



## Strategies to Help your Firm Address IT Challenges in a Down Economy

**A**s the global recession persists, organizations across all sectors - including the legal industry – face unprecedented challenges.

Client demand has increased substantially and lawyers are expected to meet those demands within very strict budgets. These budgets now include contemporary costs like purchasing and maintenance of computer technology that was unnecessary just a few years ago.

This requires many practitioners to spend at a time when they are looking to cut costs. Long-term commitments to fixed costs make it difficult to scale back quickly or easily. The successful firm of the 21<sup>st</sup> Century will have the ability to prioritize practices and investments.

This guide lists the top five IT challenges as identified by various experts in the legal sector, including our own clients - and offers proven methodologies to tackle these challenges by taking a proactive approach to your firm's IT function.

### Ways IT Outsourcing can Add Value to your Firm

- 1. Hand over the IT Function to Experts**
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### 1. Hand over the IT Chores to the Experts

In times of recession, outsourcing has always been a great way to lower IT costs and focus on your core business strategies. IT has shifted from merely serving business operations to quietly assuming the role of the entire business function. When deciding to outsource IT, the question remains, "Who can you trust and hold accountable?" Below are a list of tips and strategies when considering outsourcing your firm's IT function.

#### ➤ **Why outsourcing might be the answer:**

- **High turnover rates**

IT spending is on the rise as organizations scramble to gain a technological edge in the marketplace. Historically speaking, when the demand for IT professionals increases, employee retention rates dwindle. Managing IT in the 21<sup>st</sup> century demands a higher degree of trust and a better understanding of your business needs.

- **Evolving technological advancements**

Technology continues to evolve at a rapid pace and new viruses and hacker attacks continually threaten the security of your IT system. Meanwhile in-house IT personnel are expected to keep track of your business needs, work within tight budgets, limited resources and time constraints – leaving little or no time to keep up with technology trends and/or security updates.

- **Multi-level IT expertise**

Like any industry, IT has specified areas of expertise. While most IT experts are proficient in a few areas of IT expertise, it is unlikely that he/she has the time or range of resources that outsourcing can provide.

- **Statistics Don't Lie**

Real-life case studies offer new insights on the value of IT outsourcing. For instance, over a 3 ½ year span, the city of Chicago saved \$6 to \$10 million in IT management and costs by outsourcing. Efficiency levels also rose as the city reduced the time it took to deliver services by 35 percent.

**The city of Chicago saved \$6 to \$10 million through IT outsourcing.**

➤ **What to consider in choosing an IT vendor:**

- **Establish business outcomes before choosing a provider**

This can cut costs instantly while giving you twice the capabilities. However, be aware of possible traps. You should establish business objectives for outsourcing with clearly defined goals. Having scheduled checkpoints to review the status of your outcomes is an easy way to ensure that the provider meets your standards.

- **Choose a proactive business partner**

An experienced IT provider should be able to identify problems, not just simply react to them. The provider should have a proven industry-skill level certification. To avoid being a “guinea pig,” make sure the provider offers a trial period to ensure the vendor is competent and knowledgeable. Reviewing the status of your outcomes is an easy way to ensure that the provider meets your standards.

- **Select a provider that thrives off your success – not your ‘problems’**

When choosing an IT provider, make sure the vendor doesn't achieve their goals until they've helped you achieve yours. Review the service-level agreement (SLA). How will the provider monitor, measure and enforce it? Be specific about the deliverables you expect from the service. Providers need accurate and complete information to present you with realistic quotes and proposals.

- **Allocate a dedicated liaison**

Dedicating an employee to manage the business relationship allows for better communication and improved service. If there is a good understanding and a strong working relationship, the relationship is likely to last. Evaluate whether the provider readily offers customer references. Research on outsourcing success has indicated that positive working methods and peer friendships on both ends has been an important factor in establishing long term relationships.

- **Consider future or hidden costs**

Evaluate your current budget and then consider what you might have to spend on future upgrades and repairs. For most firms, it's difficult to budget for repairs,

upgrades or other unexpected issues. The service of an IT vendor provides firms with upfront costs, but fails to include hidden costs along the way. Evaluate your contract service agreement and make sure you are getting what you are paying for.

## 2. Be Prepared for Any Disaster

If we have learned anything from disasters such as Hurricane Ike, it's to be prepared for the worst case scenario. However, it doesn't just take a hurricane to create a disaster. Disasters can come from anywhere: electrical outages, security breaches, hackers, even disgruntled employees. Evaluate whether your IT vendor or in-house department has a disaster recovery plan in place to protect your critical data. Don't wait for a disaster to occur to take action. Catastrophic disaster can bring a thriving law firm to its knees. The real risk to your firm is interrupted access – even momentarily – to critical data. Your firm should have an IT system that won't just secure your data, but will make sure it's never compromised in the first place.

