



2014: The Law Cloud Poised for Dramatic Growth

A study of small law firm attorneys and their use, perceptions and predictions for cloud technology in the legal industry

Executive Summary

- **The law cloud is poised for mass adoption, despite reservations.** While attorneys in small law firms cite security concerns – just 41% believe confidential data stored in the cloud is safe; most report being more likely to adopt the cloud in 2014. A majority of individual lawyers (50.2%) said they are more likely use the cloud next year. Firm-wide, the results were more dramatic – 72.4% say their firm is more likely to use the cloud in 2014.
- **Current use of cloud-based tools in law rises dramatically.** Attorney use of cloud tools in small law firms suggests adoption has already seen a significant uptick. Roughly, 40% of attorneys say they are already using the cloud, which is nearly 10% higher than previous industry studies.
- **Behind security, ethics tops the charts as the most significant barrier to adoption.** Ethics ranked the second highest, trailing only security concerns, among the top five barriers. Most concerns center on ownership and positive control over data stored in the cloud.
- **Hacking scandals and data leaks breed concern for cloud security.** Most respondents are unsure of cloud security: 59.2% said the cloud was not secure, they were unsure, or that security depended on other factors. While just nine percent explicitly said “no” the cloud was not secure, when asked why in an opened ended question, some cited the NSA controversy related to Edward Snowden or government snooping explicitly.
- **Nearly one in four employees use cloud tools without the law firm’s knowledge.** A significant number of respondents – 23.7% – say they believe law firms employees are already using cloud tools without the law firm’s knowledge or approval.
- **Will the cloud eclipse premise-based solutions in five years?** Nearly 40% of respondents said they believe cloud-based tools will eclipse premised based tools in 3-5 years. An additional 34.1% believe a cloud eclipse of premised-based solutions will take place but will require five or more years.
- **The largest benefit of the cloud for attorneys is mobility or freedom of access.** Lawyers in small law firms largely say the top benefits of the cloud is mobility and ability to access data from anywhere (45.2%). Disaster recovery and backup followed in as a close second with 40.5%. Analysis of text from 254 cloud definitions offered by respondents in an open-ended question shows the words “storage” and “access” are used to describe the cloud. The tag cloud analysis nearly spells a complete sentence: the “ability to access your computer.”

Ease-of-Use is Simply Expected in Cloud-based Products

Freedom of access

Attorneys in small law firms clearly believe the largest benefits of cloud technology rests in mobility and data back-up. The promise of the cloud is the ability to access data from anywhere, at anytime, and from any device.

IT expectations

Surprisingly, ease-of-use ranked a distant third. Our analysis of the data and market trends suggests the influence of the consumerization of IT. Technology from smart phones to tablet

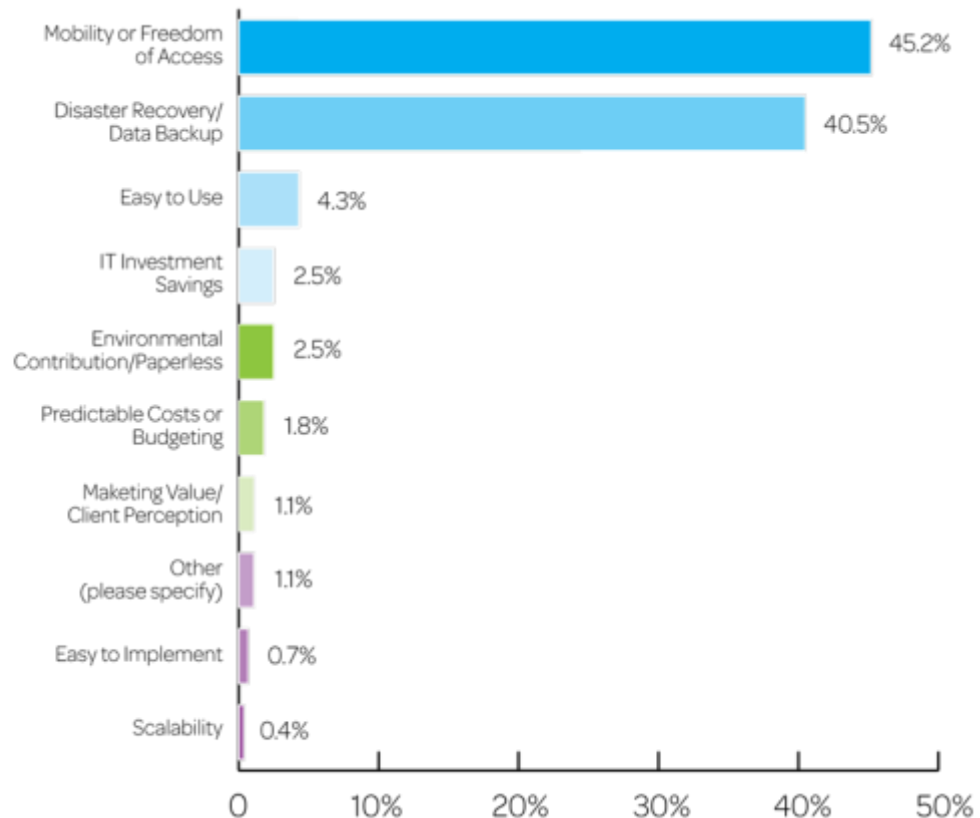
computers has merely made elegant simplicity an expectation. Ease-of-use is a minimum barrier to entry for cloud adoption.

