



THE BUSINESS OF LITERA

BY JOE DAVIS

Litera kicked off the new year by announcing it had added Foundation Software Group to its growing roster of high-profile acquisitions. While Litera is primarily known for its document drafting tools, the company expanded its reach by adding Workshare and Doxly to the brand in 2019, and Best Authority and Allegory Law in 2020. Foundation represents its first foray into the business side of law.



Foundation bills its eponymous software as firm intelligence, bringing together data from financial and HR systems, lawyer histories and client profiles to create a snapshot of a firm's experience. 'Foundation is a modern platform that is tackling a critical problem but doing it in a very elegant way,' says Barry Solomon, Foundation's executive vice president.

Solomon has a history in the legal field as a practicing lawyer at Sidley Austin, a co-founder at Interface Software (the maker of InterAction, which was later acquired by LexisNexis) and as Sidley's chief marketing officer (CMO). It was during his CMO tenure that he realized that attorneys and firm staff 'needed access to information about matters you worked on, and the people who worked on the matters, and the clients for whom you did the work, and all these related parties. You needed to go to multiple places to get that information.'

He reached out to former Interface colleagues Nate Feinberg and Brett Balmer to encourage them to create software that could help to solve that problem. Solomon saw so much promise in that solution that he left Sidley to join what became Foundation.

Things moved quickly at his new company. In a few short years, Foundation's software had been embraced at leading firms and in 2020, the firm received ILTA's Business Partner Solution Provider of the Year award. This generated interest not only from potential clients but also from companies looking to acquire the hot start-up. 'Most thought that we would wait a while because we were just starting to grow,' Solomon says. 'We weren't looking to be acquired at all, but I think Litera recognized the importance of firm intelligence. They recognize this as something that is really existential to law firms.'

'Litera is a uniquely positive fit for us,' he adds. 'They share our values. They have a strategic vision that is consistent with ours, but which allows us to remain an independent business unit. They understand that small groups of people who are innovative can do great things, and they're not interested in screwing that up.' Solomon is optimistic that

being a part of a larger organization will accelerate the company's plans. 'In the past, we had to make choices and do things serially. Now we'll be able to do things in parallel. What we're looking at is: "how do we not miss a beat?"'

Acquisition playbook

Litera has made a name for itself not only for its document drafting tools but also for its skill in acquiring companies. 'Our strategy is super focused,' says chief customer officer Jody Cosgrove. 'We've got a playbook. We know how to integrate companies. We've done it enough that we've got it pretty dialled in.'

Cosgrove notes that since Litera developed a reputation as a serial acquirer, 'sometimes companies will come to us. Sometimes, we'll go shopping'. In keeping with her role, her view of evaluating how potential acquisitions will fit into Litera's offerings is focused on the customer. 'It has to make sense. It has to add value and it has to fit in with our objectives. If you think about these law firms in general, we all have similar issues. Your end users are trying to serve their clients, bill time, be more profitable and maybe even, at the end of the day, get home to see their family.'

We've got a playbook. We know how to integrate companies. We've done it enough that we've got it pretty dialled in

Judy Cosgrove, chief customer officer, Litera

Foundation's ability to aggregate data and make it accessible make it a desirable addition to the Litera portfolio. 'It helps to bring everything full circle and truly provide a full service solution to our customers,' Cosgrove says. 'Foundation is a leader in the space, with outstanding retention and customer satisfaction. They were a great fit for who we are and who we want to be. And it just takes everything up a notch. We are no longer just a point solution. We truly want to be a strategic partner.'

Let's extend where Litera starts

Litera CEO Avaneesh Marwaha has led the company's growth towards 'strategic partner' status since 2016. A former practicing lawyer, he also ran operations for Keno Kozie before private equity

investment firm Hg brought Litera and Microsystems together under the Litera name.

'We've been focused for a few years on document drafting and the work that goes around that,' he says. 'Over the last couple of years, we've added the focus of workspaces and how lawyers interact with each other and with their clients. And now with Foundation software, we're saying let's extend where Litera starts. Let's not focus on post-matter creation, let's be engaged in pre-matter creation work, and over time, tell a story that makes it a big circle of work. You shop for work, you create the matter, you do the work, you collaborate on completing the work, and then all that goes right back into the beginning of the pipeline. Can you make this really seamless way of allowing partners, attorneys, business development, operations and finance to kind of get a better sense of what's happening with their ecosystem?'

Marwaha views the Foundation acquisition as providing more than just another product to sell. 'We really need to have a story behind the acquisitions, and I think right now our story is that we can present good data at the right

place at the right time for our customers,' he says. 'Initially that data was just content from the DMS, but now we're saying data can be anything. We want to curate that data, with some intelligence behind it. The business of law for me gets into metrics, it gets into performance management, it gets into what's a good matter versus a bad matter. And when we talk to our customers who use all of our solutions, they're always asking us: "can you give us this data, can you find a way to bring this up or elevate this data to our forefront?" So that's the direction we're headed.'

Accelerate the storytelling

'You should always have your ear to the ground to see what's out there that we're missing that can accelerate future

Realising A Dream

Experienced iManage Solutions Provider seeks iManage Clients who wish to improve their implementation, leverage the full benefits of their system, and make their Partners and Fee Earners happier.

