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LPM Frontiers 2025 arrives at a time when the pressures on the typical SME law firm seem more intense than ever. Expressions of confidence in future financial prospects are one thing. Leadership must also have confidence in the talent needed not only to do the work and serve clients well today, but to take the business forward into a highly uncertain tomorrow that may faze even the most resilient and adaptable. Against a volatile macroeconomic backdrop, with career and employment expectations fast changing, that talent may well be tempted away to competing businesses with fresh approaches. Yet cost pressures frequently leave management without the option of continually increasing salaries. So which other dials — from technology investment to business model transformation — could they turn to appeal to those they most need to keep?

This year's LPM Frontiers findings arrive with very helpful perspectives on all the challenges, each in the relevant place, from experts at our six partners: **Actionstep**, **BARBRI**, **LEAP**, **NetDocuments**, **OneAdvanced** and **Tessaract**. We would like to thank all of them — and you — for engaging in our research and responding with insight. We also look forward to discussing further the many implications for firm strategy at LPM's annual full-day conference on 10 July this year — the only event of its kind dedicated to helping senior decision-makers at SME firms UK-wide to share their experiences in confidence and identify practical potential solutions to their most pressing business challenges of the day.

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RESEARCH SUMMARY

LPM Frontiers 2025 is the result of online polling to understand the views of 50 senior SME law firm leadership professionals — including managing partners, finance leaders, chief operating officers and practice directors — carried out in January and February 2025. It is a snapshot of the legal landscape across the UK at a time when challenges to profitability are growing while expectations of work and delivery often increase

We see winning the battle for talent as the area of management where business leaders feel the case for change in 2025 is most clear — and while there are several perceived obstacles to investing more in potentially transformational technology to improve performance, it's very likely that new systems which do win backing today will be found in the cloud



A third of the 50 SME UK law firm leaders responding to LPM Frontiers 2025 expect to be able to increase the firm's revenue by over 10% in 2025–2026 (p8) — a sign of some increasing confidence in market conditions in the face of persistent challenges from both competitors and within. For example, over two-thirds (69%) now cite 'bigger firms' than theirs as a major competitive threat — a proportion that has clearly been on the rise in recent years (p10). At the same time, alternatives to the traditional model of legal delivery and working that we've tracked over the years appear to be viewed with less concern today. However, this is certainly not to say that SME firms are complacent when it comes to the challenge of attracting and retaining the talent they need to compete with any other players — almost a fifth (18%) have experienced significantly more pressure on this aspect of their strategies in the last 12 months (p12).

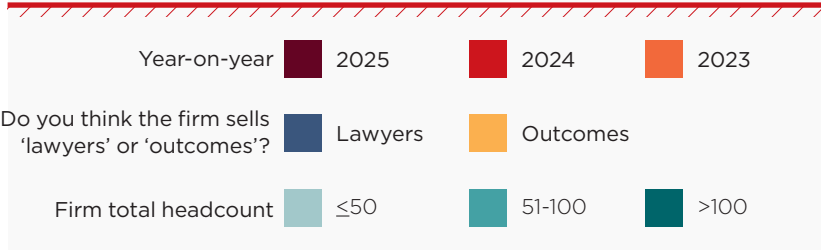
In response they are more likely to be prioritising factors such as the firm's culture and values (45%) and long-term career paths for people (39%) than immediate financial reward (31%), the office environment (20%)

ongoing learning and new skills development (14%). But, overall, people management is clearly the business challenge where leaders are the most likely to see a case for investment in some critical improvement — followed by improving the client experience with technology that is available and responding to growing pressure on their risk management processes (p14).

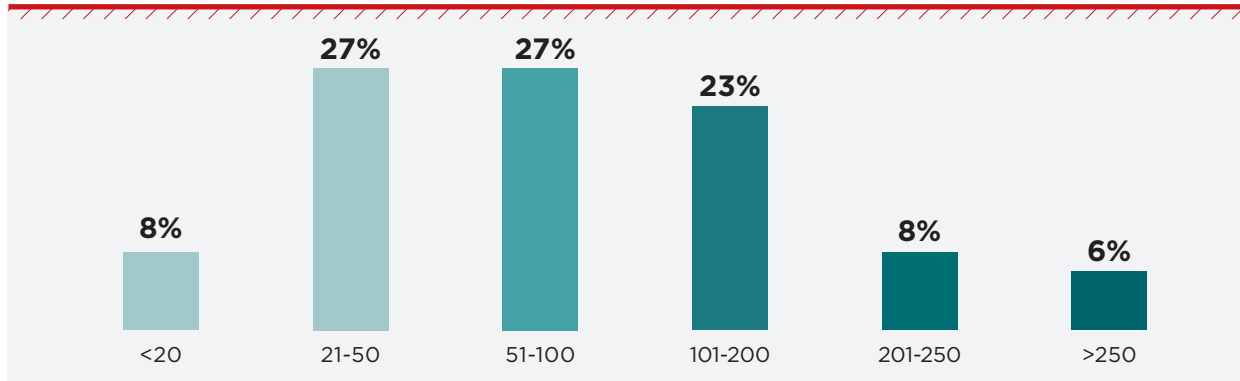
Indeed, over two-thirds (69%) expect to increase the amount the firm spends on technology in 2025 (p20) — with those at the smallest firms by headcount most likely to say they will increase it 'significantly'. A similar number (71%) feel net-positive about their current level of investment/progress in technology. But almost half (46%) view the cost of such change as a significant barrier to making more progress (p22) — and almost a third struggle to identify solutions that are the best fit for their firm's specific needs, and/or feel they lack the internal technical expertise to take steps they otherwise might.

Leaders are less likely to see barriers managing effective technology adoption around the firm (26%), or with buy-in to the business case for the investment at the top (18%), but under half are confident they can

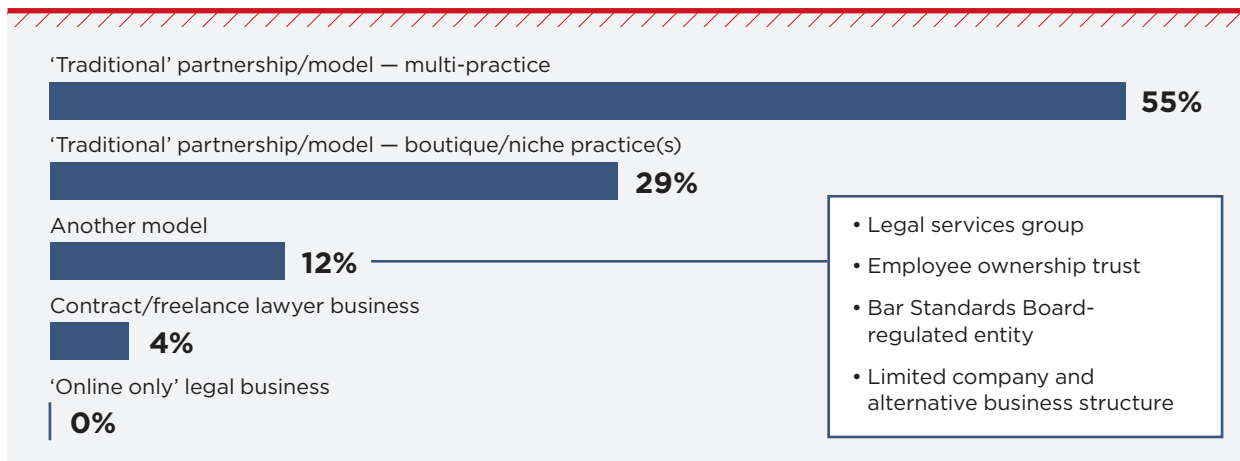
How to read our graphs in LPM Frontiers



Responses from leaders by law firm total headcount



How does your firm operate?



realistically assess a financial return on investments they make.

