

# Corporate Legal Operations Consortium Cloud Survey

**January 21, 2020**



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# Introduction

In September 2019, a survey was sent to CLOC's community of corporate legal organizations and law firm participants. The purpose of the survey was to learn more about:

- How organizations are granting access to outside parties to use and store their client data in the cloud;
- Whether they require legal service providers to notify or seek approval from them before client data migrates to the cloud;
- Whether legal service providers are required to notify their clients; and
- How organizations want legal service providers to send notifications of the migration.

For this report, service providers and law firms are treated the same and will be referred to as legal service providers.

This cloud usage survey is similar to a survey completed by International Legal Technical Association (ILTA) member law firms that Fish & Richardson P.C. published in August 2019. You may download the Fish law firm cloud survey white paper via [this link](#). Where appropriate, an analysis of the data from the two surveys is highlighted. The first survey had 102 responses, of which 27 are part of the Am Law 100 or G100.

We hope that this report, based on data from CLOC members and ILTA member law firms, will help organizations move forward with data migrations to the cloud in a manner that satisfies the need for legal service providers' technology modernization efforts and CLOC members' desire to secure their corporate data. We also hope this incredibly valuable insight from organizations will encourage legal service providers to continue to work with clients on moving their data into the cloud, as that continues to be a priority for Fish.

Fish would like to thank the CLOC organization and respondents who participated. As a global intellectual property law firm, Fish will continue to work through the process of deciding how to work with their clients to move client data into the cloud.

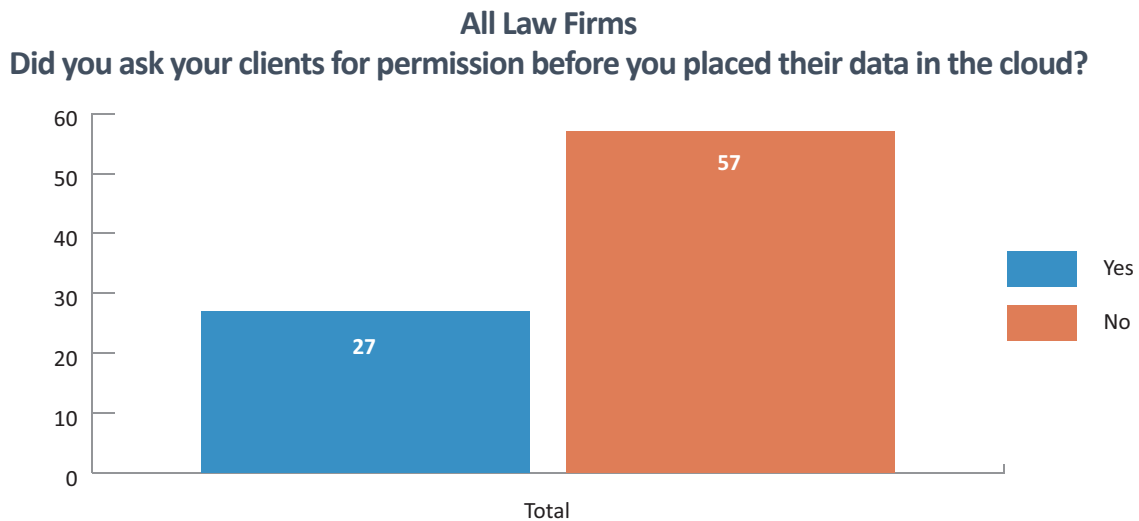
For the CLOC survey (and Fish's earlier survey), the definition of cloud usage was the same:

**“... data in the cloud is defined as data that is not in a traditional data center where you rent racks or host servers in an office location. We are including eDiscovery data hosted with a third party as being in the cloud.”**

# Executive Summary

All CLOC member organizations were invited to participate in this 23-question survey to gather data on their internal processes related to data stored in the cloud. The survey received 76 responses. Of those respondents, 88% have 1,000 or more employees. Law firms represented 30% of respondents, and government organizations represented slightly more than 5%.

One of the key findings from the ILTA version of the survey was that 78% of the law firms that responded are storing client data in the cloud. Yet many of those law firm respondents did not ask their clients for permission before they placed client data in the cloud. In contrast, 77% of all CLOC respondents (excluding law firms) expect their legal service providers to seek approval before they place client data in the cloud. This contradiction presents an obvious conundrum for the legal vertical.



