

THE TRUE ADMINISTRATION OF JUSTICE

Law Firm Digital Transformation:

Principles of Enterprise Software Selection

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Executive Summary

The legal profession, as a quintessential example of the knowledge economy, is especially sensitive to the dramatic impacts of technology. For our legal audience, a prime illustration of this is the transition from paper-based Shepardizing cases to digital processes within a single generation.

This shift not only revolutionized legal research but also served as one of the key inspirations for Google's search algorithms. As we move further into the age of artificial intelligence (AI), these technological impacts on the legal industry will only accelerate, making it even more crucial for legal practitioners to identify and implement optimal solutions. This White Paper outlines the principles and steps involved in selecting enterprise software for law firms, ensuring the successful implementation of digital transformation initiatives.



Introduction

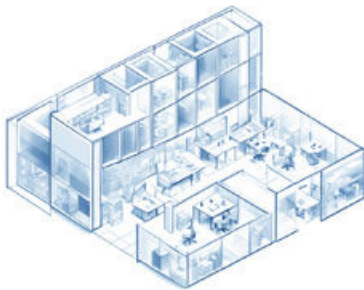
Equity partners face a multifaceted challenge in building their law firms. They must excel as legal practitioners, developing track records and reputations as litigators or transactional attorneys in Global 200 or emerging mid-market law firms. Beyond this, Managing Shareholders and their Chief Operating Officers must act as business leaders, developing and implementing strategies to seize growth opportunities, adopt best practices, and streamline operations.

For firms that have not recently reviewed their business operations with a fresh perspective, digital transformation can represent a significant opportunity. At one recent client, a comprehensive transformation unlocked more than a \$3 million increase in annual profits per equity partner. At another firm, a \$10 million program will yield more than \$40 million in benefits over the next decade, representing a 400% return on investment.

Robust software platforms are almost always key enablers to capture these benefits. Agile law firms depend upon effective practice management, case management, human resources, eDiscovery, and document management systems to conduct their daily operations, manage core processes, and develop insights to continue evolving.

Unfortunately, however, many firms fall into a series of traps in evaluating their current platforms and developing corresponding software roadmaps. At P&C Global, we recommend a four-step approach to address enterprise software decisions:

Ensure and proactively manage foundational needs



Establish a robust evaluation team



Apply objective selection criteria



Analyze total cost of ownership



Ensure and Proactively Manage Foundational Needs

A common problem in IT procurement is spend fragmentation, buying similar products with overlapping functionality from multiple suppliers. Examples of this duplicative purchasing behavior abound. At one firm, a newly acquired practice operating from a separate office location was more comfortable with a legacy case management solution wholly unsuited to the larger organization. Rather than confront the change management associated with bringing the new group into the fold on the standard enterprise platform, the acquiring firm tolerated ongoing maintenance of two separate systems and the business process and technical complexity that entailed.

In other cases, we've seen technology teams purchase and only half-heartedly deploy unified communications solutions, leaving timekeepers and other end users unsure whether to use Microsoft Teams or Zoom for their next meeting. Some organizations have totally abandoned central standards in certain domains, leaving attorneys to choose their personal preference for document management solutions, resulting in significant productivity losses and dangerous cybersecurity risks.

Lax enterprise standards result in more contracts to manage, vendors with conflicting interests, suboptimal use of each product, and runaway costs of ownership due to 'shelf-ware.' If decisions and contracts are strategic, fewer vendors with longer-term supplier relationships can reduce costs, improve deployment and response times, and mitigate future risks associated with ongoing technology changes. The key is to proactively manage enterprise software selection to identify the optimal set of solutions and relationships.



Establish a Robust Evaluation Team

When addressing an enterprise roadmap, another critical factor is the skills and background of the team making the decisions. Technology is the application of science, and its procurement requires experience and current expertise. Especially for mid-market law firms and those who continue to manage legacy platforms, there are often major gaps in the credentials and capabilities of internal technology teams.

