

PCLaw | Time Matters™



WHITEPAPER

CLOUD OR ON-PREMISES LEGAL SOFTWARE: WHICH IS THE BEST FIT FOR YOUR FIRM?

Introduction

Most legal professionals use some form of law practice management (LPM) software to help them run their law firm. These software packages may be installed on premises or they may be run in the cloud.

Which is the best fit for you?

The answer depends on several factors related to your processes, your preferences, and how you wish to run your firm. Many firms, over the course of 2020 and 2021, have had to adjust their approach to practice management and the technology they use to run their businesses and serve their clients. This whitepaper provides a framework, with several factors to consider, to help you decide what type of solution may be best for your business.

Some questions this article will help to answer:

- What are the main differences between on-premises and cloud-based solutions for LPM?
- What factors should you consider when deciding to implement either on-premises or cloud solutions for your law firm?





Software Definitions

Before examining factors that law firms should consider with regards to on-premises or cloud-based offerings, it is helpful to define what is meant by these terms.

On-premises software

Software that is installed and accessed on a computer physically located at a law firm is known as on-premises software. This definition also assumes that the database technology, which underpins the LPM software, is also installed at the firm and uses the same network as the software.

Cloud-based software

To discuss cloud-based software, it is helpful to first define the cloud. According to ¹Microsoft, the cloud is “a term used to describe a global network of servers, each with a unique function. The cloud is not a physical entity, but instead is a vast network of remote servers around the globe which are hooked together and meant to operate as a single ecosystem.”

Cloud-based software runs on computers hosted in the cloud, and in the case of most cloud-based software, your data is kept in a database that also runs in the cloud. In other words, information is stored and the actions within the software all happen on the internet, as opposed to your computer and hard drive.

¹ <https://azure.microsoft.com/en-us/overview/what-is-the-cloud/>



A bit of Q&A about the cloud:

Is the cloud a secure place for client and financial information?

In general, yes. If the provider of a cloud-based system uses best practices for data security and servers that are operated by reputable technology organizations, the cloud can actually be more secure than a typical law firm on-premises data storage option. On-site storage of client information, paper or digital, is potentially susceptible to theft, or access, by both welcome and unwelcome guests of a law firm. Cloud solutions, provided by a reputable organization and properly maintained for security, store information in the same way that data is stored by many banking and financial institutions, and other trillion-dollar companies. One example of a platform that is widely used by organizations that deal with sensitive information is Amazon Web Services (AWS). According to their website, their “core infrastructure is built to satisfy the security requirements for the military, global banks,

and other high-sensitivity ⁵organizations.” When investigating cloud-based software companies, review information on their websites, or ask them about how they ensure that data is protected.

Are there bar association guidelines about using the cloud for law firm information?

Limiting access to client information is one concern of the ABA. See ²Model Rule 1.6, which states, “A lawyer shall make reasonable efforts to prevent the inadvertent or unauthorized disclosure of, or unauthorized access to, information relating to the representation of a client.” The ABA, according to this ³article, cautions law firms using third-party storage services to “carefully consider safety mechanisms offered by potential providers, as well as their ethical obligations, before entering into service agreements.” In other words, the ABA has not disapproved of cloud-based storage, but legal professionals should vet potential providers and understand how cloud software works before making decisions that affect client information security.

Have many other law firms begun using cloud- technology, or is it still just “early adopters”?

Firms all over North America, and the rest of the world, have been moving to the cloud. As the ⁴ABA TECHREPORT from 2019 states, “Despite slow growth and wariness of lawyers, cloud computing appears to be moving

² https://www.americanbar.org/groups/professional_responsibility/publications/model_rules_of_professional_conduct/rule_1_6_confidentiality_of_information/

³ <https://www.americanbar.org/groups/litigation/committees/professional-liability/practice/2017/the-ethics-of-cloud-based-storage/>

⁴ https://www.americanbar.org/groups/law_practice/publications/techreport/abatechreport2019/cloudcomputing2019/

⁵ https://aws.amazon.com/what-is-aws/?nc1=f_cc

toward becoming a standard approach in legal technology, with more than half [of respondents to their survey] now using cloud services.” Additionally, “Almost 94% of lawyers rate the reputation of the vendor as important in their decision-making process.”