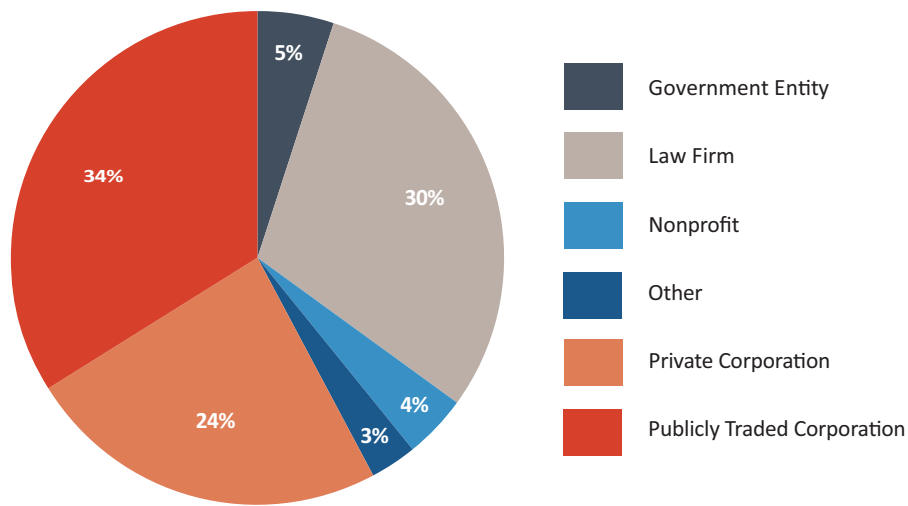
*Image from Fish Cloud Survey White Paper*

Corporate clients generally expect their law firms to ask for permission, but unfortunately some law firms are not seeking permission before placing client data in the cloud. Read on to learn more.