One investment direction for 2025 that is very clear is that SME law firm leaders are much more likely to believe their needs are best served with cloud-based systems. Three-fifths report their firm will now choose cloud versions of solutions in absolutely all cases — another quarter identifying as 'cloud-first' (p23). The main needs driving them in this direction are future-proofing the business and managing everyday risks more effectively (77%), and providing a more productive user working experience at the firm (63%). More than half also believe the arrangement makes for simpler IT management across the firm more generally (p25). Meanwhile, over a third (37%) now also say they have a plan to use generative artificial intelligence (genAI) to make at least some of their processes more efficient — up from a quarter in 2024 (p30). In addition to general administrative efficiency, over a fifth see potential in areas including legal work collaboration (44%), client onboarding/compliance (31%) and client relationship management (p28). But the largest perceived barriers to taking bigger or bolder steps here are concerns about the quality of AI output and business security (p30).

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PEOPLE PRIZES

Half of SME law firm leaders say that effectively engaging and retaining the right people is their top transformation priority

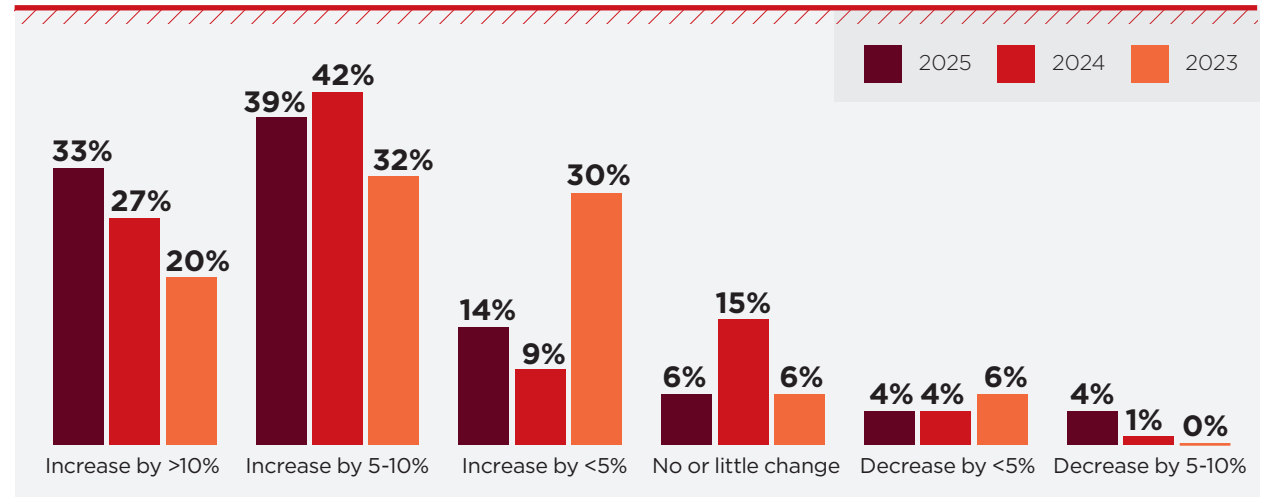


At the time of writing, overall UK business confidence may have once again taken a broad wallop, this time from the uncertain threat of US tariffs — but LPM Frontiers 2025 finds the country’s SME law firm leaders relatively upbeat as to their likely financial performance in the year ahead. Even if impressive revenue can be something of a vanity metric, a third expect to increase the top line by more than 10% in the next financial year, compared to just over a quarter that reported as much in early 2024, and a fifth in 2023 following the market volatility, political upheaval and huge uncertainty that characterised late 2022. A very small minority of leaders still expects a decrease in what they can do, but a greater proportion than in previous years of Frontiers expects to see more growth in the year ahead.

On the other hand, firms are still likely to see others that operate in a similar way to them as the most significant source of competition for work they must win to make this a reality — in

Almost three-quarters of leaders expect revenue to increase 5% or more in 2025-2026

Predicted revenue change (year on year)



a landscape that also appears to be somewhat closing in through acquisitions and other strategic alternatives to maintaining business-as-usual (p10). The proportion of leaders who pick so-called ‘alternative’ legal services models from our set of options also competing for their clients — for example, perhaps online-only or a virtual/contract lawyer model, typically with lower overheads to service — has steadily dropped in recent years (now 8%). These

businesses may also no longer have quite the same edge for attracting employees with a different model of work and management. By contrast, larger firms are seen as a highly significant source of competition by more SMEs than in prior years (69%) — potentially bringing the buying power, of course, to invest more than the majority in opportunities for process improvement, new skills and demanding business transformation projects

PARTNER COMMENT



Today's SME law firm needs to balance innovation with practicality

OLIVER TROMP, REGIONAL VICE PRESIDENT, UK, ACTIONSTEP

SME law firms are feeling the pressure to work smarter, leveraging technology to boost productivity, enhance client service, and improve profitability. However, while digital transformation is high on the agenda, many firms struggle to turn ambition into action.

The real challenge is not just adopting new technology: it's knowing where to invest for the biggest (positive) impact. Two-thirds of firms plan to increase technology spend, yet nearly half admit they have trouble measuring ROI. Without clear metrics identified from the beginning, firms risk underinvesting in the very solutions that can help them to drive real gains.

Practical metrics set around billable hours, client satisfaction (NPS) and staff retention can offer valuable insights into whether these investments are paying off. This is where practice management technology — like Actionstep — that automates routine tasks, improves workflow visibility, and provides real-time data, gives firms the tools they need to measure ROI effectively and make informed decisions about their business.

Staying ahead means strengthening client relationships

The competitive threat from larger firms adds further urgency. Larger firms continue to raise the bar. For SME firms, retaining clients is more critical than ever. Yet, according to Actionstep's 2025 UK Midsize Law Firm Priorities report, only 33% prioritise client satisfaction as a strategic goal to drive and protect revenue. Leaders acknowledge that change is needed, but improving client experience through technology, especially digital tools, remains a hurdle. By using practice management technology, with client portals and other digital capabilities to streamline client intake, improve communication and automate follow-ups, firms can truly improve the client journey while freeing up lawyer and admin focus for high-value work. The good news is many are beginning to recognise this gap and planning investments that will directly enhance the client journey. In a service-driven industry, those who hesitate risk being left behind.

Cybersecurity, compliance, and an overconfidence blind spot

Actionstep's priorities report found

that, while 85% of firm leaders feel confident in their cyber resilience, 72% point to human behaviour as the biggest vulnerability. Confidence alone isn't enough. True resilience requires ongoing investment in staff training, compliance automation, proactive risk management, and secure technology. Modern practice management platforms help firms to stay compliant by automating processes, maintaining audit trails, and ensuring data is handled securely. Encouragingly, the LPM Frontiers 2025 report suggests SME firms are taking steps in this direction, recognising these efforts are critical to protection from advancing cyber threats.

The bottom line is technology isn't just a cost: it's a strategic enabler that can reduce workload pressures, improve decision-making and strengthen relationships. Firms that approach technology with a thoughtful, client-centric mindset won't just compete: they'll lead.

