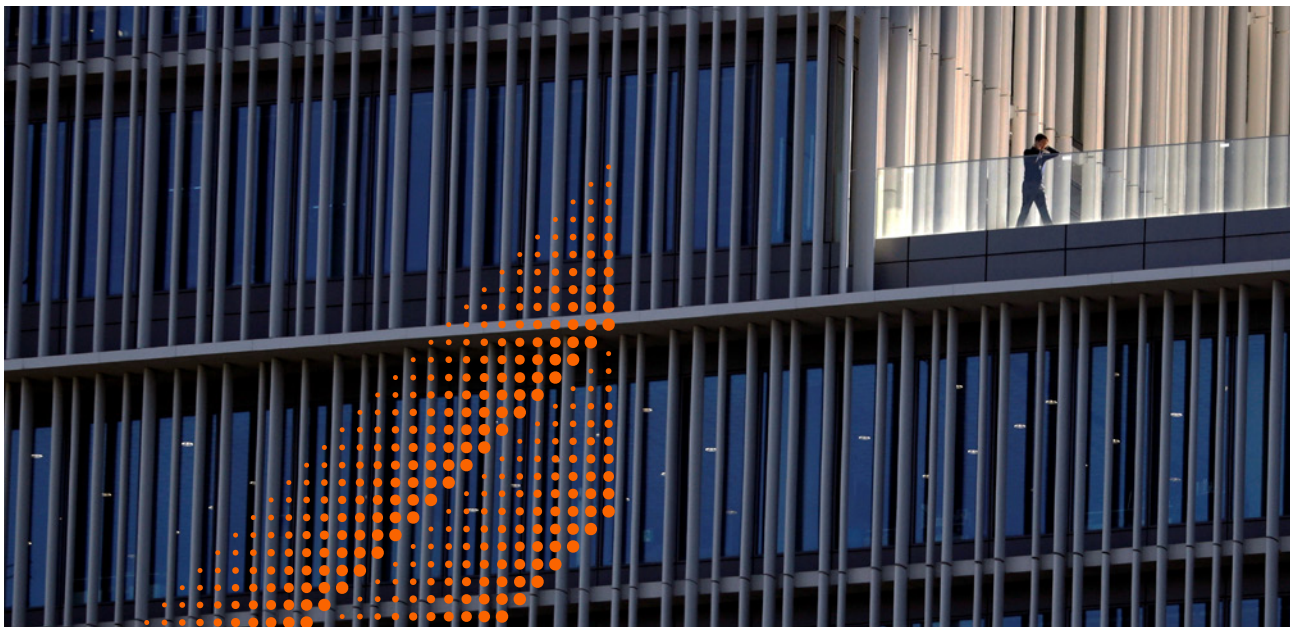# The Three Imperatives for the **Legal CTO** Today

How technology leaders can take control of the future

THOMSON REUTERS®

Introduction

Since the global health challenges of early 2020, CTOs and technology leaders have become a vital driver of the success of their organizations. Many saw their attention shift towards enabling remote-working, including sourcing hardware, managing communications, and ensuring cybersecurity on home networks.

The time and resources dedicated to delivering long-term projects in keeping with wider company goals went on the back burner and many businesses are now suffering as a result, with the pressure to maintain short-term flexibility now compounded by a pivot back to long-term strategizing, all of which must be enabled by technology.

THE MOST PRESSING CONCERNS FOR LEGAL TECHNOLOGY LEADERS RIGHT NOW INCLUDE:

- **The pressure to keep up with advancing technology**
- **The increasing need for sophisticated data security**
- **Funding constraints for the maintenance and enhancement of existing technology**
- **The need to manage business continuity related to systems downtime**

This broadening scope is backed by the research. In a recent survey conducted by IDC[1] , 49% of IT leaders stated that they anticipate their tech budgets to increase, while 41% of IT professionals are focusing on improving IT operations / systems performance within their current role and 56% are prioritising business initiatives around increasing operational efficiency. One of the key things tech leaders need to do when purchasing and implementing new technologies is to explain the technology's return on investment and overall financial or strategic benefit to the business.

