

FEBRUARY 2018

# LPM

LEGAL PRACTICE MANAGEMENT



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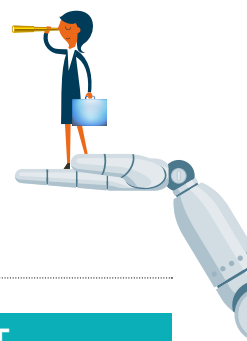
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# WHAT'S IN THE LITL POT?

**W**e've done Legal IT Landscapes since 2015 (2011 if you count our report of the same name for top 100 firms) and it's progressively got more in-depth. But this year we've changed the format for LITL – moving away from thinking in terms of technologies and towards where in the business those technologies will impact.

So the 2018 report is divided up into areas of operations and business rather than areas of tech – and that's what we will be doing for future LITL reports. We've also changed the format to make it more readable by sprinkling the contributions from our sponsors throughout the book.

They've helped us to bring this report to you – we couldn't have done it without them so please take a moment to read what they have to say.

We always link responding to LITL to contributing to Shelter – this year, I'm proud to say, we've raised £600 for the charity between our LPM and Briefing reports. We'll also be asking our sponsors to match that contribution.

Thank you for taking part!

Patrick Wingrove, report editor  
@LPMmag | [patrickw@lpmmag.co.uk](mailto:patrickw@lpmmag.co.uk)

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## About us

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# Machine yearnings

SME firms are realising the advantages technology and innovation can offer – but big IT gaps still need to be closed. Researched and written by Patrick Wingrove

## 1 THE BIG QUESTIONS

Our big questions are a way to work out what kind of return on investment you'll get from technologies – to understand the value of them to your legal business.

That's why we asked people to tell us which technologies they think will have the biggest impact on their businesses over the next few years. We tally the answers up and plot answers for techs mentioned against 'competitiveness' and 'efficiency', and then divide the resulting two-axis chart into sections from bottom-left (lowest-scoring) and top-right (highest scoring) – turn over to see.

Those in the bottom-left section (zone one) are important – they're mentioned unprompted by people like you as being techs that are good for business. We think of this section as the 'nascent' or 'stale' zone because new technologies come in this way, and well-established ones fall down into it. They include: collaboration, time recording, chatbots, speech recognition, information security, e-signatures and matter management. Watch out for them.

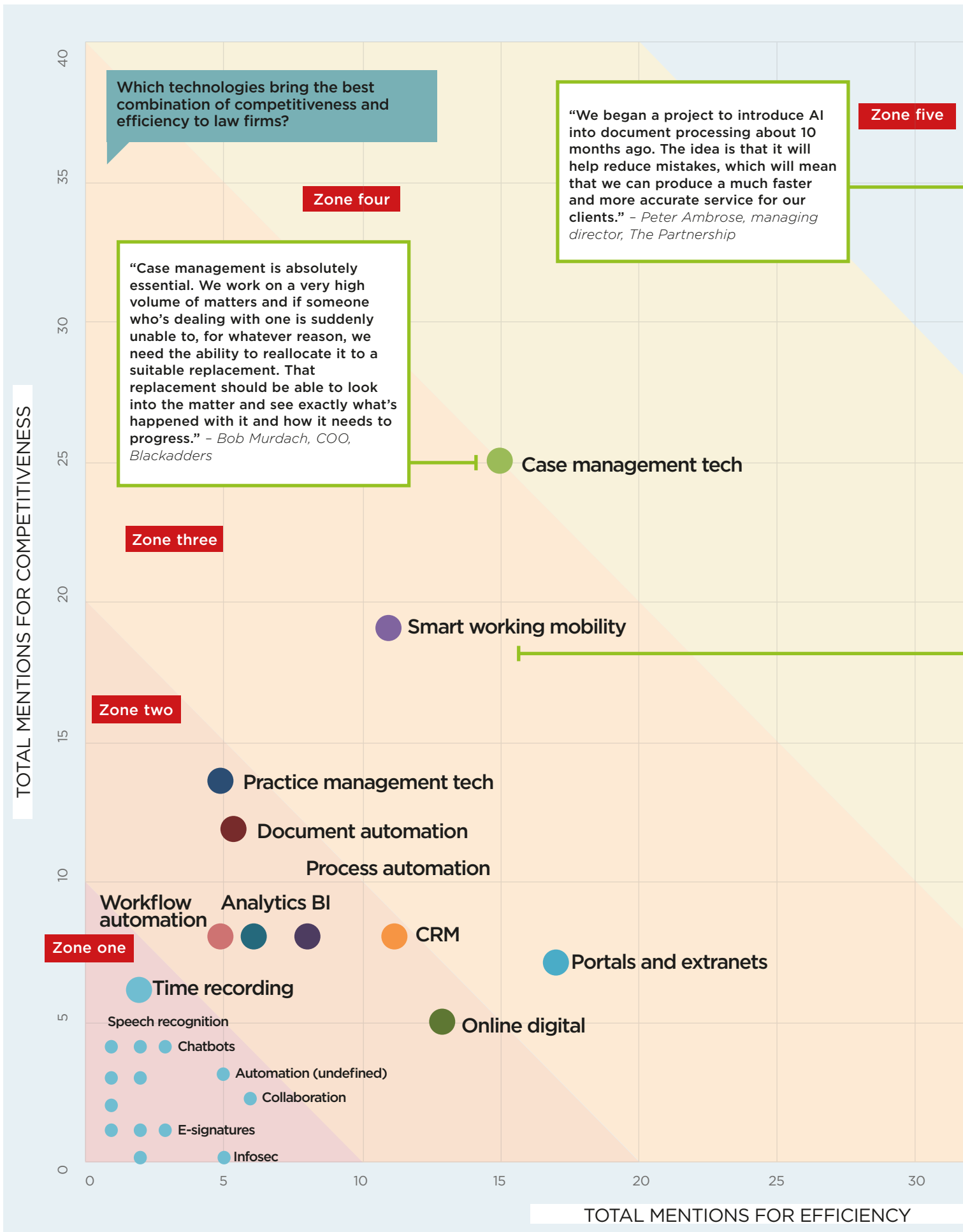
The next section up towards top-right (zone two) is 'live' technologies – analytics, process automation, document automation, practice management technology, online/digital (such as websites, e-marketing), workflow automation and CRM. These are technologies you should seriously consider, as a significant proportion of your peers see them as having great potential.

Next up towards top-right, in the middle of the graph (zone three), are 'hot' technologies – they've had lots of mentions and should be in your sights because many of your peers/competitors see them as game-changing. This year, these are case management (often tied to integration with other areas), smart working (the umbrella we put mobility and flexible working under), and portals and extranets (an umbrella term covering areas like online collaboration and document sharing with clients, client information portals and so on).

And above them all in the 'hype' zone (zone five) is AI – and 'all automation', if we bundle all kinds of automation together. As you can see from our questions around how SME law firms are currently using AI, very few are using it. So AI's popularity is down to what people think it can do for the business, rather than what they've seen it do in peer firms.

But ... as AI in legal right now is almost purely an automation technology, the real story of this year's big questions is that automation is coming like a train, and it will be everywhere (it truly dominated the survey, in all its forms from RPA to document automation).

Not thinking automation in all its forms for your law firm right now? Then you run the risk of not seeing the train before it strikes you. It will not be possible, once a bulk of the SME legal market has automated past a certain point, to catch up. **LPM**





