



# Why Law Firms Are Moving to the Cloud

Improve practice management across your firm—with less hassle

Clio Team

## Law firms are moving to the cloud

At the core of any successful law firm is a comprehensive practice management system that offers the ability to manage all cases, time tracking, billing, and more in one central location—bringing together every aspect of your law firm, so that everyone can coordinate resources and collaborate for better efficiency and productivity.

The greatest development in legal practice management technology in recent years, however, has been the shift from on-premise, server-based software, to hosted cloud services. As firms shift to cloud-based software, they're able to take advantage of seamless remote access, greater time savings, better security, 99.9% uptime guarantees, and significant long-term cost savings.



### What is the cloud?

The cloud is essentially a network of hosted resources that you can access through the internet. Cloud-based software runs directly from company servers, which you can access through a web browser or dedicated app. If you've ever used Dropbox, Facebook, Evernote, Gmail, or Amazon, you've used cloud-based technology.





### The problem with on-premise, server-based solutions

Many firms still run practice management software from internal servers. While firms may prefer the idea of having information stored in-office, there are a number of inherent problems:

- **Cost and space requirements.** Servers require significant investment to install and maintain. They also require dedicated space, which, in the interest of data security and confidentiality, should be actively secured and monitored.
- **Setup and maintenance.** Running software from in-house servers requires that you have someone who knows how to set them up and keep them running—otherwise, you'll need to pay a consultant to do this for you. You might be able to run wires through your office, but do you know how to ensure an uninterrupted power supply or how to configure an SQL server?
- **Uptime.** Uptime is a problem for most internal server systems that inevitably run into issues. Dealing with server downtime typically requires dedicated IT staff, who may have varying levels of availability and

responsiveness. Without the proper support, firms can lose access to all their resources for days, resulting in the loss of billable time. In the event of a damaged server, your firm data could be lost forever.

- **Performance and security.** Legacy legal software is built on outmoded technology, making it burdensome and slow for users. Software updates are also costly, and may be few and far between, leaving gaps for performance issues and security threats.
- **Limited access.** In-house servers are designed for use in-house. Firms may have remote access through a virtual private network (VPN), but these are full of barriers, costly, and difficult to use.

### You already use the cloud

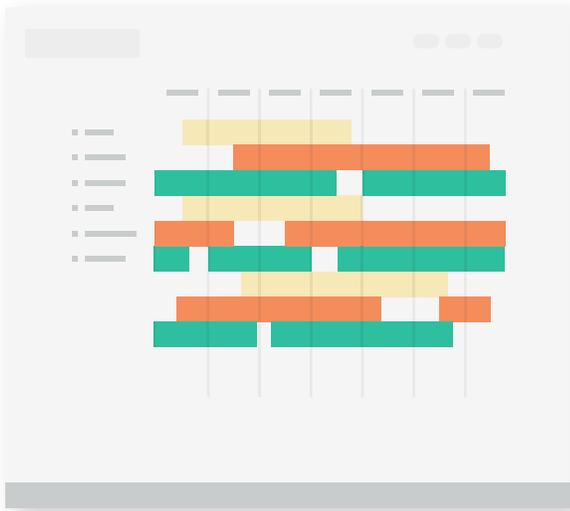
Most lawyers already use the cloud as part of other internet-related services. Dropbox, Gmail, Evernote, Facebook, and your Amazon.com Wish Lists all run on cloud technology. These services are ubiquitous for good reason: They make it extremely easy to access and share information, and they offer seamless user experiences—without having to install or update any software on local systems.

## Legal-specific software in the cloud

The importance of legal-specific software for law firms, however, can't be understated. Legal industry rules and regulations set clear parameters for lawyer conduct—specifically around safeguarding client information and managing funds held in trust. Using software that has been developed in close consultation with industry regulators is the only way to ensure ongoing compliance. Legal-specific software also offers the benefit of unique features designed for law firms, such as automated court calendaring and the ability to manage trust ledgers separately from operating funds.

As legal-specific software platforms shift to the cloud, the benefits offer many key advantages. As we'll see in this guide, firms that manage their practices in the cloud benefit from:

- Increased access to information
- Better collaboration
- Streamlined workflows that improve efficiency and productivity
- More secure, more reliable office information infrastructure
- Fewer barriers to access and maintain



## New expectations for law firms

The legal industry is shifting, largely due to advances in technology and the new expectations they bring. Firms that aren't able to adapt risk alienating themselves from clients, staff, and legal work itself.

