

CHARLES CHRISTIAN'S

LEGAL TECHNOLOGY iNSIDER

THE SOURCE FOR INDEPENDENT LEGAL TECHNOLOGY NEWS, COMMENT AND ANALYSIS

CAPSOFT THREATENS TO SUE LEGAL WEEK

Electronic publishing specialist Capsoft UK is threatening to sue *Legal Week* unless it retracts a story it ran in last week's edition of the magazine. Capsoft UK founder Russell Shepherd told the Insider the story about Capsoft UK and its sister company Everyform contained "serious inaccuracies". Shepherd said there were nearly a dozen errors in the story surrounding the recent departure of former Capsoft UK managing director Terry Lawley and that because of their damaging nature "litigation beckons".

Shepherd said points he wanted to stress included the fact Lawley and two colleagues were not sacked but made redundant after mounting an unsuccessful management buyout bid, that Lawley was never involved with the Everyform business and that the company has not shut its London office in Copperfield Street (020 7261 1139).

MARSONS QUILTS FACTORY FOR CONVEYANCING NETWORK

Marsons of Bromley, one of the UK pioneers of the highly computerised 'factory' approach to bulk conveyancing work, has announced it is pulling out of the market because the call centre approach was not economic for the firm and did not provide clients with local knowledge and connections. While Marsons will continue to run its bulk remortgaging practice, it plans to hive off the conveyancing work to a network of 80 plus firms around the country.

Although there is no fee for joining the network, firms will need to run case management IT to maintain quality standards and provide management reports. Legal Marketing Services, which runs a rival conveyancing network, uses the internet and a system called STARS (Solicitor Tracking & Recording System) to place instructions and manage the workload. The system also allows clients to monitor matter progress via the web.

LATEST LEGAL WEB TRAFFIC SURVEY UNDERWAY

Legal Technology Insider is currently compiling the results of its latest survey of the UK's busiest legal web sites and portals. The results will be published in the next issue of the Insider. If you think your site could make the chart, email the Insider for an entry form: info@legaltechnology.org

BREAKING NEWS

■ MYSTERY SUPPLIER FOR SALE

The Insider has received reports that a consultant has been approaching a number of UK legal IT suppliers to see if they would be interested in purchasing one of their competitors. The consultant has declined to identify the company, which is based in the North of England, but the asking price is in the £1-to-£2 million bracket. So far there have been no takers however the move has fuelled speculation that a number of suppliers are trying to get out of the market while their books are still looking healthy as a result of the Y2K boom.

■ DECISION DAY LOOMS FOR COREL

Corel has issued a holding statement confirming that it is in the process of conducting a "comprehensive corporate review" but refusing to comment on media speculation that it will be pulling out of the Linux operating system market or selling off its WordPerfect wordprocessing business. The company's new "corporate growth strategy" will be announced in Ottawa on Tuesday 23rd January at an event beginning 11.00am EST. A live web cast will also be available.

www.corel.com.

LEGAL TECHNOLOGY **iNSIDER**

www.legaltechnology.org

To keep up with the latest developments in legal technology and new media law between issues of this newsletter visit the Legal Technology Insider web site.

Along with regularly updated news and daily reports from the Out-Law.Com service, there are web bookmarks, a diary of legal IT events, the latest virus reports, an archive of back issues of the Insider, extensive search facilities plus portal links to the LSSA, Solution Finder, Infolaw, UKLIT and ILCA web sites.

KEYSTONE & AXXIA HAPPY WITH RESULTS

Keystone Solutions has reported an "as expected" result for the half-year to 30 September 2000, in what it describes as "a soft market for professional services software affected by the post Y2K slump in IT spending".

Keystone non-executive chairman Tony Caplin said the results - a turnover of £1.99 million (compared with £2.4 million in the same period last year) and a loss before tax of £3.07 million (compared with a 1999 profit of £0.02 million for the same period) - were "consistent with the company's plan and expectations" and added that the Y2K effect was now tapering off and Keystone had begun the second half with early success in the US and Australian markets with new sales either closed or in final contract negotiation with two US firms and a top 10 Australian firm.

