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# LEGAL IT LANDSCAPES



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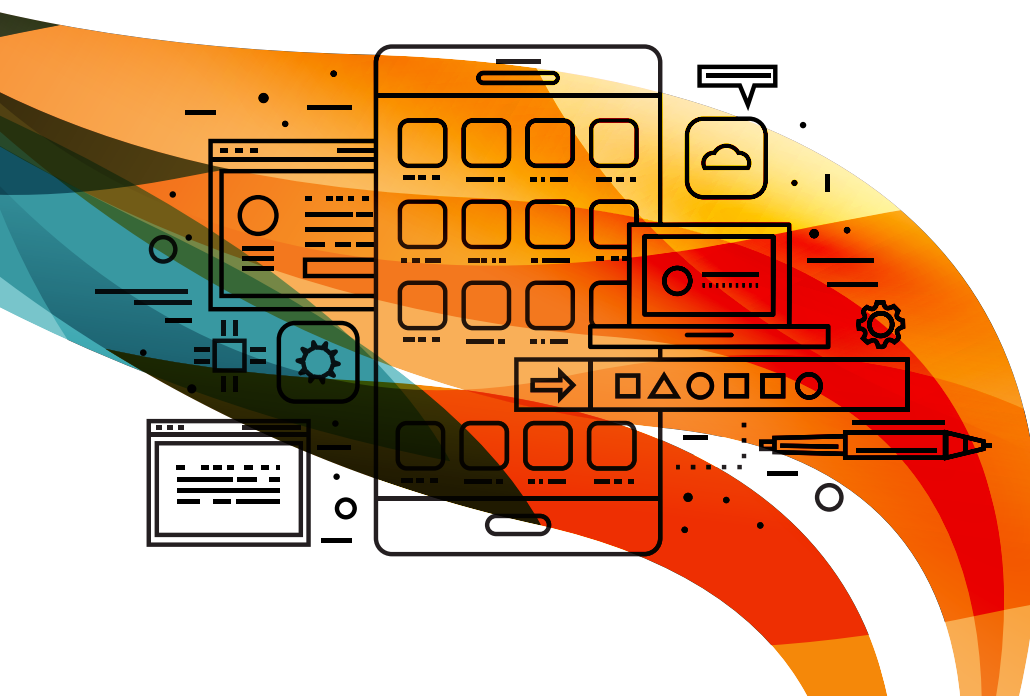
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# LET'S GET DIGITAL



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## About us

LPM magazine is published by Burlington Media. Burlington is a company focused solely on people in legal business services and management – whatever size or type of legal services provider they work for.

We run LinkedIn groups with thousands of members, across several areas, from legal IT to legal process outsourcing. Find our LPM group at [bit.ly/lpmgroup](http://bit.ly/lpmgroup).

Our sister brand LSN's website is where you can find news, views and resources from the established legal news providers and hundreds

of suppliers to the legal industry, all rolled into one useful information feed: [www.lsn.co.uk](http://www.lsn.co.uk).

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## FOREWORD FROM LPM'S EDITOR-IN-CHIEF: RUPERT COLLINS-WHITE



# FROM HERE TO TECHNOLOGY

When I think of SME law firms in a general sense, 'artificial intelligence' isn't a phrase that Freudianly pops into my mind. But the news in this LPM Legal IT Landscapes report is that I'm wrong.

A hefty chunk of SME legal has switched on to the AI revolution: a third of our respondents said they'd be using some form of AI or machine learning technology within two years. That sounds far-fetched but it's not – this technology will rapidly become commoditised and available over the internet as a service, of that I'm sure. By 2019 the question will likely be: "Why shouldn't you use it?"

In so many ways, SME legal businesses are pushing out into technology that used to be purely the preserve of big law firms and, in some ways, are miles ahead of them. An example: most big firms we surveyed for **Briefing's** version of this report do not use video to communicate outside the firm – whereas more SME firms do this than they do for internal comms, with 33% of people saying they do this. That's far higher than big law.

But there are also a few areas where SME law firm managers need a kick. One is information security, because while everyone told us that cybersecurity is on their board agenda, and most have anti-hacking solutions, the perceived level of threat is way off base. The threat is real and significant, and it seems this simply isn't yet recognised.

Another is readiness for the GDPR in 2018. I may be wrong – it's been known

– but I don't believe law firms understand the reality of what's going to have to change for them around data protection and retention. This isn't just based on anecdotal evidence; we asked respondents to tell us where their staff store emails and documents not related to matters, and the results were wildly varying and often frighteningly insecure. This behaviour alone will be the kiss of death under the GDPR. It will also not please the SRA. Law firms simply must up their game around this matter, and there is precious little time to do it.

In the round, though, this report shows that SME firms have an appetite for the cutting edge – now they just have to embrace it across everything they do. I hope you enjoy LPM Legal IT Landscapes 2017 as much as we enjoyed researching it. And thank you to everyone who helped us by responding and commenting – we hit 100 responses and therefore can donate £250 to Shelter this year. **LPM**

“SME firms have an appetite for the cutting edge – now they just have to embrace it across everything they do.”



Rupert Collins-White  
Editor-in-chief  
**LPM magazine**  
rupertw@lpmmag.co.uk



## COMMENT ON THE RESEARCH FROM OUR SPONSORS: GEOFF HORNSBY, GENERAL MANAGER EMEA, IMANAGE

# OUT WITH THE OLD, IN WITH THE NEW

In this report, 45% of respondents say they will be investing in a dedicated DMS in the next three years. Firms should think twice, however, before selecting just any old DMS ...

The legacy dumb data store is dead. Forward-facing firms are investing in the next generation of smart DMS. Firms should look for a DMS that doesn't just manage all their critical documents and emails, but is designed from the ground up to be smart, agile and intelligent. The next generation of smart DMS is leveraging AI, machine learning and other analytics to help professionals work faster and smarter. It has a light footprint and promotes global working. It's designed to work the way lawyers work and has the modern, clean and easy-to-use design you would expect in 2017.

Over 80% of LPM Legal IT Landscapes respondents feel that mobility is the key to enhancing productivity, so firms should also look for a smart DMS that provides secure access to data anytime, anywhere, on any device — whether connected or disconnected. Additionally, client collaboration must be a simple, secure, one-click built-in part of the DMS.

On the subject of security, most firms in the report indicated that they have technologies in place to protect the firm from cyberattack. Increasingly, however, perimeter defences are not enough, as phishing attacks can give hackers legitimate credentials that allow them access to the files residing on company servers. The next-gen DMS also has a built-in, self-learning immune

system to keep sensitive client data protected and governed.

Meanwhile, on the data privacy front, over half of respondents believe that they will be ready for GDPR. Having the right DMS can be the difference between compliance and non-compliance with this new regulation and its numerous requirements around how client data is handled.