**Clients expect more.** Today's clients are accustomed to doing tasks quickly and easily online. They may be less inclined to work across a boardroom table, and more interested in the convenience of an online chat and other remote services.

**Staff expect more.** Attorneys, paralegals, and support staff are being trained in the latest technologies, and they expect employers to keep up. For firm staff, access to better software helps them be more efficient and productive; for managers, it can influence the firm's ability to hire and retain quality staff.

### The competition demands more.

The advent of online legal services has shifted the nature of work across the legal industry. Clients can now source routine legal tasks online, for prices that most brick-and-mortar law firms can't compete with. Technology will never fully replace experienced legal counsel, but the lawyer's role is growing increasingly complex.

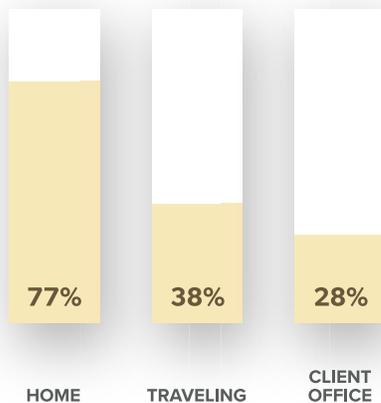
## Why access to information is important

We live in an age where instant access to information, from anywhere, is the norm. A law firm shouldn't be any different.

Let's start with an in-house example. If your firm still works with paper files, think of all the time wasted in having an assistant retrieve information from a storage room. It's inefficient for the person delegating the work, and for the person doing it. Finding and retrieving information should never be a bottleneck for productivity, and all firm staff should have quick access to information relevant to their work.

But not all legal work is done in the office. More and more, it's being done at home, in client offices, in hotel rooms, on the road, and in court. Many virtual law firms have forgone office space altogether. According to the 2016 ABA TechReport, 77% of lawyers work regularly from home (not counting those who don't have an office), 38% while traveling, and 28% from client offices.

### Lawyers working out of office

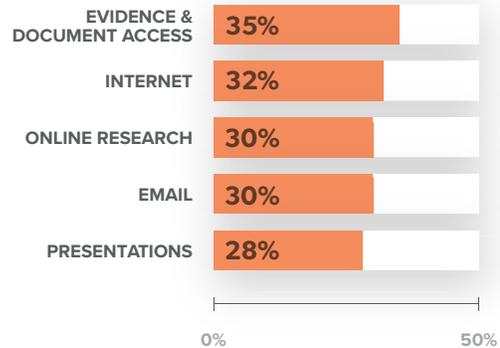


Source: 2016 ABA TechReport

Technology in the courtroom is also becoming more common, with 80% of lawyers bringing at least a smartphone. How do lawyers use electronic devices in court? For laptops specifically, the most common activities (by percentage of lawyers) include:

- Evidence and document access (35%)
- Internet (32%)
- Online research (30%)
- Email (30%)
- Presentations (28%)<sup>1</sup>

### Laptop use in court



Source: 2016 ABA TechReport

If you store firm documents on an in-house server, you need to set up a VPN to access that information when out of office, which can be cumbersome and inefficient. The alternative is to print, or store on a local hard drive, what you need beforehand, but this takes preparation and forethought—and presents a security risk if those materials are lost. It can also cause problems if these resources aren't kept up to date with what's stored in-house.

<sup>1</sup>. American Bar Association. 2016 ABA TechReport.

## Work from anywhere using a desktop or mobile device

Working in the cloud gives attorneys and other firm staff access to the most up-to-date information from wherever they need it. This means lawyers don't need specific remote login credentials to access firm data. They also don't need to call the office to ask someone to track down a file to scan and email, and there's no risk of a file being left behind on a desk or filing tray.

Instead, everyone gets their own access to what they need, even after regular office hours, from wherever they are. Cloud-based software works across multiple types of hardware. With a laptop (Mac or PC) connected to secure wifi, you can log in and access every case detail just as you would if you were sitting in your office. Dedicated mobile apps give you the same easy access from a smartphone or tablet. This not only helps you be prepared for any case-specific situation that comes up in any given day, it also helps ensure that you're informed and able to do your best work at all times.

