



Law Firm File Sharing in 2014

A study of attorneys and legal professionals and the IT tools used for collaborating with clients and 3rd parties on privileged information.

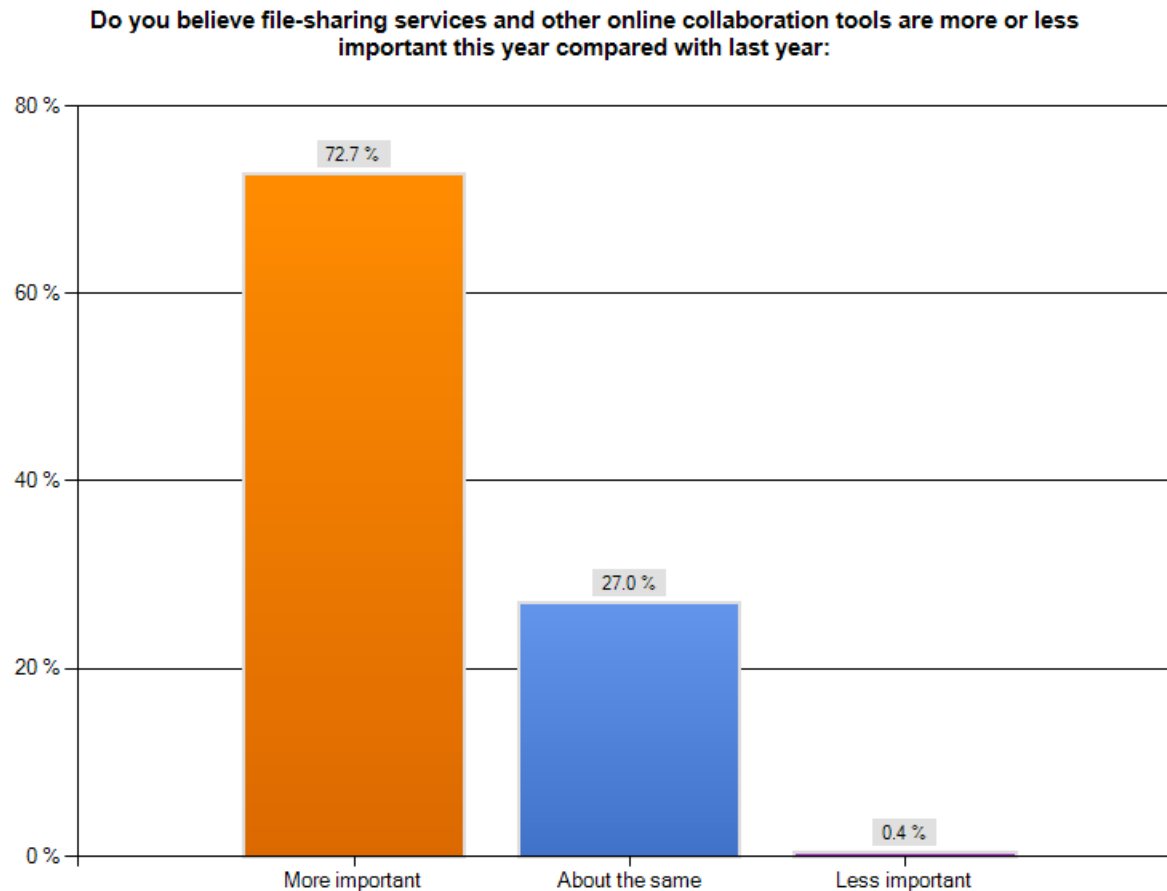
Executive Summary

- **File sharing gaining importance in privileged communications.** 73% of law firms say file sharing is more important this year than in previous years. There is an increased awareness that the electronic compromise of privileged communications has serious consequences.
- **Despite concerns, un-encrypted email most used means of collaboration.** Law firms rely on email more than any other tool to collaborate with clients and third-parties on privileged information. 89% of law firms report using email and another 74% say they use email daily. Despite concerns over security, most firms do not use encryption. Larger firms are more likely to have encryption or secure means to share files in place; smaller firms tend to be more lackadaisical and therefore more vulnerable.
- **Confidentiality statements are the most common shield against compromise.** Most law firms include a confidentiality statement below the body of their emails as the primary means to protect privileged communication. Some also include confidentiality statements in an email subject line, or require clients to sign consent forms. A minority of firms are using security technology to protect electronic communications: email encryption (22%), password protect documents (14%), use a secure file sharing site (13%). 4% of respondents said in an open-ended answer section they take no measures at all. Larger law firms – those with 100 or more attorneys on staff – are more likely to use encrypted email or other IT security tools.
- **Commercial free file sharing services proliferate.** About half of law firms say they have used free commercial file sharing services to transmit privileged information. Vendors that are focused on serving businesses, rather than consumers, tend to be more attentive to the security concerns of businesses and law firms. When asked if *other* employees were using free file sharing services, about one-third said “yes,” another third said, “no,” and the final third were “unsure.” In larger law firms, respondents were more likely to say *they* don’t use free commercial file sharing services however, they said that *other* employees in the firm did. The data suggests free file sharing services are probably used more often than law firms are aware.
- **Top three features law firms demand in file sharing services.** The ability to add a watermark to documents was the most popular feature law firms said they wanted in a file sharing service, which identifies the sender, but provides little security on the recipient’s end. The ability to revoke or modify access privileges after a document was sent ranked second. The ability to also use a file sharing service for document storage ranked third.

File Sharing Increasingly Important, Especially for Smaller Firms

Overwhelmingly, law firms believe file sharing is becoming increasingly important. As it often is with new technologies, [disruption flows from the client](#) and the increase demand for file sharing likely stems from a client need for an easy way to access information.

A cross-tab analysis comparing solo- and duo-attorney firms with firms employing 100+ attorneys shows file sharing tools are a more pressing need in smaller firms than larger firms. Seventy-five percent of small firms said file sharing was more important, as compared with 55% from firms with 100 or more attorneys.

