

How technology drives law firm modernization

White paper



How technology drives law firm modernization

Legal professionals will most certainly look back on the COVID era 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 legal 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 successfully into the post-COVID era? Embracing legal technology is a big part of the answer. In fact, the 2021 Thomson Reuters State of the Midsize Legal Market report found that firms increased their investments in technology in 2020 and plan to do so again in 2021.

According to the report, “Technology spend increased 4.8% in 2020, up from 3.3% in 2019. Much of that increase was necessitated by remote working needs as firms scrambled to maintain continuity of workflow with a suddenly remote workforce. However, the investments in technology are expected to continue or even accelerate this year.” Half of firms surveyed in the 2020 Law Firm Business Leaders Report plan to increase their use of technology.

This is because 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 work 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 attorneys at all levels. For most, the post-COVID era will require them to rethink their “presenteeism” expectations and make it more acceptable for employees to work remotely.

No matter what the working location, attorneys are feeling the pressure to keep up. They need new ways to be agile, new ways to improve client service, and new ways to update old processes. Relying on a colleague down the hall to have the answers isn’t sustainable.

According to the 2021 State of the Legal Market, U.S. lawyers are embracing remote work. The number who want to work remotely at least one day a week has doubled since the start of the pandemic, going from 37% to 76% in one year. Senior partners are becoming less resistant to remote work, having seen how effective their attorneys can be working from home.¹

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 bankruptcy attorney at White & Case in Chicago. “This fall 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.

Attract and retain top talent: Tools to get up to speed

During the pandemic, most law firms sent employees home to work remotely. At the same time, client needs shifted, 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 on the fly.

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 setups 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 attorneys, the go-to resources for solving a new challenge have been search engines and colleagues. Search engines give them lots of answers, but attorneys are left to sift through the results, figuring out which sources can be trusted and what approach is best. Colleagues might now be available on firm chat channels, but they aren’t necessarily right down the hall to brainstorm with.

Some legal tech providers anticipated these challenges. They 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, a Minneapolis plaintiff’s attorney, relies on sophisticated e-discovery platforms to manage the sheer volume of document review for his cases. “I appreciate having a tool that organizes 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 attorneys 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 AI supports this process, in the cloud.”

A shifting culture

With attorneys 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 data suggests 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.²

The right tools can support that culture, especially when they are intuitive. New attorneys will benefit from highly curated wisdom from seasoned attorneys to show them where to start. More experienced attorneys can confidently take on new types of matters and deliver exceptional service. When attorneys have access to tools that deliver trusted answers to complex questions, quickly, everyone benefits: the attorney, the firm, and the client.

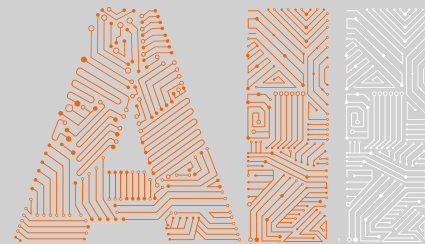
Legal tech: Technology for all

Legal tech 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 legal tech innovations use at least some artificial intelligence. Where technology 1.0 simply digitized 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 to do 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 an attorney'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 saw the impending "silver tsunami" 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 associates come out of law school understanding how to think like a lawyer, and then firms — especially the largest ones — teach them how to lawyer according to the firm's best practices and style.

Some major firms take it even further than teaching a particular method or approach. They systematize matters so that everyone follows essentially the same process to deliver exceptional client service efficiently and consistently. Seyfarth Shaw³, for instance, 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 labor intensive and required a commitment to change up and down the firm. In many fast-paced legal environments, attorneys 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 attorneys and associates alike

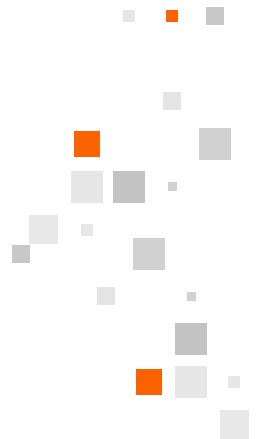
Relying on detailed, documented processes for key matters and projects also helps with succession planning. Firms may be looking at retirements at the top or simply at rotations between practice groups. Either way, it's a lot easier and more appealing to anticipate changes like these when people don't 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 attorneys 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 will be important to be thoughtful about which processes to automate and map. Kwan, the Minneapolis plaintiff's attorney, warns that "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 a tech that can help with that."

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 attorneys feel like they're fitting into an entrenched process, there are opportunities to improve workflow and 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," he says. "That exercise is also critical to lawyer wellbeing. 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 checks and invoices became unworkable when no one was in the office to write checks 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, the Chicago bankruptcy attorney. "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. FindLaw's 2021 U.S. Consumer Legal Needs 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 attorney looking for support or guidance, they want a quick response.

Conversely, it's hard to predict when the demand will arise. There was a significant downturn in billings for law firms in 2020. To a large extent, this 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 2021 State of the Legal Market, 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 rise to new challenges quickly and deliver exceptional value with every billable minute.

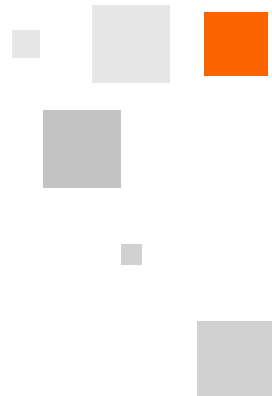
Better serve clients: Strategic advantage

These cost pressures are coupled with the consumerization of B-to-B 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 toward firms that address their needs in a modern way.

For instance, while the pandemic drove a decline in overall demand for litigation in 2020, midsize firms showed slightly better demand than firms in the Am Law Second Hundred. And, midsize firms were the highest-performing segment for trusts and estate work.

According to the 2021 Thomson Reuters State of the Midsize Law Firm Report, these firms seized on their inherent advantages to capture the client demand that endured despite the pandemic. They demonstrate a compelling cost-value basis and greater agility in responding to matters.

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 attorney or even another firm. Having easy access to the know-how and wisdom of seasoned legal professionals helps attorneys say yes to more matters, even when they are outside their exact area of expertise. With the right tools, an attorney can instill 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 attorneys quickly demonstrate a point to influence a client or opposing counsel.

The ABA's Business Law Section produces the M&A Deal Points Study⁴, for instance, to help attorneys understand trends and practices in how mergers and acquisitions are conducted. Thomson Reuters Practical Law also provides actionable data on market practices to help attorneys advise their clients on how to approach a matter and how hard to negotiate specific points in an agreement.

People learn and are moved by stories and images. Every data point has its unique set of stories, of course. Attorneys have been collecting these stories, trading them with colleagues, and repeating them to clients for generations. New data visualization 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. Attorneys 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 attorneys 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 take action and invest in technology and tools to enable their attorneys? 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 tech 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 Insights⁵ 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. In 2020, firms increased spending to support their 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 costs⁶. 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.

⁴ americanbar.org/groups/business_law/committees

⁵ 2021 State of the Legal Market

⁶ 2021 State of the Midsize Legal Market

The way forward

The long-term changes to the way lawyers and law firms work remain to be seen. It is quite likely that the COVID 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 practice and cultural norms 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'll get more done, faster, with more confidence that they've covered all the angles. And law firms that invest in the right technology will be equipped to recruit and retain top talent, better serve their clients, and grow revenue and profits per partner.