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Actionstep

that could enhance the client experience or deliver progress more profitably. Larger firms may also have growth by acquisition in their strategic sights, in a market clearly experiencing growing cost pressure from several quarters. Almost two-thirds (63%) of leaders also see similar firms expanding regional footprints, up from under half (45%) in 2023.

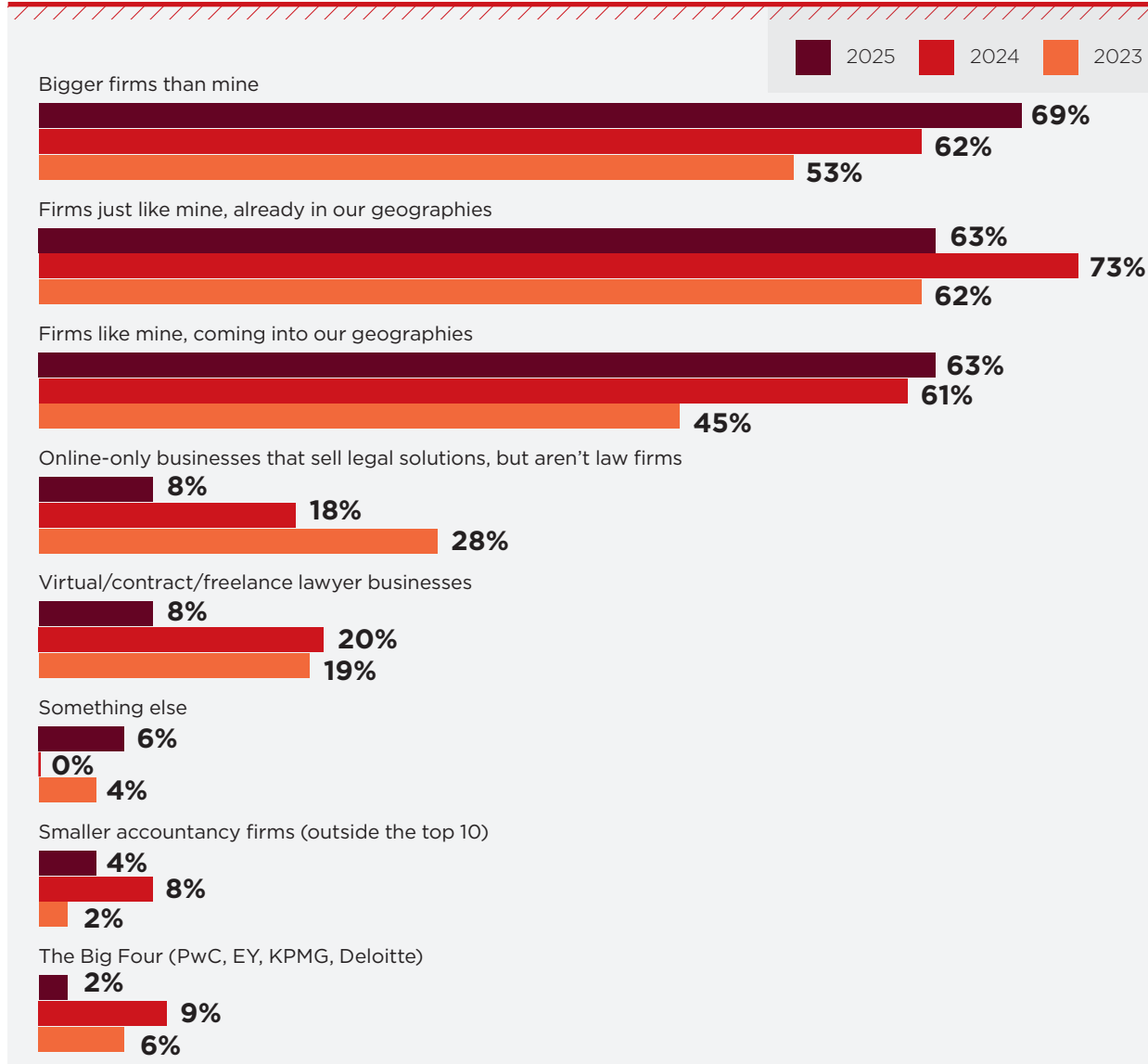
Traditional SME firms are losing instructions to larger competitors because of what is effectively a "price pinch point", suggests Dinesh Raja, managing partner at Bowling & Co. They have the resource and technology that enable them to cut costs, respond to business enquiries with less friction — fewer questions and caveats — or simply "service the client in a more full-service manner," he says. "Those operating with the fee-share model don't have the same overheads or are often part of a platform that provides support. The more usual model of the mid-size law firm may therefore need to adapt to compete."

The firm Ignition Law has a mixed model of employed lawyers and contractors, and chief financial officer Zachary Brech says the latter group is also not without its management challenges: "It's relatively straightforward to compensate contractors in an attractive and profitable way for billable work they bring in, but there are limitations in other respects — non-billable management tasks become more of a cost challenge to resource."

In terms of competition for talent in this market specifically, more than half (55%) say they are experiencing more pressure to recruit

SME firm leaders view larger law firms as their biggest competitive threat

Thinking about your firm’s main sources of revenue, which THREE groups of competition pose the most risk to its future?



and retain the people they need on board to deliver growth (p12). Fewer than in 2024 find there is less pressure here (4%), although two-fifths feel it has not significantly changed for their firm over the last 12 months. It’s striking, however, that the two factors leadership teams are most likely to have prioritised for possible change in response to the pressure lie beyond increasing monetary reward for performance — namely, improving or preserving organisational culture (45%) and creating appealing career paths (39%). These underline the importance of firms establishing a workplace and dynamic in which people are effectively engaged and motivated by their work today — lest they lose this asset to others appearing to provide a more fulfilling experience — as well as a compelling vision for people’s long-term futures as part of the firm, providing a strong rationale to work hard and stay for the promise of progression.

Blake Gaffney, chief financial officer at Payne Hicks Beach agrees: “We simply have to offer attractive career paths — and as we have smaller departments there’s a real opportunity for people to arrive at the firm, truly own a practice and build up a strong career profile. They don’t wind up feeling like a small cog in the machine and can really thrive — if they also perform. At the same time we’re rewarding higher performance through a more flexible bonus scheme and introducing some new rigour into the process of appraisals, training and development.” More generally, he sees potential in the market for alternative

