Document Management Systems: Why Bother and How to Shop for One (Part 1 of 2)

By John Heckman
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Have you ever made a mistake or forgotten about something? If so, it's likely that your firm's manual system for storing and retrieving documents has caused you headaches thanks to misplaced documents, missing documents, misnamed documents, and many other mis-takes so to speak. You may benefit from a document management system (aka enterprise content management system), but where do you start? Earlier this year, legal technology consultant John Heckman penned a 25 page treatise on document management systems (DMS) for law firms. We asked him to distill the key points into two TechnoFeature articles. In Part 1, you'll learn about the problems that a DMS addresses. In Part 2, you'll learn how to shop for and implement a DMS. This article contains 1,884 words.

INTRODUCTION

People have always organized their documents — from the great library at Alexandria to the schemes by Gottfried Leibniz (the inventor, or perhaps co-inventor with Newton, of calculus) to organize all the knowledge in the world. This organization was also the driving force behind much of the Enlightenment. But leaving aside more grandiose manifestations that resurface today in the form of "universal search," how can your law firm organize your documents?

In today's digital age, the volume of documents, email, scans, electronic faxes, graphics and photos, music clips, Web sites, etc., constitutes an avalanche many users spend hours digging out from under. Multiply this by the number of attorneys in a law firm and the mountain is enormous.

WHAT DO PEOPLE ACTUALLY DO?

Horror stories abound. Attorneys with 5-10,000 emails in Outlook without even a rudimentary folder organization. Firms that have documents organized by attorney or by document type (pleadings, depositions, etc.) rather than byclient and matter. Partners who tell secretaries to keep "confidential" documents on their local hard drives. Even worse, firms that have different attorneys using different methods to store their documents.

But leave the horror stories aside — one way or another the increased pressure from clients for business efficiency will drive law firms either to rationalize their practices or drive them out of business. Like dinosaurs, firms that can't or won't evolve will die.

The relatively more sophisticated attorneys and firms that have not bought into document management frequently mimic a client/server structure. Thus, the default directory in Word is set to, e.g., \server\clientdocs, and users are told to store documents there under some variant of "\clientname\matter\doctype\yyyy-mm-dd-name.doc." In some cases the IT department is even responsible for creating a default "empty" structure when a new matter is opened.

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THE FATAL FLAW

Any such system has fundamental weaknesses and limitations. First, it is difficult to impossible to get all your electronic data stored properly there — faxes, email, scans, etc. Also, you can only search such repositories in very limited ways. Even if you license an enterprise version of a desktop search engine such as Google, Yahoo, or X1, it will not support searches by client, document type, etc. You can't use Boolean operators or search for all the pleadings done from six months to a year ago that contain certain language.

But aside from weaknesses and limitations to these systems, the fatal flaw inherent in all of them is the reliance on personnel (especially partners!) to follow the prime directives faithfully. In addition to people who "can't be bothered" or are "too busy" to put things in the right place, what about human error or incompletely documented procedures (for scans or email,

for example)? For one of my clients the tipping point in favor of adopting document management came when the office manager had just spent several hours — for the fourth or fifth time — trying to "find" a directory that had "disappeared" when somebody dragged and dropped it unintentionally.

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The losses inherent in this kind of setup are considerable: the amount of time it takes to find something; misplaced documents; trying to find that old document that had just the language you need for a new one; even retyping a "lost" document, etc. A common workaround is having shortcuts to the most commonly used forms and documents on your desktop. When I go into a firm and see a secretary's computer with a dozen or more shortcuts to specific forms or documents on the desktop, I know he or she is making a valiant effort to fight chaos. But this should not be an individual responsibility.

RETURN ON INVESTMENT
A manual system is frequently justified on the grounds that it is "good enough." From a business perspective, if this claim is to be taken seriously, it can only mean that the dollar value of losses in time and productivity that this sort of system inevitably incurs are less than what it would cost the firm to implement a document management system (DMS).

So for an attorney who bills $200 an hour and loses an hour a week, the firm's dollar value loses are about $10,000 per year. The cost of implementing a document management system, including installation, customization, etc. will be at most $1,000-1,500 per user. So on the face of it, the "good enough" argument can cost a firm thousands of dollars per year, per attorney.

This is what John Allen Paulos has called *Innumeracy* in his book of that title — the mathematical equivalent of illiteracy. It is also testimony to the fact that many law firms are still not run as if they were businesses, in a time when good business practices are becoming critical if law firms are to survive.

WHAT ARE THE ALTERNATIVES?
Without going the route of full-blown document management software, the main alternative to a manual system is the hybrid systems offered by many practice management packages, such as Amicus Attorney, Time Matters, or PracticeMaster, or by programs such as LaserFiche or Document Locator.