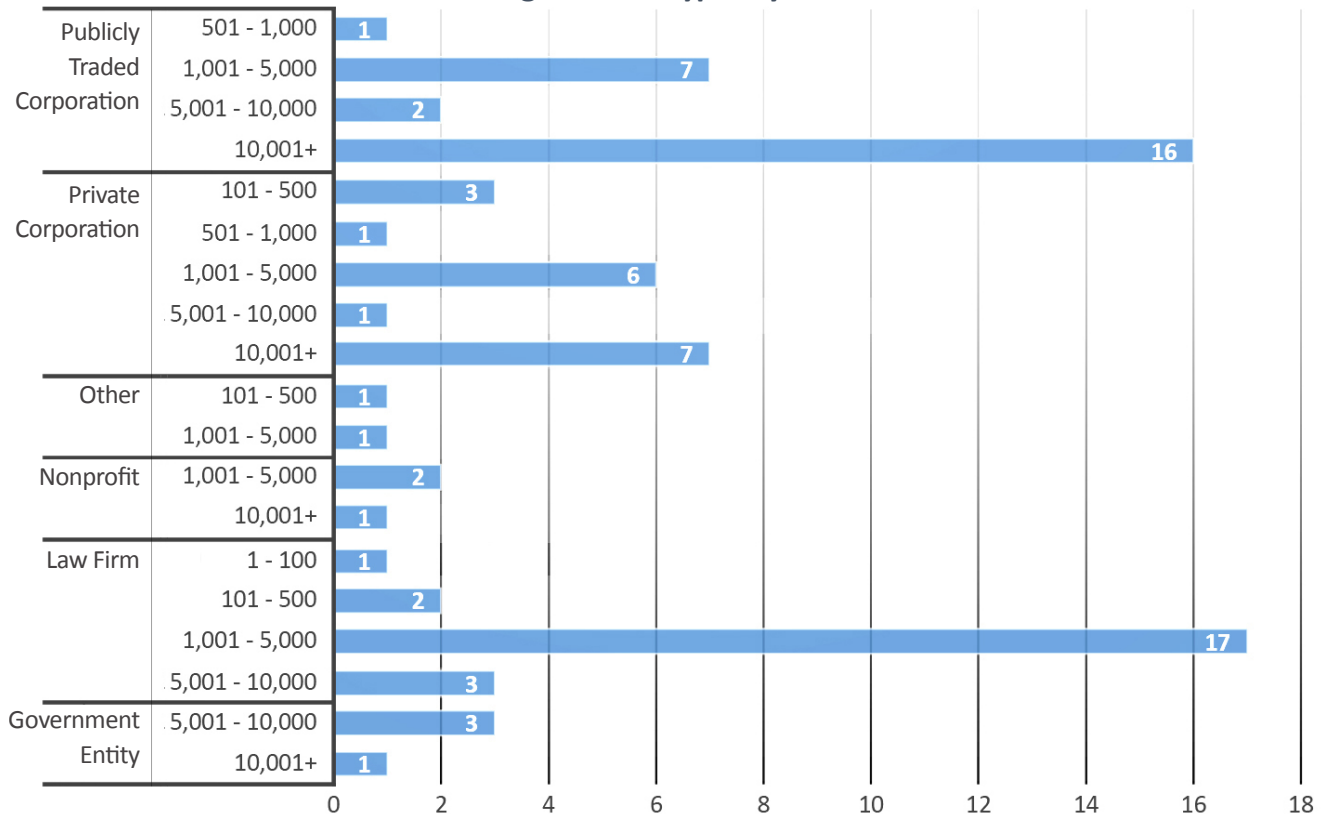
# Survey Methods & Demographics

The organizations that responded range in size from 100 to 10,000+ employees. Of the 76 respondents, 25% are Fortune 500 organizations, and more than 7% are financial institutions. Although we received responses from 23 law firms, their responses were excluded from most of the analysis in order to focus on the perspective of corporate clients.

Organization Type

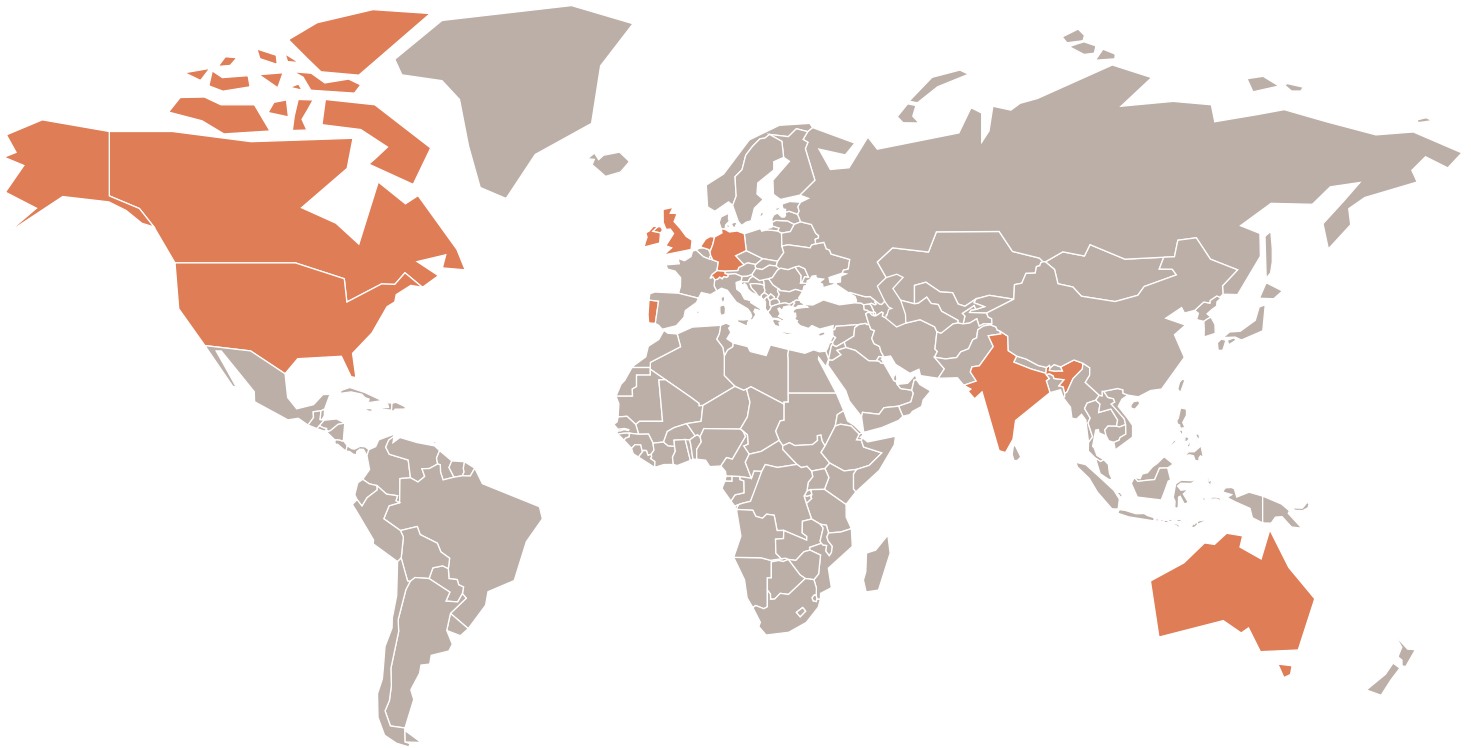


Organization Types by Size



The organizations are headquartered in a diverse set of countries. The majority of respondents are in the United States, followed by Canada and the United Kingdom.