Outside the US, technology roles have one of the highest annual continuing education requirements of any profession—more than attorneys, accountants, and medical practitioners and reflecting the rapid pace of progress in the technology profession. An Enterprise Solution Architect, for example, should minimally have current certifications like CompTIA A+, Network+, and Security+ and be actively pursuing continuing education courses to stay abreast of recent advances.

Ensure your team has the technical competency to control and consolidate vendors and software solutions prior to undertaking a digital transformation. Consolidation of suppliers, platforms, and products requires technical expertise, discipline, and focus to accelerate decision-making and mitigate risk.

Technology teams also need to remain heavily engaged with their end users to ensure a common understanding of core pain points, business process reengineering opportunities, and corresponding requirements. Particularly for major transformations, we recommend the creation of a formal Transformation Task Force, a small group of highly respected timekeepers and administrative staff to guide the technology team from “Demonstration to Decommissioning” (i.e., from initial evaluation of candidate technology solutions all the way through to deployment and decommissioning of prior systems). These task force members also tend to become natural change champions, helping their peers work through adoption concerns and obtain full value from new capabilities.



Decisions should not be grounded in recommendations by self-interested third parties with clear conflicts of interest (see Appendix A). Time and again, we encounter law firms who suffer from poor decisions advocated by entities such as Value-Added Resellers (VARs) whose judgment is colored by monetary incentives including commission structures from the products they represent. For example, we have encountered managed services providers who recommended data center hardware wholly inappropriate for their client's needs, all in the pursuit of maximizing hidden commissions from software and hardware companies whose products they sell. When the recommended solutions fail, the expense to fix is an additional revenue stream for the VARs via hourly labor-based charges and other costs.

Others simply failed to advise their clients that they were over-provisioned regarding licenses or equipment, exhibiting bad faith by putting their own interests first. In more significant cases, VARs positioning themselves as "consultants" recommended web versus on-premises versions of key software that severely limited functionality and inflated life cycle costs for their law firms but yielded incentives from vendors chasing software-as-a-service subscription revenues.

Managing Shareholders and Chief Operating Officers must remain aware of these adverse incentives that can skew recommendations and retain independent responsibility for final decisions. Where external advice is needed, these leaders should rely upon strategic partners who are neutral experts with business models that depend upon long term track records and referenceable reputations for success and not from commissions on the products and services they recommend.

Apply Selection Criteria

With enablers in place, the next step is to apply a structured set of evaluation criteria to assess the comprehensive offering of each candidate vendor. Law firms should scrutinize five dimensions of each potential solution (see Figure 1).



Figure 1: Enterprise Software Selection Criteria

Rather than falling prey to aggressive sales practices or the attraction of exotic features, the focus here is evaluating the vendor organization, its software product, and its wrap-around services offering to determine its ability to support the law firm's needs over the next two to three decades, which should be the expected lifetime of a core solution (see Appendix B). Relatively quickly, these criteria uncover knock-out factors enabling a rapid screening of options. For example:

- **Functionality:** Is the software package missing key capabilities, such as a case management system that omits general ledger accounting functionality and requires integration to third-party components?
- **Longevity:** Is the vendor an unproven start-up, raising the risk that it will go out of business or otherwise exit to a buyer with unknown motivations? Do its employees rotate organizations every two or three years, making it likely the implementation team will experience significant churn?
- **Expertise:** Is the vendor a generalist solution provider, lacking specific understanding of the unique needs of the legal services vertical?
- **Architecture:** Does the technology stack of the solution hinge upon a third-party developer ecosystem, rather than controlling its own destiny?
- **Service accountability:** Will implementation rely upon a list of third-party VARs who may not have appropriate incentives or domain expertise, as opposed to dedicated in-house resources?

Typically, these selection criteria winnow options to a short-list of candidates. For example, case and practice management solutions often reduce to just a few finalists (see Figure 2).