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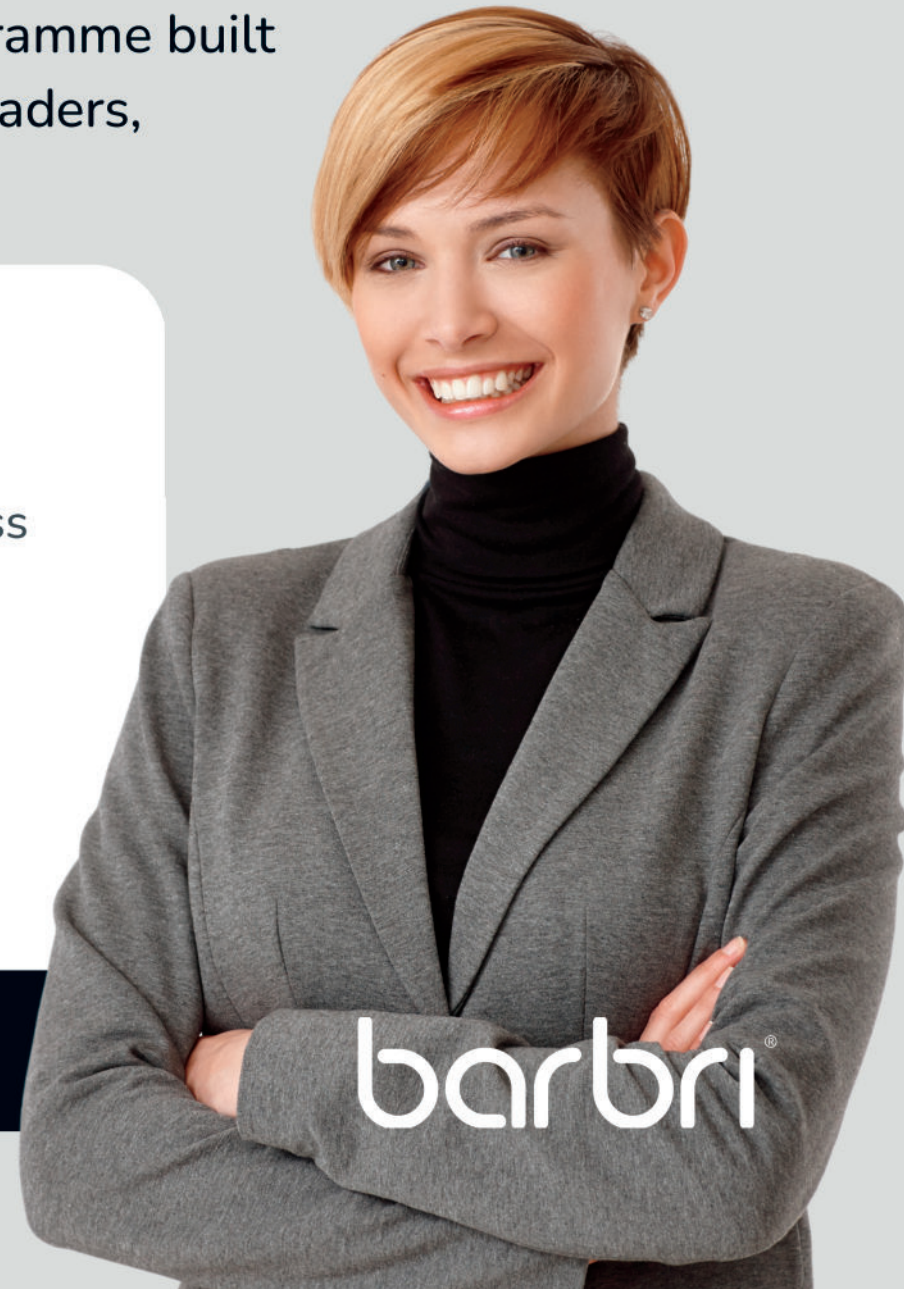
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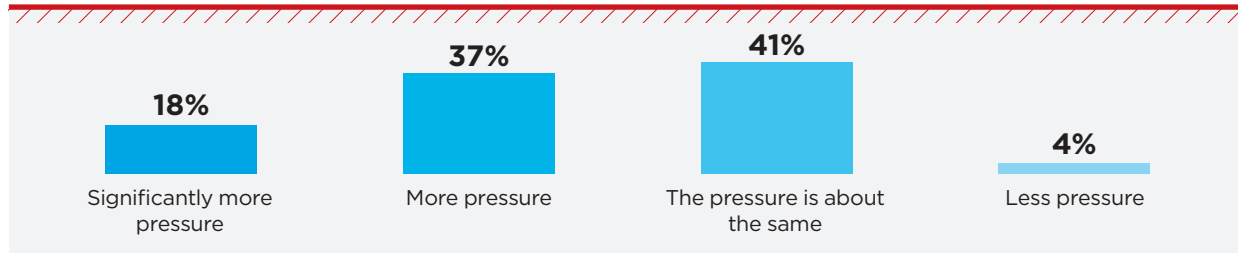


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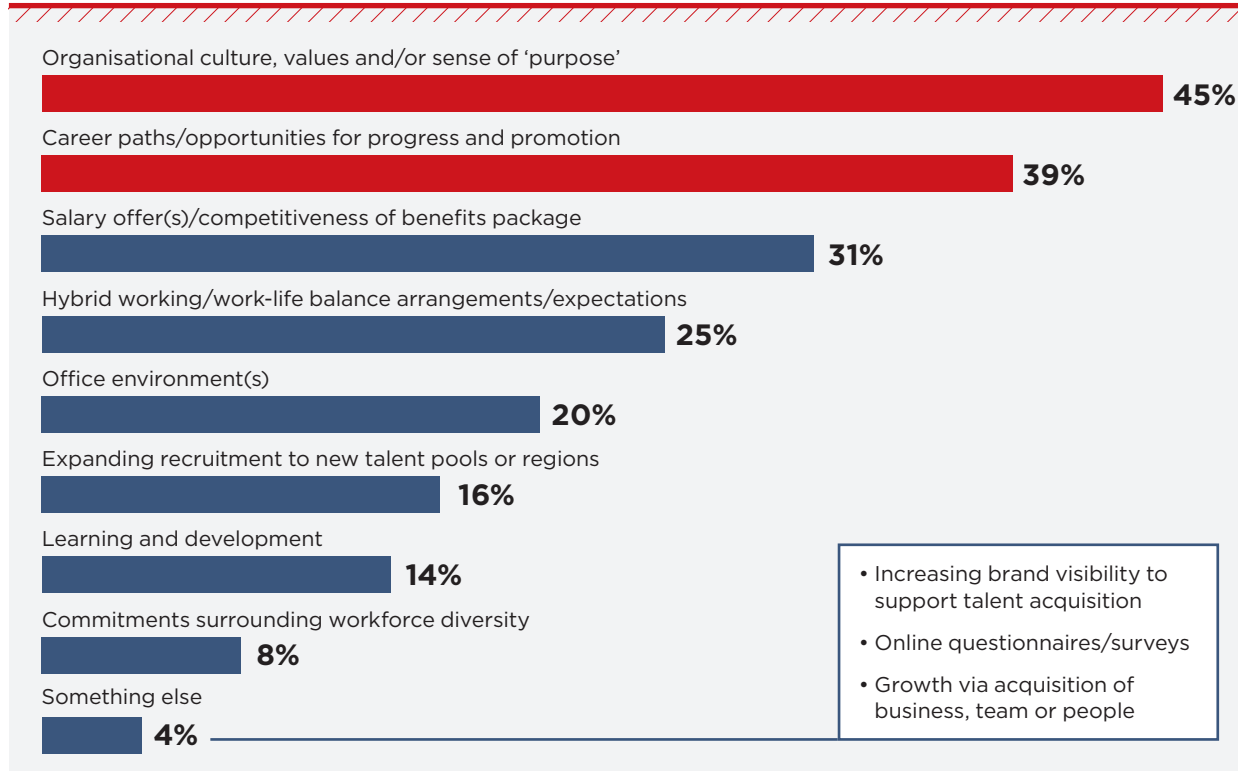
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Almost a fifth of leaders see significantly more pressure on recruitment/retention in the last 12 months



Firms most likely to have prioritised organisational culture to secure talent, say leaders

Which TWO factors has the firm focused on most to address recruitment and retention challenges in the past 12 months?



remuneration models that recognise elements of performance over tenure in the interests of both talent engagement and sustainable business value through transformation.

