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LAW OFFICE DIGITAL CONVERSION PLAN

Introduction

If you already have or wish to invest in high-speed enterprise scanners to do as much imaging as possible within the confines of your office, want a method for electronic document handling going forward that is inexpensive and easy to use and would like to implement a sound plan as quickly as possible, ShadowCounsel has come up with a single set of recommendations in this regard outlined herein.

At the outset, I want to comment briefly on the conversion of a paper-based to a digital law office from a purely conceptual standpoint: Working in a paperless office environment requires the same skills paper file clerks employ to achieve success. As in an office consisting of paper, carelessness results in misfiled documents. The beauty of the digital solution ShadowCounsel suggests herein, however, is that they can be found and re-filed very quickly. If you're satisfied with your current paper filing structure (as opposed to the degree to which it's followed, over which I have no control), your digital filing system ought to mirror it. You can replicate, refine, and expand the system over time as circumstances dictate.

Back/Archive Files and a Document Retention Policy

With respect to office back files, your firm should have a standard document retention policy in place. If you don't, I would recommend the following procedure to address the issue:

- If you have a substantial number of hard copy documents associated with closed and/or inactive matters, meaning too many to scan in-house, I recommend shipping them to ShadowCounsel for conversion as soon as possible. The cost of this work ranges from 4.5¢-26¢ per page, depending on volume of paper, how your closed and inactive case documents are bound, if at all, and the extent to which full-text word search functionality via Optical Character Recognition is necessary in your view (*please* refer to ShadowCounsel's Pricing and Paper Volume Helper to determine precise costs and assist you in estimating how much paper you currently have on hand. I personally suggest running OCR on the inactive files at minimum.

As a result of this process, your firm will have several new possibilities with respect to document storage and retention, like: the option to destroy closed case hard copy files, which would obviously expand your available physical space or lower your rent should you ever choose to contract in size, as well as the option to store hard copies you possibly keep at a remote locale (inactive case files, to cite just one possible example). Furthermore, your information security will be greatly enhanced in that CDs/DVDs containing your archived files can be copied as many times as you like, vaulted in multiple locales and stored on multiple hard drives.

The point is that you presumably want to enact a standard policy whereby administrative and case file archival is performed on a regular, rolling basis with the storage of such files maintained in the most compact format possible at a satisfactory level of access. To give you some sense of just how compact you can become, consider that up to 5

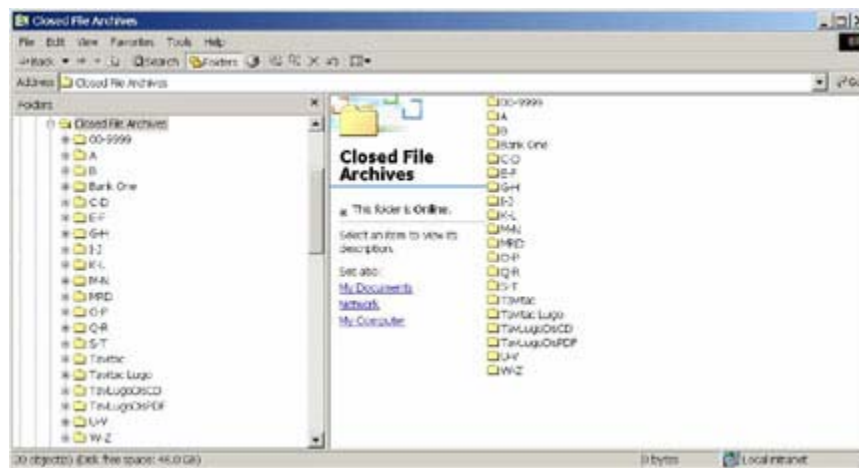
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banker boxes of documents can be stored on one high-density CD. Up to 28 boxes can be stored on a single DVD, believe it or not (*there are plenty of compression options that would allow one to store far more data on hard media than I suggest here. Your IT person will know the specifics in this regard*).

Finally, by allowing ShadowCounsel to perform your back-file conversion and structure the resulting electronic image files in a logical, intuitive fashion (an example of which is presented below in Figure 1), you will have a tangible blueprint to reference in going forward with regard to your in-house, active file digital conversion work (ShadowCounsel is of course available to perform any future spillover digital conversion work in the event you have a case or other project too paper intensive to handle in-house).

