CONTROLLING LEGAL COSTS WITH CUTTING-EDGE TECHNOLOGY
Modern corporate law departments are using modern technology to lower the cost of legal services. Jennifer says she wants outside counsel to see the same efficiencies and cost savings that Fidelity National Financial is seeing by using WestlawNext™.

Hear what Jennifer and others are saying at Customers.WestlawNext.com. Learn more about Fidelity National Financial at fnf.com.
CLIENT EXPECTATIONS HAVE CHANGED

Given today’s new economic realities, modern law firms and corporate legal departments are delivering faster, more effective legal services at a lower cost by employing modern technology. These organizations are differentiating how they do business by adapting to changes in the legal service model.

Recently, Hildebrandt® Baker Robbins published the 2011 Client Advisory which incorporated findings from Hildebrandt’s Law Department Survey (HLDS). Among the companies participating in the HLDS, for 2010:

• 54% indicated an intention to impose rate reductions
• 70% to continue rate freezes, and
• 85% to use AFAs for some portion of the work of their outside counsel
• 71% expected to move more work in-house in 2010

These statistics indicate that companies are closely managing total legal costs more effectively and looking for ways to control that spend.

According to the findings of the 2011 Client Advisory, law firms will need to differentiate themselves in order to gain market share, keep their existing business or win new business. The “current downturn has accelerated the demand for change from the client community and has created an environment in which efficiency and cost-effectiveness have become the driving factors of law firm competition.”

Many law firms and legal departments have been leveraging cutting-edge technology as a differentiator to controlling legal costs. Managing budgets is a top priority for in-house counsel, and law firms are using technology to improve productivity and efficiencies to meet the expectations of their clients.

In the year since its launch, more than 15,000 law firms; corporate law departments; and law departments in federal, state and local government organizations have upgraded to WestlawNext, including 33% of Am Law 100 law firms, as a way to reduce legal costs. Both outside and in-house counsels recognize the value and impact that WestlawNext has on the business of law.

In March 2011, the Association of American Law Libraries (AALL) awarded WestlawNext the AALL Product of the Year award for driving innovation and improving legal research. In a recent Thomson Reuters press release, two customers shared the value that WestlawNext brings to their law firms and client relationship:

“At Reed Smith, we differentiate ourselves with an uncommon commitment to high-quality service and an authentic development of long-term client relationships,” said Tom Baldwin, chief knowledge officer for Reed Smith. “With WestlawNext, we believe we’ll be able to respond to clients even faster and even more cost-effectively.”

“We have been rigorously evaluating WestlawNext and have been impressed with it,” said Jean O’Grady, director of Library Services at DLA Piper. “We’re getting ready to roll it out to all of our attorneys over the next few weeks. We’re always looking for ways to deliver better value to clients.”

WestlawNext enables firms to differentiate themselves with modern technology and keep pace with the evolving expectations of clients.
WestlawNext enables firms to differentiate themselves with modern technology and keep pace with the evolving expectations of clients. For law firms, modern technology that makes attorneys more efficient actually reduces billable hours and also allows firms to deliver better advice or work product faster. For clients, this is a win on multiple fronts – better results in less time and at a lower cost. For firms doing traditional billable hour work, modern technology represents a short-term issue: fewer billable hours. But longer term, delivering high-quality results faster and at a lower cost, means more business from existing clients and new business from new clients. The alternative is simply no longer acceptable to clients: inefficient methodologies billed by the hour.

For the legal department, outside counsel billable hours and yearly research spend may be reduced as WestlawNext allows researchers to be more efficient and complete more work in-house. This technology allows the law department to answer questions in-house as opposed to moving whole complex matters in-house. Even moving 1% of total outside counsel fees can provide significant savings to the company.

This article will discuss the use of modern technologies in two areas that lower the cost of legal services: legal research and electronic billing.

THE EVOLUTION OF LEGAL RESEARCH

Over the past few decades, legal research has evolved from print research to online research. With both types, the goal is the same: to find the relevant primary law (cases, statutes, regulations, etc.) in the right jurisdiction and to use secondary sources (treatises, articles, practice manuals, etc.) to leverage the prior analysis of others to maximize efficiency both in the collection of the right primary law and also the analysis of it.