Countries



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## Survey Analysis

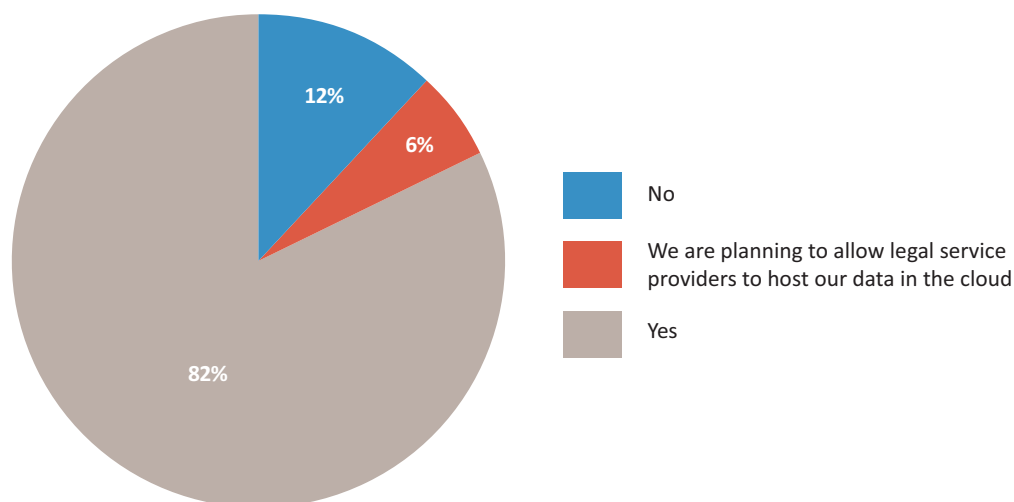
Where appropriate, answers are broken out by organization type and size to help provide data that matches your organization.

### **Do you allow your data to be stored in the cloud by a legal service provider?**

The first question went straight to the point, which indicated that a majority of respondents allow their data to be stored in the cloud. Presumably, CLOC members understand that the benefits of the cloud increase efficiency on complex matters, minimize response time on document revisions, and maintain the ability to control access to highly sensitive information while also reducing the burden on law firms' resources. As one law firm CIO respondent aptly stated, "We're getting our IT group out of the plumbing business. That means going to the cloud and outsourcing some functions."

Technology solutions such as spam management, eDiscovery, document management, and Microsoft Exchange/SharePoint drive up the expense of IT services for law firms due to the amount of resource consumption and technical expertise required to maintain such systems. Therefore, it is important for clients and firms to discuss where data will be stored and accessed in order to ensure the proper resources are put in place.

**All Organizations (Excluding Law Firms) –  
Do you allow your data to be stored in the cloud by a legal service provider?**



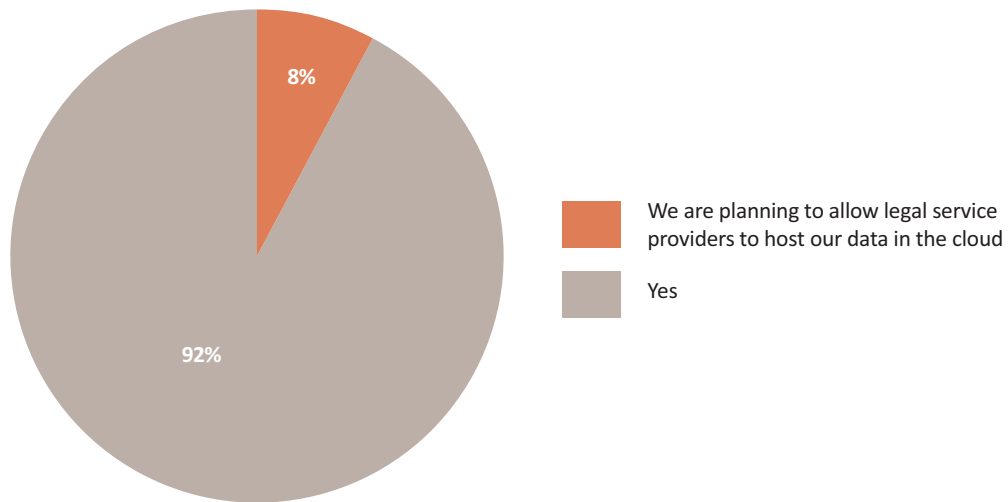
With regard to the four organizations that responded that their organizations do not allow data to be stored in the cloud, we can only speculate that this is mainly for security or regulatory reasons.

