

Moving to the Cloud? How to Choose the Best Cloud Hosting Approach for Your Firm



Introduction

It appears there are two types of law firms in the U.S. today: those who have already migrated at least part of their IT systems to the cloud and those who are considering the move now.

After holding steady for the first few years of its arrival on the legal scene from 2013 to 2015, cloud usage grew by 20 percent in 2016, with more than 37 percent of law firms reporting migration to the cloud in last year's Legal Technology Survey Report.¹ That number is expected to rise again by the end of 2017. In fact, just four percent of survey respondents said they would not consider migration to the cloud.

This is no doubt fueled by the growing acceptance of cloud usage in American corporations, the clients of the nation's leading law firms. By 2019, more than 30 percent of the 100 largest vendors' new software investments will have shifted from cloud-first to cloud-only², replacing the defensive stance that has dominated many large providers in recent years.

"Cloud computing, which was virtually nonexistent 15 years ago, is now verging on being the rule rather than the exception in the business world," said Abraham J. Rein, co-chair of Post & Schell's information privacy and security practice group.³

What is Cloud Hosting?

Cloud computing allows law firms to access, store and retrieve software and data over the internet, rather than having it installed locally in the office. The usage of cloud computing technologies to support a law firm's IT needs is known as "cloud hosting."



Cloud hosting allows law firms to take advantage of a virtually unlimited number of computers and servers that act as one integrated data system. Instead of being stored directly on a firm's network or an employee's personal device, cloud-based data is stored on high-capacity servers owned by a cloud services provider and made accessible to team members via the internet. If one server fails, the operation moves to another server maintained in the provider's secure data centers, with little downtime or business interruption.

Cloud migration creates opportunities to more easily access

law firm software applications, reduces capital investment requirements for hardware, eliminates concerns about network capacity, back-up and performance, and even allows firm leaders to rest a little more comfortably when it comes to the critical concern of data security.⁴ As stated by deputy technology editor for The New York Times, Quentin Hardy, "The same way that your money is probably safer mixed up with other people's money in a bank vault than it is sitting alone in your dresser drawer, your data may actually be safer in the cloud: It's got more protection from bad guys."⁵

To be sure, there are a variety of questions that any law firm needs to work through before migrating to the cloud, such as state-specific ethical considerations, data compliance and regulatory guidelines, and the availability of the firm's key applications in a cloud-based environment. But once the decision has been made to move to the cloud, a firm will need to get up to speed on the primary cloud hosting options available to their organization.

What Are Your Options?

For law firms that have decided to move to the cloud, there are a variety of strategic options available. One option is to manage the cloud migration yourself by moving into a colocation data center facility. With colocation, your firm owns, uses and maintains your own equipment – you simply rent space from a cloud services company in one of their colocation facilities. Your firm shares the cost of power, cooling, communications and data center floor space with other tenants. Colocation is a good option for law firms that want to maintain complete control over their equipment and systems. It is also far less expensive than building your own data center and can be a good strategy for a cost-efficient failover site to support disaster recovery. However, most law



firms want to avoid the substantial capital outlay required to deploy their own IT hardware and systems infrastructure in a colocation facility. This leads them to evaluate three primary outsourced cloud hosting options.



Private cloud. A private cloud arrangement guarantees the dedicated hosting of a law firm's data and software applications at a specific data center operated by a cloud services provider. With this option, your firm's IT is hosted on someone else's infrastructure in their data center. The service provider has few clients with strictly controlled access and deploys the logical security designed for your environment. A private cloud provides law firms with knowledge of where their data resides and gives them direct access to the physical servers, administrators, back-up hardware and storage procedures in place for protecting their data.

Public cloud. A public cloud arrangement means that a law firm's electronic information is hosted with a service that is available to the general public securely over the internet (e.g., Azure, AWS, Xi, etc.). It is best suited for firms with a high degree of technical expertise because it is a do-it-yourself (DIY) solution. In this case, a firm's IT is hosted on someone else's infrastructure, but there are many clients with access to the cloud hosting environment and lots of "multi-tenancy" use. The public cloud model tends to be faster for a firm to set up, with just a series of mouse clicks and then an encrypted data upload. This option is less expensive in some ways, but more expensive in other ways – similar to comparing a car lease with a car purchase.

Hybrid cloud. Finally, there is an option called hybrid cloud hosting, where the law firm has some data and applications stored in a private cloud and some in a public cloud. With this model, the service provider has orchestration and automation tools that allow them to control both environments. With hybrid cloud hosting, firms can keep certain critical software applications and data folders on dedicated servers, while applications and data folders with fewer security concerns are available on a shared platform.

