



The Impact of Technology on Legal Services

Exclusive Interview with
Steve Harmon, Senior Director of Legal Services, Cisco Systems Inc.
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Transcript by



To view the video interview, visit <http://legalminds.tv/legalonramp/harmon-cisco>

In the first of an ongoing series of featured interviews hosted by Legal OnRamp, Bruce Colwin, the Publisher & CEO of LegalMinds, spoke with Steve Harmon, Senior Director of Legal Services at Cisco Systems Inc. Harmon discussed the role technology plays in Cisco's legal department and explains how technology-based solutions have helped Cisco to reduce costs as well as facilitate collaboration with both in-house and outside counsel.

Harmon shares some of the specific challenges faced by Cisco's in-house team of almost 175 lawyers and its outside counsel, and how, in response they developed, and later spun-off, Legal OnRamp's ORX (OnRamp Exchange) solution.

He also discusses how collaborative technology platforms such as ORX have supported the shift to non-traditional billing and how he believes this trend will positively impact both law firms and their clients.

What is your role at Cisco?

My role at Cisco is the Senior Director of the Legal Technology Solutions group, which means that my group is responsible for all of Cisco's legal automation

efforts. We're chartered with making the attorneys at Cisco more productive in supporting the business.

What are some of the biggest challenges your group faces?

By far, the largest challenge we face in the Legal Technology Solutions group is the need to support a global business. Cisco has a \$40 billion run rate annually and we support that with fewer than 175 lawyers. The only way we can do that is to scale our knowledge across multiple time zones on a concurrent basis. So our key challenge is addressing the breadth of that business with a relatively small number of legal professionals.

How are you using technology to address this challenge?

Technology is clearly the key scaling factor that we have in addressing this challenge. We use technology both to allow inter-departmental collaboration -- knowledge is shared among our experts -- and also to reduce the amount of time that our experts spend addressing repetitive mundane tasks. We're very focused on a core versus context methodology where we focus our lawyers on addressing the right tasks. Technology allows us to automate the low value transactions that often consume a great deal of a lawyer's day.

Can you give us a few examples?

A good example of automation is simply the need to obtain approvals, both internally and externally, on transactional documents. We use an electronic approval engine internally to collect those approvals so that we don't have to route things physically for approval and signature.

Married up with that, another example is our electronic acceptance technology. We use an internally developed application to collect internal signatures on

documents. To date, we've run more than 25 million transactions through that system.

How are you using technology to facilitate collaboration?

A key collaboration challenge is allowing each of our independent professionals to have access to the collective store of knowledge that's represented by the department and all of its members. As part of that strategy, we use a technology that we license from Legal OnRamp that we call OnRamp Exchange or ORX.

ORX serves as the knowledge hub for all of our interchange and knowledge sharing within the department. Our negotiated guidance, or our playbooks, is stored within ORX as wikis. Our key contract language and template clauses are stored there as well. In addition, we have the ability for any member of the department to pose a question to everyone else in the department and solicit their feedback.

As we deal with time zone challenges, for example, or subject matter expertise challenges, ORX allows a user in one geography, let's take South Africa as an example, to pose a question to his peers in other emerging markets and through the OnRamp Exchange, collect their feedback through any device with e-mail connectivity or a browser. Users have the ability to respond to the questions or inquiries via browser and the same questions get routed automatically through our Outlook Email system and a user can respond via their Blackberry. So, OnRamp Exchange serves as the hub for all of this knowledge sharing.

Can you tell me about how your use "playbooks" at Cisco?

At Cisco, all of our collective knowledge in various subject matter areas is collected in a series of playbooks. These playbooks start with a very fundamental

explanation of the legal topic that we're addressing along with Cisco's baseline positions.

Layered on top of those baseline positions is negotiation guidance that we've collected over the years from the department members so that they can benefit from all of the past negotiations that our various team members have conducted. We use the playbooks in ORX to collect that knowledge in a way that is easily consumable whether online or offline by anyone in the department.

Is the information in your playbooks limited to collective knowledge internally?

A key capability of the ORX tool is the option to plug in our outside counsel partners into the conversation. In this controlled environment, we have the option to include outside counsel at the discussion level, at the playbook level, really at any level of granularity that the individual user deems appropriate.

