

How technology drives law firm modernisation

Report



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Legal professionals will most certainly look back on COVID-19 as a dividing line between the way they used to do things and the way things are done now. Hybrid work environments are colliding with ever higher client expectations and more complex matters. Law firms are turning to technology and a learning mindset to enable lawyers to do their best work and serve clients effectively.

So what are legal professionals and law firms doing to move effectively into the new era? Embracing legal technology is a big part of the answer. According to partners in the UK, as reported in the Thomson Reuters Institute's State of the UK Legal Market 2021 report, the top two areas firms should be investing in are technology, by an increase of 75%, and innovation, by an increase of 76%. Moreover, this sentiment was mirrored by corporate counsel where 89% of UK general counsel felt it was important for their law firms to explore more innovative ways to use technology. And 95% felt it was important for firms to be investing in more innovative ways of knowledge sharing.

Increasingly, firms are understanding that despite initial costs, investing in technology and tools can help them attract and retain top talent, protect their institutional knowledge when people do leave, provide even better service to clients, and ultimately drive greater revenue and profits per partner.

Attract and retain top talent: remote and hybrid work

Law firms are working hard to attract and retain top talent. For many, that means evolving their culture to be more supportive as associates get up to speed and shift the dynamics that require unending working hours for lawyers at all levels. For most, COVID-19 required organisations to rethink their ‘presenteeism’ expectations and make it more acceptable for employees to work remotely. Moreover, some companies and law firms are already considering adopting the new working patterns longer term.

No matter what the working location, lawyers are feeling the pressure to keep up. They need new ways to be agile, improve client service, and update old processes. Relying on a colleague down the corridor to have the answers is not sustainable.

According to the State of the UK Legal Market 2021 report, almost two-thirds of stand-out lawyers (65%) said that remote working has had a positive impact on their well-being, which was higher than the global average. In total, 86% of UK stand-out lawyers would like to change the way they work moving forward (higher than global average of 77%). In fact, on average, these stand-out lawyers would like to:

- work remotely at least two days a week
- see a 10% reduction in working hours (indeed, 34% are willing to reduce their compensation in exchange for less work)
- utilise more flexible working arrangements, which is marked by the ability to have different start and finish times each day and/or spread hours across the day (half of those surveyed wanted this)
- Consider going part time (14% said they would)

And if their law firms can’t make this happen, almost one-third of senior lawyers suggested that they would leave the firm within the next two years. This creates a huge challenge for leadership as they try to balance their lawyers’ desire for greater flexibility and reduced hours with the need for more off-the-clock investment to better understand clients’ business goals.

Working efficiently and effectively from anywhere

Firms that want to retain their talent and attract new hires will certainly offer at least hybrid if not fully remote working options. “I think firms are going to naturally be a little more flexible for the foreseeable future”, says Matthew Linder, a lawyer at White & Case. “This autumn we’re doing two or three days in the office and the rest remote. I like that approach because it does give me more time to attend to important things in my life — like seeing my kids more before they go to bed.”

As they move out of crisis mode, though, firms will also need to find ways to evolve the tools available to legal professionals. This will help them work even more effectively, from anywhere, without unnecessary manual effort, wheel reinvention or trial and error.

Tools to get up to speed

At the same time law firm employees were working remotely, clients were also working remotely – and their needs shifted as well with some practice areas seeing spikes in demand while others slowed considerably. This led to lawyers at all levels flexing between practice areas to help colleagues and clients. They were often learning as they worked.

Most formal training programs migrated to online presentation platforms like Zoom, but informal coaching and mentoring has been harder to replicate. The move to permanent 'hybrid' work set-ups might create more opportunities for mentoring and coaching, but many people will still be working on their own.

Finding tools that can be trusted

For many lawyers, the go-to resources for solving a new challenge have been search engines and colleagues. Search engines give them lots of answers, but with no filter as to what the best and most useful approach is. Colleagues might now be available on firm chat channels, but they aren't necessarily right down the hall to brainstorm.

Some legaltech providers anticipated these challenges and have developed tools that work as easily as asking a question of a colleague or search engine but deliver much more powerful answers.

