

FEBRUARY 2020

**LPM**  
LEGAL PRACTICE MANAGEMENT



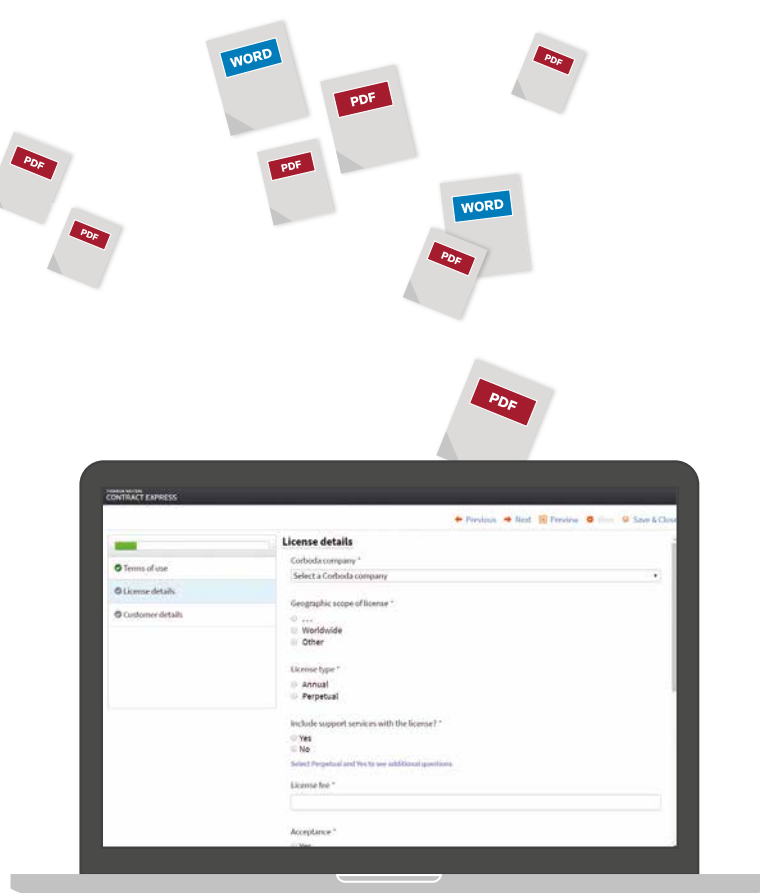
FRONTIERS

# LEGAL IT LANDSCAPES

2020



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It's interesting to see how Legal IT landscapes report results change – or not – over the years. For LPM Legal IT landscapes 2020, we continue our segmentation of the market by revenue (bands for £7.5m-£20m and £7.5m and under) – we understand that the legal market is vast and hold different challenges, so we hope to reflect that in our data analysis. We're also continuing our trends mapping on key areas: competitive threats (p9), automation (p19) and smarter working (p23). See how this year's data stacks up against the last three years.

We've also hit the nail on the head as – in line with news of a hack to start off 2020 – we created more of a spotlight on cybersecurity practices (p25) and have included some insight on the importance of data and analytics (p14) from those who answered the survey. We feel these areas are important to cover – obviously firms should always keep a watchful eye on cybersecurity, but they can get a whole lot better at using the data they have to make better connections with clients and deliver a better service.

How does your firm compare to that of your peers? Take a gander and see what's on the frontier.

Kayli Olson, editor  
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## THANK YOU

The LPM Legal IT landscapes 2020 report would not be possible without firms like yours. We'd like to give a big shout out to all of the firms that filled out our survey this year – these answers not only mean better market research, but also for every completed response, LPM donates £5 to Shelter. It's always seemed the right charity to support at this time of year.

Of course, we'd like to say a big thank you to our friends at the **International Legal Technology Association (ILTA)**, who have helped us on this research to help advance legal technology in the sector. And to our sponsors **Accesspoint**, **Thomson Reuters**, and **tmgroup** for supporting this report.

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### LPM FIRM FACTS

Radiant Law

Revenue: not disclosed

Corporate status: ABS

37 total staff

Offices: London, Cape Town, Toronto

### LPM FIRM FACTS

Greenhalgh Kerr

Revenue: £1.5m

Corporate status: Ltd

4 partners, 24 total staff

Office: Wigan

### LPM FIRM FACTS

Stephens Scown

Revenue: £20m

Corporate status: ABS

170 fee earners, 300 total staff

Offices: St Austell, Exeter, Truro

### LPM FIRM FACTS

Wiggin Osborne Fullerlove

Revenue: not disclosed

Corporate status: LLP

16 fee earners, 35 total staff

Offices: Cheltenham, London

### LPM FIRM FACTS

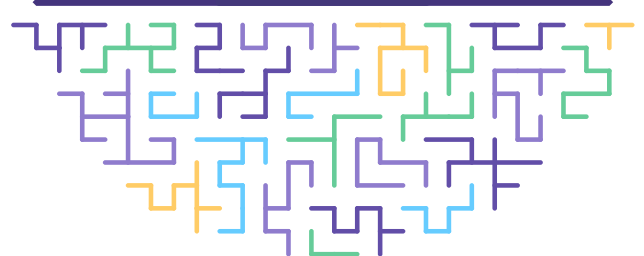
Thompson Smith and Puxon

Revenue: £5m

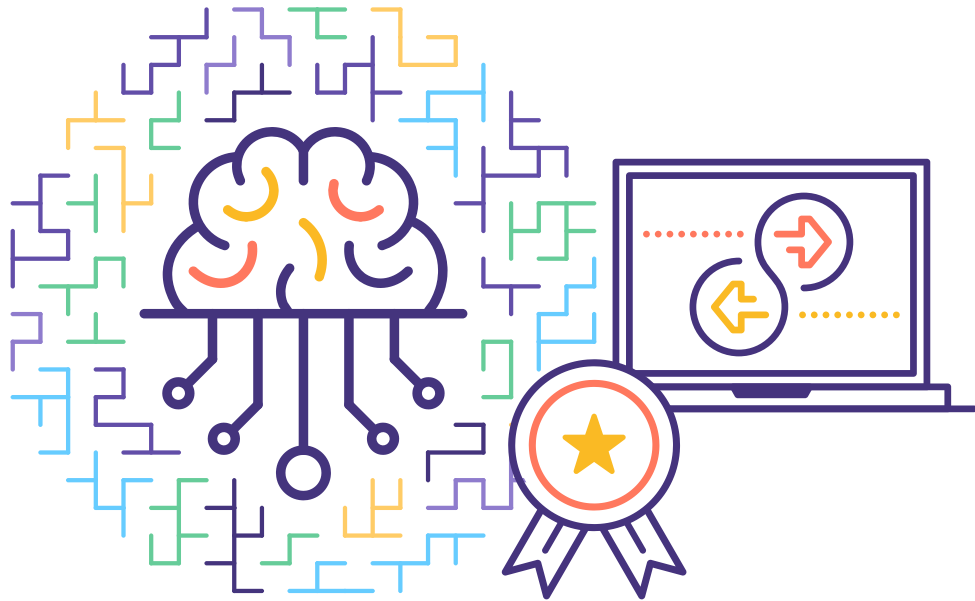
Corporate status: Corporate partnership

40 fee earners, 85 total staff

Offices: Colchester, Clacton



## THE BIG QUESTIONS



It's the moment we've all been waiting for – the future is here. LPM Legal IT landscapes 2020 (LITL2020) is back at it again, starting off with our favourite big question: what have SME law firm leaders listed as their top technologies for competitiveness and efficiency for the coming year?

Find the breakdown on pp6-7. But there are some things to note about this year's results in particular. Artificial intelligence (AI) has fallen from its prime-time slot at the top of our top right square in the quadrant for hot topic tech. Has the hype subsided? Perhaps the market has matured, as it still remains a hot topic area – coming third this year.

And the new shining stars? Case management systems (CMS) for efficiency and client-facing tech (including portals) for competitiveness. This is the first time AI has been overtaken as 'hot topic' tech of the year and this change of mindset among SME law firms is perhaps exactly what this decade will need. SME law firms will, hopefully, be more competitive and deliver better service for their clients using client portals and CMS, and CMS will also hugely benefit the efficiency of the firm and activities staff undertake.

Next up to bat, agile/mobile working cements its place almost perfectly on our throughline for both competitiveness and efficiency. It's worth a mention because even though, at this point, it could be classified as an area in our 'business as usual' category, it also hovers close to breaking into the hot topics section of the map. And this year's LITL continues its exploration of this area in our smarter working section of the report, starting on p20.

And before you get deep into this year's results, there's one other area that needs to be highlighted – data and analytics.

To the eye untrained in analytics, the bottom left section of the map might be seen as 'unimportant', however it should be noted that all of the technologies

found on this map have been specifically mentioned by respondents to the LITL2020 survey.

This year, LPM – and its sister publication **Briefing** – have labelled the lower left quadrant as 'business as usual' tech, but that doesn't mean these areas won't move their way up the map – in fact, we believe that this section of the chart may even be more important to keep an eye on than those found in the 'strategic winners' section.

Data and analytics is one area found here, but considering the qualitative views from the market (p15), this isn't really something that's classified as business as usual. It needs more attention and investment.

Take a look at the competitiveness v efficiency graph (p7) and see what technologies resonate with your firm. **LPM**

## WHAT'S ON THE HORIZON?

An interesting area of tech nestled in the cluster of tech found in the bottom, left section of our chart is 'voice recognition'.

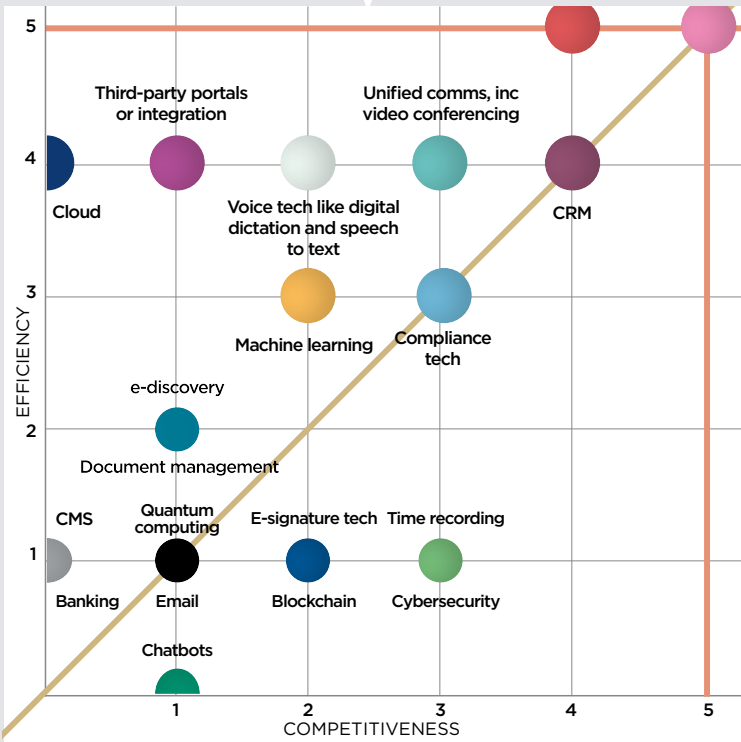
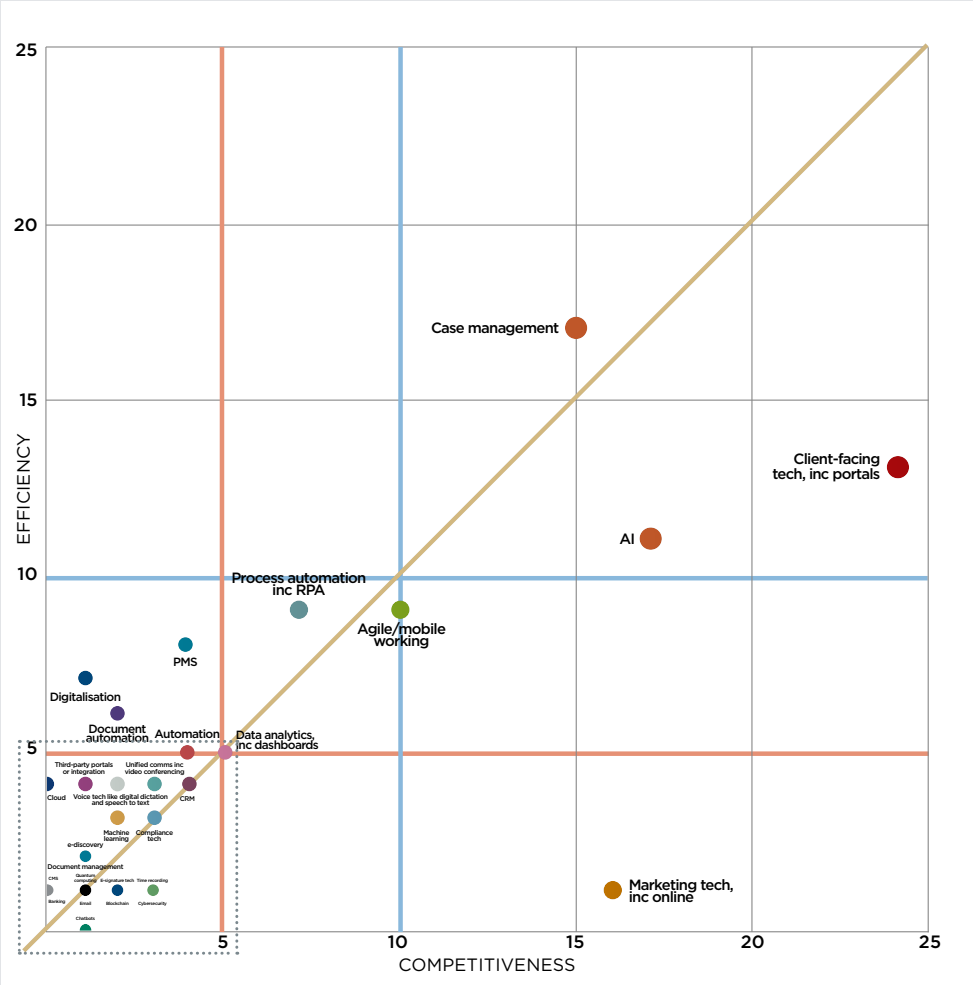
And when LPM asked Robert Camp, director of strategic innovation at Stephens Scown, what tech he thought would be an important or potential area of growth, he said that the sector should start considering voice as a beneficial tech area.

