

A Winning Case for Technology Adoption

With a solid commitment to technology and knowledge management, law firms of all sizes can provide their legal services faster and with greater levels of confidence.

BY GARY D. LEVINE



In today's fast-paced and complex legal profession, law firms must leverage the right technology in order to create a centralized repository of critical client intelligence. By doing so, they will have immediate access to accurate and relevant information, which will result in better decision making and improved customer service.

Law firms are increasingly searching for ways to improve their knowledge management efforts and bolster the quality of their services in order to remain competitive; consequently, they are beginning to realize that their real competitive advantages may actually originate from an unlikely source – their investments in technology. As client expectations continue to rise, attorneys should consider that the right investments in technology will enable firms to mitigate their risk and bolster their client acquisition and retention efforts.

This is particularly true for a law firm's corporate department, which is often responsible for ensuring that data-intensive processes – such as safeguarding board minutes, establishing solid corporate governance, and ensuring accurate stock plan administration – are maintained and easily accessible. This is not an easy task, given that the number of unique entities can range from hundreds to thousands depending on the firm.

Without a reliable and trustworthy data foundation, it is almost impossible for a law firm to stay informed about a client's ever-changing business environment. For example, one client may have a single entity with many stockholders and a complex capital structure, while another may have a large number of domestic and foreign companies. In either case, and because of the diverse group of entities, corporate attorneys will be forced to organize these new entities as changes occur, make updates to the lists of officers and direc-

tors, issue new stock certificates and options, look for copies of charter amendments or board minutes, and create annual reports and written consents. And, as if those tasks aren't challenging enough, at any time a client may call with an urgent question that requires an immediate and accurate response.

As a result, law firms of all sizes are adopting technological tools to gain control over their corporate governance records, increase their visibility into corporate information, and easily access minute-book documents and ownership records. To make business processes easier to execute and build better client relationships, the savviest firms are extending and relying on their technology investments to provide their clients with immediate and secure access to all of the information and documentation being managed by their firms.

LEVELING THE PLAYING FIELD

Ask any successful law firm what attribute helped to successfully secure its latest client, and most will credit technology investment for playing a significant role. Merely discussing technology in a new-business presentation has a profound effect and often provides the critical evidence needed for most clients to determine which firm will be selected to handle its legal services. For example, the firm chosen by an organization that received one of the largest venture capital investments in 2004 – more than \$70 million – was not a big law firm on Wall Street or in Boston's Financial District, but rather a 30-attorney firm on Boston's Route 128 technology corridor: Morse, Barnes-Brown & Pendleton, PC. According to managing partner Donald Parker, one of the key reasons his firm was selected was because of its technological edge, particularly in handling the challenges associated with complex private equity financings.

Morse, Barnes-Brown & Pendleton – a boutique law firm that provides sophisticated legal services and practical advice to businesses from technology start-ups to Fortune 500 companies – uses a technology solution called Corporate Focus™, which enables the firm to track stock and option ownership, board of director resolutions, corporate filings, and other data vital to good corporate governance. Technology enabled the firm to do more with less and compete against far bigger “downtown” rivals to win one of the year's most coveted business deals.

“Corporate Focus allows us to stay on par and play with the big boys,” Parker said. “Not only does our technology investment allow us to be competitive and keep our sophisticated business clients happy, it also allows us to compete head-to-head and to win business.”

While faster service has an obvious impact on a firm's ability to attract and retain clients, what counts most with existing and prospective clients is superior legal competence. After all, being better equipped with accurate and relevant information allows attorneys to use their knowledge and expertise on the priorities and deliverables that their clients find most valuable.

“If our people are running around looking to find out how many shares are outstanding or who the directors are, then they're spending their time thinking about the wrong things,” Parker said. “What you want is a client who gets off the phone and says, ‘Wow; that was impressive. I thought they were going to call back in five hours. Not only did they give me what I asked for on the spot, but they also answered a question that I wasn't even thinking about.’”

BOLSTERING PRODUCTIVITY

Providing clients with richer answers isn't the only advantage of instituting a solid technology framework. For instance, when working on a complex transaction, it's critical that attorneys have immediate access to all of the relevant documents and latest information if they want to deliver better service and increase the firm's productivity.

Citing the \$70 million venture capital deal as a prime example, Parker credited Corporate Focus with playing a critical role in that transaction.

“Our client knew it was going to be one of the biggest transactions of the year and that there were literally hundreds of private shareholders and option holders whose equity positions had to be coordinated very carefully,” he said. “When you're talking about the stock holdings – not of eight equity holders but of hundreds – the whole question of getting it right within a reasonable period of time just becomes critical. Without our investment in technology, it would have taken our legal assistants several days and nights of coordinating who owned what and how much they owned. The software saved hundreds of hours of data collection and complex calculations and was instrumental in helping us win the business.”

Gary D. Levine, *President, TWO STEP SOFTWARE, INC., Needham, Massachusetts*



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At McGuireWoods LLP – one of the United States' largest law firms, with more than 750 lawyers and 15 offices worldwide – productivity and superior client service are consistent themes and business mandates. Ranked among the best law firms for client service for several years according to Boston-based market research firm The BTI Consulting Group, the firm's home page reads: "Clients make us, drive us, and they're what we have focused on since 1834."

According to Scott Glickson, Co-Chair of the Technology and Business Department and leader of the Corporate & Finance Practice Group at McGuireWoods, leveraging technology enables the firm's attorneys to respond faster to client requests and with better information. Glickson, also a user of the Corporate Focus application, attributes much of the firm's client service success to the software, as it enables the firm to have immediate access to its clients' corporate governance records, including stock and option information, minutes of board meetings, lists of officers and directors, and copies of governing documents and key contracts.

What makes corporate recordkeeping particularly challenging in the Technology and Business Department of McGuireWoods is the profile of the firm's typical client.

"Many of our clients are high-tech startups with sophisticated legal needs and complex financing requirements," Glickson said. "Often, they are involved in financing transactions with angel investors or venture capital investors, and as a result they are creating relatively complicated capital structures. Clients look to us to give them information about those structures when they need it."

Citing another example where his group leveraged its technology investment in order to meet a client's demands for quick turnaround, Glickson recalled, "We had a due diligence request from a client related to a potential sale of the business. We needed to prepare the entire corporate section of the due diligence response. We were able to get it out within two hours of the request."

REDUCING RISK

While providing trustworthy and immediate responses to client questions represents a critical component of superior service, such answers must be backed up by a rock-solid data management strategy. In order to mitigate risk, firms need 100 percent confidence that the data within the system is trustworthy and reliable. This is particularly true when working on a complex transaction, as attorneys must have immediate access to all relevant agreements and be confident that the terms of each have been taken into account.

Recalling a time when the firm's solid data management foundation made a clear and demonstrable impact, Glickson said, "We were working on a client's financing transaction – a restructuring – which also included a restructuring of the board. This was the fifth round of financing, so there were a lot of moving pieces. We were verifying that everything was in compliance with the stockholder agreements when our system flagged a term from another document that set the parameters by which the board is structured."

Ultimately, by having all of the executed documents organized in one central location, the firm was confident that everything had been considered.

CREATING A WINNING CASE

Evidence shows that firms of all sizes are turning to technology to bolster their profits and improve their client relations. After all, a solid corporate records foundation not only promotes better collaboration and better decision making, but also demonstrates to clients that you and your firm are truly a part of their teams.

With a solid commitment to technology and knowledge management, firms are able to provide faster services with a greater level of confidence. ✨

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