A key factor that pervades all of the above cloud hosting options is how a firm approaches the mission-critical issue of data security. Security must be a central consideration in the design of your cloud hosting plan and your operations must then be built to execute in a manner consistent with that design. The core objective is to minimize the risk of intrusion and loss of data while also providing the early detection that will enable timely mitigation of potential attacks and thereby reduce your security risk. All of this requires the expertise in design, tools, staffing and expertise – either from an external service provider or from full-time employees who are experienced and well trained.

Which Option is Best for You?

Because cloud services are sold on demand, law firms can buy cloud services as needed and reduce the service if demand declines. However, it is important to evaluate each option in advance and find the model that is best for your law firm's unique needs. There are several key questions you need to ask about your firm's existing resources and service requirements.

Key Questions

- **Do we have the personnel and expertise needed to manage our own cloud migration and ongoing operations?** Would we prefer to focus our resources on more value-added services (e.g., applications) and let someone else manage the commodity services?
- **What are our service-level needs?** Are we comfortable with as-needed technical assistance or do we require 24/7/365 support?
- **Do we have a system in place to address IT service requests?**
- **Do we have liability concerns with the management of our IT infrastructure?** How does our firm's insurance carrier feel about cloud services management and the liability of security breaches?
- **What is our budget capacity?** How deep are the firm's pockets for the capital expenditures and / or operational expenses required by the various options?
- **What are our network and data availability requirements?**

Once you are armed with answers to these central questions, you can begin to carefully evaluate each cloud hosting model and determine which one is the best fit for your firm.⁶

Managing your own cloud migration in a colocation facility can be an attractive option for law firms that are looking for an efficient way to operate their data center, but not all firms are good candidates for colocation hosting. There are

significant economies of scale that can be realized once the system is up and running. In addition, firms would be able to choose their own hardware and software infrastructure. But most firms are dissuaded from this option because of the high up-front costs and the considerable hands-on data center management responsibilities.

With private cloud hosting, most law firms experience a faster deployment time than any other model. The requirement of no (or very little) up-front capital investment, coupled with the dedicated server environment that many law firm leadership teams prefer, allows the IT assets to be spun up quickly. The service provider then manages and monitors the environment, security and access issues for you, in addition to providing all needed IT support. The operational costs for private cloud hosting will be slightly higher than the colocation model and similar to the public or hybrid cloud model.

With public cloud hosting, there is a similar speed to market as with the private cloud option, but some law firm IT professionals may face delays with securing internal approvals to migrate to a non-private server environment. Assessing the operational costs of a public cloud hosting arrangement can be tricky. The unit costs for public cloud hosting services may seem much less expensive at first glance, but the actual realized costs are often very similar to what your family's cell phone bill may look like each month: the published rate was great, but the effective rate after additional data usage charges and fees might not be as cost-effective as it originally seemed. Moreover, the cost and time required to extract data out of a public cloud environment can be significant, as it is only as good as the design, effort and tools brought to bear by your service provider.



With the hybrid cloud model, the benefits of both the private and public cloud approach are realized, but to smaller degrees. The time to market is similar and, once deployed, a hybrid cloud approach can support the average workload for the firm, while retaining the ability to leverage the public cloud when the workload exceeds the server power of the private cloud component. However, compatibility across the firm's IT assets can be a challenge when building a hybrid cloud, given the different levels of cloud infrastructure. And while a hybrid cloud is no less secure than the other options, certain regulatory requirements may make it difficult for some law firms to include the use of a public cloud in their IT models.

Conclusion

If your firm is embarking on a migration to the cloud, here are some suggested next steps.

1. Choose your path: DIY or partner. Are your applications storage-heavy? Do you have a need to deploy quickly or in a geography where you do not already have infrastructure? Does your firm need to scale cost and time as much as possible? If so, you are likely among the majority of law firms for whom it is best to outsource the cloud migration and move to a cloud hosting models. If not, then identify a colocation facility with a strong track record of performance and experience working with law firms as tenants.

2. Establish your migration workflow. If you decide to migrate by working with a cloud hosting service provider, make sure you are deliberate with your workflow:

- a. Build a plan by determining which applications and data to move first.

- b. Test and validate before going live, making sure that you get the replication and recovery that you are looking for.
- c. Set your system to production, but ensure you are able to switch to disaster recovery in the event of a migration problem.

3. Begin the migration. Start by moving applications and data with a particular geographic need, followed by applications and data that are storage-heavy but compute-light, especially if the compute can be turned off at times during the day. Make sure to archive data that you may not need to access actively or that can be deleted at the end of retention periods, rather than bringing it back into your environment. Finally, migrate strategic departments or functions that you wish to start in the cloud (private or public) right on the first day of operation.