Meanwhile the UK's largest home grown legal systems supplier Axxia Systems has just reported a turnover of £10.3 million for its 1999/2000 trading year and a profit before interest and tax of £0.2 million. The company stresses that the figures need to be put into the context of Axxia's heavy investment last year in both R&D and the opening of new centres in Sheffield and Bridgwater.

■ Axxia's latest win is Bournemouth-based Steele Raymond. The firm is spending £300,000 installing a new IT infrastructure, including Axxia's NT-based Artion practice management system. Previously a TFB site, the firm starts rolling out the new system from next month.

E-GNOSIS UP 76 PERCENT

E-gnosis (020 8240 4463), the specialist document management systems consultancy, has just reported a 76 percent increase in sales for its latest trading year. E-gnosis founder Ted Clark says the results provide "a satisfactory trading profit with surplus cash held on deposit". The law firms E-gnosis has worked with during the past 12 months include Clifford Chance, Berwin Leighton, Norton Rose, Rowe & Maw and Travers Smith Braithwaite.

SOLUTION 6 BEEFS UP ITS COMMITMENT TO CMS

Solution 6 Holdings, the parent of legal PMS supplier CMS Data, has given the clearest indication yet of its ongoing commitment to the CMS Open product by announcing plans to acquire Horwath Computer Systems (HCS), the distributor of CMS Open in the Asia Pacific region.

HCS is the exclusive distributor of CMS Open in Australia, New Zealand and Asia and has 23 employees in offices in Melbourne, Sydney, Brisbane, Perth and Auckland. HCS customers in the region include Freehills, Corrs Chambers Westgarth, Simpson Grierson, Clayton Utz, Russell McVeagh and PriceWaterhouseCoopers Legal.

NEWS IN BRIEF

■ XMAS CAME EARLY FOR ECLIPSE

Christmas came early for case management specialist Eclipse Legal Systems, with the supplier winning four orders for its ProCLAIM product during December. The orders were placed by the Betesh Partnership, Colemans Solicitors, Harvey Roberts and Maini & Co - all four are law firms based in Manchester. Sales director Russell Thomson said Eclipse had escaped the post Y2K recession that has hit other suppliers by focussing on systems for handling personal injury claims. "You have only to see the amount of TV advertising for PI claims work to realise this is a growing area of legal practice," he added.

■ HORSLEY CHECKS OUT

Elizabeth Horsley has left Butterworths Tolley, where until last month she was group publisher with responsibility for general practice and public sector titles. Ms Horsley told the Insider that "After some twelve happy years here, I plan to take a short sabbatical in order to plan the next twelve years." Her successor as group publisher is John Gaylor.

■ COMPUTER COUNSEL MOVES

Independent legal IT consultancy Computer Counsel, which was founded by Julian Boardman-Weston, has moved to new offices at 26a Measham Road, Ashby de la Zouch, Leicestershire LE65 2PF. The 01530 416333 phone number remains the same.

■ PSION ADMITS POWER PROBLEM

The handheld computer company Psion has admitted a power management problem with some versions of its Revo model. Whereas all previous Psions used standard disposable batteries, the Revo has a rechargeable unit that some users have complained causes the screen to go blank soon after recharging.

■ MAJOR WIN FOR iMANAGE

Foley & Lardner, one of the oldest and largest law firms in the United States, has selected iManage to provide the technology platform for its new document management and extranet-based virtual dealroom systems.

PRACCTICE AIMS TO TRANSFORM WEB REFERRALS

With growing dissatisfaction over the performance of web dating agency/marketing referral services (**see full story on page 6**) legal systems supplier Pracctice is currently touring the UK to promote a new service that it claims will help law firms make real money out of e-business. The new service is called OpenLawDirect and according to managing director John Taylor it offers two major advantages over rival online marketing networks.

The first is a far greater proportion of law firm subscriptions to the network will be spent on promoting the service to the general public. In fact Taylor does not envisage the service getting underway until the late spring, by which time it will have achieved a sufficient critical mass to run a weekly advertising campaign in the *Mail on Sunday* and *Sunday Times* newspapers. The second benefit is that all members will be running web enabled case management systems, so each firm's clients can monitor the progress of their cases online. OpenLawDirect will also be on show at next month's Legal IT 2001 event.