Unconcerned over costs

Predictable costs, also ranked fairly low, which is equally surprising given cloud services often run on a subscription model and relieve law firms from the burden of maintaining IT infrastructure and the associated costs.

N = 279

**Which of the following
do you believe is the
single most valuable
benefit of cloud services
for the legal profession
(select one)?**



Security and Ethics Top the List of Significant Barriers

Top 5 barriers to cloud adoption

Attorneys in small law firms graded the following as the most significant barriers to cloud adoption:

1. Security or confidentiality of data
2. Ethical concerns
3. Uncertainty of stored data location
4. Data ownership
5. Cost to switch services

In aggregate, all of these factors are interrelated to include ethics and where data is stored. Attorneys need assurances their data is safe and that they retain complete ownership regardless of where it is stored.

Such concerns underscore the importance of carefully examining the terms of service of any cloud-based tool and selecting vendors with a track record of trust. In the [2013 ABA Tech Survey](#), just 44% of respondents said they reviewed a cloud provider's privacy policy.

Less concern for change management

Employee buy-in ranked rather low comparatively suggesting a) cloud tools are perceived as easy to use b) a mainstream comfort with cloud technology or c) small law firms stakeholders see the value in and are determined to use cloud-based tools.

N = 279

**Rank the following
barriers to cloud adoption
in the legal profession
where #1 is the
most significant and
#10 is the least.**



Confidence in Security on the Fence

Is the cloud secure?

Most attorneys in small law firms – about 41% – believe the cloud is secure. By contrast, just 9% believe it is unsecure. Those that said the cloud is not secure plainly cited government snooping as a major concern which isn't surprising given the vast media coverage stemming from Edward Snowden's leak of classified NSA documents.

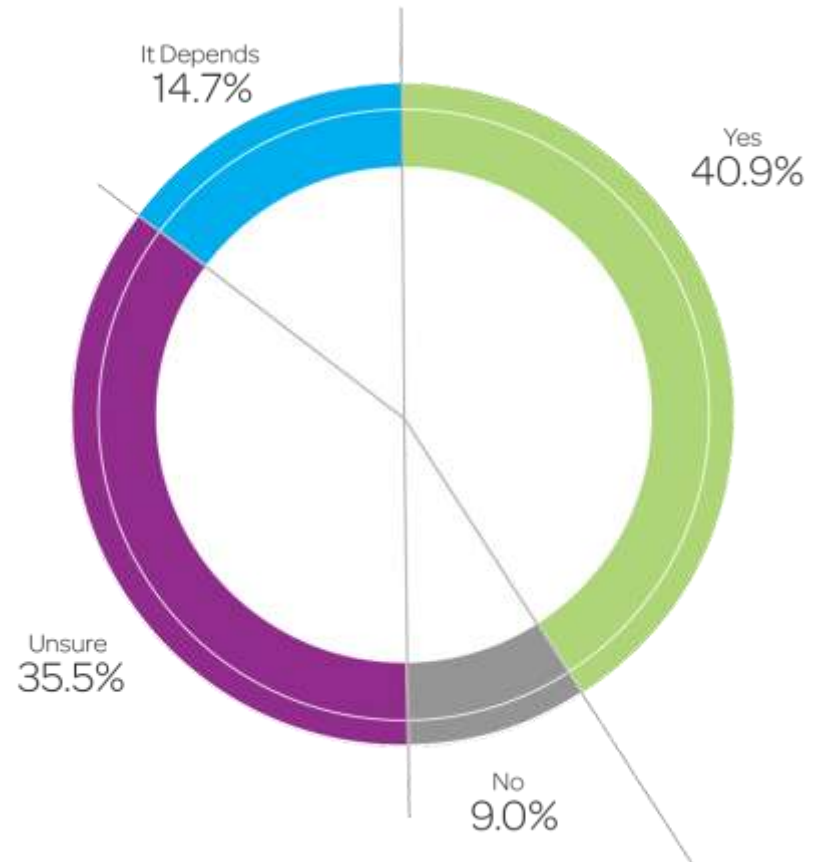
In the middle of security

More than one-third – 35.5% – simply were not sure if the cloud is secure. Despite the maturity of such technologies, we believe this is reflective of how relatively new cloud-based tools are in the legal

