



FROM THE PRESIDENT

My year as SCALA President is coming to an end. Many thanks to the SCALA Board and the membership for making the year successful. I want to especially thank President-Elect Clara Godshall for assuming many of my duties during a year when I was called away from South Carolina due to responsibilities in my Firm's northeast offices.

At the February annual meeting of members, the slate of officers for 2011-12 was presented and approved by the membership. They are as follows:

Clara Godshall, President	Rhonda Amick, Director-at-Large
Margaret Glassman, President-Elect	Kim Maddux, Director-at-Large
Mimi Love, Secretary	Brenda Stewart, Director-at-Large
Heather Niemi, Treasurer	

These officers will be sworn in at our April 19, 2011, meeting.

Also, the following members have agreed to serve as committee chairs for the upcoming year:

Clark Reifsnider, Bar Relations
Carol Cummings, Vendor Relations
Angela Black, Programs
Shawn Payment, Webmaster & Newsletter Editor

Please join me in thanking these officers and committee chairs for volunteering their time to support SCALA's mission. Please consider supporting them by volunteering for a committee to assist in planning and promoting our SCALA events.

Special recognition goes to Teresa Powers as outgoing Programs Chair. Teresa has done a superb job over the past three years in organizing our educational programs. Thanks, Teresa, for a job well done!

Please make plans to join us for our April 19, 2011, program, "60 Legal Tech Tips, Websites & Gadgets in 90 Minutes," presented by a well-known, award winning legal technology consultant, Ross Kodner, Esquire.

I am looking forward to seeing you at our April meeting as we kick off our new fiscal year in leadership and educational programs.

Jane Todd

President, 2010 - 2011

SC Chapter News

Register Now For Our Upcoming Program!!!

60 LEGAL TECH TIPS, WEBSITES & GADGETS IN 75 MINUTES

PROGRAM DESCRIPTION

A perennial audience favorite! A rapid-fire exposition of all things tech covering everything under the sun with a special emphasis on smartphones, apps, tablets including Android and iPad, cloud computing/SaaS, practice management, Windows and Mac issues, gadgets to maximize your productivity and much more. Something for everyone to take back to their office and immediately put to use.

Date: April 19, 2011

Registration: \$25

Time

12:00-1:00 Registration and Lunch

1:00-2:30 Program

2:30-3:00 Q & A Session

3:00-3:30 Meeting and Officer Installation

3:30-4:00 Board Meeting

**Place: The Clarion Hotel
1615 Gervais Street
Columbia, SC 29201**

Approved for 1.5 hours CLE credit!

ABOUT THE SPEAKER

Ross L. Kodner, Esquire, is the President and founder of MicroLaw, Inc. He was honored as the "Legal Technology Consultant of the Year 1999", a lifetime achievement award by The Technolawyer, Inc. He is a very active member of the ABA and its Law Practice Management Section. Ross has presented over 1200 presentations on legal technology and law practice management topics and is a frequent author on legal technology subjects as well.



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Conscientious Cost-Cutting

Building a Strategy to Reduce Expenses Across the Firm

By Rob Mattern

In the past year, law firms have focused more than ever before on substantial cost-cutting initiatives, with every element of the business scrutinized. Many decisions, however, were made based solely on cost, with other factors being ignored. What does a firm do when that isn't enough – after requests for proposals (RFPs), short lists, vendor switches and tough contract negotiations still have not had a big enough impact on the bottom line? This is when a firm needs to unveil “The Strategy” – a fundamental, 180-degree shift in how the organization approaches, structures and manages its support services operations. Why are the firm's copy, mail, records, cost recovery and printer operations – which are usually a firm's fourth- or fifth-highest expense area – so ripe for a change in direction? Many factors are involved, including the explosion of new technologies dedicated to this area, the plethora of excellent vendors and the upside of recovering your firm's costs.



OUTSOURCE VERSUS IN-HOUSE TARGET SAVINGS: 25% TO 35%

Approximately 70 percent of firms outsource their support services, and now may be an opportune time for your firm to revisit exactly how and why the firm outsources or maintains certain services in-house. If the firm is *not* outsourcing, now may be the time to restructure its operations. Some alternatives:

- Consider moving the firm's centralized operation offsite to a less expensive location. With the advancement of electronic job submissions and other technologies, it is entirely feasible to separate centralized support from the end users and to maintain satisfactory service levels while reducing the operating costs.
- Consider eliminating the firm's on-site centralized operation altogether and utilizing the outsourcing vendor's dedicated offsite facility as

your centralized operation. Issues to consider with this option include confidentiality, capacity and scheduling, but the cost reductions can be significant.

