Vertical Market Information Center
Legal Market

© 2005 Toshiba America Business Solutions, Inc.
Training and Dealer Development Group
Legal Market Overview

Market Size

Number of licensed lawyers in 2004 – 1,084,504
(American Bar Association Market Research Department)

Total number of law firms – 47,563
(The Lawyer Statistical Report, American Bar Foundation 2004 edition)

(National Law Journal)

For the period 2003-2004, the New York firm of Skadden, Arps, Slate, Meagher & Flom has ranked #1 on the AM Law list of top firms by revenue. Their 2004 gross revenue was $1,440,000,000.
(Law.com)
For 2004 the volume of corporate transactions topped $830 billion, up sharply from $570 billion in 2003 but less than half the 2000 total. Nearly half the deals were concentrated in three markets -- financial services, telecommunications, and energy and power.

(The American Lawyer, 04-04-05)

The five largest U.S. legal markets are California, New York, Florida, Illinois, & Pennsylvania. (U.S. Census)
Legal Market Trends

- 7th largest vertical with 2% of U.S. commercial hardcopy device shipments, with 1% 2004-09 CAGR
- Mono laser printers and MFPs growing faster than industry averages
- Document management
- Distributed scanning growth

Increasing Competition

Competition, especially for new business, is increasing among law firms. To gain a competitive edge, firms are emphasizing client service and offering customized legal assistance. Additionally, many firms offer workshops and seminars on legal issues. Clients want more detailed information about what they are getting for their sizeable investments. In response, firms are providing more detailed and itemized invoices and providing detailed explanations of their case strategies. They are also gathering feedback from clients.

(Law Marketing Review, February 18, 2003)
The Role of Technology
As in almost every field of business, technology plays an increasingly important role in legal activity. According to The Affiliates' survey, 91 percent of law firms have a chief information officer on the staff. The majority of lawyers expect their firms' investments in technology to increase during the next five years.

New technology is being implemented to access the firm’s legal resource information. Digital storage and document management greatly enhance the ability to quickly locate specific information. Law libraries are moving onto servers. Interactions with clients are enhanced as email and web sites make interaction faster and easier, while security issues require a close scrutiny of how this information is stored, accessed, and distributed. Many court documents are now filed electronically.

(Student Lawyer magazine, May 2003)

Mergers
Law firm mergers in the United States are increasing. Forty-four mergers were completed in the first three quarters of 2004, compared to 35 for the entire 2003, according to Mergerwatch, a service of Hildebrandt International. A catalyst for mergers is that smaller law firms are unable to staff enough legal experts in each area needed, especially in business, where labor law, patents, tax law, intellectual property, antitrust, litigation, commercial law, trademarks, creditors’ rights, etc., require a wide variety of in-depth knowledge areas.
**Virtual Firms**

Virtual law firms are formed when a team of expert lawyers from different firms work together to handle specific cases. These firms form for brief periods and their methods of communication must come together quickly and efficiently. They rely on email, conferencing, and electronic document review. Document management systems need to handle communication between lawyers in different firms while keeping the information secure.

**Reengineering Litigation**

Litigation costs have forced law firms to redesign their litigation systems. Electronic document filing and courtroom technology are moving the firms deeper into the electronic age. Litigation is planned, managed, and billed online, which requires the use of groupware, document management systems, and other electronic tools.
Increasingly Complex Systems
Technology has allowed legal systems to become more closely integrated but also more complex. New technology allows for more electronic possibilities with documents, including how they are accessed, tracked, edited, and archived. Law firms tend to select industry-standard technology and then modify it to their own needs using systems that support open standards, communication, and data exchange.

Legal Web Sites
According to Chris Turk from HubbardOne, clients of law firms are demanding 24/7 availability and access to information. Web sites are increasingly important in gaining new sales and keeping current clients satisfied. Rather than maintaining expensive personalized web sites, firms are looking to blogs, online seminars, mini-sites, and automated marketing systems to provide information. According to a Touchpoint Metrics study, 74 percent of large law firms gained clients who first learned of the firm through the Internet, and 64 percent of general counsel use the web sites of the firms they hire.

(Amy Campbell's Weblog – Harvard Law School Blogs)

Regulatory Compliance
Many law firms are adding a compliance attorney or compliance department to deal with the growing amount of regulation of the industry. These specialists promote the development of compliance procedures within firms and may play a leading role in defining industry standards for compliance.