industry. Many tools, especially those provided by vendors catering to the legal market bring industrial strength security that is difficult to independently match in a small law firm.

N = 279

**Do you believe
confidential data stored
in cloud services can be
safe and secure?**



Why Do You Believe the Cloud Isn't Secure?

In their own words

For those that answered “no” we asked why they believed the cloud was unsecure. The word cloud nearby aggregates the words in the most common answers and a representative sample of responses are included below. N = 25



Why isn't the cloud secure?



Research Suggest Lawyers are Warming up to the Cloud

Who is using the cloud today?

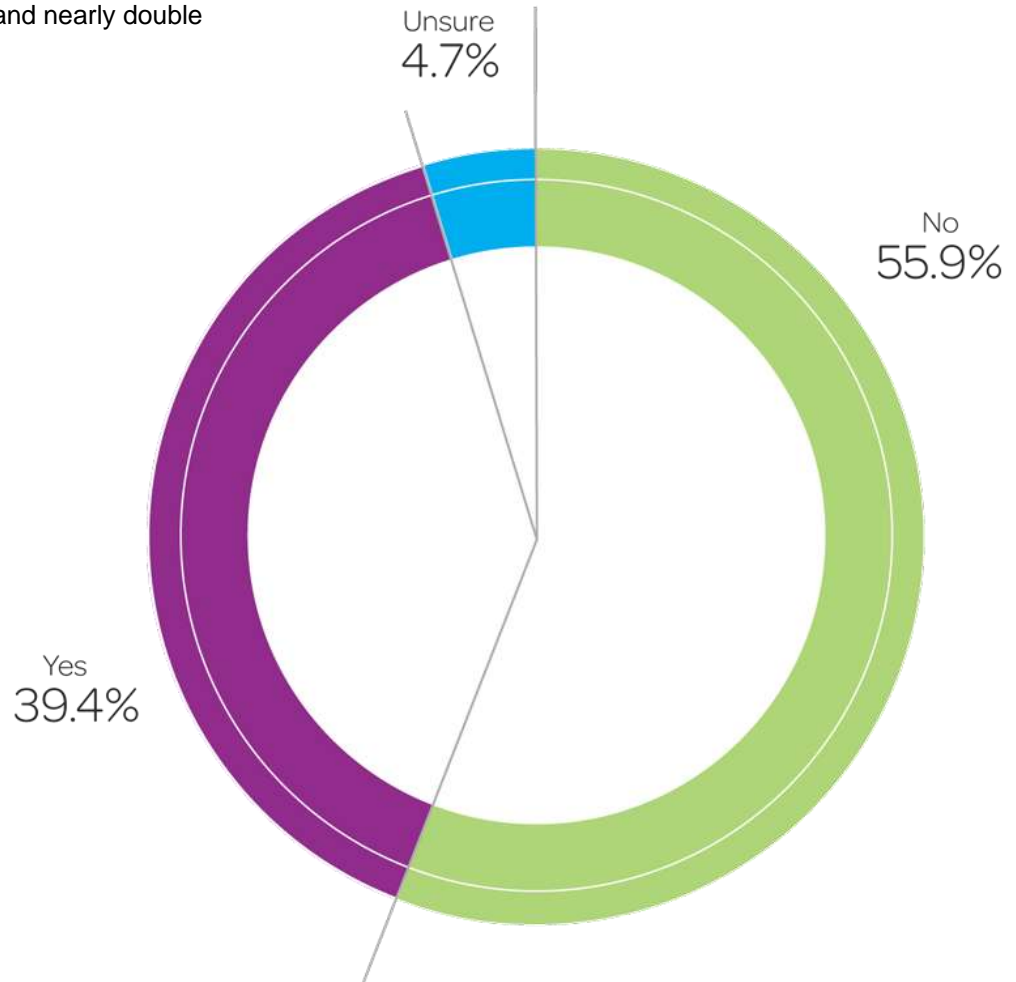
A majority of respondents – nearly 56% – said they are not using cloud tools while about 40% say they are using the cloud.