Perhaps aware of the practical perils of competing with larger players primarily on salary and benefits, fewer than a third (31%) say they prioritised this over other factors in 2024. At the same time, with at least some balance of hybrid-working still typically the norm, only a fifth have been most focused on the office environment as a possible contributor to the culture and engagement agenda — and fewer still on recruiting people in more parts of the UK (16%) or seeking organisational glue in their approaches to learning and development (14%).

Nevertheless, almost half (49%) of leaders do identify their overall 'people proposition' as one of the two areas demanding the most careful scrutiny, or potential additional investment, in 2025 (p14). That comes in front of investing in developing the client experience with new technology (45%) and the effectiveness of risk management frameworks and processes (35%) at a time of increased regulatory pressure to understand and embed awareness of changing requirements and demonstrate appropriate compliance practices.

Jason Parry, head of finance at Doyle Clayton, says the fact his firm is an employee ownership trust (EOT) provides some extra structure and support for a culture that emphasises recognition of everyone's contribution to a successful year. "Alongside

PARTNER COMMENT



Setting up for success with the SQE and beyond

LUCIE ALLEN, CHIEF GROWTH OFFICER, BARBRI

The recent LPM Frontiers research results resonate with legal leaders: attracting and retaining top talent is a top priority for firms looking to secure their futures. With the phaseout of the LPC well underway, the Solicitors Qualifying Exam (SQE) is now the only qualification pathway for new talent coming through. This pivotal moment presents a fantastic opportunity for law firms to embrace the SQE and tackle their talent management challenges head on.

Embracing flexibility in training

For SME law firms, efficiently delivering a successful SQE programme is crucial. It's all about ensuring that junior talent can juggle client demands while committing to their studies. The shift to online learning makes this easier than ever. Gone are the days when students had to travel and take entire days off for their study. Now we can provide flexible, bite-sized preparations online, tailored through personal study plans that fit around individual schedules and commitments, including those busy peak work periods.

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At BARBRI, our technology-led approach empowers both learners and employers with meaningful data insights. Our platform allows learners to track their progress through a simple dashboard, helping to pinpoint where they do well and where they could use extra help. This targeted focus not only maximises their study time but also enables learning coaches to provide customised support. For employers, detailed performance reporting highlights opportunities for early intervention, ensuring learners who might be struggling receive the assistance they need before it becomes critical.

Preparing legal talent for the future

With AI taking on more routine legal tasks, clients are increasingly looking for lawyers who can offer strategic thinking, empathy and problem-solving. Clients aren't just hiring legal expertise — they're seeking comprehensive solutions. That's why we've been busy developing our skills competency framework. After interviews and research with trainees, associates,

L&D leaders, partners and in-house teams, one clear message emerged: human skills matter.

When we think about the future, therefore, it's perhaps concerning to see a disconnect in the survey between focus on career paths and opportunities for promotion (39%) and the skills, learning and development (14%) necessary for junior lawyers to progress successfully. At BARBRI, our framework underpins the learning we deliver, helping junior lawyers to build these capabilities in a structured, practical way. By prioritising skills like communication, people management and personal effectiveness, we're not just helping junior lawyers get by. We're setting them up to thrive.

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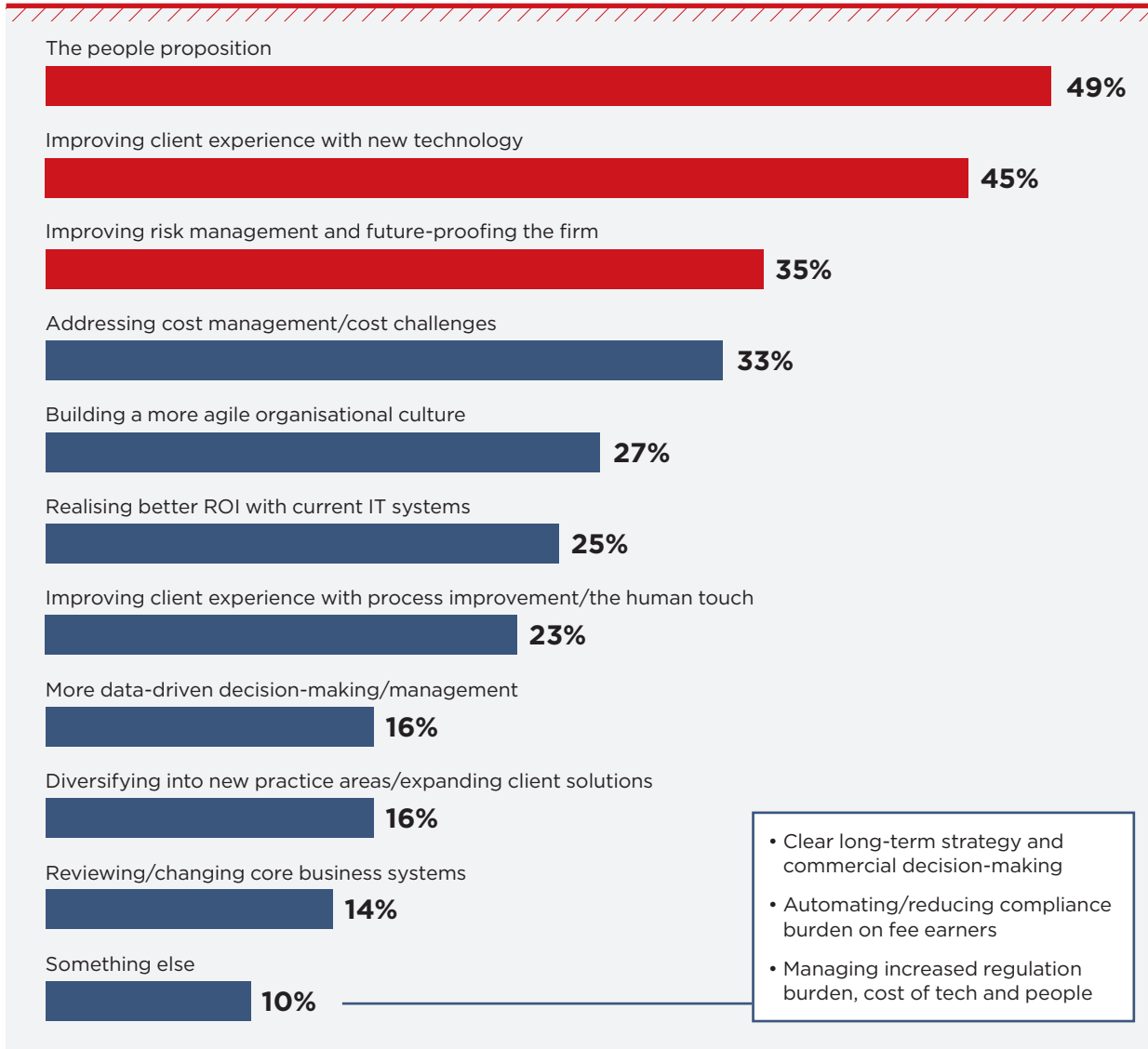
the ability to pay a tax-free bonus, we can also be quite transparent with the numbers — we want everybody to be motivated to do well because there is then a bigger bonus pot to share. We also initiate commercial conversations with junior people, emphasising the importance of their relationships and other key aspects of running a business, which hopefully fuels a self-fulfilling prophecy of success. A firm does need to do something to differentiate in a highly competitive talent market.”