VENDOR CONSOLIDATION TARGET SAVINGS: 15% TO 23%

When I meet with prospective clients, I sometimes hear that they would never consider consolidating off-site records storage, outsourcing or equipment vendors. Their concerns usually center on vendor performance in non-core cities and a desire to let individual cities remain independent in their decision making processing. One area that *has* seen such consolidation has been office supplies, with firms enjoying savings of 15 percent to 23 percent when one supplier services all of their locations. The lack of dedicated on-site labor has been one reason for the success of this movement. Despite some valid concerns about vendor consolidation, doubts can easily be overcome via a well-structured RFP that articulates the performance standards and requirements for each city. Support for non-core cities must be addressed in detail by RFP respondents and should be a key focus of their presentations. All supplier

promises and commitments must be formalized in the contract, with appropriate penalties if service and staffing levels are not maintained. The concept of deleting on-site centralized services as discussed previously will only make this less of an issue because on-site labor will no longer be a factor. If the labor component is still present, vendors have been successful in addressing these concerns by over-staffing the sites and utilizing alternate resources for support. Vendor consolidation efforts often yield substantial savings and may be worth a closer look. The key is to structure the RFP to establish precisely how the services are going to be provided and noting them in the contract.

OFF-SITE RECORDS STORAGE TARGET SAVINGS: 12%- 22%

Off-site records storage – the storage of documents at an offsite location whereby firms are charged for storage, retrieval and destruction – is an area ripe for a change in strategy. The basic concept of storing paper is antiquated, as are the pricing structures util-

Conscientious Cost-Cutting

(Continued...)

ized by many storage companies. One way to reduce prices is through the RFP process and vendor negotiations, but the real key is to create a strategy that reduces the amount of paper being sent off site, while at the same time minimizing the volume that is already being stored off site. In addition, your next contract must be structured correctly. Current agreements that upset firm administrators are often the result of poorly outlined contracts that allow vendors to demand such charges. Contract points to consider:

- **Permanent withdrawal and termination fees.**

There is no valid reason to agree to pay these charges for any *new* boxes that are being sent off site. The archaic reason behind such charges is that the building where documents are stored was built to house these documents, and that the off-site storage company would suffer harm if firms withdrew the documents, leaving the company with an empty building. For existing boxes, concentrate on these charges in any RFP process and contract negotiation. Ask for a certain amount of “free” permanent withdrawals in every contract negotiation and view these charges as just as important as the cubic foot storage charge. Another way around these charges is to reuse boxes that are stored offsite already and never permanently withdraw them. Just bring them back, destroy the unwanted contents, re-file them with new contents and update your records management software. A good annual goal for this area is to have no new net boxes stored off site.

- **Reduce documents stored off site.** With the explosion of scanning capabilities and the fact that most documents are already in electronic formats, there is little reason for new boxes to be sent off site. Create a firm wide program to scan any documents that are not already in digital formats.

- **Reduce documents already stored.** Many firms are waiting to create document retention policies prior to the destruction of any documents already stored off site. Other firms have destroyed older records – including human resources, accounting and miscellaneous correspondence – without such policies in place. Some firms without retention policies are also comfortable with destroying older records: for example, anything created 30 or more years ago.

SECRETARY-TO-ATTORNEY HEADCOUNT RATIO TARGET SAVINGS: 16%

Virtually every firm is trying to reduce the number of secretaries needed to provide service to its attorneys. There are numerous ways to implement this strategy, but one excellent method is to strengthen the support services operation so that the secretaries can delegate some of their routine duties (such as copying and scanning) to service providers. Industry studies reveal that these “routine” duties account for 60 to 90 minutes per day of a secretary’s time. A well-managed support services operation can be a tremendous asset to secretarial staff. For example, with a one hour-per-day addition of time to each secretary, it would be possible to increase the firm’s secretary-to-attorney ratio by 16 percent.

OUTPUT MANAGEMENT TARGET SAVINGS: 50%

With the placements of multifunctional devices that are capable of printing and scanning in addition to copying, firms now have ideal avenues to decrease overall output costs. If contracts are structured correctly, black-and-white output from multifunctional devices will cost up to 50 percent less than the same output from laser printers. The same can be said of color output. Also, if the physical layout of your office is set-up in a “pod” arrangement (or your office layout allows it), then the correct placement of multifunctional devices can also help you to avoid printer redundancy.