Can you give us an example?

If we have a specific IP indemnity question that we want our outside counsel to weigh in on, we can open the playbook or the conversation to that one topical area or we can open the entire playbook for areas like HR law or privacy law or sweepstakes guidelines -- areas of the law that are context from our perspective and that don't add to Cisco's ability to compete in the market. We can outsource the entire function of maintaining that subject matter expertise to a law firm and we do that through the playbooks on ORX.

Why did Cisco decide to spin out ORX and offer this technology to other companies?

There were two key reasons that motivated us to spin out our earlier technology that we hosted internally onto OnRamp Exchange. The first one was simply a cost decision. Over time, it proved that we could license the technology from Legal OnRamp that supports ORX more cheaply than I could continue to pay my own staff to maintain and develop that platform.

As a corollary to that, every dollar that I spend on maintaining existing applications is a dollar that I'm not free to spend on other innovation. Consequently, we're very actively looking for opportunities to move our technology projects to outside platforms that we can use in a replicable way.

The second very important reason that we outsource this capability is that it opens up the ability over time for us to collaborate not just within Cisco, but with our outside counsel partners and also with our peer companies. There are lots of legal matters that we face on a regular basis that do absolutely nothing to add to our competitive differentiation and we're happy to share our experience and our approaches with those context legal subject matter areas with peer companies as part of a give-and-take exchange where we all benefit from the knowledge of the collective.

You mentioned earlier collaboration with outside counsel. How does ORX help facilitate this?

Another core component of the value proposition for ORX is that it's not just for Cisco's benefit. It's also a key part of the value proposition that we offer to our outside counsel and support staff. The value that they derive from this is the ability to rapidly acclimate themselves and become familiar with Cisco's standard operating procedures and positions when it comes to common legal issues.

How does this impact your legal costs?

Cisco has been at the forefront of advocating for alternative billing arrangements. Our relationships with law firms are largely performance-based. We do very little work on a time and materials basis. We don't use hourly billing except in very unique circumstances.

As an offshoot of that, the law firms derive their profitability by being able to quickly become familiar with our business models since they're not able to charge us for the work that they spend in becoming familiar with the issue. - Because we can give them access to the playbooks that we host on OnRamp Exchange, and allow them to monitor the internal discussions we have in the forum portion of ORX, our law firms have the capacity to become more profitable as they provide those services in non-traditional billing arrangements.

What kind of impact does this have on your law firm relationships?

Cisco's focus on using non-traditional billing arrangements has absolutely nothing to do with the desire to kill law firms or to make them unprofitable. We simply believe that the law firm practice model must evolve just like all of our businesses have evolved overtime.

A core component of that is using the same collaboration tools we use internally to increase our productivity with our outside counsel partners. In order for that partnership to work, the firms that we employ must become comfortable with the use of technology in these collaborative ways. Having that baseline familiarity with our mindset and our collaboration tools creates a real competitive advantage for the firms that we select.

Looking forward, do you see this affecting law firm practice models?

As business models evolve, I think there is a general expectation that efficiencies derive over time, that productivity enhancements will come to the forefront -- and the practice of law is no different.

Over the next two to three years, a key trend that I expect to see expand is the reuse of information that already exists. A key benefit of our new information culture is that it's relatively easy to access information across a wide variety of sources.

The reality is that there are relatively few cases of first impression anymore and companies like Cisco face issues very similar to other Fortune 500 Companies. We tend to face the same problems on a regular basis. We all come from law firm environments. We know how the practice of law works from the law firm side and we understand that for law firms, one of their key benefits is the ability to capture their knowledge, regurgitate that information and share it with their clients again.

Do you see this trend having an effect on how companies expect to be billed for legal services?

The challenge in this new evolving market is that that level of transparency makes it difficult to charge for the same body of work multiple times when you have a sophisticated client that understands that they're paying for the \$99 will.

That metaphor works very well -- we all recognize that the \$99 will is a template that exists on somebody's hard drive and there is relatively little legal interpretation that's required to use that template over and over again.

Our focus within the legal department is to derive as much benefit as we can when it comes to the real cases of first impression or the cases that require sophisticated legal analysis and then take those other more common legal terms

and legal issues and make it easy for our internal counsel, outside counsel and peer companies to access the information that we've gone through before and used in the past.