Johnny Nichols, chief operating officer at Lawrence Stephens, adds: “We've seen an extraordinary period of growth — 30% a year for the last four — and we're very conscious this creates a lot of opportunity to help all our people play to their various strengths.” The firm launched a new associate development programme focused on the “broader commercial realities of being a leader in a professional services firm”, he says. “The key thing that sets us apart, however, is that people should enjoy their time with us, and being with each other. It's very important we maintain that — if you're not interested in working in a supportive culture, an alternative law firm model may well be more appropriate.”

Bowling & Co recently empowered a group of its more junior employees to act as their own board — regularly discussing everything from sources of work and approaches to client interaction to potential support that technology could provide. Raja says: “To develop the people of a firm it must ensure

Half of leaders see their firm’s offer to prospective talent as the management area most in need of action or transformation

Where do you think it is most critical that the firm changes or invests to ensure its future success? (Choose only three challenges)



that they first understand the underlying economics of the business. Sometimes this can be shared with more transparency.”

As to the competing — but connected — priority of risk management, Hamblins managing partner Matthew Pryke says: “The firm’s compliance and risk function will need to grow significantly to meet the recent increased pressure and frequency of regulatory checks — and that creates significantly increased cost in headcount, skills and external elements of compliance with technology platforms.”

And Richard Price, finance and IT manager at Maurice Turnor Gardner (MTG), identifies a link between pressure to transform risk management and the end client experience: “Risk assessment can still be quite manual and therefore it’s one opportunity for more efficiency through IT investment. Agility to respond to increased regulation is one thing, but there’s also a connection to client experience where you provide a more convenient digital process — onboarding should be a quicker and easier process for firm and client alike.”

Meanwhile, a third of leaders feel they need to take steps to address increasing costs overall, a quarter to embed more agility within their cultures, and the same proportion to see a stronger return on investment (ROI) in the technology they choose to streamline how people work and serve clients.

Although inevitably connected in the overall mission of the firm, they are less likely to see improved “data-driven decision-making” (16%)



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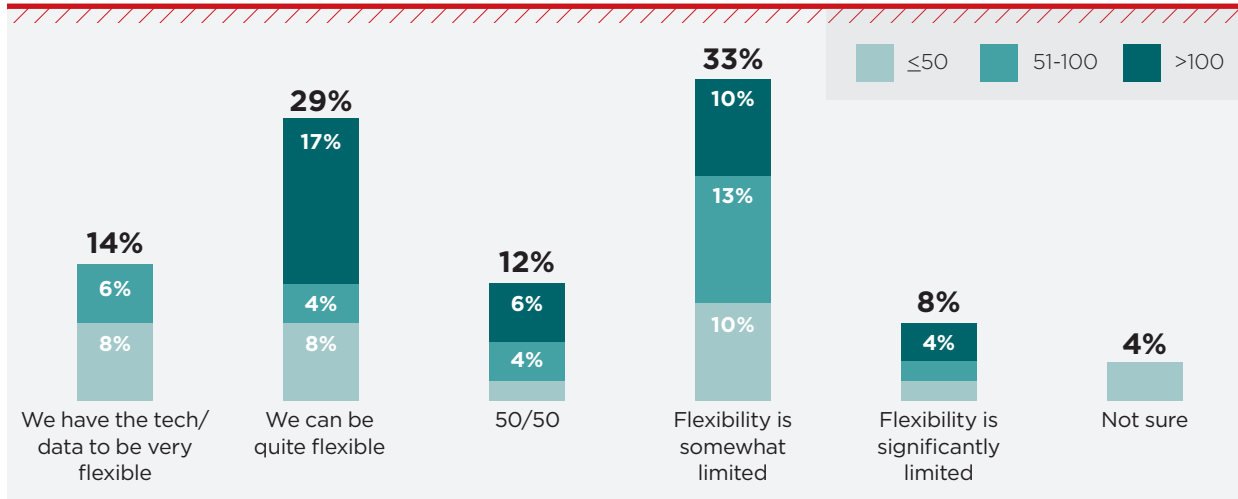


Strategic Partner



Almost as many leaders believe their pricing performance is limited by technology as think systems currently enable flexibility

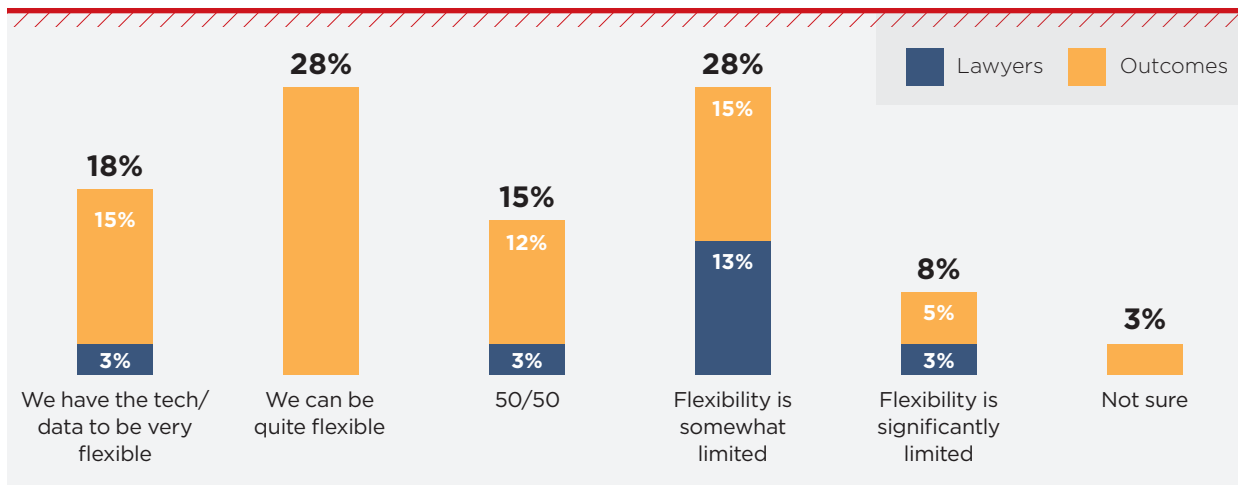
How well do the firm's current IT systems support innovation in pricing?



or introducing new core business systems (14%) as the most critical areas for choosing change today (p14) — perhaps given the complexity involved in selection and implementation of such changes and change management resources that would be needed and, of course, the cost. That is not to say there is no appetite for such transformation projects in principle — indeed, many leaders report their business management systems need significant improvement to take them where they want to go on their growth journeys (p32).