These systems typically add a "button" to Word or WordPerfect that enables you to save a document to the practice management system. The practice management system manages the location of the document and cross references it to its own records. This is certainly an improvement over no system at all, but still shares some major defects.

In terms of convenience and productivity, it can be an improvement or, depending on how it is set up, as much or more work than a manual system. However, the main

drawback is that users still have to choose to use it every time they save a document. It doesn't work automatically.

WHAT DOES A FULL-BLOWN DOCUMENT MANAGEMENT SYSTEM DO?
A full-blown document management system, such as Worldox, Interwoven's Worksite, OpenText, or NetDocuments, is the traffic cop on our network. It organizes, stores, and retrieves all your electronic information. All documents and the "profiles" describing them are fully indexed with advanced searching capabilities available.

As an added benefit, it enhances a firm's ability to meet regulatory compliance and eDiscovery requirements.

Most significantly, it enforces use: staff and attorneys have no choice but to work with the DMS for word processing, spreadsheets, presentations, PDF files, scans, or you name it. For this reason, in honor of Jerry Seinfeld, it is sometimes referred to as a "network nazi" system.

While most software companies provide you with a simple laundry list of features, it makes sense, especially given the current economy, to divide the feature list into two parts: those features that will help stop your firm from, as one client put it, "hemorrhaging money" and those that, while convenient, are value-added features (although taken together, the "extras" can prove significant).

THE KEY ELEMENTS THAT SAVE YOU MONEY

Client/Matter-Centric Approach
Everything is organized around

clients and matters. Thus it is trivial to ask the system: "show me all the documents, scanned items, and email" for Client X or Matter Y.

Greater Speed of Document Retrieval

In a manual system, the user must know where an existing document has been stored and what its name is. While most users are fairly efficient at finding their own documents, searching for a document created by someone else can take a significant amount of time, which in any event is bound to be greater than the 2-3 seconds or less it takes a document management system to find a document.

Avoidance of Human Error

The time lost in a manual system from human error is substantial. Even the most fastidious lawyer can store a document in the wrong place by accident, forget its name, or even "drag and drop" an entire directory to some new location without being aware of it.

Email Integration

With email the dominant form of communication for many law firms, integration of your email system into the document management system has become increasingly important. With the new rules on eDiscovery, one could even argue that this might be the most critical item in a document management system.

Everything in One Place

Integration with all the main programs you use, in particular email and scanned documents, as well as Acrobat, Excel, etc. Everything is searchable in one location. You can also save Web pages from a browser to the DMS.

VALUE-ADDED "EXTRAS"

Centralizing Force

Document management is a centralizing force. While this may not be something you currently think about, it's a definite plus. When all users are obliged to use the same system, you are assured that all documents are organized using the same system instead of having a given client's documents stored using different criteria — by user, by practice area, document type, etc.

Control Over Document Access

Document management typically gives a firm much better control over document security and access. Confidential documents can be made available only to the people who need to see them, whether it be accounting, human resources, trusts and estates, or those responsible for highly confidential client matters.

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Full Profile and Text Indexing

The fact that profiles and the full text of all documents are indexed has other advantages besides increased efficiency in retrieving documents. For example, you can define a search that enables you to use Boolean operators to see at a glance all documents of a particular type that satisfy certain conditions (all briefs in 2007 that contain the term "subprime" within 10 words of "mortgage" for example).

Full text indexing can also help with conflict checking, for example, by searching on all documents that refer to a particular business or person.

In most DMS when you conduct a full text search and then "View" a document in the hit list, the document opens at the term for which you searched.

Other Features

In addition to the items mentioned above, some of the key additional "bells and whistles" firms often need in a system include:

- The ability to create an "ethical wall" around certain clients or for certain attorneys.

- Audit trails to see who has accessed (edited, printed, etc.) documents.

- Check-Out/Check-In of documents; the ability to take a set of documents with you or on a laptop.

- "Mirroring" so that backup copies on the local hard drive enable you to continue to work if the network goes down (especially useful if you use a laptop and want to take documents with you).

- Automated link to a Time/Billing system so that you can import new matters into the system automatically.

- Version control.

- Web access to your document store.

CONCLUSION

In short, all manual and semi-manual ways of organizing documents suffer from the fatal flaw of being voluntary.

The amount of time that a document management system can save even a small firm easily amounts to tens of thousands of dollars a year.

So the question is not "can you afford to implement document management," but "can you afford not to implement one."

In the second part of this series, I will discuss what you should look for in a document management system and what options exist.

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