Figure 1: Example of a closed file archive folder structure



Your Paperless Office Going Forward: Recommendations and Considerations

- ***The fundamentals going forward:*** Regardless of how and to what extent you plan to retrospectively digitize the closed and inactive paper files currently in your possession, from here on out your digital filing system ought to be fundamentally characterized by, *1) a commitment to scan all of the paper to which you have access only in hard copy form to PDF image format (generally speaking, your “incoming” documents), 2) printing all documents electronically generated by your office to PDF (generally speaking, your “outgoing” documents) and 3) saving all of your resulting PDF digital files in a structured, intuitive fashion that mirrors your old one.* This “digital file room” consists of electronic filing cabinets filled with folders that contain everything found in traditional paper files. The concept of digital filing is thus not difficult to conceive of if you equate it to paper filing. For example, think of a shared hard disk drive as the file room. The cabinets within the room are large divisions on the disk. Within those cabinet-sized divisions are folders for each client. Client folders are further divided into subfolders to aid in organization. Microsoft’s “My Computer” folder structure was devised on this premise.

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- ***The specific process going forward:*** In the typical law office, large files reside in rust-colored accordion “bucket folders” full of subdivided manila folders. Ordinarily organized chronologically, each manila folder bears a label identifying its contents: “Correspondence and Memos,” “Pleadings and Interrogatories,” “Notes and Drafts” etc.

One common, everyday scenario is as follows: A letter comes in from opposing counsel. You make copies, two-hole punch the letter, pull back the metal prongs, find the correct chronological place in the file, push back the prongs, and file the letter in the manila folder. This tedious task occurs in a flash using a digital filing system. In the digital filing system, a document comes into the office, is scanned to Adobe Portable Document Format (PDF), and saved to the appropriate folder. The filing is done.

All incoming documents that enter your law office should therefore be scanned to PDF and saved to client folders (apart from administrative files of course, which can be stored in an electronic folder marked “Firm Admin,” with sub-folders such as “HR,” “Accounting” and the like). All documents that leave your office should be printed to PDF and stored in an appropriate client folder. As high-tech as scanning or printing to PDF may sound, the storage and organizational system is analogous to an old-fashioned filing cabinet system.

These filing cabinets exist in virtual space (on a computer hard disk drive shared over a local area network). The main filing cabinet has a name such as “Work.” You may want separate digital filing cabinets for “Closed Files”, “Administrative Files” or even for extra-large client matters (those that would require a separate filing cabinet to hold the paper). Each computer on the network links to the filing cabinets by mapping one or more network drives, e.g., X:\Work. As a result, each employee’s computer desktop can access the “Work” filing cabinet. Within the filing cabinet are folders, one for each client, e.g. X:\Work\Downey. If a client has multiple matters, then that client folder has a subfolder for each distinct matter, e.g., X:\Work\Downey\Biota, X:\Work\Downey\Estate, X:\Work\Downey\General, etc. Within each client matter folder are folders for the various types of documents law firms face on a daily basis, such as correspondence and memos, pleadings, interrogatories/interrogatory responses, document requests/answers, production documents, research, privilege, relevant email (you may recall that MS Office Suite now has conversion of Outlook to PDF functionality, so that you can convert and properly folder important email instantaneously), etc. See Figure 2 on the following page.

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Figure 2: Example of an active file folder structure



The digital filing system uses alphabetical last-name ordering. You simply create a “New Folder” within the client filing cabinet (e.g., X:\Work) and title it per the client’s name. It will automatically sort alphabetically in MS Windows. To impose order on the contents of individual folders, documents should be named starting with the year, then month, then day, followed by a few descriptive terms, e.g. X:\Work\Smith\PleadPDF\020327 Complaint. By inserting the date at the beginning of the file name, all the documents in a given folder are sorted in year-month-day order. Consider adopting a file naming rule that calls for the date first, followed by the initials of the party who generated the document (followed by the initials of the recipient if correspondence), followed by a short description.

To make digital files look like paper files, all outgoing work product is printed (and thereby converted) to PDF. Printing to PDF can be as simple as clicking a button on your tool bar that invokes the PDFWriter print driver, at which point you are prompted to select the folder where the PDF version of the document will be stored. “Printing to PDF” differs from printing to a physical printer in that no toner or paper is used. In every other respect the “electronic file copy” looks identical to what would come out of your physical printer. By virtue of this approach, your firm will be able to file pleadings electronically with the court, serve copies on opposing counsel, co-counsel and any other relevant parties by a filing service (either electronically or by mail), and send a pleading copy to the client as an attachment to an e-mail message. This obviously holds true for other document categories such as case correspondence as well.

In order to maintain a digital file that looks like a paper file, consider using dual folders for correspondence and pleadings. One folder contains the native application files (Word, Excel, etc.), and the other folder contains the PDF versions. For example, correspondence files created with Word can be stored in a subfolder named “CorresWRD,” while all such correspondence in PDF format can be stored in a subfolder called “CorresPDF.” In such a scenario, the correspondence generated from your office is housed in the “CorresWRD” file, while correspondence from clients and opposing counsel, along with your printed to PDF work, is all located in the “CorresPDF” folder.