## Balanced performance and scalability

Work-life balance may have been elusive for busy, career-driven lawyers in the past, but access to technology is changing this. Balance between work and life is less about separation and more about integration for modern professionals. Family commitments and emergencies are a part of everyone's life. As lawyers and supporting legal staff get better, more flexible access to their work, they can make more personal commitments while keeping up on their work—making them better, more productive employees overall.

Firms working in the cloud also have more options for future growth and scalability. Adding users is as easy as creating a new software account and setting up proper permissions and login credentials. Expanding your office also becomes a possibility, as each remote location doesn't require any dedicated hardware—just access to a web browser and the internet.



## Clio helps law firms and their clients

### Everyone can find what they need.

Clio's intuitive interface makes it easy to find information from any computer or mobile device. Staff can browse client or matter information, or they can search specific names and labels. Finding documents is also just as easy.

### Innovative client service.

Clio's client portal, [Clio Connect](#), allows your firm to keep a record of all relevant client-facing information in one secure location. Clients can, on their own, get access to the password-protected information you share with them—including documentation, case calendars, and billing information—saving firm staff from tracking and sharing this information themselves.



## Consolidated billing workflows

When it comes to running a profitable legal business, dedicating time to billable tasks is crucial to keeping up revenues. According to the [2016 Legal Trends Report](#), the average lawyer in the United States spent only 28% of their time doing billable work. What accounts for the remaining workday?

Billing workflows in particular are a major drain for law firms. For example, documenting time on paper, only to have someone input the time into the firm's tracking system requires more people and time than it should. This can also cause problems if staff work out of office, where they can easily lose track of time sheets—or may need to call in to report hours for end-of-month billing.

### Save time with centralized billing workflows

When using a practice management system such as Clio, any billing staff can log time directly to a matter and client, which can easily be applied to an invoice come billing time. Attorneys and other billing staff can log their time using an in-app timer, which can track time to specific case work, or they can log time entries after the fact. Both options provide fields for detailed notes and descriptions of work performed, which can then be included in client bills. Recording detailed task notes ensures transparent reporting across all cases, which can also be referenced easily in the event of a dispute.

## What does centralized billing look like?

With Clio, whether billing by the hour, with flat fees, or on a contingency basis, centralized billing workflows increase efficiency and ensure diligent records of all bills and transactions. Here's an example of a billing workflow for multiple lawyers billing by the hour and with flat fees:

- **Time tracking.** A lawyer doing research in her office uses an in-app timer to log time directly to the case she's working on. At the same time, her colleague works from home, logging tasks with associated flat fees. Another lawyer logs time in Clio's mobile app while attending court. Meanwhile, an office paralegal, who has her tasks blocked out in her calendar, logs her tasks as time entries as she completes each one.
- **Creating bills.** When it comes time to invoice clients, billing staff have access to all the firm's billing hours, in one location, with rates and fees set for specific attorneys, clients, cases, and tasks. With a few clicks, staff members create bills complete with firm branding, letterhead, personalized messaging, billing information, task descriptions, and trust updates—all of which can be customized at any time.

- **Review.** Once draft invoices are created, the responsible attorneys can review, make notes, or edit time entries as required.
- **Delivery.** Once final invoices are approved, they can be printed and mailed or—ideally—sent electronically via email or secure client portal.
- **Payment and reconciliation.** The benefit of sharing bills electronically is that clients have the option to pay them immediately online. Once paid, a notification is sent to both the firm and the client. And, when using [Clio Payments](#), all billing and account information will update automatically in Clio.



## Increase cash flow

According to the [2016 Legal Trends](#)

[Report](#), when compared to payments by check, firms using centralized and online billing reduce client payment times by 35%.

## Coordinating teams for efficiency

Access to information is a major benefit for firms, but being able to coordinate the right information with the right people, in a timely and efficient manner, is what keeps everyone on track. Teams that work together with clear tasks and deadlines are also less prone to mistakes.

According to a recent ABA study, administrative errors—including failure to calendar properly, clerical errors, failure to file documents, procrastination, lost files/document evidence, and failure to react to calendar deadlines—made up 23% of all malpractice claims in 2015.<sup>2</sup> Practice management software helps coordinate tasks and resources, while offering powerful automations that can help eliminate the risk of human error.

### Electronic calendaring

Many firms already use electronic calendaring systems for individual staff and teams—and to coordinate room bookings and other resources. These calendars can be connected to your practice management system, allowing for more integrated communication and case workflows. Clio's practice management software, for example, gives you the ability to sync bi-directionally with [Outlook](#) and [Google Calendars](#), so that no matter where you update, all of your calendars will have the newest information—across all devices.