"It may not be for a couple of years, but more people are going to want to communicate via speaking. And when it does come around the corner, it'll be very quick as more consumer businesses and products feature voice tech. You have to look at what people use day to day, because it often leads into how they want to experience services from professional advisers." **LPM**

## LPM TRENDS PREDICTER

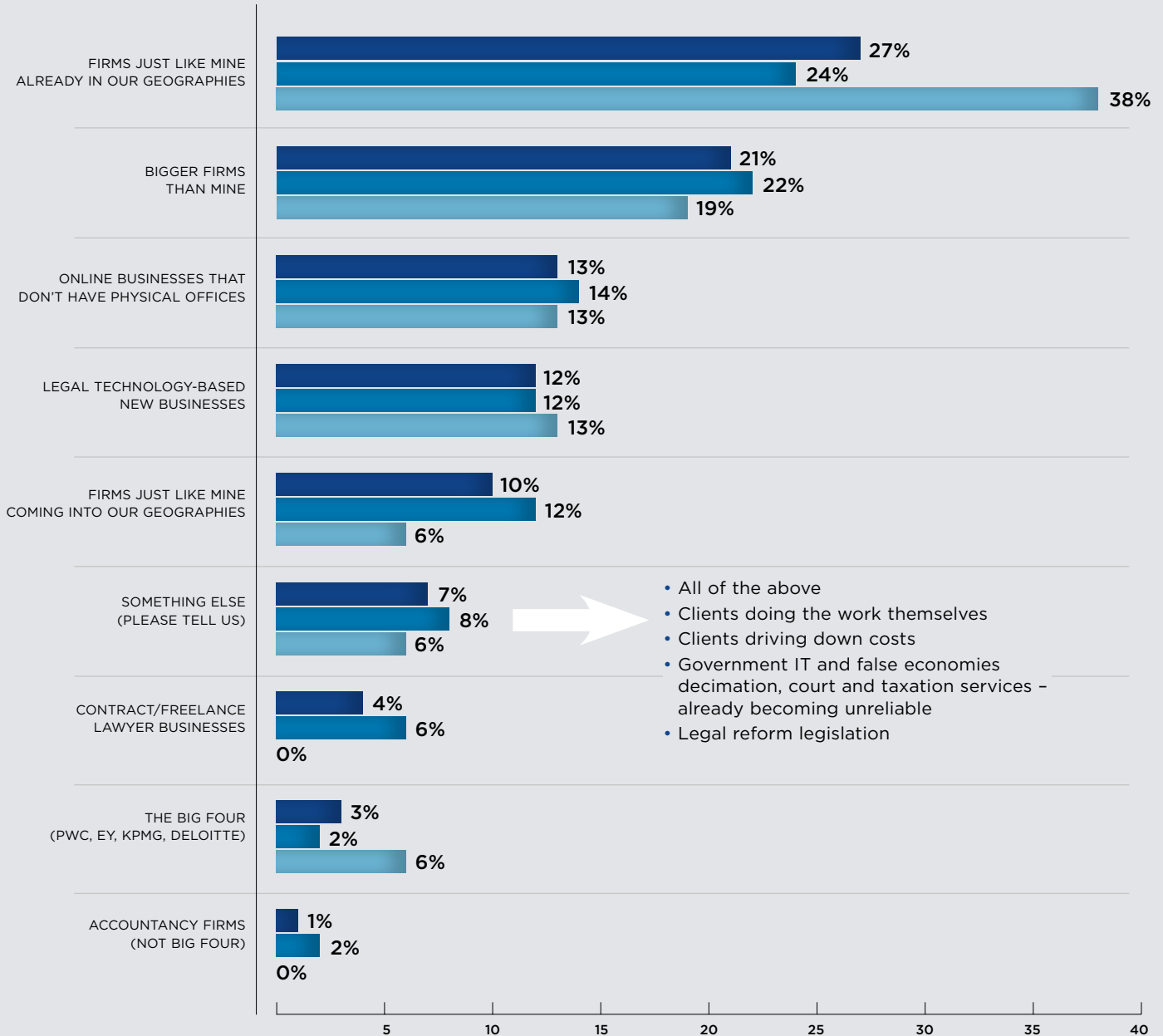


WHICH TECHNOLOGIES WILL HAVE THE MOST IMPACT ON LAW FIRM COMPETITIVENESS AND EFFICIENCY IN THE NEXT FIVE YEARS?



# WHAT KIND OF BUSINESS IS YOUR FIRM'S BIGGEST COMMERCIAL THREAT/COMPETITOR OVER THE NEXT FIVE YEARS?

ALL  
UNDER £7.5M  
OVER £7.5M



## If you answered “legal tech-based new businesses”, tell us what you mean...

- Apps guiding people through the claims process at low cost
- Businesses that negate the need to attend physical offices through entirely online services
- Firms that can utilise big budgets to allow them to make processes very automated
- Greater use of technology that has the intelligence to drive routine tasks or outcomes
- New companies setting up with new technologies have an advantage. It is very expensive to change existing technologies
- Developments with existing case management are varied in different organisations
- Other firms that make faster/greater use of new technologies such as AI, automation, and so on, which can therefore offer similar services for lower cost
- Platforms that allow clients to solve the problem without the need to use lawyers at all
- Providing services fully online in accordance with where buying patterns are going
- We are having to adapt our work practices and try to keep up with new technologies to replace existing systems. New startups based on technologies will not have the legacy issues



## SMOOTH MARKETPLACE

What are SME law firms' views on the threats coming out of the market? This year's results see 'firms just like mine already in our geographies' take first place – this is up from Legal IT landscapes 2019, where it placed fourth.

SME law firms may be feeling the pressure from local firms for a number of reasons – the

war on talent continues to rage and findings from our LPM conference polling supplement 2019, which shows 'finding high-quality staff' was the greatest hurdle to SME law firms' growth (54%), means firms are competing with local firms, not just for clients but for talent as well.

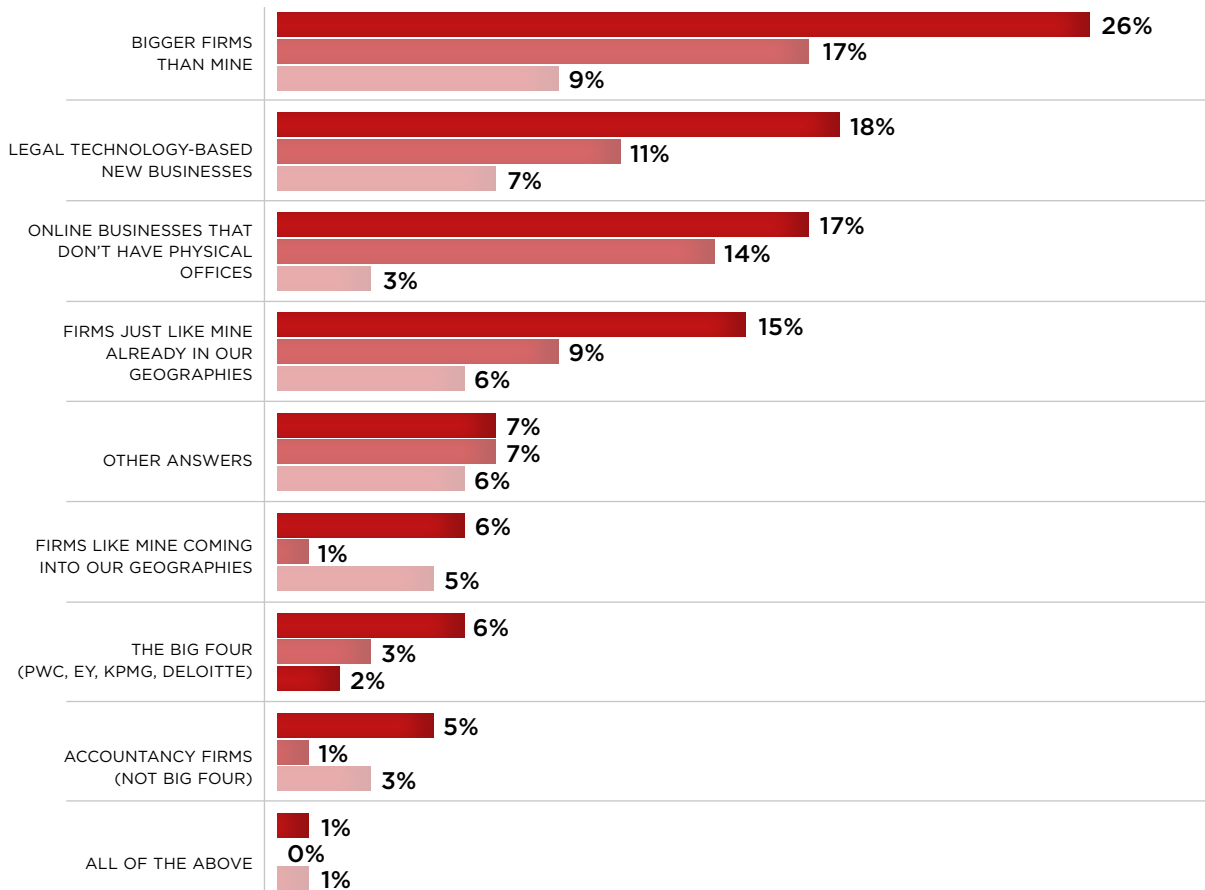
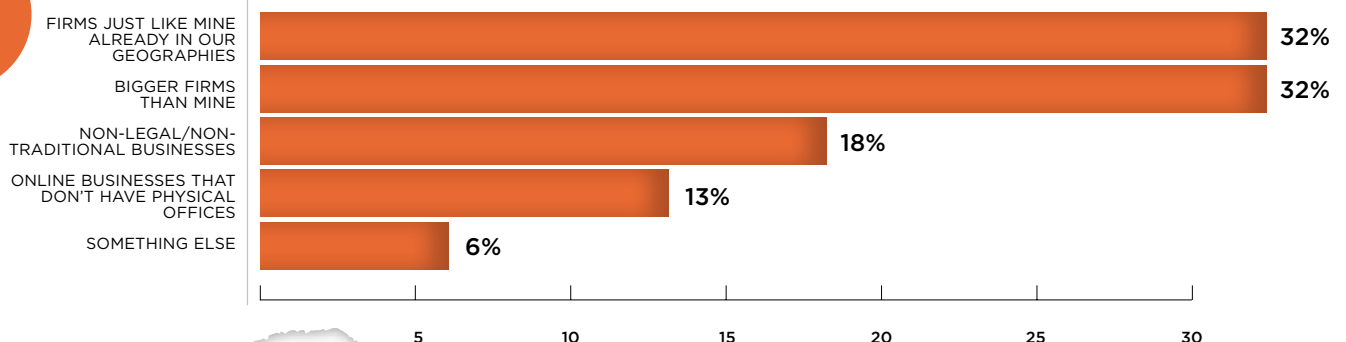
'Online businesses that don't have physical offices' and 'legal technology-based new

## TREND TRACKER

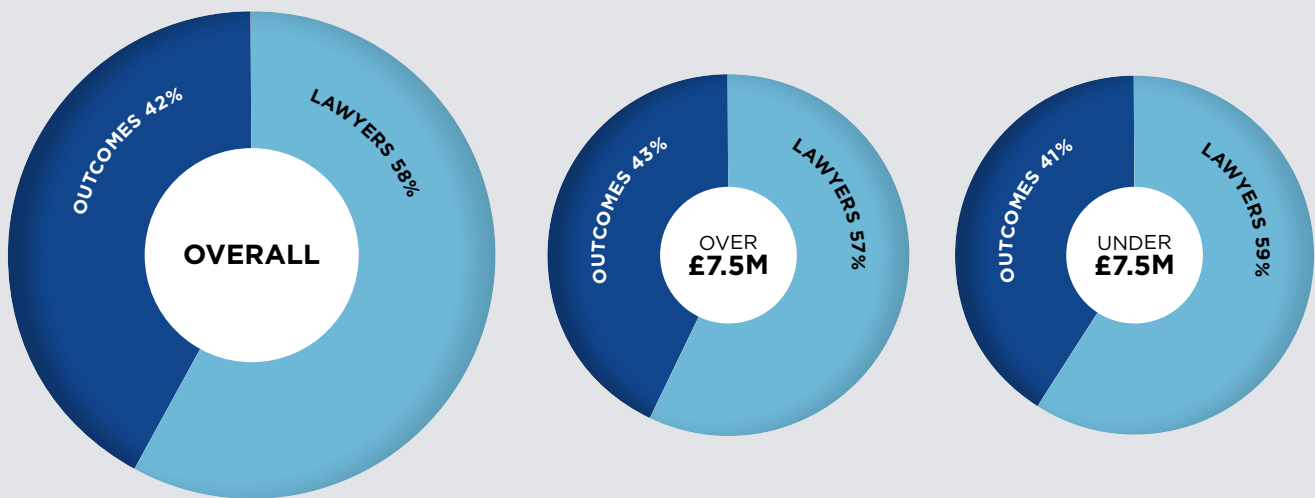
2019  
DATA

WHAT KIND OF BUSINESS IS YOUR  
FIRM'S BIGGEST COMMERCIAL THREAT/  
COMPETITOR OVER THE NEXT FIVE YEARS?

