

INFO-AGE LEADERSHIP! CAN IT BE LEARNED?

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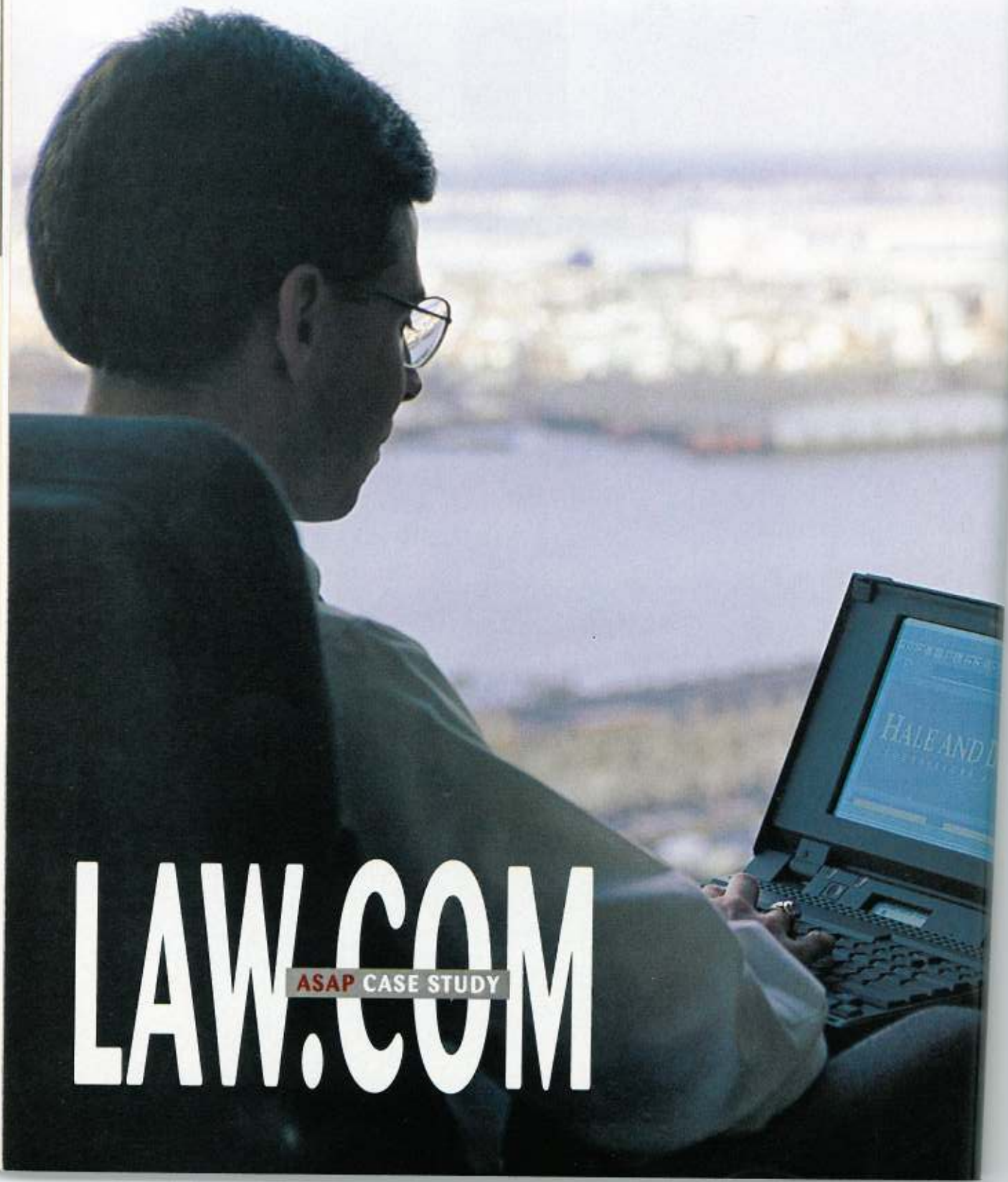
Forbes

A close-up portrait of a man, Chip Morris, looking thoughtfully upwards and to the left. He has dark hair and is resting his chin on his hand. The background is a warm, brownish-orange color.