### Task management

Practice management software provides the means to coordinate specific tasks and project workflows across multiple staff members. With a [task management](#) system, you can create a templated set of tasks for specific case types, and then divide up assignments with detailed information about the work required, resources available, appropriate reporting procedures, deadlines, and estimated time to complete. With the right task system in place, managers can get a firm-wide view of who's working on what, what tasks are completed, which are behind schedule, and where bottlenecks may loom.

### Automated documents

Most firms already use document templates for specific clients and cases, but if firm staff are filling these documents manually, there are two distinct

disadvantages. First, manual entry takes time, especially for multi-page documents with multiple fields that require a staff member to confer specific information, which then needs to be reviewed. Second, manual entry adds a layer of risk, as certain fields can be missed, the wrong information inputted, or sensitive information could be retained from a previous document.

With a centralized information environment, once information is collected, it can be used more efficiently. For example, client information collected via electronic intake form can be used immediately in an engagement letter that pulls the necessary information into a [template](#)—which can then be quickly printed or shared for electronic signature.



## Advanced insight and reporting

Storing all firm data in a centralized location makes reporting easier and more efficient. With Clio, firm managers can run reports on billing activities, client statuses, task completions, firm revenues, and more, at any time. With the right information, firms can make better decisions on how to improve productivity and cash flow.

2. American Bar Association Standing Committee on Lawyers' Professional Liability, Profile of Legal Malpractice Claims 2012-2015, September 2016.



### Clio's accessible API for endless software integrations

Clio's practice management software syncs with the most popular office and legal productivity apps to keep your firm running smoothly, in the way your team wants to work.



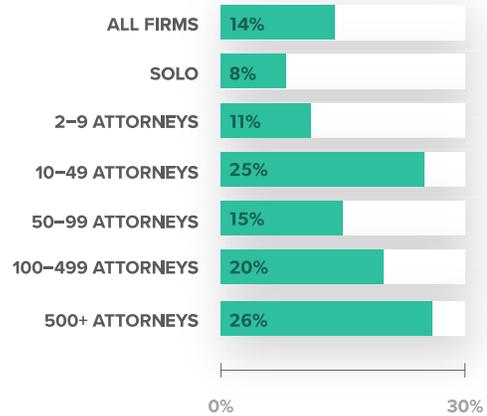
## Work more securely in the cloud

Law firms deal regularly with potentially sensitive information every day. Many firms, however, don't take steps to keep up with the security precautions required in today's digital environment. These factors combined make law firms prime targets for malicious hackers.

According to the 2016 ABA TechReport, 14% of firms reported having experienced a data breach at some time; this number jumps to 25% for firms with 10 to 49 attorneys and to 26% for large firms with 500 or more attorneys. The trend has been consistent within a percentage point over the last three years, but it's also worth noting that these numbers may be under-reported, as data breaches may occur unbeknownst to firms, or to individual staff members participating in the survey.<sup>3</sup>

3. American Bar Association. 2016 ABA TechReport  
4. ABA Rule 1.1, comment 8

## Firms with a reported data breach at some time



Source: 2016 ABA TechReport

### Managing risk in legacy software

The ABA, and many state bar associations, now require that lawyers stay abreast of technologies relevant to the legal profession.<sup>4</sup> This means knowing the risks associated with particular technologies. It also means knowing the advantages of switching from out-dated technology to more modern approaches.

Keeping up with security is an ongoing task, especially as it relates to software. It's important to install the most recent patches and version updates to mitigate emerging threats and vulnerabilities. The WannaCry software virus attack that swept countless businesses, public services, and government offices in May 2017 is an example of how outdated software—in this case Windows XP—can leave firms vulnerable.

Updating software across several devices, especially where compatibility issues are a factor, often requires costly IT support, and takes time to develop and implement. The advantage to running cloud-based software is that all versioning and updates are performed automatically by the software provider. (How many times have you had to update Gmail, Facebook, or Amazon?)

## Economies of scale

There's an economy of scale to consider when working with cloud-based software. If something goes wrong with a cloud service, the problem will affect thousands, if not millions, of users. Because the burden of responsibility resides with the service provider, companies spend millions of dollars (more than most firms can afford) to ensure the highest security standards are in place at all times. Firms spend much less—a nominal amount as part of a monthly fee—than what they would on their own security, and receive protection that is vastly superior.