No discussion of technology would be complete without mention of the cloud, which provides one last opportunity for commentary. The survey found that 33% of respondents believe their DMS to be cloud-based already. The legal community is on the cusp of benefiting from the same 'modern cloud' technologies that leading internet companies such as Google, Facebook and Amazon use.

Modern cloud is the enabler to produce an elastic, intelligent, self-learning and self-healing system that instantly expands to capacity as needed, and simultaneously delivers control, value and protection. This has gone past the days of dumb data in a legacy 'true' cloud and into a new era.

Make sure you choose a DMS designed for the modern business. **LPM**



“The legal community is on the cusp of benefiting from the same ‘modern cloud’ technologies that leading internet companies such as Google and Amazon use.”

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**COMMENT ON THE RESEARCH FROM OUR SPONSORS:**  
**CHRIS JEFFERY, DIRECTOR, LEGAL MARKETS, THOMSON REUTERS UKI**



# CHECK YOURSELF BEFORE YOU TECH YOURSELF

The pace of technological change in the top 100 law firms can be taken for granted, to an extent – but it's encouraging to see that a willingness to explore new solutions and try new approaches is thriving at the SME legal level.

LPM's Legal IT landscapes 2017 report presents a mixed picture, but there's an underlying recognition that technology is central to a firm's ability to grow – a fact that will become ever more stark over the next few years.

The picture becomes mixed when SME firms try to form a clear idea of the most impactful areas where they can adopt technology. The vast majority of law firms keep their IT operations in-house, and most firms also leave them in the hands of 'non-lawyers'.

Certain key indicators are compelling: over a third of SME law firms are planning to use some kind of AI within a couple of years, and another 31% within five years. Almost all firms are sufficiently worried about cybersecurity. And, as a group, SME firms recognise a gap between the level of automation in their practices and the amount of work that could potentially be automated.

However, what isn't clear is that firms have identified the most efficient and impactful strategy to address these aims with technology. It's telling that a majority of firms now have some kind of web-based portal that allows them to share case or matter information with clients – a welcome tipping point. But if SME firms have embraced tech-enabled client collaboration in the

matter management space, why not automation, with self-serve contracting portals? Why not integrated, automatic time recording? Why are a third of SME firms still relying on manual spreadsheets to generate their business intelligence metrics?

Although the legal IT landscape is, in part, encouraging, there is significant room for improvement – which will only drive growth and profitability for fee earners. Firms need to focus on those areas to which they devote most of their time, and find incremental improvements wherever possible: document automation, matter management, time recording and legal research offer quick wins. A commitment to adoption in these areas will have a real impact on SME firms' success. **LPM**



**“Firms need to focus on those areas to which they devote most of their time, and find incremental improvements wherever possible – document automation, matter management, time recording and legal research offer quick wins.”**

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## COMMENT ON THE RESEARCH FROM OUR SPONSORS: JANE PRITCHARD, CHAIR OF THE TIKIT P4W USER GROUP

# WORKING ON THE SAME WAVELENGTH

It's encouraging to know that the majority of SME firms don't have a lawyer heading up their IT planning and business delivery – because why would they (p18)? Conversely, one would not expect an IT manager to provide legal advice.

However, we are still surveying legal practices and some of the responses, despite not being from lawyers, are without doubt somewhat bullish.

When asked about GDPR, for example, I would not expect the majority of firms to admit they would be unlikely to be ready for a significant statutory change in regulation, which could result in colossal penalties. Only 28% of firms surveyed have a dedicated DMS and the vast majority of firms admit they don't store their non-client emails there – even if they have one, they are knocking about unlabeled on an exchange server. With this given, are the 68% who confirmed they will be ready for GDPR in 2018 naïve about what they must deliver?

If that is the case and the responses to this survey are at best guarded, what can we glean about the future of legal IT in the short and medium term?

We agree we need to be more mobile, move to or continue to work in the cloud, to be more agile and work with hotdesking, have better communication with our workforce and clients, and to improve the automation of our legal practices.

The answers to the 'magic wand' question (not in the report) always provide good insight into what challenges SME firms are facing right now. It seems those surveyed consider

“Only 28% of firms surveyed have a dedicated DMS and the vast majority of firms admit they don't store their non-client emails there even if they have one, they are knocking about unlabeled on an exchange server.”

we need to be more productive with better efficiencies, record better data, do more with the data we record, improve time recording, give fee earners more admin, give fee earners less admin, delegate work better, record outcomes better and automate our services/improve workflows. Not much to be getting along with, then. It's a long list but I think the comment received that best sums up the mood is “work smart – learn to use the tools at your disposal.”

What tools do we in SME firms have at our disposal? Furthermore, what should we consider essential pieces of kit, without which we won't move forward in 2017? To me it's a no-brainer – we need to capture, label, store, manage, secure, communicate, and produce data from an agile DMS, which can incorporate all our accounting and case management functionality. Link up to an integrated CRM, host it all in the cloud and your infrastructure is sorted. What to do on the seventh day, you ask ... collaborate with your peers on project work plans to ensure you share and grow with the firms at the cutting edge of the marketplace. **LPM**



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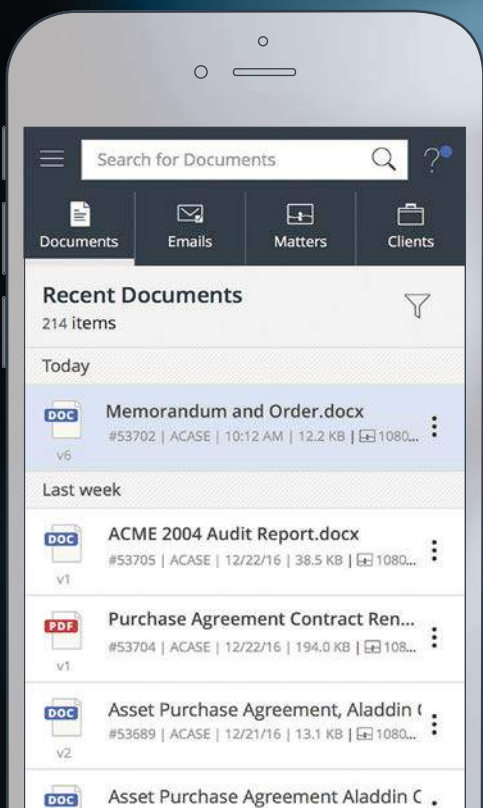