**Chip
Morris**

This Tech-Fund Manager
Wins by Playing the Inner Game.
So Do Others. So Can You.

Some Old-Line
Law Firms Bit the
Dust. More Will.



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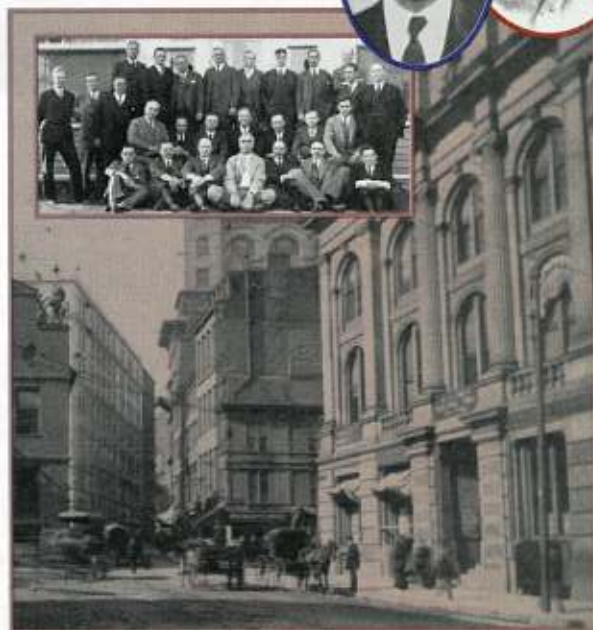
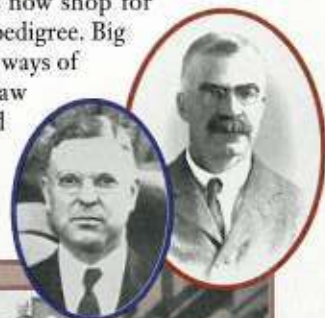
But Not Tech Converts Like Hale and Dorr.

BY MIKE FRANCE

UNTIL THE EARLY 1960S, PEOPLE DID NOT UTTER the words "Harvard Law School" at the Boston-based law firm of Hale and Dorr. They said, "the law school." The reason was simple: Almost every lawyer at the firm, which was founded in 1918, attended the law school—and preferably the college. "Somebody who merely went to graduate school at Harvard was not a 'Harvard man,'" explains retired partner John Dolan, the firm's historian. "It was thought that there was a purity of soul—an education in the art of being a gentleman professional—that could only be obtained over the course of spending the full seven years at Harvard."