When compared to other surveys, this suggests a dramatic uptick in cloud adoption. For example, the [2013 ABA Tech Survey](#) found that thirty-one percent of respondents reported using cloud-based or SaaS software. That was up 11 percent from four years ago and nearly double

from three years ago, after a dip between 2010 and 2011.

N = 279

Are you using cloud services for legal-related work today?



Document Management and Backup the most Popular

Where the cloud currently being used

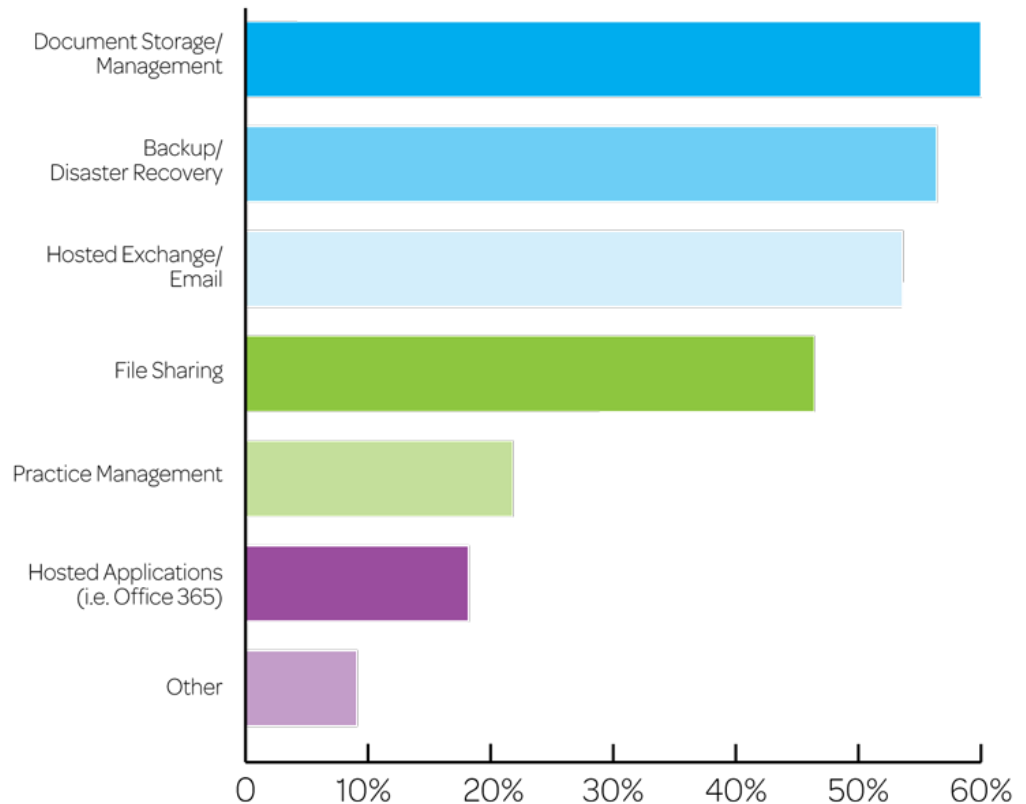
Of the approximately 40% of respondents who said they were currently using the cloud, applications related to storage and back up were by far the most popular.

Sixty percent of respondents said they used the cloud for document storage or management, while 56.4% said they used the cloud for back up and disaster recovery.

Email followed in a close third with 53.6% and surprisingly, given the extensive media attention around such services, file sharing ranked fourth with just 46.4%

N = 110

Which of the following services are you using in the cloud?



Lawyers are More Likely to use the Cloud, Despite Reservations

Cautious and Optimistic

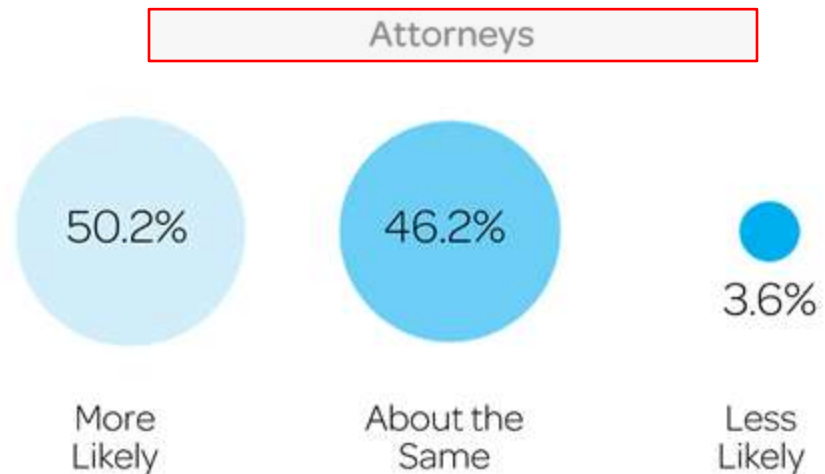
While attorneys at small law firms have reservations about the cloud, they report being more likely to use cloud-based services in the next year.