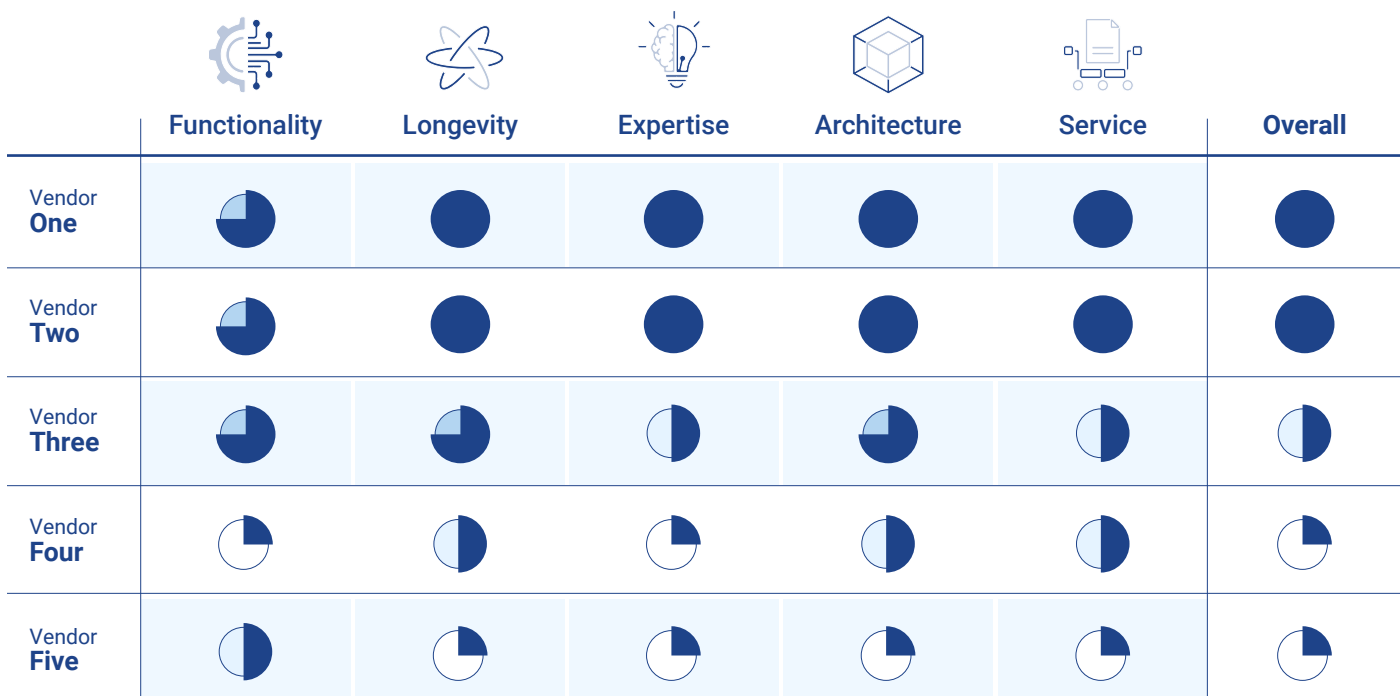


Figure 2

Analyze Total Cost of Ownership

The final step in choosing enterprise software is to evaluate the Total Cost of Ownership (TCO) associated with each finalist option. As the name implies, the scope of cost assessment should be all encompassing, considering hard costs such as license fees, ancillary expenses such as implementation, ongoing support, and maintenance, and any indirect economic impacts such as changes in timekeeper or staff productivity. These costs should be evaluated over the full life cycle of the investment rather than just a one-time snapshot of current year cash flows.

In assessing TCO, beware teaser rates or accounting gimmicks that unscrupulous vendors will sometimes use to obfuscate deal economics. With eDiscovery solutions, for example, we've seen some vendors emphasize attractive headline pricing denominated in terms of Dollars per Gigabyte (\$/GB) of material in the system, but then articulate a long list of ancillary fees for common activities such as ingesting materials, running optical character recognition, enabling Technology Assisted Review algorithms, etc. When evaluated considering expected activity levels, these offerings have often proven dramatically more expensive than traditional pricing mechanisms.

