International Legal Technology Association

InsideLegal.com

2010 ILTA MEMBER TECHNOLOGY PURCHASING SURVEY OF LAW FIRMS WITH 50+ ATTORNEYS

This June and July, ILTA, in co-production with InsideLegal, developed and administered the annual InsideLegal/ILTA Member Technology Purchasing Survey. The 2010 survey marks the fifth edition of this joint ILTA/InsideLegal collaboration, and with 18% of qualifying member firms responding, garnered one of the highest participation rates to date.

The annual survey includes all of the categories covered in past years, but has been enhanced to include more detailed breakouts of technology purchases; updated economic recovery and budget questions; new information on participants' social media, professional association, and event preferences; a more in-depth analysis of cloud computing; and a new section on collaboration and technology outsourcing. The 43 question, web-based survey was distributed to approximately 610 firms, ranging from 50 to 3,000 attorneys, and yielded 109 unique firm responses.

Notables and Quotables in 2010

- Overall firm technology spending as a percentage of firm revenue is still down, but slowly rebounding.

- In 2010, 33% more firms indicated technology budget increases vs. 2009. Firms with growing tech budgets cited an average increase of 11%.

- 45% reported their firms are already back to normal financially, while only 6% indicated it will take another 12+ months (compared to 45% in 2009).

- 2009 legal tech implementations were focused on 'bread and butter' hardware and IT infrastructure projects.

- It's a Microsoft world with Office upgrades being a 2010/11 technology priority for 43% of all respondents.

- In addition to the popular ILTA publications, CIO Magazine, Law Technology News, Information Week and Computerworld are among the favorite ILTA member reads.

- Internet research was cited as the 3rd most popular influence in terms of aiding IT purchasing decisions.

- 17% indicated implementing a cloud strategy, up from 9% in 2009.

- 49% utilize SharePoint internally, while only 24% use it as a collaboration tool for client and other external communications.

- 69% of all survey respondents were offered vendor discounts last year and nearly as many mentioned receiving incentives for buying in tough times.

EXECUTIVE SUMMARY

84% of all responses came from the U.S., with the remaining 16% originating from Canada, the U.K., Australia and Brazil. The 2010 survey revealed notable findings relating to IT purchasing patterns; budgets; decision making and influences; future technology trends; and to what extent legal IT has recovered from the economic downturn. The analysis also included more insight into who is signing off on purchases (and why); the role the legal/technology press plays in the technology education and selection process; which collaboration tools firms are embracing to communicate internally and with external audiences; and how far along ILTA firms are with cloud projects.

Budgets & Approvals

As first experienced in 2009, this year's overall firm technology spend is still down considerably. 60% of respondents revealed they spend between 2-4% of total firm revenue on technology (down 8% from 2009) and a larger group than last year indicated spending less than 2%. While this depicts conservative budgeting, 18% of firms are spending between 5-10% of revenue on technology, a 3% increase over what we saw last year. While annual technology spend per attorney is also decreasing, overall IT budgets, when compared to the doom and gloom of 2009, are looking downright rosy. This year, technology purchase power has seemed to shift away from C-Level Executives to IT Directors/Managers (10% increase from 2009) and Firm Administrators (16% increase from last year). In terms of identifying the source of technology requests, IT, attorneys, and Administrators top the list, with the finance department joining them in fourth place this year. For finance, this substantiates its role in technology purchasing, especially in the realm of financial management, business intelligence, and budgeting.

Technology Purchases

Judging by the frequency and type of technologies implemented by surveyed firms in 2009, the focus was on core hardware and IT infrastructure, similar to what we saw in 2008, but on a much more conservative scale. Intriguing is what did and didn't happen last year in terms of implementations, with the highly anticipated demand for operating systems and Microsoft Office upgrades never being realized. With that said, future Office upgrades are a priority, with 43% of all respondents planning 2010/2011 implementations. In terms of gauging the most popular tech purchases made in 2009, the focus stayed with core technologies such as essential hardware and peripherals. Favorites fell into the desktop/laptops category and included anything from new PCs and notebooks to new LCD monitors.

Media Preferences

According to 2010 survey participants, the favorite legal/technology publications remain ILTA's Peer to Peer quarterly membership magazine (92% readership) and ILTA whitepapers (79%). Computerworld (37%) and InfoWorld (15%) were notable additions to the publication roster increasing the proliferation of general technology publications. Several publications enjoyed noticeable readership increases among survey respondents including the U.K.'s Legal Technology Insider, ABA LPM's Law Practice Today webzine, as well as the ABA's membership flagship magazine ABA Journal. In terms of blogs, readership continues to rise, while blog content is still very mixed between aggregated legal technology news, product and gadget reviews, and trend analyses and industry commentary. In terms of web 2.0, podcasts are not popular among legal IT respondents and LinkedIn remains the overwhelming social media tool choice for professional use.

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One-third of all 109 participants, originated from firms with 100-199 attorneys.

Purchase Influences

While the top two sources for product buying decisions - IT recommendations and peers (other firms) - are consistent with 2009, internet research was the 3rd most popular source compared to its #9 ranking last year. In addition, consultant recommendations and sales rep demos were down as purchasing influences.

Cloud(ed) Realities

It's no surprise that cloud computing received the most mentions for exciting new technology (followed by the iPad and virtualization). Along these lines, since 2009, more firms have added cloud computing to their IT roadmap and 17% indicated currently implementing a cloud strategy. Email is the top cloud service respondents are looking to deploy followed by case and practice management functionality. In terms of cloud concerns, firms are worried about security, data stability, lack of executive buy-in for cloud projects, and potential legal concerns related to cloud service level agreements (SLAs).

Collaboration & Outsourcing

This newly added section focused on better understanding how ILTA members are using collaboration tools to not only communicate more effectively internally but also externally with clients and partners. While SharePoint is being used internally to collaborate, the same cannot be said externally, with SharePoint deployment being much lower. Surprisingly, 25% of respondents don't use any standard collaboration tool to interact with clients. In terms of technology outsourcing, respondents indicated a broad array of outsourced services including web design, user support/help desk as well as application development, application maintenance (e.g., printer repairs), and training.

IT Challenges & Economic Realities

Legal IT faces many 'game changing' challenges led for the third consecutive year by e-mail management and staffing. Based on 2009 economic realities, technology vendors offered 69% of the surveyed ILTA members discounts and 60% special incentives for buying in tough times. 20% even offered free services.

