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Legal Document Management - Helping Law Firms Manage Risks

Streamlining business processes and increasing productivity are fundamental challenges for law firms. Much of the work in legal firms is document focused and the effective management of documents improves a firm’s profitability. Constant pressure to invoice more hours has reduced cycle times for processing of documents and many firms are now using electronic document management to make the classification, storage and retrieval of documents more efficient. Additionally, email has become a primary method of communication that needs to be managed alongside other documentation.

Globally stringent anti-money laundering legislation and financial reporting requirements are making regulatory compliance increasingly complex and demanding for organizations. Coupled with this trend of tightening regulatory environment is the drive for greater transparency which is compelling organizations to take a more strategic approach to both content and document management. These trends are increasing the pressure on legal practices to become more organized with their client’s data. Effective electronic document management is recognized as a critical part of compliance with regulatory requirements both from a records management perspective as well from a security and traceability standpoint.

The increased momentum in the move towards the paperless office has been made possible by decreasing costs of digital storage and the exponential growth in computing power coupled with the more affordability and greater ease of use of application software.

Why Legal Firms Need Document Management Software

What is required of a document management system to meet the requirements of the legal fraternity? This article provides some guidance for office managers who are considering their options.

Records Management Strategies mitigate Legal Risk

Since the implementation of Sarbanes Oxley Act in the United States, effective records management has become an essential requirement for good corporate governance and financial reporting. Organizations are required by law to retain certain documents for predefined periods. Legal admissibility and evidential weight of electronic documents are other important considerations when implementing a document management system.

Digital signature functionality can also provide benefits. Contract negotiations may occur between remote parties - until recently, signatories were either required to meet face to face at signing time or were required to fax contract documents and post the originals. The implementation of digital signature functionality through the use of public key infrastructure (PKI) provides the ability for legally binding electronic signatures to be applied to contracts.

An important part of records management is the ability to automate scheduled events on documents. Document types (e.g. contracts, email etc) are configured to have associated time-based actions so that when a set period has passed, documents may be archived or permanently deleted from the system.

Legal firms, as well as other organizations, need assurance that, when faced with a legal battle, their electronic documents are both admissible in a court of law and that they will carry enough evidential weight, alongside corroborating evidence, to be accepted as being the documents they purport to be. Two key features of document management systems increase the admissibility and evidential weight of electronic documents: (1) the ability to freeze a document so that it cannot be changed and (2) an audit trail so that any changes or actions to a document are recorded in the database.

A Secure and Scalable Document Repository provides the Platform

Firms need a secure and scalable document repository that allows the attorney, solicitor or barrister and their support staff, effective access to case information. Other parties such as a litigation team, the client, or the opposing counsel, may also need to participate in legal processes. These stakeholders expect access to electronic documents both during office hours as well as remotely from home or while travelling and so access through a web interface or via hand-held devices is essential.

Effective security entails the ability to restrict access rights to documents based on groups and roles within the firm and password security should comply with best practice. Traceability of interactions with the system and individual documents ensures that there is an audit trail from the time someone logs into the system until they log out. Other users can see exactly who checked in new versions of the documents and what changes to content or metadata were made.

An interface to the practice management system may automate billing information by relating work in progress to particular cases.

Ease of Use Shortens the Learning Period

For busy professionals training time is often limited and lawyers may be disinclined to learn yet another software program. Additionally, working on the document management system may be a responsibility assigned to support staff. An intuitive interface using well understood document metaphors will shorten the learning period and where possible, end users should be protected from complex areas of the system.

Integration with widely-used office productivity tools such as Microsoft Word, Excel and PowerPoint may also reduce the learning period and encourage compliance with processes. Similarly emails and their attachments relating to cases and customers are required to be archived for pre-defined periods. Integration into common email clients such as Microsoft Outlook will allow both outgoing and incoming emails as well as their attachments to be saved, stored and indexed, and have metadata attached.

Metadata and Taxonomies

Legal firms deal with a multitude of different document types including various types of contracts, leases, pleadings, case notes etc. The system should be able to cater for each document type and the accompanying metadata. Document metadata, or data about data, provides information about documents such as when they were created or modified and who the author was.

Similarly, the document taxonomy or folder classification should be configured at implementation but may be able to be changed at any stage by adding new folders and subfolders. This primary organization of documents may take: a customer-centric view, a time period view, or a team based view depending on the preferences of the organization.

There have been reports of metadata embedded in documents being unintentionally distributed resulting in the disclosure of private information. The ability to output final document versions before distribution to a file format such as PDF, will help avoid this unfortunate occurrence.

Scanning, Storage and Searching

Legal firms are required to store and have ready access to large volumes of hard copy documents. These include original signed contracts, case notes, legal judgments, working documentation etc. Space may be at a premium, and storage is often outsourced to specialist offsite storage facilities.

An effective electronic document management strategy can greatly streamline these document storage and retrieval challenges. Original copies of documents may be scanned, stored and managed on site allowing legal firms to reduce costs and improve service delivery to their customers.

An effective system search engine will offer metadata and full text searching as well as the ability to save searches.

An important requirement is the ability to scan and perform optical character recognition on hardcopy documents through integration with both desktop and high volume scanners.

With proper version control Lawyers sleep at night

How often have we searched through our file share wondering which version of a document is the latest one? Effective document management allows a single document to have multiple versions with users able to view a version history and compare them side by side.

Custom Numbering caters for Naming / Numbering Conventions

Law firms number and reference documents in different ways. Custom numbering schemas may include customer names, dates and case numbers as well as incremental numbers and alphanumeric characters and should be a searchable, allowing a firm to continue using their current document numbering and naming conventions.

Document Workflow makes Processes more Efficient

Workflows are business process embedded and automated in software and they can provide significant benefits through increased efficiency. A simple workflow would be a document approval process whereas a more complex workflow may have multiple workflow steps or transitions. When moving from one workflow step to the next, systems may be configured to send notifications informing users of a change in the status of their document. This automated task chasing can reduce cycle times as well as drive efficiencies in legal firms.

Software as a Service Reduces Total Cost of Ownership

Increasingly many organizations including legal firms are using hosted online document management systems. The benefits, particularly for smaller organizations, include speed of implementation and lowered upfront and running costs.

Conclusion

There are numerous factors to consider when selecting the right document management software for your organization. For legal firms, particular attention should be paid to ease of use, speed of implementation, an alignment with existing naming/numbering conventions, document version control, a secure and scalable document repository, and efficient scanning, searching and storage capabilities. Increasingly organizations are using hosted online document management systems. The benefits, particularly for smaller organizations, include speed of implementation and lowered upfront and running costs as well as a lower level of vendor lock-in. The successful implementation of a document management system is an important initiative that requires visible support from leaders in the organization. Well understood document processes and adequately trained and motivated users will also aid successful implementation. Learn more about KnowledgeTree's [document management capabilities](#) and how they solve Legal industry document management challenges.

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