On-Premise vs. Cloud Legal Software: Considerations for the Mid-Size Law Firm
Introduction

We’ve come a long way since the first DOS-based case management systems in the 1980’s. Novell-based PI/CMS was the first program, pioneered by the Legalsoft Corporation in Florida. PerfectLaw later introduced a windows-based CMS. Time Matters and Amicus Attorney, perhaps more than anyone, established the case management software as a category.

Over the years, however, innovation on practice management systems slowed. Improvements mostly focused on upgrades to existing products.

In February of 2008, Rocket Matter appeared, heralding a new era of legal software: cloud-based systems. Since then, state bar ethics opinions have blessed “the cloud”, subject to due diligence vis-à-vis the reliability of the software provider. The rise of smartphones, tablets, and ubiquitous Internet access, along with the inherent advantages of cloud software (noted below), rapidly drove thousands of firms to adopt the new technology.

The goal of this white paper is to present the issues CIO’s, managing partners, and other technical decision makers need to consider when thinking about which direction to choose for their own circumstance.
Cloud Basics

Here’s the simplest definition of the vague and over-complicated term “cloud computing”: the cloud allows you to use computing resources that you don’t have locally in your office. Via the cloud, a smartphone, tablet, or computer, lawyers can leverage software, storage space and computational power that most just can’t supply and maintain on their own.

Cloud software providers like Rocket Matter are paid for on a subscription basis. Because of this arrangement with their customer base, providers need to consistently keep their customers happy with excellent service and software. Off-the-shelf software providers, on the other hand, do not have as much of an incentive to keep their clients as happy – a one-time sale just doesn’t require the same kind of continual attention.

**Key Point:** Once the initial sale is completed, on-premise software companies are not as motivated to continue the relationship as are cloud providers, who have to constantly prove themselves worthy of renewal business.

State bar associations, conscious of the rapid, widespread adoption of the cloud by lawyers – along with many other professionals - have responded by permitting lawyers to use cloud solutions for legal practice management, provided they perform due diligence to verify the reliability of the cloud software provider.
Data Ownership

When you store your law firm’s information inside your firewall, on your own servers, there’s no doubt where your data lives and who owns it: you.

On the other hand, if you allow a trusted cloud software provider to store your information, the issue of data ownership needs to be clarified.

**Key Point:** It’s critical for any law firm to make sure that they own their data if it is being stored in the cloud.

Storing your data with a cloud provider is analogous to keeping your car in a public garage: You should be able to get it whenever you want, use it in any way you see fit, and make sure there’s no trace of it left should you seek to leave. No one else should be able to use it.

Responsible cloud providers will specify data ownership specifics in their subscriber agreement or terms of service.

For too long, on-premise software “locked in” consumers by not allowing them to easily export data. On the other hand, since cloud consumers regularly like to download and work with their data locally, cloud providers have had to create on-demand data export mechanisms for them. Rocket Matter, which is based on the open technologies of the Internet, allows for data to be exported in standard formats, such as vCard, ICS, LEEDS, or readable CSV files.
Mobility

The rise of smartphones and tablets has accelerated the rise of the cloud, for the simple reason that an iPhone, an Android, or an iPad can really be thought of as a cloud access point.

**Key Point:** In the same way the old green and black terminals allowed users to access a mainframe, a smartphone or tablet allows you to access the cloud. Business apps are really endpoints for accessing cloud computing resources.

Therefore, the selection of a cloud application enables a simplified and natural mobile strategy for a law firm. Cloud applications are architected for consumption by mobile technology, and most cloud applications have a corresponding application on different mobile software platforms.

In contrast, on-premise applications hosted behind your firewall have to be specifically configured to be accessed with smartphones. They are more difficult to setup and maintain. Legal professionals frequently end up with a poor user experience, forced to use remote desktop applications instead of streamlined apps. This discourages use, decreases efficiency, can create big headaches for security-minded IT professionals (see below), and hurts the firm’s ability to maximize their technology investment.
Security

With high-profile data breaches frequently in the news, protecting a law firm’s data and the confidentiality mandated by ethics requirements is a top priority.

Some of the measures that need to be adopted at a minimum are as follows: servers need to be continually patched for vulnerabilities, computing rooms need to be guarded under lock and key in a SOC2 (formerly SAS 70) certified data center, software must be continually scanned and updated for vulnerabilities, networks need monitoring for atypical activity, policies need to be put in place, and personnel must be carefully background checked.

