



NEWS RELEASE

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Legal Knowledge Management Improves Quality and Speed of Service, Reduces Costs and Delivers High ROI, According to Landmark PricewaterhouseCoopers – Legal Research Center KM Study

**-- Analysis by University of Florida Legal Technology Institute Indicates That Vast
Majority of Legal KM Systems are Used Frequently or All the Time --**

Minneapolis – June 9, 2003 – More than two-thirds of U.S. legal professionals who work in organizations that have implemented a Knowledge Management (KM) system report that they use their KM systems either frequently or all the time, according to the results of the 2003 *PricewaterhouseCoopers – Legal Research Center Knowledge Management Study*, the most comprehensive study ever conducted regarding KM trends in the worldwide legal profession.

Commissioned by PricewaterhouseCoopers (PwC) and Legal Research Center, Inc. (LRC), the Study was conducted from January to May by the Legal Technology Institute (LTI) at the University of Florida Fredric G. Levin College of Law. Legal professionals around the world, in both corporate law departments and outside law firms, were invited to participate in the Study, with 348 completed and qualified survey questionnaires being returned.

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One of the more surprising findings of the KM Study was that 70 percent of law firm respondents and 63 percent of law department respondents who reported having KM systems in place indicated that they use those systems either “frequently” or “all the time.” This is particularly striking because many legal technology observers had predicted that adoption rates will be low for law firms and law departments due to a wide range of cultural organizational challenges. Of the survey respondents who reported a positive ROI from their KM program, 85% of the law firms and 78% of the law departments indicated that their KM program either meets or exceeds their targeted ROI. These metrics signal a very positive and reassuring message that KM can deliver high value and impressive pay-back to both law firm and law department end-users.

“The findings from our Study seem to suggest that an enterprise-wide program of KM is more likely to be widely embraced today throughout either a law firm or legal department, because the considerable value of legal KM can be measured, verified, and demonstrated,” said Andrew Z. Adkins III, director of the Legal Technology Institute.

According to Adkins, other key findings of the survey included:

- The average budget to support KM initiative was reported at 4.7% of the total legal spend.
- Quality, speed and cost containment are what a majority of legal professionals are seeking from their KM solution providers.
- The most common standards to measure the value of KM programs are productivity enhancement and cost reduction.
- As legal practitioners increasingly rely on e-mail as their preferred mode of communication, the ability to locate and search email communications for prior research and work product was noted by a majority of respondents as a key attribute of legal KM.

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- Legal professionals are increasingly cognizant of the value of KM systems that retrieve information from multiple sources and locations. Among law departments that reported using a document management system for their KM efforts, 82 percent said they would be more efficient if their KM solution could access legal knowledge in multiple formats from multiple sources.
- The majority of legal professionals surveyed believe that research redundancy, the reduction of which is a key goal of KM, is caused by lack of communication inside the firm or law department, and by the lack of incentives to motivate knowledge reuse and eliminate redundant research.

Survey results have been presented in two reports, of approximately 300 pages each, that comprehensively discuss knowledge management trends in law departments and law firms respectively. To order a copy of the complete *PricewaterhouseCoopers and Legal Research Center KM Study*, go to www.law.ufl.edu/lri/research/KM. Additional sponsors of the Study included CaseSoft, Corporate Legal Times, iManage, Inmagic, Merrill Corporation, Tikit and West Group.

“With the ever-increasing volume and types of information available, knowledge management is more critical than ever. This study provides compelling data on the value and importance of knowledge management systems. Knowledge management is an essential ingredient for efficient and effective delivery and management of legal services,” noted Jonathan Bellis, Partner, Law Firm & Law Department Services Group, PricewaterhouseCoopers.

“A well-managed, enterprise-wide program of legal research and knowledge management will yield at least a 5 percent savings on an average corporate legal services budget, and \$1 million in savings for each \$4 million spent on legal research,” said James Seidl, president of Legal Research Center. “If your mandate in 2003 is to do more with less and to maximize your ROI on all legal expenses, then you owe it to yourself and your CEO to review our landmark KM Study and discover how legal KM can enhance productivity, reduce redundancy, and deliver measurable – and significant – cost savings to your legal services team.”

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The PricewaterhouseCoopers Law Firm & Law Department Services Group (<http://www.pwc.com/lfld>) provides services such as management and technology assistance, and survey and benchmarking data to leading law firms and law departments around the globe.

PricewaterhouseCoopers (<http://www.pwc.com>) is the world's largest professional services organization. Drawing on the knowledge and skills of our 125,000 people worldwide, PricewaterhouseCoopers helps general counsel and law firm executive management solve complex business problems, measurably enhance their ability to build sustainable shareholder value, manage risk, and improve quality and performance by providing services based on quality and integrity. "PricewaterhouseCoopers" refers to the member firms of PricewaterhouseCoopers International Ltd., each of which is a separate and independent legal entity.)

Legal Research Center (www.lrci.com) has been helping corporate law departments and their outside counsel reduce their research costs and efficiently manage their legal knowledge for nearly 25 years. The corporate vision of LRC is to remain the nation's premier provider of outsourced legal research, knowledge management, and compliance e-training services, culturally committed to operational excellence, customer intimacy and product/service innovation. AskFirst™, LRC's knowledge management solution, is a Web-based software suite that enables corporate law departments and law firms to securely retrieve, share and reuse their workproduct, regardless of who created it or where it resides.

The Legal Technology Institute was established in 1997 with a mission to provide an innovative forum for improving technology in the legal profession. Andrew Z. Adkins III, director of the Institute, is the author of "The ASP Study: Application Service Providers: An In-Depth Look at the Use of ASPs in the Legal Profession," published in 2000. Adkins is also the co-chair of the LegalTech Conferences and past chair of the ABA Techshow in 2000 and 2001.

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