ALL  
UNDER £7.5M  
OVER £7.5M

2018  
DATA

DO CLIENTS BUY THE QUALITY OF YOUR OUTCOMES OR OF YOUR LAWYERS?



businesses' are seen as slightly less of a threat to SME law firms compared to last year's report, but a threat they remain.

For 2020, we asked respondents to qualify what they meant if they picked 'legal technology-based new businesses' as their biggest threat. We saw a multitude of explanations. A big theme is that these new entrants are more flexible, adaptive and don't have legacy IT systems weighing them down.

Respondents who chose this area recognise that being able to invest in IT and change quickly offers a huge competitive advantage in this market. "We are having to adapt our work practices and try to keep up with new technologies to replace existing systems. New startups based on technology will not have the legacy issues," said one respondent.

The sentiment continued with another respondent: "New companies setting up with new technologies have an advantage. It's very expensive to change existing technologies. Developments with existing case management is varied in different organisations."

Another highlighted the advantage of: "Firms that can utilise big budgets to allow them to make processes very automated."

Both these types of 'alternative firm' offer a different proposition to clients, and talent, but also work in very different ways from the traditional law firm. This is a Legal IT landscapes report, but tech alone won't help firms stay competitive.

Alex Hamilton, founder and CEO at Radiant Law, says SME law firms should change their business model. "If you incentivise the inefficient, you'll be inefficient – and it will be a constant struggle to make the business case for meaningful innovation.

"Until your motive aligns with supporting clients in a smart, more efficient way, it won't happen. Incentives matter."

Billionaire investor Charlie Munger said never, ever, think about anything else when you should be thinking about the power of incentives, and he's right, Hamilton adds.

"So, I believe that you have to get rid of the

partnership model and the billable hour to make real progress. If you can, it's amazing what you'll end up doing.

"With the partnership system, there's the assumption that all partners are masters of their domain and should decide how they do the work. If you want to foster an adaptive culture of change, then you have to have shared ways of working that keep being updated."

He says Radiant Law focuses on 'ratchets', which is where knowledge and processes are documented, so that you can make actual progress.

"It has taken us a long time to get here. We had to absorb the new business model – it's hard to unlearn partner behaviours. There will be a lot of learning and unlearning, but it's all part of the change process," says Hamilton.

Steve Bradley, practice manager at Greenhalgh Kerr, says the main thing clients will want in the coming years will be fixed prices for everything. "The old-fashioned model of charging hourly rates for work, and just giving the client an estimate at the beginning, will come to an end in the next few years.

"I think firms will have to be run more like a modern commercial business and less like a traditional law firm to provide a service to clients at a fixed fee, stay competitive and deliver the work properly."

Paul Lowe, partnership director at Wiggins Osborne Fullerlove, says the competitive threats to his firm are quite limited because of the firm's boutique nature. "Some of the bigger firms or the increase of new 'entrants' like Deloitte and others that deal with private client trust work like we do, might pose some natural risk to us, but we haven't really seen any particular threat yet.

"We are very close to our clients and the important part of our offering is delivering a great service to those clients. We deal with most of our clients on a regular basis; we don't tend to get many who come in on an individual, one-off instruction – and that's clearly where market threats are greater."

Robert Camp, managing partner at Stephens

SPONSOR  
COMMENT

**“If you incentivise the inefficient, you’ll be inefficient – and it will be a constant struggle to make the business case for meaningful innovation.”**

Alex Hamilton, founder and CEO,  
Radiant Law

Scown, mentions that onboarding clients is cumbersome across the profession at the moment. “When you look outside the legal sector, companies like Monzo allow you to open a bank account in a matter of minutes.

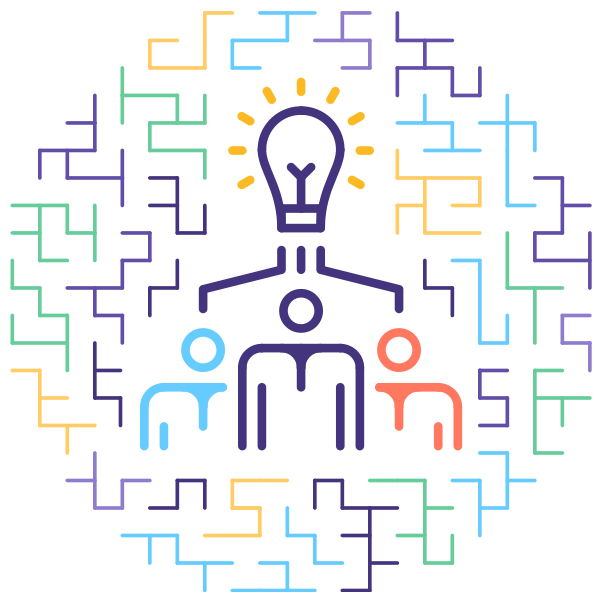
“Some SME law firms are going to have a massive competitive advantage because not only will it take away an awful lot of frustration internally – it drives everyone nuts, from lawyers to support staff, accounts and risk teams alike – but it will also enhance the quality of the service externally.”

Certainly, part of staying competitive, winning and retaining clients, is knowing what clients want.

An interesting exercise, which can be used to know your client, is to understand whether clients are buying the quality of your outcomes or your lawyers. We asked firms to quantify this for the first time in sister publication **Briefing’s** Legal IT landscapes 2019 report – and the data was used in the way that LPM uses revenue to view the market through a new lens.

This year, LPM decided to ask people where they think their firm fits on the scale. Overall, SME law firms said their clients buy from them slightly more for the quality of their lawyers’ expertise (58%) than for their service outcomes (42%).

Understanding this could influence where SME law firms focus their efforts and IT budgets to be competitive and grow their practices. **LPM**



## COMPETITIVE GAINS



**T**he output from this year’s LPM Legal IT landscapes survey draws some interesting conclusions.

Competition remains fierce, but around 37% of respondents feared that they would lose out most to new business models built around technology solutions rather than their traditional competitors. This was particularly prevalent in the property sector, where automation of routine processes was cited by several as a key area of concern or opportunity.

The lack of investment in technology solutions was noticeable, with less than 15% believing that their firms were investing sufficiently in new technology. This was highlighted further by a sense that the volume of activity that is currently automated was marginally down on last year’s report, but the perception around what could be automated had increased. These findings corroborate our own experience at tmgroup; we’ve seen more clients than ever have looked to use our automated services in 2019, such as post-completion activity in the residential conveyancing market.

The property sector continues to be perceived as the practice area most at risk from cyber-crime, with over 50% of respondents identifying it by name, and a further 35% encompassing it as an area they perceive to be at risk. Interestingly, 25% of all respondents felt that the area of compliance that their firm would most benefit from automating was anti-money laundering, where we’ve seen several new technology-enabled propositions develop over the past 12 months.

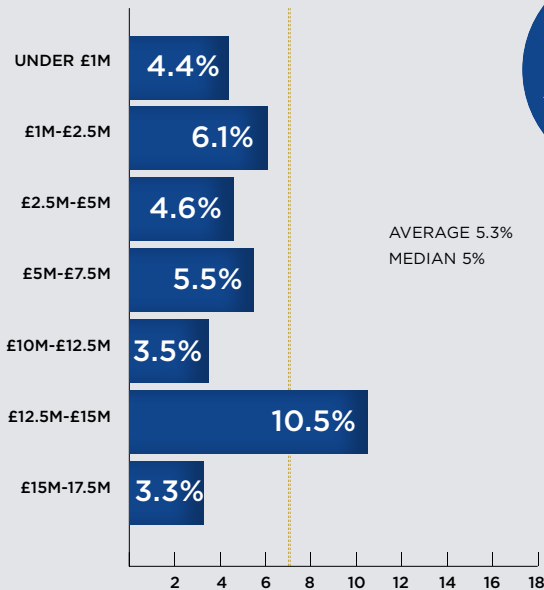
Unsurprisingly, time and efficiency remain a core demand of new technology solutions, and the secure communication and sharing of data between law firms, their clients and partners will be critical in protecting law firms in the years ahead. This is again especially relevant to conveyancing and property departments, where there was a mixed reaction to the question of their ability to successfully scope and price work, in that they were ranked both as the best and the worst practice area by respondents in equal measure. The good news was that around 80% of respondents see secure cloud services as part of the long-term solution, which will be crucial in delivering that truly digital solution for handling property transactions and reverse the trend of ever-longer deals. **LPM**

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Joe Pepper, CEO  
tmgroup

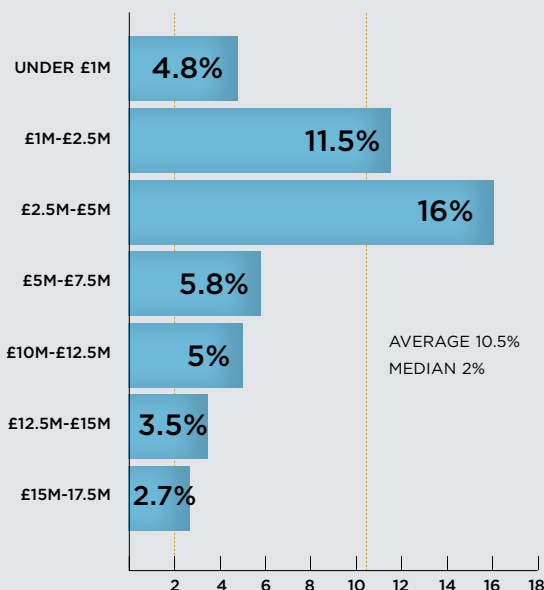


## IT'S IN THE BUDGET?

ROUGHLY WHAT PERCENTAGE OF YOUR FIRM'S REVENUE IS INVESTED IN IT IN TOTAL?



HOW MUCH OF THE IT BUDGET GETS SPENT ON 'NEW' THINGS, LIKE TRYING OUT SOFTWARE (OR DEVICES), CREATING SOLUTIONS OR APPS OR CLIENT-FACING SYSTEMS?



ROUGHLY WHAT PERCENTAGE OF YOUR FIRM'S REVENUE IS INVESTED IN IT IN TOTAL?

AVERAGE  
5.3%

HOW MUCH OF THAT IT BUDGET GETS SPENT ON 'NEW' THINGS, LIKE TRYING OUT SOFTWARE (OR DEVICES), CREATING SOLUTIONS OR APPS, OR CLIENT-FACING SYSTEMS?

AVERAGE  
10.5%

In LPM Legal IT landscapes 2019, we likened SME law firm IT budget buying power to purchasing Ferraris or private jets. When you consider that the average IT budget as a percentage of revenue is the same across top-tier and SME law firms alike – roughly 5% of revenue – it's no wonder SME law firms consistently mention 'bigger firms than mine' as their biggest commercial threat/competitor.

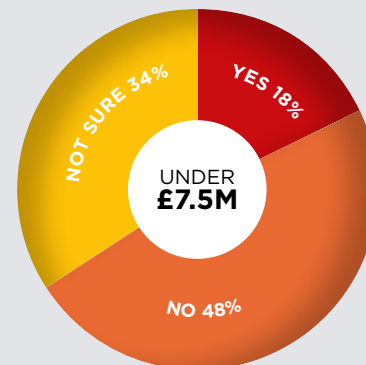
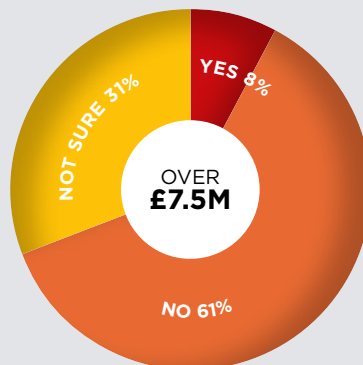
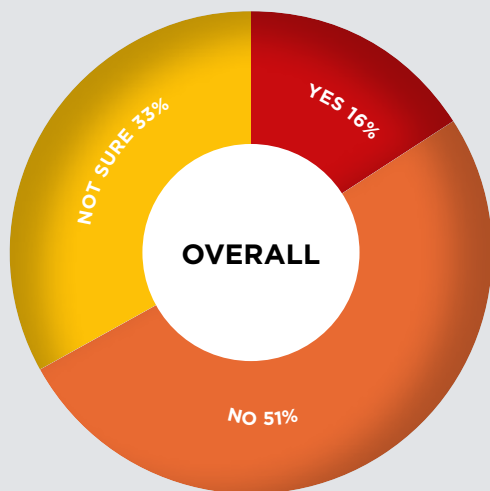
But most of that IT budget is going into keeping the lights on. Only 16% of respondents said that the amount the firm devotes to new or non-business as usual technology is enough. Half of respondents (51%) said their firm doesn't spend enough on new tech. And a further third said they were unsure, which (let's be honest here) probably means the firm isn't spending enough on tech outside keeping the lights on.