However, as discussed in the AmLaw 200 CFO Panel at ILTA 2021, not all tech investments will improve efficiency or deliver tangible results to clients. As such, it's important to also consider such investments in terms of the risks they de-escalate. When assessing the financial and qualitative impact software and tools can have, Lasman suggests CTOs should ask themselves: "What are the costs of not identifying vulnerabilities? What are the probabilities of the different types of risks we are trying to protect against?" [2]

In this sense, there are three key imperatives for the legal technology leaders to tackle right now:

- **The technology imperative**
- **The strategic imperative**
- **The financial imperative**

THE TOP CONCERNS FOR LEGAL TECH LEADERS TODAY:

49%
anticipate their tech budgets to increase

41%
are focusing on improving their IT operations

56%
are prioritising operational efficiency

The Technology Imperative

GETTING AHEAD AND STAYING AHEAD

Technology continues to have a profound impact on the legal profession. Technology leaders are being depended on to take the lead in embracing technological changes and pushing legal firms out of their historic comfort zones.

The increased use of technology and computer software in the legal arena has disrupted many traditional methods of operating within the industry, but at the same time has provided opportunities for strategic firms to gain operational advantage. In addition to driving operational efficiency and productivity, technology is increasingly being deployed to improve and streamline billing processes and enable an instant response to client needs, as well as to provide a granular measurement of company performance.

Staffing decisions are particularly important given the high employment costs, and in a large firm shrewd management can very quickly have a big impact on the bottom line. In this context, technology can be used to trim resource overheads by automating previously manual, routine, and rules-based tasks, allowing employees at all levels to focus on value-added tasks.

Our research identified the three key challenges facing legal technology leaders right now:

KEEPING UP WITH NEW TECH

Analyzing and integrating ever-changing technologies at a time of digital acceleration and shifting customer priorities, from electronic billing capabilities to data-driven, optimized client experiences.

PREVENTING DISRUPTION

The need for solutions with the minimum amount of disruption to current systems, user experience, and client satisfaction, delivered to ensure all new technology is fully integratable with existing systems.

FUTURE-PROOFING TECH

Tech leaders need reliable, scalable technology solutions that can grow effortlessly and seamlessly meet the firm's future needs, underpinned by intelligent Cloud technology and advanced digital solutions.

New regulatory barriers and operational responsibilities are also adding another layer of complexity to the work of legal teams, leaving technology leaders with more processes than ever to monitor and less time in which to do so. As technology leadership positions extend their reach into other aspects of law firm management, their development will play a vital part in driving firm-wide business success and growth. The key to success in this development is, like so many other aspects of business today, set to be driven by the disruption caused by new technologies.

The Strategic Imperative

Not only are technology leaders in the legal sector required to manage the traditional priorities of their role, but they are now also juggling the wider tasks, challenges, and ownership of an ever-broader array of operational and commercial responsibilities. As technological and digital roles extend their reach into other aspects of law firm management, their development will play a vital part in driving firm-wide business success and growth.

An uncertain worldwide economic outlook, driven by a volatile stock market and falling global growth forecasts, is causing law firms to formulate contingency plans. CTOs need to be right at the heart of the conversations around ensuring law firms are fully prepared for the rapidly changing business environments of 2022. They must work with the firm to establish creative methods to improve operational efficiency and cost-effectiveness. The input provided by tech leaders in the legal space to help identify growth areas – quick wins and long-term strategies alike – will therefore be crucial in helping to provide customers with the services they need at the right times while also enhancing the long-term success of their firms.

Recent research shows that top-performing legal operations have a strong focus on technology to improve transparency and data analytics, efficiency, quality and consistency of work, and speed of execution. In particular, 72% of The Corporate Legal Operations Consortium (CLOC) members surveyed reported having a technology roadmap to plan and organize their transformation.