A majority – 50.2% – said they are more likely to use the cloud, while just 3.6% said they are less likely to use the cloud.

It's important to note this question was aimed at the individual attorney and as we'll see in the data that follows, lawyers are even more optimistic about their firms likeliness to use the cloud in 2014.

N = 279

**Are you more or less likely
to consider a cloud service
for your law firm in 2014
than last year?**



Cloud Use in Law Firms Poised for Rapid Adoption

More firms embracing the cloud

In comparison to the question aimed at individual attorneys, when asked if their law firm was more or less likely to use the cloud, respondents answered with a resounding “yes” with 72.4% saying they are more likely to use a cloud service next year.

This data mirrors findings in other surveys, for example the [2013 ILTA/Inside Legal Technology Survey](#) found “70% of all respondents have either added cloud computing to their IT roadmap or are currently using or implementing a cloud solution.”

N = 279

**Do you believe law firms
overall are more or less
likely to consider a cloud
service in 2014?**



One in Four Employees Use the Cloud Without Permission

Are employees using the cloud anyway?

Nearly a quarter, or one in every four employees, are using cloud services without law firm knowledge or approval. This may relate to why change management and employee buy-in ranked so low in the question on barriers to cloud adoptions – attorneys are aware that a significant portion employees are already using the cloud.

What are the risks?

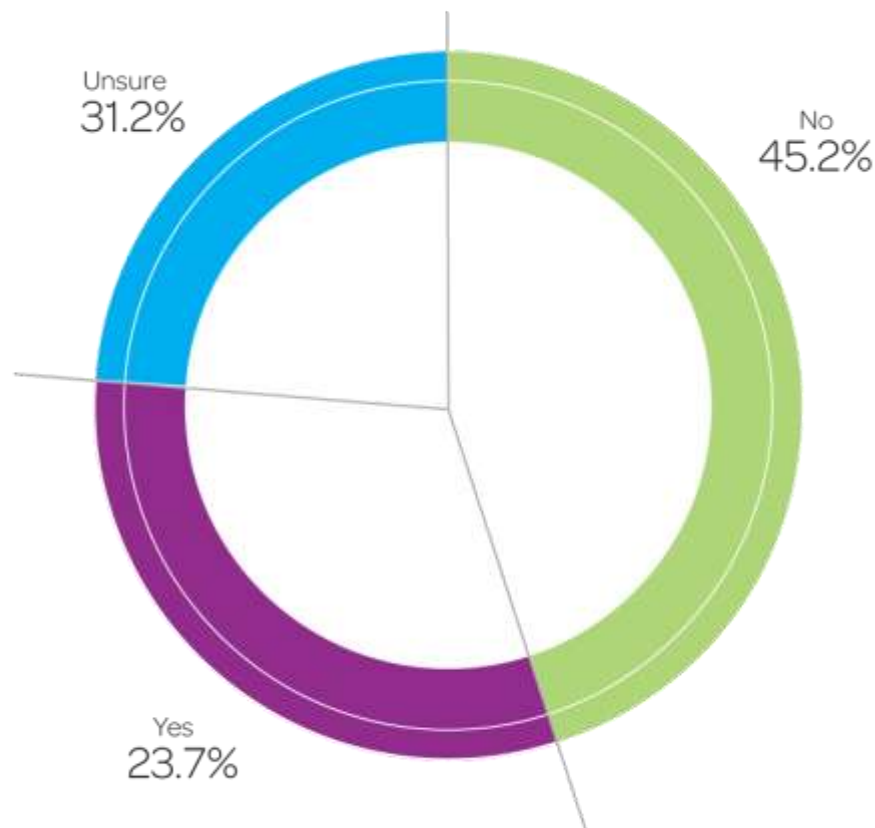
This comes with risks, because it begs the question, what are employees using the cloud for? If attorneys are not checking the terms of service

and privacy policies of the services they use, then it's reasonable to believe their employees are not either. This leads us back to why ethical concerns ranked so highly on barriers to adoption.

Certainly the cloud presents an opportunity for small law firms, however careful review of technologies that adhere to the ethical standards attorneys need should be a matter of policy and enforced rigorously.