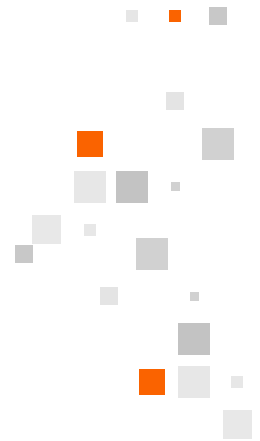
Small law firms have the added constraint of fewer people to work through highly manual or repetitive tasks. Ben Kwan, Managing Partner at Haller Kwan, relies on sophisticated e-disclosure platforms to manage the sheer volume of document review for his cases. "I appreciate having a tool that organises massive amounts of discovery and presents it to me in a user-friendly way. The advent of these cloud-based tools really does present the possibility that lawyers can work from home efficiently and successfully in firms of any size. I don't need to call a meeting and load up a conference room with documents because artificial intelligence supports this process, in the cloud."

A shifting culture

With lawyers constantly growing their skillsets and tackling new types of matters and challenges, firms are working to create a culture of continuous learning. Interestingly, Thomson Reuters Market Insights reports that many firms have found that the pandemic has served as a needed reminder of the importance of creating an intentional and supportive community for lawyers and staff. Indeed, a number of firm leaders commented on how the shared experience of the pandemic has actually strengthened their firm cultures.

The right tools can support that culture, especially when the tools are easy to use. Not only that, the tools need to be easy to find. "The tools that I use the most are the ones that are easy to find and that work across multiple devices", says Linder. "There are things I discovered years into practice at my former firm that would have cut so much time off particular assignments. If I don't know about it and have to go through a complicated log-in process, it's of no use to me."

New lawyers will benefit from highly curated wisdom from seasoned lawyers to show them where to start. More experienced lawyers can confidently take on new types of matters and deliver exceptional service. When lawyers have access to tools that deliver trusted answers to complex questions, quickly, everyone benefits: the lawyer, the firm, and the client.



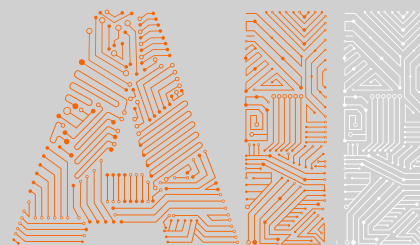
Legal tech: Technology for all

Legaltech has exploded in the last five years, with more and more companies seeing the potential to help legal professionals automate routine tasks. This automation gives people more time to focus on strategic client work rather than repetitive, low-value tasks.

The most powerful legaltech innovations use at least some artificial intelligence. Where technology 1.0 simply digitised manual tasks, tools informed by machine learning take best practices learned from other peoples' trial and error and seamlessly apply them to what you're working on.

So what does that have with learning new legal skills? It means that you can have an army of wisdom informing your work — helping you understand an assignment quickly and applying insight that helps you move forward on your specific task.

Today's more intuitive, user-friendly tools aspire to support a lawyer's workflow rather than forcing new processes or ways of thinking. And when you do update your process or way of thinking, the tools can support you rather than needing to be swapped out or reinvented



Protect institutional knowledge

Law firms began seeing the opportunity to turn personal knowledge into institutional knowledge in the 1990s. They started by investing in document management systems so work product was available across the firm. Then legal knowledge management tools came on the scene, making it easier to find relevant work product and even serving it up in the context of a legal professional's current task.

The emergence of these tools came as law firms were seeing unprecedented lateral moves by associates and partners, and as forward-looking management committees, for succession planning, could see the impending departure of retiring baby boomers. It became critical to preserve the actual work product aligned to a client and to make it easier for anyone in the firm to master certain types of tasks or matters. Law firms clearly see how much risk there is in having key knowledge and capabilities locked up with individuals who may leave or retire.

Improved onboarding and firm training

Often knowledge management and training have focused on helping associates learn a firm's particular way of doing things. New trainees come out of their legal practice course understanding how to think like a lawyer, and then firms — especially the largest ones — teach them how to actually practise law according to the firm's best practices and style.

Some major firms take it even further than teaching a particular method or approach. They systematise matters so that everyone follows essentially the same process to deliver exceptional client service efficiently and consistently. For instance, international law firm Seyfarth Shaw has adapted Lean Six Sigma to its legal practice. Legal professionals there use hundreds of legal and operational process maps as well as automation tools and collaboration platforms that reduce manual effort.