PART I - FIRM DEMOGRAPHICS

What is your firm size?

Of the 109 responding ILTA member firms, one-third (yielding the largest response) came from the 100-199 attorney segment. While this 6% gain vs. 2009 was the biggest of any segment, the 200-399 attorney category (18%), declined 4% from 2009. The largest (400+) and the smallest (50-99) firm participants proved stable with comparable response rates to 2009.

400+ attorneys 21%

50-99 attorneys 28%

200 - 399 attorneys 18%

100 - 199 attorneys 33%
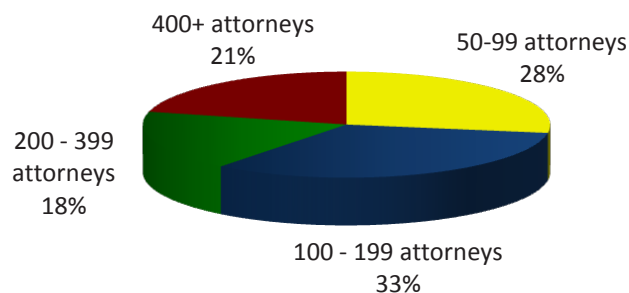
84% of all respondents come from the U.S. , 8% from Canada and 8% from overseas including the U.K., Australia and Brazil.

77% of all survey participants are IT decision-makers with the remaining 22% assuming an "influencer" role.

What is your role in the firm?

81% of all respondents are IT Directors or C-Level executives. While the manager level response is up 3% compared to 2009, C-Level participation has decreased by 8% vs. 2009 survey responses.

Director Level 55%
Manager Level 17%
Other 2%
C-Level 26%
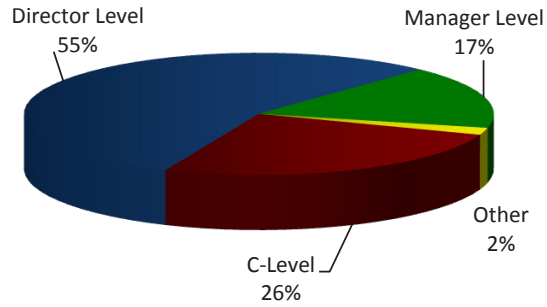
## PART II: IT BUDGETING AND PURCHASING

What role do you have in your firm's technology buying decisions?

77% of total survey respondents are directly involved in their firms' technology purchasing decisions - either by making final decisions or serving on the purchasing committee.

On the Committee 38%
Influencer 22%
Not Involved 1%
Final Decision Maker 39%
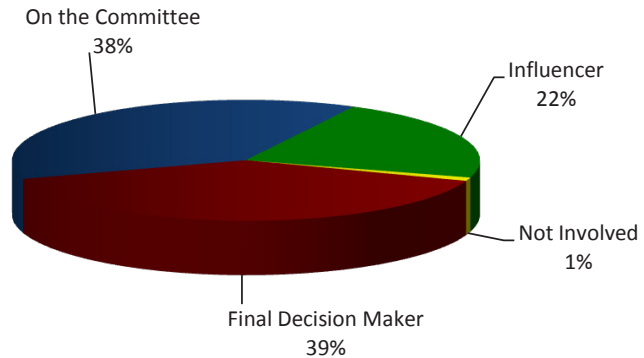
What percentage of total firm revenue are you spending on technology?

As first experienced in 2009, this year's overall firm technology spend is still down considerably. 60% revealed they spend between 2-4% of total revenue on technology. While this is down 8% from 2009, those firms spending less than 2% of total revenue on technology has increased by 5% this year. Conversely, 18% of responding firms spend more than 5% on technology, up 3% from 2009.

2-4% 60%
5-6% 13%
7-10% 5%
More than 10% 0%
Less than 2% 22%

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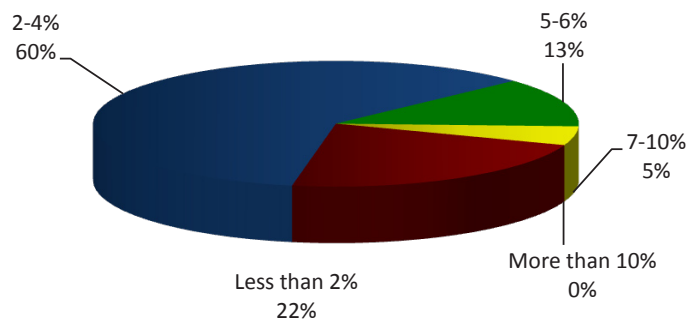
Budget belts have officially been loosened! 33% more firms indicated technology budget increases compared to 2009.

Annual technology spend per attorney

Firms across the board are spending less on technology as allocated per attorney. The percentage of firms spending less than $8,000 per attorney is up 7% in 2010 - a 16% increase in this category within the last 2 years. The "sweet spot" for per attorney tech spend, $8,000-$17,000, is down 12% from 2009.

$17K - $26K
16%

$8K - $17K
46%

$26K - $35K
6%

> $35K
1%

< $8K
31%
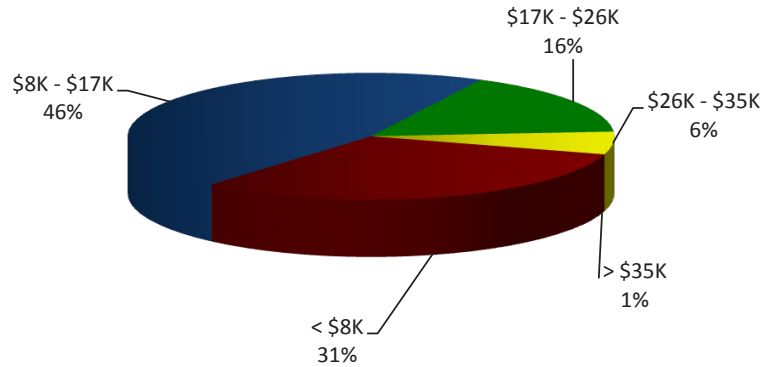
What amount can you approve without executive review/sign-off on budgeted items? **NEW**

48% of respondents can approve less than $10,000 without executive sign-off, while interestingly, 24% have purchasing authority for budgeted items of $50,000+.

