

To Upgrade or Not To Upgrade: Making the Most of Your Technology Dollars

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The relentless cycle of technology upgrades is daunting. Every law office has software and hardware that could potentially be upgraded and thereby yield an improvement. It might fix an ongoing problem or provide a new feature. Financial and human resources are involved, often limiting the number and types of upgrades possible. The upgrade decision can be a hard one but it can be made significantly easier by planning for it.

The Plan

Strategic planning is a term that causes a variety of reactions in people: confusion, fear, excitement, loathing. It can be a powerful tool for lawyers grappling with the upgrade beast. Forget the formal processes of strategic planning, if you like, and focus on the need for a plan of some sort. When you create a technology plan for your practice, you create a document that can guide your technology spending and upgrades, as well as provide a blueprint for how you can make other improvements.

A strategic technology plan defines where you are going. It is, at some level, disinterested in whether a Windows or Linux server is in your future. It requires you to put down your firm's practice goals and, using those as the guide, begin to identify the technologies you need to support that. If your goal is to be highly mobile and have a distributed firm environment, then you will need to start planning for laptops, wireless e-mail, virtual private networks, and other "road warrior" tools. If you want your practice to increasingly use the Web to generate business, you need to consider Web site hosting, marketing costs, and other technologies that will deliver forms and information, like extranets. While you can decide that your firm needs laptops and an extranet, a plan helps you to define the rationale for those technologies. If you cannot find a rationale to support their purchase, you may be spending your technology dollars unnecessarily and without ever realizing a return on the investment.

The plan does not need to map out your next ten years of practice. Start small and create a document that helps you grasp the next twelve months. Work with that for six months and begin to stretch the scope of the document until it embraces technologies and practice methods that are clearly not achievable in the near term but represent where you want to be in the future.

The plan's importance, and benefit, lies in clearly stating what you want to do. Some technologies will make clear sense, and need to be high priorities, to help you get where you are going. Others that had been attractive will lose their luster

as it becomes clear that, while they are interesting or even “cool”, they do not advance your firm’s needs.

First Steps: Know What You Have

Look at your current use of technology. If you are happy with your current environment, then you are already ahead of the game. Your current technology inventory should reflect the technologies that you have found that automate and improve your delivery of legal services, that improve your quality of life and that of your staff, and that otherwise answer your goals. You may have invested in technologies that never quite caught on or never quite met your needs. Now is the time to discard them and find something that works.

This inventory can provide a baseline for your future. If your needs are met, then you can follow upgrades based on your current environment. If your needs are not met, then you can start planning not only upgrades but replacements of your technology. The important thing is to get a handle on what you have and what your perceived gaps are. If you want to be able to fax via your network, but you have no network and only a fax machine, it becomes clearer which pieces need to be in place (and planned for) to accomplish your goal. It may also help you realize that some technologies are not in as dire need of an upgrade as you might perceive.

The inventory can also give you a sense of what you have. It can identify a time line for upgrading your hardware (nearly inevitable) and your software. If you have four Windows 95 PCs that you bought in 1996, then you should probably be planning a hardware upgrade. The time after which you should buy a new computer varies (depending on your budget and your use of the technology) but tends to be three years at the outside down to every eighteen months. However, if you are using Microsoft Word 97, while you might find benefits to upgrading, it may not be as clear an example that upgrading to a new version will improve your environment. Hardware and software upgrade timelines vary widely but can be narrowed down for your firm once you know what you have and how much life it has left.

We are all, to some extent, on a treadmill of higher expectations. A new word processor or operating system is released and we are impressed with all of the new things it can do. It is hard to restrain oneself with the hype and pressure to purchase the latest, greatest, that does so much more but faster than whatever you are currently using. This applies both to hardware and software. In some cases, it applies to technologies you are not even using but, you are assured, that can solve a problem you did not even know you had. Having a plan helps to rein in the urge to upgrade merely because it is possible to do so.

When a new product comes on the market, research it before you consider purchasing it. Find out what the pros and cons are and determine what strategic needs you have that, based on your plan, it can solve. If it can solve a problem, then start planning for how you can implement it. Is it something, like an operating system or PC, for which you are already planning an upgrade? If so, then your plan may indicate that a purchase should wait. If it is something easier

to implement and less disruptive, like a scanner or a new printer, your timeline for the purchase may be very short.

Is Technology Even the Answer?

You may identify needs within your firm and decide that technology is the best way to address them. Other needs are created not due to missing technology but because of the way processes are performed in your firm. Applying technology may not solve these needs but may patch over a problem or exacerbate it.

As you plan for technology to be implemented in your firm, consider carefully how it will be used, by whom, and what you are trying to accomplish. Someone needs to walk through the procedural steps by which these functions are accomplished and the people who currently perform them, whether lawyers or staff, should be involved to help create the solution. Technology upgrades can sometimes fail more because of the cultural and procedural facets than because there is anything wrong with the technology.

The Costs of Upgrading

The plan should not be a barrier to upgrades. Change is inevitable with technology and, in many cases, can be beneficial. Your plan should contemplate all of the costs associated with an upgrade. Typically, when there is no plan guiding the process, costs beyond that for the actual technology are not contemplated. These can include:

- Training
- Documentation
- Intangible staff disruption, dislike, and re-engineering
- Consultants
- Prerequisite upgrades (new software may require new hardware; new hardware may require new computer, etc.)

Once you have calculated what your costs will be, even those on which a dollar amount cannot be affixed, you will get a better sense of whether an upgrade is cost-effective. Some inexpensive purchases can end up being costly in human capital while some expensive purchase, while disruptive, can lead to long term financial or personal benefit.

The Benefits of Planning: Budget and Refresh

The long-term benefit of planning is that you end up spending on technology only when it makes sense to the future of your practice. It will, with some luck, help you avoid buying replacement technology piecemeal, when a part fails, or being dragged along by the garbage truck of technological advances.

The plan can include your best estimates for when you should be upgrading your hardware and software. The timelines will differ depending on your budget for technology and your use of it. By setting a date to “refresh” your hardware, for example, you can decide whether leasing or saving is the best way to reach that

goal. Leaving aside the financial repercussions of leasing, you may prefer to pay monthly for your technology than to try to sock away enough over a period of time. Either way, creating a technology budget is a must. If you were to review your technology purchases over the past few years, you might be surprised how much was spent on technologies that fell by the way side or that were not as useful as you had expected.

The technology budget can also make very clear that you do not have the resources to purchase the latest technology. That can force you to place it on a list for future purchases (and budgeting) or make it clear that, while exciting, it is not technology you really require. A budget can also help you put in perspective how much money you are willing to spend on, say, a new computer. If you set a budgetary goal of \$1500 for a new computer every 18 months, then it becomes clearer that you will not be buying a barn burner but, on the other hand, you will always have something that answers your needs. Buying later may mean spending more each time. Spending more every 18 months should be justified by the need for the extra speed, power, etc. The prices of computers have been dropping, as they have for many components and accessories, and lawyers can be more aggressive in their budgeting for new technology.

In the end, it does not matter what the “best” refresh timeline is or what the “best” budget for a new PC is. You can best judge how often you need a new computer (although err on the conservative side) and how much you can afford to spend on it. Whether those two choices are the same as other lawyers you know is immaterial.

Conclusion

A technology plan can save you and your firm time and money as you leap off the technology upgrade treadmill. A well-thought out plan, regularly updated, can outline part of the firm’s future and provide a guide for your technology purchases. It can make technology buying a foreseeable expense and help you plan for when those expenses will hit. The planning process need not be rigorous, but by planning for the future, you can ensure that you get there.