**Key Point:** Physical data theft is far more prevalent than high-tech attacks, so knowing who has access to your data and servers is the number one most critical measure you need to take (as the NSA knows all too well with Edward Snowden).

Hosting data on-premise behind the firm’s own firewall gives peace of mind to many law firm IT professionals. This sense of confidence is justified if firms take proper security measures. It is important for the IT professional to take a cold, hard assessment of the firm’s abilities to properly secure data. The urge to maintain control over the data, while well meaning, can often come at the expense of not having the proper security infrastructure in place. Simply put: it’s neither simple nor inexpensive to replicate the type of security infrastructure a qualified cloud provider offers.
**Key Point:** If the time and expense necessary to maintain a properly secured environment is not possible, then the firm should strongly consider using a cloud provider who specializes in secure environments.

Not all cloud providers are created equal, however, so it’s critical to conduct appropriate due diligence not just on the provider but any infrastructure or integration partners.
The cloud model is quickly growing and replacing on-premise software solutions at a rapid rate. The economics of the cloud attracts the software providers and their clients alike: subscriptions and recurring revenue incentivize the software providers, and ease of use, the lack of installation and maintenance allure the market.

**Key Point:** Over the next 5-8 years, on-premise (a.k.a “client-side”) software companies are likely to dramatically reduce, if not stop altogether, supporting their existing products as they move to the cloud.

Firms considering a migration to a new on-premise software solution face the likely prospect that their new software will be retired on the near horizon, forcing a migration to the cloud within a short time-frame.
Document Sharing

Law firm clients are frequently consumers of cloud products, and share documents with lawyers using a variety of different online systems. Consequently, a major issue at many firms is the hodgepodge of cloud file-sharing tools like Dropbox, Google Drive, or Box, which increase data surface area and create a security concern.

Consolidation of client file sharing into one system mitigates these issues. Since consumers and businesses alike are using the cloud, the best way to prevent a security concern is by embracing a secure file-sharing system that clients will be inclined to use. Usage is encouraged by intuitiveness, speed, and familiarity to existing software design patterns.

Another approach is to use a single system of record that integrates with different cloud sharing tools and serves as a hub, as Rocket Matter does with Dropbox, Box, and Evernote.
Migration

When a law firm moves from one application to another, the prospect of moving gigabytes or terabytes of data can be overwhelming. It’s important to approach the question of migration to a cloud or on-premise system with a very disciplined and clear-eyed approach.

Migrating data from legacy software to a cloud solution, as opposed to an on-premise solution, differs very little.

Any computer system will perform better with less data than more. Therefore, it is good practice when possible to move forward to a new system on a “prospective” basis; that is, with only active cases or near-recent history. In this situation, the old system can be maintained as an archive for reference purposes only with few user licenses and no upgrade or maintenance plans. Alternately, the data from the old system can be exported into a usable and non-proprietary format, such as CSV.

Because of vendor lock-in policies, when migrating to a new system from an older on-premise system, be prepared that migrations can be complex and potentially involve custom engineering. When moving to a new software solution, cloud or on-premise, make sure that data extraction is possible, relatively simple, exhaustive, and employs standard formats.
Determining Your Investment

It’s difficult to make an “apples-to-apples” total cost of ownership when comparing on-premise to cloud computing. Since there are so many variables for each firm’s situation, we think the most helpful tool is to provide a list of considerations for budgeting purposes.

License Fees:

If you’re looking at straight dollars and cents, you need to start with the license fees. On-premise software packages usually include a first-year purchase license plus annual maintenance or support fees. Cloud solutions typically charge a recurring fee on the anniversary of the contract term (biennial, yearly, quarterly, etc.).

On-Premise Budgeting Considerations:

Servers:

For a mid-size law firm, typically multiple enterprise-quality servers are needed. Also required are the ongoing expenses related to running a server closet, including real estate, security, climate control, and utilities. Because of the large amount of infrastructure required, it would be cost-prohibitive for most firms to approximate the security and continual auditing that cloud solutions provide with their infrastructure.
**SQL Server License:**

Depending on the practice management software needed, budget for an additional, separate license for Microsoft SQL Server, which is not a trivial expense and can cost in the tens of thousands of dollars.

**Installation:**

Best practice for installing and configuring new practice management software is to retain expert consultants or value-added resellers (VARs) who are certified by the provider and have experience in setup.