**“Our IT organization is focused on running the business, not being in the data center or hosting trades (commodity services). Other than major financial / ERP systems, on-prem implementations are generally an exception to policy.”**

– Publicly Traded Corporation with 10,000+ Employees

Among the Fortune 500 respondents, 92% said they allow legal service providers to store data in the cloud. Surprisingly, all the financial organizations that responded also answered yes to this question, even though historically they have frowned on cloud usage. More organizations are realizing the benefits of cloud usage to all parties involved, especially as it pertains to highly sensitive, confidential data.

### Fortune 500 – Do you allow your data to be stored in the cloud by a legal service provider?



## Email High-Availability – Client Data in the Cloud?

Of the respondents who indicated that they do not allow legal service providers to store client data in the cloud, we asked an additional follow-up question to learn more about their reasoning.

Question: If you don't allow legal service providers to host your data in the cloud, do you feel that using a third-party email system (for disaster recovery purposes) to store all firm email in the cloud is violating your organization's guidelines?

Email Disaster Recovery	Responses
Yes, violates	9
No, does not violate	22

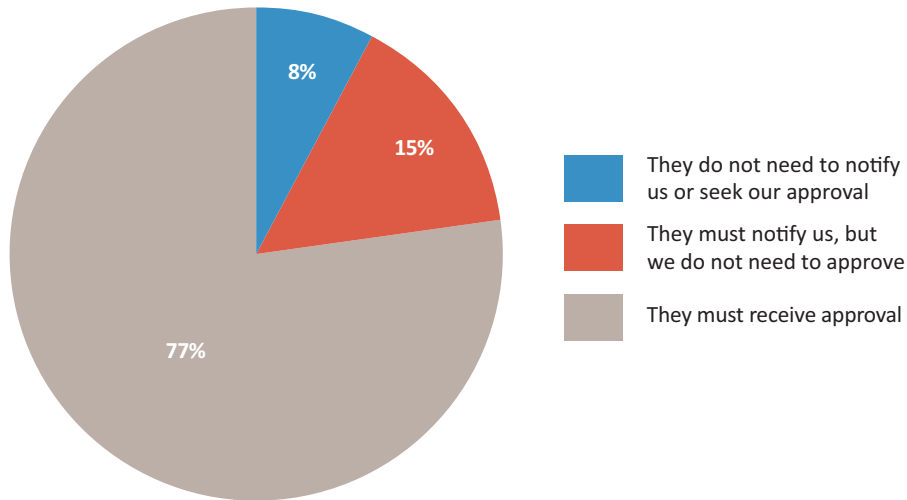
For some organizations, the reason for not allowing was that the use of the cloud by an outside party is a violation of their data policy. However, there appears to be a level of disconnect, as 55% of the law firms in the [2019 ILTA Technology survey](#) use a cloud-based high-availability system that stores all internal and external email generated by a law firm. This means any client documents sent as attachments in internal email communications are stored in the law firm's cloud. Presumably, it is understood and allowed by these organizations that email sent via the internet is being stored in the cloud.



# Notification or Approval?

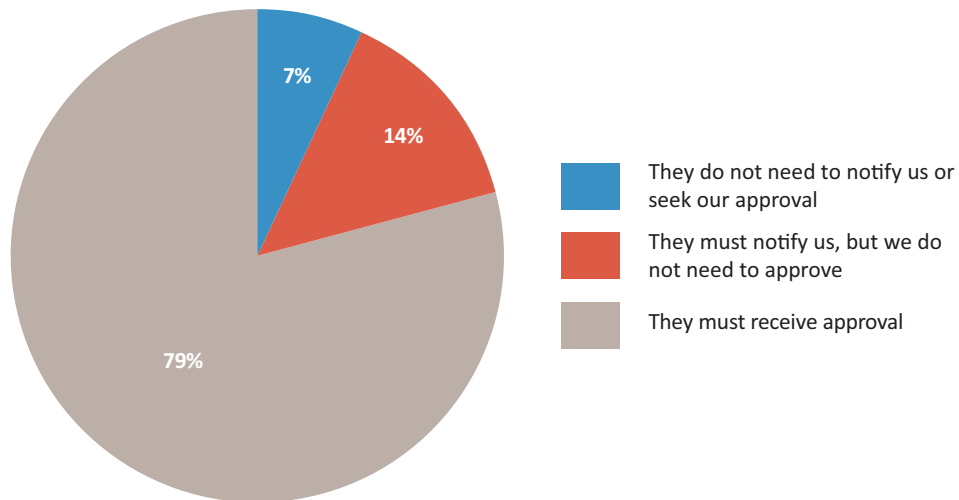
Of the CLOC respondents, 77% stated that legal service providers must receive approval before placing their client data in the cloud, while 15% stated that legal service providers must notify their client, but that they don't need approval. From the law firms' perspective, this is an insightful takeaway. Seeking approval from thousands of clients is a daunting task for law firms. If a significant number of clients answer no to such a request, then a legal service provider will likely not move its data into the cloud, as maintaining two systems would be too expensive and labor-intensive.