# How modern legal professionals work

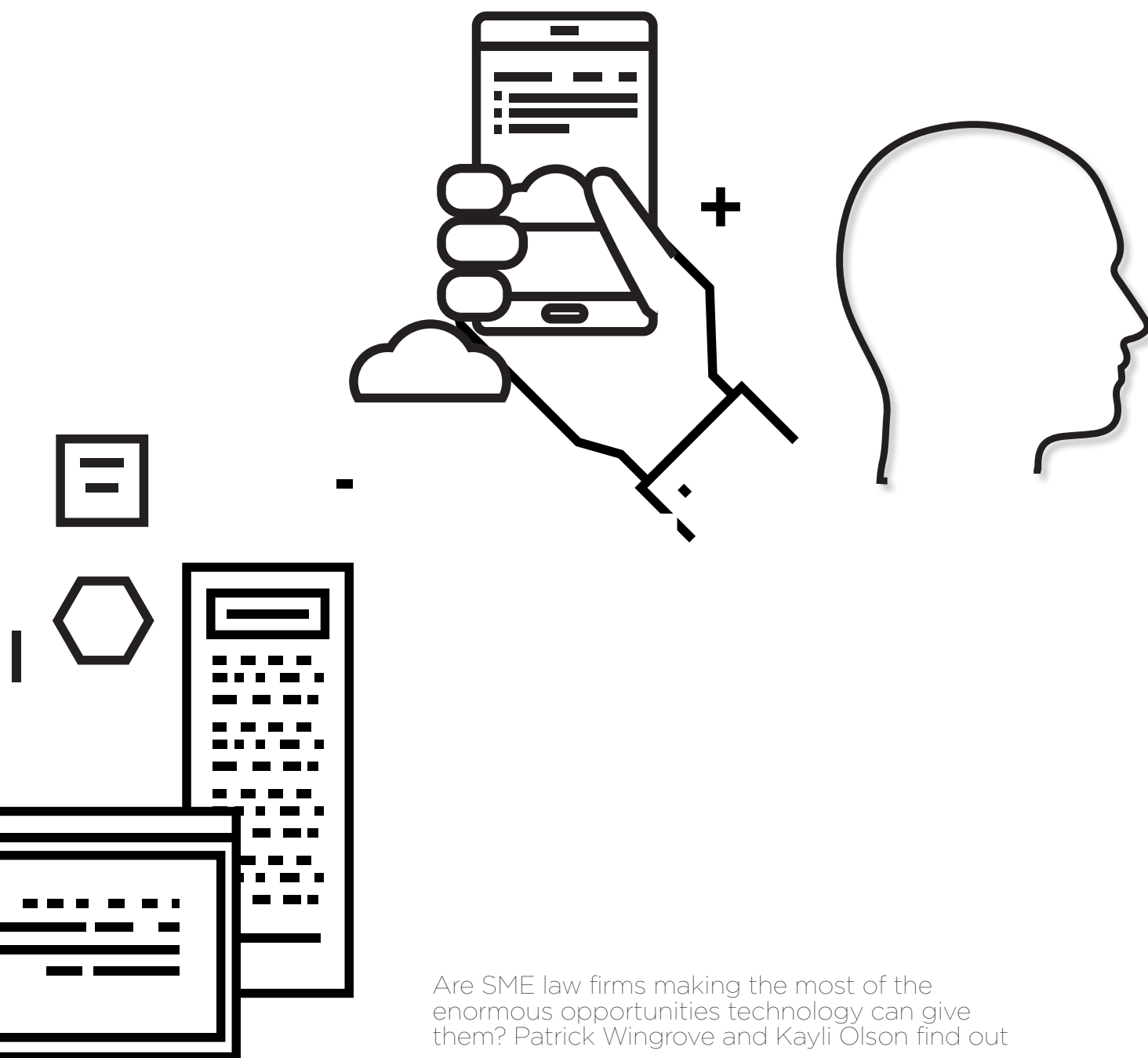
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Are SME law firms making the most of the enormous opportunities technology can give them? Patrick Wingrove and Kayli Olson find out

It's been two years since LPM last published Legal IT Landscapes – and the scenery of the legal market has changed enormously over that period. Despite considerable debate over whether firms would embrace the Legal Services Act, over 250 alternative business structures were licensed for SME firms between 2015 and 2016 – including the UK's largest employee-owned firm.

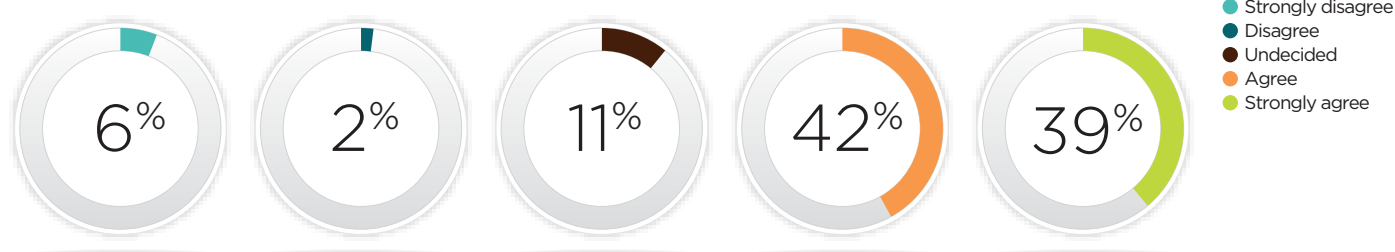
Furthermore, just as the beast of uncertainty settled after the financial crisis, it reared its ugly head again after the UK voted to leave the European Union. It's still unknown whether Brexit will have a significant impact on SME legal business – but who's to say what effect it might have on client pressures?

What is certain, however, is that the EU's upcoming information security regime will apply to UK businesses, Brexit or no. Britain will still be a member of the bloc

when the General Data Protection Regulation comes into effect in May 2018 – and assuming organisations will still want to do business with the single market, they'll need to show they're meeting the same standards of data privacy and protection. The GDPR is more frightful still when you consider the threat SME businesses face from digital criminals compared even to two years ago – whether they realise it or not.

But despite these challenges SME legal businesses have an enormous opportunity, right now, to embrace the revolutionary change that technology can provide and reap a competitive advantage as a result. Our latest research shows that, while there is a certain amount of resistance to technology, there is also a surprising appetite for change and a willingness to embrace legal tech solutions that will make legal businesses more agile, resilient

**Do you agree or disagree: Mobility technologies are now fundamental to making law firm people more productive.**



and competitive.

## FLEXING YOUR TECH

SME firms are certainly in agreement that tech makes businesses more agile – reflecting a growing appetite among employees to work from home and on the go, and in firms to change working methods. More than four-fifths (81%) of respondents agreed or strongly agreed that: “Mobility technologies are now fundamental to making law firm people more productive.” This result is, perhaps, unsurprising in a world where employees expect greater flexibility in their working lives and businesses are keen to better utilise employee time away from the office.

Melissa Butler, practice manager at London firm GRM Law, agrees that mobility solutions are vital to ensure greater productivity from law firm workers.