Boutique Practice
Businesses and corporate law departments are moving away from hiring full service law firms and looking instead for firms with the particular experience and knowledge they need, resulting in “boutique” or specialist law practices. Law firms are developing depth in specific areas of law practice. This requires technology that can make the information and experience in a specific area readily available to all members of the group to be easily retrieved and communicated.
Business Advisers
As in Solutions Selling, lawyers are encouraged to become business advisers for their clients as well as legal counselors. They need to understand the issues and needs that are important to their business clients and be able to discuss trends and other factors.

Client Service
In-house counsel and law firm lawyers were asked whether they agreed with the following statement: “The level of law firm service has improved over the past five years.”

**Improved Service**

<table>
<thead>
<tr>
<th>In-House Counsel</th>
<th>Law Firm Lawyers</th>
</tr>
</thead>
<tbody>
<tr>
<td>33.9% Neutral</td>
<td>7.5% Neutral</td>
</tr>
<tr>
<td>31.4% Disagree</td>
<td>22.5% Disagree</td>
</tr>
<tr>
<td>34.7% Agree</td>
<td>70% Agree</td>
</tr>
</tbody>
</table>

(Corporate Law Times Survey)
Legal Regulatory Issue

The Sarbanes-Oxley Act of 2002

The Sarbanes-Oxley Act significantly changed the regulation of financial practice and corporate governance. The Act introduced stringent new rules with the stated objective: "to protect investors by improving the accuracy and reliability of corporate disclosures made pursuant to the securities laws".

The Act also introduced a number of deadlines, the primary ones being:

- Most public companies must meet the financial reporting and certification mandates for any end of year financial statements filed after November 15th 2004 (amended from June 15th).
- Smaller companies and foreign companies must meet these mandates for any statements filed after 15th July 2005 (amended from April 15th).

Companies are struggling to comply with the new standards.

(Sarbanes-Oxley Forum)

![Cost of SOX Compliance](Corporate Legal Times Survey)
Legal Resources

American Bar Association
http://www.abanet.org/

National Lawyers Association
http://www.nla.org/

American Health Lawyers Association
http://www.healthlawyers.org/

American Immigration Lawyers Association
http://www.aila.org/

Association of Trial Lawyers of America
http://www.atla.org/

Employment Lawyers Association
http://www.researchlawyers.info/

International Municipal Lawyers Association
http://www.imla.org/

Republican National Lawyers Association
http://www.rnla.org/

Sports Lawyers Association
http://www.sportslaw.org/

State, county, and city associations can be located using a search engine and including the name of the geographical area plus keywords such as “lawyer association,” “attorney association,” and “legal firm association”.

Success Story - J. Brent Melanson

**Business Problem:** J. Brent Melanson is a small but busy law firm in Fredericton, New Brunswick. Its specialties are personal injury, immigration, and real estate. Like many law firms, J. Brent Melanson bills its clients for the cost of legal documents that have been created for them. Prior to using Print Audit, J. Brent Melanson was tracking and recovering its photocopying and faxing expenses, but it was not charging for desktop printing.

**The Solution:** J. Brent Melanson purchased and installed Print Audit 4 in October 2003. Now, before documents can be printed, the Print Audit 4 popup prompts the user to enter a client code. Tracking printing from just one computer to one laser printer, J. Brent Melanson is now able to bill for, on average, 1,000 pages per month. At 50 cents per page Print Audit 4 is facilitating the recovery of $500 per month in printing expenses. J. Brent Melanson was able to recapture the cost of the software in just 14 days.

"Print Audit has made a significant difference in the recovery of print jobs made in our office. We cannot say enough good things about Print Audit."

-- Kim Lennon, Legal Assistant

(printaudit.com)
Success Story - Merit Law Group

**Business Problem:** The Merit Law Group™ is a civil litigation law firm based in the Silicon Valley. It represents businesses in California and overseas in a diverse range of litigation and business transactional matters. Because of errors caused by OCR software, Merit employees had to spend inordinate amounts of time proofreading scanned documents. It wasn’t practical for them to switch from the conventional method of having a secretary re-type documents.

**The Solution:** The firm selected ABBYY FineReader to convert discovery, motions, and pleadings to word-processing documents, which can then be “cut and pasted,” revised, reformatted, or incorporated into discovery responses, communications with clients or other parties, pleadings, or other documents.

The Merit Law Group also uses FineReader to digitize documents in order to provide clients with electronic copies. This enables the firm to transmit documents to clients faster, and it lets clients store and access documents more easily. ABBYY FineReader also allowed the Merit Law Group to create an electronic storage system for files.

“It is much more practical to retrieve a document with a few clicks of the mouse, rather than to rummage through mountains of boxes in some dusty storage room.”  