Hosting Fees
\$/GB



Hidden Fees

- Advanced Analytics (e.g., Technology Assisted Review)
- Data Loading and Processing
- Redactions
- Archiving
- User Licenses
- Project Management
- Productions
- Forensic Services

The Final Step: Implementation

Selecting the right enterprise software is just the beginning; the most challenging and critical work lies in the implementation phase. Many law firms struggle during this stage, especially when they delegate responsibility to Value-Added Resellers (VARs) who may have conflicting interests. The implementation phase requires more than just technical know-how; it demands a team with the right blend of skills, education, and up-to-date industry certifications (which should be requested) to deliver transformative outcomes that truly move the business forward.

Unfortunately, too often, service providers bring teams that consist of “ticky-tacky button pushers”—individuals who may know the software but lack the depth of understanding necessary to align the technology with the firm’s strategic objectives. For example, following a recent reorganization of a major software provider in the legal industry, not a single one of the resulting wave of job applicants to P&C Global met our rigorous hiring standards in terms of experience, credentials, personality profiles, and background checks.

Successful implementations of major enterprise applications require much more than blindly installing a set of tactical features. Instead, they require designing comprehensive sets of capabilities, processes, and workflows that seamlessly bridge across different systems to effectively meet underlying business needs. To further ensure a successful migration and transition, Business Process Controls are essential to prevent the repetition of past mistakes. These controls not only safeguard against errors but also promote consistency, efficiency, and compliance within the organization, ensuring that lessons learned from previous experiences are effectively integrated into future operations.

The software running your business operations, when effectively chosen and implemented, is a generational investment expected to have a useful life of 25+ years. Equity Partners and C-Suite leaders must consider the long-term, strategic implications of software procurement and Business Process Controls must be implemented. A well-defined, rigorous examination process to select enterprise software will reduce noise and clarify the right choice. Focus on fewer, longer-term vendor relationships informed by key selection criteria and TCO over the entire anticipated software life cycle to ensure you maximize your technology investment and help drive efficiencies throughout the organization.

Appendix A – Key Indicators to Research and Verify Before Engaging a Vendor

1. Website Mentions of Partnerships or Alliances:

- Check the Vendor's Website: Look for sections or banners that highlight partnerships or alliances with specific hardware, software, or other technology solutions providers. If the vendor prominently lists certain manufacturers as "partners," "preferred providers," or "authorized resellers," this could indicate a vested interest in promoting only those products.

2. Presence on Manufacturer Websites:

- Search Vendor Partner Listings: Visit the websites of the hardware or software manufacturers that the vendor is recommending. Look for a "Partners" or "Resellers" section to see if the vendor is listed as an authorized reseller, partner, or value-added reseller (VAR). This affiliation could signal that the vendor has a financial incentive to recommend those products.

3. Technical Certifications Linked to Manufacturer Products:

- Review Team Certifications: Examine the credentials and certifications of the vendor's workforce. If many of the vendor's consultants hold certifications specifically tied to the products of their declared hardware or software partners (e.g., Microsoft Certified Professional, Cisco Certified Network Associate, AWS Certified Solutions Architect), this could suggest a close alignment or partnership with those manufacturers. Be cautious if these certifications seem to be prioritized over broader, more neutral certifications.

4. Bundled Service and Product Offerings:

- Look for Bundled Deals: Review marketing materials, proposals, or service offerings from the vendor. If they offer "bundled" services that include specific hardware or software products at a special rate, this could be a sign that the vendor is acting as a reseller.

5. Exclusivity Claims or Special Discounts:

- Evaluate Claims of Exclusivity: Be wary of vendors that claim they have exclusive access to certain software or hardware solutions or can offer special discounts that others can't. This could indicate a reseller relationship.

6. Marketing Focus on Specific Brands:

- Notice Brand Emphasis in Communications: Pay attention to whether the vendor's marketing materials, blog posts, case studies, or client success stories heavily feature specific brands or products. Overemphasis on certain brands may suggest a promotional bias linked to a reseller arrangement.

