



Unlocking the Digital Future

Law Firm Insights on Transformation, Technology Challenges and Measuring Success



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CTS, in collaboration with LPM Magazine, conducted two exclusive roundtable discussions that brought together esteemed industry leaders from law firms nationwide. The objective of these events was to delve into the profound effects of digital transformation within the legal sector, with a particular emphasis on gathering insights from both technical and non-technical leaders in law firms.

The discussions centred on key topics: digital transformation's importance, measuring success in transformation journeys, technology investment priorities, and the challenges and opportunities arising from technology in the legal sector.

Amongst our roundtable delegates, we were joined by representatives from Coles Miller Solicitors, Buckles, Fisher Jones Greenwood, Maurice Turnor Gardner, Pepperells Solicitors, Woodfines Solicitors, CFG Law, and Axon & Partners.



The term “digital transformation” has gained popularity within the legal sector over the past couple of years, but its meaning has become diluted and unclear. To kick off the discussion, delegates were prompted with the question: **“How do you define digital transformation, and what level of significance does it hold for the legal industry?”**

The pressures of the pandemic

All delegates across both roundtable sessions agreed that the worldwide COVID-19 pandemic forced many firms to swiftly invest in technology, forcing them to embark on their digital transformation journey. One delegate commented that this unexpected shift really highlighted the importance of technology, which has sparked a sense of determination and purpose within the legal sector, inspiring firms to embrace digital transformation as a means of staying competitive and resilient in an ever-evolving business landscape.

Casting their minds back, one panellist considered all the projects that law firms could have – or should have – been completed prior to COVID-19 and its ensuing lockdown. Using their own experiences as an example, they noted that the traditional solutions they had in place proved a real challenge as they were not made to support remote working.

As a result, migrating to a more agile solution took a good chunk of time, which could have been spent on adopting more innovative solutions. If their IT environment had been updated pre-COVID – and if the importance of digital transformation had been more obvious pre-COVID - these issues could have been avoided and the shift to home working would have been much more seamless and fruitful.

“If the importance of digital transformation had been more obvious pre-COVID, many issues could have been avoided.”

Migrating to the cloud

The impact of COVID-19 undeniably compelled firms to critically evaluate their digital transformation strategies, with a particular emphasis on cloud computing. The pandemic accelerated the need for law firms to adapt to the new hybrid world, where agility and flexibility are paramount for success.

During the discussion, a consensus emerged among the delegates that numerous firms are still lagging behind in terms of embracing cloud technology. However, there was optimism as delegates noted a positive trend: an increasing number of firms making incremental changes to become more cloud native.

Highlighting their own firm’s cloud migration journey, one panellist mentioned that they are now seeing numerous firms, including their own, taking steps forward by adopting cloud-based Document Management Systems (DMS). This shift enabled their firm to transition from traditional, on-premises document storage to a more secure and flexible cloud-based solution, which enhanced collaboration, streamlined document access and retrieval, and improved overall information management. The increasing number in firms adopting cloud-based legal applications shows that there is a growing recognition of the benefits and efficiencies that the cloud can offer.



Another panellist shed light on their cloud strategy, emphasising the significance of their distributed cloud platform. This platform has played a pivotal role in providing the firm with unparalleled flexibility, allowing them to seamlessly incorporate new groups or individuals into their operations, granting them immediate access to necessary resources. This capability has greatly facilitated their onboarding process, which has been a crucial component of the firm's growth plan. By effectively managing the change curve for existing and incoming staff, the firm has been able to harness the power of the cloud to drive their success in an agile and rapidly evolving legal landscape.

While many law firms have made significant strides in digital transformation and cloud adoption, it is important to note that the pace of adoption varies across the industry. Some firms have embraced cloud-based solutions more aggressively, while others are still in the early stages of exploration and implementation.



Driving innovation

Several of the contributing firms had started their digital transformation journeys before the effects of COVID-19 hit, meaning that they were more prepared to deal with the unexpected challenges of remote working. The transition to remote working was much more seamless, enabling them to put their focus on exploring innovative solutions to further support their new working model.