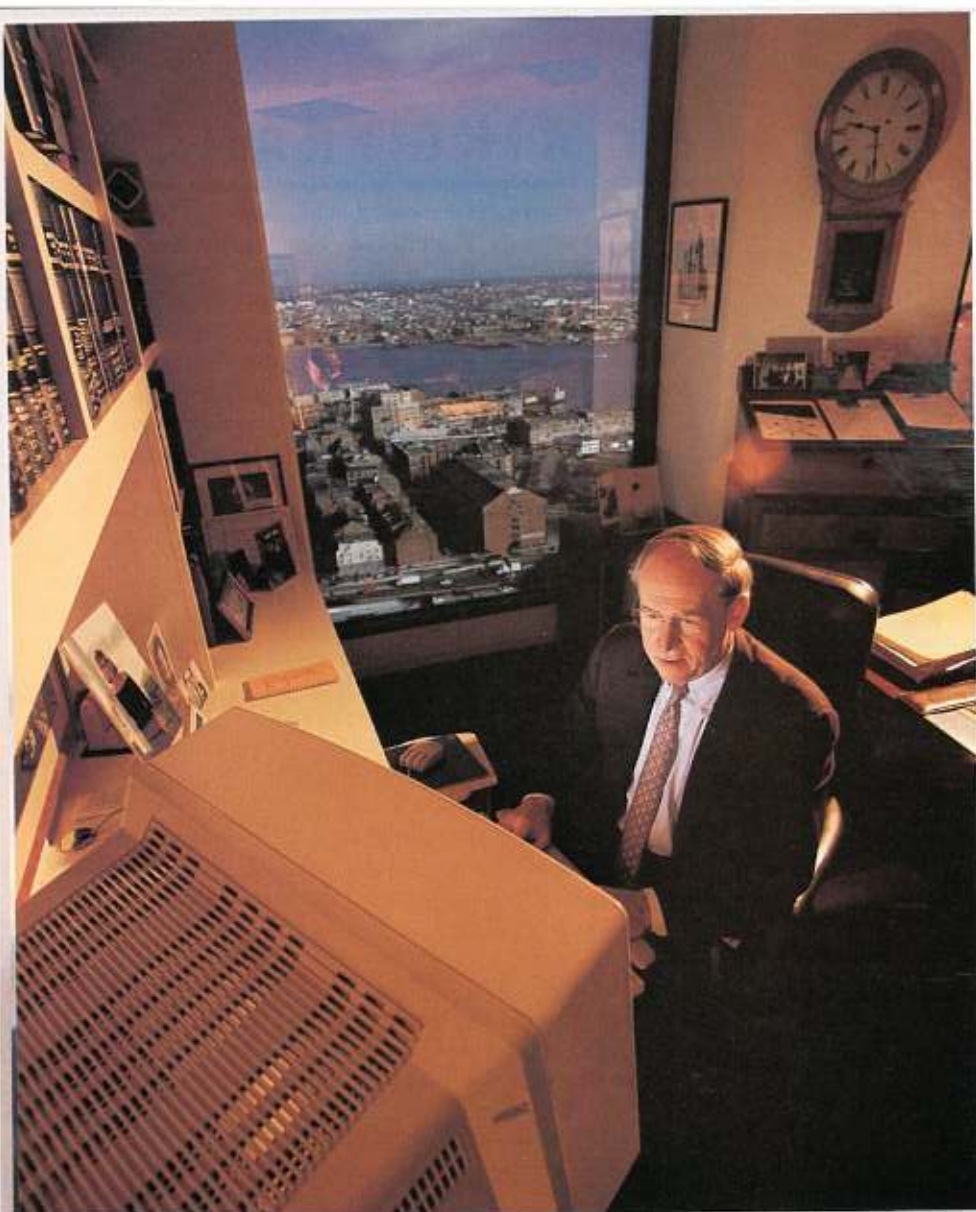
Stuffy? You bet. Founded by Richard Hale, a Mayflower descendant, and Dudley Dorr, whose lineage included a colonial New England governor, the firm was, for years, little more than a glorified men's club. It still looks the part. With a gray marble floor, Persian rugs and a grandfather clock, the lobby suggests gentility, caution and tradition—all the qualities clients once treasured in law firms.

Few clients care about those things today. Tired of rising legal bills, corporations now shop for low cost and fast service, not pedigree. Big business has railed against the ways of old-moned, establishment law firms. The ones that have failed to take steps to improve productivity—including investing in technology—have not



Retraining Order *The whirl of a laptop is quiet evidence of the Brahmin firm's multimillion-dollar pledge to stay technologically savvy. At left, attorney Hal Leibowitz calls up the firm's Web page. It's a far cry from 1918, a landmark year for Boston: Richard Hale (above right) and Dudley Dorr began their partnership, and a young leftbender named Babe Ruth pitched the Red Sox to the team's last World Series victory.*

Left: Seth Resnick. Right: Hale and Dorr Archives.



Proselytizer *Managing partner John D. Hamilton Jr. runs the firm using a Sun workstation. He's not alone. All 275 lawyers at Hale and Dorr are plugged in.*

made it. The victim list includes Boston's Herrick & Smith; Lord, Day & Lord, and Barrett Smith in Manhattan; and Chicago's Isham, Lincoln & Beale.

But 275-attorney Hale and Dorr won't be among the unlucky. It is probably the country's most technologically sophisticated law firm. It was one of the first to put computers on lawyers' desks, automate back-office operations and establish an Internet home page. Annual technology expenditures total \$2 million to \$3 million—above average for firms of its size. The outlays have boosted its bottom line. Revenues per lawyer, on gross receipts of \$125 million, were \$460,000 last year. In 1987, the revenue-per-lawyer figure was just \$250,000.

HOW DID A PARTNERSHIP of stodgy blue bloods get so far ahead on the technology curve? Fortuity—and geography. In

the late 1960s, star partner Paul Brountas won assignments from high-tech startups in Boston's then-burgeoning technology loop, Route 128. Clients from the area included Inforex, Storage Technology and Prime Computer.