$10-$20K
17%

< $10K
48%

$20-$50K
11%

> $50K
24%
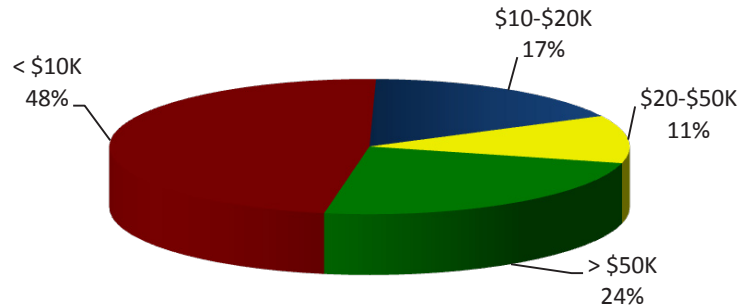
Compare your 2010 budget with 2009

29% of all respondents indicated budget decreases in 2010 vs. 58% in 2009, while the number of firms citing overall budget increases is up to 54% (compared to 21% in 2009). Consequently, the single biggest percentage shift was reported by firms with 5+% budget increases, an encouraging 22% more than last year. Also, 18% fewer firms indicated cutting budgets by 5+% in 2010. Firms with growing technology budgets cited an 11% average increase. Firms slashing budgets indicated an average 12% decrease.

Stayed the Same
17%

Decreased <5%
5%

Decreased >5%
24%

Increased <5%
20%

Increased >5%
34%

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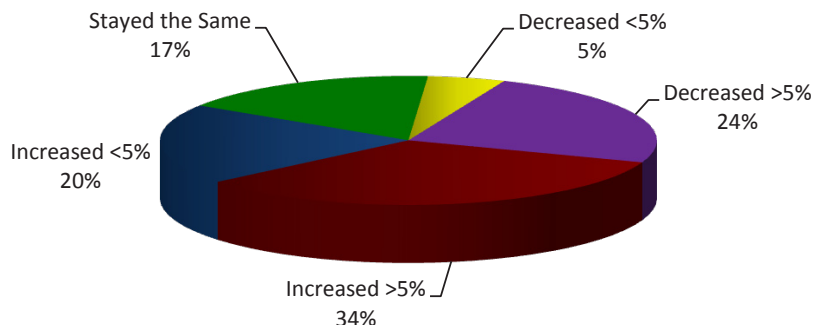
2010 percentages reflect a major shift in tech approvals with Firm Administrators indicating a double digit increase in purchasing authority. C-Level Executive approvals are down by 11%.

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Forecast sunny! 45% reported their firms are already on the way to financial 'normalcy', while only 6% think it will take another 12+ months.
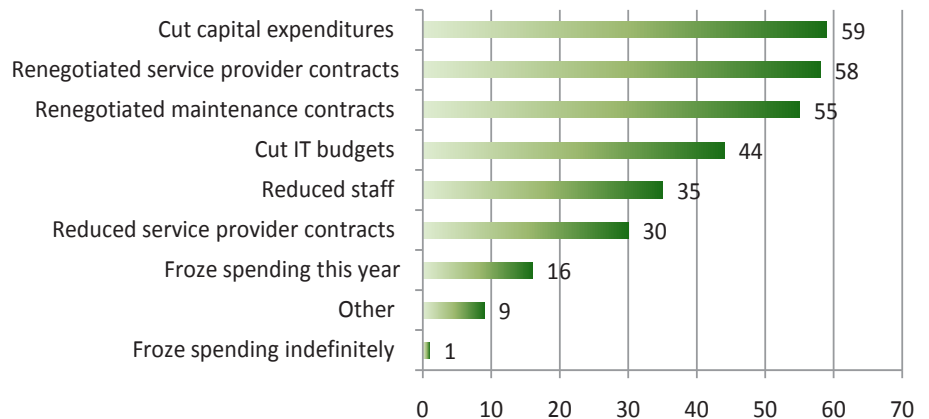
Who approves your technology purchases?

The C-suite approves 41% of purchases, a 11% drop compared to 2009 results, and an indication that technology purchase approvals are a bit more evenly distributed among IT Directors/Managers and Managing Partners.

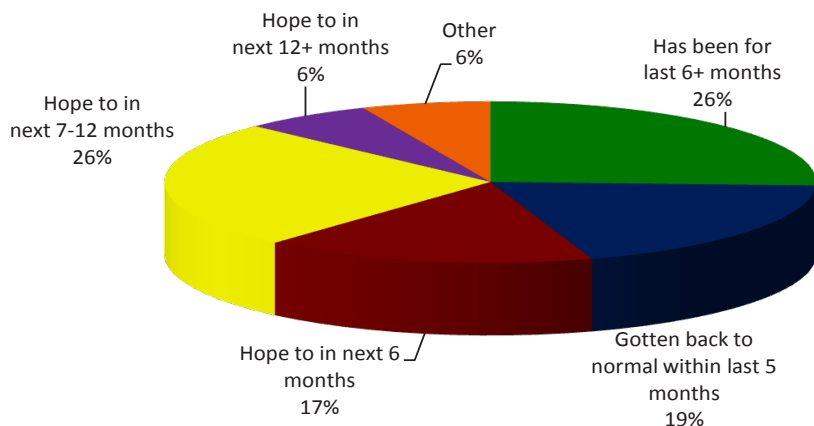|	
IT Director	67
C-Level Executives	45
Firm Administrator	41
Managing Partner	40
Management Committee	34
Technology Committee	28
Other	5

Which of the following has helped your IT department best deal with the recent economic crisis?

While cutting capital expenditures continues to top the economic relief list this year, there was a major uptick in renegotiations, both for rate reductions and support maintenance contracts. Although reducing the number of external service providers was more popular this year (by 7%), the 2010 trend of economic recovery was reflected in less staff reductions (down by 11%) and fewer firms cutting IT budgets (down by 12%) this year.

Cut capital expenditures	59
Renegotiated service provider contracts	58
Renegotiated maintenance contracts	55
Cut IT budgets	44
Reduced staff	35
Reduced service provider contracts	30
Froze spending this year	16
Other	9
Froze spending indefinitely	1

When do you predict your firm will be 'back to normal' financially?