**All Organizations (Excluding Law Firms) – Do you currently require notification before your data is placed in the cloud?**



Similar to the corporate legal respondents, 79% of law firms stated that their service providers must seek the approval of the law firm before their data is placed in the cloud. These responses are not surprising since law firms likely have similar security requirements.

**Law Firms – Do you currently require notification before your data is placed in the cloud?**

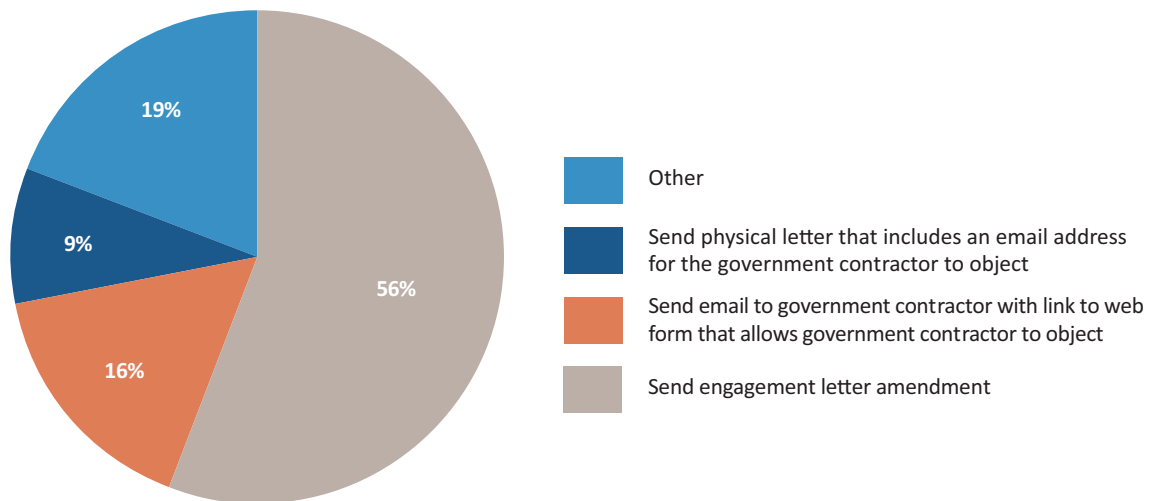


# Seeking Permission – How Should Legal Service Providers Seek Approval?

More than 75% of the respondents felt that legal service providers should seek approval before placing their clients' data in the cloud, which brings us to the question of how legal service providers should seek approval. Several respondents stated that the legal service provider must obtain an amended engagement letter before the client data can be placed in the cloud, but executing and collecting amended engagement letters from thousands of clients is a daunting task for legal service providers.

For legal service providers, an effective solution may include evaluating their known client data requirements, addressing any major concerns, sending out a notification to the remaining clients, and then allowing the clients to object via a web form. If there is an objection, given enough time, the two organizations should be able to reach a consensus on how to move forward.

**If you think legal service providers should ask for your permission, how should they do so?**



## Regulatory Limitations

Some countries restrict where data can be housed. Government contractors must also comply with all rules and regulations set forth by the government organizations.