Ascertus offers a comprehensive service, putting the customer at the heart of its organisation. We deliver a high-quality service and develop long term customer relationships, which are underpinned by years of experience and proven expertise in iManage solutions.

Ascertus - Customer Success: First & Foremost

Ascertus takes a best practice-led approach to customer success. We offer an end-to-end change management program, starting from pre-sales engagement through to post-implementation support. This approach helps minimise and mitigate change-related challenges in firms, right from project inception.

Ascertus - Best in Class Support

Ascertus is recognised for its superior iManage support services. Year on year, the company scores top ratings for client satisfaction in iManage's independently conducted customer survey.



"Ascertus displayed great eagerness to understand our requirements and suggest approaches that would solve our problems"

Jurian Hermeler, ICT Director at NautaDutilh N.V

Ascertus - Highly Experienced & Skilled

Ascertus is one of iManage's largest, most longstanding, and indeed successful implementation and support partners for both on-premises and cloud deployments. We provide timely, seamless access to a knowledgeable and expert product team that has proven experience of implementing and supporting the solution in many law firm and corporate legal department environments.

Ascertus - iManage Cloud Excellence Partner

Ascertus has been awarded the iManage Cloud Excellence Partner status four years running. If you are considering the move to the iManage Cloud you will not find a safer pair of hands to help you on that journey.

Ascertus - A Viable Alternative

Change can be for the good. For an iManage partner who better meets your requirements get in touch now.

Interested? Please apply here:

www.ascertus.com/success or email us at contactus@ascertus.com



organic growth,' Marwaha says. 'And Hg has been a really good partner in the sense of always questioning: "hey, you're building this, is there a way for people to buy something that can accelerate the storytelling and respond to that one customer's demand?" And so, when we have 10 customers demanding something or 20 customers demanding something and you're building it, it's going to take you a year or two to get it out, or two or three years to get it out. That's a good time for a smart investor to say: "hey, should we go look at what's available, is there a place for us to really accelerate this?" And then as a team we go out and solve that problem.'

Litera is now at a point where the company needs less of that direction from the investment group, 'because it's so innate in our business, having done this now for four years,' Marwaha says. 'From the top down, people are always thinking: "hey, there's this new product out there, should we go look at it?"'

Marwaha also says that in the past few years, the number of start-ups in the legaltech space has increased, and so has the acquisition rate. This means Litera needs to have an understanding not only of its competition and the new players in the space, but also an accurate picture of its own internal development capabilities. 'It's really about challenging the executive team to look outside the box and then reduce the ego and admit that someone may have built it better than you already,' he says. 'Why try to compete? Why not try to ask if we can work better together, whether that's through partnership or new acquisition?'

Despite Litera's consolidation efforts, internal research and development is still alive and well at the company. Marwaha's approach is to 'look at our own innovations in the R&D pipeline and ask what customers want from us today and determine how long it is going to take us to deliver. If that seems like it's a long way away, then we look at the market and ask: "are there really good, smart, innovative businesses out there that have really good customers, that already have good brand awareness?" Should we have that conversation and say: "together we can move faster because we have the customer base to take this on today?"'

'I'd say we grow as a business organically 20% on our ARR (annual recurring revenue),' Marwaha says. 'The acquisition side—we can't bet on it. You can't guarantee that you're going to find companies that are willing to sell.'

We feel like we're the brand that's going to be one of the few that drives our industry forward

*Avaneesh Marwaha,
chief executive officer,
Litera*

Building on the Foundation

While Litera executives are not able to discuss their future acquisition plans, Marwaha believes that the company will continue to grow its offerings for the practice of law. 'The one thing that I'm very clear on with our customers is that Litera's not a big fan of dabbling in something,' he says.

When the company enters a market, it looks to be a leader in that segment as quickly as possible. 'A good example is transaction management,' he says. 'Within 45 days of acquiring Doxly in August 2019, we became the leader in that category in a place we weren't playing in prior to that. Litigation is a space we've

just invested in as of Q3 of 2020. That's another area where a lot of opportunities exist in R&D innovation and acquisition. And in the document world there are still great ideas coming up. I would say all of our threads are available for our own innovation but, again to accelerate for the market, we don't like dabbling in stuff, we really want to be seen as a brand that takes a thoughtful approach to become a leader in the category. So, if you ever see us broaden our story, you should quickly have confidence that we're going to really dive in and have a clear vision and view of that space.'

Marwaha is keenly aware that 2020 was a challenging year for many of Litera's clients. 'I think we got lucky,' he says. 'We didn't stall last year, we kept growing, we kept investing in our business. I think when customers come back and look at us this year, they'll see a brand new Litera that's done a lot in the last nine months. We feel like we're the brand that's going to be one of the few that drives our industry forward.'

Joe Davis is the manager of knowledge management solutions for Davis Wright Tremaine. He has spent over 20 years in legal technology at law firms, in the corporate legal space, and at legaltech start-ups. He is a frequent speaker and author on a variety of legaltech topics, including artificial intelligence and enterprise content management. Prior to his IT career, Joe was a teacher, an entrepreneur and a DJ in a flea market. Follow him on Twitter at @josephpdavis or email him at joe@josephpdavis.com