Not only do service providers invest heavily in preventing problems, but they're much more apt at solving them should they arise. Many services offer 24-7 systems monitoring, and hosting software from a central location means providers can begin fixing the problem immediately—often within minutes. Compare this to an on-premise situation, and it could be hours, if not days, before a firm can find a qualified expert to begin assessing the problem.

## Automated data backups

While keeping firm data under local lock and key may seem the most secure solution, it's worth noting the risk of keeping all firm data in a single location. If

something were to damage an in-house server—a fire, flood, or other catastrophic event—that data disappears forever. And while a watertight insurance policy may cover the cost of damages, no policy will ever fully repair the damage done to client satisfaction, or even a firm's reputation. (It's also worth noting that some insurance plans may not cover situations where proper precautions weren't in place.)

Storing firm information in the cloud, however, often provides the benefit of secure data back-ups—protected by state-of-the-art security systems—in multiple, geographically distinct, locations. This means that if something were to happen to a data server, your firm's information would remain intact in another location far away.

## Preventative solutions

Even if your firm is able to forego the unfortunate event of a data breach, the time and resources necessary to staying vigilant can also amount to a loss, given the range of easier solutions available. In other words, it's far more effective to make a lasting, impactful decision once, rather than have to plan multiple investments over a long period of time—or in a worst-case scenario, having to deal with the consequence of compromised firm data.



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## Security checklist

Software is only part of the equation when it comes to security. How you use it plays a large role in protecting firm data. When using any software, make sure staff follow proper protocols:

**Implement strong passwords.** Passwords should be at least 12 characters long, containing a mix of numbers, symbols, and upper and lowercase letters.

**Enable device encryption.** Encryption is easily enabled across Mac OS and Windows computers, as well as iOS and Android mobile devices. Enable it to prevent access to device information in the event of a theft.

**Enable two-factor authentication.** When using two-factor authentication, third parties can't access firm data without a secondary authorized device (even if they know your login credentials).

**Minimize use of public wifi and use SSL encryption.** Cyber criminals can intercept information sent across public wifi networks. Stick to password-protected wifi or cellular networks when transmitting sensitive data, and use software (such as Clio) that forces SSL encryption when sending data across networks.

**Create and assign permissions.** With Clio, firms can define permissions for individual users to restrict access to certain firm data.

**Use secure cloud software.** The fact that a software is cloud-based doesn't make it secure. Make sure to verify the security of any software you use to store sensitive client data.

## Assessing barriers to entry

Getting started with on-premise software can be a significant challenge, often requiring intensive support from a qualified IT professional.

Do you know how to set up an ethernet network to support a continuous database connection? What is the expected lifespan of your servers, and when do you need to budget for a new software upgrade? How much storage space should you plan for in the next six months? The next six years? If you don't have the answers to these questions, you'll likely need to pay someone who does.

Implementing and upgrading on-premise software also requires large upfront costs. Depending on the size of the firm, a small-to-medium-sized firm can easily spend up to \$25,000 when accounting for hardware, software licences, data migrations, training, and consultancy fees. Annual updates only add to this cost, and firms should also plan to invest in major version updates every three to five years.

Working with the cloud, however, means signing up for a monthly or annual fee, which includes startup costs and future upgrades. In other words, not only is it less hassle, it's more predictable, making it easier to budget and plan for. Adding users is as simple as creating new accounts. And to get a sense of whether a software will be a good fit for your firm, Clio lets you [try the software](#), with the benefit of [personalized demos](#), for free.





### World-class data migrations, training, and support

Getting started with Clio is easy. To get your firm set up, Clio offers comprehensive data migrations from virtually any platform to ensure your existing firm information moves into Clio. Take advantage of personalized training sessions and on-demand resources to ensure your staff are proficient.

Need additional support? Clio's award-winning, in-house support staff are available to troubleshoot issues if they arise.



### About Clio

**Clio** is the most comprehensive cloud-based practice management platform for the legal industry. With the help of the cloud, Clio eases the process of time tracking, billing, administration, and collaboration for law firms of all sizes. Based in Vancouver, B.C., and with a European office in Dublin, Clio is used by legal professionals in over 50 countries.

[Try it for free](#) or [schedule a demo](#) today!