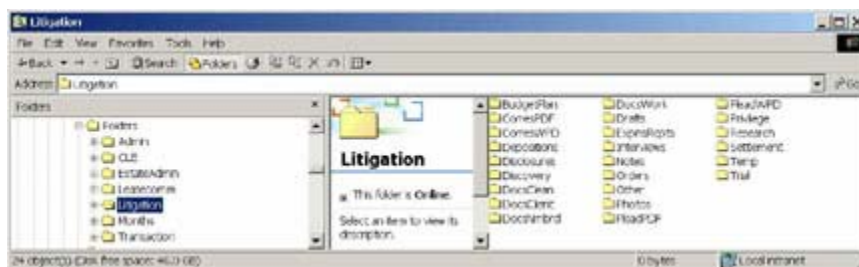
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The benefit of the CorresPDF file is that the back and forth communication among all parties can be readily search, viewed and referenced in context. Because all incoming and outgoing correspondence is file-named as described above, e.g. 030705 MLC to JBL SettlementOffer, it is arranged chronologically and is therefore easily accessible. The same dual folder system can be instituted for pleadings and offers the same advantages.

As for client intake, predefined folder sets can be used to streamline the “new matter” process and provide consistency in your filing system. For example, create a master litigation folder set that contains the file structure for new litigation matters. The subfolders are empty. When opening a new litigation file, simply highlight the NewMatterLit folder, then select all (Control-A), copy (Control-C), then paste (Control-V) this file structure onto the folder created for the client. Now every litigation file has the same filing structure. Similar predefined folder sets are maintained for transactional and other matters. See Figure 3 below.

Figure 3: Example of predefined “new matter” file folder structure



The file structure sample in Figure 2 may provide more detail than that of your current paper-based system, and of course you can add all the sub-folders you want and then simply drag-and-drop the contents from one folder to another. Digital file reorganization is much easier than what you’ve been used to.

To reiterate, the suggested digital filing system described above requires adherence to just a few simple rules:

- i. Scan all incoming documents to PDF.
- ii. Print all outgoing work product to PDF.
- iii. Create a virtual filing cabinet with folders for each client matter.
- iv. Create subfolders within the client folders for clients with multiple matters.
- v. Segregate document types within the client matter folders into appropriate subfolders.
- vi. Use dates when naming files so that they display in chronological order.

As noted further on in this report, a free product called Copernic, used in conjunction with the Adobe Reader or Acrobat, provides far better computer search functionality than Windows Explorer. You can get by adequately with no other specialized litigation support software whatsoever to navigate your digital image data.

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- **Consideration #1 - Electronically generated PDF files vs. scanned PDF files:** Relatively few people seem to understand the circumstances under which electronic files can be searched with 100% accuracy, versus a lesser degree of accuracy. Files you as a firm generate internally in electronic fashion via your computers, whether they be in native form like MS Word or Excel or in native files subsequently printed to PDF, are searchable with 100% accuracy by virtue of the fact that they were created electronically in the first place (in theory, therefore, all of your outgoing electronic files should have 100% text-search accuracy, with the exception of hand-signed documents that need to be scanned to catch the signature itself). On the other hand, files to which you don't have electronic access, such as incoming paper production documents or correspondence from opposing counsel, must be scanned *and then OCR'd* in order to search them electronically. It is important to note that no perfect automated data capture technology has ever been developed in this regard, though it is getting better all the time. In any event, the use of Copernic in association with Adobe, as suggested below, will make all of your files searchable with a reasonable degree of accuracy I believe you'll find more than satisfactory.
- **Consideration #2 - Producing and receiving documents electronically in litigation:** With your digital office in place, you will be well-equipped to produce and receive discovery electronically via PDF images on CD or DVD. What with automated Bates and protective order confidentiality labeling ShadowCounsel can provide for 1¢/pg. at a rate of more than a page per second, you'll never have to contend with manually placed stickers or stamps again. Obviously, in many if not all instances you'll want full-text search capability on incoming and outgoing production documents. Nevertheless, it is highly-advisable to produce images to opposing counsel that cannot be searched. Make the other side incur the extra effort and expense of getting such work done.
- **Consideration #3 - Electronic filing with the courts:** I'm not precisely sure what your state and local rules are in this regard, but certainly at the federal level the courts are moving rapidly in the direction of electronic filing. Most analysts believe it's inevitable that all courts will follow suit. As such, with your digital office in place you will be perfectly positioned to take advantage of the ease and convenience such systems afford. The blanket standard for electronic filing is PDF, incidentally, which is one of the many reasons why I suggest you adopt this image format.