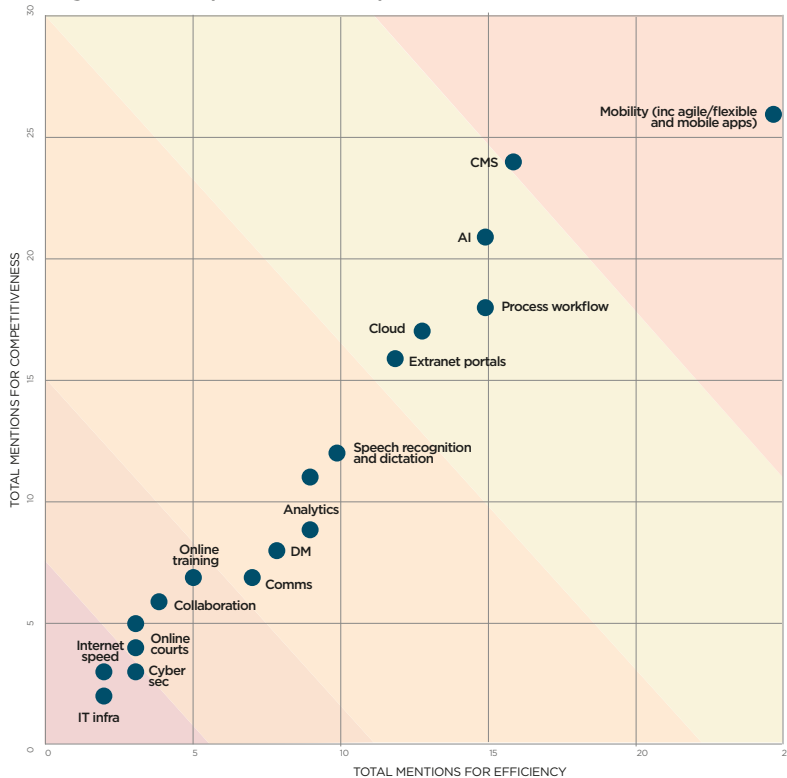
## AI/Machine learning

### All automation

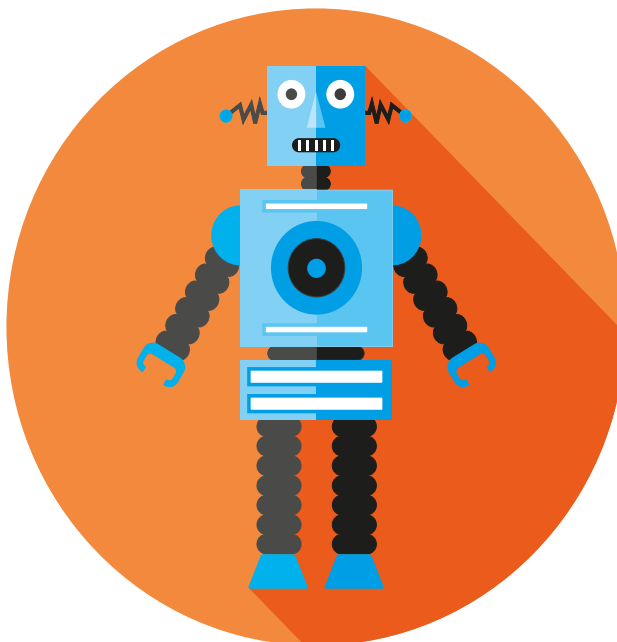
“We deal with one type of thing which is debt claims. Without being able to automate the service from selection processing all the way down to the claim judgement and enforcement process, we really couldn’t deal with the sort of volumes we process and at the rates we charge. Firms that don’t do automation are missing a trick.” – Eddie Harrison, head of business optimisation, Lowell Solicitors

“Mobility is hugely important for firms to have in this day and age. It means we can be more competitive by giving clients access to their lawyers, wherever either may be, and providing fee earners with the tools to work from wherever they can get a WiFi signal. From a lifestyle perspective, it also makes the firm a more attractive place to work and aids retention.” – John Kennedy, head of client services, Wildbore & Gibbons

Legal IT Landscapes 2017 for comparison



Last year’s Legal IT Landscapes found mobility and case management systems scoring highly but artificial intelligence was also high in respondents’ minds. This year, case management tech and mobility, while still coming high, have been pushed aside by the AI and automation behemoths. But since very few SME firms are using AI, its rise to the top of the chart represents interest and hype more than expectation of imminent use.





## 2 INNOVATION FOCUS

There's no denying that SME firms are embracing innovation in all its forms - evidenced by the steady flow of announcements we get in our inboxes here at LPM every day. The term might only be applied in its loosest sense to some of those changes but other examples do represent tangible activity - from legal businesses launching with seed funding and investment in collaborative technologies to the creation of subscription price plans and creation of client platforms to streamline services in the emergence of potentially destructive legislation. And let's not forget those firms launching new models to cut costs, drive efficiencies and deliver work in a way that bolster the client experience - which often produces enviable results, such as in the cases of two corporate and 'dispersed' former 'SME law firms' that shot into the top 100 last year.

Still, there's plenty of debate about what innovation

really means. Does it need to be on a par with the arrival of the smartphone or broadband internet, or could it be as simple as finding a faster way to move a piece of paper from one tray to another? But, however you define it, history and recent success stories demonstrate that technology often plays a key part in innovation - which is why a firm's investment in digital solutions should be directly linked to its strategy (ie, what it wants to achieve and which tools and capabilities it needs to deliver those goals).

Our first question in LPM Legal IT Landscapes 2018 - what percentage of your firm's revenue is invested in IT in total and how is that divided up? - suggests that, even if tech-based innovation isn't yet on the table, commitment to the concepts high. On average, just over a fifth (21%) of respondents' IT budgets (which represents 5% of their total budgets on average) are spent on non-business-as-usual technology. This number seems almost suspiciously high, and it's

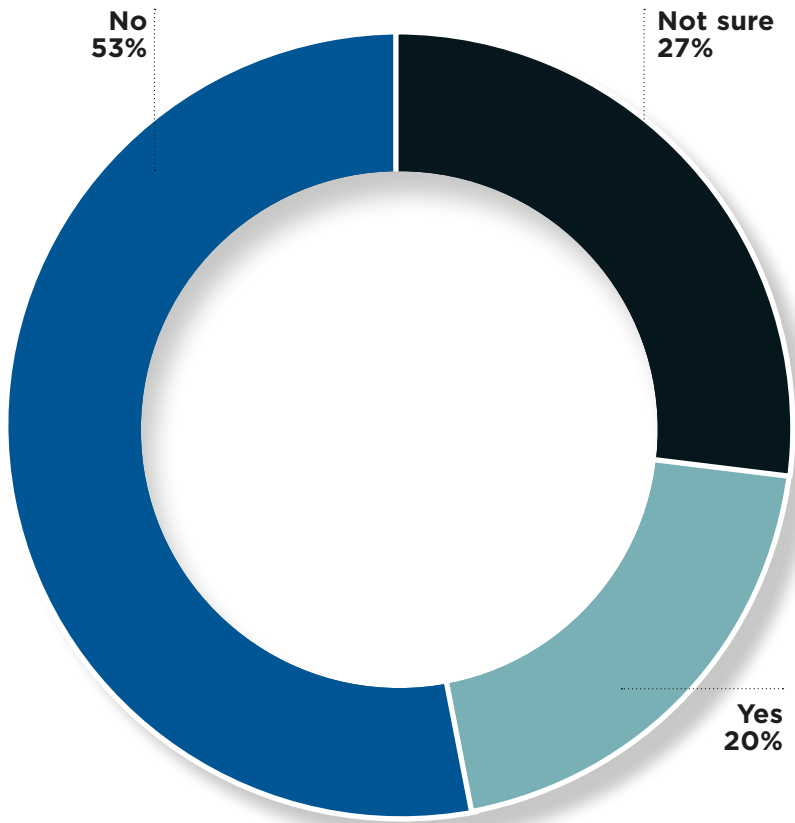


**5% MEDIAN**  
 WHAT PERCENTAGE OF YOUR FIRM'S REVENUE IS SPENT ON IT IN TOTAL?

WHAT PERCENTAGE OF YOUR FIRM'S IT BUDGET IS SPENT ON BUSINESS-AS-USUAL ACTIVITIES?  
**72% AVG**

AND WHAT PERCENTAGE IS SPENT ON NEW TECH?  
**21% AVG**

Is the amount the firm devotes to new or non-business-as-usual technology (such as AI and 'home-grown' dev) enough?



possible that people giving high numbers were talking about home-grown development, which, in the past, many SME firms have engaged in rather than buying up capability. In any case, most respondents (53%) said their firm didn't spend enough on developing non-business-as-usual technological capability - only a fifth (20%) were satisfied.

Overall, it's not a great indicator for the market since the key areas identified in our research on the best technologies for competitiveness and efficiency, such as AI and automation, require non-trivial levels of investment.

Peter Ambrose, managing director of Surrey conveyancing boutique The Partnership, says firms' reluctance to invest in new solutions isn't encouraging for the market broadly since they're vital to attaining competitive advantage - especially for those that work in 'risky' areas.

# TECH FOCUS

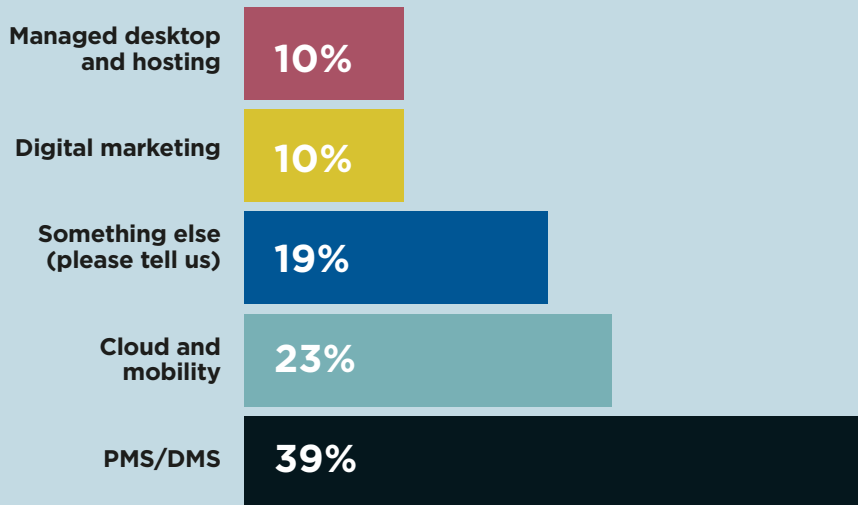


Though most respondents in Legal IT Landscapes 2018 said not enough money was being spent on 'new tech' in their firms, the results for which area of IT they're focusing on over the next year and a half is encouraging.