**Remote Access:**

To approximate the ubiquitous utility of cloud solutions, an on-premise software solution will require at a minimum remote desktop software and configuration. To provide for this functionality in a secure way, the law firm may need to install and configure a Virtual Private Network (VPN). Most likely the law firms in question will also desire independent, varying configurations for multiple different types (and brands) of mobile-access devices.

**Mobile Access:**

Cloud practice management solutions will be optimized for use on a mobile device out of the box, and many providers create native smartphone and tablet apps. On-premise software will require the purchase and configuration of additional modules to provide mobile access. In many cases, the firm may wish to supplement their on-premise software with an interfacing mobile app, such as iTimeKeep.
**Backup System:**
With the advent and ethical blessing of off-site encrypted cloud backup solutions, complex on-site solutions are no longer an issue. A law firm using an on-premise solution can leverage one of these services for a minimal monthly cost. However, if the firm requires an on-site backup, additional servers, configuration, and consultation services should be budgeted.

**Migration:**
Both cloud and on-premise software may require the migration of existing system data. In either case, the law firm should budget based on their need and how complex and common their existing system is. For example, migrating from a custom built home-grown solution typically will require a lot more effort than moving from a well-known market leading system. Also, the amount of data needed to transfer is a consideration. If the law firm requires a full export of its existing system, count on increased prices as well.

**Training:**
Law firms will only succeed in leveraging their software investment if they train. It’s difficult to get busy, time-sensitive lawyers to spend time learning about their software, but without this critical element the investment is frequently lost. The firm should first understand what the training options are for each type of software, and what a certified consultant can provide.
Upgrades:

On-premise software requires a manual upgrade process, costing law firms time and money. Upgrades can also sometimes require specialized IT knowledge or expertise; it’s not something best done by whichever support staff member isn’t, say, actively prepping for trial. In comparison, an investment in a cloud system takes care of the upgrades automatically. Per the subscription economics discussed above, cloud providers cannot rely on selling shrink-wrapped solutions that never get used. Cloud systems perpetually improve by necessity, with new features, bug fixes, and better user experience.
Integrations

The beauty of cloud systems is that they integrate easily with other Internet-based systems through secure application programming interfaces (APIs). Rocket Matter, for example, is able to pass information back and forth securely with email IMAP providers, the Quickbooks Cloud, Dropbox, Box, and Evernote.

**Key Point:** On-premise systems feature deep system integrations with complimentary software, but they are unable to compete with cloud solutions in terms of flexibility and number of options.

In addition, because of the keep-the-customers happy economic reality of the cloud providers, more and more integrations are developed over time as clients request them.

In addition, cloud applications can integrate with traditionally desktop oriented software. Rocket Matter, for example, is able to synchronize with Quickbooks and Outlook.
Additional CIO or Technical Staff Concerns

**Scalability:**

Two important questions to ask when considering on-premise solutions versus Rocket Matter or another cloud provider are the following: What happens when you add additional seats, and what happens if you need more storage?

Cloud solutions are elastic, meaning that they grow as you grow with no additional effort. On-premise solutions do not enjoy that advantage, requiring additional installation and configuration for more resources or users.

**Up-to-Date:**

Security vulnerabilities frequently attack systems that weren’t properly upgraded with the latest security patches. Rocket Matter and other quality cloud providers take care of these patches automatically for you, whereas the on-premise solution must be vigilantly watched.

**Key Point:** The time, cost, and risk associated with properly maintaining host operating systems are eliminated when you use the cloud.
Business Continuity & Disaster Recovery:

Making sure your firm can continue operating in the event of a calamity requires meticulous planning and costly testing. It’s extremely time consuming and there’s no room for error.

Rocket Matter, as a leading cloud solution, provides instant business continuity in case a catastrophe befalls your office. Attorneys are immediately able to pick up where they left off with mobile devices and other computers with a web browser.
Thank You For Reading Our White Paper

We hope this clarified some of the considerations you’re faced with when thinking about cloud versus on-premise software. For additional questions, please contact the Rocket Matter business development team at 888.432.1529.

About Rocket Matter:

Rocket Matter, LLC provides Rocket Matter®, the leading online comprehensive legal software for law firms. The benefits of Rocket Matter® include ubiquitous availability, increased security, business continuity, decreased technology infrastructure and maintenance costs, and improved return on investment for information technology expenses. Launched in February 2008, Rocket Matter’s corporate headquarters is in Boca Raton, FL.