Seyfarth Shaw's model is labour-intensive and required a commitment to change up and down the firm. In many fast-paced legal environments, lawyers may learn the firm-prescribed way of approaching a matter from one or two busy mentors — passed down verbally with a few model docs to demonstrate the message.

Benefits for seasoned lawyers and associates

Relying on detailed, documented processes for key matters and projects also helps with succession planning. Firms may be looking at retirements at the top or simply at rotations between practice groups. Either way, it's a lot easier and more appealing to anticipate changes like these when people don't have to start from scratch when they take on a new type of client or matter.

Process maps and clear guidance on best practices aren't just helpful for more seasoned lawyers moving between practice areas. They also help new associates get off on the right foot and start delivering billable work more quickly. Especially as informal opportunities for guidance and coaching are harder to facilitate, documented guidance will be critical to helping associates grow.

Improve processes and workflow

It is important to be thoughtful about which processes to automate and map. Kwan warns, "There's a piece of tech for everything out here." Kwan has worked in large law firms and is now a partner in a small firm. "You could go crazy implementing tech only to find that nothing is truly improved. The real trick in any of this is taking time to step back from all the work you do — big picture and little picture — look at your process and workflow, find your pinch points, and then ask yourself if there's tech that can help."

Being intentional about continuous improvement and empowering lawyers to address outdated process can also support firm retention efforts. Kwan notes that even in big firms where lawyers feel like they are fitting into an entrenched process, there are still opportunities to improve workflow and the process. "Taking stock of those workflows is really the first step to identifying where a problem might exist and how technology might make things more efficient or automated", Kwan says. "That exercise is also critical to lawyer well-being. I think a lot of lawyers could look at all the work they do and take a big step back and realize they've been spending years trying to reinvent the wheel when they could have been building on an already strong model."

Better serve clients: efficiency

New tools can significantly improve efficiency as legal professionals complete a client matter. Most firms have found, though, that these tools need to be easy to learn and to use. If it's too disruptive or different than the existing process, it's easily dismissed. Many would rather stick with what they know, even if it's admittedly not perfect, rather than invest too much time and effort into learning something new.

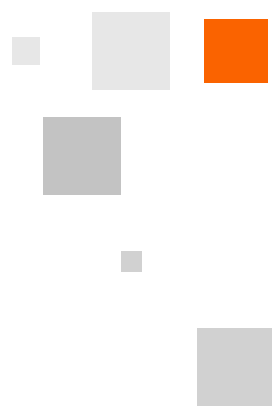
In other words, if it isn't really broken, I'm not going to fix it.

The pandemic certainly revealed a lot of processes that were broken enough to need fixing in law firms. Physical cheques and invoices became unworkable when no one was in the office to write cheques or open the mail. With that, more and more firms started taking credit cards. Similarly, people who thought business could not be conducted effectively over video conferencing got very comfortable connecting online.

Give clients what they need when they need it

Legal professionals have shown they can work effectively from home and in some cases prefer to do so, at least some of the time. At the same time, clients have really taken to remote meetings. They know most lawyers aren't commuting to an office, and most of them aren't either. "Video conferences are the new dial in," says Linder. "Legal is a very service-oriented profession and we want to be available to our clients. We can accommodate their meeting schedules efficiently, and because video conferences are an effective medium, we can save them their commute."

That level of availability is more important than ever. A recent legal consumer survey showed that most consumers with a legal need act on their issue quickly — 56% do so within a week. And when they come to their lawyer looking for support or guidance, they want a quick response.



To a large extent, the downturn in legal work for law firms in the first half of 2020 was a result of corporate clients facing crisis management work that had to be handled internally. Addressing these pandemic-related crises placed a huge strain on in-house resources. Many of the 'business as usual' matters corporations generally outsource was delayed. According to the Thomson Reuters Institute's 2021 State of the Legal Market report, usual business activities are likely to return to more normal levels and outside counsel spending will inevitably increase. Still, it is likely that pandemic-related budget pressures will continue to cause clients to drive efficiencies and seek more value for their outside legal spend.

In this environment, law firms will want to have access to tools that help them deliver exceptional value with every billable minute.