### ➤ How a Disaster Can Affect Your Firm



- **Unexpected costs**

Every minute of downtime - planned or unplanned - costs a firm more than just thousands of dollars. It can also cost you the confidence of clients – especially if your data cannot be recovered. Data loss during these troubled times can ruin a firm's reputation and possibly send it out of business.

- **Failed or non-restorable backups**

According to research firm IDC, approximately 60% of small businesses fail to back up data regularly and as much as 80% of all backups have a portion of data that is not restorable. For firm owners, backing up data is a top priority when the loss of important files and information could debilitate operations for months, even years. In fact, according to the U.S. Chamber of Commerce, 43% of businesses that close following a natural disaster never reopen.

- **Ex-Employee Activity**

This current economic condition has unfortunately led to many lay offs, leaving ex-employees disgruntled. Ex-employees may be tempted to steal data or other company information. In fact, most data breaches are internal. Your IT system should be able to protect your data from not only physical threats – but internal as well.

### ➤ Backups Aren't Enough

- **Keep track of your firm's records**

In order to be properly prepared for any disaster situation, determine the critical components of your business. Keep detailed notes on everything you do and what you rely on, such as data, electricity, phones, the Internet. Then make contingency plans for every aspect.

- **Back up Your "Backup"**

Often times, firms do not realize that their data backups need to be confirmed until it's too late. And although backups should be part of regular procedures, a separate full backup of your critical data should consistently be performed – particularly before your firm closes in response to a hurricane threat. It is crucial at this time that a copy of this backup be moved to a secure location an appropriate distance away in order to avoid the possibility of a physical threat affecting both locations. Test your current system and make sure that it works. The difference between a backup and a “good” backup can save your business, so be sure to test your backups for verification.

### 3. Accurately Predict IT Costs through Outsourcing

For many firms, the task of managing IT has only led to more costs and inefficiencies. The most damaging costs are those your firm never predicted. Gartner Research describes the lack of a centrally managed approach to IT as “uncoordinated at best”. Firms are continually getting caught in the middle of vendor finger-pointing where the responsibility lies nowhere and a firm gets stuck with the problem.

#### No frequent technology upgrades or purchases

More firms are moving toward a “paperless office,” which means purchasing equipment like servers and computers. Outsourcing the whole IT department for one predictable price means firms never have to worry about recurrent technology purchases and upgrades. All IT needs are delivered in one fee.

### 4. Reduce your IT Risks through Outsourcing

The more technology you own, the greater the risk the firm assumes. If technology fails, the responsibility rests on your shoulders. Once computer technology is purchased, its value immediately diminishes. Your firm is now committed to upgrade, secure, and maintain equipment, increasing capital outlays and heightening risk.

#### ➤ Consider your IT risks

- **Use a shared-risk approach**

Your IT provider should help you achieve your goals - at their own risk and cost. Ask what kind of recovery and redundancy means does the provider offer? The objectives to be achieved by outsourcing must be quantifiable and established as criteria at the start of the contract. If the customer can compare the performance with the pre-established objective, then the benefits of outsourcing are clear. Just remember to avoid long-term contracts.

- **Protect your system from security breaches, viruses and SPAM**

Most IT vendors only have a single layer filter and may not be updated as frequently. This increases the risk of data loss and other breaches. By outsourcing, your IT vendor should have a multi-layered security and multi-zone protection on each network component to safeguard you from external and internal threats.

## 5. Become More Scalable with your Technology through Outsourcing

Successful firm should be able to position itself to profit from new business opportunities and stay ahead of the competition. As firms grow, downsize merge or disband, outsourcing can help you adjust along the way. Downsizing, merging or disbanding your firm should not slow down your practice. When evolving conditions demand more resources, you can simply let your IT vendor assume the risks of owning the technology instead of letting the investment drain company resources and limit future growth.

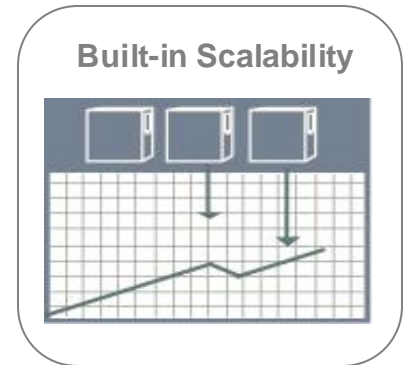
### ➤ Availability along with Scalability

- **Pay only for what your firm needs**

With a “pay-as-you-go cost structure firms can simplify the task of integrating new users and IT resources with your growing business – especially with complex expansion or merging projects when headcount is increased. This allows your firm to adjust costs as you grow or downsize –eliminating capital IT outlays.

- **Seek a vendor with built-in scalability**

A trusted IT vendor assumes the role of the keeping up with the latest technological advancements – continually and transparently integrating them into the system. On-demand computing power allows firms to benefit from lower costs that come from economies of scale.



**We hope you found this whitepaper helpful. If you feel that your firm’s current IT system does not meet these standards, now may be a good time to seek alternative options. If you would like more information on IT outsourcing please feel free to contact us with:**

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