N = 279

**Do you believe
that law firm employees
are currently using
cloud-based services
without the firm's
knowledge or approval
for work?**



Cloud to Eclipse Premise-based Solutions in 5 Years

A 5 Year Cloud Window?

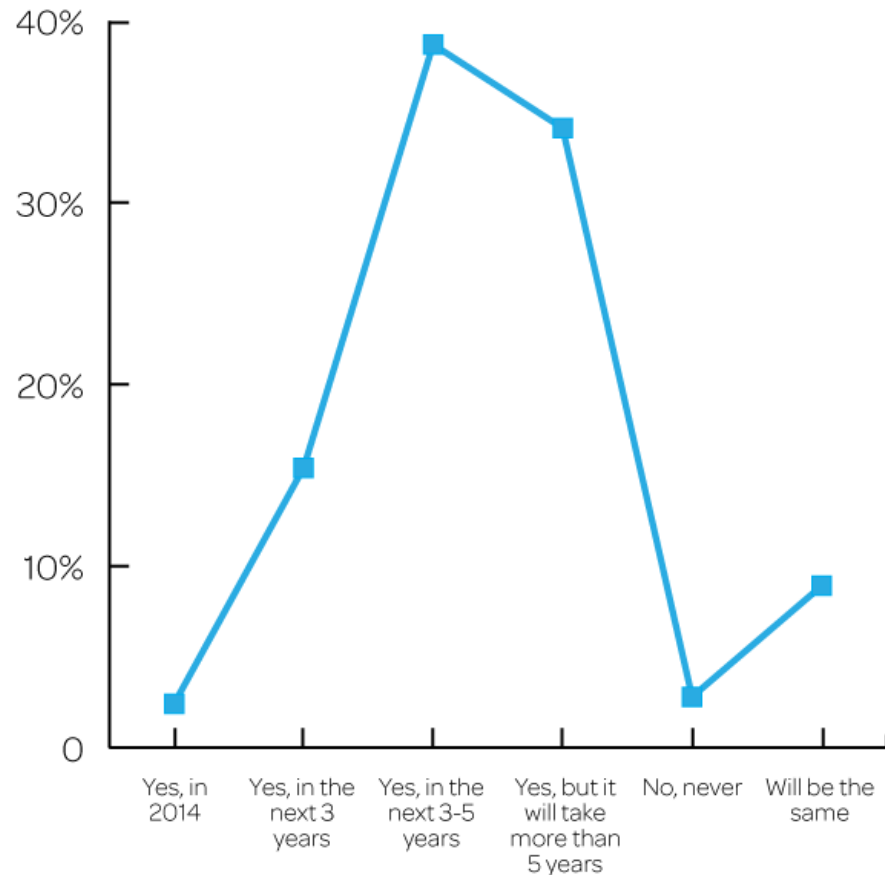
Most respondents – 38.7% – said they believed legal cloud tools will overtake premise based legal solutions in 3-5 years. The next highest ratings – 34.1% – said it would take 5 or more years and 15.4% believed this would happen in just three years.

This finding has similarities with a 2012 study by [Legal IT Professionals](#) which found, “57% predicting that it will overtake on-premise computing within five years and 81% within ten years.”

Interestingly, when the data is depicted in a line graph, the shape is amazingly similar to technology research firm Gartner, Inc.’s [Hype Cycle](#) interpretations, which visually forecasts the evolution and maturity of new technology products.

N = 279

Do you think cloud-based products will surpass install-based (AKA: premise-based) solutions in the legal industry?