THE BOTTOM LINE

As outlined, the support services arena offers a tremendous opportunity to reduce costs beyond routine RFPs and contract negotiations. To achieve significant savings, the development and implementation of a comprehensive strategy is necessary – and the process positions the firm administrator as a valued strategic asset in the organization.

Robert C. Mattern is President of Mattern & Associates LLC, support services and cost recovery advisors that service mid-size and large law firms. Mattern & Associates is a supporter of the ALA - involvements include exhibiting at the ALA Annual Conference & Exposition, presenting educational sessions for Chapter events, and publishing in ALA’s Legal Management Magazine. E-mail Rob at rmattern@matternassoc.com or visit Mattern & Associates website at: www.matternassoc.com.

The Dark Side of Technology: Are You Aware of Your Cyber Liability?

By Tim Hogan, CIC, CRM

For most businesses, it is not a matter of whether a cyber security breach will happen, but when. Law firms are no exception. With the added responsibility of maintaining client confidentiality and protecting classified materials, a vigilant approach to cyber security should be paramount for all law firms.

According to a 2010 survey by Symantec Corporation of 2,100 businesses worldwide, 73% of small and mid-size companies have experienced a cyber attack. Those in the legal field understand that a single breach of electronic data can result in a lawsuit. Allegations of a technology error or omission, infringement of intellectual property, or invasion of privacy will cost a firm not only untold dollars in defense and settlement costs, but will also severely damage the firm's reputation.

It is essential for law firms to assess their cyber liability and address their security issues before a data breach occurs. Understanding the potential risks is the first step to mitigating potential exposure.

The culprit is often someone close. A surprisingly large number of data breaches — over half by some estimates — are carried out by insiders. "A hostile act can come from anyone with malicious intent, whether it's a disgruntled former or current employee or an unethical competitor," said Neil Posner, a principal attorney at the Chicago-based firm of Much Shelist and chairman of the Policyholders' Insurance practice group.

A breach can result from a simple mistake. An attorney might misplace a laptop, BlackBerry or flash drive, or simply leave it in an unsecured location, such as an unlocked car or briefcase. Exponentially exceeding hardware replace-

ment, a survey conducted by the Ponemon Institute put the average cost of lost data from a single laptop at \$49,246, adding for a combined \$2.1 billion in losses for companies annually.

Combining this figure with the facts that a perpetrator could live halfway around the globe and cyber criminals operate worldwide 24/7, the omnipresence of cyber threats from multiple attackers must be acknowledged. Unfortunately, most law firms operate under the belief that they are adequately protected against an electronic security breach. That could not be further from the truth, especially for firms with international clients. For example, in 2008, Mandiant, an independent company of authors, instructors and security experts, investigated a breach at a law firm that was representing a client in a lawsuit related to China. The attackers were in the firm's network for a year before the firm learned that intruders had harvested thousands of emails and attachments from mail servers, in addition to having accessed every laptop and workstation in their network.

Still, even companies with state-of-the-art electronic monitoring and cyber protection fall prey to cyber criminals. However, a survey by the Chubb insurance group found that only 33% of private companies have in place a response plan.

Your firm needs to know how or if its insurance coverage will respond to a cyber attack. Most business owners mistakenly think that their existing insurance policies are enough to cover their data security exposures. "Often, it's only the actual physical damage to tangible property that will be covered," Posner said. "Many policies address only specific exposures with dedicated limits that don't extend to the full breadth of data security breach exposures." Considering the proliferation of electronic crime, having a policy that combines third-party (cyber liability) and first-party (cyber crime expense) coverage of direct loss and legal liability should be integrated into your firm's ex-



The Dark Side of Technology: Are You Aware of Your Cyber Liability?

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isting insurance program.

Data breaches affect hundreds of millions of records each year, and reports of attacks continue to rise at a dramatic rate. Fifty percent of organizations with fewer than 1,000 employees have had to contend with a cyber security problem, according to Ponemon. In addition, the survey found that 82% of companies that are victims will suffer a subsequent breach.

Law firms often fear that disclosing such a



breach may prompt their clients to take their business to a competing firm, even though that competing firm likely has no better capacity to protect the client's information. Don't let your firm be a victim of cyber crime. By enacting a combination of cyber security measures and having the proper insurance plan to safeguard against an electronic breach, you can protect your firm from a breach and limit your cyber liability.

Tim Hogan heads Alper Elite Services, a division of Alper Services, LLC, and is an experienced property and casualty insurance broker for Sophisticated Clientele. He may be reached at 312-867-7314 or THogan@AlperServices.com

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