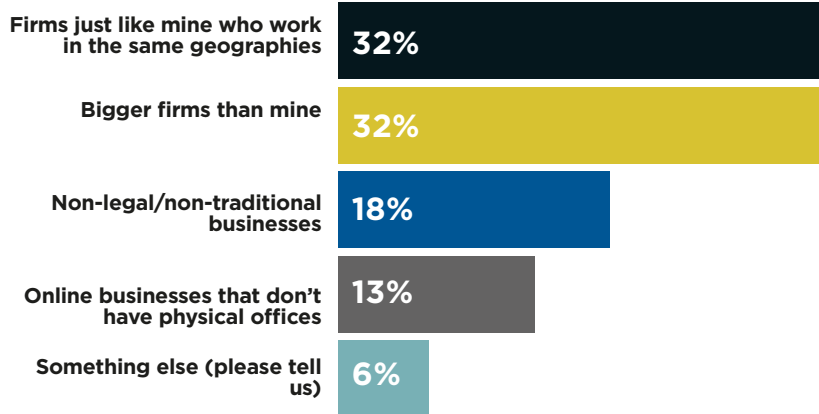
Our top scorer, with almost two fifths of the vote (39%), was practice management/document management systems - which is a good sign, since the GDPR is fast approaching and firms will need a system to help them keep track of client data so it can be deleted when needed. We weren't surprised to see cloud and mobility high up in these results, since our data on p18 suggests SME legal is moving towards a 'cloudier' future.

There were some interesting entries for the 'something else' category, including: integrated client-facing apps, collaboration and project management, virtualisation and InfoSec. [LPM](#)

**Which area of IT will your firm be focusing on as a priority over the next 18 months?**



**What kind of business is your firm's biggest commercial threat/competitor over the next five years?**

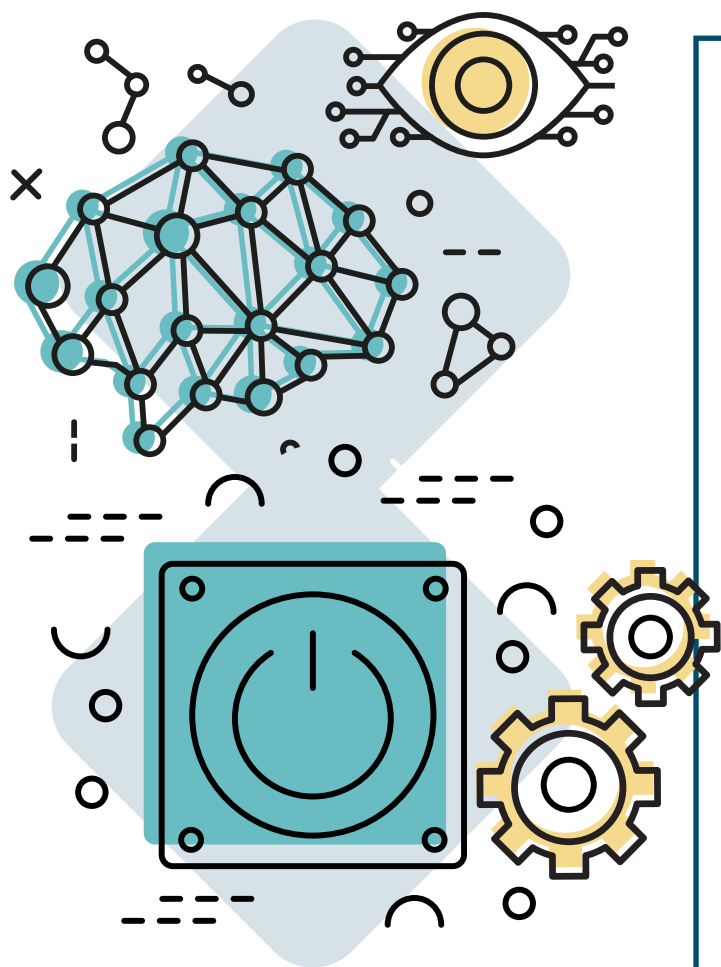


"Firms undertaking high-risk activities, such as conveyancing, need new technologies to de-risk. Successful businesses can provide a fast and high-quality service - but it's very difficult to get deals done quickly when arduous but necessary precautions must be taken.

"Technology is a wonderful thing because it can get through tasks quickly and reduce the chance of missing anything, and makes the services more competitive."

Of course, investment in or development of digital solutions should also be closely linked to market drivers - which is why we asked SME legal management leaders what they perceived as the biggest threat to their businesses. The answer from most respondents (64%) was 'other law firms' - either similar firms in the same geography or bigger firms. Whether that's the case is a topic for continued discussion, but it suggests that forward-thinking firms could get a jump on the competition by investing in or using technology better than their competitors.

Stuart Taylor, head of IT at London firm Osbornes Law, says digital solutions can help firms to stay one step ahead of their competitors by removing the "friction" from their services through self-service, transparency and better client communication - and while firms might get away with not offering those perks now, they won't in the next five years.



“Successful businesses can provide a fast and high-quality service – but it’s very difficult to get deals done quickly when arduous but necessary precautions must be taken.”

Peter Ambrose, managing director,  
The Partnership

“The millennial generation will soon start buying legal services and if firms aren’t using non-business-as-usual technologies that they’re used to getting from other companies, such as their high-street bank or taxi-hailing app, they’re going to go to a firm that does. And that doesn’t have to be traditional LLPs, it might be alternative business structures such as Tesco.” **LPM**

## AUTO ADVANTAGE



In last year’s Legal IT Landscapes survey, only 66% of firms said that they were prepared for GDPR. Fast forward a year and we can see that 84% of firms surveyed are “fairly” or “highly” confident about GDPR compliance – an encouraging result.

While the prospect of the GDPR undoubtedly remains a daunting one, these results suggest that technical innovation hasn’t suffered as a result – and that’s also good. In terms of what firms thought made them more competitive and efficient, case management ranked highly – and is likely to be seen as the best value for money for achieving both since it only fell behind AI/machine learning and automation. Law firms continue to come up against cost pressures, so it doesn’t come as a surprise that maximising efficiency is a top priority. But doing things well is no longer good enough. Consumers are demanding and the challenge is how to be more productive – that is, to do things well and quickly. So, automation being ranked so highly in this report’s results falls in line with this industry shift.

One surprise, however, was that only 16% of firms have invested in e-signatures. With paper signatures wasting on average 6.8 hours a week, we expected that e-signatures would be a huge productivity priority for firms in 2018 – as well as key part of firms’ cybersecurity procedures.

Conveyancing is listed as the number-one legal process that can be improved by automation, further highlighting this need for speed and accuracy – consumers consistently say that conveyancing is the most complicated and time consuming part of the house-buying process. Indeed, speed is a necessary requirement for the modern law firm in an age where consumers are conditioned to expect instant responses.

Overall, having a robust practice and case management system tightly integrated with best-of-breed solution providers, who speed up individual tasks, will be key to overcoming efficiency and productivity challenges in 2018. The need for an innovative system, capable of delivering quality and quantity against a backdrop of security is now not just nice to have, it’s a necessity. Doing something right and doing it fast is only going to aid competitiveness – another essential priority for the modern law firm. **LPM**

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COMMENT

“One surprise was that only 16% of firms have invested in e-signatures. With paper signatures wasting on average 6.8 hours a week, we expected that they would be a huge productivity priority for firms in 2018.”





## 3 BUSINESS EFFICIENCY

As Chancellor Philip Hammond outlined in 2017's Budget, productivity is a big problem for the UK as whole, so it's not surprising that SME firms are hot on drivers of efficiency. The most highly valued set of efficiency-driving solutions were those that provided automation, including artificial intelligence, which our data showed is being used mainly to automate processes within the SME space.

But it seems that SMEs' yearning for machine learning represents interest or hype more than expectation of imminent use. Most respondents (73%) in this year's Legal IT Landscapes said their firms weren't using AI at all - likely because those solutions are still too expensive for the average SME law firm.

Bob Murdach, COO at Scotland firm Blackadders, suggests past investment in digital solutions might also be contributing to a lack of AI adoption in the market, since SME firms don't generally have the same resources as their larger counterparts to upgrade systems at will.

"Legacy systems are holding firms back. Most modern PMS/CRM platforms seem to have Microsoft Dynamics engineered into them and that creates a pathway to using AI, but that doesn't come cheap.