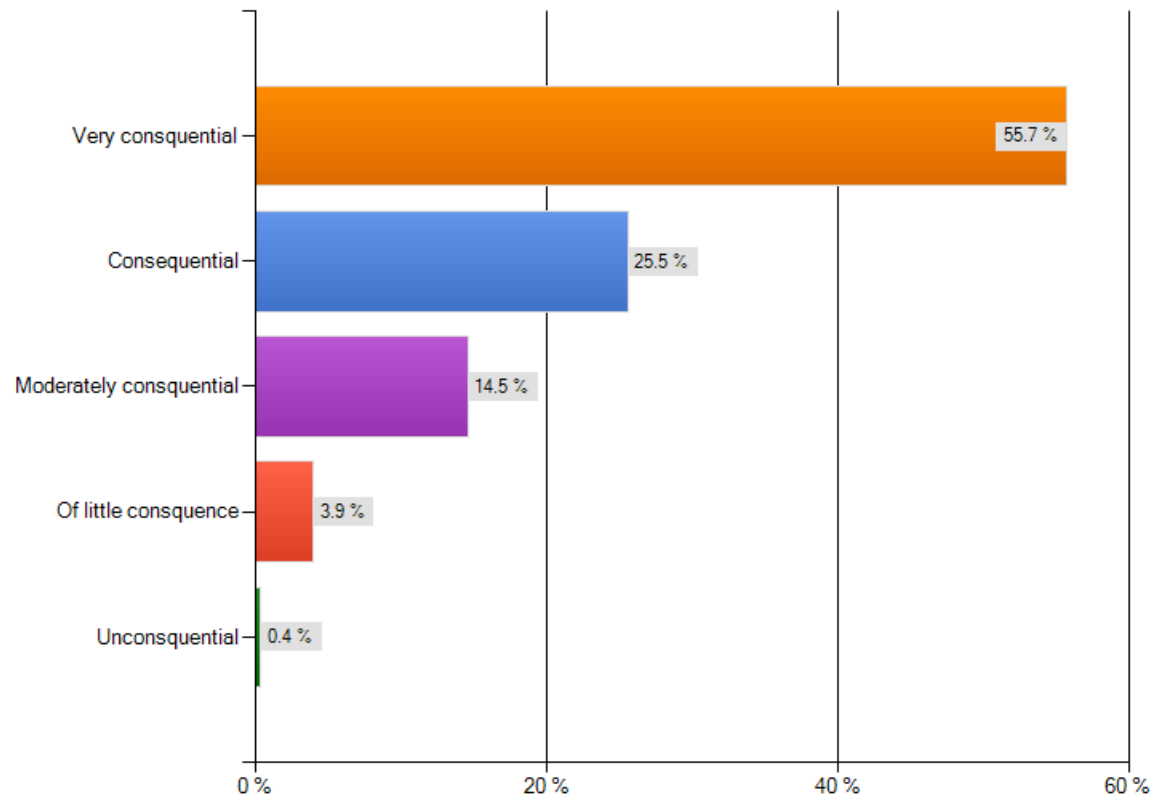


Electronic Security Compromise has Consequences

More than 80 percent of respondents believe that a breach – that if someone other than a client or privileged party accessed confidential documents – would be consequential or very consequential to the firm. For most, this seems like common sense given the confidentiality

that surrounds legal work. However, this statistic gets interesting when it's compared with how law firms say they share documents, and the mitigating measures taken, despite potential vulnerabilities.

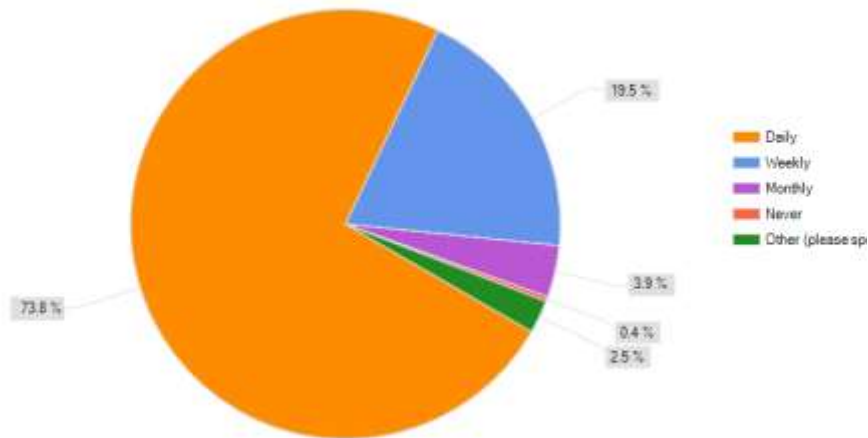
How would you describe the possible outcome to your business if someone other than your client or a privileged third party was able to gain access to shared documents?



Despite Security Fears, Email Dominates Privileged Sharing

Email and the good old-fashioned telephone or postal service top the list as the primary means for collaborating with clients and sharing files. Eighty-nine percent of firms reported using email – and 74% use it frequently (on a near daily basis). Email in particular is an area of concern, given just about one-third of law firms report use encrypted on email, which is vulnerable to security threats.

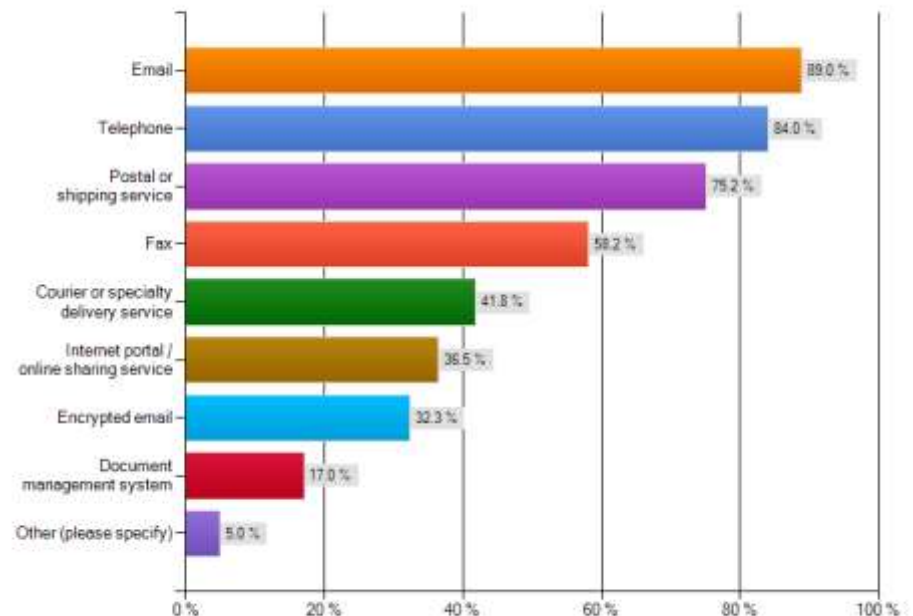
How often do you use email to collaborate with most clients or privileged third-parties on a matter?