4. Deploy the operations. Make sure that you have established the necessary operational structure to support your infrastructure, applications and data, as well as the associated change requests, incident management and service requests that are typical of IT operations. If you do not have an internal IT organization or an external service provider that is ready to provide full IT systems support, you can expect a series of phone calls and emails from unhappy users.

Cloud migration allows law firms to more easily access software applications, reduce capital investment requirements for hardware, eliminate fiscal concerns about network capacity and transfer the risk associated with data security. For firms that have decided to move to the cloud⁷, there are a variety of strategic options available. It is important to evaluate each option in advance and find the model that is best suited for your law firm's unique needs.

Sources

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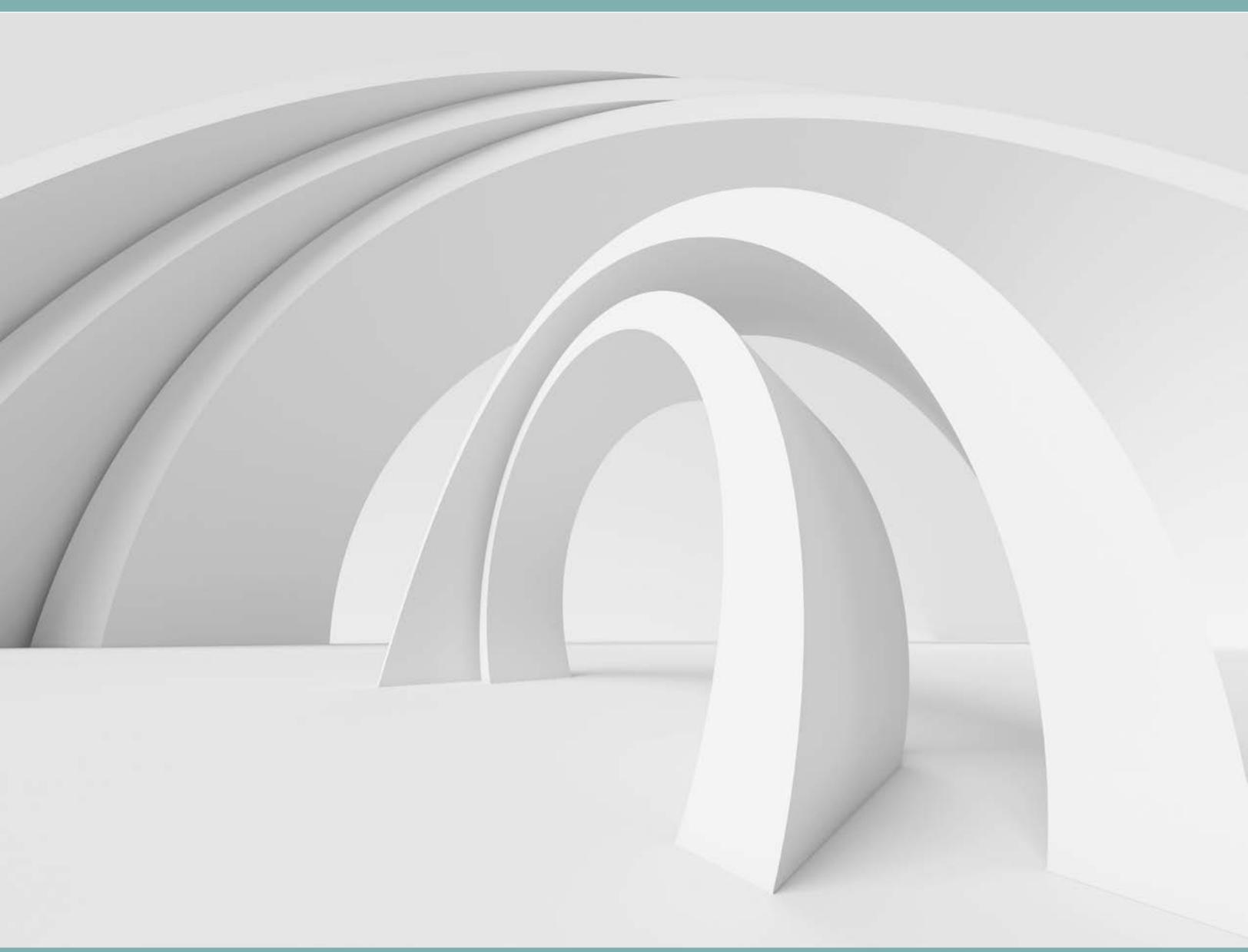
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