Early online systems merely provided electronic access to the primary and secondary law. In the last three decades, Thomson Reuters made improvements that drove efficiencies in the legal research process (driving client costs down) while also exposing more nuances of the theory and arguments around the primary law (driving better results for clients). Improvements that drove the most efficiency came in the following areas:

Taxonomy/Subject Categorization
Having legal documents grouped by subject – ideally with human review, as opposed to pure technological sorting – enables researchers to quickly get to relevant material, regardless of key words or databases. This can save hours of research time and prevent researchers from missing a relevant case. Westlaw’s Topic and Key Number subject classification of the law covers roughly 100,000 legal topics and subtopics and has been developed and maintained by West attorney-editors for more than 100 years.

Secondary Source Collections
Having a vast number of up-to-date, authoritative secondary sources covering a wide variety of legal topics and jurisdictions enables researchers to quickly tap into prior collections and analysis of primary law. This saves time in the search for the right primary law, and it also exposes nuances in analysis and theory that the attorney may not have otherwise thought of.
Litigation Content Collections
Like traditional secondary-source collections, litigation content such as briefs, pleadings, motions, memoranda, and expert witness testimony help the researcher quickly get to the right primary law and better understand it. Beyond these benefits, litigation content also exposes very creative ways the law can be positioned to argue for one side or another in a litigation matter. This goes far beyond an objective view of the law and can really help when the law, on its face, goes against the client’s desired outcome.

Linking and Document Recommendations
In an electronic environment, extensive hyperlinking to cited or related information can reduce research time by providing easy access to relevant information in context. Books did this with tables of contents, indices, and footnotes. Modern electronic environments leverage the best of these book-based finding aids and extend the concepts even further with document recommendations based on real-time changes in the document collection.

In each of these areas, Thomson Reuters has made substantial investments in westlaw.com®, which is why, year after year, it is preferred nearly 2-to-1 to its nearest competitor in independent surveys of attorneys conducted by the ABA, and it has been shown to be preferred 3-to-1 among large law firm librarians.

WESTLAW NEXT IMPROVES THE LEGAL RESEARCH PROCESS

Last year, the legal industry saw a dramatic leap forward in the area of legal research. In February 2010, Thomson Reuters launched WestlawNext. However, WestlawNext development and research began more than six years ago with the goal of determining whether legal research could be improved.

The development of WestlawNext included input from more than 3500 customers who shared insights on how to make this process better. The results were to:

1. Make it easier to use, more like the Internet
2. Improve how the search works – don’t require the researcher to guess where the answer is before we begin our research
3. Help the researcher get organized to avoid “reinventing the wheel” and duplication of efforts when research is conducted

WestlawNext directly addresses each of these factors and builds upon the efficiencies of westlaw.com in three significant ways:

Search
Traditional legal research search engines provided “power” capabilities by giving researchers sophisticated syntax to very precisely control the query – word X within 4 words of word Y, and with word in the headnotes. This precision can be useful, but it requires that the researcher know all of the variety of language that is used to describe the particular legal concept or fact pattern in the jurisdiction. Often, the language varies widely.

The modern search engine in WestlawNext, called WestSearch™, applies advanced search technology from the fields of artificial intelligence, data mining, and Natural Language processing to the 140-year collection of editorial enhancements to the law available on Westlaw®. The result is a dramatically improved search experience that focuses on meaning instead of literal words. With older technology, a search for “noncompete agreement” would just return documents with that phrase. Because WestSearch is powered by the West Key Number System® and leverages the vast secondary source collection in Westlaw, as well as the extensive mapping of the citation network of law in KeyCite®, a search for “noncompete agreement” in WestlawNext also returns documents that don’t use that phrase but instead use “covenant not to compete” or “non-compete provision” or “the noncompete clause in the contract.”

If you need to be very precise, WestlawNext still allows for strict Boolean searching – but with WestSearch, researchers no longer need to know which database to look in, nor every possible way a legal or factual term might be phrased, in order to get great results. WestSearch uses advanced technology combined with human editorial analysis to emulate the practices of good legal researchers behind the scenes, in a matter of seconds, to deliver the right answers.

**Research Workflow**

With older technology, attorneys often still organize their research and their analysis of the law on paper. There are inefficiencies with this in the current matter, due to an understanding of the law that happens during the online research session that needs to be reexamined with a pile of documents at the printer or an email inbox – or when a researcher highlights text in a document on paper, or writes notes in the margin, and then hands the paper off to a colleague or supervisor, and then needs the notes or highlighting again and is unable to get them. In other situations, the paper copy of the document with all of the notes and highlighting is misplaced and then the researcher has to begin the process all over again.

The largest area of inefficiency with this type of workflow, though, is with future research. Ideally, in future research, the researcher would have the full benefit of all prior analysis and notation of the law.