Soon, Hale and Dorr was applying clients' technology to its own business. In the early 1970s, the firm bought an Inforex data-entry station so that back-office accounting material could be entered on the firm's transistor-based IBM 1401 with magnetic tape rather than punch cards.

Hale and Dorr is certainly not the only firm led by clients to technology. Silicon Valley firms, such as Palo Alto's Cooley, Godward, Castro, Huddleson & Tatum, automated early and extensively, thanks to a tech-heavy client base. "Tech clients provide a catalyst," says Los Angeles systems integrator

Ronald E. Kaplan. "They push certain partners to catch up, who in turn push the firm to catch up."

Yet even low-tech clients—from automakers to real estate developers—now demand that their law firms use technology to control costs and improve productivity. Portland, Ore.'s Bullivant, Houser, Ailey, Pendergrass & Hoffman, for one, has automated at the insistence of clients such as insurance giant AIG of New York. Bullivant, a litigation firm, offers the insurer a computerized system that tracks billing, hours and tasks. Called ELF (Electronic Labor Force), the system has boosted productivity at the firm by 7%.

Hale and Dorr's partners were smart enough to take their early lead in technology and build on it. The goal, says managing partner John D. Hamilton Jr., was to create a culture where lawyers embraced automation rather than resisted it. Today that culture is firmly entrenched, and it is this institutional commitment to mastering technology, more than any piece of hardware or software, that distinguishes Hale and Dorr from other firms.

EVIDENCE OF THE FIRM'S dedication to technology as a way of doing business is everywhere. The firm's marketing brochure features its technology, not just its legal acuity. Managing partner Hamilton, a 61-year-old real estate lawyer, runs the firm with a Sun Microsystems SPARCbook when he's out of the office. The firm went to the Unix platform in 1981 and was one of the first law firms to do so. It chose workstations over PCs for their expandability and flexibility.

Priority has been given not only to such innovation, but to managing its implementation. Many law firms that automate fail to do this. "We focused on where the technology meets the practice," says Robert Womack, the firm's nonlawyer director of computer services. "And then we made it easy for the lawyers to master the tools in a timely fashion."

The firm's Boston headquarters—and its satellites in Washington, D.C., and Manchester, N.H.—are becoming paperless. Since last March internal correspondence—financial data, meeting announcements and firm news—is exclusively transmitted over the office's International Computer Limited e-mail network. Managing partner Hamilton

delivered the edict—no more paper—via his laptop computer from his suburban home office. For those firm Luddites not ready to part with their memos, Hamilton offered a small incentive: a \$5 credit at the firm lunchroom to those who signed onto the e-mail system promptly.

Most didn't have to face the cafeteria food. Attorney-client communications have long been electronic at the firm, and most lawyers use e-mail regularly. "We've been exchanging e-mail with Hale and Dorr for more than four years, and our other law firms are just starting to get that capacity now," says Leonard F. Halio, president of distributed software maker Gradient Technologies in Marlborough, Mass.

Another first: Hale and Dorr put a home page on the Internet in January 1995. Now an estimated 200 firms or attorneys have Web sites. Its home page includes partner profiles, law and court updates, and the firm's *New England IPO Report*. The site averaged 15,000 "hits" a week in 1995, although firm leaders aren't sure if the Web site generates

much new business. But at least one litigation matter was won after an in-house lawyer browsed the firm's home page, found a lawyer's biography, liked it and hired him.

Perhaps most unusual, attorneys are encouraged to help clients beta-test new technology products. Several attorneys

might come to market was very impressive to me," says Wildfire vice-president Nick d'Arbeloff. "Most law firms would say, 'Why don't you come back when you're finished?'"

Nowhere is Hale and Dorr's high-tech bent more apparent than in its litigation department. The firm applies imaging technology to prepare for large lawsuits. The development has the potential to save clients millions of dollars. That was illustrated in the securities case of Legent of Vienna, Va., a maker of mainframe operating system software that was acquired by Islandia, a branch of Computer Associates, last August.