45% of all respondents indicated they are back to normal financially, a drastic improvement to 2009 when only 15% mentioned being back to normal. An additional 43% hope to be back within the next 12 months. Only 6% predicted reaching financial normalcy in the next 12+ months, compared to 45% in 2009.

Hope to in next 12+ months 6%
Other 6%
Has been for last 6+ months 26%
Hope to in next 7-12 months 26%
Hope to in next 6 months 17%
Gotten back to normal within last 5 months 19%

## PART III: TECHNOLOGY PURCHASES: PAST AND FUTURE

What were the major technology purchases your firm implemented in 2009? What are the next major technology purchases your firm plans to make in the next 12 months?   *(see table p. 8)*

Judging by the frequency and type of technologies implemented by surveyed firms in 2009, it is safe to say the focus was squarely on 'bread and butter' hardware and IT infrastructure. In fact, the top implementations (based on responses) mirrored 2009: network and server upgrades; virtualization; desktop hardware; storage area networks; and laptops/notebooks, but on a much more conservative scale. Other popular implementations included disaster recovery/ business continuity solutions (28% vs. 30% in 2008); printers/MFDs (25% vs. 40% in 2008); wireless devices (up 1% from 2008); SharePoint (up 3% in 2009); and video conferencing (up 1% in 2009).

Highly intriguing is what did and didn't happen last year in terms of implementations. For example, cost recovery systems which were excluded from all (except 1) future 2009/10 purchases, actually showed 14 implementations in 2009. In addition, the highly anticipated flood of operating system and Microsoft Office upgrades in 2009 didn't materialize, with the bar set even higher for 2010/11. Planned Microsoft Office upgrades topped the list of any responding firm's implemented/planned technology with 43%.

Satisfaction with Technology

95% of all respondents were satisfied or very satisfied with new technologies they implemented in 2009. Most notable however is the 5% decrease in very satisfied responses compared to last year, coinciding with a 5% increase in somewhat unsatisfied responses.

Somewhat unsatisfied 5%
Satisfied 51%
Very satisfied 44%
Very unsatisfied 0%
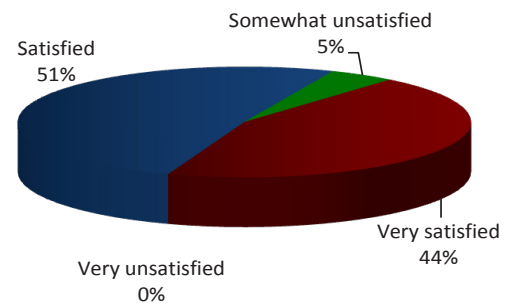
Overall user satisfaction is also down as evidenced by a 6% decrease in combined satisfied/ very satisfied responses. Also, potential cause for alarm is the 'somewhat unsatisfied' response rate which is 6% higher than in 2009.

Very unsatisfied 0%
Somewhat unsatisfied 9%
Very satisfied 30%
Satisfied 61%
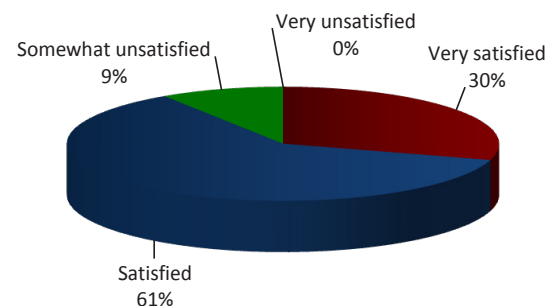
What is the most popular technology purchase you made for your firm in the last 12 months?

The responses reflect the prevailing priority of the law firm IT department: providing users with core technologies such as essential hardware and peripherals. The favorite answer here fell into the desktop/laptop category and included anything from new PCs and notebooks to new LCD monitors. Other popular purchases included videoconferencing and VoIP, followed by SharePoint roll-outs, remote access, scanning, MFDs, DMS, and digital dictation.

| 2010 Survey Results | | | 2009 Survey Results | |
Implemented in 2009	Planned Purchases for 2010/2011	Past & Present Technology Purchases	Implemented in 2008	Planned Purchases for 2009/2010
12	12	Accounting system	13	12
3	1	Budgeting software	4	5
7	6	Business intelligence software	12	8
11	4	Case management software	8	10
5	4	Collections software	5	2
14	4	Cost recovery system	12	1
5	2	Courtroom technology	5	2
10	11	CRM/contact management software	10	13
10	4	Database system (SQL, Oracle, etc.)	9	3
39	40	Desktop hardware	54	39
9	3	Dictation hardware	14	3
10	3	Dictation software	18	5
31	36	Disaster recovery (includes Business Continuity)	34	35
6	9	Docketing software	15	11
4	6	Document assembly software	7	5
6	5	Document comparison software	17	7
13	14	Document management system	18	19
10	10	Electronic discovery software	16	13
10	2	E-mail add-ons (antivirus, antispam, spyware software)	11	4
9	20	E-mail management software	11	16
8	14	E-mail system	10	10
5	2	Enterprise content management software	4	3
1	1	ERM/relationship management software	5	2
4	0	Help desk applications	8	4
14	7	Human resources management	11	5
14	8	Imaging/scanning/OCR	17	12
17	13	Internet/intranet/extranet	19	18
37	35	Laptops/notebooks	50	29
17	12	Litigation support software	29	18
11	5	Metadata scrubbing software	18	7
5	9	Microsoft Office add-ons (templates, metadata, etc.)	10	6
15	47	Microsoft Office upgrade	21	34
14	7	Network security	21	16
40	33	Network upgrade/servers	56	36
6	8	Offsite backup system	15	12
14	5	Onsite backup system	18	9
8	26	OS upgrade	5	16
7	4	Patch management software	8	3
4	9	Portal/knowledge management	11	15
27	11	Printers/multifunctional devices	46	18
5	2	Project management software	1	n/a
6	9	Records management software	8	11
21	10	Remote access technology	21	15
17	12	Security/encryption	15	18
25	20	SharePoint	23	18
1	0	Shipping automation software	4	1
3	3	Software-as-a-Service (SaaS), not application specific	6	3
38	27	Storage area network	39	24
18	19	Telephone system upgrade	26	20
10	4	Training/e-learning	11	8
7	11	Unified messaging	13	13
22	18	Video conferencing	22	16
40	21	Virtualization	53	29
12	8	Voice mail upgrade	17	15
2	1	Voice recognition	1	1
18	16	VoIP	18	20
26	6	Wireless devices (BlackBerry, iPhones, Windows Mobile, etc.)	26	15
12	5	Wireless network	17	12
7	12	Workflow automation	15	13

PART IV: IT PURCHASING INFLUENCERS

Where do technology purchase requests originate?