WestlawNext provides significant efficiencies here by enabling researchers to organize their research online in folders and add notes to documents and highlight portions of text. This saves time when annotations need to be reprinted, but more importantly, when future research is done, the researcher immediately gets the benefit of his or her prior analysis of the law, which can save hours of time.
Collaboration/Knowledge Reuse

While advanced search technology, a vast litigation content collection, and efficient organization tools can save a lot of time, if someone else in your organization has already done the work, the time and cost of the research project can be reduced by 90% or more. In WestlawNext, research folders can be shared, which allows teams to collaborate on research, enables senior staff to review the work of junior researchers, but most importantly, it allows all members of the organization to tap into the knowledge of the entire organization. This means that now the most knowledgeable lawyers in the organization can easily make their knowledge available in all research projects. To provide high quality legal services quickly at low cost, this is a must.

The result of these improvements in legal research technology is dramatic time savings and efficiencies in research projects. The improved productivity translates to lower costs for clients, better results for clients, or both.

PROVING THE EFFICIENCY – DOES WESTLAW NEXT DELIVER?

In March of 2010, Thomson Reuters hired Legal Research Center to come up with research tasks and assign them to 100 attorneys. Fifty of the attorneys attempted the research assignments with westlaw.com and 50 used WestlawNext. The results were dramatic.

The 50 attorneys who used westlaw.com were very familiar with it, but the 50 attorneys who used WestlawNext were completely unfamiliar with it, so they got one hour of training on its use.

The attorneys who used WestlawNext were able to complete the assignments 64% faster – almost three times faster – than those who used westlaw.com, as detailed on the following pages.
STUDY: WESTLAW NEXT IS FASTER THAN WESTLAW

Researchers who used WestlawNext completed research 64% faster.

<table>
<thead>
<tr>
<th>PROJECT</th>
<th>WESTLAW</th>
<th>WESTLAW NEXT</th>
<th>TIME SAVINGS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>10 min. 28 sec.</td>
<td>3 min. 30 sec.</td>
<td>66%</td>
</tr>
<tr>
<td>2</td>
<td>11 min. 30 sec.</td>
<td>4 min. 50 sec.</td>
<td>58%</td>
</tr>
<tr>
<td>3</td>
<td>12 min. 35 sec.</td>
<td>3 min. 19 sec.</td>
<td>74%</td>
</tr>
<tr>
<td>4</td>
<td>10 min. 18 sec.</td>
<td>4 min. 43 sec.</td>
<td>54%</td>
</tr>
<tr>
<td>5</td>
<td>9 min. 26 sec.</td>
<td>3 min. 8 sec.</td>
<td>67%</td>
</tr>
<tr>
<td>Average</td>
<td>10 min. 51 sec.</td>
<td>3 min. 55 sec.</td>
<td>64%</td>
</tr>
</tbody>
</table>

1 Based on average time required per research project.
2 See research methodology on back for details.

Parallel Performance of Westlaw and WestlawNext

This study compared the performance of identical legal research assignments using both Westlaw® and WestlawNext online legal research services.

WestlawNext proved to be more efficient on all five of the research projects. On average, WestlawNext researchers completed their tasks 64% faster than Westlaw researchers.
RESEARCH METHODOLOGY

Overview
The Online Research Product Comparison Study was commissioned by Thomson Reuters and conducted in early 2010 by Legal Research Center (LRC). The study involved parallel performance of identical legal research assignments using both Westlaw (via westlaw.com) and WestlawNext online legal research services.

The study involved five discrete research projects, each performed by 50 attorneys using Westlaw and 50 attorneys using WestlawNext.

Selecting Research Projects
LRC – which has done research projects for attorneys, law firms, corporations, and governmental entities across the country since 1978 – reviewed real-life legal issues from its proprietary knowledge base of more than 20,000 individual legal discussions.

Research experts then crafted narrowly focused legal issues based on that review, including issues that related to corporate, government, and private-practice work. These issues were designed to be answerable with one relevant authority, and were tested on a control group to ensure the issues were appropriate for a comparison study.

Sample Research Projects (Issues)

1. In which case did the Supreme Court of New York’s First Department Appellate Division uphold personal jurisdiction over a prominent British musician under CPLR 301 because his hiring of New York attorneys and accountants constituted doing business in the state?
   Answer: ABKO Indus., Inc. v. Lennon, 52 A.D.2d 435, 384 N.Y.S.2d 781 (1st Dep’t 1976)

2. Is a foreign corporation with only one employee in West Virginia an “employing unit” subject to unemployment compensation laws?
   Answer: W. Va. Code § 21A-1A-14

Selecting Research Attorneys
LRC selected participants from established staff, each of whom had established his or her online research proficiency and had received a 60-minute training session in the use of WestlawNext. Each attorney had graduated from an accredited law school and had at least two years of post-law school legal experience – with an average of more than 10 years of experience.