“Flexible working is the future – because of the nature of technology, people aren’t chained to their desks and they can do so much more on the move, including document creation, case file management and time entry. Restricting mobility is enormously counter-productive, because it alienates employees that want a better work-life balance and means the business isn’t living up to its potential.”

Despite accepting the value of mobility technology, very few SME firms have yet embraced the benefits of hotdesking or a truly agile working set-up. According to our results, only 13% of respondents said that they: “Currently have significantly (>10%) more people than desks for them to sit at.”

A significant portion of SME firms also seem unwilling to embrace agile working in the future compared to the upper echelons of legal: over a quarter of respondents (29%) said they’d never employ more people than they have space for, while no one in **Briefing** Legal IT Landscapes – our sister magazine’s report of legal tech in top 100 firms – suggested that. Perhaps these SME firms are in denial about the ‘nomadic’ future that legal is entering, or may have embraced some form of mobile working but simply can’t see a time when law firm workers won’t operate from offices.

But a really significant change is coming fast for most of SME legal – two-thirds (66%) of respondents said their firms will employ significantly more people than they can accommodate within five years, and another 6% will within a decade. SME firms have, undoubtedly, come round to the cost saving and client service prospects of agile working set-ups.

George Bisnought, managing director of ‘new model’ firm Excello Law, agrees: “Technology has enabled the industry to work in a truly agile fashion. Many of Excello’s employees, for example, work in the heart of business communities and have real flexibility to meet with clients as they wish. They can work from their premises, if that suits, or work with other workers in our regional office hubs. Agile working delivers greater flexibility, fairer rewards for employees, and better access to quality legal expertise at a more competitive cost for clients.”

## RULES OF ENGAGEMENT

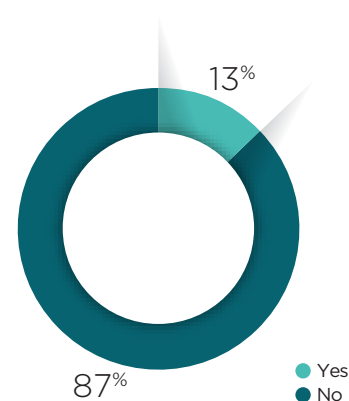
It follows that communications solutions would be important to SME firms – to ensure that where employees go, consistent client service follows. Our results, however, suggest that a key interaction technology – video communications – is significantly underused in the SME market, particularly when compared to larger firms.

Over a quarter of respondents (28%) said most people in their firm can use desktop-

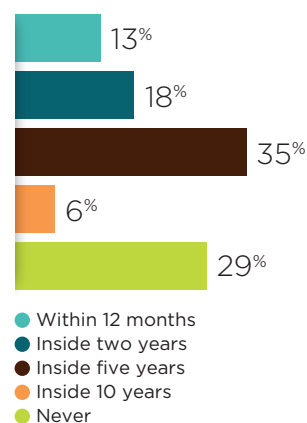
**“Technology has enabled the industry to work in a truly agile fashion. Agile working delivers greater flexibility, fairer rewards for employees and better access to quality legal expertise at a more competitive cost for clients.”**

George Bisnought, managing director, Excello Law

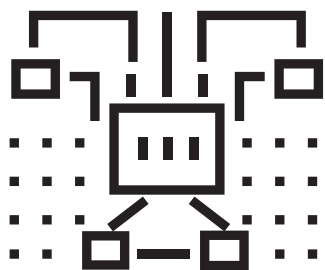
**Does your firm have significantly (>10%) more people than it has desks for them all to sit at?**



**Over what timescale might your firm move to a point where it employs significantly (>10%) more people than it has desks for them all to sit at?**







to-desktop video communication for internal video comms and 36% said the same for external comms. This is perhaps because SME firms have less need for internal comms than top 100 firms (of which, 48% have access) since many operate from one office or geographically close locations. But those without are certainly missing an opportunity for client engagement – particularly those with a significant private client following that could use video for long-distance, face-to-face meetings, in a world where clients increasingly expect better communication.

Nick Lakhani, finance director at south-east firm ASB Law, says the lack of engagement with video comms among SME firms is because they've yet to understand the benefits it can provide. "There's plenty of potential for video communications in small and medium-sized firms, but there's still a lack of understanding and awareness around its functionality. IT directors/managers need to be proactive in selling the benefits of this technology to decision makers if they want to improve client engagement and secure a competitive edge."

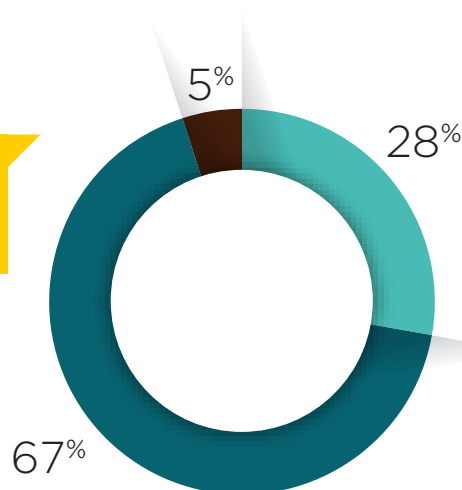
## CLIENT CONNECTIONS

But in a world where clients expect greater communication from firms – and increasingly want to be contacted digitally – why has the market not embraced a client information system like customer relationship management? Fewer than half of respondents (43%) said their firm has a CRM system, which may be because fee earners are still immensely protective of access to clients. This means, however, that firms are missing key opportunities to cross-sell, further engage clients with marketing email campaigns, and make the business more efficient by making client data accessible across the business.

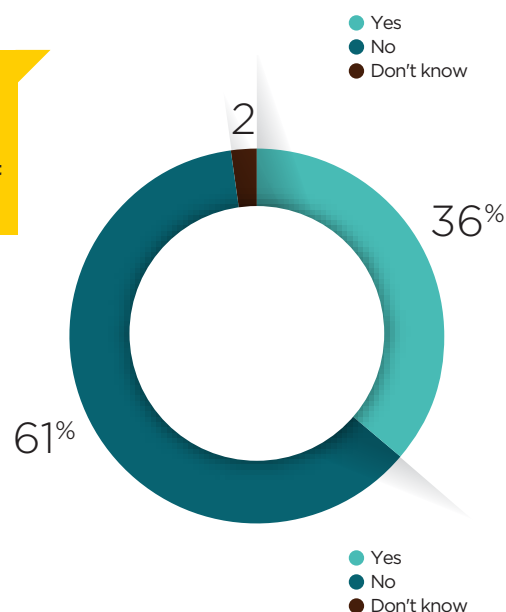
But our results show that the market's appetite for CRM is increasing – four-fifths of respondents said their firms will adopt a CRM system within five years, just over half (51%) will in fact do so within two.

And what about web portals? Fewer than half of our audience (48%) reportedly

Can most people in your firm use desktop-to-desktop video communications for *internal* comms?



