

Electronic conveyancing: the future has arrived

With a wide range of software now available to reduce the administration time - and therefore cost - of conveyancing, solicitors who resist the lure of the latest technology may well be left behind

Even as the latest technological innovations continue to streamline the most common day-to-day processes used by most law firms, a wealth of paper documents and complex processes still remain the norm for many. All of that, however, is rapidly changing, as electronic conveyancing is increasingly becoming the "gold standard" for the industry.

There is no longer any debate about how important this technology will be for the UK conveyancing market. Given the current state of the economy, many firms are being forced to make redundancies, and – even for those firms that aren't – there is a strong focus on finding any tools that can streamline key processes and boost overall efficiency. As such, the widespread adoption of e-conveyancing is going to happen, it needs to happen, and it is in fact happening right now.

At the forefront of the latest developments in technology for the conveyancing market is the Legal Software Suppliers Association (LSSA), an organisation which represents most of the leading UK suppliers in this area. The LSSA not only sets and maintains professional standards within the legal software industry, but also manages areas of mutual interest between lawyers and software providers. By working closely with a number of legislative bodies – including the Land Registry, the Legal Services Commission (LSC) and the Law Society – the LSSA is committed to developing clear channels of communication so that law firms can gain the maximum benefit from their selected software solutions.

The LSSA also works very closely with PISCES, a non-profit e-commerce organisation that develops and maintains an open global industry standard for property related data exchanges. By using PISCES-compliant XML to share this type of data across the entire industry, it would be possible for a diverse range of case management applications to communicate easily with other software solutions and complementary services being used within the conveyancing process.

"The benefits of the new conveyancing technology and initiatives like PISCES will extend far beyond the obvious reduction in physical paperwork and delays associated with exchanging documents," says Dominic Cullis, Chairman of the LSSA and managing director of the specialist e-conveyancing software provider Easy Convey. "Increasingly, solicitors will need to communicate electronically with a number of different parties who are involved with the home buying and selling transaction, instead of just one single client."

Of course, the formation of these new relationships will take time to cultivate, which is yet another reason why time is of the essence when it comes to embracing new technology in this area, according to Cullis. As e-conveyancing really begins to take hold, estate agents, law firms, lenders, home inspectors, and so on will all need to be onboard and communicating effectively. The benefits for the most established firms in this area will be substantial, since any new players entering the market will find it difficult to disrupt long-term business-to-business relationships.

"There will always be room for 'old-fashioned' methods of communication, and I'm not suggesting that every law firm suddenly turns into an army of robots," Cullis says. "However, the importance of electronic data transfer cannot be overstated. The time-critical nature of HIPs, for example, and of today's home buying process generally, have really lit a fire under the traditional way of doing things, and have transformed electronic communication from a *nice-to-have* into a *need-to-have*."

Doug McLachlan, Commercial Director at LexisNexis, agrees. "The question isn't *whether* law firms should be doing something to prepare themselves for electronic conveyancing – instead, it is *what* they should be doing to prepare," she says. LexisNexis is both a leading global provider of business information solutions and also a member of the LSSA. The Company's recent acquisition of Axxia, a leading provider of software solutions for the legal sector, has enabled it to offer a full suite of practice management solutions to medium-sized law firms.

"In order to make the most of electronic conveyancing, law firms will need to invest both time and energy towards implementing new internal procedures, routines, and systems," McLachlan says. "As a result, there will be new skills to learn – new computer systems,

staff training, and probably some teething problems to cope with – but all of these factors can be dealt with much more easily if e-conveyancing solutions are implemented to prepare for – rather than as a response to – this rapidly changing market."

Matthew Price from Select Legal Systems tends to agree. Select Legal, another LSSA member, is one of the UK's leading legal software systems suppliers, and has been providing integrated legal software, practice management and case management solutions to legal practices since 1993.

"Some firms continue to delay their implementation of e-conveyancing because they claim that the future is still too ambiguous. However, in order to address this concern, solicitors simply need to find an e-conveyancing technology partner that is committed to evolving as required in order to meet the ever-changing demands of e-conveyancing," Price says. "That shouldn't actually be very difficult. After all, it is in the interest of the technology supplier to meet legislative changes, technological changes, and indeed the evolving needs of the client."

Although this type of "future-proofing" is important to consider, Cullis offers an example of how the latest technology can be used to exploit a largely untapped market right now, through the production of Home Information Packs (HIPs). Here, technology plays an especially important role, as the need for a fast turnaround in this area makes the exchange of information between different parties especially time-critical.

Thanks to online "HIP wizards", solicitors can now build their own HIPs in-house both quickly and easily, rather than outsourcing them and paying a HIP provider to collate all of the information on their behalf. This fresh approach to HIP production provides a simple solution for the growing body of solicitors who have decided to provide HIPs directly to their clients, and/or who are receiving referrals from estate agents looking to hand over HIP production to local experts.

"For law firms looking to boost revenues by producing HIPs in-house, technology can certainly help them to cement this role," Cullis says. "Not only will online HIP Wizards help firms to earn additional revenue, but they will also allow solicitors to work more efficiently by making the information gathering process faster and easier to update.