SITUATIONS VACANT

Eclipse Legal Systems, which specialises in case management software for personal injury solicitors and legal expenses insurers, is looking for a New Business Sales Professional with a proven track record in legal systems sales. Location is immaterial. Please call on 01274 704100 or email a CV to sales director Russell Thomson at russell@eclipselegal.co.uk

NEWS IN BRIEF

■ iMANAGE APPOINTS NEW EURO MANAGER

iManage has appointed Peter Westra as general manager, European operations. He will be based in the Netherlands.

■ iMARK MOVES

LegalTech London event organiser iMark Communications (01932 730723) has moved to new offices at: Admiral Hawke House, Green Street, Lower Sunbury Village, Middx TW16 6RD.

■ GOING FOR GOLD

Scottish systems developer Infographics (01592 750677) - the company's BenchMark case management software is in use at Narbarro Nathanson - has become Microsoft's first 'Gold' partner in Scotland, and only the second in the UK, under a new supplier certification scheme.

■ GO INTERACTIVE GOES

Legal web site designers Go Interactive (020 7239 9050) have moved to new offices at: Lector Court, 151-153 Farringdon Road, London EC1R 3AF.

NEWS IN BRIEF

■ DLA ORDERS HUMMINGBIRD KM

UK law firm DLA has purchased a site licence for the Hummingbird Fulcrum knowledge and document management server for its intranet. The deal will allow 2500 users within the firm to conduct practice wide searches from any office.

■ CMS STAFF TRAK INTEGRATION

Solution 6 Holdings has formed a strategic alliance with Netcom North, the developers of the Staff Trak SQL Server based staff scheduling and due date tracking system. One of the first products of the alliance will be the integration of the CMS OPEN practice management system with Staff Trak.

■ DONNS WINS ONLINE AWARD

Personal injury lawyers Donns is the latest UK law firm to win an award for its online activities. Donns won the 'Technology Initiative of the Year' award, at the recent Insurance Industry Awards, for its direct access system that allows clients to monitor the progress of their claims. The Donns system is based on Axxia's e-file software and the firm last week clinched a further three year contract with insurance brokers Colonnade that will see Donns handling some 45,000 ULR accident claims on behalf of Colonnade policy holders.

■ MICROSOFT TO BUY GREAT PLAINS

Shortly before Christmas Microsoft announced it was to buy the US accounts system supplier Great Plains Software for about \$1.1 billion in shares. Although Great Plains focusses primarily on products for small-to-medium sized businesses in North America, it is used by a number of US law firms and has in the past, most recently by MIPAC, been touted as a practice management option for UK solicitors practices.

■ SRC RAISES £5 MILLION

The Speech Recognition Company, whose flagship clients in the legal market include Denton Wilde Sapte and Irwin Mitchell, has raised £5 million in venture capital from Cazenove Private Equity and 3i. SRC will use the cash to fund the development of new telephony solutions.

ON SHOW AT LEGAL IT 2001

The Legal IT 2001 exhibition in London is now just three weeks away and in our final preview we look at some more of the new products and services that will be on show.

■ GIVE THEM A BIGHAND

Although conventional speech recognition systems may no longer hold the same attraction they once did, one exhibitor at Legal IT 2001 - BigHand (020 7793 8200) - believes its new Total Speed system can overcome the training and implementation problems associated with earlier products. Total Speed combines Dragon's speech recognition technology with the Philips' digital dictation system and management software to provide users with a choice of applications for different tasks. For example BigHand managing director Stephen Thompson suggests that most firms will gain the greatest improvements in productivity via digital dictation, with fee earners only using speech recognition for non-formatted tasks, such as file notes and email, or out of hours work.

By way of background, BigHand began life back in 1995 as VoiceWrite and more recently acquired the assets of the old TalkWrite business. Its Total Speed system is currently being piloted at a 'magic circle' firm in London.

www.big-hand.co.uk

■ FULL INTEGRATION WITH LIBERATED LINETIME

Linetime will be using Legal IT 2001 as an opportunity to demonstrate its Liberate case and practice management system. This is an all new database independent product, initially available on SQL Server, Oracle and Sybase. Unlike other 'integrated' products, where the case and PMS elements are actually separate modules bolted together, Liberate incorporates both elements from the outset. Development director Phil Snee says the advantage of this approach over 'best of breed' and traditional integrated systems is improved access to data so that, for example, conflict of interest searching is far quicker and accurate.