Today's law firm technology leader focuses on positioning the firm for growth, mitigating risk, and optimizing processes as they seek new ways to remain competitive. Technology is therefore no longer a means of enabling the back-end IT function but a vital position in the overall firm's business strategy and success.
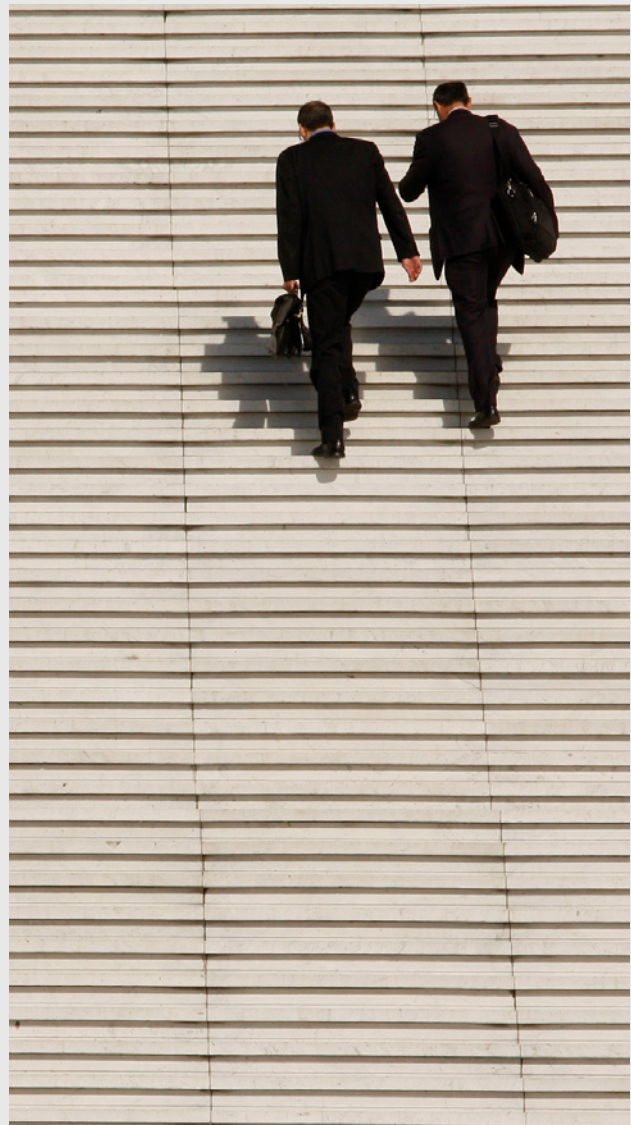
The Financial Imperative

MAKING YOUR FIRM'S GOALS YOUR OWN

The last two years have seen an accelerated change in client perceptions of both value and cost. The economic impact of the pandemic (and associated lockdowns) has meant pressure from clients to reduce fees. However, what's become clear is technology's key role in driving essential cost-savings. Clients have seen (digitally-driven) agility and innovation come through in other sectors over the pandemic and are increasingly unwilling to accept the legal financial model status quo.

WHAT CLIENTS WANT:

1

to pay less

2

to have more visibility and predictability in legal spend

3

to be able to identify and articulate legal firms' values clearly

4

to be offered alternatives to the billable hour

The law firm technology leader has a very large part to play in driving innovation and efficiency to identify cost-savings and help their firms deliver change and choice for customers. Law firms that see opportunity rather than hardship will reap the benefits, and those firms that recognize alternative fee arrangements to differentiate themselves will outdistance their competition. In this context, technology leaders will need to be part of an expert team that's focused on ensuring law firms are fully prepared for the rapidly changing business environments of 2021. They must work with the firm to establish creative methods to improve cash-flow levels and enter profitable new markets to win the hearts and minds of clients and customers.

