

HIPs – the legal market's technological exoskeleton?

Written by Richard Hinton.

For the last 10 years or so the fragmented nature of the conveyancing market and the apparent distance between the conveyancer and the seller's legal purchasing decision has been exploited by estate agents and panel managers. Consequently they have successfully channelled conveyancing instructions to their own panels and of course to their own advantage.

Law firms now look at the intimidating £millions being spent by estate agents and giant corporates squaring up to fight an attritional war in the new field of HIPs. They can be forgiven for thinking the future looks ever more bleak - with the prospect of the unfettered client becoming an endangered species.

And yet for some, perhaps the picture isn't that stark.

The HIPs battleground

If HIPs are to be the new battleground on which sellers (and buyers) will be won and lost, then some of the HIP offerings out there that have been designed to dovetail with conveyancers could be the 'exoskeleton' the profession has desperately needed. In the right hands and with the right ambition they could be used as a tool to correct the structural imperfections which have previously been exploited by third parties.

This isn't a macro argument that suggests the specialist Pack providers are going to have to retire with a bloody nose – far from it. The problems of scalable delivery persist for the industry and leave the field wide open for new entrants - but it is a fillip for law firms using those models that either value the independent role of the conveyancer or by way of extension, allow a conveyancer to manage the whole HIP production process.

This view is based on the central tenet that a HIP is nothing more than a gateway to a house move and a house move is going to continue to rely on the harmonious interaction of estate agent and conveyancer. If a HIP proposition allows a conveyancer to step up and provide a HIP on at least a comparable basis to that of its competitors, then the real strengths of a good conveyancer's proposition are left with a clear run to the finishing line – and ultimately the agent's bottom line.

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It also critically, leaves conveyancers in an excellent position to build the links through from HIP to conveyance, possibly bridging with some form of supplemental detail around the Title and an interpretation of the search results.

Generic HIP Models

There are two principal models.

The first is effectively an outsourced managed service which allows the user to specify their own component suppliers. A conveyancer can either take the solution to the agent with themselves as the Legal Component Supplier or an agent using the service can specify whom the Legal Component Supplier should be. In both cases the actual instruction, assembly and publishing of the HIP is managed externally.

The second is a purer technology solution which effectively provides the technological infrastructure that allows the user complete control over the HIP production. This wholly owned solution places the conveyancer 'on the bridge' as it were, managing all aspects of the commercial relationships (including fees, SLAs, panel composition and allocation etc) using a supplied technology platform. This probably needs a larger management overhead but gives rise to a more flexible, better differentiated solution.

Both these models are almost certain to have funding and fulfilment services available with well defined online interfaces. They will be hosted solutions with all issues around security, scalability and resilience dealt with as part of a transaction fee.

A third option would be to work with agents using one of the propositions that creates a HIP without any involvement of external conveyancers but doesn't then seek to control the subsequent conveyancing referral – but this doesn't change the current market dynamics.

How to choose?

The choice of model probably comes down to a firm's risk / reward appetite which is probably a function of a firm's market position and its relationships with potential introducers. Paradoxically, it may be that conveyancers who have avoided building large operations on the back of intermediary-introduced conveyancing find themselves best

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placed to develop relationships with agents. There remain however some important technological requirements for conveyancers:

Firstly, no conveyancer trying to supply a legal component to a HIP in either of the two models above is going to do so successfully without some workflow that automates the procedure. They are going to be operating in a hugely time sensitive environment (if you thought agents were pushy on conveyancing – wait until you're holding up their HIP!) and dealing with volume. These, with a relatively simple process thrown in are the foundation stones of case management. Anyone aspiring to provide content using a manual process isn't going to feature in any but the most niche of agent's plans.

Such workflow (or 'HIPIet!') is going to automate the inception of an instruction, understand its source and possibly its content (where the model allows for different types of Pack). It will instigate requests for data from third parties as necessary (Sellers information and searches) and allocate tasks to internal teams. These tasks then are captured within 'to do' lists with suitable escalations, prompts and use of robots. The HIPIet will provide a full audit trail and publish Management Information.

Secondly, this workflow is going to have to be based upon the forthcoming PISCES schema that have been devised for the HIP environment. Law firms are going to be well advised to adopt these. The schema uses xml as the format and consequently law firms should ensure their case management suppliers are up to the challenge (xml capability is a racing cert for the world of e conveyancing in any event).

Thirdly, law firms are going to want to be able to seamlessly move a case from its 'HIP form' into their case management system but beyond this, it's probable that they themselves will need to be able to panel out the instruction to other law firms. It isn't likely that a conveyancer can manage all the conveyancing associated with the HIPs they have supplied so there is a happy scenario in which law firms use technology to panel instructions to fellow professionals.

Some solutions will incorporate both this HIPIet dimension and a panel management tool within their proposition whilst others will leave the law firm to build the complete picture.

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Summary

The introduction of HIPs is certain to send shockwaves through the profession but there are real positives. Technology per se isn't going to be a defining requirement. Packaged technology supplied by major players, available off the shelf, is going to be the conduit for the delivery of professional services to the seller at the point of instruction. Conveyancers can just as easily use these packages as anyone else (more so with their ability to add interpretive elements and manage the significant minority of exception cases). Consequently they can use this as a Trojan horse to effectively inveigle themselves in the process from the outset and bind themselves to the subsequent conveyance which remains a key driver for much of the estate agency market.

The successful won't be those with the greatest investment in technology. It will be those who have sourced the HIP platform which best suits their ambition, integrated with it and who crucially, have best sold their services into their introducers – be they estate agents, mortgage brokers or developers.

Most of these solutions can be accessed from the Association of Home Information Pack Providers website – www.hipassociation.co.uk.

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Visualfiles is the leading supplier of case management technology to the legal marketplace. It was awarded the Queen's Award for Innovation in 2005 and has been one of the Sunday Times Best Small Companies to work for in each of the last three years. The business has jointly developed the HIP application that is in use with First Title and is available as a technology platform to the whole market.

Clients include 4 of the UK's top 5 lenders; several major Utility Companies; the largest conveyancer in the UK and nearly half the members of the Direct Conveyancing Association as well as several hundred regional and local law firms.

Article published in the Internet Newsletter for Lawyers by Delia Venables.

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