If your internet connection goes down, can you still access your information?

Most cloud-based LPM software is designed to still function without an internet connection, by use of a desktop or mobile application. The software will then sync with cloud servers when the internet connection is restored. Both the user’s internet access and the provider’s server availability can factor into disruptions. Ask cloud-based LPM providers about their uptime.

Factors to consider

Factors that your firm should consider when deciding whether to implement on-premises or cloud-based practice management software include:

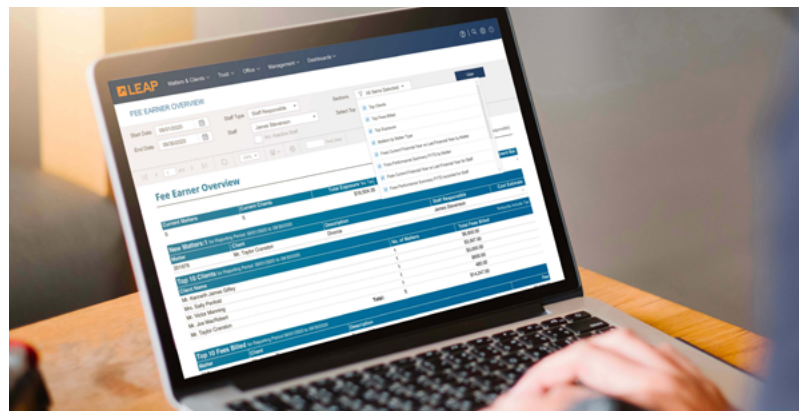
- How you currently manage your practice
- Pricing and overall cost
- Methods of remote access
- Upgrades, system maintenance & support
- Richness of features, customizability, and innovation
- Resolution of issues
- Data residency

How you currently manage your practice

Your firm’s history, current tools, and processes regarding practice management could be important factors in your decision about software investment. Perhaps this is the first time you are considering using legal-specific software to help with certain firm business. Maybe you have been using a particular piece of software for a long time and are considering a change.

You will want to take your current technology infrastructure into consideration.

- *How does each option that you are considering fit with other software you use for email, communication, document creation, financial tasks, etc.?*
- *Does the software allow for easy integration that will save you time in case management, billing, communications, and other functions?*



- *Are you willing to update, or upgrade integrated software if needed?*
- *You will need to factor in your current scenario to determine what type of change, if any, would be most beneficial to your firm.*

Pricing and overall cost

It is no secret that “per-seat” or “per-license” pricing for cloud-based LPM software tends to run higher than for comparably featured on-premises software. Cost, when equated strictly to licensing alone, can provide a compelling argument in favor of on-premises solutions. However, with on-premises solutions, licensing costs may not tell the whole story.

There will likely be additional costs associated with what is tantamount to maintaining an in-house IT infrastructure. To get a true idea of the cost of on-premises software, you must factor in costs associated with buying and maintaining appropriate server hardware, licensing the operating system and database software, and taking time (or hiring someone else) to perform patches, updates, and upgrades on these systems.

Cloud companies roll all these costs into the subscription. It can take some careful



analysis to compare these costs accurately. When considering whether to implement or upgrade on-premises software ask about hardware requirements for the server, and for workstations, to see if you need to upgrade your computers. Also, ask if a retail version of database server software is required or recommended for a firm of your size.

Determine what costs will be associated with other software licenses for additional required or optional tools that integrate with a given LPM system.

Finally, review the capabilities of your staff to decide whether you have the skills you need, in-house, to perform routine maintenance on these systems or if you will need to hire external consultants. Your budget, your interest in hardware and software maintenance, and the abilities of your staff can influence your decision about on-premises software versus a cloud-based solution.

“To get a true idea of the cost of on-premises software, you must factor in costs associated with buying and maintaining hardware, licensing, and taking time to perform upgrades on these systems.”