"You need to have full data capture potential in the platform you're using to make full use of an

AI solution. Some legacy systems simply don't have the breadth of data capture needed, and firms don't want to invest in new ones before they've seen a good ROI from their initial spend."

On the other hand, 27% of firms are using AI in some firms, compared to just 7% in 2017's report, when only an extra 9% expected to be using it within a year. Despite notable barriers, AI is gradually edging its way into the SME legal market.

But while enthusiasm for other automation technologies is also considerable, it has yet to be translated into actual use. On a scale of one to 10 for "how automated" legal work is across firms, respondents reported a median of three. That falls short of how automated our audience thought their firms could be - seven out of 10. These numbers are effectively identical to those from 2017's Legal IT Landscapes report, so the perception is that the SME legal market hasn't moved on in terms of becoming more automated - a discouraging result.

What's holding them back? Eddie Harrison, head of business optimisation at Leeds litigation and debt-recovery boutique Lowell Solicitors, says lack of auto adoption is often due to a key cultural barrier.

"Firms are often reluctant to change, especially when a lot of automation solutions such as case management systems are very expensive. But

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



On a scale of 0-10, how automated do you think legal work could be in your firm with technologies currently on the market? 0 is not automated at all - 10 is very highly automated



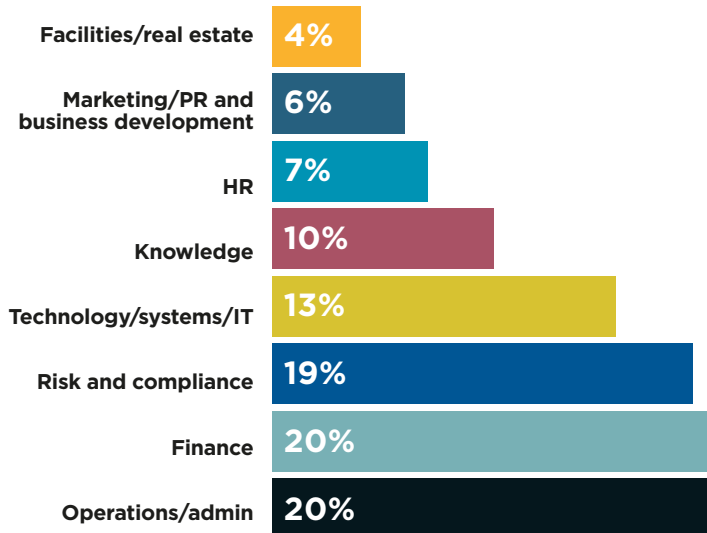
we're getting to the point where automation is essential to firms' survival - client demographics are changing fast, and if firms don't start making big changes soon, they're likely to fall behind the hungrier, more tech-savvy firms."

Despite the lack of adoption, legal leaders have a good idea of where automation could be best applied to processes or elements of legal services delivery to benefit the firm, since the top areas of work - both in terms of process and practice areas - are all here. But when people weren't naming practice areas that are traditionally high-volume, low-margin, such as conveyancing, they cited basic processes such as matter inception or file closing. This suggests that basic processes still aren't automated in firms - which means they're missing a trick.

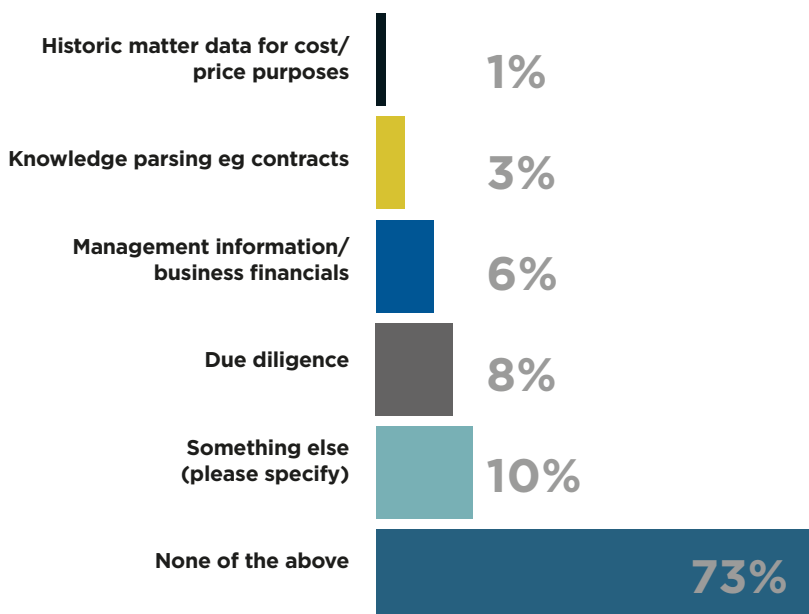
John Kennedy, head of client services at London IP boutique Wildbore & Gibbons, says firms can benefit from making all areas of their work more profitable, including bespoke services, by automating basic processes.

"Even in very tailored services there are transactional elements that can be automated, such as the administrative side of things, which frees up time for fee earners to spend on critical business advice. That advice is what clients really

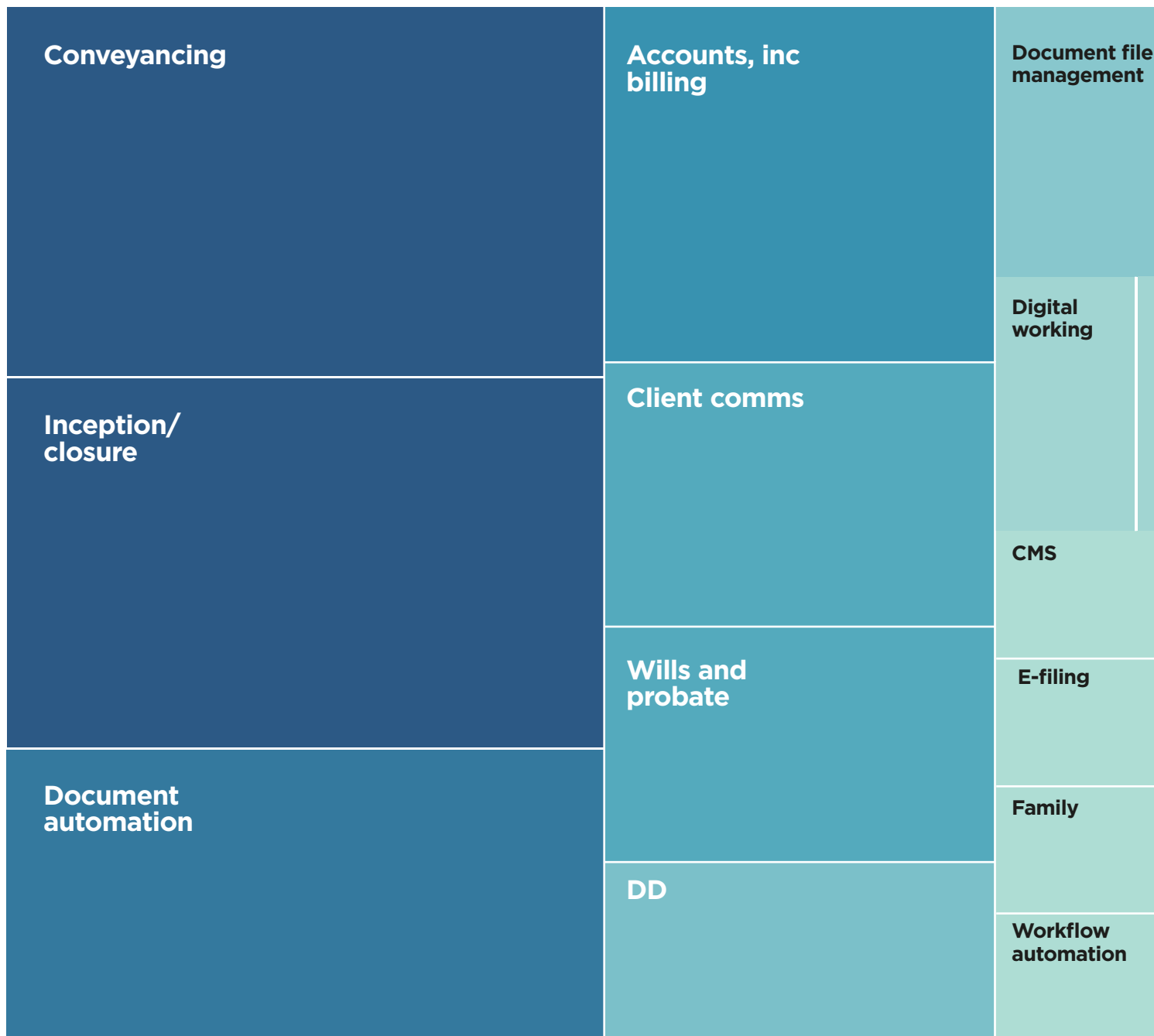
Which support/business services area in your firm could benefit most from more automation?