In July 1993, Legent reported disappointing quarterly earnings to Wall Street, even though the company earned \$59 million on sales of \$429 million the previous year. As



Kill All the Papers Litigators James L. Quarles III (right) and Geoffrey Stewart took Legent's securities fraud case paperless using imaging technology. The digitized documents helped them prepare for trial in two weeks.

tested an early version of an electronic secretary developed by startup client Wildfire Communications in Lexington, Mass. "The fact that Hale and Dorr was willing to experiment with a product that

is often the case with high-tech companies, the bad news caused its stock to fall by more than one-third the day after the announcement. Lawsuits followed. A coalition of plaintiffs law firms—including

GET WIRED OR GET FIRED!

ADVICE FROM THE TOP COUNSELS

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Northfield, Ill.



Theodore Banks, 44, associate general counsel

HUGHES AIRCRAFT

Arlington, Va.



John Kuelbs, 53, vice-president & general counsel

LEVI STRAUSS

San Francisco, Calif.



Thomas Bauch, 52, senior vice-president & general counsel

PROCTER & GAMBLE

Cincinnati, Ohio



Gary Hagopian, 54, vice-president & general counsel U.S.

DUPONT

Wilmington, Del.



Howard Rudge, 61, senior vice-president & general counsel

AMOCO

Chicago, Ill.



Christian Liipfert, 44, staff attorney

Revenues	\$16 billion	\$6 billion	\$6.7 billion	\$33.4 billion	\$42.2 billion	\$31 billion
Lawyers	40	25	14	180	200	167
Outside Firms	Arnold & Porter; Kirkland & Ellis	Kirkland & Ellis; Quinn, Emanuel, Urquhart & Oliver; McKenna & Cuneo; Miller & Chevalier	Legal Strategies Group; Heller Ehrman, White & McAuliffe	Dinsmore & Shohl; Covington & Burling; Fried, Frank, Harris, Shriver & Jacobson	Alston & Bird; Bartlit, Beck, Herman, Palenchar & Scott; Crowell & Moring	Kirkland & Ellis; Sidley & Austin
Do You Hire Nonwired Firms?	We won't hire a firm just because they've invested a million dollars on a new computer system. They must show us the added value.	We look for firms with electronic communication capabilities, especially in litigation matters.	All other things being equal, we are more likely to pick a firm that is making intelligent use of computer technologies.	If we had a major case and a firm was not up to snuff technologically, we definitely would not use them.	A firm's willingness to upgrade technologically is important to us. It's imperative. Using computers is strategic in getting ahead of your opponent.	When shopping for law firms, I ask how easy it will be to communicate with us. About 80% of the outside firms we hire use e-mail.

ing Milberg, Weiss, Bershad, Hynes & Lerach, the market leader in filing securities cases against high-tech companies—charged management with fraud. Alleged damages to Legent investors: \$154 million. The company hired Hale and Dorr litigators James L. Quarles III and Geoffrey Stewart to defend it.

Like all securities suits, the Legent case generated mountains of paperwork.

At the time, the law-entitled plaintiffs to go on a fishing expedition for internal Legent documents. (Congress approved revisions in the securities laws last year that now make such document fishing more difficult.) In all, the company turned over 150,000 pages to its lawyers and the plaintiffs' firms.

Quarles and Stewart did not know which claims plaintiffs would pursue. So they prepared for dozens of possible offensives. That's not unusual. Typically, a team of four to six lawyers spends at least 18 months preparing the defense. But the Legent case was filed in a federal court that employs a so-called rocket docket, which dictates that a case go to trial in eight months.

Hale and Dorr's technology made it possible for the firm to handle the case on an accelerated schedule. Ordinarily, litigation teams produce reams of photocopies and send in paralegals to wade through them, culling out what is needed at a given time. But there wasn't a minute to spare in the Legent case. All

depositions had to be completed in about four weeks. Hale and Dorr had to track down every potential damaging document and search for things such as handwritten notes, before Legent executives gave their depositions. If the litigation team failed, one executive could say something damaging that would haunt the company at trial. "We didn't have time for looking for needles in

written and whether it contained handwritten notations.