Again on this question, a cross-tab analysis shows smaller firms are less likely to use sophisticated security technology: 60% of respondents from law firms with 100+ attorneys reported using encrypted email. Within the solo- and duo-attorney firms, that percentage plummets to 28%.

In open-ended responses to this question, about 2% of respondents also cited in-person meetings with clients as a means to collaborate.

How do you collaborate with clients or privileged third-parties on a matter (check all that apply):

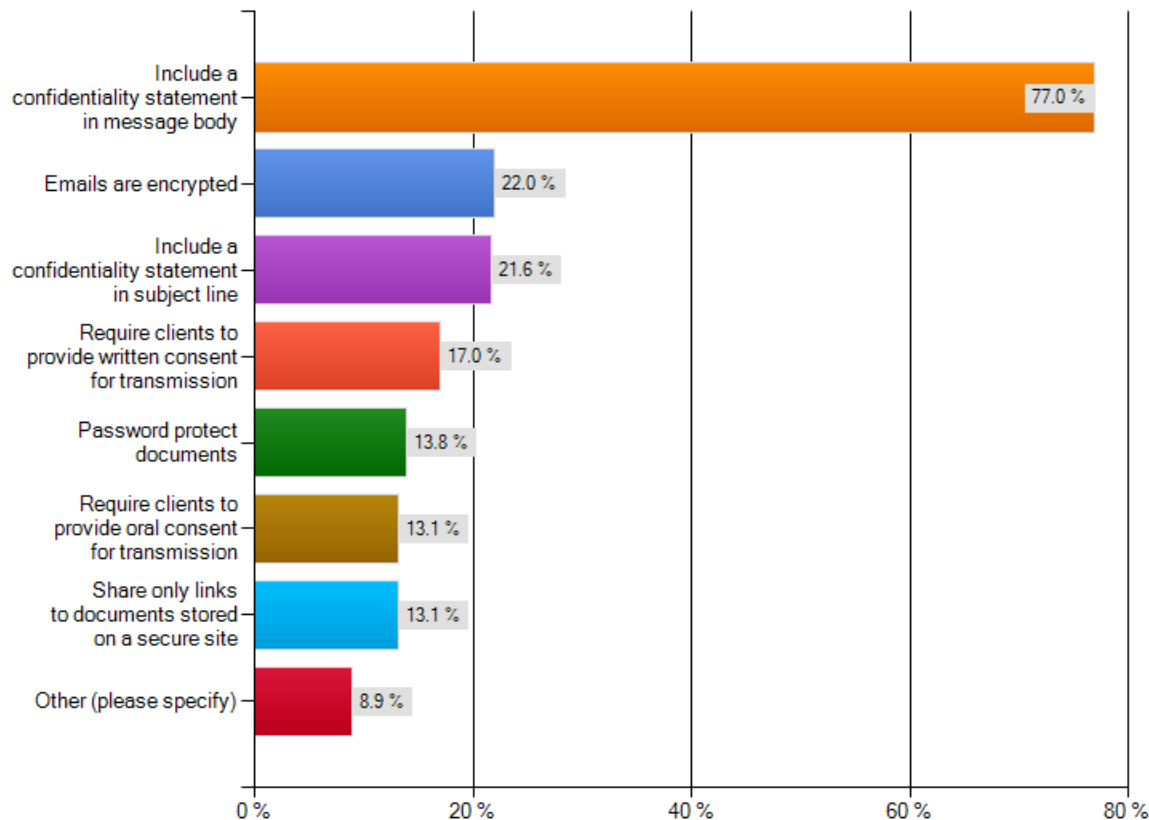


Email Security Hinges on Words

How do law firms report secure privileged communications in email? The majority rely on a confidentiality statement included beneath the body of the email. Four percent of respondents answered this question with *an open-ended answer that no precautions are taken*. It's also noteworthy that on a previous question, 32% of law firms reported

using encrypted email as a means of collaboration – but when asked more directly the percentage reporting email encrypting dropped to 22% – or about a 10% difference. The data suggests a degree of uncertainty as to whether or not a firm email communications are in fact encrypted.

What precautions do you take when sending client-privileged communications via email?

