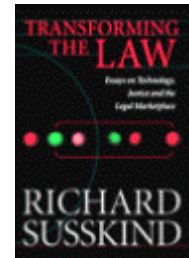


Law Firm Extranets: Baking A New Pie¹

By Jerry Lawson²

Once exotic, extranets are becoming mainstream. How mainstream? Just this week, the [garage where I get my car serviced](#) tried to sign me up. Automobile garage extranets let customers access the dealership's internal computer system that keeps track of their car's service history. Is there a lesson here for lawyers?

Richard Susskind thinks so. The author of [Transforming the Law: Essays on Technology, Justice and the Legal Marketplace](#) (Oxford 2000) predicts that any major law firm that does not provide clients with access to billing information, case files and related information via an extranet by the year 2002 will be at "a considerable competitive disadvantage" when competing for corporate clients. In fact, he thinks using extranets for this purpose won't provide a marketing advantage. You will need them just to be in the game.



Cutting edge law firms are finding more exciting uses for extranets: delivering legal services and opening new markets. This article will survey extranet use by law firms, offer practical advice on implementation, warn about possible problems, and try to put extranets into strategic perspective for law firm planners.

Extranet Basics

By now employees of most large organizations are familiar with intranets. They are private web sites restricted to members of a particular group. Extranets use similar technology to provide access to selected outsiders, usually by requiring passwords. The Federal Express web site that lets customers track the status of packages is a classic example of an extranet. A law firm might set up one or more extranets for its clients. In some situations, you might allow co-counsel, or even opposing counsel to have access to part or all of a particular extranet.

Susskind predicts that every significant legal matter in the future will be the subject of no less than four web sites:

1. A private online area for the client
2. A private site within the law firm
3. A public site to which all parties to the legal dispute have access
4. A common document repository

¹ An updated version of this article with active hypertext links is available through <http://www.netlawtools.com/seminars>.

² Mr. Lawson is the author of *The Complete Internet Handbook for Lawyers* (ABA 1999). The book's "online pocket part" is available at <http://www.lawyernetbook.com>.

See [Trends in Online Legal Practices](#), an excerpt from Susskind's book printed in *Law Product Technology News*.

Extranet content varies widely. [One vendor](#) suggests the following elements for a litigation-oriented extranet:

- Online workplace to share and collaborate on work in progress
- Litigation calendar
- Litigation archives: depositions, briefs, rulings, opinions
- Opposing counsel information
 - Bios from their web site
 - Their decided cases in the circuit
 - Their ongoing cases in the circuit
 - Link to firm web site
- Opposing client information
 - Their decided cases in the circuit and nationwide
 - Their ongoing cases in the circuit and nationwide
 - Link to firm web site
- Internet legal research tools
 - Legal research databases and news reports
 - Legal research "clipping" services
 - Docket monitoring
 - Appellate and Supreme Court brief banks
- Bookmark list of all related web sites
- Contact information for all parties

Extranets for transactional lawyers or general counsels would have a different mix of elements.

Why Use Extranets?

Intelligent use of extranets can save clients both time and money, as well as resulting in a higher quality of service. One simple example is document distribution. Courier services can eat up tens of thousands of dollars when dealing with private placements and syndicated loans that involve documents hundreds of pages long that have to be distributed to multiple parties. Further, in today's business world, speed is becoming more important. For more and more clients, "overnight it" is no longer a satisfactory solution.

Richard Susskind explains another reason in *Transforming the Law*:

[C]lients rarely complain about the quality of legal work or the level of knowledge of the lawyers advising them; but they frequently express concern about the mechanics of the working relationship between client and firm. More particularly, it is often said that there is a poor level of

communication. Thus, I often read that lawyers appear to be pathologically incapable of returning phone calls promptly; they often fail to keep clients apprised of progress; when bills arrive, they are regularly larger than has been expected by clients; and, generally, clients complain that they do not feel that they know what is going on.