To which areas of data is your firm applying machine learning/AI?



Which processes or elements of legal services delivery benefit/would benefit most from process automation with technology in your law firm?



value - it might only take the lawyer an hour to do, but it could be worth tens of thousands of pounds to that client, whereas the administrative side is essentially just a low-value procedural transaction."

Of course, automation isn't all about changing how one service is delivered - it's also about making the whole business run more smoothly. With that in mind, we asked SME law firms "which support services areas in your firm could benefit most from automation," and it was a toss-up between the biggest areas, finance and operations - a

very similar result to when this question was posed to the top 100 audience in a report of the same name carried out by our sister magazine Briefing. For finance, that could mean the billing cycle to improve collection or perhaps even be a huge driver of pricing work more profitably each time parameters are repeated.

Harrison at Lowells Solicitors says these are perhaps the most challenging areas to automate and that's why firm haven't embraced automation yet.

"Firms would probably see the biggest gains in finance



Matter management		Compliance		Data capture	
Discovery	E-bundles	Portals and extranets		Review	
AML	Analytics	Criminal	Smart working	Data	Debt recovery
Disputes	Executry	Litigation	PI	PMS	
Service	Precedents	Immigration		Property	
Private client	Research	Partnership deeds		Quality Control	
Speech recognition 1	Renewals	Client acquisition and reporting			

## WORKFLOW WIZARDRY

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Since last year's Legal IT Landscapes report, which highlighted growing concerns about the lack of high-quality people and a reliance on quality individuals driving more lucrative fee-earning work, there has been a growing anticipation of AI and increasing appetite for cloud

technology. The legal industry is embracing and looking forward to the use of even more IT than it was in 2017. Thoughts around a more accessible and mobile environment are now second nature to SME firms, and the new driver of change is automation. A key factor in this trend is that the quality of a firm's deliverable will only get better over time and will continuously force an ongoing program of improvement and efficiency gains that will benefit both the firm and its clients. At last the dawn of more profitable high-volume, low margin fixed-fee work (which many previously feared) is now on our doorstep.

With change come challenges – but for those brave and clever early adopters there lies opportunity. Making light of the more process-driven tasks and finding more efficient ways of matter completion that deliver client-facing benefits via AI seems to be a key element of the wider future of a more rewarding and lucrative fixed-fee landscape.

With the impending deadline for the GDPR in May fast approaching, one major area of risk firms need to address is human error. AI will clearly feature heavily in decision making for the future where business processes and document handling can be partially, if not fully, automated – thus minimising human intervention and risk (and help avoid hefty fines). These developments will perhaps come at a price. But surely it's a worthy investment, since the overall return could be significant when its hidden and added benefits are considered. Long gone are the days of sitting on the fence and waiting to see what happens next – the next generation of virtual work colleagues is but a stone's throw away and it seems eagerly awaited. [LPM](#)

*“With change come challenges – but for those brave and clever early adopters there lies opportunity.”*

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 Gary Shaw,  
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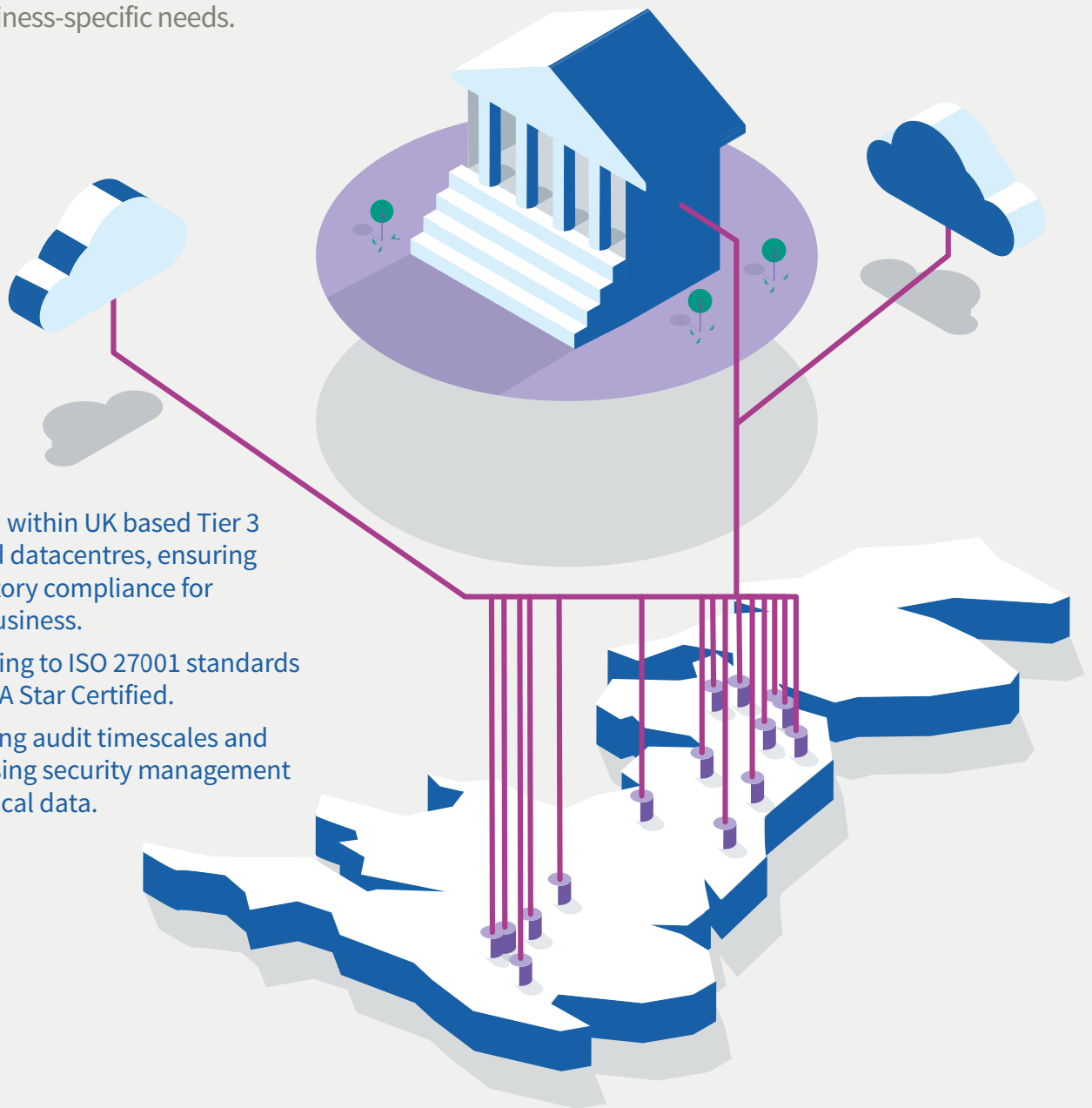


and back-office operations because they're traditionally the most complex areas to automate, and removing the need for repetitive processing means you could lower the risk and potentially save huge sums of money.

“Most automation available in our line of work is focused on the courts. But when it comes to input processes such as correspondence, email, court returns and such, the service is much less automatable – probably because technologies such as optimal character recognition (OCR) aren't very good yet.” [LPM](#)

# Enabling Cloud within the Legal sector

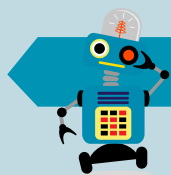
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Which areas of work do you think present the biggest opportunities for the application of AI/machine learning in legal services?



## OPPORTUNITY

**Conveyancing**  
**Litigation**  
**Commercial**  
**Wills and probate**  
**Contracts**  
**Corporate**  
**Analytics**  
**Review**  
**Dispute resolution**  
**High-volume work**  
**Paralegal work**  
**Personal injury**  
**DD**  
**Employment**  
**Everything**  
**Family (divorce)**  
**Portals etc**  
**Property**  
**Client neg**  
**Compliance**  
**Cybersecurity**  
**Discovery**  
**Document management**  
**Document production**  
**Efficiency**  
**Helpline (inc chatbots)**  
**Inception/closing**

Which areas of work do you think are most threatened by the advent of AI applied to legal services?



## THREAT

**Conveyancing**  
**Wills and probate**  
**Contracts**  
**Commercial**  
**Review**  
**Litigation**  
**Analytics**  
**DD**  
**Debt recovery**  
**Family (divorce)**  
**High-volume work**  
**Personal injury**  
**Everything**  
**Discovery**  
**None**  
**Paralegal work**  
**Private client**  
**Client Handling**  
**Compliance**  
**Corporate**  
**Data**  
**Document product**  
**Helpline (inc chatbots)**  
**M&A**  
**Non-litigious work**  
**Property**  
**Secretaries**

Larger sizes and darker colours show the biggest response. Lighter and smaller show the smallest response

In this year's Legal IT Landscapes 2017, we asked our audience which areas of work presented the biggest opportunity and which are most threatened by the application of AI. The results show a lot of crossover, which suggests that legal management leaders have the same understanding of how AI could be applied to legal services but differ in their perceptions on whether it would be a 'good' or 'bad' thing for their firms.

