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Long Island
BusinessNEWS

Mar. 14-20, 2008

Software subscription service saves money, storage space

Although benefits outweigh drawbacks, security concerns remain

By *BERNADETTE STARZEE*

Law firms are in the business of serving clients, but they often are reluctantly dragged into the information technology business as well. These data-heavy companies must purchase computer hardware and software, have the requisite room to house equipment, such as servers, and implement upgrades to software products throughout the enterprise.

Enter software-as-a-service.

SaaS (pronounced "sass") is a model that allows law firms to use software and access their documents over the Internet via any browser like Internet Explorer or Firefox, for example. Rather than purchasing the software and myriad upgrades, the firm simply pays to use it.

This model first emerged in the late 1990s under the name of application service provider software, and is gaining increasing acceptance within the legal profession, which has been slower to adopt it than some other industries because of confidentiality concerns.

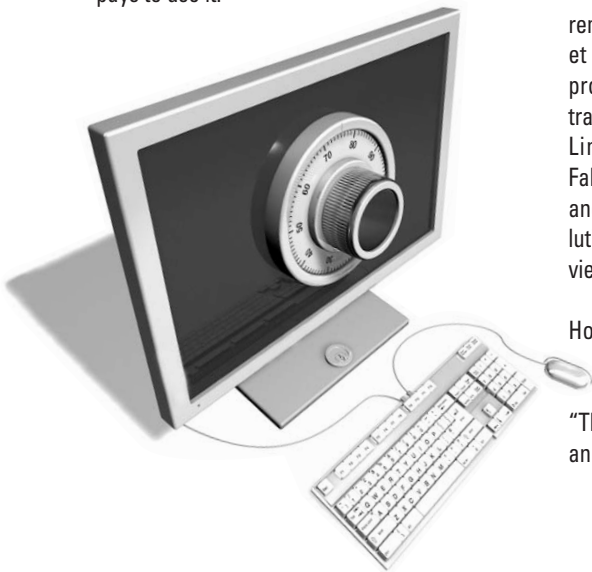
"We have used SaaS services to provide remote access solutions, to manage the docket and calendar of many of our intellectual property matters, and to build and host extranets that are shared with our clients," said Linda Horgan, CIO of Ruskin Moscou Faltischek, a law firm in Uniondale. "We have and will continue to consider using SaaS solutions for large-scale litigation document reviews."

The SaaS model has many advantages, Horgan said. "For a monthly fee, SaaS can provide easy, low-cost access to sophisticated tools and applications," she said. "These applications can be quickly deployed and do not require the server hardware and

technical expertise to implement, maintain and support an in-house solution."

Jordan Ellington is president of the Deal Interactive Division and vice president of Legal Technology for TransPerfect, a New York-based business services firm that provides translations, translation technology and document hosting. TransPerfect's Deal Interactive and Case Interactive products are offered via the SaaS model. "One of the things we do, that many law firms are not equipped to do, is provide server and security infrastructure as well as 24/7 support around the service," Ellington said. "The expense is difficult for a law firm to justify, but we can make a greater investment because the system is used by multiple clients. A law firm would have to pay for equipment as well as network engineers and 24/7 support staff. The human capital is what adds up above and beyond the hardware costs."

Kaufman Dolowich & Volluck LLP in Woodbury uses NetDocuments' Internet-based document storage service. "We probably save five figures every year from a hardware perspective because we don't have to buy additional servers," said Managing Partner Michael A. Kaufman. "The law business is document-intensive. We receive a lot of PDF files, which take up an enormous amount of space." The system makes it easier for the firm to share documents with its outside offices, as well.



Horgan said a SaaS solution is ideal for supporting collaborative work projects. "A document-review platform in which multiple parties from disparate organizations can securely review, comment and annotate the same collection of records is time- and cost-efficient," she said. "Virtual data rooms, such as Deal Interactive, can shorten the due-diligence cycle significantly as it provides a single online repository of all the documents referenced by many parties in a transaction."

Real-time updates allow attorneys to provide better service to their clients. "When a client calls and asks if something happened with his case yesterday, or even today, I can

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just look in the system and tell him," Kaufman said.

Flexibility is another advantage of the SaaS model. "Working with a third-party host allows law firms to tackle any size project that comes through their door," Ellington said.

However, when a law firm decides to go with a SaaS model, it must be willing to part with some control. "You become dependent on your Internet service provider and the SaaS organization's ability to provide secure, uninterrupted service," Horgan said.

"If Internet access is interrupted, the firm loses its ability to use the system and retrieve the data," said Justine DeVito Tenney, a partner in the Private Business Group of Weiser, a Lake Success accounting firm, who added that firms may need to purchase additional bandwidth to allow the system to run efficiently. Another drawback, she added, is a limited opportunity for customization of software, if needed.

However, from a law firm's standpoint, the largest stumbling block has been concern over the security of client information. "Attorneys are concerned with client confidentiality and many believe that giving access to outside



Michael A. Kaufman, managing partner of Kaufman Dolowich & Voluck, said his firm annually sees a five-figure savings from SaaS.

providers may breach that confidentiality," DeVito Tenney said. "But as attorneys become more familiar with Web-based technology, they are becoming more comfortable with the model."

While acknowledging that security is always a concern, Kaufman said his firm felt confident in the vendor it selected. "We looked at

different products, and we went with NetDocuments because of the reliability associated with its name" as well as the backup systems it had in place.

In Ellington's experience, the legal industry is becoming more accepting of SaaS. "Attorneys' resistance to having data stored outside the firm is dissipating," he said. ■