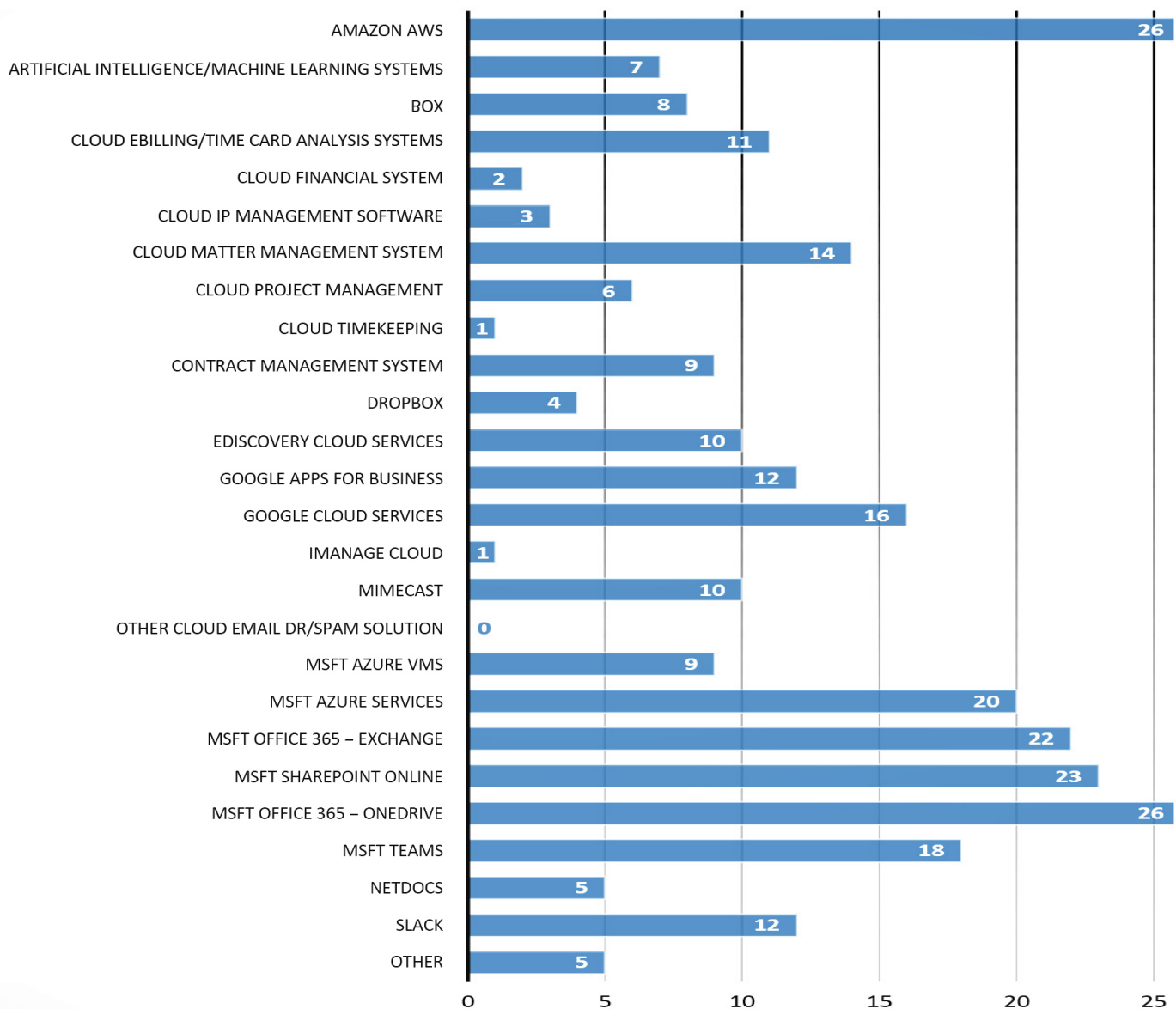
Fortunately, many cloud service providers allow organizations to decide in which country data is saved in order to remain compliant with national regulations. For example, the data privacy requirements in Germany have made it necessary for organizations to store data in German data centers.

# Cloud Usage

Cloud systems are heavily in use across almost all the responding organizations. Here are the top five cloud services used:

Cloud Service	Number of Organizations
Amazon AWS	26
Microsoft – OneDrive	26
Microsoft – SharePoint Online	23
Microsoft – Exchange	22
Microsoft – Azure Services	20

Cloud Usage – All Organizations



# Appendix

## Insightful commentary from survey respondents:

### How does your organization use the cloud?

“We not only do it, we require it. Security is far better, despite what law firms often think.”

“We have adopted the G Suite for business, meaning that our email and document storage (for working files) are in a Google cloud. We also use Box for long-term storage of files and for many customer-facing files.”

“Our IT organization is focused on running the business, not being in the data center or hosting trades (commodity services). Other than major financial/ERP systems, on-prem implementations are generally an exception to policy.”

### Should legal service providers ask for permission?

“As specified in the DPA.”

“Contact the client’s legal operations team 120 days in advance of planned move – online survey fine.”

“We have an internal process that we kick off with all vendors that do business with our company.”

### Notify but not seek permission?

“They should provide an annual summary of their data security approach and how they secure information (especially in their offices, which is more concerning than the cloud).”

