

BY JANE WISE

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How professors Larry Farmer and Stanley Neeleman parlayed an idea for automating legal services into the dominant document assembly system in the industry today, HotDocs by LexisNexis.

Created



M A R K E T

THE IDEA

1976



It was 1976. Bill Gates celebrated Microsoft's first birthday. It would be 12 whole months before Apple II hit the market. *Roe v. Wade* was three years old, and *Bakke v. Regents of the University of California*, the first affirmative action case, was moving up to the Supreme Court.

In the halls of the three-year-old J. Reuben Clark Law School, professors Larry Farmer and Stanley Neeleman were playing “What if?” with each other: “What if legal services could be automated and delivered via computer systems?” “What would that do to efficiency?” “How could something like that be designed and marketed?” “Who could utilize a system like that?”

It was a time when computers were expensive and not common to the firms and offices generating legal documents. But Farmer and Neeleman continued to brainstorm, and in 1979 they came up with a prototype for generating estate-planning documents on a computer. The program initially was a word processor that worked with a list-processing system to automatically prepare wills.

In 1980 Marshall Morrise, a computer scientist, was hired to develop the advanced software necessary to create more complex documents in estate planning, which eventually evolved into the CAPS program. He was the first to build a practice system using the original CAPS software. Larry and Stan's idea was to create an “authoring environment and an application environment” for practitioners—in other words, they wanted to make it possible for practitioners to have a dialogue with their computer in producing all kinds of automated legal services.

CAPS

Computer-Assisted Practice Systems (CAPS) was initially run from the Law School and

1980

its central computer system with Marshall Morrise and Vance Everett as programmers. Right from the beginning the programs were designed to ask the practitioner a series of questions, analyze the data received, and create a custom document. CAPS was shown to reduce the time required for the production of certain legal documents by 80 percent, although it was still being used primarily in estate planning.

But in order for CAPS to succeed commercially, the programmers would have to find a way to make the program workable for a personal computer. It had been designed to work with a VAX minicomputer (a small mainframe-like computer) on a network BYU installed in 1982 with a broadband cable snaking its way from the Harold B. Lee Library over to the Law School and that served other departments on campus as well. For those with access to the VAX, it worked well. Within the Law School, students could use the system to search for job postings, information about the computer system, and Law School general policies from the 30 workstations installed

But customizing the software to fit individual practices and the needs of a wide range of clients was still a challenge. Larry Farmer was invited to teach a computer seminar course at Harvard and was there for three years. He was instrumental in getting a CAPS system installed at the Legal Services Center, a poverty law clinic operated by the Harvard Law School and the Greater Boston Legal Service Center. It proved a great success, saving so much time in information gathering and legal document production that legal services became much more affordable for low-income clients.

THE CLASS

1983

In the midst of all of the CAPS work, Farmer and Neeleman started the first computer-based practice class for Law School students interested in integrating technology into the practice of law. It was 1983, and the idea for the class was to duplicate and then automate what lawyers do.

Mark Morrise, '82, helped with the first seminar that simulated everything, a far cry from the class today that prepares students

has participated on an ABA e-Lawyering task force exploring and presenting seminars on e-Lawyering topics.

Clifford Jones, '83, has been a law practice consultant for over 20 years; Peter Johnson, '03, developed a remarkably innovative application for patent lawyers that is being implemented in Advanced Bionics; Craig Miwa, '97, is now a software engineer on the HotDocs project at LexisNexis; Pattie S. Christensen, '97, is a practitioner/consultant; Jim Robertson, '96, started by managing LexisNexis practice systems consulting and is now with AccuDraft, a HotDocs licensee; and Jack Pate, '92, is a patent attorney who uses technology in his practice. These are only a few of the many students who found a niche in the legal/technology world introduced in Larry Farmer and Stan Neeleman's class.

CAPSOFT

1987

However, when the IBM personal computers came out, West Publishing Company withdrew their support and cancelled further development in the area. In 1987 Stan and

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in the Law Library. There were also four draft-quality printers and two laser printers hooked to the VAX. Faculty had workstations in their offices where they could type documents and send "electronic mail" to coworkers and students.

At this point CAPS also developed software for legal research and for training students and other legal professionals. Other universities with huge network systems jumped on board and established their own CAPS centers.

Already interested in developing practice systems, West Publishing Company came on board with money to fund the project. Its underwriting began in 1981 and continued through 1986. Once the Law School team of programmers and designers grew to 20 people, the CAPS project was moved off campus.

through hands-on work in class and projects at local law firms as implementers and designers. Many of the students received offers for positions doing document automation from the people they met while doing projects.

The allure of technology and the law has led many of Farmer and Neeleman's former students to forego traditional practice and work as technology practice consultants, application developers, legal software engineers, and practice system developers.

Blair Janis, '01, was offered a position at a law firm while a law student working on a document automation project for the Farmer/Neeleman class. That has led to working with other practice applications. He now speaks at various legal technology conferences and

Larry renegotiated a contract to commercialize CAPS into CAPSOFT.

CAPSOFT was born outside the Law School, with BYU retaining a royalty interest. Farmer and Neeleman continued to test and develop applications for its licensor, Matthew Bender. Matthew Bender sold it to Lexis/Nexis, and CAPSOFT changed its name to HotDocs.

HOTDOCS

1998

Now the dominant document assembly system in an industry that generates hundreds of millions of dollars, HotDocs is a system that displays a series of questions to the user. Some questions ask for client information and others ask for the practitioner to make decisions regarding language that should

be included in the document. Based on the answers and its internal instructions, the system will then insert the appropriate clauses into the document, fill in the blanks with the information the practitioner has provided, and adjust the text (such as gender-specific pronouns and changing verb tenses to agree with their subjects).