When it comes to our top scorer in both lists, conveyancing, more people saw machine learning as a

threat to that service than an opportunity. But Peter Ambrose, managing director at conveyancing boutique The Partnership, says this is the wrong view to take.

"People said that ABSs would be an enormous threat to conveyancing firms a few years ago - and look how that turned out. Conveyancing is all about risk and AI presents a major opportunity to de-risk it and make it faster and more convenient for clients.

"But the application of AI needs to be supervised and, of course, tempered with experience."





# 4 SMARTER WORKING

Apart from automation, perhaps the digital gift that keeps on giving in efficiency gains is agile working. A regular combination of office and home working makes sound business sense for any sensible firm, but being able to work on the go is practically a productivity miracle for those in areas such as shipping, who have always had very mobile fee earners, but whose travel time was traditionally 'dead time'.

Of course, agile working could also be a driver for competitiveness, as work-life balance becomes a bigger factor in recruitment and retention. Combined with solutions such as client portals or video communications, firms never need to tell clients that their lawyer isn't available to speak to them again.

With all these benefits, it's not surprising that the top 100 market has embraced the flexible mantra – but SME firms are a little behind their larger cousins when it comes to smarter working. When we asked

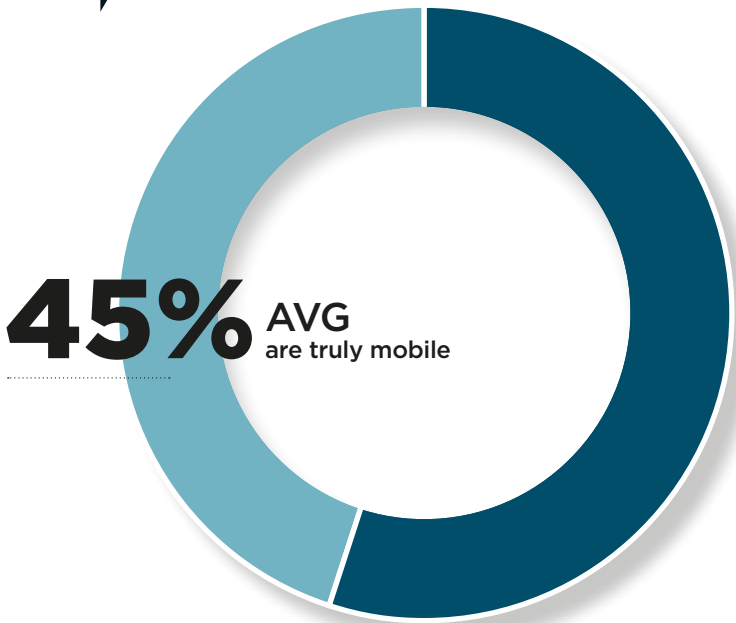
SME legal leaders what percentage of their legal professionals had the ability to "work on any device, any time, and anywhere on their main work tasks," respondents on average said that was the case for a bit less than half (45%) of them. That's 12.5 percentage points lower than the average for top 100 firms according to Briefing Legal IT Landscapes 2018.

When it comes to driving people out of often very expensive office space, however, the SME market is similar to Briefing, with 11% of people saying their firms have a larger workforce than they can seat. And Michael Burne, chief executive at new model Cardiff-based firm Carbon Law, says firms' aversion to hotdesking so far might be more cultural than practical.

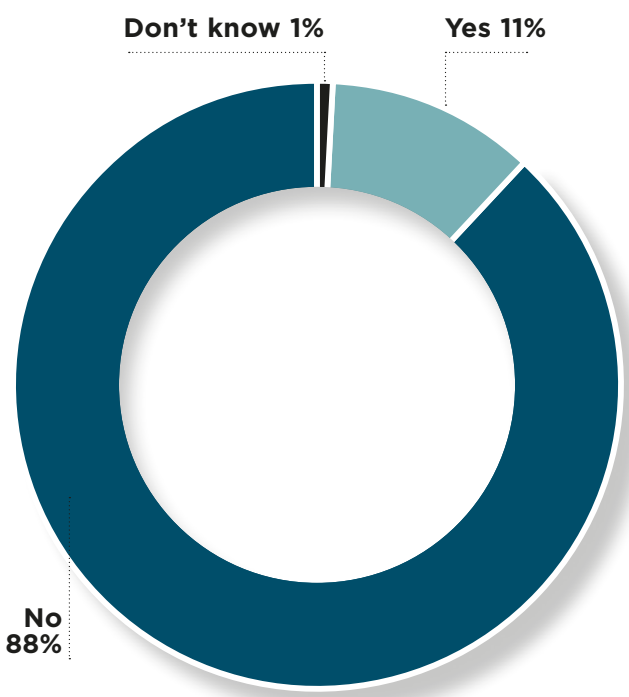
"Many people want a desk to call their own and lots of traditional law firm clients might be uncomfortable with the idea that their lawyer doesn't work in one office with everyone else. Perhaps most importantly,



What percentage of your legal professionals would you classify as a truly enabled mobile workforce? *With the ability to work on any device, any time, and anywhere on their main work tasks*



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

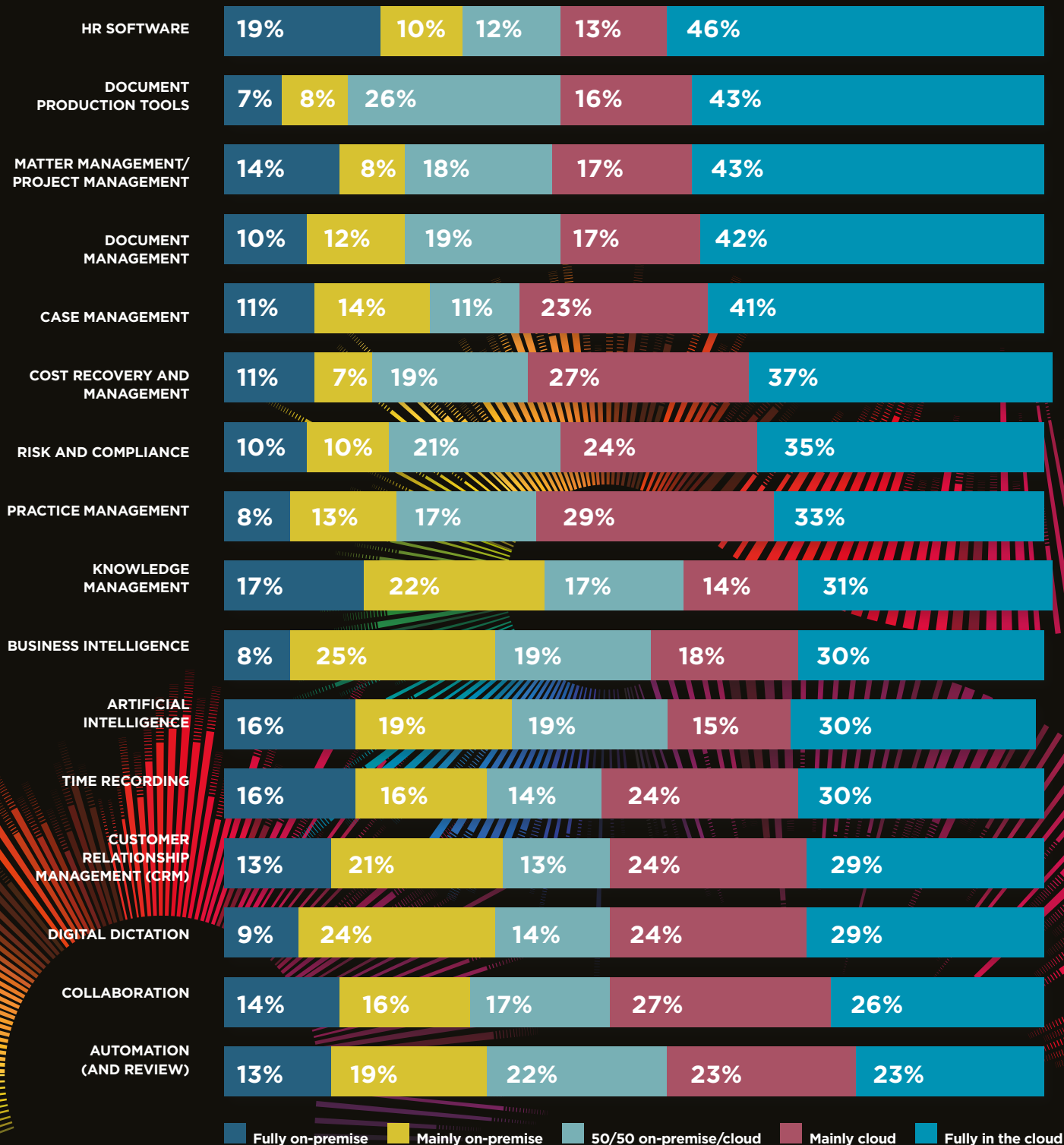


“Firms may have been resistant to hotdesking because they hadn't figured out a way to create a cohesive community when so many employees work from home.”