Interestingly, at the smaller end of the SME market, firms are more proactive than larger SME colleagues on IT investment. It seems, from this year's results, firms in the £1m-£2.5m and £2.5m-£5m band allocate more spend from the IT budget to new things than firms that turnover around £5-£20m. This is perhaps because, even at this scale, smaller firms need to pull more weight – purely based on numbers, not percentage of budget – in order to get the same tech and opportunities as slightly larger firms.

And if the smaller end didn't have it hard enough, by the way, it's been mentioned at LPM conferences that there seems to be a turnover hurdle for SME firms that's hard to overcome. Once firms reach around £5m-£7.5m turnover, they have to work a lot harder to grow organically – considering the amount of time, money and resource needed to be successful in this competitive market, let alone thinking about and investing in new tech. This statement is reflected again in data found on p24.

Bradley at Greenhalgh Kerr says: "The difficulty in being

IS THE AMOUNT THE FIRM DEVOTES TO NEW OR NON-BUSINESS AS USUAL TECHNOLOGY ENOUGH?



a smaller firm is that before you can invest in IT you need someone to trial and practise it and see how it looks and feels and works. And when you're doing that, you're taking someone away from fee-earning work."

It has to work for your business. Often, it's easier for a firm to stick with what they've got because they haven't got the time to invest in researching what's out there that might do the job better, he adds.

"We perhaps don't spend as much on IT as we should, partly because we're a very busy firm and have limited resources. When you're busy looking after clients it can be difficult to find time to step back and think about how we can spend money smarter on IT. What can we get that would be newer, better or quicker that could enable us to work smarter? And that's part of the problem."

Hamilton says there's a limit to how fast you really want to spend money. Although Radiant Law employs a couple of people with tech skills in-house who do automation tasks for clients, it doesn't have an IT team – most of the work building the firm's bespoke infrastructure and PMS is done through outsourced partnerships and with offshored resource. "If you have a team in India, Ukraine or similar, it doesn't cost much. But for us, we only really have a maximum amount we can spend based on how long we use technologies in the business, especially if we're going to change everything again anyway. It's all a work in progress and we want to find that balance between investment, change and adoption."

Lowe at Wiggin Osborne Fullerlove agrees: "It depends on where you are in your evolution – what are your business's needs? Sometimes you'll be at a stage where your business doesn't need to invest heavily in IT. But if your systems are, owing to a complete lack of investment over a period of time, not working for your staff, or need updating, then clearly your budget would need to adjust

**“Technology is fast moving, but a lot of the hype you see in the press isn't as relevant to a firm like ours as it is to the bigger firms.”**

Paul Lowe, partnership secretary,  
Wiggin Osborne Fullerlove

accordingly.

"Technology is fast moving, but a lot of the hype you see in the press isn't as relevant to a firm like ours as it is to the bigger firms."

It's hard to be a little fish in a big pond when the pond is turning into a waterfall and other fishes are learning to fly.

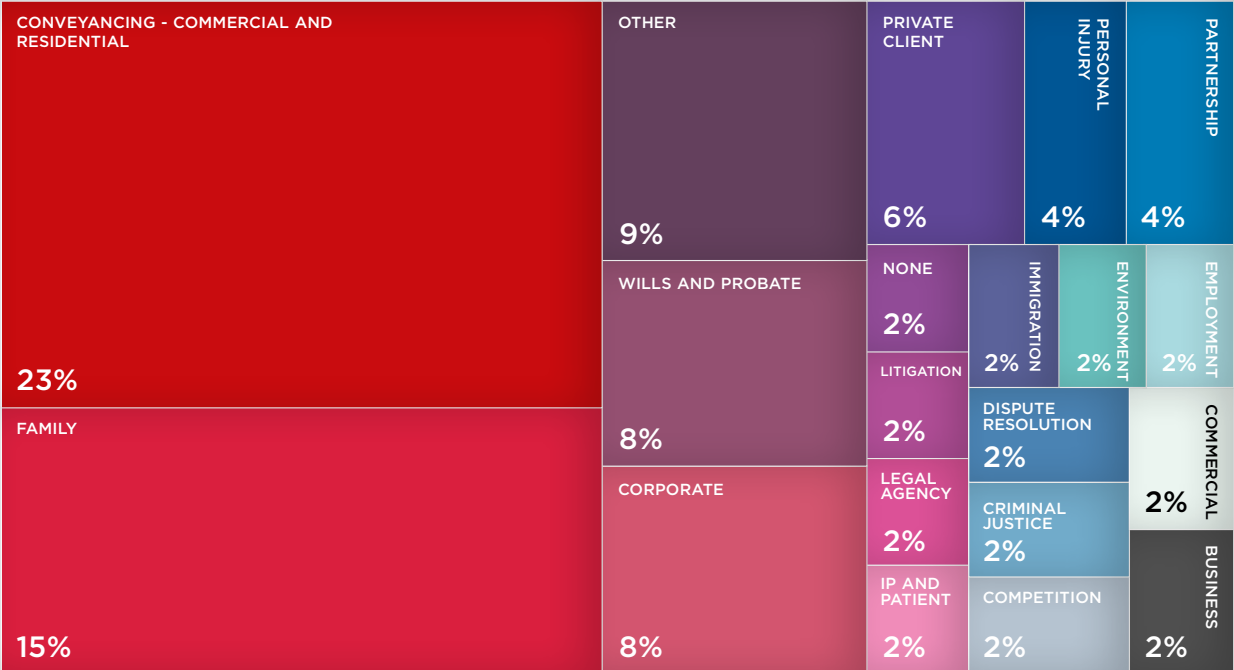
In terms of profitability of matters, this year was the first time we featured questions about which areas of the practice SME law firms thought were most successful (p14).

Funnily enough, conveyancing (commercial and residential) was listed as both the best (23%) and worst (32%) area at scoping/pricing for profitability. Indeed, this practice area comes loaded with lots of difficulty, frustration and reward for law firms. Over on p25, conveyancing also came top for the practice area most at risk from cyberattacks. Later this year, LPM will be shining a spotlight on the conveyancing practice area to dig deep into the challenges and solutions involved – so keep an eye out for that issue for more answers.

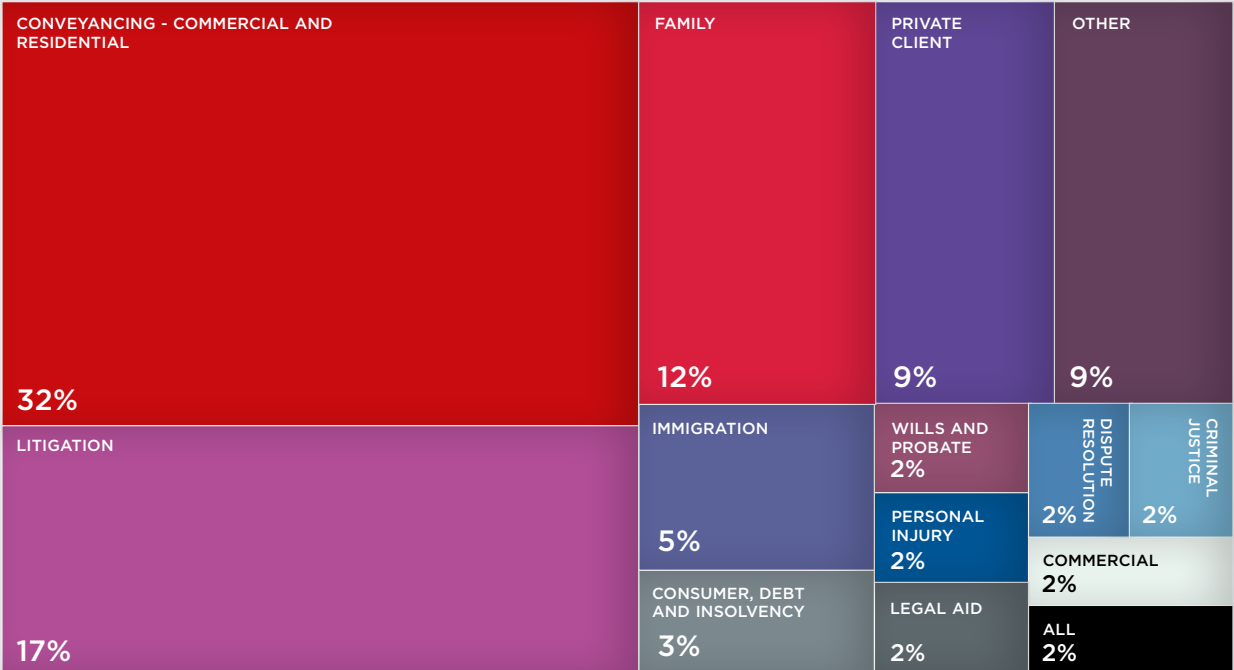
Family work took second place for the area best at scoping/pricing for profitability (15%) and second place for the worst area was litigation at 18%.

The more profitable SME law firms can make these areas, the more they can allocate to IT budget – and the better their chance of investing in those hot topic areas on our competitiveness v efficiency chart (pp6-7) to stand a fighting chance against their perceived competitors. **LPM**

WHICH SINGLE PRACTICE/WORK AREA  
IN YOUR FIRM IS BEST AT SCOPING/  
PRICING FOR PROFITABILITY?



WHICH SINGLE PRACTICE/WORK AREA  
IN YOUR FIRM IS WORST AT SCOPING/  
PRICING FOR PROFITABILITY?



Hamilton says the 'big thing' for Radiant Law at the moment isn't tech specifically though it of course draws on it – it's data and analytics. "We've figured out a way to change our work turnaround time to a half-day, which will double our productivity. It came out of a lot of data analytics we did because we built our own workflow, and case and practice management system. The developers we had working on those were throwing out a tonne of data about what works and what our activities look like. And it was a bit of an aha moment when it came together."

Data and analytics is an area of tech that has stayed pretty comfortably in what we're calling the 'business as usual' section of our competitiveness v efficiency graph (pp6-7). However, this doesn't mean that data and analytics is business as usual; in fact, it's quite the opposite – other sectors know how to leverage data much more successfully than legal.

But SME law firms are finally getting to grips with how they can leverage data – step by step. Camp says Stephens Scown has been looking at data analytics for four years and has involved a data analytics company as well as investing in an in-house data analytics apprentice, who's recently left to work in London.

"The results were very rich, but it's getting lawyers to understand that that's the bigger challenge. There's a real gap between lawyers' understanding of what data analytics means and what it can do to help them. We're not a numbers profession – we're a words profession, historically."

It's a lack of understanding and confidence because it's an area that the legal sector is not used to dealing with, says Camp.

He says leveraging marketing data is half the problem. "We want to adopt a slicker use of data in marketing and really be targeting our clients using the data we have on them. We can use data to build an advertising campaign to make sure it's going out to the right people and not blanketing our market and perhaps sending irrelevant information to our clients."

'Marketing tech, including online' has been an area consistently top of mind for the SME legal sector on our competitiveness v efficiency graph – ranking quite high on the competitiveness scale and performing moderately well on the efficiency scale. Interestingly, this is in contrast to where client relationship management (CRM) sits on the map – bottom left quadrant, which puts it in that 'business as usual' set.

Sean Stuttaford, COO at Thompson Smith and Puxon, says with the marketing systems the firm currently has,

**“We're all about trying to provide a seamless and high-quality client experience and for our teams not to operate in silos of knowledge.”**

Sean Stuttaford, COO,  
Thompson Smith and Puxon

## SPONSOR COMMENT

## MARKET MADNESS



Last year, survey respondents saw the biggest single threat to their firms coming from 'bigger firms than mine', with the biggest combined threat coming from 'legal tech-based new

businesses' and 'online businesses that don't have physical offices'. This year, the biggest single threat is from peers, 'firms just like mine', followed by 'firms bigger than mine'.

Does this mean the threat from disrupters will be less intense in 2020? Unlikely. Survey respondents still worry about firms that use technology to provide existing services more cheaply and attract new business, or in new and attractive ways that accord with new buying patterns.

Perhaps the shift in perception shows that it's not necessarily the size, structure or pedigree of a firm that dictates these approaches, but its culture and client base. In spite of issues like tackling legacy systems, law firms understand more about what 'innovation' would look like in their businesses, and how to get started.

Key technologies mentioned as driving the change were AI and automation. While the survey showed very little spending on non-BAU IT, achieving adoption of existing solutions is also a big issue. Change is hard and many would like to wave a magic wand to find their colleagues had maximised the firm's existing resources, for example, by fully adopting tech solutions the firm already has, or recording, charging and recovering for all time spent on a matter.

Later in the survey, respondents noted that poor data was holding them back from maximising their business development activities. Marketing, and business development more broadly, are ripe for innovation. Data-driven insights can help firms identify prospects and their needs more accurately, focus on activities with the best ROI, and grow their brand in more effectively. Thomson Reuters will be running workshops at LPM South and LPM North exploring how new uses of data are supporting business development. **LPM**

[www.thomsonreuters.com](http://www.thomsonreuters.com)

Kirsten Maslen, head of small law firms  
and academic  
Thomson Reuters

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providing up-to-date and 'live' information about a client's prior relationship with the firm and the original source of that client is problematic.

"We're all about trying to provide a seamless and high-quality client experience and for our teams not to operate in silos of knowledge. We find that there are occasions when repeat clients use different departments and the valuable information that is already known about that client is not readily available. This leads to repetitive questions being asked of the client, leading to a less-than-ideal experience, and also time and resources not always being used in the most efficient way. In relation to actual business development, it's also a barrier to cross-selling services that could add value for the client."

