Client resistance is certainly one reason that firms do not bill not all internal “soft costs.” Partners may be uncomfortable charging for the 45% of printed output that’s discarded after being looked at just once. Even so, if a firm is trying to include these costs within its fees under an alternative billing model, the only way to devise a better, more appropriate billing model is by understanding where and how these costs are being incurred.

It’s especially important to understand that these costs are not all overhead. If a law firm can bill clients for the invoice-supported “hard cost” of a vendor scanning tens of thousands of documents, why should scanning the same volume of matter-related paper become unbillable if the firm does that in-house? Or, if a firm can unquestionably charge for 25 sets of a 100-page filing when an employee loads the originals into the MFP and presses COPY, why do those same 2,500 pages become unbillable overhead when the same employee opens the document on a computer and clicks PRINT?

Whether print and scan costs are itemized and billed or rolled into fees, the only way firms can be fairly compensated is by capturing all of this activity so they can gain visibility into print and scan volumes, determine actual costs, assign output to client matters, and decide how best to charge.
An integrated solution for increasing efficiency, security and profitability

Nuance helps law firms large and small gain control of document processes and their related costs to drive productivity, ensure compliance and enhance profitability. Nuance Legal Solutions balance automation, accessibility and ease of use to transform input from computer files, paper or the spoken word into intelligently formatted, searchable and editable documents. At the same time, Nuance adds a layer of security and control to electronic information and the output of documents, assuring the integrity of client-matter information wherever paper is required and on whatever device information is accessed or transmitted.

Replacing manual processes with secure and automated workflows, Nuance enables firms to:

– Centrally manage document capture, routing, access and output across all devices.
– Assure only authorized users can access specific devices, applications and resources from within and outside the firm.
– Maximize recovery of billable expenses with fast and easy client-matter ID look-ups, transparent print, scan and copy tracking, and automatic billing data transfer.
– Lower the total cost of IT ownership by consolidating systems and extending longevity.

No wonder Nuance scanning, print management, cost recovery and speech recognition solutions were the leaders in their respective categories in the 2014 International Legal Technology Association Technology Survey.

Capture and route documents efficiently and accurately

Nuance scanning solutions automate paper-to-digital workflows, enabling legal professionals to scan, capture, process and accurately route documents right from the copier. Based on natural, intuitive interactions, Nuance solutions deliver an efficient and productive experience. Plus, cross-platform and multi-vendor compatibility allows seamless deployment into any back-end system and across all MFPs, printers, desktops and mobile devices.

Complete and compliant matter-centric workflows such as scanning directly to the DMS, litigation support, or court systems requiring PDF/A can be performed at the MFP, easily invoked through a single button or selection from a pick list. Plus, support for familiar drag-and-drop means any workflow available at the MFP can also be performed on the desktop. Documents printed from the user’s computer or mobile device can be securely released at any networked MFP. Data on all usage is captured for audit and potential chargeback.
Just as important, with Nuance Legal Solutions law firms no longer need to choose between cost and functionality when selecting PDF. Nuance provides all the capabilities legal users need at a cost that makes it affordable to enable PDF creation and sharing at every desktop. Nuance boosts productivity and accelerates workflows with simple yet powerful document review, such as comments, stamps, redactions and highlights added in only a few clicks. Support for cloud-based collaboration systems allows authorized in-house or virtual staff to access documents anytime, anywhere through the web or mobile devices.

**Increase security and assure compliance**

While the Nuance solution streamlines document creation, capture, collaboration, routing and storage, the only way documents containing legally protectable information can be scanned, copied, printed, emailed or faxed within regulatory compliance is under a system incorporating technological security and authentication. Nuance Legal Solutions meet all of the requirements for assuring the security, integrity and confidentiality of clients’ information:

- **Authorization** – Password- or smartcard-based authentication assures that only authorized staff can access specific devices, network applications and resources. Network authentication is seamlessly integrated with document workflow, to ensure optimal security.

- **Authentication** – User credentials must be verified at the device, by PIN/ PIC code, proximity (ID), or by swiping a smartcard to access documents. Once users are authenticated, the solution applies rules and permissions to control what they can do on an MFP. Temporary PIN numbers allow firms to offer visiting clients or workers from other offices the convenience of printing, copying or scanning on select devices.

- **Encryption** – Communications between smart MFPs, the server and allowed destinations are encrypted to ensure documents are only visible to users with proper authorization. Nuance Power PDF Software provides fully encrypted password protections and digital signatures to secure PDF documents.

- **File Destination Control** – Predefined workflows, fax numbers and email addresses assure documents are sent to allowable and correct destinations. A complete audit trail captures all MFP and document activity.

- **Secure Output** – When documents need to be printed, Nuance prevents exposure of sensitive information by holding print jobs in a secure print queue and not outputting them until the user signs in at the printer and selects the specific documents to output.
Enhancing cost recovery for a healthier bottom line

Nuance Legal Solutions help firms maximize their recovery of copy, print and scan costs by capturing all document activity; accurately allocating all output to the correct client matters; and effortlessly administering a firm’s pricing policy, no matter how complex. Nuance centralizes a firm’s print, capture and cost recovery systems to create one robust solution. Already in use at two-thirds of all law firms (according to the ILTA 2014 Technology Survey), Nuance solutions give firms a more accurate view of their entire business, so they can manage expenses, improve workflows, eliminate print waste, and strengthen the bottom line like never before.

Besides automatically tracking and allocating all billable client expenses, Nuance allows firms to enforce internal rules to reduce total print volumes and costs. They can require duplex (two-sided) printing for certain documents, prohibit use of color, or show the user alternative job costs, helping to encourage better print choices. All of this is particularly valuable at firms that need to include print costs within client fees. One large firm that was not yet charging for prints used Nuance print management software to capture and quantify all of its printing then ran what-if scenarios comparing the potential revenue if they billed various fractions of it.

Integrations with all leading time and billing systems allow firms to increase cost recovery without changing the way they work. Automatic routing of exceptions and simplified transaction editing increase the speed, completeness and accuracy of expense chargebacks.

Conclusion

In an industry where documents are the lifeblood of the business, a careful application of security and efficiency technology can bring immediate and measurable improvements to the bottom line. Nuance is a leader in helping firms realize all the benefits of today’s digital technologies. Nuance’s Legal Solutions efficiently and accurately transform input from computer files, paper or the spoken word into intelligently formatted, searchable and editable documents. They streamline operations and at the same time allow firms to seamlessly track billable activities for chargeback to clients. In these ways and more, Nuance Legal Solutions drive productivity, improve compliance and enhance profitability.