In an ideal world, these problems would not exist. In reality, these problems are endemic. Extranets tied into the law firm's existing time and billing and other software are not a panacea, but they can help. As a [Hancock Rothert and Bunshoft LLP](#) partner noted in an [Internet Week article](#):

When we can show [clients] that they can look up all the information on a complex national litigation problem in a database over the Web whenever they want, instead of talking to their lawyer, their jaws drop.

Extranets are particularly attractive when law firms and clients are in distant offices. This factor is becoming even more important as the practice of law becomes globalized. Telephones, faxes and e-mail are partial solutions at best. Telephone tag is frustrating enough anyway, but worse in a global practice with multi-hour time differences. Fax machines often choke when asked to handle documents of hundreds of pages. It is not unusual for non-expert e-mail users (i.e., nearly all lawyers) to have trouble with e-mail attachments. Extranets can help with all these problems.

Extranet Deployment Pointers

Here are some practical tips on extranet development:

Understand that the key issues are not technical, but cultural and marketing.

The technical aspects of extranet development have become what engineers call a "solved problem." For any type of river crossing, or level of traffic, there is at least one type of known, proven bridge structure that will get the job done reliably. Similarly, with extranets, no grand computer programming breakthroughs are needed. Competent extranet developers can provide you with proven, reliable solutions to the technical problems. Changing the way people work and marketing the extranet to its intended audience are more difficult challenges. The human factors are what will make or break you.

Focus on ease of use.

Most users will not be technical wizards. If it is not easier for them to use the extranet than to accomplish things some other way, the extranet will be a failure. Therefore, build in ease of use. This is more difficult than is commonly believed, so check out books like Jakob Nielsen's *Designing Web Usability*, and consider getting help from a usability consultant, such as [Nielsen's firm](#). Reinforce your design efforts by making it easy for users of your extranet to access human help

when needed. Clients will tend to contact lawyers first when they have a problem, so make sure your lawyers understand how to refer client questions to technical support staff when needed.

Use “dual branding.”

Place the client’s name on the extranet, not just the law firm’s.

Recycle.

Make features developed for one client available to other clients. This is facilitated by modular development (i.e., recycling extranet pieces in various combinations). This is an easy way to give clients the feeling their site is customized, while minimizing development costs. It can also reduce setup time from 24 hours to 10 minutes.

Know when to outsource.

Two prime situations where outsourcing makes sense are document preparation services (which are expensive to develop) and real time Internet conferencing.

For those who have fast connections, a real time Internet conferencing feature is very desirable. Microsoft’s NetMeeting software is not very stable. This is an ideal place to outsource through an ASP (Application Service Provider). Rather than try to grow your own, plug a known, reliable ASP’s features into your law firm’s extranet(s). The [Web Ex](#) service is easy to use and integrates well.

Resist using the extranet for overt marketing.

Making overt marketing materials too prominent on the extranet makes the law firm look as overeager as a clumsy high school sophomore groping his prom date. The subtle approach will get better results. A successful extranet will provide plenty of marketing advantages for your firm. By providing value, you will get more business from existing clients, and attract new ones.

Avoid elaborate graphics that slow downloading time.

It is folly to assume that all clients will always have high bandwidth and be able to download pictures rapidly. An increasing number of lawyers and clients are telecommuting, and most of them lack fast connections. Fast Internet connections at main offices don’t help the many clients and lawyers who work long hours over low speed connections at home at home, or work from hotels, most of which have only low speed Internet access. Make sure the key sections of your site, especially the opening screen, download rapidly over the most common connections speeds (56K modems, for at least the next few years).

Yellow Lights

Everything is not smooth sailing for the extranet revolution. There are a few clouds on the horizon.

Security. Without security, extranets have limited value at best. The “hacking factor” was the number one extranet drawback cited by general counsels in a recent [meeting](#) of the Law Firm Marketing Association, and it is a more difficult issue than many vendors would have you believe. Again, solutions are known that can bring a high level of security. The dilemma is that adopting them makes it harder to use the extranet, and thus less attractive to its target market. My article at LLRX.com, [Security for Intranets and Extranets](#), surveys the key issues and possible solutions.