Michael Burne, chief executive, Carbon Law

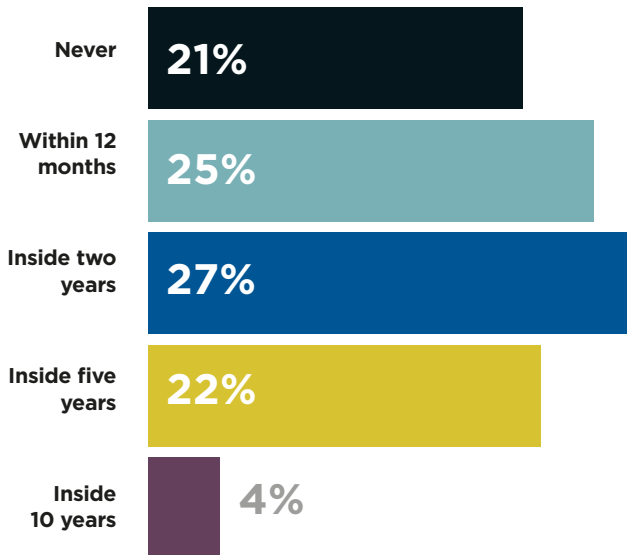
the community, cohesion and face time that comes from sharing a space is still important, and firms may have been resistant to it because they hadn't figured out a way to create a cohesive community when so many employees work from home.”

In five years' time, how do you think these systems will be used by your firm?





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



But perhaps law firms see a way to maintain an agile community in the next five years as most firms (53%) say they'll have more bums than seats in that time. Indeed, the SME legal market's future looks as though it will be highly mobile, since only a fifth of respondents (21%) said they would never embrace the hotdesking way. Burne adds that perhaps firms are waking up to the considerable advantages of having more people than space.

"The obvious benefit is the more efficient use of two expensive overheads - people and premises. In the past, firms tried to cut these costs by getting rid of filing cabinets and paper files, and are now doing the same thing with desks. Those savings can be passed onto the client or to lawyers in the form of reduced billing targets as a retention incentive.

"You could also market the environmental aspects of agile working to clients, because less floor space means less heat, light and water and a smaller carbon footprint."

That movement out of the office for law firm workers - especially fee earners - can't, however, be done with office-based IT systems. If the future is mobile, surely it is also significantly cloud capable? That's not to say systems will be completely online, but clearly our audience sees a 'cloudy' future - since most think every solution we listed will be at least half on the cloud, if not more, within five years. Kennedy at Wildbore & Gibbons says this progression to the cloud is encouraging since the technology is particularly beneficial to SME firms.

"I don't see any reasonable argument for smaller organisations not being in the cloud. Servers are a huge liability - and in terms of solution quality, cost, expansion capability and cybersecurity, cloud migration is the best decision a startup or small business could make." **LPM**

## INNOVATING THE CLOUD

SPONSOR COMMENT



While the legal sector has often been viewed as slightly behind the curve when it comes to technology, this latest Legal IT Landscapes research shows its appetite for IT is increasing. Of course, larger firms, with their bigger budgets and drivers, are perhaps a little further ahead. But SME firms are demonstrating a significant degree of proactivity in this regard - all with a view to making their own operations more efficient and more competitive. And it's not just interest in expected technologies, such as workflow automation, analytics or practice management, but in options such as artificial intelligence (AI) and machine learning. This interest is reinforced by the breakdown of IT budgets - the majority may be spent on keeping the lights on, but almost a fifth is spent on innovation, new technology and in-house development.

This is also something that we at Pulsant are seeing in this sector - particularly as firms move closer to fully embracing the idea of smarter, more flexible, mobile working. At the moment only 45% of firms believe they have a truly mobile workforce, but that will increase. Cloud is one of the technologies that will make this a reality for many businesses, both in terms of cost and functionality. The research shows us that in the next five years, firms expect the majority of their systems to be mainly cloud-based, from HR software and collaboration to CRM and business intelligence. We will certainly be keeping an eye on this trend, and working with firms to help them realise these long-term goals. In the meantime, we're enjoying the rest of the insights from the 2018 report and look forward to seeing how the industry develops over the coming year. **LPM**

*“Only 45% of firms believe they have a truly mobile workforce, but that will increase. Cloud will make this a reality in terms of cost and functionality.”*

[www.pulsant.com](http://www.pulsant.com)  
 Nick Hayne, business development manager, Pulsant





## 5 MANAGING DATA

A big gripe many legal leaders had with cloud technology in the past was that they didn't trust client data to be held off-site – but as part of Legal IT Landscapes 2018 we asked SME firms which business units, work types, or systems they thought were the most vulnerable targets for cyberattack, and not one specifically said cloud systems. Perhaps SME legal's distrust of cloud has dissipated as it's become better understood – and firms no longer feel as though they're sending information into the wild blue yonder.

The areas that our audience did mark as weak points were those that you might predict such as accounts, mobile devices and banking – with top scorers being people (17%), email (14%) and conveyancing (13%). That's a good sign that the market understands where its problems lie, especially since most responses fell into the overarching category of human error – something that requires a lot more than IT to fix.

Sara Cross, accounts manager at Oxfordshire-based Spratt Eadicott Solicitors, says firms must get over the idea that cybersecurity is just an IT issue and promote awareness of the problem.

"Firms are highly vulnerable to attack and must do everything they can to prevent breaches, which means sharing safety information given

out by banks and those with security experience, and, of course, making sure staff go through regular training."

But perhaps more knowledge, or acknowledgement, of at least one key vulnerability is needed. Though coming second in our list, email only got 14% of the vote, and David Wood, IT director at north-west firm FDR Law, says more people should be aware of how big a chink it is in a firm's digital armour.

"I think people are kidding themselves. I've spent a lot of time writing about cybersecurity and talking at security conferences, and I've not met a firm yet that hasn't suffered an email breach. Firms may be confused about what classifies email breach – it doesn't have to be a full-blown attack such as successful identity theft or the unleashing of a Trojan horse through email, it could be as simple as sending data to the wrong recipient."

And firms still have a long way to go when it comes to security tools too. It's perhaps disconcerting that our top scorer, mobile device management, is only used by a quarter of firms – meaning most SME legal businesses don't have the ability to wipe devices remotely if they're left on a train or a bus, which is a common cause of data breach.

Thinking about data breaches and information security, which areas (business units, work types, systems) do you consider to be the most vulnerable targets?



**1**

People 17%  
 Email 14%  
 Conveyancing 13%  
 Finance/accounts function 11%



**2**

(All with 4%)  
 Banking  
 Client data  
 Mobile devices



**3**

(All with 2%)  
 Document transfer  
 IT systems  
 Online  
 Portals  
 Archived and legacy data  
 CMS  
 Document management  
 HR  
 IT function  
 Paper  
 Probate  
 Remote working

**4**

(All with 1%)  
 Business law  
 Commercial  
 Comms  
 Corporate  
 Court links/comms  
 High street firms  
 Litigation  
 Marketing  
 Matrimonial  
 PMS  
 Social media  
 Wealth management

## CLOUD NINE SECURITY



In the past year, we've seen more and more law firms becoming comfortable with putting selected elements of their IT systems into the public cloud. A key example of this acceptance is firms embracing Office 365 for email, project collaboration and communications. Regulatory pressures to drive more efficiencies are encouraging firms to look at more efficient approaches to their operations, and public cloud delivered through a carefully managed service can deliver that – so it's a 'no-brainer' for many in the legal sector.

However, the market has made it clear that while some elements of IT can exist in the public cloud, client and case data should exist in a private and secure data centre, such as ours. Nasstar's hybrid approach to marrying public cloud solutions with our own in-house private cloud is delivering results for customers in the legal sector. We've recently been working with a firm who used our service to deliver IT to its users in Australia and the UK, using Citrix technology with Microsoft Azure public cloud services for around-the-clock availability and support. Secure data and fee earner are separated by 10,000 miles, but IT performs just as well whether the solicitor is in London or Melbourne.

*“The market has made it clear that while some elements of IT can exist in the public cloud, client and case data should exist in a private and secure data centre.”*

Another big focus for firms is cybersecurity and how they can put as much protection in place as possible to mitigate the risk of a cyberattack. Digital criminals recognise that law firms hold valuable information that could be lucrative in the right hands –

and with penalties under the GDPR coming into play in May 2018, firms will need to ensure that they have steps in place to protect data and manage situations accordingly in the event of an attack.