Costs of Cloud Computing is Confusing

Cost of the Cloud

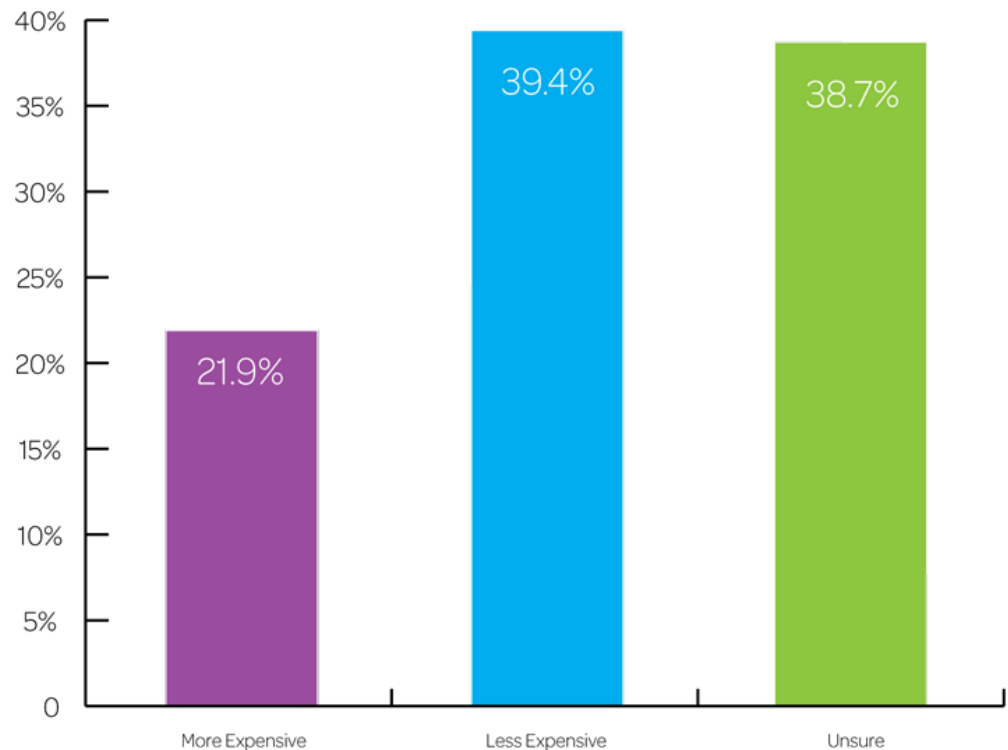
By a slim margin, most respondents –39.4% – said the cloud was less expensive than premise-based solutions, though it's notable about one-fifth think it's more expensive. Still, 38.7% said they were unsure, which indicates that pricing structures for cloud services in the legal sector are still maturing.

While it certainly depends on the which premise-based solution a cloud-

service is being compared to, generally, cloud services relieve a law firm from many IT burdens. For example hosted solutions eliminate the need to buy and maintain hardware, such as servers, for the IT infrastructure necessary to use premise-based solutions, and the IT staff with the expertise to do so.

N = 279

Do you think cloud-based legal solutions are more or less expensive than premise-based legal solutions?



Lawyers Describe the Cloud in their Own Words N = 254

Voice of the Attorney

In an open-ended question, we asked attorneys how they would describe the cloud to peers who were unfamiliar with it.

The word-cloud analysis is representative of all 254 responses, and while words like “storage” are prominent, it’s interesting that some of the most popular terms nearly form a sentence: “ability to access your computer.”

N = 254



Ability

Access Them from any Device

Access Your Computer

Backup Cloud

Convenient

Docs

Hard Drive

Hardware and Software

Internet

Knowledge

Legal

Location

Matter

Mobile

Network

Party

Practice

Seamless

Security

Server

Services

Sitting

Storage

Stored

Unfamiliar

Unsure

Way to Access

The size of the words indicate how often respondents mentioned these words in an open-ended question.

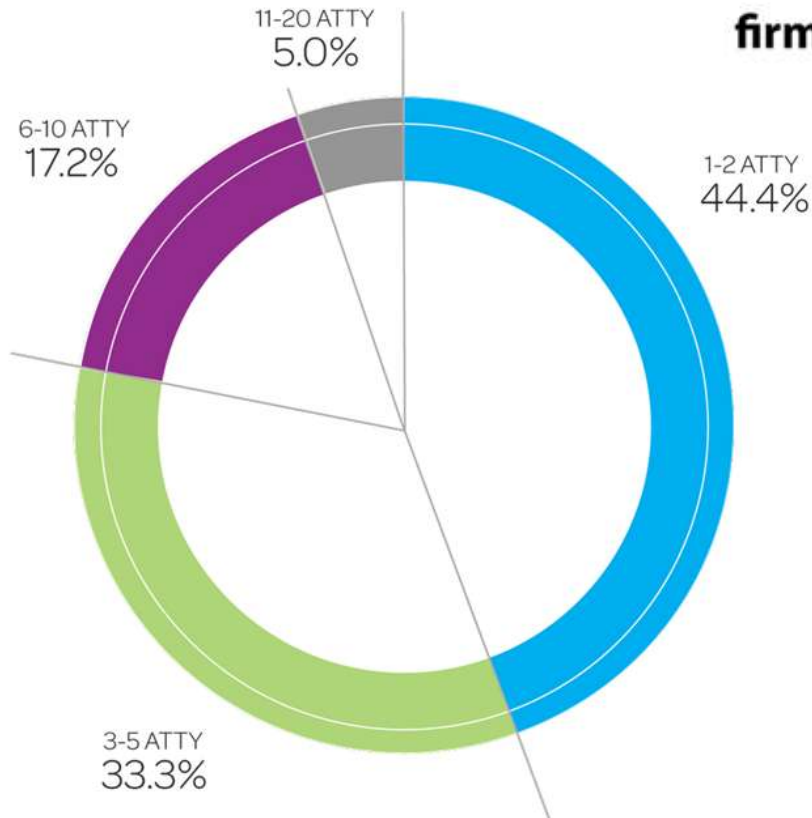
Lawyers
Describe the
Cloud in their
Own Words