Roy Ching, attorney and founder of Merit Law Group

(abyy.com)
Selling Tips for the Legal Market

Law is a document-intensive field. Regardless of the size of the law firm, documents must be efficiently managed and made available quickly and securely to a variety of audiences, including clients, courts, and other law firms. The more efficiently a firm manages its documents, the better its level of service to its clients, and ultimately, the more successful the firm. To stay competitive in today’s challenging business environment, law firms must focus on technology solutions that will help them solve everyday problems such as:

- **Tracking and Billing:** The introduction of new technologies for electronic communication and document distribution may help maximize business efficiency, but for the legal industry, it also contributes to the challenge of tracking e-mail and fax activity and then billing it back to a client.
- **E-filing:** Projects are underway throughout the U.S. to replace the traditional method of filing, serving, storing, and retrieving court documents with a more efficient electronic process—e-filing. Rather than copy these paper documents and ship or manually deliver them to the courts, e-filing allows firms to send them electronically over the Internet.
- **Case Management:** The legal industry generates an enormous amount of paper documents—from depositions to complex transactions to memorandums. In order to manage all of these documents and link them to a specific case, the information, which is often highly sensitive, must be kept in a central location, where it is searchable by keyword and easily accessible.

Lawyers typically turn research work over to assistants. You can expect the same mentality in working with them—they may expect you to do research with little help from them. Talking to assistants or other office workers will get you more information about the document processes used by the firm.

Lawyers are also interested in cost reductions and overall value when considering office solutions.

Lawyers tend to share information with other lawyers, so one good placement can lead to a number of other prospects.
Key Questions for the Legal Market

Document Management

1. Do you have a need to share paper documents between partners and staff in and outside of the firm?
2. Are you looking for a way to use Internet communications and charge the transactions back to your clients?
3. Do you want to use e-mail for correspondence? Do you have a way to charge for that?
4. Do you use fax to communicate with outside concerns (courts, clients, other law firms) and if so:
   > What is the average daily number of outbound fax transmissions?
   > Do you often need to retransmit faxes due to busy signals or complaints about image quality?
   > Are your employees often waiting for access to fax machines?
5. Do you have a plan for security and confidentiality of paper-based information?
6. Are your paper documents secured from unauthorized access?
7. How are you sharing paper records:
   > With clients?
   > With the court?
   > Between your firm and insurance companies or other firms?
8. Do courier/carrier pickup schedules create challenges in providing timely communication with your clients?
9. Do you have a mailroom staff that manually delivers letters and documents to employees? If so, how much time is invested each month in the sorting and delivery functions?
10. How do you prepare documents for electronic court filing?
Toshiba Solutions for Law Firms – Billing for Printing

Business Need
Law firms charge the costs of copying, printing, and faxing to each client’s account. Copying and faxing are often tracked through systems available with copiers and facsimiles. Printing has been more difficult to track and is often done manually. An automatic tracking and reporting system for printing would provide accurate tracking and reduce the need for manual accounting of all printing.

Toshiba Solution
Print Audit 5 software provides an easy-to-use system for tracking printing by individual client. Combined with an e-STUDIO system that can track copying through access codes or software, a law firm has an efficient system for tracking and billing their document costs.

Benefits
- Comprehensive, detailed, client-based print tracking
- Efficient billing of client printing costs on an individual basis
Toshiba Solutions for Law Firms – Scanning in Documents

Business Need
Law firms receive large numbers of hardcopy legal documents. Many of these documents must be scanned into electronic form. To have the capacity for editing and modifying these documents, OCR software is necessary. Then documents must be stored securely on a server that allows for quick location and access of specific files.

Toshiba Solution
A Toshiba e-STUDIO MFP with Questys electronic document management and Re-Rite OCR software allows firms to scan in hardcopy documents and accurately transfer them to Word or other software applications that allow editing and modification of the documents.

Benefits
- Convenient conversion from hardcopy to electronic document
- Accurate translation to editable form
- Secure network storage of electronic documents
- Fast, easy location and access of stored documents
Toshiba Solutions for Law Firms – Electronic Filing

**Business Need**

Increasingly, the courts allow or even require that case documents be filed electronically, in PDF form. Law firms need to be equipped to meet this requirement with the least amount of extra effort, which means it is most efficient to keep related documents in electronic form.

**Toshiba Solution**

A Toshiba e-STUDIO MFP with Questys electronic document management and Re-Rite OCR software allows firms to scan in hardcopy documents and accurately transfer them to Word or other software applications that allow editing and modification of the documents.

**Benefits**

- Convenient conversion from hardcopy to electronic document
- Accurate conversion to PDF form
- Secure network storage of electronic documents
- Fast, easy location and transmittal of stored documents