Can most people in your firm use desktop-to-desktop video communications for *external* comms, including with clients about work in progress?



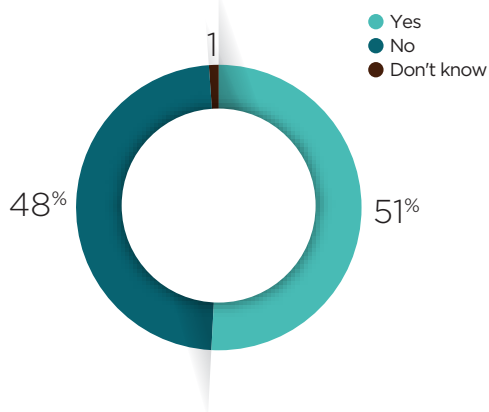
“There’s plenty of potential for video communications in small and medium-sized firms, but there’s still a lack of understanding and awareness around its functionality.”

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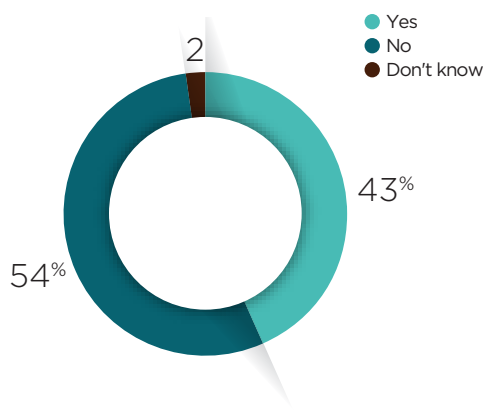




Does your firm have the ability to share case or matter information with clients through some form of web portal?



Does your firm use a customer/client relationship management - CRM - system?



don't have the ability to share case or matter information with clients through some form of web portal, meaning the majority are missing a key opportunity for client-firm collaboration – driving efficiencies by pushing out work to the client, who can put information straight into client information systems.

Butler at GRM Law says: "Everyone these days has a device in their hand and they use it to keep up to speed with their daily lives. They want to be able to send information instantly, rather than converse over the phone or print, fill in, scan and send a document. But that also has key benefits for the firm, since employees don't have to spend time rekeying information into the system and checking that they've done so accurately."

Neil Startup, practice manager at south Wales firm DW Harris & Co, adds: "Portals are a good idea, but there needs to be careful planning and consideration in terms of what the client can do and how they can authenticate access – for instance two-part authentication. What I would be worried about from a risk perspective is if you were to send a simple password via email – but then people could access that who shouldn't be party to sensitive information. Security would be absolutely essential to any strategy to allow web portal access to our data."

## GDPR OR GDP-YOU AREN'T

Information compliance was, unsurprisingly, a key issue in the SME legal sector last year, and the EU's General Data Protection Regulation will come into effect by May 2018 – which could mean fines of up to 4% of global annual turnover for firms that aren't compliant. News from the grapevine certainly wasn't promising in 2016, as SME

*“Everyone these days has a device in their hand and they use it to keep up to speed with their daily lives. They want to be able to send information instantly, rather than converse over the phone or print, fill in, scan and send a document.”*

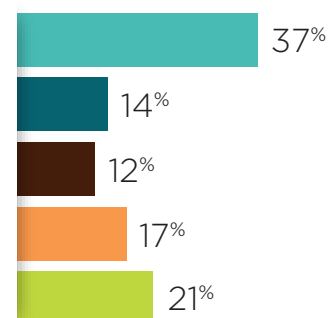
Melissa Butler, practice manager, GRM Law

firms and the supplier community attested to the difficulty of complying with the GDPR in such a short space of time – yet our results are wildly out of kilter with that notion and suggest either SME firms are fooling themselves they're ready, or don't yet know how much they'll have to manage.

Over half of respondents (56%) said the relevant people in their firm understood the impact of the GDPR on the business, while 68% of respondents said their firm is ready to treat personal/individual data in the 'correct' ways'. Perhaps the market is confused about the realities of the EU's information security regime and whether it's ready for it.

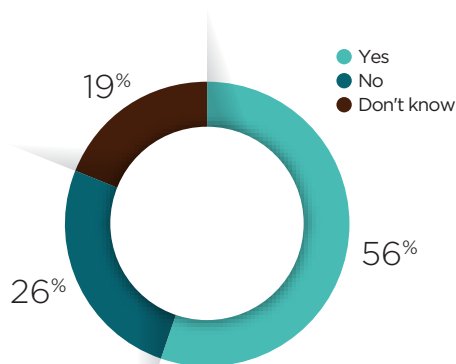
Gemma Garen, head of quality and compliance at Essex firm Ellisons Solicitors, says the market may well be overconfident in its attitude to the GDPR. "No one knows exactly what the GDPR is going to entail, so the idea that so many people believe they're ready to treat information in the correct way seems wrong. They may well be optimistic about their ability to handle this information regime, but to justify this confidence they should be investing in the

Over what timescale might your firm adopt a CRM system?

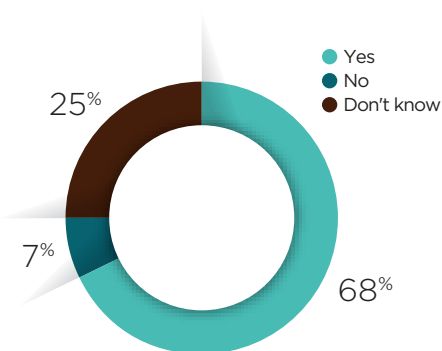


● Inside 12 months  
● Inside 24 months  
● Inside three years  
● Inside five years  
● Longer/never

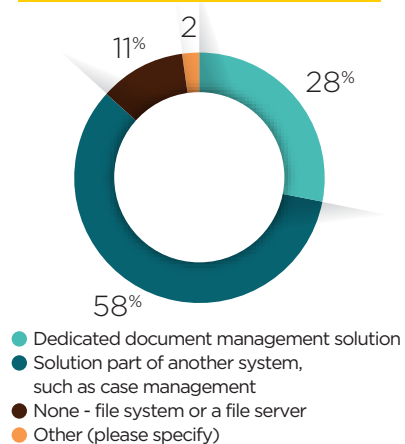
Do the relevant people in your firm understand the impact the EU's General Data Protection Regulation will have on the business?



Will your firm be ready to treat personal/individual data in the 'correct' way in line with the GDPR or a close equivalent by May 2018?



What kind of document management system does your firm have or use?



right people and, perhaps more importantly, the right technology."

However, this raises the question of which solutions firms should invest in to soften the EU's regulatory blow? One answer is document management systems.