Camp sympathises: "I suspect with most firms the inputting is so bad because people don't understand how data analytics can really benefit and drive a

growth agenda.

"Law firms have data that most organisations would kill for but we're not leveraging it. And it can be used in such simple areas. For example, for wills we're looking at how we can use dates of birth of children and, using automation, send updates to clients. 'Your child is now 25, have you considered redoing your will?'"

Law firms are reluctant to spend a lot of money on something unless they can see a return on investment, whereas you go to any other commercial organisation and they'd be happy to pay for good data analytics, he adds.

So, although this year's results find data and analytics may not be a 'hot topic' - top of mind to SME legal leaders - it is clearly a massive area of growth.

"Data is key to everything that we will be doing in the future, especially if we want to use more automation and machine learning and so on. The data has to be right in order to understand it and drill down into it to produce valuable insights." **LPM**

**“Data is key to everything that we will be doing in the future, especially if we want to use more automation and machine learning.”**

Robert Camp, director of strategic innovation, Stephens Scown

## A PORTAL CALLS

The mention of portals – client, extranet, online and other – has consistently made its way up the competitiveness v efficiency graph since LPM started Legal IT landscapes. Portals have gone from very few mentions to become a 'hot topic' back in 2019.

In this year's results, the biggest thing to note is that the tech now finds itself more of a hot topic area than artificial intelligence (AI) – this is the first time any technology area has kicked AI off its podium since the report began.

Camp at Stephens Scown echoes the sentiment found in this year's results. He says client portals are a huge area for competitive advantage. "It comes from a drive

for greater clarity and communication with clients, who constantly want to have more of an Amazon or banking experience, where they can track what's going on. Why shouldn't the client be able to see work progress and receive updates in their own time rather than having to email or phone someone up to find answers?"

Stephens Scown is piloting a financial portal with clients who have multiple matters with the firm, where they get exactly the same financial dashboard as the firm. He says it's aimed at finance directors and managers in client organisations at the moment, but they have full access to the firm's financial boards and can produce their own reports in

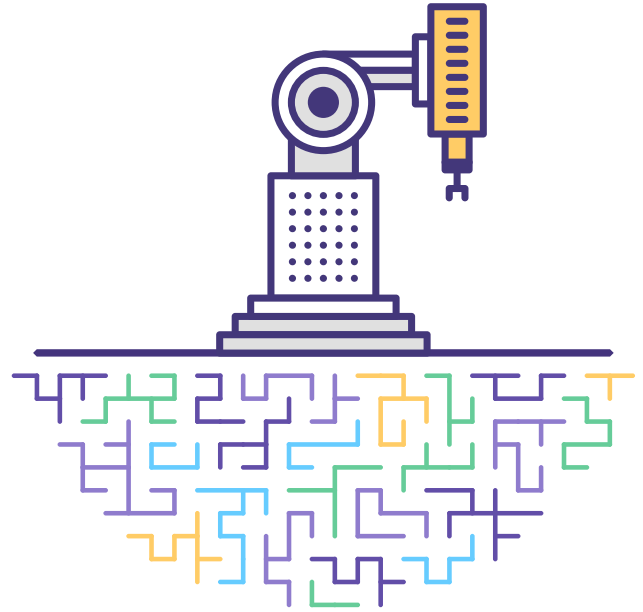
the format they want without having to ask for it.

Lowe at Wiggin Osborne Fullerlove agrees – he says a secure environment client portal is exactly where the firm is looking to go. "It's about competitiveness but also more about giving the client a feeling of being loved and looked after."

When combined with the amount of potential in data and analytics for marketing, CRM and profitability, client portals are certainly something to be considered in SME law firms' IT budgets in the year ahead. **LPM**



# AUTOMATION FACES



Automation in its various guises has really evolved for the SME market usage – but a large gap still remains. When asked, on a scale of 1-10, how automated legal work is at SME law firms, respondents said 3.2 – compared with a 7 for how much could be automated, using technologies currently on the market.

This gap has not changed in the four years we've been asking this question. The technology has matured but, considering firms have been saying they could potentially double the amount of automation at their firm year on year, SME law firms perhaps haven't matured in the way needed to adopt it.

And when SMEs take another look at the firms they consider to be a threat – especially those new entrant and alternative business model-type firms – a better approach to make work more efficient and competitive to the client will be necessary.

But don't just take our word for it – hear it straight from the horse's mouth. Hamilton says for Radiant Law it's neverending – the firm is perpetually automating processes. And, adding to Bradley's fixed fee point from earlier, he says: "We have fixed fees, which incentivises us to work in a smarter, more efficient way. Our critical starting point is always the needs of the client, and from there we think about how we want to deliver a service in an effective way.

"We have a system we call the 'frontier', where we track how close accounts are to best practice for the firm, and make sure that we're delivering the best service for our clients, using all the right processes and tech. It's called the frontier because it's always moving – we'll figure something out in one account and if that becomes the frontier, all other accounts have to adopt it."

He says that Radiant Law is ahead of the typical SME law firm when it comes to automation, but he's "also dissatisfied with our progress because I can see so many areas that can benefit from smarter working. There's always another mountain to climb."

Where do the latest mountains lie? When asked which support/business area could benefit most in terms of more automation, finance moves its way up to first place from third in Legal IT landscapes 2019.

Of course, this doesn't mean that finance isn't automated at all, but it would benefit the most from more automation. Interestingly, the larger side of the SME market has a stronger opinion than the smaller about just how beneficial automation could be for finance (58% of respondents' votes). This is incredible when compared with other areas in this list, which all came in at 8%.

In LPM Legal IT landscapes 2019, finance only had 16% of the vote from larger firms in the SME market and was tied for second place in the eyes of the smaller firms (21% of the vote, tied with risk and compliance).

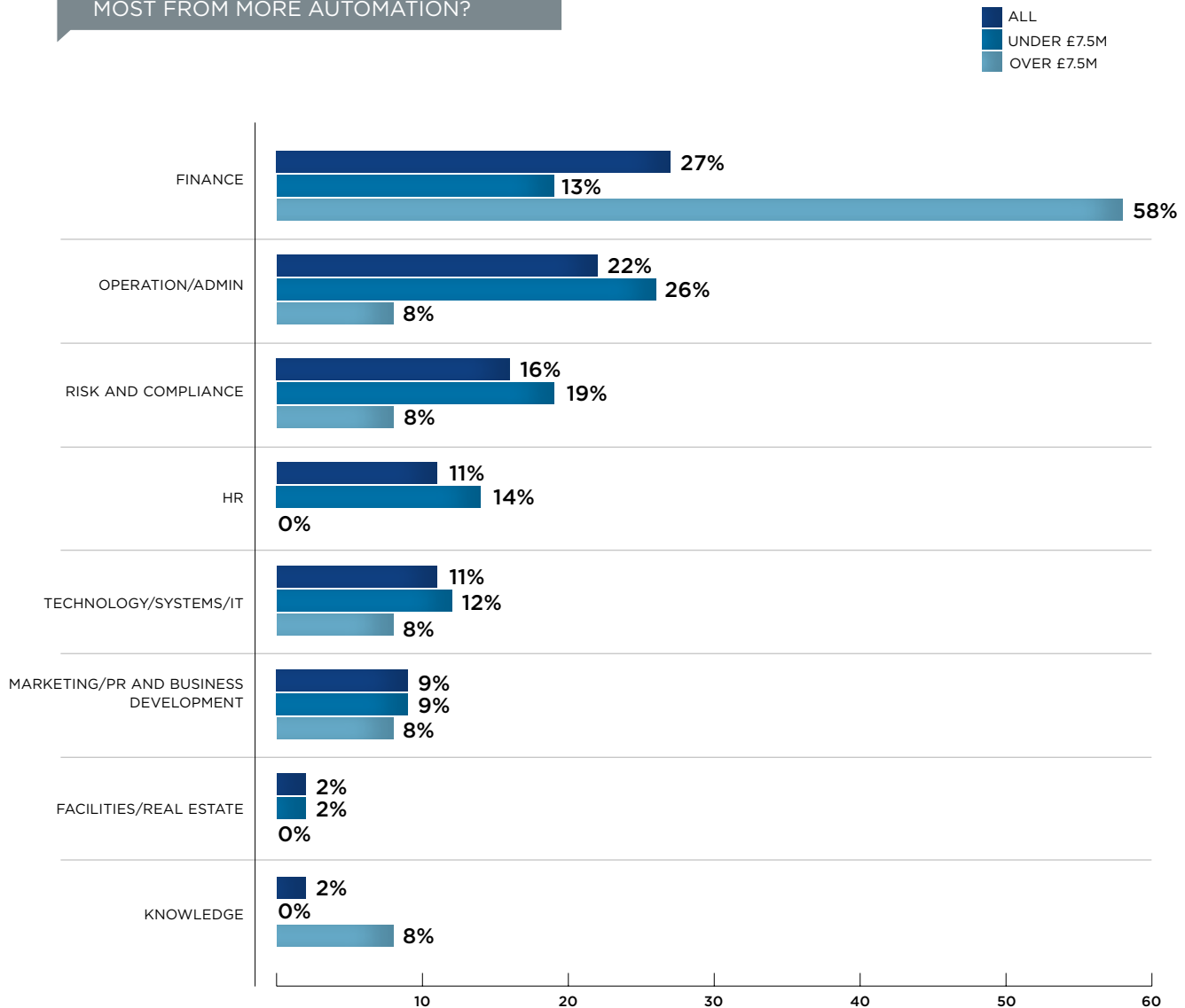
ON A SCALE OF 1-10 HOW  
AUTOMATED IS LEGAL  
WORK IN YOUR FIRM?

AVERAGE  
3.2

ON A SCALE OF 1-10 HOW  
AUTOMATED DO YOU THINK LEGAL  
WORK COULD BE IN YOUR FIRM  
WITH TECHNOLOGIES CURRENTLY  
ON THE MARKET?

AVERAGE  
7

WHICH SUPPORT/BUSINESS SERVICES AREA IN YOUR FIRM COULD BENEFIT MOST FROM MORE AUTOMATION?



This year, smaller firms' views haven't changed. They still rank finance and risk and compliance equally (both 19%) and have kept operations/admin as their winning area for automation (26%).

These three areas have been the top three for automation benefit since we started asking this question in 2018.

But something else to pick out from this year's data is how much HR has risen as an area for automation improvement. In our 2018 report, HR ranked in sixth place at 7% and in 2019 it came seventh, with only 2%.

This year, it has completely outdone itself to take fourth place, with 11% of the vote – tied with technology/systems/IT.

It's easy to see how HR can often be overlooked when there are so many other important areas of business management that law firms could improve

(using automation specifically in this case).