Recommended Free Downloads, Purchases and Outsourcing Scenarios

The following represents the entirety of new purchases I suggest you make in order to organize and navigate your electronic files effectively. Moreover, you'll have a handy and concise guide to which you can refer for details regarding many issues not discussed in this report. Perhaps best of all from your perspective, you won't need ShadowCounsel on a regular and consistent basis in the future.

- I recommend all of your employees have access to the Adobe Reader and Copernic Desktop Search. I imagine you already have the former (if not, let me know). Copernic is available at <http://www.copernic.com>. The Reader will allow you to navigate your electronic image file OCR and/or metadata, while Copernic OCRs said files on a rolling basis overnight, thereby making them searchable, in a more accurate fashion than

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Adobe's data capture technology does. Moreover, the latter product is much faster than Adobe's at times somewhat sluggish performance.

- Though you could go with cheaper knock-off products such as PDF995 (<http://www.pdf995.com>) or CutePDF (<http://www.cutepdf.com/>), if you can afford the expense ShadowCounsel recommends the purchase of one Adobe Acrobat Standard (<http://www.adobe.com/products/acrobatstd/>) or Adobe Acrobat Professional (<http://adobe.com/products/acrobatpro/>) product license, at a cost ranging from \$229 to \$449, which ought to be manned by the most technologically adept staff member of your firm. Acrobat Professional has a few more 'bells and whistles,' particularly with regard to greater graphics functionality, but you can probably get by with the Standard offering. The latest version of Acrobat, to be released in November 2006, allows one to combine image files, capture complete web pages, bookmark/index, OCR (though again Adobe's technology is somewhat lacking in this regard) and insert hyperlinks to other electronic documents, auto-Bates number and electronically redact, among many other capabilities too numerous to note herein.
- Finally, I strongly suggest you purchase a copy of David Masters' book, *The Lawyer's Guide to Adobe Acrobat*, which is available on the ABA web site for \$60. This following link leads you there: <http://www.masterslawfirm.com/LawyersGuideBook.htm>.

Because of their importance, and apart from the digital processing of your back-files, the only outsourcing suggestion ShadowCounsel makes is to farm out discovery produced by opposing counsel in litigation for OCR. You can do the image scanning in-house, assuming such productions aren't too voluminous, but I can assure you that the state-of-the-art, enhanced OCR processes we employ are extremely accurate relative to Copernic, Adobe's capture software or any "off the shelf" products currently on the market.

At this juncture, I wouldn't recommend more robust digital search and retrieval features such as manual or automated metadata coding, as the former can get expensive as a result of labor costs and the latter requires more expensive and perhaps unnecessary software. At any rate, you can build up to such functionality if need be because it is grounded in the OCR technology you'll already employ if you choose to accept the recommendations articulated in this paper. Furthermore, you'll come to find that Adobe Acrobat has relatively good indexing features that largely obviate the need for more expensive options where your firm is concerned. Nevertheless, please let me know if you already have one of the leading litigation support database packages, such as Summation or Concordance (*I'm currently in talks with some folks about auto-coding technology for at least a portion of .pdf image format document populations. Summation and Concordance require what are known as .tif image format load files. As a general rule of thumb, I would say that the more money a given client has to spend on a litigation and/or the higher the stakes involved,, the more likely it is you'd want to have at least a portion of discovery metadata coded. See ShadowCounsel's pricing schedule for the details re: cost*).

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Conclusion

To sum up, I would urge you to:

- Ship your inactive and closed back-file documents to ShadowCounsel for digital conversion, and make a decision concerning to what extent you want this data to be searchable.
- Initiate the paper-less law office plan outlined herein with regard to your active and future engagement data.
- Download for free and/or buy the products and book ShadowCounsel has suggested herein.
- Use ShadowCounsel sparingly in the future, perhaps for OCR with respect to at least the most potentially relevant documents produced by opposing counsel, for specialized digital projects such as automated Bates numbering, electronic redaction, hyperlinked exhibit notebooks or briefs, some select metadata coding, and possibly other projects outlined on our web site.

I've tried to offer information management recommendations that will make your firm as independent as possible so you are not faced with large expenditures down the road, as well as suggest software and other components that integrate well with virtually all programs. As a result, you'll be able to share information within and outside your offices without fuss. Moreover, you won't be wed to bundled, prohibitively proprietary technologies that limit your flexibility going forward.

Please contact ShadowCounsel directly as soon as you've determined if and when you want to proceed.