Better serve clients: strategic advantage

These cost pressures are coupled with the consumerisation of business-to-business work. That is, people expect the same level of sophistication and ease-of-use from work tools and interactions that they experience with personal banking apps and social media. Clients gravitate towards firms that address their needs in a modern way.

A change in practice area demand can pressurise clients to modernise too. For instance, according to the Thomson Reuters 2021 UK Small and Medium Law Firm Market report, there was a prediction from the previous survey that overall demand for employment, litigation/dispute resolution, private client, and commercial transactions would experience an increase. Of the respondents, 64% of MLFs and 58% of SLFs said these predictions were borne out (with a further 17% and 11% respectively saying the predictions have been somewhat borne out). It was also reported that where clients themselves are under pressure, they are seeking increased levels of support from their legal advisers.

Often, being able to serve clients effectively means being clear about what you can say yes to and what you need to refer to another lawyer or even another firm. Having access to powerful tools and technology helps lawyers say yes to more matters, even when they are outside their exact area of expertise. With the right tools, a lawyer can instil confidence in a client even when the matter presents some unknowns. That's powerful agility.

Better serve clients: case strategy, revealed in data and graphics

A picture is worth a thousand words, but until now getting a picture to tell a data-driven story about a legal matter has been time and cost prohibitive. Now, new tools available to lawyers quickly demonstrate a point to influence a client or opposing counsel. Thomson Reuters® Practical Law provides actionable data on market practices to help lawyers advise their clients on how to approach a matter, and how hard to negotiate specific points in an agreement. Adding such data will make for a powerful presentation to your clients.

People learn and are moved by stories and images. Every data point has its unique set of stories, of course. Lawyers have been collecting these stories, trading them with colleagues, and repeating them to clients for generations. New data visualisation tools make it easy to show how their anecdotes and earned wisdom look in the grand scheme of things — to put them into perspective against overall market practices and drive more effective strategy for their clients.

Drive revenue and profit growth

The case for new and sophisticated technology is clear. Clients demand and need efficient representation and clarity around their case strategy. Lawyers expect and need tools that reduce unnecessary information gathering and manual work. Law firms can pivot more effectively and take advantage of market changes when their lawyers have the tools they need to flex into new and more challenging practice areas. They also have an easier time retaining top talent when they enable remote work and support their employees with modern tools.

The question is, which firms are most likely to invest in technology and tools to enable their lawyers? History shows that law firm leaders have been slow to adopt new technology and drive its usage in a firm.

This could be because they don't understand the tools. Some could be more likely to trust work product and analysis that they perceive to be the product of human expertise, rather than relying on queries to 'do the work.' It could also be because new technology purchases have an impact on profits per partner.

Leadership buy-in and increased legaltech investments

With leadership transitions and greater pressure for efficiency from clients, firm leaders seem to have a stronger appetite to invest in new tools. In fact, 84% of partners surveyed by Thomson Reuters Market Insights expected their firms to increase investments in technology. They are showing their growing belief that technology can enable the effective delivery of legal services.

This is not to say that resistance to future change will disappear, but the experience of adapting to the radically changed market conditions in 2020 may well create more openness to experimentation in other forms of service delivery.

Firms are already showing their interest in adding tools. Technology spending increased 4.8% in 2020, up from a 3.3% increase in 2019. Much of that investment went towards maintaining capabilities for a remote workforce. As 2021 progresses, law firm business leaders report that they are planning to increase their use of technology. They believe this spend will ultimately help them manage costs. It will also give them a leg up when competing for new clients or growing their footprint with existing clients. Gaining new business and reducing overall cost to serve ultimately lead to higher revenue and stronger profits per partner.

Conclusion

The long-term changes to the way lawyers and law firms work remain to be seen. It is quite likely that the pandemic will serve as a tipping point for many of the shifts that have been building since the great recession. Those shifts include everything from changes to law firm hiring practices and working culture to a radical rethinking of pricing and rewards and incentives.

Certainly, very few workplaces will go back to having most or all employees physically in the office five days a week.

When lawyers embrace modern tools and technology, they will get more done, faster, with more confidence that they have covered all the angles. And when law firms invest in the technology that helps legal professionals do their best work, efficiently, from anywhere, it will help law firms recruit and retain top talent, serve their clients more efficiently and effectively, and ultimately grow revenue and profits per partner.