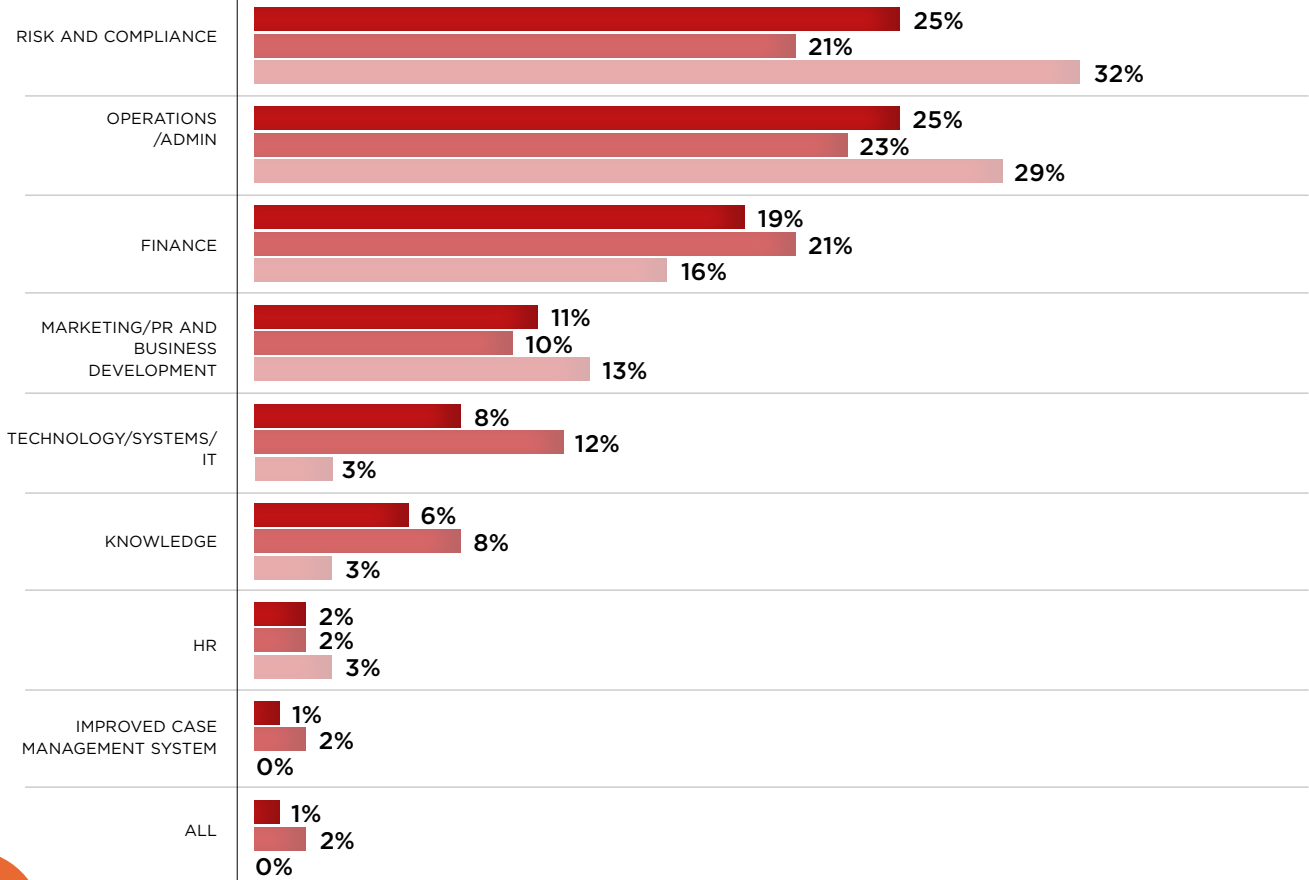
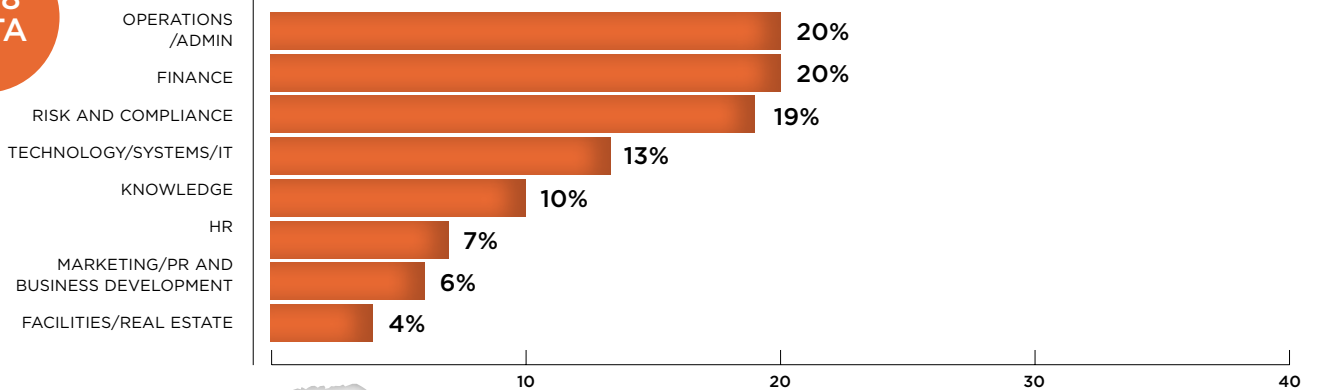
Perhaps the reason HR has become a more important area for automation is because firms are trying to improve human resource management to better attract and retain staff – again a reference to LPM polling data from 2019 that shows SME law firms are struggling to hire high-quality staff. It may not be the automating of managing people that will be the benefit here – because most people prefer a personal, human touch rather than an automated email when it comes to conflict, for example – but more aspects of HR like holiday requests and sick leave. Some smaller SME law firms won't have a dedicated HR manager – and if that responsibility is a partner or practice manager, who will be equally busy with other matters, perhaps automation may offer a time-management solution, if nothing else.

If you've managed to keep your copy of Legal IT

## TREND TRACKER

2019  
DATAWHICH SUPPORT/BUSINESS SERVICES  
AREA IN YOUR FIRM COULD BENEFIT  
MOST FROM MORE AUTOMATION?

ALL  
UNDER £7.5M  
OVER £7.5M

2018  
DATA

landscapes 2019, you will have noticed that, this year, we haven't asked firms about how they're applying machine learning. Machine learning finds itself in the bottom left section of our efficiency v competitiveness graph, as not many SME legal leaders listed the tech as a standalone. Machine learning is often mentioned in conjunction with AI - which remains a hot topic area. But perhaps law firms are becoming less fussed about what these are called and more interested in the uses of AI, RPA and automation in unity.

Two or three years ago, AI and machine learning was take it or leave it, and catered to big law, Camp

says. But, he adds, the time is now coming where robotics is cost-effective for the SME market. "They're beginning to scale out and are much more intuitive. And providers are understanding a bit more about the SME market, our needs and how to service us."

Stephens Scown is looking at subject access requests and how it can introduce robotics to remove or highlight confidential information without having to do a time-intensive manual job. He says using automation or robotics this way benefits the client because you can get reports out, or action things quickly, and it's better for staff not to be doing menial tasks. **LPM**



Our smarter working section consists of three main areas of insight: cloud, office space, and working from home capability. And this year, we've given security more of a spotlight with its own section bringing up the rear.

It's time to take to the skies. How 'cloudy' have the technologies we've been talking about become over the years? 2020 remains pretty cloudy with no significant changes on the whole. Across the law firm tech listed, generally it remains about 56% fully in the cloud, one-third is split 50/50 cloud and on-premise, and one-fifth to one-third fully or mainly on-premise.

Artificial intelligence has finally found itself mainly off on-premise servers (at 22% half cloud and on-prem and 78% fully or mainly cloud) – last year, 13% of respondents listed the technology as on-prem. And although HR remains a highly cloud tech – 66% use it fully or mainly in the cloud, the second highest cloud tech behind AI – it still has many firms listing it as a fully on-prem technology (21%). When compared with the overall 'cloudiness' of technologies listed, HR comes close to the bottom at 12th place.

Radiant Law has been in the cloud since day one. Hamilton says: "We have a rule that everything has to be collaborative, which means that you're not allowed

to create an office document internally on your desktop. Everything has to be in the cloud, secure but accessible."

Stephens Scown has also been progressive in this area, having been in the cloud for eight years now. Camp says it's had its ups and downs, but the ups far outweigh the downs. "And what's interesting is more of the big tech providers are starting to unbundle products, which allows for SME firms to pick and choose products and capabilities that are needed and discard the rest, without having to pay for the whole package."

"As this happens more and more, cloud is the only way to go, because you'll likely end up with a lot of applications that will need updating or switching on and off. It can also reduce costs when you use licences, and it enables staff to work remotely. You just won't have that level of flexibility using tech on-premise."

But it's certainly not an easy journey.

Lowe says: "When we discuss cloud with our partners, the general view is that they'd much prefer the data to be in a room at the end of the corridor. And our external IT consultant still remains in that camp. It's a bit of a generational thing."

Bradley says Greenhalgh Kerr is currently trialling paper-free work with a couple of staff members before it scales up. "I'm very conscious of the fact that we spend a lot of money on storing documents. Every piece of paper we touch is kept for six years in a box in a warehouse, plus there's the cost of paper in the office and ink for printing. I'd like us to be more efficient and have less paper, fewer files, less time filing documents away, pulling them out and filing them back."

"Part of the battle is convincing people to work in a different way that is unfamiliar. The other part of the battle is technology and security and access to information."

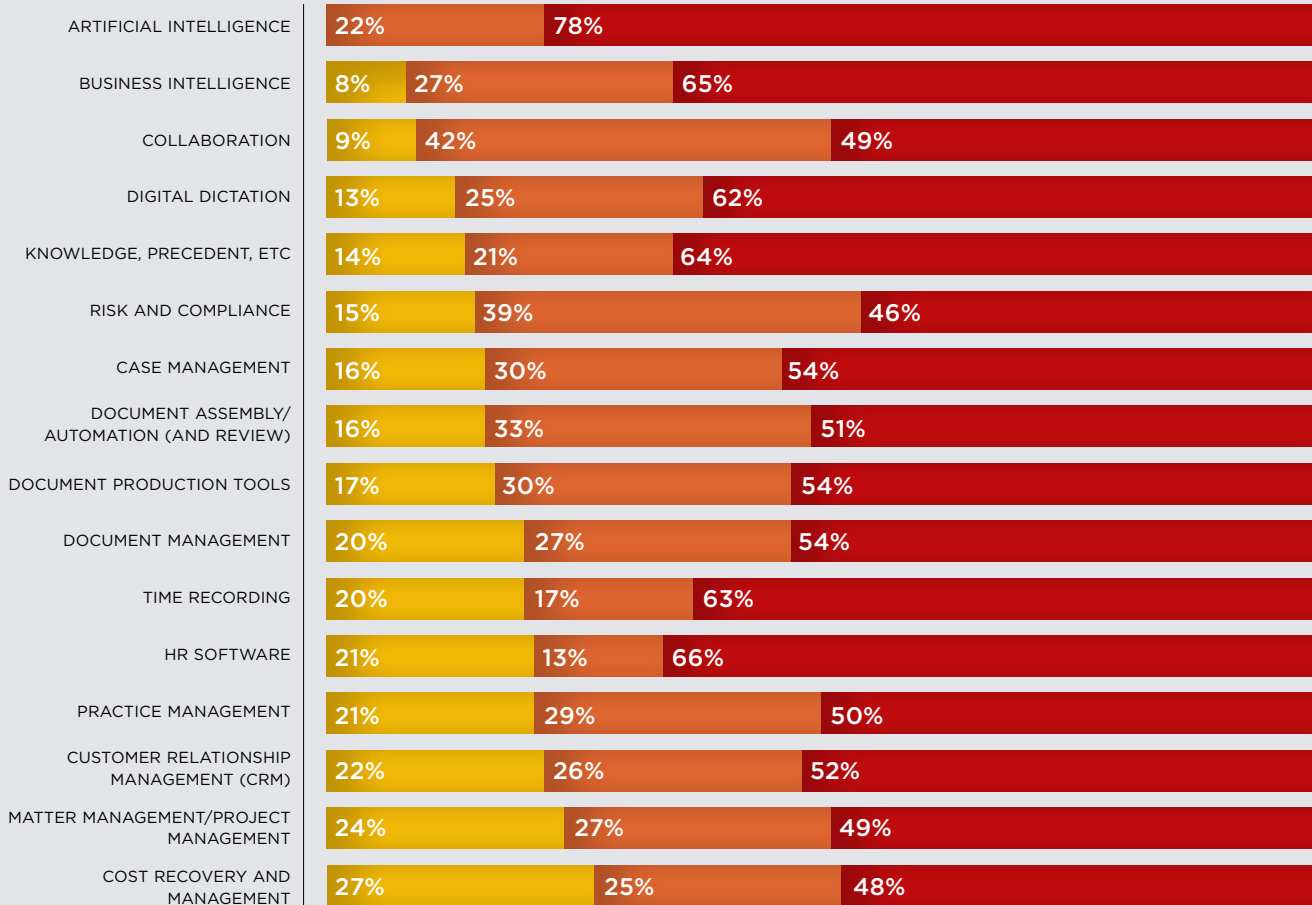
## SMARTIES HAVE THE ANSWER

When asked if SME law firms currently have significantly more (>10%) people than desks for them all to sit at, the majority said no (85%) – these results haven't changed over the last three years (p22).

We ask this as an indicator of how 'smart' law firms are working and whether they're competing with one of their listed threats: online businesses that don't

IN FIVE YEARS' TIME, HOW DO YOU THINK THESE SYSTEMS WILL BE USED BY YOUR FIRM?

FULLY OR MAINLY ON-PREMISE  
50/50 ON-PREMISE/CLOUD  
FULLY OR MAINLY IN THE CLOUD



have a physical office.

And the trend shows that the larger end of the SME market tends to be only slightly ahead in this form of flexible working at 73% this year (88% of the smaller firms said no). This has moved on a bit from the 2019 results, when it was 80%, though, it should be mentioned that this side of the market is also more unsure about whether they actually do employ more people than have desks (18% don't know), which could show that it's hard to keep track of numbers of desks and staff when you have over 100 of them – numbers become tight.

Flexible and agile working will look different firm to firm – especially when considering staff numbers, practice areas, client-base, region and so on. This is certainly supported by the fact that one-third (32%) of respondents say that there will never be a time where they employ more people than desks for them to sit at – a number that hasn't changed in the last three years.

As expected, those who said that will be true 'inside two years' has risen to 21% from last year (9%), and keeping pace with the 43% in 2019 who said 'inside five years'. The trend is moving as it should compared

**“Cloud is the only way to go, because you'll likely end up with a lot of applications that will need updating or switching on and off.”**

Robert Camp, director of strategic innovation, Stephens Scown

to previous datasets, though something to note is that those who said 'within 12 months' is 2% – similar to last year's data, which put it at 3%.

We would have expected this window to be larger, with the 'inside two years' respondents from 2019 leaking into the 'within 12 months' responses for this year. However, this could mean that firms are overestimating just how fast they will fill desk space.

And when it comes to working from home (or out of the office in general), SME law firms have another gap they want to close.

On average, only 16% of SME law firm staff regularly

## SPONSOR COMMENT

# AGILE ADOPTION



With the acceptance of automation and ever-increasing new cloud technologies, the legal world is now fully embracing the use of IT to better its performance and, in some instances, knowledge.

The desire for a more accessible and mobile working environment is a real indicator that the legal IT landscape is changing at some pace – over 50% of firms questioned view ‘home or mobile working’ as a hygiene factor within the next five years. Agile working will not only deliver a more progressive way of working and streamline client interactions but it will also carry financial benefits if managed correctly.

Of course, adopting this work ethic is only a fraction of the bigger picture and the challenges ahead, so what about the big white elephant in the mix – ‘automation’?

Clearly, what is key here is the ‘quality of the deliverables’ getting better over time and continuously forcing ongoing programmes of improvement, thus delivering efficiencies that will benefit both the firm and its clients.