A great advantage to document assembly is that the system will automatically select and organize documents from its vast store of document clauses. Also, each piece of information—like the client's name—is entered only once, to be automatically inserted throughout the document.

Some advantages to the system include more complete and accurate first drafts, facilitated by the automated checklist that prompts the lawyer to think of issues or provisions that otherwise might have been missed in the first draft.

But the most significant feature of automated document preparation is simply the time savings: lawyers who use document assembly reduce their preparation time by 50 to 90 percent. This means service to clients is improved, costs are better controlled, a greater volume of cases can be handled, and profitability is increased.

WHERE DO WE GO FROM HERE?

Sylvan Morley, '99, took the computer seminar class his second year of law school. The class opened his mind to ways for using his law degree other than just the practice of law. For five years he was a consultant on office technology for HotDocs/LexisNexis and currently is the manager of contract administration for NetJets, Inc., where he negotiates contracts and works with Federal Aviation Administration guidelines—all because of HotDocs. He handles the technology side of the office, automating core business documents and overseeing an initiative to convert all contracts into an electronic format. The company is in the process of integrating their reporting database with the documents themselves.

To illustrate how he thinks the techno/legal world is going, Morley gives an example:

One attorney I met recently demonstrates for me a small glimpse into the future of technology in the law. He has gone virtually paperless, storing almost

all his documents electronically when they are received and then shredding the originals. He submits all his filings electronically with the court, digitally captures all depositions, and presents almost all of his exhibits in the courtroom via an indexed DVD and portable projector. He drafts documents using voice recognition, and he conducts meetings with government officials (he represents several county governments) via video conferences from his boat. He submits his court filings electronically and tracks his caseload using document management/case management software.

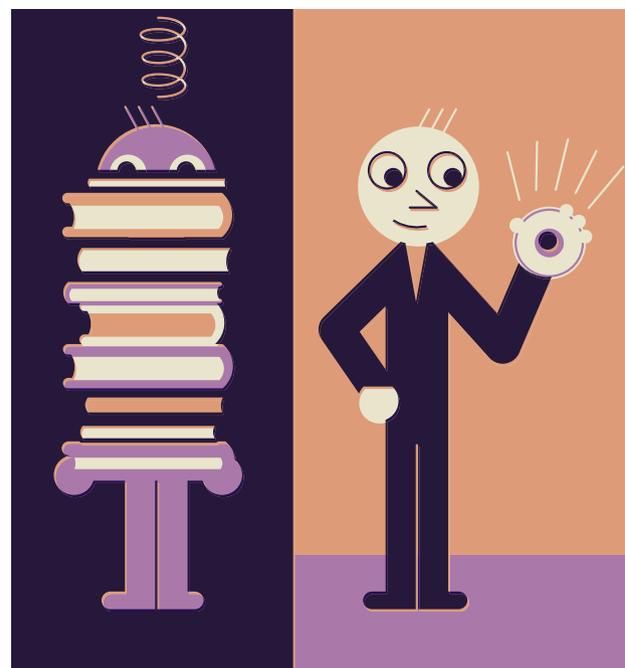
Although this just sounds like a story about a grown man who likes to play with his toys, this person has turned his solo practice with an office staff of one into an extremely lucrative practice. Significantly, he does all this while spending a large portion of his time with his family at home or relaxing in the Caymans.

Morley also notes that courts have changed their rules, paving the way for technology to enter in at the door. "Only a few years ago the Iowa State Bar made a licensing agreement with HotDocs, licensing it for all members of its bar. All court-approved documents are now accessible and submittable through HotDocs, because the bar invested a significant amount of resources programming court forms to make them available. I believe that the trend will be courts adopting technology that makes them more efficient and accessible."

Blair Janis, '01, who now heads practice automation for a 450-attorney law firm, sees legal technology innovations in three main categories. "First are the legal-practice applications, software applications that automate the practice of law. The most significant area right now may be the integration of document management, case management, and document automation.

"The second category is nonlegal specific software—applications not specific to lawyers but that can be used in their practice. For example, the use of PDF files is prevalent in the practice of law. New advances in the ability to work with these files has dramatically affected the practice of law: the federal court system requires PDF files for its e-filing system. Now document automation can integrate with Adobe and build PDF files that can be filed directly to a court.

"Finally, other devices and equipment like computers, laptops, PDAs, smart phones, cell phones, and other equipment lawyers use in



their practice continue to be improved and released at an incredible pace. My two-year-old laptop is already a dinosaur, compared to the new devices. These products are making it more and more convenient for lawyers to work efficiently away from the office. An intriguing new device is the new tablet PC, essentially a laptop computer with a touch screen. With the right software you can take notes directly on the computer as if you were writing on a notepad. You can then categorize and organize your notes any way you please."

Mark Morrise says, "I see the legal profession slowly but surely adopting technology in various areas such as desktop personal computers, fax machines, voice mail, e-mail, and, most recently, the Internet. One emerging area is on-line filing of documents, which is permitted by some courts and government agencies but will eventually become widespread. An area that is growing is on-line preparation of documents, which in well-defined situations can be a real benefit to consumers of legal services."

No, the men who created the market—Larry Farmer and Stanley Neeleman—do not own a portion of HotDocs, and even BYU no longer has any royalty interest. Yes, they have received awards for their innovation and service, but they reiterate that the best reward of all is seeing the story of how legal services and technology are coming together in the lives of their students.