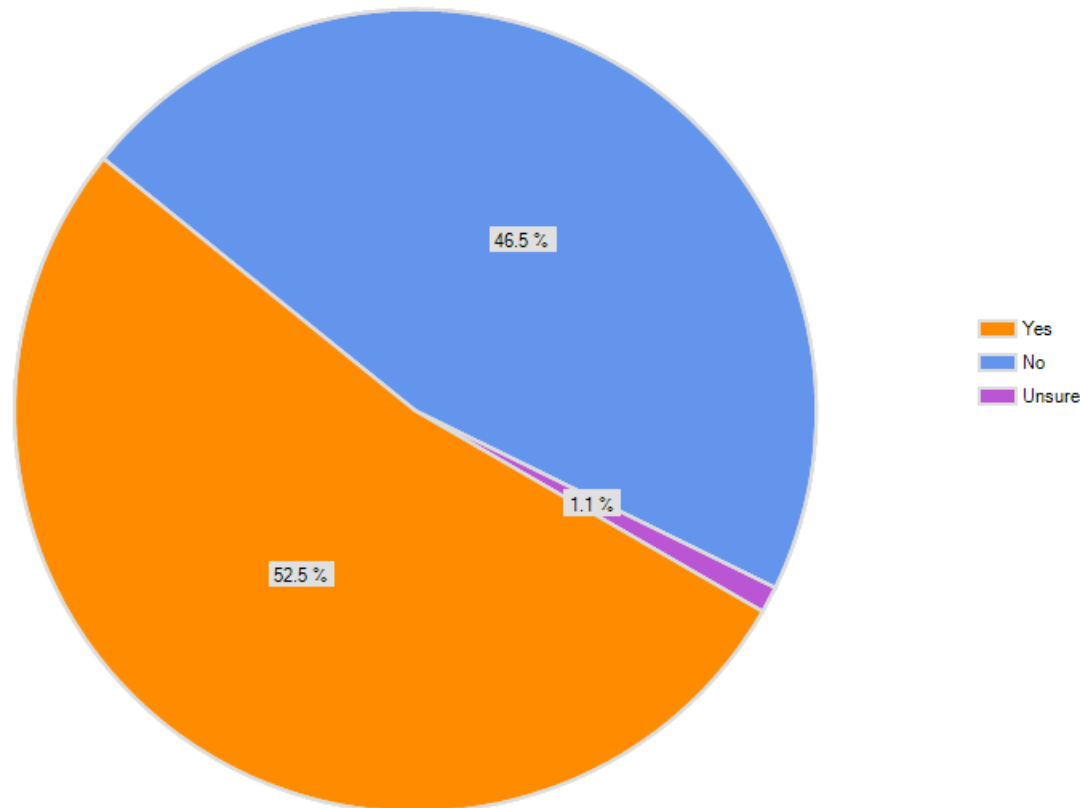


Half of Law Firms Use Free Sharing Services

About half of all law firms have used free sharing services and a cross-tab analysis again shows the usage is significantly higher among smaller firms. Fifty-three percent of solo- and duo-attorney firms said they have used free commercial file sharing services.

Compare this with firms 100+ attorneys on staff and just about one-third or 30% reported using free file sharing services. This suggests greater rigor in the IT governance policies at larger law firms.

Do you use (or have you used) free consumer file sharing services, such as Dropbox or Box, to share client-privileged communications?



File Sharing – You Don't Know What You Don't Know

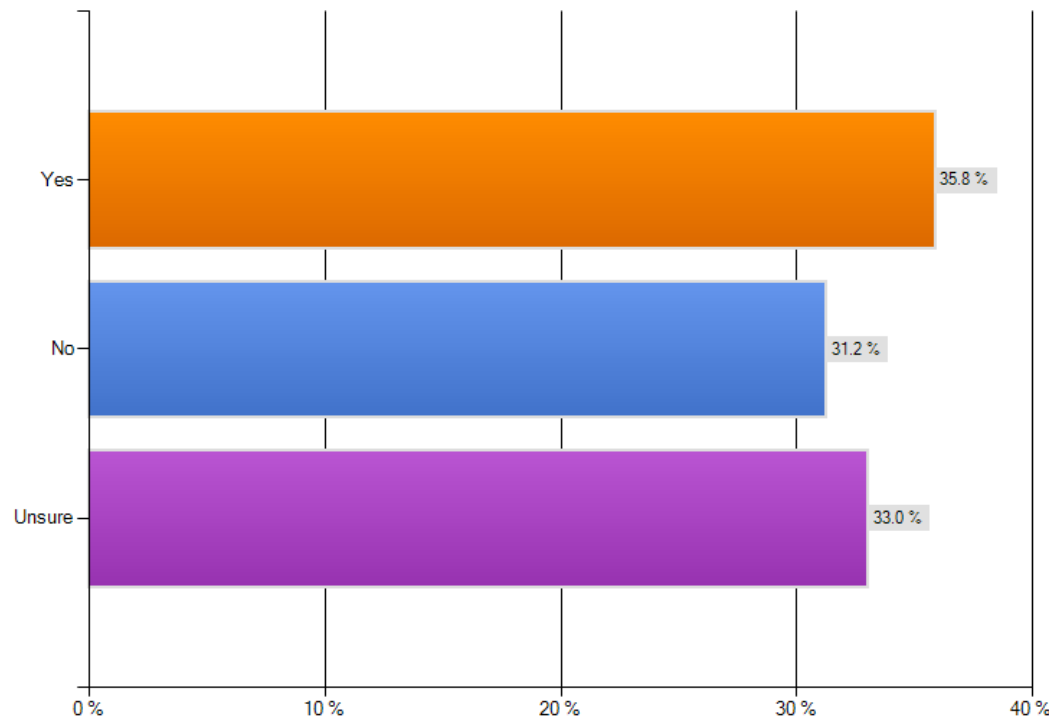
When asked if other attorneys or staff within a firm use free file sharing services the answers were nearly evenly split across all three answers. There are two benchmarks for comparing this survey:

First, a [previous study exclusively of small law firms](#) with a similar question found 42% said no, 31% were unsure and just 23% said yes. Second, a cross-tab analysis of this survey sample finds that a slightly lower number among solo- and duo-firms, just 27% say other employees are

using free commercial file sharing services, while in larger law firms (100+ attorneys) the numbers move in the opposite direction with 55% saying other employees *do* use file sharing services.

The data suggests there is probably far more file sharing – perhaps using tools that could compromise security – than senior law firm leaders are aware. This underscores the need for clear process, policy and IT tools that support the need.

Do you believe other employees in law firms are using free file-sharing services without the firm's knowledge or approval for work?