Unwanted Side Effects. Extranets let clients get closer. Some lawyers think there is such a thing as too close. A respected Pennsylvania lawyer, Jeff Albert, explained this well in a 1998 essay in *The Internet Guide for Pennsylvania Lawyers*:

Clients, both large and small, will gain real-time access to attorneys' files. This means that a client will demand, and, for the most part get, unfettered access to roam through your file at will, gathering, evaluating and responding to your conduct of that client's affairs. Although this concept may be less alien to business attorneys counseling Fortune 500 clients, it will soon become the norm in slip-and-fall cases as the newer generation of Internet users and e-mail babies emerges into the legal market. ...

When clients are able to look behind the curtain, we will not want them to find the Wizard of Oz. In fact, they will want to find their attorneys busy at work on their matter, constantly probing and attending to their concerns. They will also be able to monitor the time it takes to accomplish those tasks. For clients on contingent billing or fixed fees, their demands and oversight will be a radical change for our profession.

This will be an unwelcome world for many lawyers. However, as Albert goes on to accurately explain: “To be sure, some among us will say ‘not me.’ Yet, the market conditions and competitive nature of the profession will, with some limitations, place all within the fishbowl.”

Uncertain Client Demand. If you build it, will they come? For some clients, extranets will be a “killer app,” a technology with benefits so compelling that adopting it will be essential. However, it's far from certain that this reaction will be universal. In fact, Larry Bodine's [report](#) from the same recent Legal Marketing Association conference reported some skepticism toward extranets. One general counsel told Larry: "I'm going to be loath to use it unless there is fundamental value added specific to my company." With even

auto garages coming around to see the benefits of extranets, the demand for legal extranets is there, or soon will be.

Quality Control / Human Investment. Delivering legal advice over the Internet via “expert systems” is one of the most promising extranet applications, but there is a danger of committing what David Vandagriff has called “automated malpractice at light speed.” To be useful, developing expert systems often requires a significant investment, not in computer hardware or software, but in the time of expert lawyers who analyze an area of law and write up the legal rules that make up the expert system. Due to advances in computer programming, the technical barriers are not as formidable as they used to be, but the necessary legal analysis can be time consuming, and the penalty for taking shortcuts can be severe.

Inconsistent Extranet Features. General counsels that employ multiple outside firms are unlikely to want to learn the features of multiple inconsistent extranets. However, this drawback has a potential silver lining: A law firm that can smoothly integrate multiple extranets may obtain a significant competitive edge. This could become a “winner take all” situation. As technology becomes ever more important, the effectiveness of a firm’s marketing may be coming to depend on the skill of its technical staff.

Leveraging Technology vs. Leveraging People

In a presentation at the January 2001 New York Legal Tech, one ahead-of-the-power-curve law firm explained with justifiable pride how it had developed a contract management system for its extranet specifically for the purpose of reducing the number of hours it would bill for that work in the future. The firm analyzed its past billing, factored in its increased efficiency, and now bills for services delivered through the extranet on a value-billing basis.

In most businesses, using automation to increase efficiency is not exactly a new concept. It says something about the condition of today’s legal profession that this firm’s experiment was considered by most of the audience to be something novel, a “man bites dog” occurrence.

Leveraging technology (through improved efficiencies) can be more advantageous to both the law firm and the client than leveraging people (i.e., having more people bill more hours). Law firms willing to think outside the box may find that leveraging technology through extranets can provide them with a significant competitive edge.

Disruptive vs. Sustaining Technologies

Clayton M. Christensen’s influential book, *The Innovator’s Dilemma* (Harvard Business School Press 1997) contrasted “sustaining” vs. “disruptive” technologies. Personal computers are a classic example of a disruptive technology. They started out as an IBM sideline in 1981, considered almost a toy, not worthy of the company’s full attention.

They eventually came to dominate the market, stealing much of the thunder from the mainframe computers that had previously been IBM's bread and butter.