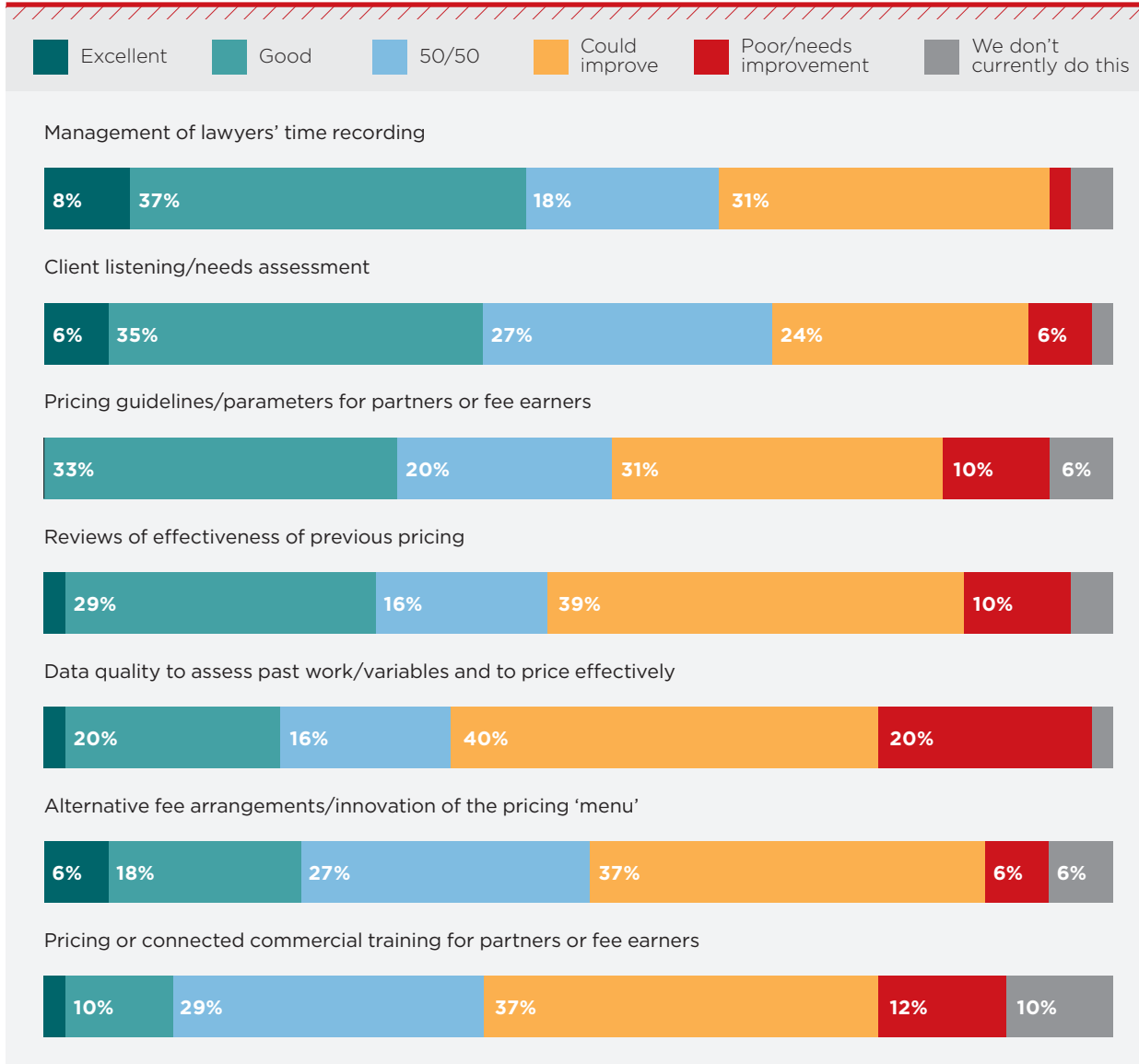
As one example, just 14% of leaders report their current technology can provide data that helps them to be “very flexible” when pricing, and over two-fifths (41%) that flexibility is at least somewhat limited by current provision (left). As may be expected, however, leaders at law firms that see themselves ultimately selling clients an ‘outcome’ to their problem (rather than lots of lawyers to tackle it) are more likely to have invested in the sorts of solutions that can help them to price the value of that outcome. The aspects of pricing legal work which leaders are most likely to say the firm could usefully improve are the means to gauge the effectiveness of previous decisions once work has been completed (49%) and the quality of data to consider different variables in pursuit of the right price today (60%). Notably, however, a third believe they still need to improve management of lawyers’ time-recording to support capture of the correct scope and assess profitability — and they are

Leaders who see their firms as selling ‘outcomes’ for clients are significantly more likely to believe they have the business data to price work innovatively



Three-fifths of leaders say the firm could invest in improving the quality of business data to drive more effective pricing

How well does your firm invest (as appropriate) in these potential pricing components?



least likely to be very confident in lawyers' commerciality with clients (which may require coaching or training to improve).

Price explains: "The challenge certainly centres on getting the estimate correct in the first place — and then the right level of staffing to stay within that estimate." The arrival of any artificial intelligence that delivers on its promise will only further fuel this pressure point, he suggests, "if what previously amounted to five hours of research can suddenly be completed in five minutes". The investment cost of such technology needs to be factored into the price, which may lead to growth in fixed fee offers if the client can also see the benefit.

Parry at Doyle Clayton adds: "Our biggest focus at present is on building confidence to have healthy client conversations about price and value — and for partners not to automatically bow to pressure to drop the price. It's one area for investment in upskilling people, including the support teams who'll initially be handling any enquiry." At the same time, the firm is focused on mapping more appealing and value-enhancing career paths for what has become a more productive group of legal secretaries post-pandemic.







“Our biggest focus at present is on building confidence to have healthy client conversations about price and value — and for partners not to automatically bow to pressure to drop the price.**”**

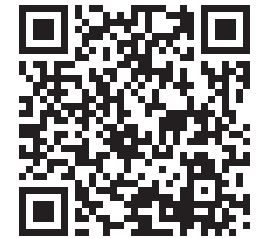
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TECHNOLOGY TRIALS

Almost three-quarters of leaders are confident in their technology investment position — but cost remains a key concern and three-fifths will now always choose cloud

Despite cost rises and management of so many pressure points, more leaders than in 2024 expect the firm to “increase significantly” the amount it spends on technology in 2025 (14% vs 9%) — that is, the resources to implement and manage rollouts and adoption, as well as the cost of software seats and maintaining business-critical infrastructure (p20). The same proportion as a year ago are budgeting for at least some increase (55%) — and, although this covers a spread of firms by headcount, it’s the smallest that are most likely to anticipate a significant increase. They may need a new core system to support the business to scale profitably and securely, or to invest in improved productivity tools for people and examples of communication, collaboration or co-working as components of client service.

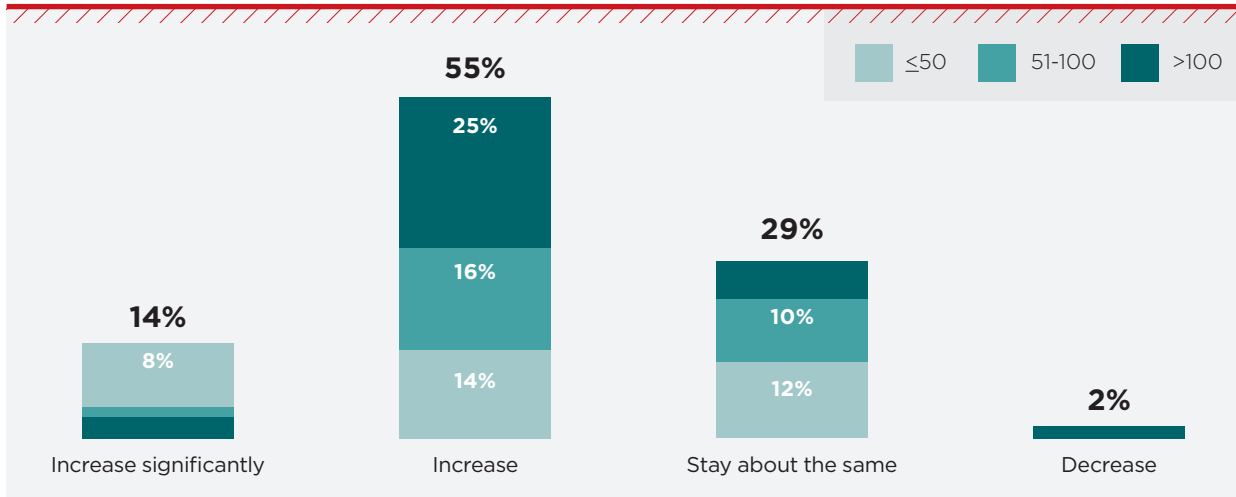
Leaders also largely lean positive when it comes to confidence the firm is on track with the level of technology investment required to meet its strategic goals. Over half (56%) feel at least quite positive, 15% are very positive, and only one in 10 has a more negative outlook (split between the largest and smallest firms represented in the sample).