The GDPR comes up in almost every conversation I have with technology leaders in the legal sector. There's a lot of hype in the industry and supposed experts around the regulation at the moment, but this can become overwhelming for many organisations. What we're saying to our customers is to think about the next achievable step towards achieving increased data protection and GDPR compliance. Break it down into a simple next step,



rather than trying to tackle GDPR compliance all at once.

We're certainly seeing more clients increasing their investments in cybersecurity technology. Deploying sophisticated countermeasures is a job for the experts, so get a specialist to complete penetration testing and get the right protection in place.

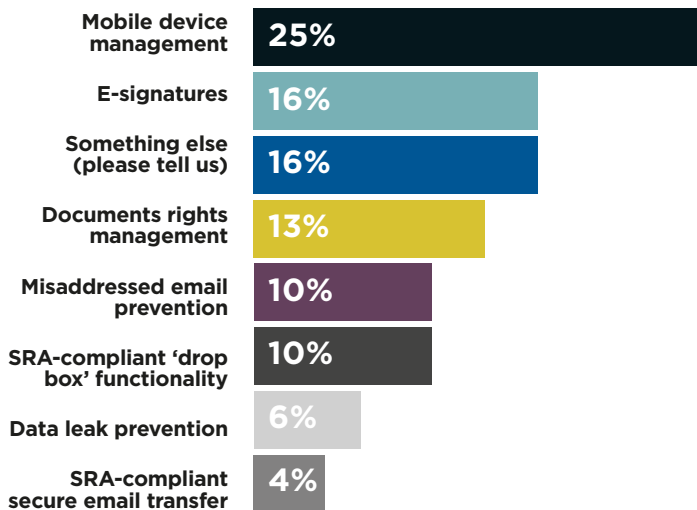
In terms of AI, there is a lot of hype in the industry and we're yet to see where it can be applied for maximum impact – it's more likely it will be integrated piecemeal into practice management systems rather than sparking an AI revolution over the next year. All PMS vendors are attempting to use AI to assist fee earners by automating routine and systematic tasks, thus freeing the mind for more insightful reasoning, research and analysis of case matters. The firm that embraces this technology (when refined) will undoubtedly bill more hours and win more cases than the one without it. Our advice is to engage with your PMS and DMS vendor to understand their development timeline on these key technologies.

*www.nasstar.com*  
*Andy Lewis, business,*  
*development manager,*  
*Nasstar*

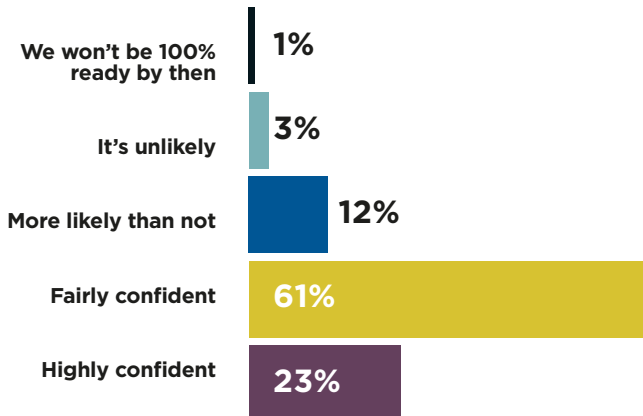
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Has your firm adopted any of the following security tools yet?



How confident are you that your firm will be fully ready to treat all personal/individual data in the 'correct' way in line with the GDPR in May 2018?



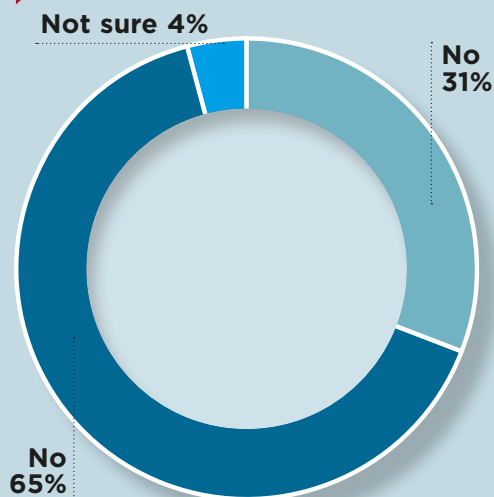
## CRM IT UP

A key requirement of the EU's GDPR, which comes into effect in just over three months from this report's publication, will be to erase client data when that client asks to be forgotten – but that's going to be difficult if firms don't know where the data is. Data related to matter can be stored in a case management system, of course, but how do firms find correspondence not related to a matter – because that also has to be erased.

A customer relationship management system can solve this problem by allowing employees to register correspondence with a particular contact. So, the fact that so few firms have a dedicated CRM solution is slightly worrying. If firms also don't have a document management systems to store non-matter-related data, they may be setting themselves up for risk and compliance failures as well as cybersecurity issues.

In Legal IT Landscapes 2017, we found that where firms store non-matter-related communications was a disturbingly random affair – from PMSs to sitting in Outlook. Unless firms have made some serious reforms since then, and they may well have done, the fact that so many are confident that they're ready for the GDPR means many may still have a lot to learn about the regulation entails. [LPM](#)

Does your firm use a dedicated customer relationship management system?



That might be a problem when the EU's General Data Protection Regulation comes into force just over three months from this report's publication. It's such a talked-about issue that one might think every firm knows all about it and has done everything to be compliant – not so. When asked whether people were ready to treat data in the correct way in line with the GDPR, 28% of top 100 firms in Briefing Legal IT Landscapes 2018 said yes compared with 43% the previous year – an astonishing turn. The SME market, on the other hand, is more bullish in its attitude to compliance – a whopping 84% said they were fairly or highly confident they'd be ready, despite what we've heard from suppliers and much of the market. But Cross says this confidence may come from different interpretations of what the GDPR means for firms.

"It depends what you think the boundaries are going to be after May 2018. I don't suspect anyone will be perfect, but do they need to be? Compliance gurus tell firms they have to be perfect, but I think the reality is that if you're taking steps in the right direction, there shouldn't

be a problem." Alan Barrett, head of IT at Surrey-based TWM Solicitors, agrees that perception is a key challenge when it comes to the GDPR.

"It's very difficult to ascertain how the regulation is going to apply to law firms without some kind of precedent. Legal leaders may be confused by their obligation to implement the letter of the law and best practice, since it pulls apart their understanding of how to be GDPR compliant. People may indeed be bullishly confident that they're ready, but I'm not convinced." Will legal leaders' confidence be justified? Only May 2018 will tell ...

Clearly, LPM Legal IT Landscapes has unveiled some interesting information about how the SME legal space perceives IT – in how they use it, how they plan to use it, where it could benefit them and even how it might negatively impact them. We believe firms have some serious digital gaps to plug to reap competitive and efficiency benefits, but good progression has been made since last year. How will the market fair next year? Firms should watch this space, and also cyberspace, carefully. **LPM**



## AHEAD IN THE CLOUD



**N**etDocuments is founded on a vision to allow customers to change the way firms leverage technology, to make better business decisions, to do more with less and to service their clients more efficiently. NetDocuments has not

deviated from that in nearly two decades of providing cloud services for legal. Our history and experience of delivering a reliable single instance cloud platform has earned NetDocuments an incredible amount of trust and credibility in the industry, from our customers and from our partners, which is driving the adoption we are seeing today.

NetDocuments is continuously innovating the cloud for legal, giving customers the ability to solve the critical challenges they face to remain competitive in the industry, meet security and client-driven compliance demands and improve their overall operations and efficiency. The paradox being, however, the more content you collect, the harder it is to manage. NetDocuments gives firms the power to change that because machine learning allows firms to extract entities (people, companies, titles) from their documents. When coupled with our SOLR NLP Search platform, NetDocuments can understand language to bring you the relevant material you were looking for at the exact moment you need it. The NetDocuments power of one platform allows our machine-learning algorithms to work better with more data, and that has the potential to fundamentally alter how we think about managing content – a prevalent theme in many

discussions about AI.

Digital transformation accelerates change and introduces opportunity. More digital content has been created in 2017 than in the previous thousand years and successful businesses recognise that information is at the heart of the digital age. How information is managed, leveraged, secured and repurposed is the difference between progress and a plateau in your business or your firm.

Many large and mid-sized firms are engaging partners like NetDocuments to help them shape and realise their firm's aspirations. They are looking to leverage the cloud as a catalyst for change and innovation. Many of them are talking to us about creating or strengthening their own secure platform, how vendors like NetDocuments comply to standards, and how our platform tools help them to be GDPR-ready. NetDocuments delivers One Compliance Boundary, a critical foundation to enable GDPR compliance in the digital-first world. The platform compliance boundary is based on encryption, DLP, entity extraction and retention/security policies. Consistent year-on-year growth, high customer adoption and a 98% customer retention rate is the result.

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Peter Buck, VP product strategy,  
NetDocuments

“How information is managed, leveraged, secured and repurposed is the difference between progress and a plateau in your business or your firm.”



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