For example, several roundtable attendees discussed how they were now working towards being paperless. Lawyers have been actively transitioning from traditional paper files to digital files, embracing technology to complete their tasks more efficiently. By going paperless, these firms were able to leverage digital tools and platforms to manage, access, and collaborate on documents, eliminating the need for physical paperwork.

In addition to law firms, the conversation also took note of courts embracing digital transformation by adopting paperless practices and collaboration solutions. This was evident in the introduction of e-bundles and e-signatures, which streamlined document management and signing processes. The implementation of e-bundles eliminated the need for physical document bundles in court proceedings, enabling seamless access, searchability, and sharing of relevant case materials. Furthermore, the adoption of e-signatures facilitated secure and efficient execution of legal documents, reducing reliance on physical paperwork, and enabling remote collaboration.



Measuring the success of digital transformation efforts and technology adoption is essential to ensure that firms stay on track and effectively leverage the benefits of their digital initiatives. The next question posed to the roundtable attendees was: **How does technology fit into the strategic vision and goals of law firms and how can success be measured?**

Measuring client satisfaction

Undeniably, client expectations have significantly evolved in the aftermath of COVID-19, with a growing emphasis on improved and expedited service delivery. Clients now demand better and faster outcomes. Technology innovation plays a crucial role in meeting these expectations and is increasingly positioned as a benefit to clients.

With many firms' digital strategies focussing on the benefits their technology investment can provide to clients, it is no wonder that many of the roundtable attendees use client feedback as a way to gauge the success of their digital transformation. One delegate explained that their firm conducts regular client feedback surveys during and after cases are completed. Over time, the results from these surveys have shown notable improvement, attributed primarily to the integration of technology in enhancing client experiences. The adoption of technology has effectively addressed common pain points such as lengthy communication times, lack of transparency in case progress updates, and poor communication.

Building on the discussion, another delegate emphasised the importance of ongoing communication and collaboration with clients to gain a comprehensive understanding of their evolving service delivery needs. This proactive approach allows firms to go beyond traditional client surveys and actively engage with clients to uncover their preferences and expectations. By regularly communicating with clients, firms can gather valuable insights and feedback on the desired enhancements in service delivery, as well as fostering a stronger client-centric approach that not only enhances satisfaction but also strengthens client relationships.

Conversations with end-users

In a similar vein to client satisfaction, employee feedback is another method in which law firms can measure the success of their technology strategies, whilst simultaneously gaining invaluable insights into how they can adapt their strategy moving forward.

One delegate described how their firm implemented 26-27 different software applications in a space of 12-18 months, which aimed at enabling employees to effectively carry out their roles in a remote work environment. However, the introduction of numerous software applications necessitated comprehensive training programs to equip employees with the knowledge and skills needed to navigate and utilise these tools efficiently and effectively.

“Provide opportunities for employees to voice their opinions, share challenges, and propose suggestions for improvement.”

The firm recognised the significance of assessing employee experiences, evaluating how well the technology suited their needs and how effectively they were adapting to it. They did this via various channels such as forums, user groups, and regular feedback sessions. These platforms provided opportunities for employees to voice their opinions, share challenges, and propose suggestions for improvement. Continuous feedback loops allowed firms to identify areas where changes could be made, or new technologies could be introduced, to enhance staff productivity and make their work lives more enjoyable.



Analysing operational efficiency

As they say in law, "time is money". Time is a valuable resource, and by streamlining tasks, implementing automation, and optimising workflows, firms can achieve boost efficiency while also freeing up lawyers to focus on billable tasks, ultimately generating more revenue.

Within one firm, measuring success in operational efficiency involves leveraging data from time recording software to analyse task turnaround times. With the support of implemented technology, tasks are being completed more efficiently, leading to reduced completion times. Automation plays a significant role in achieving these efficiency gains, as repetitive and manual tasks are automated, freeing up valuable human resources. This allows them to focus on higher-value work and strategic initiatives, enhancing their overall competitiveness.