How does ORX fit into that equation?

The need to have ready access to that corpus of information is met by using tools like Legal OnRamp and OnRamp Exchange. ORX is literally the knowledge management hub that serves all of our other automation efforts within Cisco. It allows us to focus on those core versus context dichotomies and focus our attorneys efforts on the areas where they provide the most value – on things that are differentiable and make us better able to compete in the market.

What do you see down the road in terms of the broad adoption of these technologies?

Our view is that the evolution of the legal industry is such that the use of these collaboration technologies will become more and more prevalent and at some point they'll become just as ingrained into the practice of law as the evolution away from dictation and typewriters to word processors and other knowledge management systems, case management systems, et cetera.

At some point, we're going to reach a critical tipping point where the ability to use these tools is a baseline expectation of students coming out of law school or practicing lawyers. That may mean that some of our outside counsel are going to have to modify their work structure, their outlook on the work life, but it also presents a wealth of opportunities. It's very exciting.

Can you briefly discuss the impact these technologies on work life?

The use of these technologies has been incredibly important to me personally. I have practiced law for Cisco for 10 years and I have spent that entire 10 years working almost exclusively remotely. My ability to succeed at Cisco, originally as a technology licensing lawyer, was entirely dependent on the use of these collaboration tools like OnRamp Exchange and our legal automation framework because I could partner with my peers in the legal department and my clients within the company who are dispersed across the world.

Perhaps a good example of that may be the fact that we're conducting this video interview across three time zones.

A very important example of these technology innovations that support the ability to work remotely is the Cisco TelePresence solution. Mark Chandler, our General Counsel, manages the staff of lawyers led by a senior team of approximately 11 people. The bulk of that team is dispersed throughout the country. We very rarely meet face to face. In fact, the last time all of us were in the same physical location for a department staff meeting was over 18 months ago.

Are there benefits to using this technology beyond just internal meetings?

Another proof point of the value of the TelePresence technology is our ability to collaborate with outside counsel in high-stakes litigation. One example of this comes from our Scientific-Atlanta subsidiary that recently was involved with Supreme Court litigation in the Stoneridge case.

As part of our litigation strategy, we hired our outside counsel for this Supreme Court matter using TelePresence and we literally did not have a face-to-face meeting with those outside counsel until we met on the courthouse steps on the day of oral argument.

We used TelePresence to confer with our outside counsel, do all of our trial planning and do all of our strategic work leading up to that litigation.

What kind of impact has that had on your bottom line?

A concrete quantitative example of the value of TelePresence and network connectivity generally is the dramatic reduction in Cisco's travel costs associated with the use of TelePresence.

Prior to TelePresence, our annual spend for travel was approximately \$715 million a year globally for travel within Cisco. After TelePresence, we've been able to drop that to \$250 million per year for travel expenses. Our expectation is that as this type of video connectivity becomes more and more prevalent we'll see corresponding reductions in other costs and at the same time give people back the time they would have spent traveling. It is so important to us to strike a work/life balance that allows us to be both more productive and more present for our families and loved ones.

Do you see these technologies being broadly adopted by other companies?

The use of these automation tools, network connectivity, TelePresence, and all of these technological enhancements to our legal practice follows a diffusion curve just like all technologies. Legal departments and law firms that we partner with have a choice as to what point we want to join in adopting these new technologies. We have the choice to be either early adopters or late adopters.

Our position at Cisco is that the early adopters are going to have a very well defined competitive advantage against other firms and service providers in this area. The nature of the business is that we all compete and we differentiate ourselves by being better available to provide services. We're very confident that

the use of these tools allows the firms that we partner with to not only provide better services to Cisco, but to be better situated to provide services to their other clients as well.

Do you think that in order to remain competitive, both corporations and law firms will need to integrate these technologies into how they manage and deliver legal services?

Again, the practice of law must evolve just like all other business areas. It's an operational function within most corporations within the United States and I think globally as well. As we evolve towards more of a management based infrastructure, with the expectation that we will be managed by common metrics just like any other business support function, it's these automation activities, these efforts to focus on attorney productivity, which will create the sustainable competitive advantage that differentiates us, both in providing services to our internal clients and selecting service providers that provide services to us.

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