Survey Demographics and Methodology

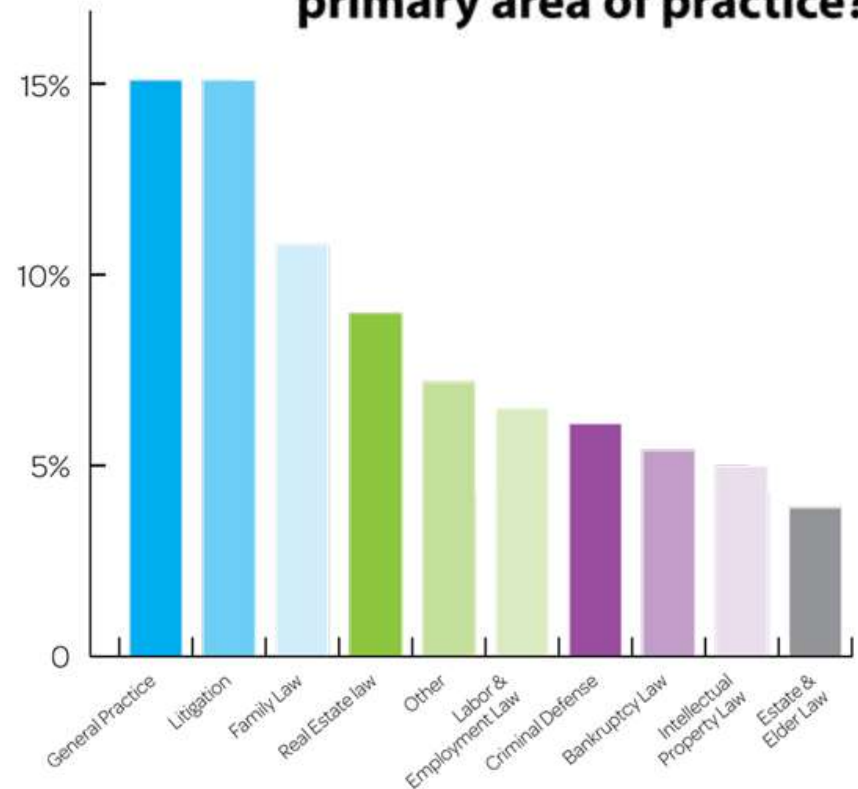
This study aimed to understand the perceptions lawyers, working at U.S.-based independent law firms, have of cloud technology and services. The survey was conducted online from December 5 to December 18, 2013. Respondents were required to identify as a practicing attorney in a law firm that employs no more than 20 lawyers.

Two-hundred and seventy nine attorneys from across more than a dozen different practice areas, and representing 44 different states, including Washington, D.C. participated.

Please select the size of your law firm.



Which best describes your primary area of practice?



Additional Resources

- **Download a Comprehensive Report on this Survey:**
 - **Business of Law Insights Report:** [Cloud Technology in the Legal Industry](#)
- **Firm Manager [Webinars](#):**
 - [Microsoft Word Shortcuts for Lawyers](#)
 - [8 Things Killing Your Law Firm—and How to Stop Them](#)
 - [Download Video: Soft Targets, Hard Truths - Protecting your Firm from Cyber Attacks](#)
- **Firm Manager Case Studies:**
 - [Attorney Flies Solo—and Soars—with Online Practice Management](#) (PDF)
 - [Solo Attorney Johnathan Stone: Why I chose LexisNexis Firm Manager](#) (PDF)
- **Matters of Practice Blog Posts:**
 - [4 Useful Studies that Help Law Firms Understand the Cloud](#)
 - [Research: Law Firms Warming Up to the Cloud](#)
- **Social Media:**
 - Join 500 Peers: [LexisNexis Firm Manager on LinkedIn](#)
 - Twitter: [@LNFirmManager](#) or [@Business_of_Law](#)
 - Facebook: [LexisNexis Firm Manager](#) or [LexisNexis Business of Law](#)



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