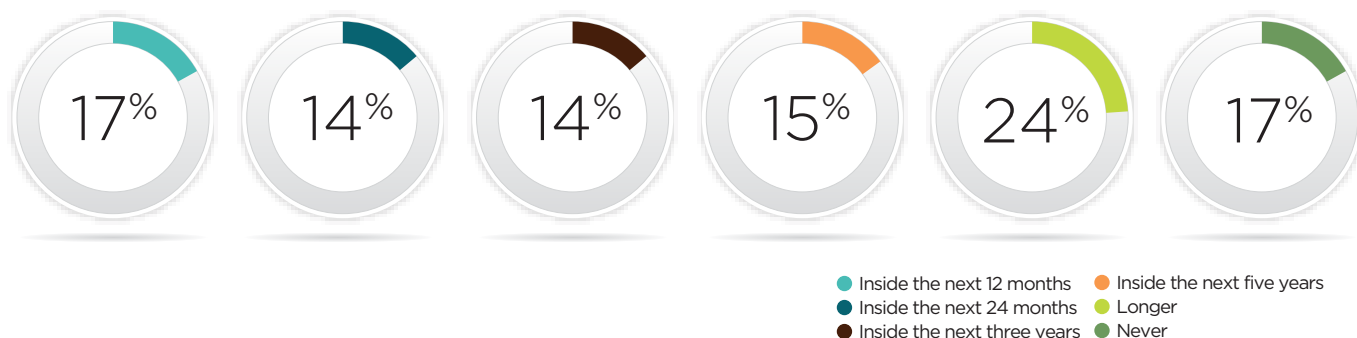
Samantha Haines, director of risk and compliance at Midlands firm Ladders Solicitors, says the lack of a document management solution could cause problems for SME firms: "Complying with the GDPR is going to be much easier for firms if they store their communications electronically - and know where it all is. The right to be forgotten is going to be especially challenging, because if you have a request and need to delete information but can't find it, that could cause a problem."

Fortunately, only a tenth (11%) of respondents said they had no kind of DMS and the results show that there is

considerable appetite for adopting a DMS. But just 31% are planning to adopt a DMS by the time the GDPR comes into effect - so a significant portion of SME legal may well find GDPR compliance difficult. And, compliance aside for a moment, legal businesses could benefit enormously from implementing less-paper (if not paperless) offices as a means of reducing costs and improving collaboration across the business.

But perhaps more disturbing still, if firms' DMSs don't have an area where employees can store communications that are unrelated to a specific matter, they may be setting themselves up for risk and compliance failures as well as information security issues. Our results suggest that storing non-matter-related communications is a disturbingly random affair in SME law firms, with unrelated

Over what timescale might your firm buy a document management solution?



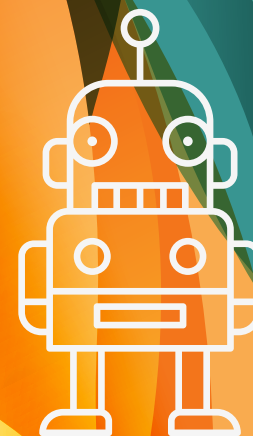
# AUTO ADVANTAGE

According to our results from this year's LPM Legal IT Landscapes, SME legal still isn't very automated as an industry. On a scale of zero to 10, the weighted average of how automated legal work is within SME firms is just 4.3. But there's clearly room for improvement – because on the same scale but asking how automated SME firms could be, the weighted average was a whopping 7.1.

And if firms are looking to further automate their businesses, the answer might just be adopting artificial intelligence. Though only 7% of the sector currently uses AI, the rise of the machines is coming fast – just under two thirds (65%) of respondents said their firms are planning to adopt AI within five years, and a further 14% said they'd have it within a decade.

On a scale of 0-10, how automated in legal work in your firm? 0 is not automated at all - 10 is highly automated.

On a scale of 0-10, how automated do you think legal work *could* be in your firm? 0 is not automated at all - 10 is highly automated.



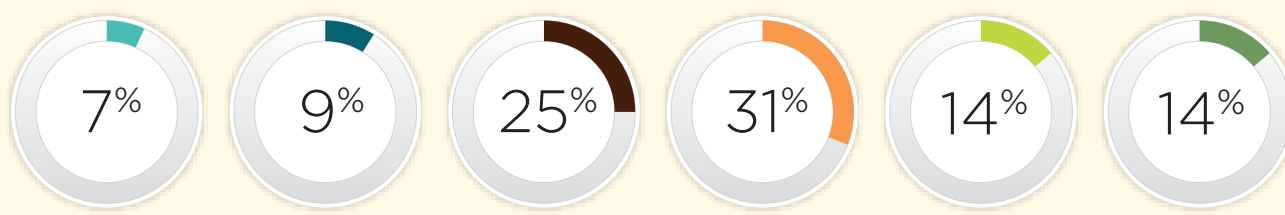
Automation now in SME legal

4.3

What law firms could achieve

7.1

Over what timescale do you think your firm will be using some form of AI technology or machine learning technology?



- Already using
- Within the next 12 months
- Within the next two years
- Within five years
- Within 10 years
- Never



# WHAT COULD YOU PUT IN THE CLOUD?

Which technologies or systems do SME legal management leaders think would be, or are best suited to, moving into the cloud? The highest-scoring technologies picked out of a prescribed list (spanning everything we could think of) by our survey respondents were, in descending order:

## 1

Time recording (59%)  
Case management (58%)  
Document management (57%)



## 2

Practice management (55%)  
Digital dictation (55%)  
Stamp duty land tax (55%)  
Email security (53%)

## 3

CRM (51%)  
HR software (49%)  
Records management (47%)  
Matter management (46%)

## 4

E-billing (45%)  
Document production (45%)  
Knowledge management (42%)  
Document assembly (41%)

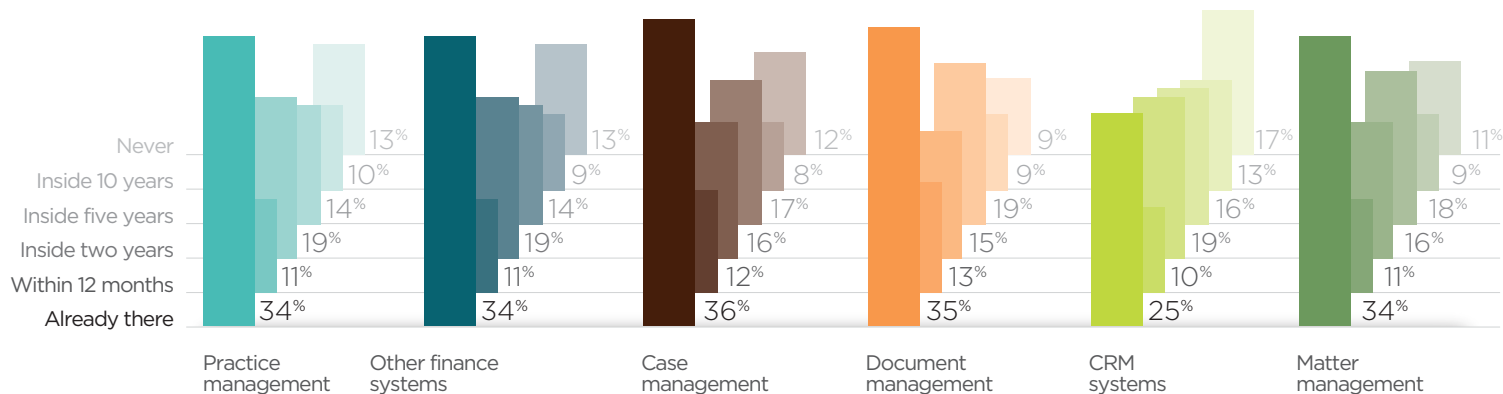
## 5

Risk and compliance (39%)  
Collaboration (38%)  
Business intelligence (38%)  
Other marketing tools (38%)