JustLaw overnighted the cartridges to Hale and Dorr, which loaded them on its network hard drive. Using JustLaw's Evidence software, lawyers could then search the documents from their own workstations. In two hours, one attorney—rather than a team—could complete the same hunt that would have

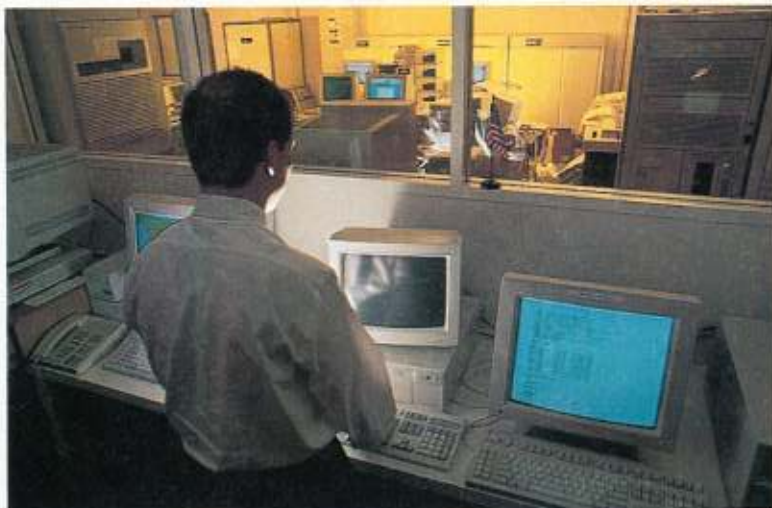
taken nearly a week using nontech methods. This was a real fee-saver for Legent. The search for handwritten notes within the documentation cost just \$300. If the paperwork had not been digitized, the fees would have amounted to about \$15,000.

There were plenty of other payoffs: No documents got lost; several attorneys could examine the same records simultaneously; and Hale and Dorr could pack up documents for Legent

executives to review on portable computers. Imaging is not cheap—prices start at 50 cents per page.

But experts say it can ultimately cut the cost of paperwork management in large lawsuits by one-third or more. And it saves time. Thanks to imaging technology, Hale and Dorr prepared for trial in two weeks.

The result? The judge tossed the lawsuit out of court after four days of trial, and the verdict was upheld on appeal last March. Legent still spent \$2.5 million defending itself, but that was a smaller sum than the \$10 million to \$20 million settlement sought by the plaintiffs. ■



A Lotta Nerve Roberto Menchzabal mans the computer center. Annual technology expenditures of \$2 million to \$3 million enable the firm to capitalize on technologies like the World Wide Web. Its home page averages 15,000 hits a week.

haystacks," recalls Quarles.

Hale and Dorr sped things up by going paperless. It trucked the documents to JustLaw Consulting Services (now NetMatrix) in Manhattan, an imaging specialist. The company fed the paperwork into a 45-page-per-minute Bell & Howell Copiscan II, and stored the data on eight-inch Exabyte magnetic cartridge tapes. Then \$25-per-hour JustLaw paralegals enriched this database with critical information about each document, such as who read it, when it was

HALE AND DORR'S GEAR BOX

HARDWARE: 300 Sun SPARCstation 2 and 4 workstations; 4 Sun SPARC-servers; 15 Tadpole SPARCbook 3 XP portable computers; 170 HP LaserJet 4s; 30 Xerox 4220s; 5 Fujitsu 3560 and 3590 scanners; 41 faxes; 3 Vtel video conferencers—two in Boston, one in Washington.

DATA STORAGE: Hewlett-Packard jukebox for optical-drive storage (up to 144 platters); 10 Sun CD drives.

PHONE LINES: One T3 line; 12 T1 lines used to connect branch offices, able to support inbound connections ranging from 2,400-baud modems to ISDN lines.

SOFTWARE: Evidence imaging software; Spyglass-enhanced Mosaic World Wide Web browsers; FrameMaker for internal document publishing; PageMaker for courtroom exhibits and presentations.

RESEARCH CAPABILITIES: Extensive library of CD-ROMs; access to more than 100 on-line databases, including Lexis/Nexis, Westlaw and Lexis Counsel Connect; CD-ROM database of information on rules, fees and forms for security offerings in all 50 states, updated biweekly.

WEB PAGE: <http://www.haledorr.com>



Gobble Gobble The Bell & Howell Copiscan II, which swallowed 150,000 pieces of paper and turned them into computer tape.