Interestingly, one delegate commented that firms don't want to become too efficient due to the fact that fee earners charge for their time, so if tasks are taking much less longer to complete, less time is spent on the case overall, which means total billing is also reduced.

However, having had previous conversations with other law firm leaders on this point, another delegate noted that some firms are experiencing a shift away from the traditional billable hour. This change reflects a broader trend towards greater transparency, efficiency, and client-centricity in the legal industry.

More SME firms are adopting alternative fee structures based on outcomes, moving towards fixed-fee arrangements, especially in areas like divorce cases. By offering a fixed fee, clients gain transparency and predictability regarding costs upfront. This shift benefits both clients and firms, as it encourages a focus on delivering results rather than solely tracking billable hours.





Moving forward, the discussion turned towards firms' investment priorities as the roundtables' facilitators were interested to gain more insight into **how much investment law firms should place on digital transformation.**

Increase in investment expenditure

The consensus among delegates in both roundtables was unanimous: there has been a noticeable year-on-year increase in IT spending across the legal sector.

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The findings from [LPM Frontiers 2023](#) supported this notion, revealing that the average total IT expenditure as a percentage of firm revenue has risen to 6.5% this year, marking a notable increase from the previous year's figure of 6.2%. Furthermore, the fact that 61% of firms anticipate further increases in IT spending during the 2023-2024 period further emphasises the escalating significance of technology within the legal sector.

These statistics clearly demonstrate that there is a growing understanding among law firms that investing in technology is no longer an option but a necessity to stay competitive, meet client expectations, and streamline internal operations.

Technical and non-technical perspectives

According to one delegate, law firm leaders without a technical background, limited exposure to legal technology, and insufficient knowledge about the wide-ranging benefits it offers, often do not prioritise or advocate for IT improvements. Instead, they are often relying on their technical counterparts to take the lead and drive innovation. Admittedly, the IT-focussed delegate continued, it is also true that technical departments often exhibit a strong enthusiasm for experimenting with various technologies. Their drive to leverage numerous features and capabilities can sometimes lead to challenges, including potential overwhelm and increased expenses.

To address this issue, one delegate stressed the importance of law firm decision-makers being made up of individuals from various departments, backgrounds, and areas of expertise. By including representatives from different departments, such as finance, IT, operations, and client services, law firms can ensure that technology decisions are not made in isolation but rather with a holistic view of the firm's operations. Each department brings unique insights and considerations to the table, allowing for a more comprehensive understanding of the potential impact of technology solutions on different aspects of the firm.



Understanding your objectives

The discussion then shifted towards recognising the pivotal role that digital investment plays in the development of a well-crafted digital strategy. Participants agreed that when law firms contemplate investing in new technology and applications, it is crucial to ensure that the anticipated benefits align with the specific business needs and objectives of the firm. By doing so, law firms can maximise the value and impact of their investment.

To assess the potential benefits of a technology investment, law firms must evaluate whether the investment has the potential to significantly propel the firm forward. Additionally, they should consider both the immediate and long-term benefits that can be expected from the technology investment.

Ultimately, law firm leaders must look beyond incremental changes and focus on the strategic impact the investment can bring. One delegate insists that it is crucial to consider the bigger picture, keeping the firm's future goals and desired position at the forefront of decision-making. By staying proactive and forward-thinking, firms can ensure that their digital investments align with their long-term vision and enable them to thrive in an ever-evolving digital landscape.





Towards the end of the sessions, the roundtable participants eagerly shared their invaluable insights on the ever-evolving technology landscape, discussing **the challenges and opportunities that digital transformation presents.**

Too much tech to choose from

The final topic of discussion opened with a thought-provoking statement: “We find ourselves in the golden age of technology, where its vastness and breadth present numerous opportunities for exploration. However, there is simply too much to explore and embrace, so the true challenge lies in identifying the precise areas, solutions, and services that perfectly align with your firm’s distinct needs and objectives”.