As expected, IT leads the way in requesting new legal technologies, and as in recent years, the collective voice of attorneys and administration is increasingly audible. Case in point, attorney technology requests are up 16% from 2007 results, and Administrators (58%) are solidifying their top 3 requesters status. The most interesting change is dwindling client influence (down 8%) and outside consultant input (down 7%) which has led to a louder finance department voice (4th most requests vs. 5th in 2009).

Category	Value
IT department	104
Attorneys in the firm	84
Administrator/Exec Director	63
Finance department	37
Clients	35
Outside tech consultants	10
Corporate counsel	7
Other	5
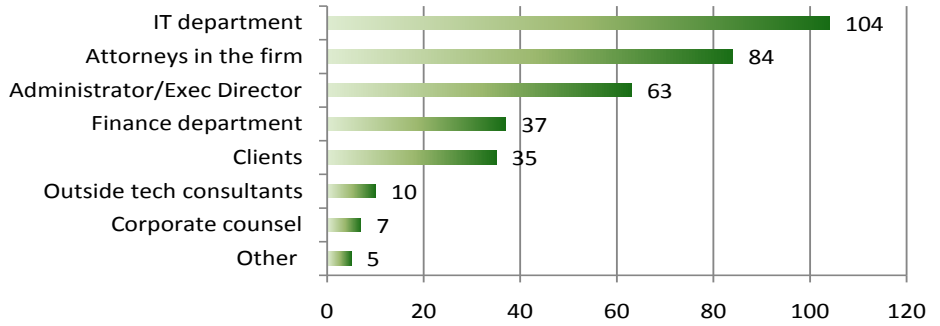
What legal/technology publications do you read?

According to 2010 survey participants, the favorite legal/technology publications remain ILTA's Peer to Peer quarterly membership magazine (92% readership) and ILTA whitepapers (79%). Computerworld (37%) and InfoWorld (15%) were notable additions to the publication roster increasing the proliferation of general technology publications. Several publications enjoyed noticeable readership increases among survey respondents including the U.K.'s Legal Technology Insider (9% increase), ABA LPM's Law Practice Today webzine, as well as the ABA's membership flagship ABA Journal. On the flipside, this year's survey also includes several publications garnering less attention including The American Lawyer Magazine (13% drop from 2009), Network Computing, Legal Management, and law.com.

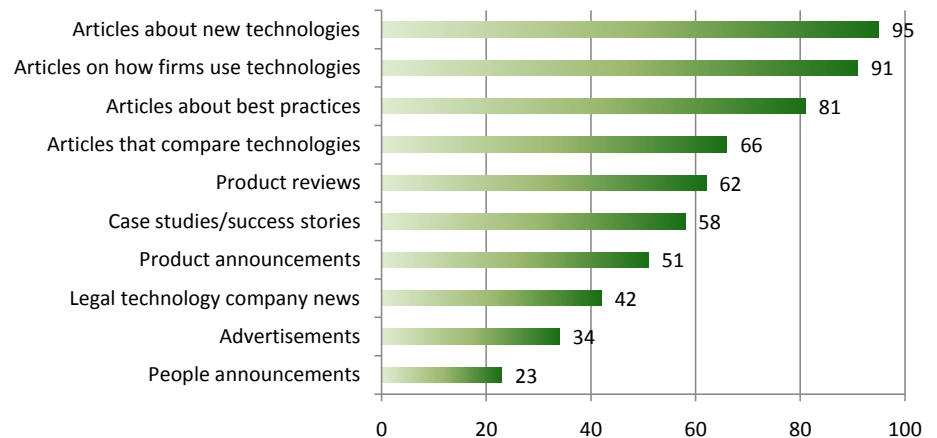| 2010		Publication	2009
# Resp	%		%
18	17%	ABA Journal	12%
7	7%	American Legal Technology Insider	6%
4	4%	California Lawyer	2%
1	1%	Canadian Lawyer	3%
71	67%	CIO	61%
39	37%	Computerworld	n/a
2	2%	Corporate Counsel	1%
33	31%	eWeek	26%
1	1%	FindLaw.com	2%
84	79%	ILTA Whitepapers	84%
97	92%	ILTA's Peer to Peer	93%
7	7%	Information Management	n/a
50	47%	Information Week	41%
16	15%	InfoWorld	n/a
0	0%	Inside Counsel	2%
2	2%	KM World	4%
3	3%	Law Practice	6%
9	8%	Law Practice Today (webzine)	0%
0	0%	Law Society Gazette	n/a
62	58%	Law Technology News	56%
1	1%	Law Times	n/a
13	12%	Law.com	22%
9	9%	Legal Management	16%
12	11%	Legal Technology Insider (UK)	2%
4	4%	Legal Week (UK)	2%
17	16%	Litigation Support Today	19%
10	9%	LJN's Legal Technology newsletter	6%
1	1%	Managing Partner (UK)	1%
5	5%	National Law Journal	2%
0	0%	National Magazine	n/a
12	11%	Network Computing	18%
1	1%	NextGenLaw	n/a
2	2%	Other LJN Newsletters	n/a
27	25%	PC Magazine	25%
2	2%	State Bar Journals	3%
12	11%	Technolawyer	16%
11	10%	The American Lawyer	23%
9	8%	Wired	7%

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When reading legal/tech publications, legal IT decision makers are most influenced by peer-authored articles, case studies, product reviews, and 3rd party consultant thought leadership in terms of aiding technology purchasing decisions.

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Responses to the question about what LinkedIn groups ILTA member actively participate in provided no clear favorite with most indicating no active involvement. The only notable response was ILTA's member LinkedIn group.

What parts of legal/technology publications do you read?

In terms of publication content preferences, survey takers favor articles about new technologies and trends, law firm technology "how tos", best practices, product comparisons, product reviews, and case studies. Legal technology company news and ads are also popular, both showing 6+% increases from the 2009 survey.

Articles about new technologies	95
Articles on how firms use technologies	91
Articles about best practices	81
Articles that compare technologies	66
Product reviews	62
Case studies/success stories	58
Product announcements	51
Legal technology company news	42
Advertisements	34
People announcements	23

Blogs: What do you read?