Liberate is also web enabled and, while it makes use of Microsoft development tools (Visual Basic 6), unlike some other case management systems it is not dependent on Word macros. This not only avoids the upgrade problems rival products face every time Microsoft releases a new version of Word but it also means that firms running more recent versions of WordPerfect can instal the Liberate system without having to sacrifice and rewrite all their wordprocessing macros and precedents.

■ SOMETHING FOR THE COMMERCIAL CONVEYANCER

Among the products on show on the Solicitec stand will be a lease assignment module, the first part of their new range of case management applications for commercial conveyancing practitioners. The new system will cater for most standard lease assignment matters and includes a License to Assign & Authorised Guarantee Agreement. It is designed to hold information on all of the parties involved, including the client, tenant and if required, guarantor.

AMERICAN LAWYERS DON'T SURF ?

Legal Technology Insider has recently been carrying out some research into the web traffic figures being generated by US legal market web sites and portals.

Despite the fact the US has over four times the population of the UK and a substantially higher number of lawyers - over one million compared with just 100,000 in the UK - US web site traffic, both proportionately and in many instances in real terms, is substantially lower than in the UK.

For example, the largest traffic report we found for a single site was reporting only 25 percent more page views than the UK's most visited legal web site interactive-lawyer/LAWTEL. Some of the more niche sites currently have traffic figures that equivalent UK sites operated by the likes of Delia Venables and Nick Holmes/Infolaw were enjoying over twelve months ago.

Of course one possible explanation of the relatively low traffic figures is that many US sites operate on a more parochial, state by state basis. Thus a site that is big in Ohio has no appeal to lawyers in Oklahoma, nevertheless there does seem to be a shakeout taking place within the US online legal market.

The US legal advice and information portal Loislaw.com has agreed to a \$95 million takeover bid by the Dutch-based Wolters Kluwer publishing group. When the sale is complete Loislaw will become a unit of Aspen Publishers, a subsidiary of Wolters Kluwer North America.

In addition, the online legal directory USLaw.com recently announced it was shedding 16 staff, about 20 percent of its total workforce, in response to "a number of other initiatives to build the business". And, NoloPress.com has cut back its range of software applications available to Macintosh users on its legal self-help web portal.

These developments also come on top of similar consolidatory moves last year, which saw MyLawyer.com being acquired by the UK's Epoch Software group, FindLaw.com slashing its banner advertising rates by 55 percent and LegalOpinion.com pulling the plug on a \$42 million promotional campaign.

COURTS GET IT BOOST

The Lord Chancellor's Department has secured an extra £62 million in funding to invest on new technology for the Crown Courts system in England & Wales. Coming on top of £32 million allocated in May, the Court Service now has £94 million to spend on what Lord Chancellor, Lord Irvine, describes as "a more joined up criminal justice system".

To ensure the new systems (which will include a greater use of electronic court records and evidence in an electronic format) will be effective, Kingston has been selected as a 'pathfinder' centre for a pilot project, commencing in March and scheduled to run for four years.

CONFERENCE NEWS IN BRIEF

■ HEADLINE SPONSORS SIGN UP FOR GLEN LEGAL

GPM Events, organisers of the 'Glen Legal' Legal IT Forum, say they have already signed up Solicitec and Westlaw UK as headline sponsors for their October 2001 event. GPM's Kiana Sigaroudinia also indicated they were planning to cut back on the exhibition side of the event and focus more on sponsorship opportunities.

■ BREAKING IN DOWNUNDER

It may still be a long way off but if you want to know what is happening in the Australian legal IT world - or hope to break into the Asia-Pacific legal systems market - make a diary note that LEXPO 2001 will take place in Sydney on 25 and 26 October. The event, which includes an exhibition and seminar programme, is currently the only specialist legal technology event in the country - although there are rumours that American Lawyer Media, the company behind the LegalTech shows in North America, are planning to enter the Australian market. Now in its tenth year, LEXPO is organised by Exhibitor Services Pty.

www.exhibitorservices.com.au

■ APIL TO HOLD TWO DAY CONFERENCE

The Association of Personal Injury Lawyers (APIL) has announced details of its annual spring conference. The event will take place at the Celtic Manor Resort at Newport, South Wales, on Thursday 26 and Friday 27 April. There are also plans for a charity golf day on Wednesday 25th.

