

Build Versus Buy: 5 Ways BigLaw Is Tackling Legal Tech

By **Aebra Coe**

Law360, Grand Rapids (January 25, 2018, 1:58 PM EST) -- As they look to adopt new technologies, law firms are facing the question of whether to develop tools of their own, or buy something already on the market.

And the "build versus buy" dilemma does not end there. Law firms are presented with a wide variety of choices when it comes to filling their technology needs: building technology from scratch, building a new tool on top of existing software, customizing premade technology, buying a product off the shelf, or investing in and collaborating with budding technology startups.

"What makes it worth building? You have to look at the business plan for the solution," said Dan Jansen, CEO and managing director of Dentons' NextLaw Ventures. "If it's expensive to build it needs to be a differentiating offering so it can pay for itself somehow."

That means the technology brings in new clients, fills a pressing need for existing clients, makes the firm stand out from the competition or creates a revenue stream.

"You have to build up a business plan based on the expected economics of the offering," Jansen said.

Here, technology leaders at five BigLaw firms reveal the ways they've developed their own legal technology, and how that fits into the "build versus buy" equation.

"Drag and Drop" Development

Law firms now have the opportunity to use "drag and drop" development tools and cloud technology to create and maintain legal products of their own without massive teams of technologists, according to Jansen.

"There used to be a lot of proprietary, discrete coding and programming — ones and zeros — now it's more about leveraging existing platforms and tools," he said.

Platforms such as HiQ or Microsoft's SharePoint allow law firms to develop and customize their own collaboration portals and intranets by building off of existing technology, legal technology consultant and blogger Ron Friedmann explained. And, he added, many law firms already operate under a Microsoft enterprise license, so a product like SharePoint is a relatively low-cost addition.

Orrick Herrington & Sutcliffe LLP's CaseStream litigation management technology is an example of a tool that was built on top of an existing platform.

According to Orrick Chief Technology Officer Craig Dean, the product was built leveraging Microsoft SharePoint, along with an external cloud provider to store documents.

CaseStream allows users to maintain and access files, organize and distribute information to team members, conduct workflow planning and monitoring, access standard forms and other resources, organize staffing for complex cases, and it allows collaboration among in-house and outside lawyers.

Orrick was able to tap into its team of 10 internal developers in order to build the technology, according to Dean.

Another example of a building blocks-type approach within BigLaw was Jackson Lewis PC's development of the recently launched WorkThru program.

The self-service application helps the law firm's clients manage legal and compliance information, and it was built on an existing technology platform from Microsoft. Using the existing technology, the law firm built its own user-friendly platform that could be operated by lawyers and knowledge management staff internally.

The firm's web-based suite of tools is designed to provide employers, in-house counsel, human resources executives and managers with information and assessments related to the workplace, such as exempt status and leave laws.

"The trend nowadays is low-code development. Back in the day, you had to write a lot of programming code to do the simplest tasks, now, that's no longer the case," Jackson Lewis Chief Digital Officer Victor Barkalov said.

A Hybrid Build Option

In addition to developing products like CaseStream, Orrick also employs three additional software engineers who work under the Orrick Labs umbrella, who focus exclusively on identifying and building new innovations for clients and for the law firm internally.

One of those technologies is the law firm's client dashboard, which serves as a single point of access for a client on a given matter, bringing together information like documents related to the matter, information on the law, information on who the primary contacts are, or how many hours have been billed.

According to Dean, the dashboard was originally used by the law firm's technology practice group, but due to its success on a small scale, the Orrick Labs team is working on expanding its use to other practice areas and putting it on a new, cloud-based platform to make it more collaborative with clients.

Originally built on internal, on-premises technology, the product is now transitioning to technology that's more custom-developed by the Orrick Labs team using cloud technology such as Microsoft Azure, Dean said.

"There's always been the question of build versus buy, but now there's the advent of a third choice," he said. "I can leverage an existing platform and build on top of that, which is a hybrid example that might accelerate the traditional build process."

And, while the focus right now is on building a tool that's expanded to support all of the law firm's practices, Dean says his team is mindful of looking for ways any product could become commercial.