At last, the dawn of more profitable high-volume, low-margin fixed-fee work is now upon us. As always with change there are challenges, but for those brave and clever adopters there lies opportunity. Automation will clearly feature heavily where business processes and document handling can be partially, if not fully, automated, thus minimising human intervention and risk, making life much faster and more accurate while helping to avoid any potential GDPR complications. Data is at the heart of all we do, and how we harvest, handle and manage this will to some extent shape the rise and fall of law firms of the future, not least for business development and marketing purposes.

These developments will perhaps, in the first instance, come at a price, though not necessarily financial, but surely one worthy of investing in as the overall returns could be significant, considering the hidden and added benefits. Long gone are the days of sitting on the fence and waiting to see what happens next; the next generation of virtual work colleagues are but a stone’s throw away and it seems eagerly awaited. **LPM**

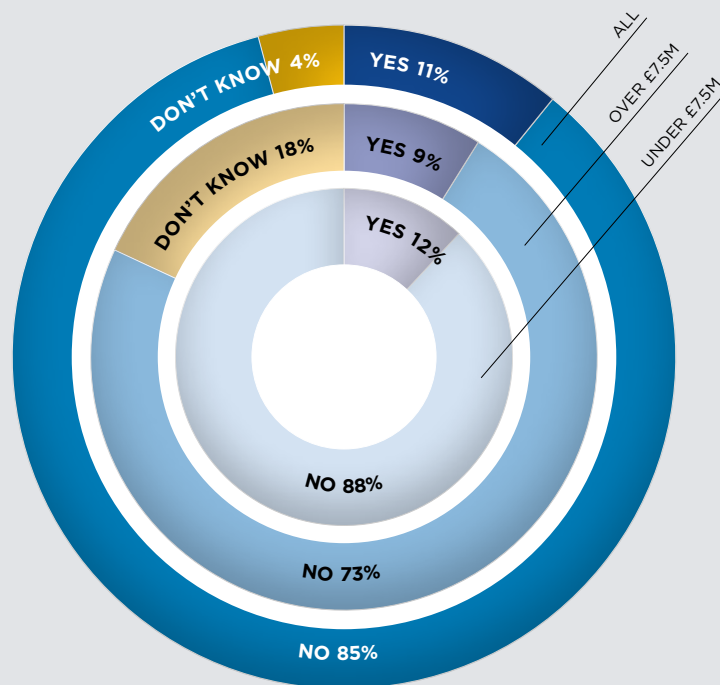
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Accesspoint

**Accesspoint**

Legal Services

Where knowledge makes the difference

DOES YOUR FIRM CURRENTLY HAVE SIGNIFICANTLY (>10%) MORE PEOPLE THAN IT HAS DESKS FOR THEM ALL TO SIT AT?



work from home, much less than the 32% that firms would like to enable to do so (p24).

This year’s results are in line with those from last year, which saw a bump in activity in the £1m-£2.5m and £2.5m-£5m revenue bands and also among firms turning over £10m upwards. This supports LPM’s analysis that there is a hurdle SME law firms may need to overcome to get past the £5m-£7.5m band.

Certainly, there seems to be something that needs to change in that ‘hurdle band’ for firms looking to increase the number of home workers they enable – but the same is true across the SME legal sector.

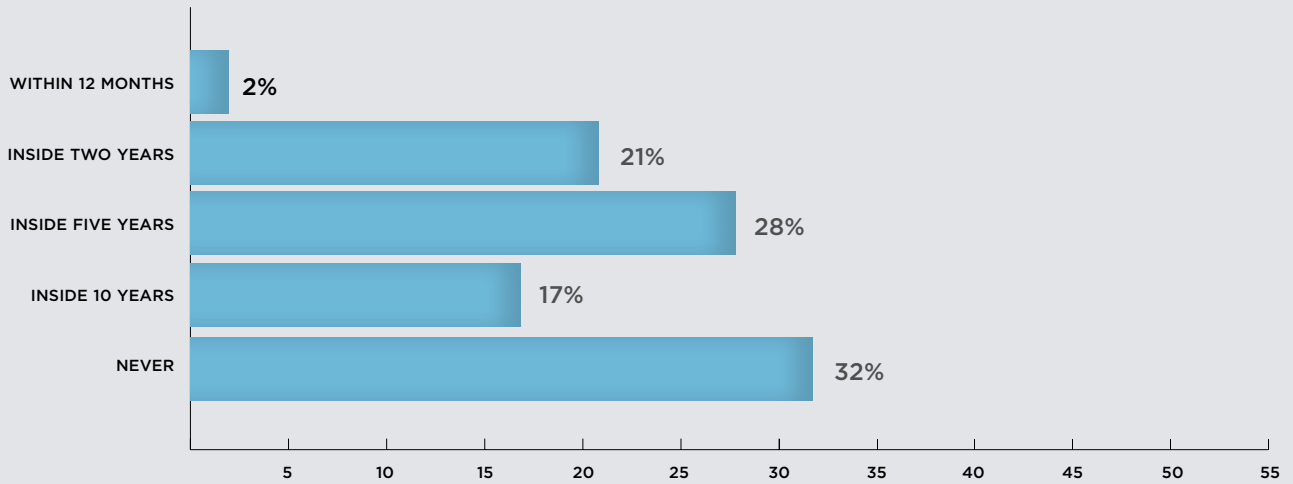
Unsurprisingly, those looking to make the most of home workers are the firms at the larger end of the SME market (£15m-17.5m).

Hamilton says Radiant Law’s standpoint is that it doesn’t matter where you work. “Our job as a business is to foster key work while giving people the flexibility and technology they need to provide a good service.”

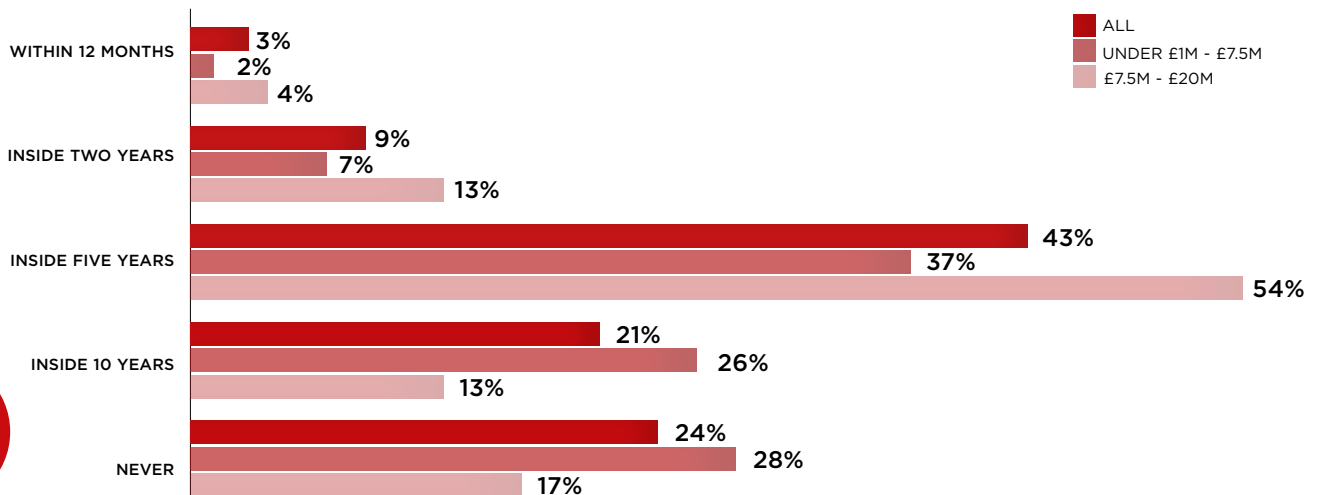
Bradley says he’d like to encourage more agile and home working as it improves work-life balance and staff can cut time spent commuting. “It gives people a bit more time at home with their families and also potentially means that we can have hotdesking in the office, fewer desks and less office space – we can use our facilities smarter.”

He says one person currently works full-time from home, and a few occasionally do – and as the firm has just expanded its office space and invested in more desks for the future growth expected this year, it will still be a while until the firm has more people than desks for them to sit at.

OVER WHAT TIMESCALE WILL YOUR FIRM MOVE TO A POINT THAT IT EMPLOYS SIGNIFICANTLY (>10%) MORE PEOPLE THAN IT HAS DESKS FOR THEM ALL TO SIT AT?



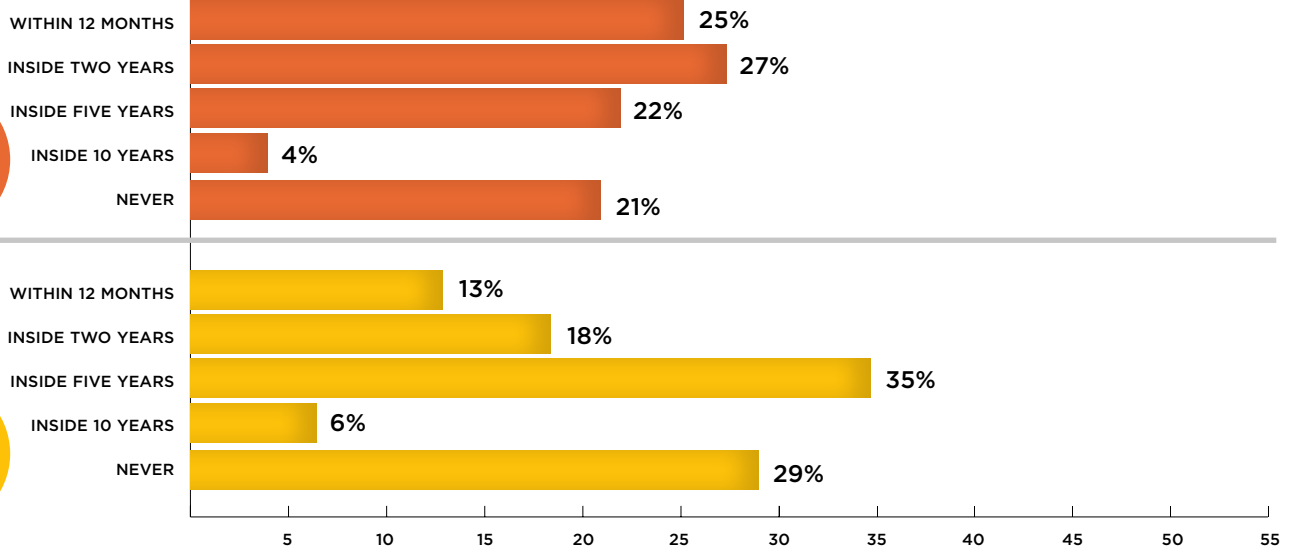
## TREND TRACKER



2019  
DATA

2018  
DATA

2017  
DATA

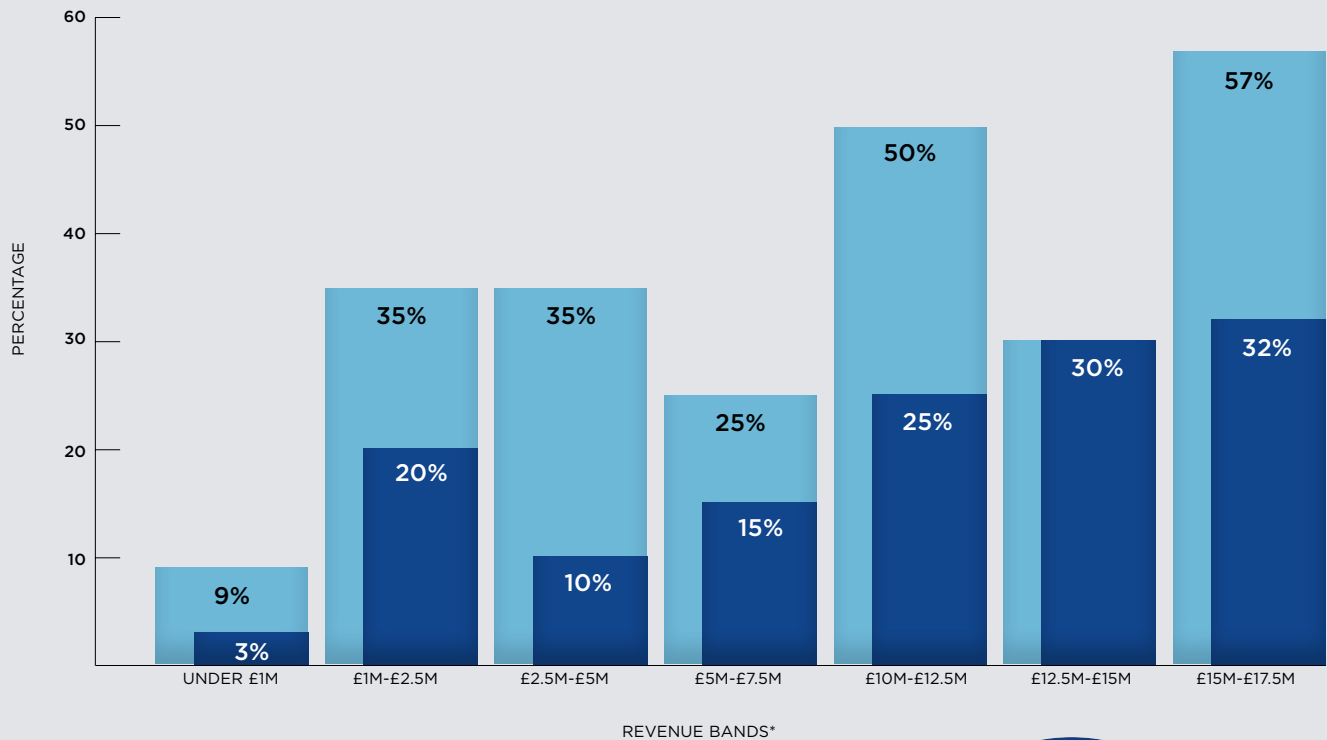




WHAT PERCENTAGE OF PEOPLE  
IN YOUR FIRM REGULARLY WORK  
FROM HOME, DO YOU THINK?