Along with the formal conference sessions, APIL will be running a two day exhibition of legal products and related services. The price for exhibition space (the stands are approximately 8 feet wide) is £400 (+VAT) and there are other promotional opportunities on offer. APIL anticipate 300 delegates attending the event and although there are 40 stand spaces available, event organiser Louise Morgan expects the event to be sold out by the end of this month.

The Insider visited the autumn event in Harrogate and if that was anything to go by, then Celtic Manor is a not to be missed opportunity for anyone in the case management software business. For more details call 0115 958 0585.

LEGAL TECHNOLOGY EVENTS DIARY

■ JANUARY 22, LONDON. Society for Computers & Law annual IT award ceremony at The Law Society. One of the best "networking" evenings of the year. For tickets email caroline.gould@scl.org

■ JANUARY 24 & 25, LONDON. Developing & Maintaining Successful Online Legal Services, Copthorne Tara Hotel, Kensington. All aspects of online legal services, including integration with knowledge management systems. The event is split into four self contained modules with pricing from £389 + VAT per module. For details call Veronica Yates of Osney Media on 0207 880 0000.

www.osneymedia.co.uk

■ JANUARY 29-31, NEW YORK. LegalTech New York at the Hilton. This is the US market's flagship legal technology exhibition and conference.

www.legaltechshow.com

■ FEBRUARY 7 & 8, LONDON. Legal IT 2001 exhibition at the Business Design Centre. Strong emphasis on web enabled technologies from exhibitors, while the theme for the accompanying seminar programme is "from bricks & mortar to clicks & mortar." This event looks like taking over the Barbican's mantle as the UK's biggest legal IT exhibition. Admission free. To pre-register for tickets call 01491 575522 or via the web.

www.legalitshow.com

■ FEBRUARY 20 & 21, LONDON. The Lawyer Information Systems for Lawyers annual conference at the Marriott Hotel. This year the event will be focussing on legal e-business strategies and portal based solutions. Tickets from £827 + VAT, for details call Centaur Conferences on 020 7970 4770.

■ MARCH 13-to-15, BIRMINGHAM NEC. Solicitors - the National Legal Office & Legal Services Exhibition. Three day exhibition of both IT and more general legal office services. Sponsored by the *Law Society Gazette*. Call Nationwide Exhibitions on 0117 907 1000 for details.

LSC WANTS QUALITY MARK FOR WEB SITES

The Legal Services Commission has issued a consultation paper on proposals for a quality mark for law firm web sites. The Community Legal Service already has its own quality mark scheme to ensure CLS firms operate to a minimum standard and the idea behind the consultation paper is to carry the system over to the internet.

The consultation paper makes it clear the initiative will go hand in hand with the recent consultation paper from the Lord Chancellor's Department on the categorisation of metadata used in legal information web sites targeted at the general public. But, fascinating though this may be, is any of it really necessary - or is it just more bureaucratic interference in the way lawyers run their practices?

The LSC says: "Providing a quality mark will give users confidence the organisations providing the information have achieved a basic minimum quality requirement. Any organisation that provides legal information or advice directly to the public may apply whether they are privately or publicly funded. The proposed quality mark will therefore apply to both the CLS funded and private client work of an organisation that has met the relevant criteria."

But surely this goes beyond the bounds of the CLS scheme and starts to trespass on areas of professional regulation that have previously been the responsibility of the Law Society? And if, as the LSC has told us, it will not be compulsory for law firms to apply for a quality mark, doesn't this undermine the whole purpose of the scheme?

The LSC also stresses that the proposed requirement of achieving a 'seamless service' - which on a first reading seems to imply providing 'signposting' to other law firms who can offer the services you do not (the paper talks about the web as "not a one-stop-shop") - can be met by incorporating a hyperlink to the JustAsk! web site .

But we are not sure the proposals really address the issue of the distinction between legal 'information' and 'advice' via the web, when in the real world many legal sites already blur the boundaries between these two concepts.