The process of identifying the right technology solutions begins with a comprehensive assessment of the firm’s unique needs, challenges, and goals. This allows firms to gain clarity on their requirements and priorities, enabling them to make informed decisions in selecting the most suitable technologies.

To navigate the technology landscape effectively, firms should consider partnering with a legal specialist Managed Service Provider who possesses deep industry knowledge and can provide guidance on emerging trends, best practices, and potential solutions.

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Resistance to change

The pandemic has undoubtedly brought about a change in the mindset of law firms, yet it is acknowledged by all attendees that the traditional barriers associated with the legal sector remain. COVID-19 has served as a catalyst, pushing law firms to embark on their digital transformation journeys to navigate this period of pure uncertainty. However, despite this shift, there remains a noticeable degree of hesitancy, particularly among senior partners and management, who may be firmly rooted in their established ways of operating. This resistance to change may be attributed to a discomfort with technology and a preference to adhere to familiar processes and technologies.

This barrier is not limited to employees but extends to clients as well. Over time, clients are recognising the efficiency that technology brings to their interactions with lawyers and staying informed about their cases. The utilisation of solutions such as Teams, Zoom and client portals enables immediate, quick, and effective exchanges, surpassing the limitations of traditional email communication.

One panellist stressed the importance of finding a balance and meeting the diverse needs and preferences of individuals when it comes to technology adoption. The legal sector must take a thoughtful and inclusive approach that considers factors such as technological proficiency, workflow preferences, and the overall user experience.



The rise of artificial intelligence

While artificial intelligence (AI) is not a new concept, the recent surge in excitement has brought it to the forefront of discussions. Now, more than ever, firms are faced with the crucial task of carefully considering how to integrate AI into their overall strategy.

One attendee took the lead on this topic, explaining that the question at hand is whether law firms want to take the lead or simply follow the pack when it comes to embracing AI. By being an early adopter, firms have the opportunity to be pioneers in their respective industries, leveraging AI technologies to gain a competitive edge, drive innovation, and revolutionise their operations. This path, however, demands a thorough understanding of the potential risks and challenges associated with implementing AI. It necessitates investing in the necessary infrastructure, acquiring the right talent, and developing robust AI governance and compliance frameworks.

Alternatively, some firms may prefer to adopt a more cautious approach and follow the AI trends that have been established by industry leaders. By doing so, they can observe the successes and failures of early adopters and learn from their experiences. This approach allows firms to navigate the evolving AI landscape with a more measured and informed perspective, reducing the inherent risks associated with pioneering new technologies.

Regardless of the chosen path, all roundtable attendees agreed that it is vital for firms to recognise that AI implementation is not a one-size-fits-all solution. Each firm must carefully assess its unique needs, capabilities, and goals to determine how AI can be effectively integrated into their strategy. By doing so, they can harness the transformative power of AI to enhance productivity, streamline processes, and deliver value to their clients.

Disjointed company culture

During the discussion, the panel delved into the topic of company culture challenges, which have arisen due to the rise in hybrid working. While digital transformation introduces innovative tools and systems, it is essential to recognise that the human element plays a crucial role in fostering collaboration, mentorship, and professional growth. As such, one of the key points raised was the importance of organic learning and mentoring of junior staff within the firm.

One of the participants shared their firm's approach to addressing this. They shed light on the firm's revised hybrid working policy, which aimed to ensure that junior staff members predominantly worked from the office, while implementing a minimum day cap for senior personnel. This policy aimed to enable senior staff to dedicate more time to mentoring, supervising, and guiding their junior counterparts.

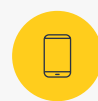
While implementing the revised policy, the firm anticipated some initial resistance and acknowledged the need for change management. However, they expressed that the overall reception from both senior and junior staff members was positive. Through this approach, the firm was able to foster a collaborative and supportive workplace culture that enhanced professional relationships, encouraged knowledge sharing, and ultimately contributed to the success of both individual employees and the firm as a whole.





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