“They would be completing a SIG lite style security review as part of nearly any engagement or subsequent audit.”

### What regulatory constraints does your organization face?

“The only constraints we’re facing are deletion requests and the ability to quickly manage them for GDPR and preparing for CCPA in a similar fashion.”

“Our organisation has offices in a number of countries that will not allow data to be moved outside of their territorial boundaries.”

“We are a government contractor, so we must adhere to their rules regarding cloud storage.”

# Words of Advice from Respondants

“It is one thing to get a client on board to consent to the use of cloud technology on matters, but it is another hurdle to get any counterparty and their lawyers to also upload their documents into the cloud to use innovative third-party solutions that create efficiencies on matters (e.g., online collaboration tools, contract analytics tools, expert logic platforms, etc.). This can often be a huge roadblock, particularly because there is no uniform acceptance on the use of cloud technologies among law firms and their clients (and there certainly needs to be). Without this, it will stifle the use of third-party solutions on-matter that can achieve time and cost savings through the use of cloud – the existence of innovative products is neither here nor there if they can’t actually be used on matter due to these hurdles.”

“If firm infrastructure results in inefficient or increased costs and risks of delivering legal services, it’s not likely to be a firm we are doing business with.”

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## About CLOC

CLOC is a 501(c)(6) nonprofit professional association. CLOC’s mission is to help legal operations professionals and other core corporate legal industry players (e.g., tech providers, law firms, LPOs, law schools) optimize their legal service delivery models in support of the needs of small, medium, and large legal departments. CLOC helps drive the evolution of legal operations through its members, law firm participants, and partners.

**CLOC Institute:** Largest global conference focused on the core operational functions for legal professionals.

**Thought Leadership:** Collaborating to help define industry standards across a variety of operational and legal practice areas through surveys, metrics, reporting, and forums for members and law firm participants to exchange ideas and best practices for success.

**Content Development:** No need to recreate the wheel. CLOC provides content for legal operations practitioners to develop programs and advance their maturity with resources designed by those with practical experience and expertise.

CLOC continues to guide and support the legal operations profession globally through its 2,000+ members, 300+ law firm participants, board of directors, and staff, while creating change and advancing the legal operations role across the entire legal ecosystem. For more information, visit [cloc.org](https://cloc.org).

# About Fish & Richardson P.C.

The world's leading innovators trust Fish & Richardson – the market leader in intellectual property law – to create, protect, enforce, and monetize their IP portfolios.

Fish offers a full range of IP legal services, including patent prosecution, counseling, and litigation; trademark and copyright prosecution, counseling, and litigation; post-grant proceedings at the Patent Trial and Appeal Board; and regulatory and government affairs. Our professionals serve a diverse range of clients of every size and in every industry, from startups to multinational corporations to world-renowned academic and research institutions. Established in 1878, and now with more than 400 attorneys and technology specialists in the U.S., Europe, and China, our success is rooted in our creative and inclusive culture, which values the diversity of people, experiences, and perspectives.

## Why clients choose Fish:

- We are experts in law and technology: Patent law sits at the intersection of law and technology; with more than 400 attorneys, agents, and technology specialists on staff—many of whom spent years working in the field before joining Fish—we have assembled a team whose formidable industry experience can't be found elsewhere.
- We keep our clients informed: We know that our clients frequently have questions about their matters; as such, we work with our clients early in the relationship to establish a regular schedule of briefings and respond to calls and emails promptly.
- We staff our matters efficiently: Our staffing models are customizable to each client (or even to each project), taking into account our clients' goals, budgets, and expectations.
- We offer flexibility in pricing: We treat our clients' money as if it were our own and offer alternative models that differ from the traditional billable hour, including budget per matter, fixed fees, blended rates, and monthly retainer.
- We modernize the practice of law: You don't often hear the terms "law firm" and "cutting edge" together, but at Fish, we use a variety of innovative tools and processes every day to streamline our practice.
- We integrate litigation and prosecution: As the top-ranked patent litigation firm in the United States, we have the unique ability to infuse the lessons learned by our court-tested litigators into every patent application we handle, giving our clients' patents increased durability and strength to fend off challenges.

With over 140 years of experience representing the world's most influential thinkers, makers, and doers, there are very few legal or technical issues that we have not handled. From our deep technical expertise to our innovative approach to the practice of law, it's easy to see why so many companies trust Fish to safeguard their intellectual assets. For more information, visit [fr.com](https://www.fishrichardson.com) or follow us at [@FishRichardson](https://twitter.com/FishRichardson).