WHAT PERCENTAGE OF THE WORKFORCE  
WOULD YOU LIKE TO ENABLE TO  
REGULARLY WORK FROM HOME?



"But I would still like to support homeworking and get up to 20% of staff working from home at least one day a week, perhaps a on a rota basis."

Some changes to staff working habits, and the aim to increase work-life balance, are designed to have a positive impact on attracting and retaining staff – another big issue for SME law firms across the country.

Bradley says: "We're trying to promote our great culture and what it's like to work here, because we can't do anything about the fact that many young people want to work in big cities, not small towns. For example, our workplace wellbeing programme, which I designed and launched last year, has some new policies, training and information for staff. It's about really encouraging and supporting wellbeing and a healthy way of living and working." **LPM**

**“** We're trying to promote our great culture and what it's like to work here, because we can't do anything about the fact that many young people want to work in big cities, not small towns. **”**

Steve Bradley, practice manager,  
Greenhalgh Kerr

WHAT  
PERCENTAGE OF  
PEOPLE IN YOUR  
FIRM REGULARLY  
WORK FROM  
HOME, DO YOU  
THINK?

AVERAGE  
**16%**

WHAT PERCENTAGE  
OF THE WORKFORCE  
WOULD YOU LIKE  
TO ENABLE TO  
REGULARLY WORK  
FROM HOME?

AVERAGE  
**32%**

\*SOME BANDS ARE NOT REPRESENTED DUE TO LACK OF DATA



## SECURE PERIMETER

Security only seems to make its way onto the priority list after big breaches hit headlines or a firm itself experiences a tough lesson.

Unfortunately, since last year's LPM Legal IT landscapes report, cybersecurity has fallen on our competitiveness v efficiency list (back on pp6-7). It was apparently never important enough an area for SME law firms to get it out of the 'business as usual' section of our graph, hanging out in the lower left section of the map.

For the first time, for LPM Legal IT landscapes 2020, we asked SME law firm leaders to report the number of security breaches they experienced in the last year (that they know of).

Camp at Stephens Scown says LPM's results about SME law firms' perception as to whether they've had a breach is very worrying. "We're well on top of security and we know that we have breaches; the two aren't mutually exclusive. So, the 44% who said zero are living in a different world to me, and equally the 24% who didn't know or wouldn't comment is very concerning."

Very concerning indeed – it seems the SME market has some waking up to do around its cybersecurity. Luckily (or maybe that should be unluckily), SME law firms don't have to look too far for a cybersecurity lesson following recent news about foreign exchange company Travelex being held to ransom by cyberattackers, after a hack on New Year's

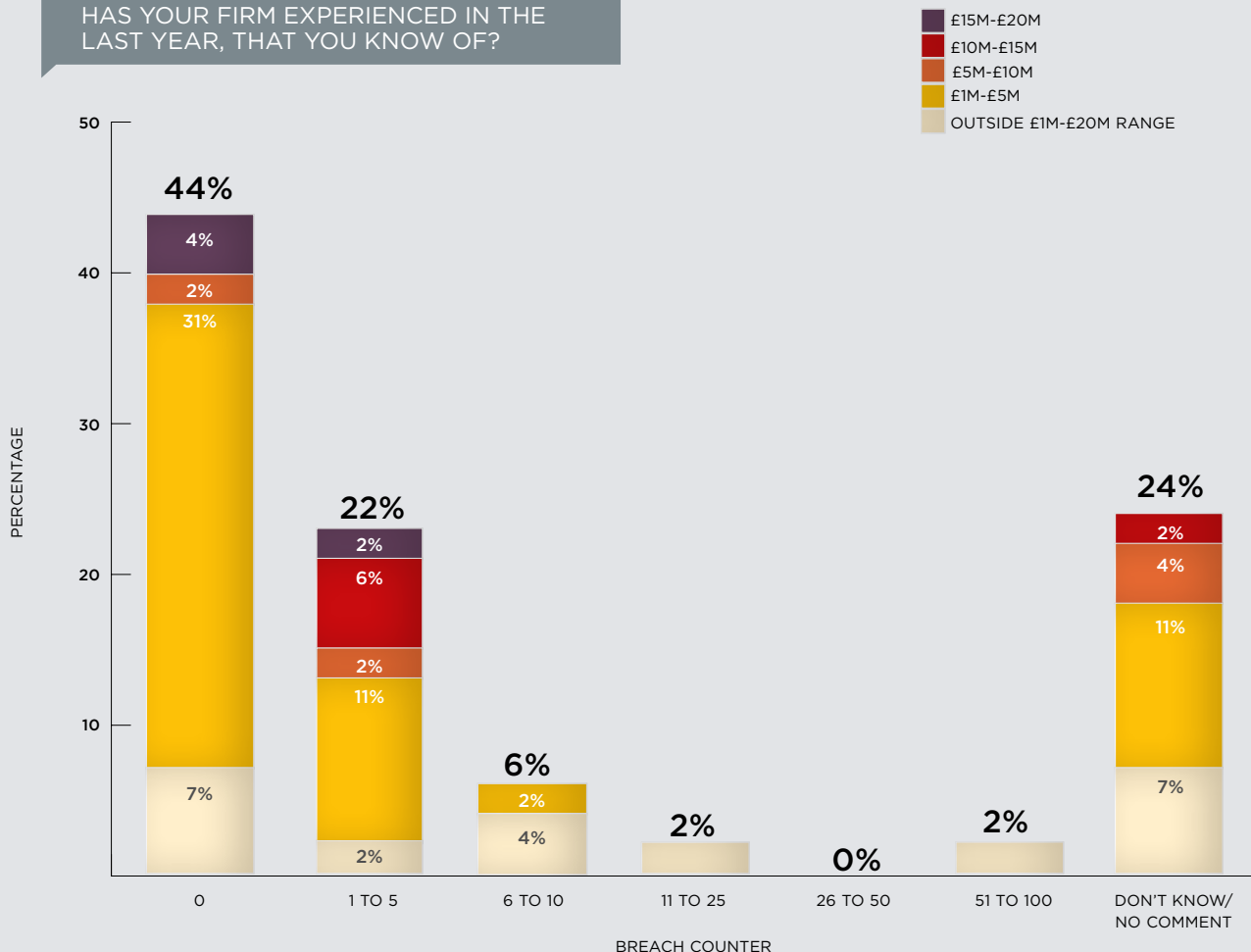
Eve 2019. Travelex was forced to take its systems and site offline. And, to make matters worse, the Information Commissioner's Office (ICO) said it had not received a data breach from Travelex within the needed 72 hours of awareness – though Travelex did notify the Metropolitan Police within three days. It could face a maximum fine of 4% of its global turnover, under General Data Protection Regulation rules.

What's more, the hackers – who are said to be from a ransomware group called Sodinokibi (aka REvil) – claimed to have gained access to Travelex's network six months prior to the attack and downloaded sensitive client data – such as credit card information, National Insurance numbers and dates of birth. Upon going to press, it was announced that the Travelex hackers launched another big cyberattack, this time on German car parts maker Gedia Automotive Group. The company too was forced to shut down its IT operations.

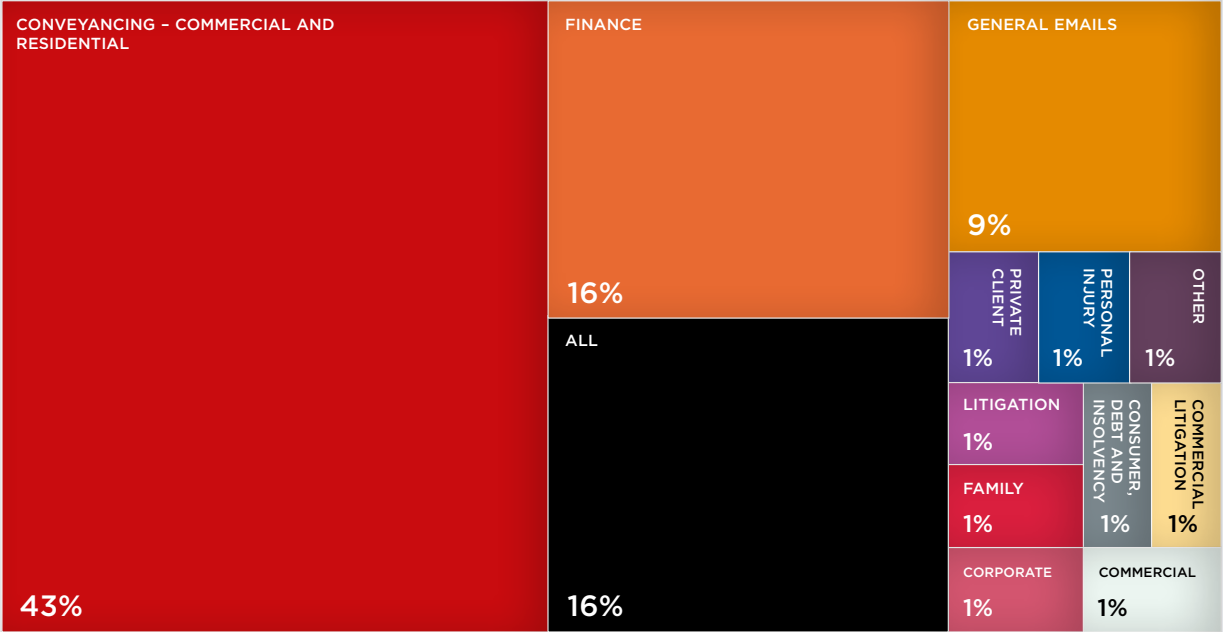
These things happen and they are very real. It's not just the big companies that need to worry. Owing to the confidential and personal-data nature of law firm clients, the entire legal sector is a huge target for cyberattacks. And it could be argued that SME law firms face a bigger risk of being targeted because of a perceived lack of security policies and technologies in place.

So, what are SME law firms doing to address

HOW MANY CYBERSECURITY BREACHES HAS YOUR FIRM EXPERIENCED IN THE LAST YEAR, THAT YOU KNOW OF?



WHICH PRACTICE AREAS IN YOUR FIRM ARE THE MOST 'AT RISK' FROM CYBERATTACKS, SUCH AS SPEAR PHISHING, CEO EMAILS, AND SO ON?



cybersecurity? Camp says the board has a monthly report on GDPR data breaches and each team is tracked to see where there are any trends so they can stop future ones. “We use Tessian to try to stop emails going to the wrong address, but we know that it won’t stop people from clicking on a link they shouldn’t. There are a handful of other breaches that will happen through human error. To combat that, we have a security user group, do annual training and a lot of encryption. We’ve actually also created some videos as a joint venture with a tech company for training.

“Since most breaches are the result of human error, we try to engrain awareness and active communication into our culture. If someone doubts an email, they can show it to the cybersecurity group; they will vet it and let them know whether it’s safe or not. You can’t be complacent on this.”

Camp adds, what’s interesting is how many law firms complain when Stephens Scown sends them encrypted banking – it might take a few more steps than usual to work with but it’s the safest procedure when it comes to clients.

Lowe says that part of the firm’s interest in client portals is the ability to have a secure area where you can exchange information with clients. “We use Mimecast so we can send secure emails and share documents to a certain extent, but it would be nice to have that capability connected to our PMS. Then at least all of that key communication and document work is being stored back into our PMS.”

In terms of data breaches themselves, Lowe says uncovering whether a breach has happened is incredibly difficult – especially when it comes down to people doing things they shouldn’t.

“I’ve always said there’s a black hole of data going from a law firm to places it probably shouldn’t as a workaround. For example, staff might send client work to their personal email so they can work from home. Having dealt with

regulatory matters and overseen an IT department at my previous firm, I know these things will happen. It’s up to the firm to address this so that there’s a policy or technology in place to enable secure and easy access to work.

“Even in the case of someone sending a sensitive email to the wrong person, often if that person gets back to them to confirm they’ve deleted it then staff will think that’s the end of it. But you don’t know that it’s been deleted, and either way it still needs to be reported.”

The point, he adds, is not to punish people for these things – it’s important that staff feel like they can report them.

As Thompson Smith and Puxon’s data protection officer, Stuttaford keeps a close eye on best practice around data security. “Anecdotally – from speaking to other local firms – data breach reports are indeed on the rise, but it seems that in the main this is due to raised data awareness and reporting in general following the GDPR coming into force in 2018, rather than an increase in mistakes.

“My personal view is that firms do seem to be reluctant to adopt technology to help avoid such mistakes and some may not be doing all they can to ensure that their staff realise that data protection, and compliance in general, is not a barrier – it’s just good client care.”

He says some of the technological options are simple and very cost effective – working just by highlighting and cross-referencing email addresses – and others are more sophisticated, taking case history into account. Law firms rely on public reputation and trust, and if a client receives another individual’s information by mistake, their first thought is almost certainly going to be to question where their own data has gone in error.

“I believe that the biggest risk not adopting these readily available technological solutions and changing the attitude of staff to data protection is not the fines the firm might receive, but the reputational damage that the firm will suffer in the event of a breach.” **LPM**



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