2010 answers should encourage blog enthusiasts as the percentage of blog readers is up 13% from 2009 and the variety of blogs, in terms of content and coverage, is rapidly increasing. News aggregators and sites providing a broader portal view of relevant legal IT news continue to thrive with the likes of Google News, law.com, Legal IT Professionals, and TechnoLawyer grabbing more mindshare this year among survey respondents. Gizmodo, the Gadget Guide, showed the biggest increase in terms of mentions with an 11% increase compared to 2009. New survey entries included InsideLegal, Legal Support Network and The Orange Rag.

Podcasts: Do you listen to legal technology podcasts? NEW

Only 15% of all survey respondents listen to legal technology podcasts, a much lower percentage than perhaps expected. What about other rich media like video feeds and streams; are they being similarly underutilized?

What social media sites and services do you use for firm/department use?

This newly added question in 2009 provides a better overview of ILTA members' use of social media tools. Not much has changed in 2010; LinkedIn is still the overwhelming tool of choice garnering an 83% response rate, followed by Twitter (14%) and Facebook (13%). MySpace seems completely irrelevant in legal with no responses in 2010. While LinkedIn has a proven track record for effective business use, the extent to which other tools such as Twitter and Facebook will really breakthrough and stay relevant is yet to be determined.

What professional associations other than ILTA are you active in? NEW

ALA is by far the most popular association among ILTA survey respondents followed by local technology groups, vendor user groups and local bar association chapters.

Based upon which of the following, have you made an IT purchasing decision in the last year?

While the top two sources for product buying decisions, colleague/IT recommendations and peers/other firms, are consistent with 2009 responses, internet research was the 3rd most popular source compared to its #9 ranking last year. In addition, consultant recommendations and sales rep demos were down as purchasing influencers.
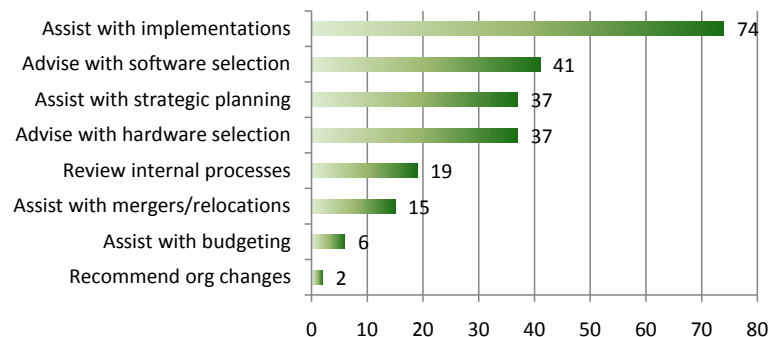
Source	Value
Colleague/IT recommendation	69
Peers/other law firms	63
Internet research	45
ILTA e-groups	43
ILTA Annual Conference	39
Consultant recommendation	37
Articles in legal tech publications	29
Vendor product seminars	28
Sales rep demo	27
ILTA local meetings	26
Attorney recommendation	21
ILTA vendor product briefings	19
Articles in other publications	18
LegalTech	16
Vendor-specific website	14
Advertisements, print	7
Direct mail	4
Advertisements, online	4
Other trade shows	2
Other listservs	2
Social media	1
Targeted e-newsletters	0

What legal technology conferences are important in aiding your technology purchasing decisions? NEW

The top conference mentioned for evaluating and selecting legal technology by the IT department was the ILTA Annual Conference (93%). Legal Tech New York came in second with 31% of respondents saying it aids in their technology purchasing decisions, followed by ABA TECHSHOW, Legal Tech West Coast and ALA Annual Conference all coming in with single digit responses.

Why did you hire an outside technology consultant?

The overwhelming reason law firm IT brings on third party consultants is to assist with implementations, and to a lesser degree to help with software selection, strategic planning as well as hardware selections. These statistics align with many firms' desire to outsource highly technical, specialized expertise such as IT implementations, but keep lesser niche IT core competencies in-house.

Reason	Value
Assist with implementations	74
Advise with software selection	41
Assist with strategic planning	37
Advise with hardware selection	37
Review internal processes	19
Assist with mergers/relocations	15
Assist with budgeting	6
Recommend org changes	2

What national/international technology consultants have you worked with?

The consultancies with the most unsolicited mentions include (in order):
• Baker Robbins & Company
• CDW
• Kraft & Kennedy, Inc.
• eSentio Technologies
• Project Leadership Associates

Survey respondents cited a total of 61 different consultants and IT service providers.

## PART V: TECHNOLOGY TRENDS AND IT CHALLENGES

What is the most exciting technology or trend?

Virtualization, cited as the most exciting technology trend in 2009, took a back-seat to cloud computing and Apple's iPad. Here are the top vote getters (unsolicited mentions) in 2010:
• Cloud computing (11 mentions)
• iPad (9 mentions)
• Virtualization (9 mentions)
• iPhone (5 mentions)
• SharePoint (5 mentions)
• Mobility apps to access firm content remotely (4 mentions)
• Virtual desktops (4 mentions)

Is cloud computing on your firm's roadmap?

Since 2009, more firms have added cloud computing to their IT roadmap and 17% indicated currently implementing a cloud strategy, compared to only 9% last year. While 10% of respondents stated they are 'not sure' about their cloud strategy, we anticipate cloud computing to pick up further steam in the months and years to come, as firms seize the opportunity to access skills they don't have in-house and use cutting-edge technologies they would not be able to implement internally.

Not sure 10%
Yes - currently using or implementing 17%
No - not on roadmap 43%
Yes - on the radar 30%
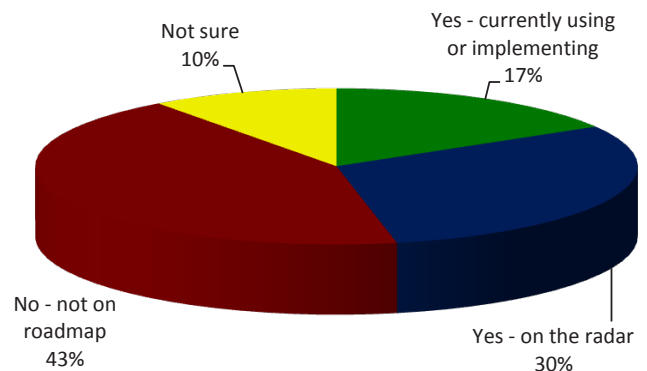
If cloud computing is on your firm's IT roadmap, what applications/services are you looking to utilize? NEW

Email is the top cloud service respondents are looking to deploy followed by case and practice management functionality. Disaster recovery, which was the most popular cloud deployment in last year's survey, is still on the radar but is not firms' top focus.