Are extranets a sustaining or a disruptive technology? They could be either. It depends on how the extranet is used. Using extranets to allow clients to access billing records is a sustaining technology. It's just a more efficient way of doing what you have always done. Shifting to it more slowly than your competitors may lose you a client here or there, but the technology is not going to revolutionize the established order.

Disruptive technologies are different. Using extranets to deliver legal services is an example of a disruptive technology. The most conspicuous contemporary legal examples are businesses like MyLawyer.com. These businesses, which focus on legal problems of interest to the middle class, do not seem very threatening to the typical large firm today, but appearances may be deceiving.

Susskind believes that extranets have the same potential to do to established law firms what personal computers did to IBM:

[L]awyers who reject online legal services for their current level of performance or dismiss some of the application areas in which they operate (such as divorce) as indicative of their irrelevance are missing a vital signal. Today's low-key online services will grow in strength and sophistication; and indeed are poised, I believe, to disrupt the entire legal marketplace.

These ideas are demonstrated in a set of [PowerPoint slides](#) illustrating "The Grid." This is a diagram and analytical tool illustrating Susskind's theories as they apply to strategic planning for law firms. Mark Voorhees introduces some of these ideas in a New York Law Journal article entitled, [Susskind: The Future of Law Is Wired](#), but the best way to get a grip on them is studying Chapter 1 of Susskind's book, *Transforming the Law*.

Conclusion

The key to extranets is providing clients with value. John Hokkanen got it right in his LLRX.com article [Ground Zero: Will You Survive The Internet Explosion? One Firm's Story](#):

Organizations that focus on "How can we add value to the client relationship?" will do fabulously well in the next century. Firms that do not may find themselves increasingly marginalized in the new economy, with growth opportunities dwindling.

Extranets can help law firms do what they are already doing better, faster and more cheaply. However, their most exciting use may be in providing new services to clients. This is what consultant Tom Peters has called "baking a new pie." In other words, don't just compete more fiercely for a known market, but invent a new market. This is what

Christensen would call a disruptive use of technology, one that goes beyond marginal improvements in doing what you have always done, and opens the door to new markets.

Some law firms have begun to use extranets for just this purpose:

- [Kegler, Brown, Hill & Ritter's](#) extranet provides up to date information on legal developments in the paging industry to a paying subscriber base. It has been so successful that they are looking for other industries where a similar service would be welcome.
- [Blake Dawson Waldron](#), a leading Sydney, Australia law firm, developed Virtual Lawyer-Advertising™, an “expert system” that makes a preliminary determination whether the terms of an advertisement violate the provisions of any Australian rule relating to advertising claims.

Law firms that hope to thrive over the next decade need to think seriously about extranets. Alston and Bird's Wendy L. King provided a final reason why this is so:

“If you can't provide it, someone else will.”

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Kevin Jones, “Web Apps Push Law Firm Out Front” -- Excellent profile of how 130-lawyer firm Hancock Rothert and Bunshoft LLP gained a “huge competitive edge” by using custom-built extranets for complex case management.

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Larry Bodine, "Unleashing the Marketing Power of Extranets."

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Nancy Hilliard Joyce, "Corporate Counsel Demand Extranets."

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Selected Vendors

TLex – An experienced extranet vendor with a general orientation.

<http://www.tlex.com>

Loki Technologies, Inc. – Vendor web site contains an overview of extranets and how they can help law firms.

http://www.lokitech.com/site/pns/client_extranet

Trialnet.com – A pioneer in this market space. Oriented mainly toward trial defense counsel.

<http://www.trialnet.com>

Jnana Technologies -- "Just two years ago, this topic seemed like science fiction to most firms, but now many firms are seriously considering it. People who can sell their expertise have a great opportunity but most law firms don't realize it yet. If expertise can be doled out in a telephone conversation, it can be doled out in a web application." --

Kevin Mulcahy, Director of Jnana Technologies.

<http://www.jnana.com>