And, we note that law firms are "likely" to be charged for the application and audit process. Unfortunately the consultation paper gives no details of what these charges will be, which is a pity as the success of the whole scheme may depend on whether cash strapped CLS firms feel this is an additional financial burden they can afford to carry.

However, to end on a positive note, it is good to see the LSC favours making compliance with the Bobby test for web site content accessibility a requirement. And, as even the LSC concedes, this is only a consultation paper, so there is still a chance to get the LSC to drop some of the less attractive proposals - or even forget the whole idea.

■ The closing date for consultation is 28th February 2001. Responses should be sent to Peter Watson at the LSC (email: qualitymark@legalservices.gov.uk). The full text of the proposals can be found at www.legalservices.gov.uk

WEB MARKETING SITES DON'T WORK

At the last count, in addition to the Lord Chancellor's Department's JustAsk! and the English Law Society Solicitors-Online web sites, there were over 30 other 'dating agency' sites offering UK lawyers a variety of marketing referral services. But do any of them work?

According to the latest edition of Delia Venables' *Internet Newsletter for Lawyers* the answer is a resounding "no".

Venables asked 1500 firms if they had any experience of using these services and while only 60 responded, the replies were almost universally critical.

The most common complaint was that paying money - in some instances "several hundred pounds a year" - to have a presence on these sites generated few or no leads and that what leads were produced often proved to be "inappropriate" or else came from "time wasters" and people looking for "freeloader" legal advice and so were of no real commercial value.

One firm complained that while it had received a steady stream of requests for free legal advice, none of this could be converted into fee earning work so the service was eventually dropped as it was merely distracting lawyers from their work. Several firms said they felt the problem was that the referral companies were not spending enough money on marketing to promote their sites' existence to the general public.

It is also worth noting that none of the survey participants had anything complimentary to say about Claims Direct, Just Ask! or Solicitors-Online.

■ Although not strictly within the scope of the study, one solicitor added that services offering to submit and register law firm web site details with a variety of internet search engines were also a waste of money as "the upshot was a large amount of junk email from 'get rich quick' entrepreneurs, a slight increase in traffic and no discernible increase in business."

It could be worse, the Insider heard of one US firm that paid to use such a service - only to discover to its horror that its details were being spammed to hundreds of thousands of internet users.

JUDICIUM LAUNCHES ESETTLE SERVICE

The last few days before Christmas saw the launch of eSettle.co.uk, an online claim resolution forum designed to assist in settling potentially any dispute open to a purely monetary settlement. Created for the insurance industry in particular, eSettle says it hopes to “dramatically transform the dynamics of negotiation and settlement by both streamlining and accelerating the settlement process”.

Although the rival American Cybersettle service is expected to enter the market in the near future, eSettle claims it will be the only UK site to offer a truly flexible online forum for rapid, inexpensive settlement. The parties can select the amount of time allowed for the negotiation and the degree of compromise they are prepared to accept. Each side then enters a confidential amount (known as blind bidding) that they are willing to settle for. When the two amounts get within the compromise parameter the system splits the difference to calculate a settlement figure.

“Since neither side knows what the other is bidding, there’s no need to bluff, by demanding £50,000 when you’re willing to settle for £15,000, for example,” says business development manager Robin Stannard. “The parties are free to make as many offers as they like within the negotiation period until a settlement is reached.”

One of its key features is a management information package, allowing the parties to benchmark their performance, control the activity of case handlers and monitor the efficiency of the negotiation process, from speed of settlement to average settlement costs.

The eSettle site is available 24 hours a day and its parent company Judicium (which also operates the new Freelawyer.co.uk service) reckons it will deliver significant cost savings to both insurer and law firm through the earlier settlement of claims, a reduction in the volume of litigation and elimination of the wasted effort traditionally associated with the claims management process.

eSettle has for some months been involved in discussions with the major UK insurers and many leading law firms in the North West. Several insurers are now trial testing the service - they include Zurich Municipal, Eagle Star, NFU Mutual and AIG Europe, with more insurers expected to come on board shortly. Among the law firms who will also trial eSettle are Pannone & Partners, Walker Morris, Donns, Antony Hodari & Co and Colemans.