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Cloud computing is THE buzz word not only in legal, but across many vertical markets. As the survey indicates, the gap between 'thinking about the cloud' and practically applying and stretching the limits of cloud alternatives is still very wide.
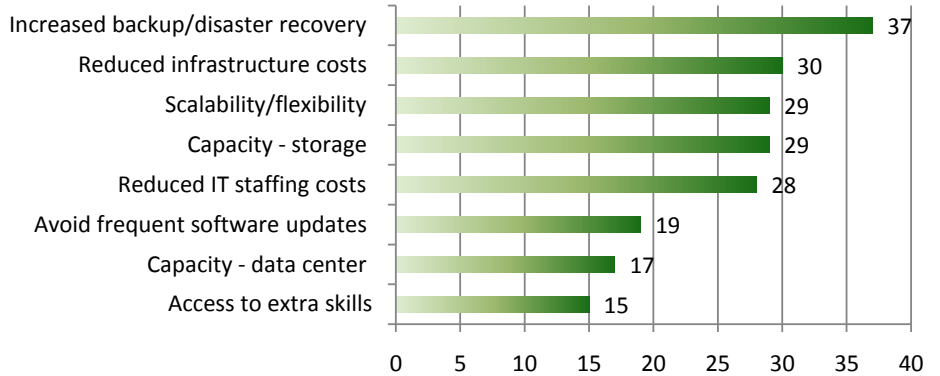
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Collaboration is at the core of web 2.0/ social media tools, but is still being used rather sparingly when it comes to external/ client communication and interaction.

What benefits are your firm looking to derive using cloud offerings? NEW

Increased backup/disaster recovery was the most frequently cited cloud benefit, followed by the desire to reduce hardware infrastructure costs and increase scale/flexibility and storage capacity. Reduced costs (infrastructure and staffing) anticipated with cloud models was cited 6th, perhaps a bit less important than previously speculated.

	Value
Increased backup/disaster recovery	37
Reduced infrastructure costs	30
Scalability/flexibility	29
Capacity - storage	29
Reduced IT staffing costs	28
Avoid frequent software updates	19
Capacity - data center	17
Access to extra skills	15

What concerns and challenges do you have concerning cloud computing? NEW

As anticipated, the top concern with cloud computing is security, cited by nearly 50% of all respondents. Data confidentiality and stability are also top concerns. This question solicited a wide array of feedback ranging from concerns about executive buy-in, legal recourse of cloud SLAs, questions about functionality, to the viability of cloud offerings in legal based on a limited track record.

33	Security
18	Data confidentiality
17	Reliability/stability
9	Costs/pricing models/increases
8	Lack of customization/integration
7	Location of data
4	Measure of control/accountability
3	Executive buy-in
3	Latency
3	Legal recourse for SLAs
3	Speed/bandwith
3	Vendor lock-in
2	Quality/response time - service

What collaboration tools are you using internally at your firm? NEW

Almost half of all survey respondents utilize SharePoint for internal collaboration followed by document collaboration tools and online meetings. 25% rely on instant messaging to communicate collaboratively with colleagues and 17% utilize wikis to create, search and share information within their firm. 18% indicated they don't use specific collaboration tools to communicate internally.

|	Value
SharePoint	51
Document collaboration tools	48
Online meetings	45
Instant messaging	26
None	19
Wikis	18

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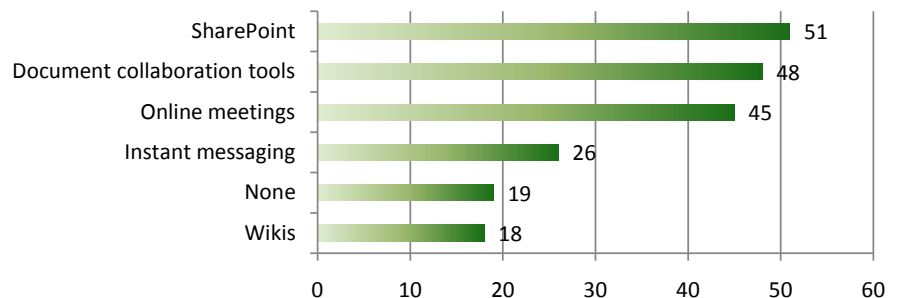
Technology infrastructure outsourcing is alive and well with respondents citing 10 different focus areas.

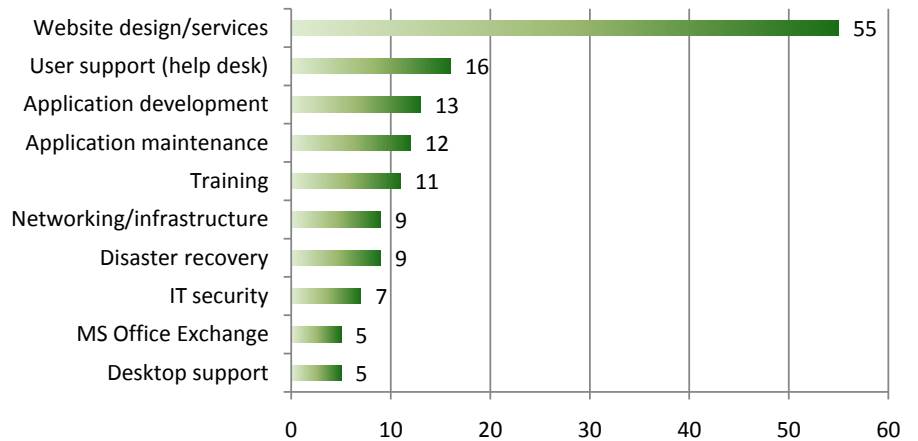## What collaboration tools are you using at your firm to communicate externally? NEW