Plus, if government regulation changes or if the buyer prefers to have a personal search rather than an online search, the HIP Wizard can be adapted as necessary."

Clifford Smith & Buchanan, based in Lancashire, is one of many firms to prepare HIPs in this way. The firm uses the latest software to create a comprehensive HIP based on information that solicitors can already access easily.

"Being able to manage the whole HIP process ourselves, without the need to involve a third-party supplier, means that we effectively become a one-stop shop for our clients, and can therefore save them time, money, and effort," says Alan Riley, Clifford Smith & Buchanan. "The software that we are using allows us to produce a very professional-looking document that is branded with our name and logo, and which is very much in keeping with our image. Plus, we can produce these HIPs with amazing speed, which is an important consideration given of the current economic downturn, as now more than ever, we need to ensure that all of our staff are operating at optimum efficiency."

The reason behind this extraordinary speed is the software's ability to import all of the documents that are needed to produce the HIP, no matter how they have been generated. For example, searches and Home Efficiency Reports that are received as email attachments or downloaded from web sites, as well as scanned guarantees supplied by clients, can all be imported and saved directly into the firm's electronic case management system.

"Electronic HIP production gives law firms the ability to become independent HIP providers to any number of introducers, which will lead to greater revenues, as well as a higher profile within the industry," Cullis says. "Most law firms are doing up to 80% of the work needed to produce HIPs anyway, and so it seemed like a logical step for them to produce the entire HIP in-house, by themselves."

Although the use of technology to produce HIPs may not be all that surprising – HIPs are a relatively new phenomenon, after all – the fact that HM Land Registry (HMLR) has implemented its own solution for online submissions may come as more of a surprise. At the moment, HMLR is piloting an online portal that provide the means for submitting documents such as re-mortgaging applications electronically. The downside of this

system, however, is that law firms using this service need to re-key all of the same information over and over again, each time they make a new online submission. The good news, however, is that the LSSA is currently working very closely with HMLR to ensure that the next generation of its business gateway solution will offer similar benefits to that of HM Revenue and Customs (HMRC).

Unlike HMLR's stand-alone online portal, HMRC's Stamp Duty Land Tax (SDLT) Online Service already allows for easy integration with third-party case management software. With nearly 60 percent of all SDLT returns now being made online, more than 15 percent of these are now being made by third-party suppliers. As such, the HMRC system has met with widespread approval from the conveyancing technology market, and further work is already underway to continue the trend towards the electronic lodgment of documents.

As such, going forward, firms will have a choice to make: either tapping into stand-alone online systems – and then having to enter and re-enter the same information over and over again – or using Case Management software that actually integrates with HMRC's (and eventually HMLR's) business gateway, thereby reducing submission times to less than two minutes.

With this technology, if a solicitor submits a return online, he will automatically be sent a Land Transaction Certificate (Form SDLT 5) electronically, saving both time and resources. The certificate is sent by return of e-mail – instead of waiting around for the post – and can then be printed off and sent to the relevant land registry, which registers change of ownership.

Easy Convey Ltd, another LSSA member, is one of a limited number of external companies that have been recognised by HMRC to provide conveyancers with a secure method of sending SDLT returns online in this way. The Company's Conveyancing Administration Software Application (CASA) allows forms SDLT1, 2, 3, 4 to be completed online, whilst forms 5 and 60 can be printed and submitted to the Land Registry.

All of the printed SDLT forms, as well as those submitted electronically, are pre-populated where possible, with all of the relevant information required (using data previously gathered as part of the conveyancing process). With CASA, approximately 75% of the electronic SDLT return is automatically completed, leaving mainly “yes/no” answers and some codes to be selected from drop-down lists, saving the user from having to enter the same data over and over again.

As all of these examples show – especially given today's modern 24/7 world – converting paper processes into easy-to-use electronic services makes perfect sense. Without a doubt, the use of technology in this sector has transformed traditional paper-based conveyancing into a faster, more efficient service. As a result, what used to take weeks to process has been shortened to minutes.

As the popularity of e-conveyancing continues to grow, the LSSA is gathering further momentum by forming partnerships with organisations like the E-Homebuying Forum, an industry body that has been created by the leading companies in the mortgage lending, property searches, conveyancing and legal IT sectors. Because organisations like these work closely with the Land Registry, the Ministry of Justice, and the Department for Communities and Local Government, they are playing a key role in the expansion of e-conveyancing technology, and also helping to influence policy development by promoting the ideas, innovation, and experiences of the private sector.

"Clearly, conveyancing technology allows for massive gains in productivity, and a leaner, more streamlined operation for the law firms that are using it," according to Select Legal's Matthew Price. "The future for this industry only points to more advanced technological developments, increased competition, and a greater emphasis being placed on communication, which means that solicitors need to act now if they don't want to be left behind. If there are firms out there who still don't feel ready to embrace change and all that it entails, they need to be aware that a lot of their competitors are."