"That is the way we're thinking about future innovations," he said. "First and foremost, we want to design technology aligned with our strategies that gives us a competitive advantage and meets the needs of our clients, but will be looking to sell it if there's something that could be leveraged commercially as well."

Building From Scratch

For a number of years, Bryan Cave LLP has been developing its own software, some of it proprietary technology that was built by in-house developers essentially from the ground up.

In order to do so, the law firm has amassed technologists: It has a team of around 25 people who work on creating and maintaining legal technology, including 14 software engineers and a number of other professionals.

According to Chief Practice Economics Officer Christopher Emerson, the law firm has decided to go with third-party solutions for a number of its technology needs, but has also made the decision to build in some cases.

"When you start to get into the delivery of legal services, things internally that don't exist on the market yet or would need to be customized and that are of strategic importance to the firm — for those, we've more often landed on build," Emerson said.

In 2004, Bryan Cave built a financial dashboard that it still uses today. The law firm licensed the technology and was able to earn millions of dollars in royalties from it. A year before that it built a project management platform called CrossLite using Microsoft ASP and C-Sharp coding that is still in use and is being "continuously improved."

But, Emerson said, some technologies serve their purpose for a couple of years and then must be retired, particularly if they are expensive and difficult to maintain or a better product comes on the market.

The law firm created a file sharing extranet in 2001 that lasted about five years. Over time, more products began coming out that performed a similar function at a reasonable price point, and with better features, prompting the law firm to move over to a third-party provider.

Emerson said: "In my mind, the axes are: Is it strategic? Is there a good product on the market currently? What is it going to look like from the cost side to build? And what are the maintenance costs over the life of the product?"

Tapping a Tech Company

Norton Rose Fulbright built NSight, a collaboration and management platform used by the firm's clients.

But rather than doing it in-house, the law firm farmed the work out to a software development company, which developed it based on the requirements the law firm laid out.

Since the original product was built, the law firm continues to update and flesh out NSight via internal coders and also by recruiting the original company that developed it to help with updates.

Many of the internal coders who handle the software are lawyers. In fact, Norton Rose has "several dozen" lawyers capable of reading or writing code for NSight, according to Ben Koplin, an Austin litigation partner at the law firm.

"That doesn't mean they're writing it from scratch," he said. "But we have 55-year-old partners who can edit and offer revisions to the code and they can work on a team with coders and understand what's happening and offer meaningful input into the code written, not just the output."

Developing software programs around the process of practicing law requires a good deal of input from practicing attorneys, something the Norton Rose technology team actively seeks out rather than passively waits for, Koplin explained.

"As a result, we can quickly turn around and prototype tools that may be valuable to their clients and useful in their practices and aligned with their capabilities," he said. "I think the advantage large law firms bring is that we don't have to pay for market research. We have thousands of attorneys looking to deliver client value and it's easy to connect with them and we don't have to pay them to give us input."

Building Through Investment

According to Jansen, Dentons looks at the build option three ways: It can develop proprietary technology itself, build off of existing tools, or it can partner with fledgling technology companies innovating and creating new products, which it does through NextLaw Ventures.

NextLaw Ventures is an early stage investment vehicle that focuses exclusively on legal technology. It invests in and helps its portfolio companies grow by offering up the resources of the NextLaw team, its investors and Dentons' global legal network.

"NextLaw Ventures invests early in the companies, so we get subject-matter experts [practicing lawyers] involved early on to shape offerings toward what Dentons and its clients want," Jansen said.

Companies that NextLaw Ventures has invested in range from performance metric-focused Qualmet, to IBM Watson-powered ROSS, to legal transactions platform Doxly. The investment company's portfolio also includes ProFinda, Libryo, Clause, Beagle, Apperio, FileFacets and Hire an Esquire.

Jansen explained that by investing in technology companies early on, the firm is able to offer up a broader team with more perspectives in the development phase.

"Subject-matter expertise is just as important as technical development capability to come up with a solution that's relevant to the practice of law," he said.

"Many legal technology companies are a hammer in search of a nail — they're not built around real lawyers practicing law, they're built in a vacuum, solving a hypothetical problem," he added. "At NextLaw, we have that ecosystem of the largest law firm in world that we can tap into so that, for any

solution we're looking at, we can find someone who is an expert to help us."

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