7. Incentives or Rebates:

- Identify Unusual Financial Incentives: Scrutinize any financial incentives such as rebates, discounts, or volume deals linked to specific products. If the vendor offers rebates or seems to benefit financially from your choice of certain hardware or software, this might be due to reseller arrangements.

8. Membership in Manufacturer Partner Programs:

- Check for Partner Program Memberships: Identify if the vendor is a member of any specific manufacturer partner programs (e.g., Microsoft Partner Network, Oracle Partner Network). Membership in such programs can provide vendors with financial incentives, marketing support, or technical resources that align their interests with those of the manufacturer.

9. Presence at Manufacturer Events:

- Notice Participation in Vendor-Sponsored Events: If the vendor frequently participates in or sponsors events alongside specific hardware or software manufacturers, it might indicate a close relationship or partnership.

10. Client References with Specific Manufacturer Implementations:

- Look for References to Specific Manufacturer Solutions: When reviewing the vendor's client references or case studies, note if there is a pattern of deploying or recommending specific manufacturer solutions. Repeated implementation of a particular manufacturer's product can indicate a reseller relationship.

11. Website Domain and Branding Overlap:

- Assess Domain and Branding Links: Sometimes, vendors that are resellers will use domain names or branding that closely resemble the products they sell. For instance, their URL may include the manufacturer's name, or their logo may incorporate elements of the manufacturer's branding.

12. Integrated Proposals and Quoting Capabilities:

- Check for Integrated Proposals: If the vendor provides a proposal that includes both their services and the hardware or software from other manufacturers on the same quote or sales proposal, this is a strong indicator that they are acting as a reseller. By integrating these quotes, the vendor is not only reselling the products but is also financially benefiting from the reseller relationship. This scenario suggests a conflict of interest, as the vendor may prioritize its financial gain over providing an impartial recommendation that best suits your needs.

By adopting this framework and degree of scrutiny, firms can ensure that their technology investments are not unduly influenced by the hidden agendas of vendors but are instead aligned with their own long-term strategic imperatives.

Appendix B – Behaviors to Observe Vital to Identifying Potential VARs and Conflicts of Interest

Lack of Transparency in Recommendations:

- The vendor provides vague or non-specific reasons for recommending certain products.
- They do not disclose if they receive commissions or incentives for recommending specific hardware or software.

Overemphasis on Certain Brands or Products:

- The vendor consistently recommends the same brands or products across different scenarios, regardless of the law firm's unique needs.
- There is a noticeable pattern where only certain manufacturers' products are suggested without thorough comparison to alternatives.

Limited Options Presented:

- During software or hardware selection discussions, the vendor presents only a narrow range of options.
- The vendor dismisses or does not explore potential solutions outside their favored brands or products.

Bundling of Services and Products:

- The vendor offers bundled packages that include specific hardware or software products as part of the service deal.
- They push for solutions that tie the law firm to long-term contracts with specific vendors.

Incentive Structures and Pricing Models:

- The pricing model or contract terms are structured to incentivize the law firm to use more of a specific product or service (e.g., discount tiers based on volume).
- There are hidden fees or unclear terms related to hardware or software that seem to benefit the reseller.

Recommendations of Inappropriate Solutions:

- The vendor recommends hardware or software solutions that do not align with the law firm's current or future needs but might benefit the vendor financially.
- Suggested products may have excessive features not required by the law firm, potentially indicating a higher commission for the reseller.

Failure to Address Over-Provisioning or Over-Licensing:

- The vendor does not warn against over-purchasing licenses or equipment, which could indicate a conflict of interest where they benefit from higher sales volumes.

Frequent Changes in Recommendations:

- The vendor often changes its recommendations or shifts focus to different products without clear rationale or alignment with the law firm's evolving needs.

Use of Confusing Jargon and Complex Contracts:

- The vendor uses complex jargon and creates intricate contract structures that are hard to understand, possibly to hide reseller incentives or commitments.

Lack of Independent References or Testimonials:

- The vendor cannot provide unbiased references or testimonials from other clients where their independence and objectivity in software or hardware recommendations are evident.
- Feedback from other clients suggests a pattern of similar product recommendations without a thorough needs assessment.