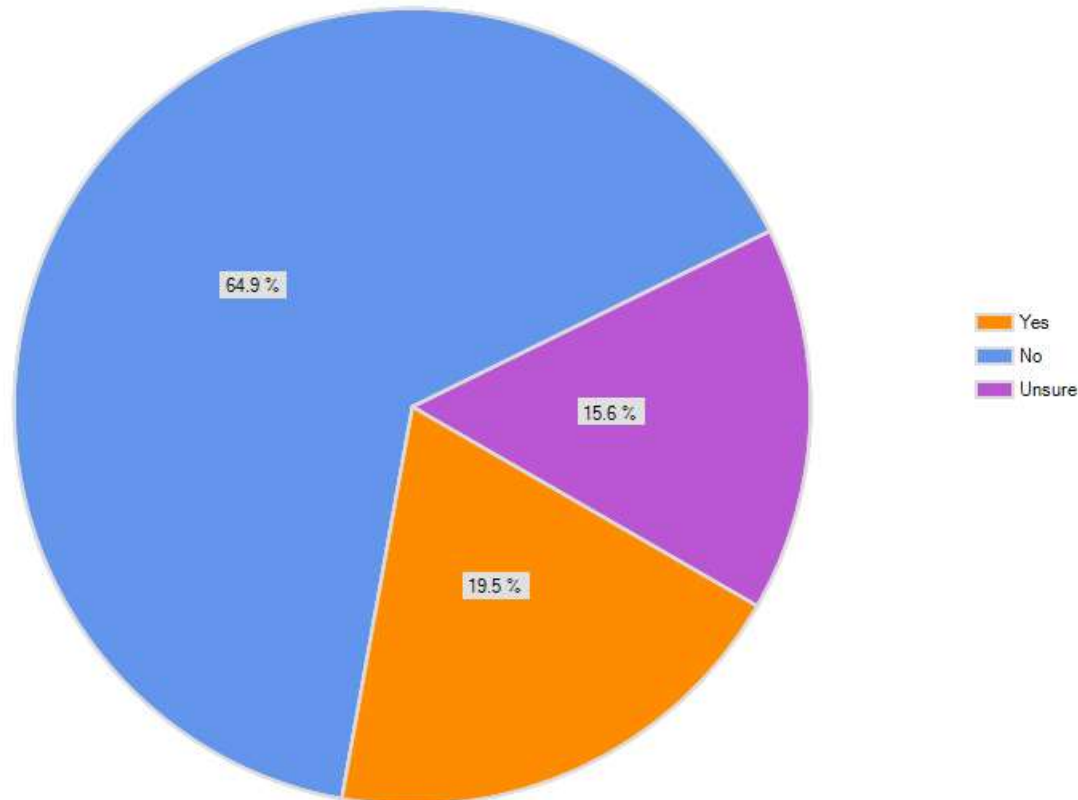


Secure File Sharing Services in Law Firms

On the whole, most law firms are not using enterprise-grade file sharing services that focus on the security and protections designed with law firms in mind. Cross-tab analysis shows that larger law firms do in fact invest in secure file sharing tools – about 50% or half – of 100+ attorney firms say they are using an enterprise grade file

sharing tool. A separate cross-tab analysis across all firms by size demonstrates the larger the firm, the more likely it is to provide secure file sharing tools. Among firms with 50 or more attorneys on staff, about half provide their team with an enterprise-grade file sharing service.

Does your firm deliberately provide an enterprise-grade file sharing service?

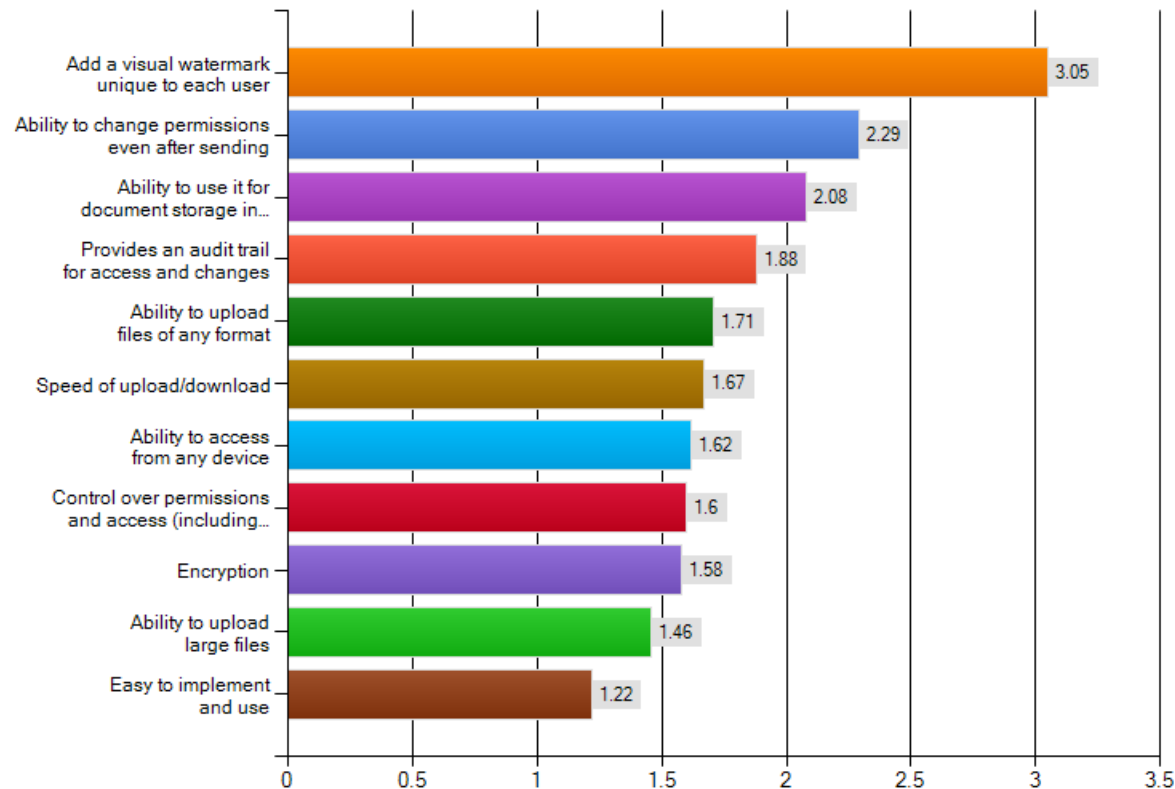


Top Features Required in File Sharing

Respondents were asked to rank features they expect to find in a secure file sharing tool on a scale of 1 to 5, where 5 was most important. Applying a visual water mark – a means to authenticate the sender – was top of the list.

However, law firms are clearly thinking about the recipients and the data shows the ability to change access permissions *after* a file is sent is a high priority.

What do you feel are the most important features or benefits a file-sharing service must offer (please rank):



In Their Own Words: Law Firms on File Sharing Security

The final question of the survey was an open-ended question. The tag cloud you see nearby represents the words most frequently used – the larger the word, the more often it was cited. The question was optional and of the 282 respondents that completed the survey and 233

answered this question: **What would you say is the most important issue or concern attorneys or law firms should keep in mind with regard to file sharing?**

Verbatim Responses

"Ensuring security while not over-complicating the sharing process. Use tools that clients are familiar with, or can become easily familiar with."