## 6

Other marketing tools (38%)  
Cost recovery (36%)  
Artificial intelligence (34%)  
Smart contracts (34%)

**Within what timescale will your firm move the following systems it has into the cloud, or buy into these systems as cloud-based solutions?**



communications being stored on a range of systems – from PMSs to sitting in Outlook.

### ON CLOUD NINE?

One area of technology that SME firms traditionally haven't trusted for effective information security, however, is fast floating their way – it looks like we're in for a cloudy future. Our evidence shows that between 25% and 36% of respondents said that their firms already have an array of legal systems in the cloud – an enormous improvement on LPM's last Legal IT Landscapes report, when no respondents already had significant systems in the cloud. Furthermore, only 9%-17% of respondents said they'd never move solutions such as document or practice management to the cloud or buy them as part of a cloud-based solution. SME legal has, for the most part, embraced the idea of cloud storage as a means of cutting overheads on expensive servers and giving themselves the flexibility to work remotely and the capability to expand their IT infrastructures easily.

Tabatha Forbes, chief information officer at East Anglia firm Ashtons Legal, says: "Cloud is a good thing – there was a certain amount of caution about it a few years ago, but the SRA and Law Society are behind it and firms are starting to realise its benefits. Cloud enables legal businesses to improve their services, deliver efficiencies and provide a better client experience." She adds that where firms start with the cloud should be determined by their business strategy.

But there's a still a lot to play for in the cloud, particularly CRM and – perhaps the elephant in the room – Microsoft's Office 365. Under a quarter of respondents (21%) are planning to adopt Office in the cloud, and only 16% are already using it – which may well be because, according to one of this report's sponsors, at present it isn't

truly compatible with most legal software.

### DON'T STEP INTO THE BREACH

Pockets of resistance to the cloud among SME legal businesses may be because a few are clinging onto the idea that it's less secure than internal servers – but suppliers usually have more time and capital to invest in their security than the average SME law firm, which makes it a great deal safer.

But SME legal businesses may already know that, since our research suggests SME firms are clued up enough about information security to have the subject firmly on their management meeting agendas (94%) and most have adopted solutions to counter cyberattacks (87%).

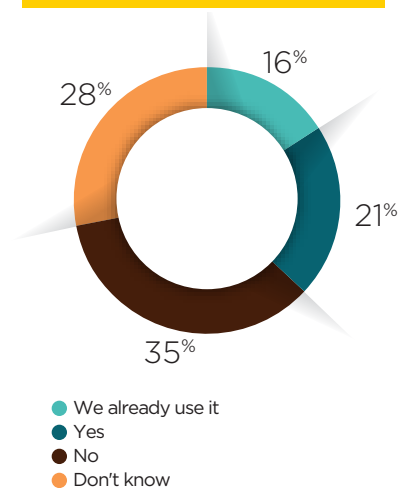
Forbes at Ashtons says: "SME law firms are particularly susceptible to cybercrime because their security may not be as formidable as at larger organisations, but they still conduct large transactions. It's extremely pleasing to see that the market as a whole is taking the threat seriously and taking steps to fight it."

But the perceived threat these dark digital forces pose may be wildly short of the mark compared to the actual threat level to SME law firms – which is both

**“SME law firms are particularly susceptible to cybercrime because their security may not be as formidable as larger organisations, but they still conduct large transactions.”**

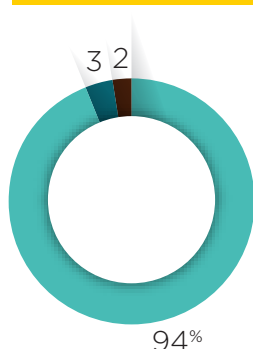
Tabatha Forbes, CIO, Ashtons Legal

**Is your firm planning to adopt Microsoft Office 365?**



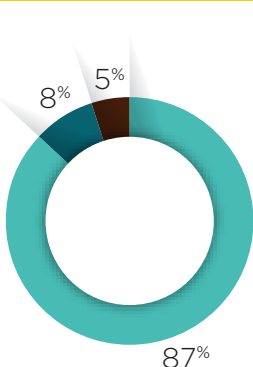


Is cybersecurity high on your firm's management meeting agenda?



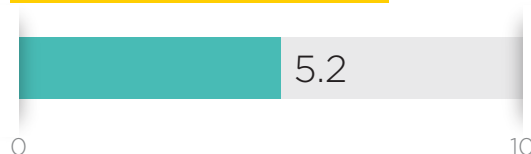
● Yes  
● No  
● Don't know

Has your firm adopted some kind of technology solution to manage hacking threats?



● Yes  
● No  
● Don't know

On a scale of zero to 10, how high is the threat of cyberattack on your firm? (10 is the highest level of threat)



concerning and dangerous. On a scale of zero to 10, the average threat level respondents said cyberattack posed to their firm was 5.2. This may be because they believe they have the tools they need to 'byte back' against cybercriminals, or that they're too small to be a target.

Alan Barrett, head of IT at Surrey-based firm TWM Solicitors, says SME firms are fooling themselves if they believe digital criminals aren't a much bigger threat.

"Respondents that entered anything less than eight on the scale of zero to 10 are naïve. It's a huge threat that could potentially destroy small or medium-sized businesses, and those that don't realise this are potentially setting themselves up for an enormous fall." He adds that though most respondents said information security is on their management meeting agenda, it's important that they talk about the right things. "Firms need to work out how to effectively train their staff to combat cyberattack and ensure that they have the right solutions in place to keep themselves safe."

## SAVE THE DATA

But it isn't just important for firms to keep their data safe – firms need to make use of all of the information they gather to help them dig deep into the business, and work out what they do well and where they can make improvements.