By introducing new tools, technology directors and their teams can help to maximize billable time captured and client-related costs and provide fast and proactive service to clients while maintaining the visibility necessary to ensure the success of alternative fee arrangements with innovative technology. Again, technology is going to be key as legal firms look to the future, but due diligence is needed to ensure the right solutions are applied.

An increasing part of the expectation placed upon the CTO's shoulders lies in being able to identify, leverage, and extend the right relationships with strategic technology providers at the right time. So how can technology leaders harness the power of technology to get away from the burden of defining what it means to be an IT leader in law right now, and instead focus on embracing their new position as strategic leaders and client revenue drivers?

Take Technology and Practice Management to the Next Level with 3E

3E Law Firm Management software is designed to drive growth and profitability, provide a platform with industry-leading security, and deliver advanced analytics – available on premises or in the cloud.

3E provides a highly configurable platform through its advanced architecture for large and mid-size law firms – meeting today's needs while enabling tomorrow's growth. It is the solution preferred by law firms to improve performance and connect all critical areas of law firm operations.

3E enables your teams to streamline and automate tasks, drive operational efficiency, and provide fast, proactive service to your clients. Get the strategic visibility you need to make timely, accurate business decisions – with the flexibility and insight your firm needs to gain a competitive edge now and in the future.

3E USE CASES INCLUDE:

- **Gaining complete visibility and control of your firm's financial health**

- **Meeting billing and cash management objectives with robust functionality and tools that help you shorten the work-to-cash cycle, improve time capture, and swiftly create and distribute invoices**

- **Making timely and accurate data-driven decisions, utilizing advanced reporting capabilities, and delivering insights in near real-time**

- **Accessing all business management activities from a single, intuitive user interface for maximum efficiency and insight, including time & revenue management, document management, and key performance indicators, all in a single view**

3E Case Study

Howard Kennedy chose 3E Cloud because they "wanted an IT solution that would be future proof." With 3E Cloud being a configurable platform that has a clear roadmap for future development, it offers a full range of functionality that supports their business needs. It was delivered on time and budget, with full support included. The initial goal, of moving from paper-based processes to digital ones, has evolved to deliver a wider range of benefits.

"I'm not sure how we'd operate without it! It's the perfect solution for a firm of our size."

– Paul Roberts,
  Chief Operating Officer at Howard Kennedy

3E CLOUD BENEFITS:

- **An open and scalable cloud foundation – for faster payment, positive cash flow and reduced burden on lawyers**
- **Powerful reporting and dashboards – driving operational efficiency improvements:**
    - » **Instant, easy access to enhanced real-time information on operations**
    - » **Detailed insights on specific areas, such as productivity, billing and capacity**
- **Sophisticated budgeting and forecasting options via Advanced Financial Solutions**
- **Efficient, secure remote working – 3E's benefits were proven when COVID-19 happened six months after launch**
- **Platform for agile innovation – for customizations, upgrades and add-ons:**
    - » **Financial reporting and time recording**
    - » **Keeping up with regulatory changes**
    - » **AI-driven automated document processing**
- **Skills transfer via comprehensive training resources and expert support for the first three months**

Conclusion

While the stability of legal firms has in the past owed much to the caution and diligence with which they approach innovations and trends, the continually increasing client demands and new competitors facing firms today drive the need for rapid adaptation and acceleration of digital transformation programs.

The future for technology leaders in law is full of challenges and a broader set of responsibilities than ever, but the opportunities and solutions needed to rise to those challenges are already out there. By using their leadership in the technology space to embrace a broader role within the organization, technology leaders can take up their new positions as strategic leaders and client revenue drivers with confidence, facilitating both growth and resilience through innovation.

The old ways of working are gone, but the tools are all at hand for financial leaders to position their firms for a bright future; the only thing to do now is to take the next step.

Contact Thomson Reuters to find out how you can utilize 3E to craft a new era for your law firm today.

[1] IDG,
2021 State of the CIO report
[2] Legal Tech News,
Money and Results: How to Convince Law Firm CIOs to Spend on Tech, 2021

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