By the end of the first quarter of this year, eSettle will also be unveiling details of a similar service to assist personal injury practitioners. Talks are also currently in progress with several organisations to provide a range of mediation and arbitration facilities. Stannard says that in addition to the insurance industry, the eSettle approach can apply to other markets - such as employment disputes, travel disputes and medical negligence claims - wherever there are monetary settlements to be agreed.

www.esettle.co.uk

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Legal Technology Insider is published every three weeks and available only on subscription. UK rates: £115 for 20 issues or £200 for 40 issues. Rest of World £135 for 20 issues or £240 for 40 issues. Payment in £Sterling. Subscribers also receive a free copy of the weekly ezine Legal Technology News.com.

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BAKER MACK SYSTEM FINDS PAYROLL SCAM

Back in September the Insider reported that the global roll out of Baker & McKenzie's new IMPACT practice management system was running \$15 million over budget and twelve months behind schedule. Well, the good news is that the system is now in use in most of the firm's offices. The bad news is the management reports it can generate have revealed that a major fraud had been taking place in its New York office's payroll department.

Apparently payroll clerk Dennis Masellis had spent the previous 11 years cooking the books and embezzling about \$13 million of the law firm's money. Masellis has now begun a three-to-nine year prison sentence after pleading guilty to embezzlement.

As for Baker & McKenzie? Their staff are now trying to recoup some of the missing funds on the auction circuit after discovering Masellis had spent most of the money acquiring what one US auction house has described as "the world's largest and most important collection of costume jewellery, Bakelite and accessories ever to reach the auction block" - a polite term for 10,000 assorted trinkets, baubles and a collection of 400 Barbie dolls.

LAW.COM/UK SHUTS SERVICE

The crisis hitting the global dotcom industry has taken its first major scalp in the UK legal market with the closure of Law.com/UK's legal news portal, just two months after the service held its formal launch party. At least 10 staff were made redundant in addition to those who had already jumped ship, including editor Lucy Hickman, or resigned, as in the case of former managing director Julie Eskay.

The service's US parent Law.com says it now plans to "repurpose" the London office as an ASP operation offering software based on the PMTI (a company recently acquired by Law.com) Practice Manager application. This is a client relationship and document management package that is compatible with Elite and CMS and previously sold in the UK via Syscorp. It is currently in use at Ward Hadaway.

The Insider estimates the venture cost Law.com/UK's American backers about £1.5 million and left a number of its UK content partners, including online CPD training service 2ENDS, temporarily in the lurch. One prospective advertiser told us that dealing with Law.com/UK was "a torrid experience" as the staff seemed to be straight out of college, did not have a clear business strategy and treated customers "appallingly". We also understand that at least one legal magazine was considering legal action over what it claims was the unauthorised reproduction of its stories.

In the last Legal Hit List chart of the UK's busiest legal web sites, Law.com/UK ranked number 10 with 312,000 page views - but if that was insufficient to guarantee its commercial viability, how can similar UK services with lower traffic figures and fewer resources expect to survive?

L&H GETS A SIX MONTH LIFELINE

The troubled Belgian-based speech technology company Lernout & Hauspie has succeeded in its second court application for concordat, the Belgian equivalent of Chapter 11, so that its assets are now protected from creditors until 30th June. In an attempt to restore its fortunes L&H has also begun a major restructuring exercise and already announced plans to close down its Korean operations and scale back its Singapore unit. Although these moves will see 1200 job losses, about 20 percent of the total payroll, L&H has warned that it expects to continue making losses until 2002. L&H also has to convene an extraordinary shareholders' meeting by 1st March to review its position.

In related developments, a Belgian judge has ordered that Pol Hauspie, the co-founder of L&H, be investigated for possible money laundering. L&H has also admitted it is "struggling" with the integration of the speech recognition software developer Dragon Systems, which it acquired in May 2000. Since the takeover, over 150 of Dragon's 377 staff have quit the company.

Meanwhile US investment banker Marc Cohodes, who in the past was criticised by L&H for questioning their business strategies, has said he hoped L&H supporters "will wind up eating cat food under some bridge in Belgium".

LEGAL TECHNOLOGY INSIDER

www.legaltechnology.org

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■ **The next issue** of Legal Technology Insider - No.113 - will be published on Wednesday 7 February 2001.