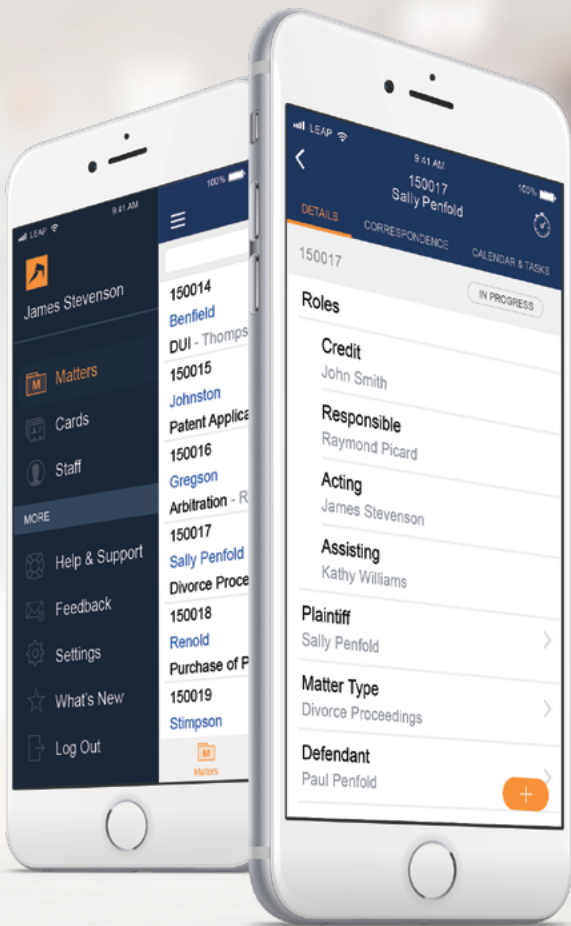
Methods of remote access for cloud-based software (browsers, desktop applications, and mobile devices)

Users of cloud-based LPM systems can often connect with their data using either a web browser, an installed desktop application, or a mobile app. As long as they have a compatible device and an internet connection, they may simply visit a webpage, sign in, and begin working.

Essentially any device that can operate a web browser can provide a user access to their data with a cloud-based LPM solution, without the need to download any software. When working through a browser, the available features and functions may differ from a desktop or mobile application.

A cloud-based LPM desktop application can provide all the desired performance with controls that some prefer over the browser experience. A mobile app can provide a feature set that is tailored to the legal professional who is working remotely. For example, an attorney might use it to access records while at court. In cases such as this, regardless of the location of the user, all the processing occurs on servers located in the cloud.

Those considering an on-premises LPM system should be careful to understand what remote access options are available, and the limitations associated with each.



Upgrades, system maintenance, and support

When using on-premises software you will have occasional need to perform system upgrades, and to update the software when a new version becomes available.

It helps to think of it as a system that includes the LPM software, computing hardware, the operating system, database software, and any other integrated programs. The system works best when all components are kept up to date.

With on-premises software, your firm is responsible for performing system maintenance tasks, including:

- Securing your computing resources
- Configuring updates to the operating system
- Performing database backups
- Running upgrades for the LPM software

If your LPM software is integrated with other software, for example Microsoft Office or Exchange Server, you may need to patch and upgrade them on occasion as well.

If you do not want to be responsible for maintenance and upgrades for your LPM tools, a cloud-based solution may be a better choice for your firm. Many cloud options take care of upgrading all related cloud-

based computing resources, including the software, the server operating system, and the database software.

Getting an upgrade means occasionally updating to a new thin Windows client (a simple computer to connect with a server), refreshing the browser page, or downloading the latest version of the mobile app. Of course, this depends on having a good Internet connection and running supported hardware, operating systems, browsers, and devices. These activities are not very time consuming on their own and can be accomplished, for the most part, by legal professionals without specialized IT training.

In the case where you run into an issue with the software, you want to be sure that you are getting the proper support, whether your software is cloud-based or on premises. Investigate the support options available through the software provider. Ask questions about how software fixes are deployed when issues are detected.

Cloud-based software has the advantage of pushing fixes to application servers where downtime and user intervention are minimized. With on-premises software, a fix, patch, or new version must be published, and each client must individually download and install it, which is a lengthier process from start to finish.

Richness of features, customizability, and innovation

One of the most important considerations with LPM software is to ensure that it does what you want and need it to do. The features that are available in each software title, the extent to which it can be customized, and the future innovations that you can come to expect from the organization who produces it should all contribute to your decision-making process.