Timing the Work
Researchers were asked to accurately record (a) the online time required to complete the research; (b) the databases searched; (c) the time required to record the relevant citation; and (d) the total time required. Researchers were not allowed to use reference attorneys or any other form of research assistance.

Evaluating Results
For each issue, research specialists at LRC prepared an answer key identifying the one citation that directly answered the research question. By comparing search results to the master keys, research managers evaluated search results for accuracy. Then the times required to perform the research were compared.

The 64% (average) improvement in research efficiency is only a baseline. We encourage users to try WestlawNext to see how much time they can save. Research efficiency may be even greater as users become more proficient with all of the efficiency tools available through WestlawNext.
The significant time savings and efficiency of WestlawNext translate into lower costs for clients as shown below:

**Better Results at a Lower Cost**

Without modern technology, research is about 80% more expensive for clients.

<table>
<thead>
<tr>
<th>Research Time</th>
<th>Hourly Rate</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.8 hrs</td>
<td>$300/hr</td>
<td>$840</td>
</tr>
<tr>
<td>Westlaw charges</td>
<td>~$85</td>
<td></td>
</tr>
<tr>
<td><strong>Total Research Cost</strong> = $925</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Research Time</th>
<th>Hourly Rate</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.4 hrs</td>
<td>$300/hr</td>
<td>$420</td>
</tr>
<tr>
<td>Westlaw charges</td>
<td>~$93</td>
<td></td>
</tr>
<tr>
<td><strong>Total Research Cost</strong> = $513</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Whether the disbursement of the Westlaw charges are billed to clients, or whether they’re paid by clients, the result is the same: Modern technology drives significant efficiencies in the research process that enable outside counsel to provide better client service – faster, and at a lower cost. In the new economy, this is the only way to work for clients who demand not only great results, but great value as well.

Corporate legal departments can also use WestlawNext to reduce workload (maximize efficiency and productivity) and bring more work inside, which reduces costs and increases savings to the company. However, corporate legal departments will realize even greater savings if the law firms they work with are leveraging technology to increase their productivity and efficiency. This will translate into lower legal costs.

**MOBILE TECHNOLOGIES**

As technology evolves, so does the way in which attorneys and legal professionals get their information – and when. Mobile devices allow the flexibility to work wherever you are, on any device you choose, and at any time. Gone are the days when you would have to wait to return to the office to email a case to an attorney. Through the technological developments of legal research tools on such devices as smart phones and iPads™, legal research is now available at your fingertips, wherever you are. Thus, attorneys and research professionals are better able to serve their clients more efficiently. According to ILTA’s 2010 Technology Survey, “over a third of firms reported iPads in use after only a few months on the market.” To compete in this changing economy, the most modern legal research providers are responding to this trend by providing flexible and intuitive research capabilities designed to work well on all smart phones and mobile devices such as the iPad.
IT’S STILL ABOUT WINNING AND ACHIEVING THE BEST RESULT

We have heard from both outside and in-house counsel about the competitive advantage and value that modern legal research technology provides to the law department/law firm relationship.

“WestlawNext is very efficient and very accurate,” said Joe Reinhardt, senior vice president, chief claims counsel for Fidelity National Financial, the nation’s largest title insurance company. “WestlawNext has allowed us to bring more matters in-house, which is a savings to the company. And when our outside counsel use WestlawNext, we can trust that we’re going to get the right answer at the lowest possible cost.”

WestlawNext allows both law firms and law departments to differentiate their service based on better results, cost, and efficiency by leveraging innovations in the legal research process. These innovations provide significant business benefits as well as the opportunity to provide client value in today’s legal environment.

To hear how WestlawNext is giving users a competitive advantage in client service, cost control, and their ability to win, go to Customers.WestlawNext.com.

Do you have the winning edge?
WestlawNext delivers a key competitive advantage for winning cases, and clients. Susan says, “Winning is what we care about most. WestlawNext™ gets us the right answers, and nuances of the law, easier and faster than anything we’ve ever used. Most importantly, our clients get the right result faster and at a lower cost. It’s a win-win.”

Hear what Susan and others are saying at Customers.WestlawNext.com. Learn more about Hennelly & Grossfeld at hennellygrossfeld.com.