According to survey respondents, online meetings are the most utilized means of external and client communications. SharePoint, which topped the internal collaboration tool list, is only used by 24% to communicate externally. Surprisingly (or not), 25% of all respondents don't use a specific collaboration tool to interact with external third parties. Wikis and instant messaging are also much less utilized once internal collaboration is no longer in play.
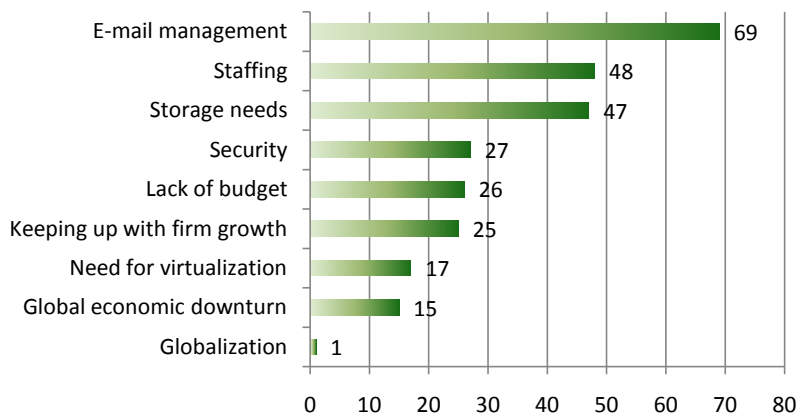
Category	Value
Online meetings	46
Document collaboration tools	36
None	25
SharePoint	24
Wikis	8
Instant messaging	7
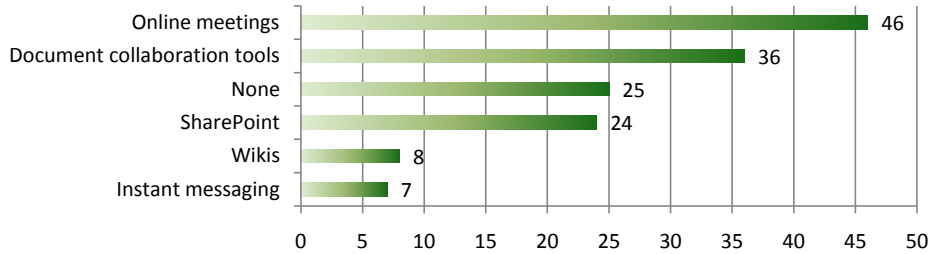
What aspects of your technology infrastructure do you currently outsource? NEW

50% of all survey respondents outsource website design and related services, followed by user support/help desk (15%), application development (12%), application maintenance (including printers/MFDs, 11%) and training (10%).

Category	Value
Website design/services	55
User support (help desk)	16
Application development	13
Application maintenance	12
Training	11
Networking/infrastructure	9
Disaster recovery	9
IT security	7
MS Office Exchange	5
Desktop support	5

What is the biggest issue or challenge facing IT overall?

E-mail management continues to dominate IT's issues list and has been named the biggest challenge facing IT departments for three years running. While staffing again is the second most pressing concern, storage needs has surfaced as a major problem area as well. Keeping up with firm growth is less of a concern than in 2009, and was replaced this year with security and budgeting pains.

Category	Value
E-mail management	69
Staffing	48
Storage needs	47
Security	27
Lack of budget	26
Keeping up with firm growth	25
Need for virtualization	17
Global economic downturn	15
Globalization	1

(i)

A majority of ILTA member technology vendors offered discounts and special incentives for buying in tough times, with 20% even offering free services. Will there be a 'give' to the 'take' as the economy rebounds and firm budgets have recovered?

(i)

Every ILTA Member Technology Purchasing Survey includes an open-ended question about technology vendors that provide exceptional customer support. For the second year in a row, CDW received the most unsolicited mentions compared to other providers.

PART VI: VENDOR RELATIONS

How have your technology vendors worked with you/helped you during the economic downturn?

We first included this question in last year's survey to gauge the existing level of collaboration and partnering between survey respondents and their technology vendors. Responses were extremely encouraging and cited price cuts (50%) and creative solutions (31%) as two ways vendors were helping their firm clients whether the economic storm. We updated the question for 2010 and noticed a continuance of last year's theme. 69% of all respondents were offered vendor discounts and nearly as many mentioned receiving special incentives for buying in tough times. 20% cited receiving free services from their technology vendors.

What legal vendors have provided exceptional customer support?

The vendors with the most unsolicited mentions for providing exceptional customer support include (in order):
- CDW
- Autonomy
- Dell
- MindSHIFT
- DocsCorp
- Microsoft
- Mimecast
- Younts Consulting

Vendors also receiving multiple mentions included: ADERANT, Advanced Productivity Software (APS), Cisco, eSentio Technologies, LexisNexis and Open Text.

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Technology Association**

About ILTA

ILTA is the premier peer networking organization, providing information to members to maximize the value of technology in support of the legal profession. Reach the ILTA organization of legal technologists by contacting Peggy Wechsler at (512) 795-4662 or peggy@iltanet.org. Special thanks to Peggy for her work on this project.   **www.iltanet.org**

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InsideLegal is the insider's guide to doing business in legal technology - both in the US and internationally - for legal technology thought leaders, vendors, consultants/technologists and law firm innovators. For more information, please contact JoAnna Forshee at (770) 438-1908 or jf@insidelegal.com. Twitter: @InsideLegal   **www.InsideLegal.com**

Survey Methodology

This survey was commissioned by ILTA and administered among its membership. InsideLegal.com was responsible for data analysis and the final presentation. The survey consisted of six sections, each with a subset of unique questions: Part I covered Firm Demographics including firm size, location, department and role. Part II focused on IT Budgeting and Purchasing spanning 2010 vs. 2009 budget variances, budget approvals and purchasing authority questions. Part III, Technology Purchases: Past and Future, included past technology purchases, planned 2010 purchases, and user satisfaction comparisons. Part IV, IT Purchasing Influencers, drilled down into influences for technology purchases (e.g., publications, trade shows, consultants, sales demonstrations). Part V, Technology Trends and IT Challenges, took a closer look at legal technology trends (cloud computing, virtualization, etc.) and common challenges faced by ILTA IT thought leaders. Part VI, Vendor Relations, shed light how legal technology vendors can work with their firm partners. Response percentages are based on total responses per question, not overall survey participation.

To download/view the survey online, please visit www.InsideLegal.com.