Resistance to Independent Evaluation:

- The vendor discourages the involvement of independent consultants or external experts in the decision-making process for hardware or software selection.
- They show reluctance to allow open discussions with other vendors or to validate their recommendations with independent third-party evaluations.

Exclusive Partnerships and Certifications:

- The vendor highlights exclusive partnerships or certifications with specific hardware or software manufacturers that could imply a vested interest in promoting those brands.
- They emphasize certifications that seem to prioritize vendor relationships over impartial technical expertise.

Appendix C – Certifications Required by Hardware and Software Manufacturers of Their Resellers

Microsoft Partner Certifications

- Microsoft Certified Partner
- Microsoft Gold Partner
- Microsoft Silver Partner
- Microsoft Certified Solutions Expert (MCSE)
- Microsoft Certified: Azure Solutions Architect Expert

Oracle Partner Certifications

- Oracle Gold Partner
- Oracle Platinum Partner
- Oracle Silver Partner
- Oracle Certified Professional (OCP)
- Oracle Cloud Infrastructure (OCI) Architect Associate

Cisco Partner Certifications

- Cisco Certified Network Associate (CCNA)
- Cisco Certified Network Professional (CCNP)
- Cisco Gold Certified Partner
- Cisco Premier Certified Partner
- Cisco Certified Internetwork Expert (CCIE)

VMware Partner Certifications

- VMware Certified Professional (VCP)
- VMware Certified Advanced Professional (VCAP)

- VMware Premier Partner
- VMware Solution Provider Partner
- VMware Cloud Provider Partner

AWS Partner Certifications

- AWS Certified Solutions Architect – Associate
- AWS Certified Solutions Architect – Professional
- AWS Certified Developer – Associate
- AWS Certified DevOps Engineer – Professional
- AWS Certified Advanced Networking – Specialty

Dell EMC Partner Certifications

- Dell EMC Proven Professional
- Dell Technologies Partner Program – Titanium
- Dell Technologies Partner Program – Platinum
- Dell EMC Certified Expert
- Dell EMC Certified Master

Citrix Partner Certifications

- Citrix Certified Associate – Virtualization (CCA-V)
- Citrix Certified Professional – Virtualization (CCP-V)
- Citrix Certified Expert – Virtualization (CCE-V)

- Citrix Solution Advisor
- Citrix Platinum Partner

Salesforce Partner Certifications

- Salesforce Certified Administrator
- Salesforce Certified Advanced Administrator
- Salesforce Certified Sales Cloud Consultant
- Salesforce Certified Service Cloud Consultant
- Salesforce Gold Partner

IBM Partner Certifications

- IBM Certified Solution Architect
- IBM Certified Application Developer
- IBM Certified Infrastructure Systems Architect
- IBM Gold Business Partner
- IBM Platinum Business Partner

HP Partner Certifications

- HP Partner First – Platinum
- HP Partner First – Gold
- HP Accredited Technical Associate (ATA)
- HP Accredited Solutions Expert (ASE)
- HP Master ASE

Although certifications ensure a certain level of expertise among VAR personnel, this requirement makes VARs so heavily invested in individual solutions that they and their employees will only recommend those products regardless of fit for client needs.

About P&C Global

P&C Global is the largest premier, full-service consultancy renowned for delivering end-to-end management consulting and technology services in the legal sector—from strategy through implementation. Unlike many firms that stop at presenting a strategy deck, P&C Global remains fully engaged throughout the entire process, ensuring that strategies are not only well-crafted but also meticulously executed to achieve real, measurable results.

This unwavering dedication to execution has earned P&C Global recognition in the legal industry, including four consecutive Lawdragon awards. By partnering closely with law firms, we position our clients at the forefront of their field, empowering them to navigate change with confidence and achieve sustained, long-term success.

As the legal landscape continues to evolve, now is the time to align with a partner that not only understands the complexities of your business but also has the proven expertise to drive transformative results. Contact P&C Global to explore how our tailored strategies and comprehensive execution can elevate your firm to new heights of success.





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