"Trying to read the fickle and often illogical mind of the Bar Association when it sets policies for file sharing and cloud storage."

"Security is important but no system is fool-proof. Technology, file sharing, and the cloud are necessary components to an efficient, modern practice."

"Educating clients on the importance of security and options for achieving it without sacrificing economy and convenience."

"Attorneys could risk the attorney-client privilege and have their practices devastated by malpractice claims."

"Where is the data being stored? What is the security level provided? Is this verifiable?"

Word Cloud Analysis of Open Ended Responses

Access Awareness Client Company
Confidentiality Disclosure E-mails Ease Easily
Encryption File Sharing Hacked Intended
Interception Liability Malpractice Management Methods Outsiders
Privacy Privilege Protect Risk Rules Safe
Security Sending Training

Survey Methodology and Demographics

Survey Demographics and Methodology

This study aimed to understand the uses and perceptions of file sharing tools by attorneys and legal professionals working in U.S.-based law firms. The survey was conducted online from March 5 to March 19, 2014. Respondents were required to identify as a practicing attorney or a legal professional supporting a law firm.

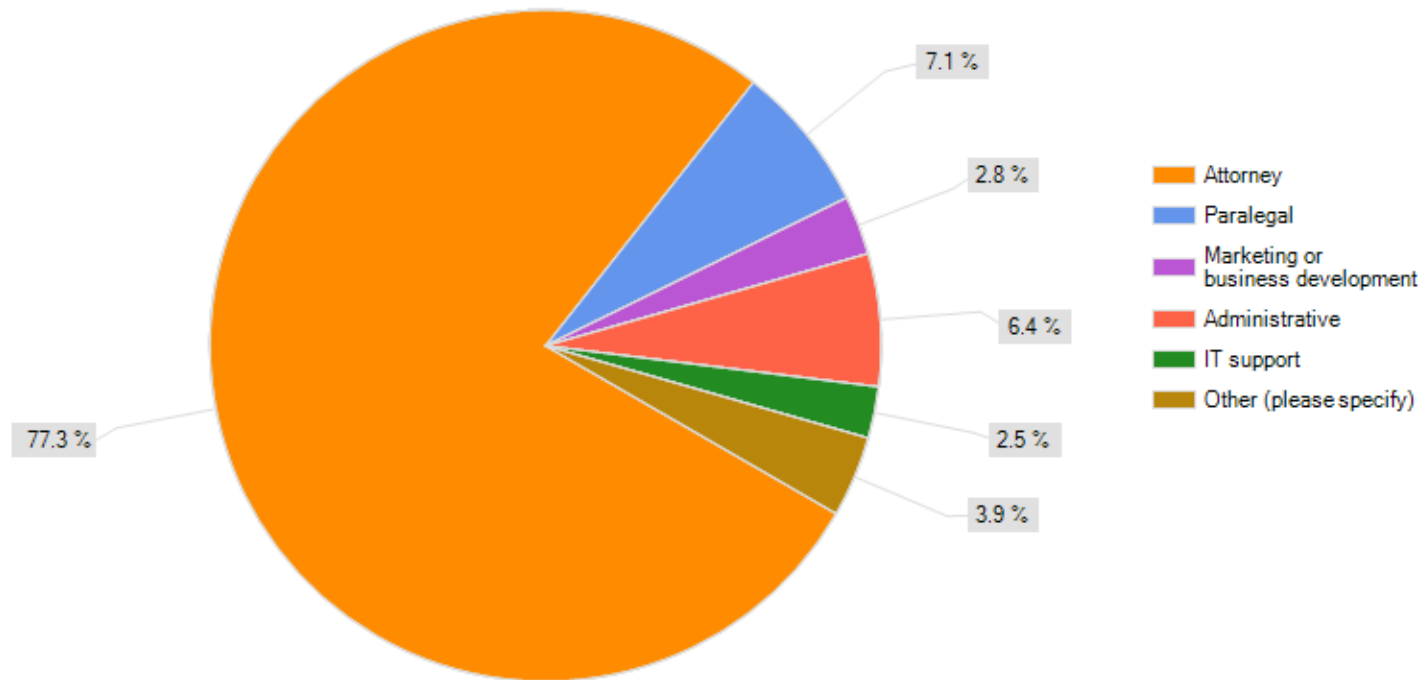
Two-hundred and eighty two (N=282) attorneys or legal professionals from across more than 15 different practice areas, and representing 40 different states and two territories, including Washington, D.C. participated in the survey. Respondents were provided an incentive – a chance to be entered in a random drawing for one of 14 prizes – to complete the survey.

Demographics at-a-glance:

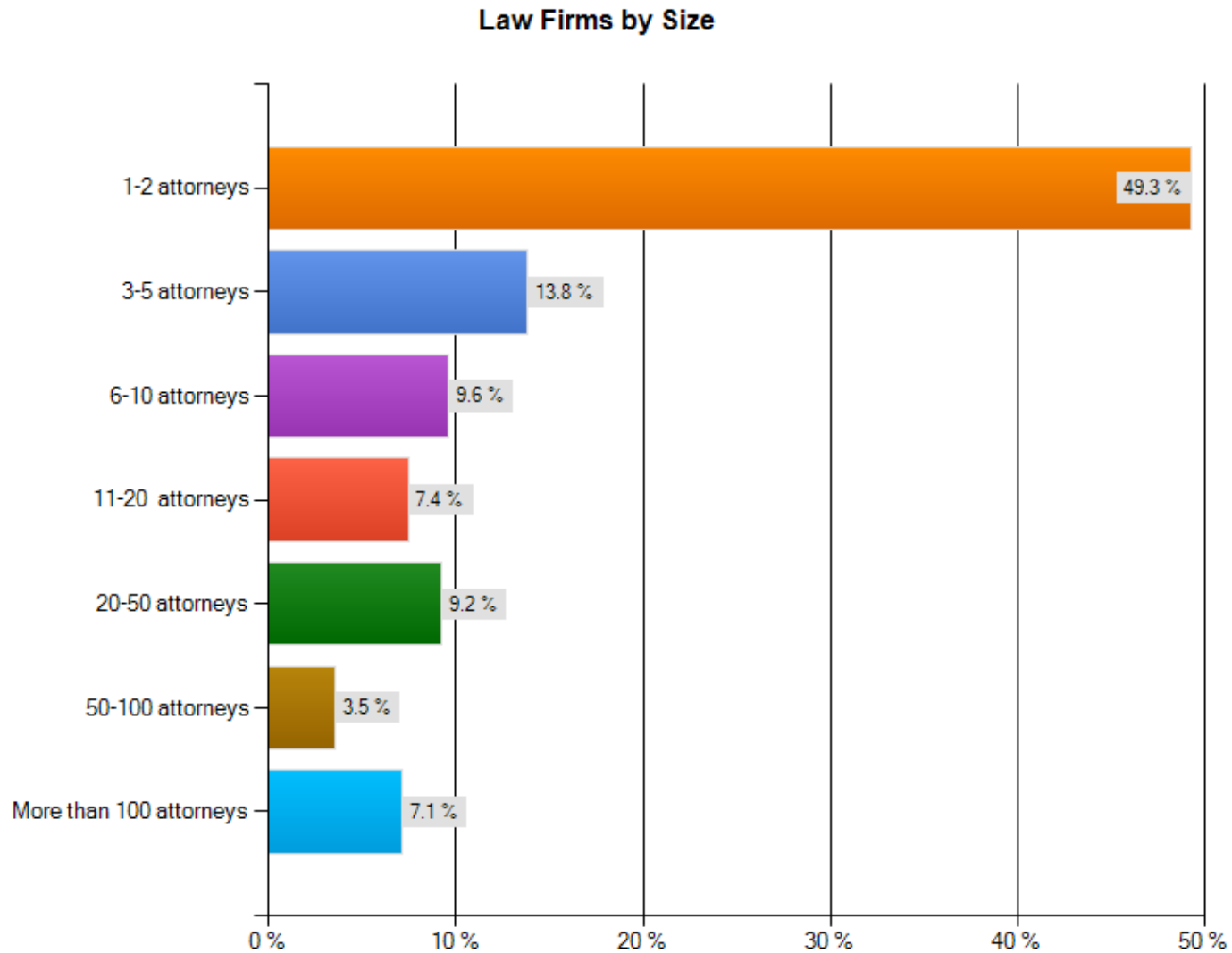
- **Mostly practicing attorneys.** 77% of respondents identified as a practicing attorney; paralegal (7%) and administrative support (6%) were the next largest categories.
- **Generally small law firms.** 73% of respondents reported working at firms with 10 or fewer attorneys; 49% of respondents identified as a solo- or duo-firm.
- **Broad practice areas represented.** 17% of respondents reported working for firms focused on litigation – the single largest category; family law (14%) and general practice (13%) were next. The rest represented a wide diversity from across more than a dozen additional practice areas.

Survey Demographics: Respondents by Role

Of the following roles, please select the role that most closely matches your role in your organization:

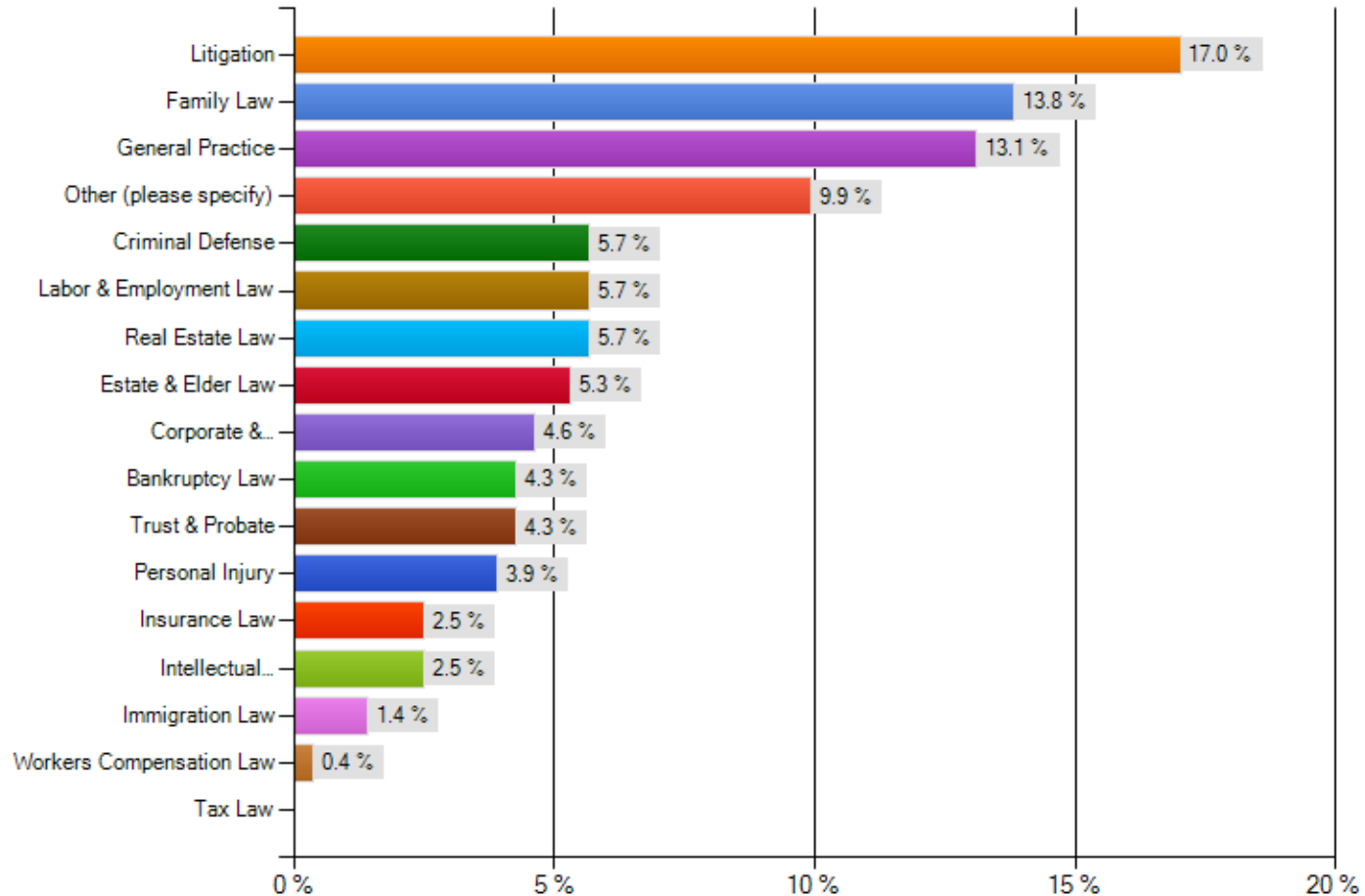


Survey Demographics: Respondents by Law Firm Size

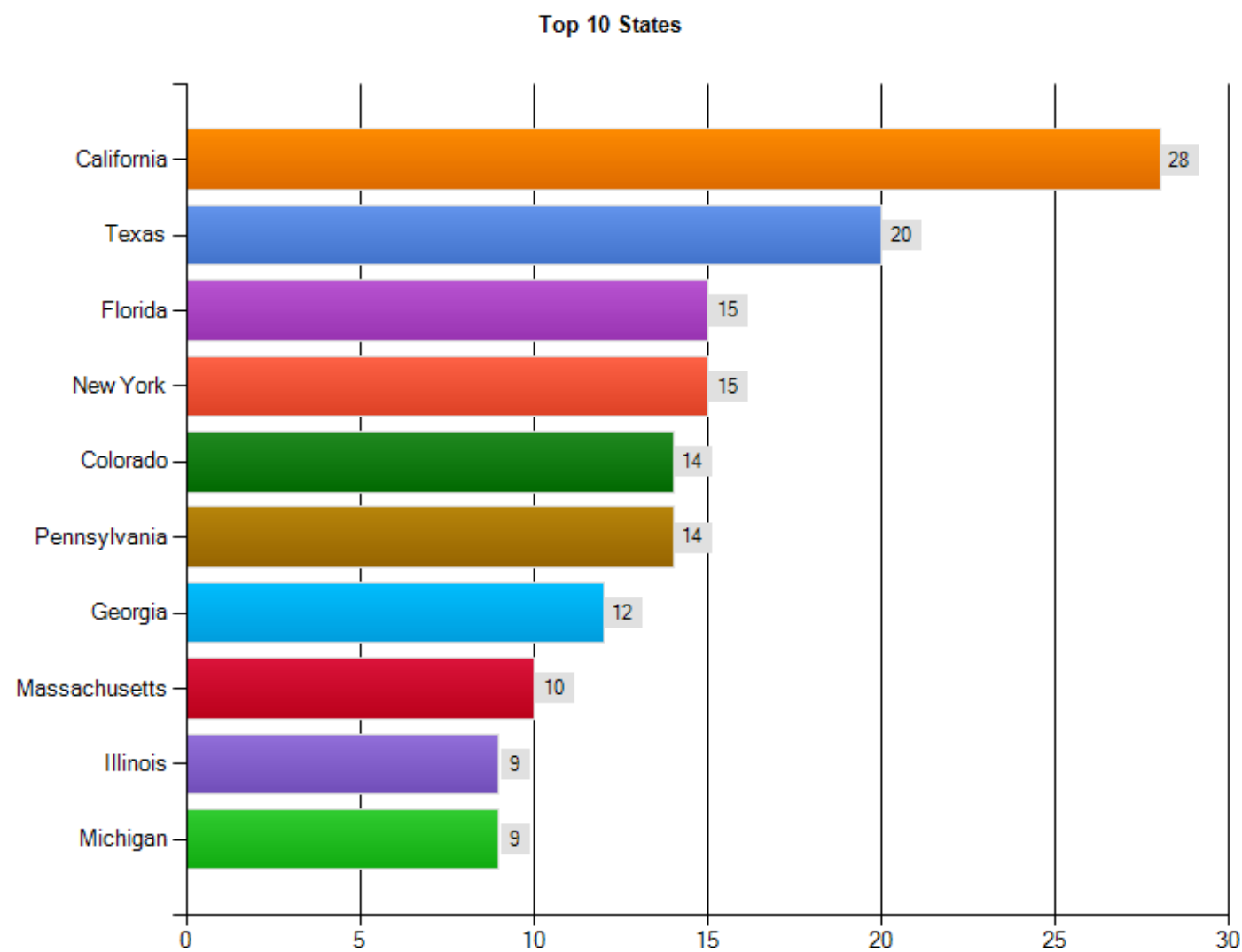


Survey Demographics: Respondents by Practice Area

**Which best describes your primary area of practice, or the primary practice area of your law firm
(in case you serve more than one practice area, choose the area where you perform the most
work):**



Survey Demographics: Top 10 States by Survey Responses



LexisNexis Time Matters Resources

- **Download a Comprehensive Report on this Survey:**
 - [File Sharing Survey Report and Infographic.](#)
- **Resources:**
 - White Paper: [A Law Firm Guide to Protecting the Confidentiality of Shared Client Files](#) (PDF)
 - White Paper: [Safeguarding Your Law Firm from Liability](#) (PDF)
 - Press Release: [LexisNexis Introduces Secure Client Portal to Small Law Market](#)
 - Press Release: [LexisNexis Time Matters Named to the TL NewsWire Top 25 Products of 2013 Awards](#)
 - Law Technology News: [LexisNexis and WatchDox Launch Client Portal for Small Law Firms](#)
 - TechnoLaywer: [LexisNexis Time Matters 13: Read Our Exclusive Report](#)
 - Legal IT Insider: [Legal Industry Video Awards – Entry #8: LexisNexis on Time Matters](#)
 - Infographic: [Malpractice Claims for Attorneys and the Risks](#)
 - Blog Post: [Legal Tech Briefs: Virtues of Virtual Law with Stacey L. Romberg](#)
 - Blog Post: [3 Basics for Choosing Law Firm Practice Management Software](#)
 - Blog Post: [Product Notes: Time Matters 13.1 Available for Download](#)
- **Social Media:**
 - Blog: [Business of Law Blog](#)
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