A key area for analysis, in any business, is always finance. Our results show that, on the face of it, SME firms do exceptionally well on how they can deliver ad hoc reports – over half of respondents (57%) said they could do it in under a day. Good news, since the better their access to information the better firms are able to plan, budget and scope work out for clients. But this still leaves 36% saying it takes them over a day to do, with another 7% unable to do it at all – and because just 12% said they have a

dedicated business intelligence system, their reports may not be as good as they perhaps could be.

Startup at DW Harris & Co says SME firms generating ad hoc financial reports in less than a day are likely compiling them using basic data – but that may be enough for smaller businesses. "Most SMEs, from a financial perspective, have quite transparent objectives in terms of how they measure their business. As long as they have some form of SQL server to hold all data, it's quite easy to pull a simple report that shows you how well you're doing."

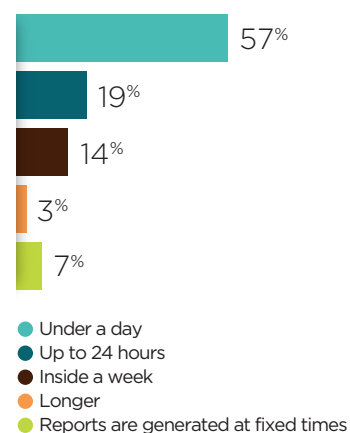
And what about pricing? The days when firms could charge based on time and seniority of fee earner are largely gone – the rise of internet search engines and the recession have seen to that. Consumers are more capable and willing to browse the market, so it's more important than ever for legal businesses to price services appropriately.

Again, respondents were confident that their firms have what they need to get the price right. Over half (59%) agreed or strongly agreed that their firm's partners and fee earners had the right tools to assess the cost of their legal services, and 64% said their firm has the data to enable pricing to "be done right." But this confidence is remarkably bullish compared

**“ Respondents that entered anything less than eight on the scale of zero to 10 are naïve. It's a huge threat that could destroy small or medium-sized businesses. ”**

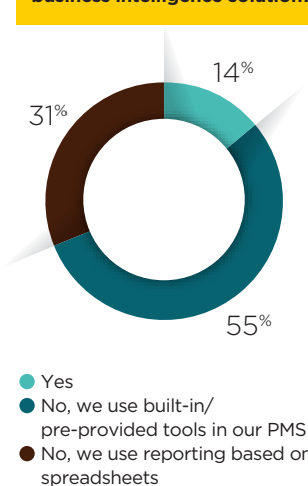
Alan Barrett, head of IT, TWM Solicitors

How long does it typically take to respond to and generate ad hoc financial reports for partners (or others that request them) at your firm?



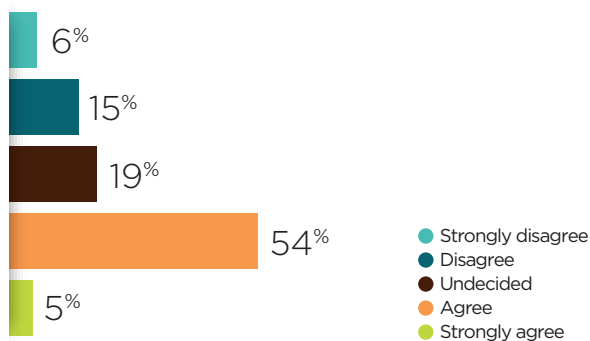
● Under a day  
● Up to 24 hours  
● Inside a week  
● Longer  
● Reports are generated at fixed times

Does your firm have a dedicated business intelligence solution?

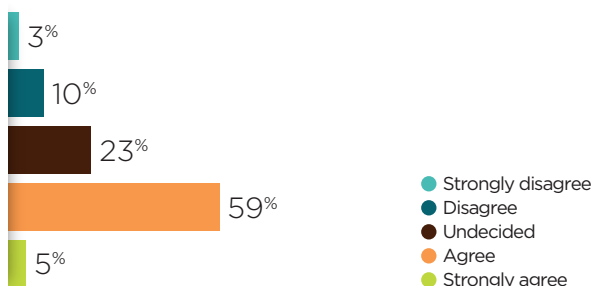


● Yes  
● No, we use built-in/pre-provided tools in our PMS  
● No, we use reporting based on spreadsheets

**Do you agree or disagree: My firm's partners and fee earners have the *tools* to correctly assess the cost of work they do.**



**My firm has the *data* that it needs to enable the people who price work to get pricing, and the cost of the work to be done, right.**



to results from top 100 firms – 30% of **Briefing** Legal IT Landscapes respondents said their firms' partners have the right tools and 43% said they have the data they need to effectively work out the cost of services.

This bullishness may indicate a mismatch between understanding and confidence – we don't know, but it certainly couldn't be ruled out. But, then again, according to Forbes at Ashtons, perhaps not: "SME firms potentially do have what they need to piece together the puzzle with their clients in mind – which may be testament to operating in a mid-tier rather than larger firm. Smaller firms have greater flexibility and less data than larger firms to contend with, so these results may well be accurate."

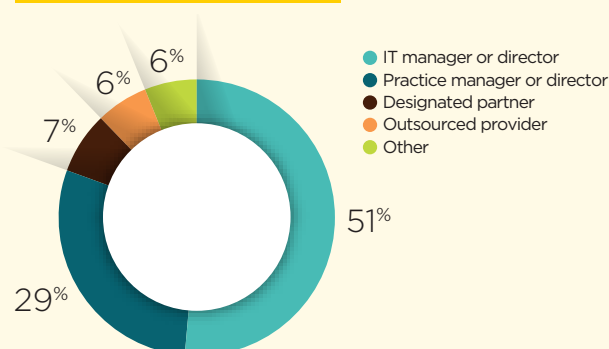
Lakhani at ASB Law adds that it's vital that firms have the right tools to correctly assess cost, but it isn't just about having the right data. "Ascertaining the value of legal services to clients is also vital in accurately costing legal services – which you can do just by talking to them."

Though SME legal still has a long way to go in its use of technology, clearly an enormous amount of progress has been made since we last published an LPM Legal IT Landscapes report. Cloud is floating fast towards us and SME legal businesses are embracing the need for greater mobility and client engagement, facilitated by technology. There is perhaps a certain overconfidence in the market, particularly around information security, but we can't fault the industry for its optimism. We look forward to seeing how much, or if, the scenery has changed next year. **LPM**

## WHO'S IN THE HOT SEAT?

In this year's LPM Legal IT Landscapes, we also found out that a slim majority of SME law firms (51%) have an IT manager/director in charge of their IT operations – and tellingly, only 7% of firms have a partner in charge.

**Who in your firm is responsible for IT operations and services?**



But perhaps what's more telling is our results on whether respondents believed real management power is a myth in traditional partnership structures for business services roles.

**Do you agree or disagree: For those in business services roles, real management power is a myth in 'traditional' partnership-structure law firms.**