Ask yourself some questions:

- *Are you looking for a basic case management system, or do you want something with deep functionality?*
- *Does the software allow for customizations to fit your firm's matter management approach, practice areas, client base, document workflows, data access needs, billing practices, etc.?*
- *How confident am I that the company will continue to improve the software and add functionality to take advantage of trends and new developments in the law and technology?*

Do not just assume that a piece of technology, whether on-premises or cloud-based will perform the functions that your firm requires. Ask questions, read available

information about each product, and learn more about what the software, and its maker, are capable of. Request a demo to see the product in action and see if it is a fit for your firm's needs. In many cases, cloud-based software companies can more quickly and consistently make updates to provide the latest technological innovations and new features.

Data residency

In different jurisdictions, and to suit preferences, the location where client, financial, and other data is stored could be an important determining factor in choosing between on-premises and cloud-based tools to aid in practice management or other law firm business.

For firms who need absolute certainty about the location of their data and of the physical security measures in place that are protecting it, on-premises can be a logical choice. With on-premises solutions, you always know exactly where your database is running, when it is backed up and where the backups are stored.

Although cloud data does not reside in your firm's physical office location, rest assured that compliant cloud data centers that are also used by trillion-dollar companies, are available to host client information within the US. Data in the cloud does not have the same risks as data kept on site that is more susceptible to theft, or disasters such as fires or floods.



Summary

Whether you choose a cloud-based or on-premises solution will depend on the intersection of several factors combined with the unique needs of your law firm.

Criteria

Considerations

How you currently manage your practice

- What short-term challenges are you willing to endure to make a change that will benefit your firm in the future, and how much benefit will you realize?
- What training will your staff need, and how will they react to migrating to a new system, and how can you positively influence this?
- What other software does your staff use that a LPM solution will need to integrate with?

Pricing and cost

- Per seat licensing for cloud-based software is often higher than for comparable on-premises alternatives, although the equation can change somewhat if you factor in IT costs with on-premises software. Gather the numbers to understand the true cost.
- For what type(s) of solution do you have the budget, and how quickly can you recoup your costs with the features and efficiency of each type of system?

Remote access

- Do you require full access to all program functions while working remotely? If yes, be sure that the software you choose will provide it.
- Would using a combination of remote desktop, browser access, and mobile app allow you to work remotely in ways that make sense for you and your staff?

Criteria

Considerations

Upgrades and maintenance

- Do you have in-house IT skills to perform occasional upgrades to on-premises software and to back up your database?
- If you do not have in-house staff, can you hire external IT staff to do these things?
- Would you prefer that your software provider handle the bulk of upgrades and maintenance to your LPM tools?

Innovation, feature richness, and customizability

- Do you need a solution that offers a rich set of features that is provided by a particular software company?
- Do you want the ability to customize your software to fit the unique workflows you use with your law practice?
- Do you want to use a product that continues to adapt and innovate?
- Be sure to work with a provider who will bring you additional value year after year.

Data residency

- Do you or your clients need your data to be stored locally?
- Is it acceptable to use cloud storage for your data if you can prove the data is hosted in the country of origin?
- Be sure to check that your software will not put you in violation of any applicable requirements.

Note: Statements made within this paper are generalized. Specific details about any particular piece of software, a law firm's unique needs and any applicable bar guidelines or requirements should be gathered and considered before making a decision.

About the Authors

PCLaw | Time Matters™ and cloud software partner LEAP are proud to offer both on-premises and cloud-based software to fit the various needs of the legal community. No matter what type of software you are looking for, we have a best-in-class solution to help your firm be more efficient and boost your bottom line.



LEAP is true-cloud practice management software that provides attorneys with everything they need to run a law firm. LEAP combines key features like pre-configured matter types, email management, automated court forms, instant time recording in the LEAP Timesheet, billing, and trust accounting into one comprehensive solution available on all mobile devices for one price. Additionally, LEAP is the only authorized data migration and cloud software partner for PCLaw | Time Matters users.



PCLaw is an all-in-one billing, accounting, and matter-management solution for law firms. It allows firms to manage their finances, client information, billing, and timekeeping in a secure, easy-to-use, central, on-premises location, giving attorneys the ability to focus on serving their clients.



Time Matters is an adaptable case, client, and document management solution that helps foster collaboration on matters and streamline internal processes to increase profitability. This on-premises software allows attorneys to bill more hours with increased efficiency.