Given the climate, it’s unsurprising that the significant barrier leaders at all sizes of firm are most likely to cite is the overall cost of delivering change (46%). However, almost a third (30%) report it’s a challenge to find solutions that meet their specific business needs — a particularly prevalent feeling among the smallest firms, it appears (p22). Likely resource-stretched, around a third also feel that management teams are up against a large volume of change to push through or prioritise — which may include embedding a good level of engagement and adoption — and the same number identify a need for more internal expertise, either to make the best investment decisions or better use of what’s already available. The cost of hiring talent may, of course, also prove prohibitive here.

More positively, only a quarter (26%) report the level of effective technology adoption for appropriate tasks around the firm is a major barrier to making more progress — and under a fifth (18%), a need for stronger buy-in to the business case from the senior team at the top. The conclusion must be that people’s resistance to change — potentially caused by the idea of changing how they work or connect with clients — is now less of an

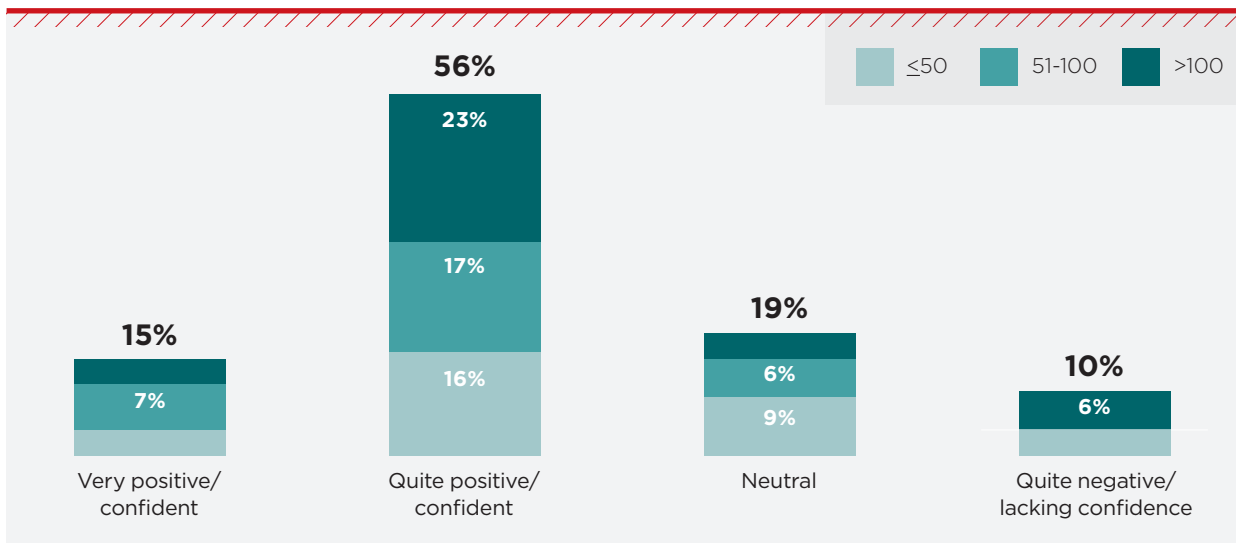
Over two-thirds of leaders say the firm will increase technology spend this year

Expected change to overall spend on IT in 2025-2026 (% of firms by headcount)



Most leaders are confident about the firm’s current place in its IT journey

How do you feel about where the firm is in its overall technology/modernisation journey today? (% of firms by headcount)



argument against a more tech-driven firm than the experience of several practical difficulties. Nevertheless, over half (52%) continue to feel they either cannot realistically calculate the return on their investment in new technology or do not know if this is the case.

Pryke at Hamlin’s, says: “There is some more pressure to continue to evolve the technology infrastructure — from within the business rather than our clients — and it centres on the provision and control of good information. Our people want improved tools that enable them to work more effectively, which of course also assists with maintaining our profit margin.”

Raja adds that thoughtful investment could also help firms like his to compete for the talent they need without simply attempting to ratchet up salaries in line with larger firms: “Automation and process outsourcing can potentially offer headroom to do everything that needs to be done, deliver the same level of fees with proper support to fee earners, but with less constant pressure and some more freedom.”

On the other hand, continues Pryke: “The cost of technology is increasing in general, but often with fewer options available. There is a lot of consolidation in the practice

PARTNER COMMENT



A tech dilemma for law firms: cloud, AI and the future of legal services

MIKE HINCHLIFFE, MANAGING DIRECTOR, EMEA, TESSARACT

Law firms are facing a pivotal moment. As competition intensifies and client expectations evolve, the legal mid-market must confront long-standing inefficiencies in technology adoption. The latest LPM Frontiers research (2025) highlights key challenges faced by SME firms, particularly in cloud migration, data-driven decision-making, and AI readiness.

The cloud imperative

The report reveals a significant shift: the majority of SME law firms are now cloud-first or cloud-only. This is a dramatic swing from just a few years ago when largely misplaced concerns over security and control dominated discussions. Firms now recognise cloud-based solutions provide better data access, improved collaboration and enhanced cybersecurity — all essential in a hybrid-working world. The main obstacle to change is fear of the cost of change and identifying the right technology solutions to meet specific needs.

The data and pricing challenge

Despite growth optimism, many

firms lack real-time insights into pricing data and operational efficiency. The research highlights that a significant number of firms feel that their current IT systems do not support flexible pricing models, largely owing to poor data quality and outdated technology.

Firms now recognise cloud-based solutions provide better data access, improved collaboration and enhanced cybersecurity

Without access to structured, cloud-based analytics, firms will struggle to remain competitive in an increasingly price-sensitive market.

AI adoption: opportunity or risk?

Generative AI (genAI) and automation is gaining traction, with two-thirds of firms actively planning to adopt it. The primary focuses are on client onboarding,

document drafting and internal efficiency. Yet, despite this enthusiasm, firms are cautious. Concerns around accuracy, security and ROI measurement remain barriers to widespread AI adoption.

The path forward

To navigate these challenges, firms need a clear strategy for digital transformation. Cloud-native platforms offer firms a future-proof foundation, enabling secure, scalable, and AI-ready operations. By embracing cloud-based case management, automated workflows and AI-enhanced processes, firms can unlock efficiencies while ensuring compliance and client satisfaction.

It's clear it's not just big law that is investing in and planning for AI and all the change that will follow. Firms that invest in the right technology today will lead the market tomorrow.

To learn more, visit: tessaract.io



management market, for example, and a firm would like to be able to have more control over its own destiny.”

Brech at Ignition agrees: “Costs certainly continue to climb — including the technology you need to take on to support people to work, keeping on top of compliance and overcoming obstacles to client onboarding. Everything goes up ahead of the rate of inflation.”

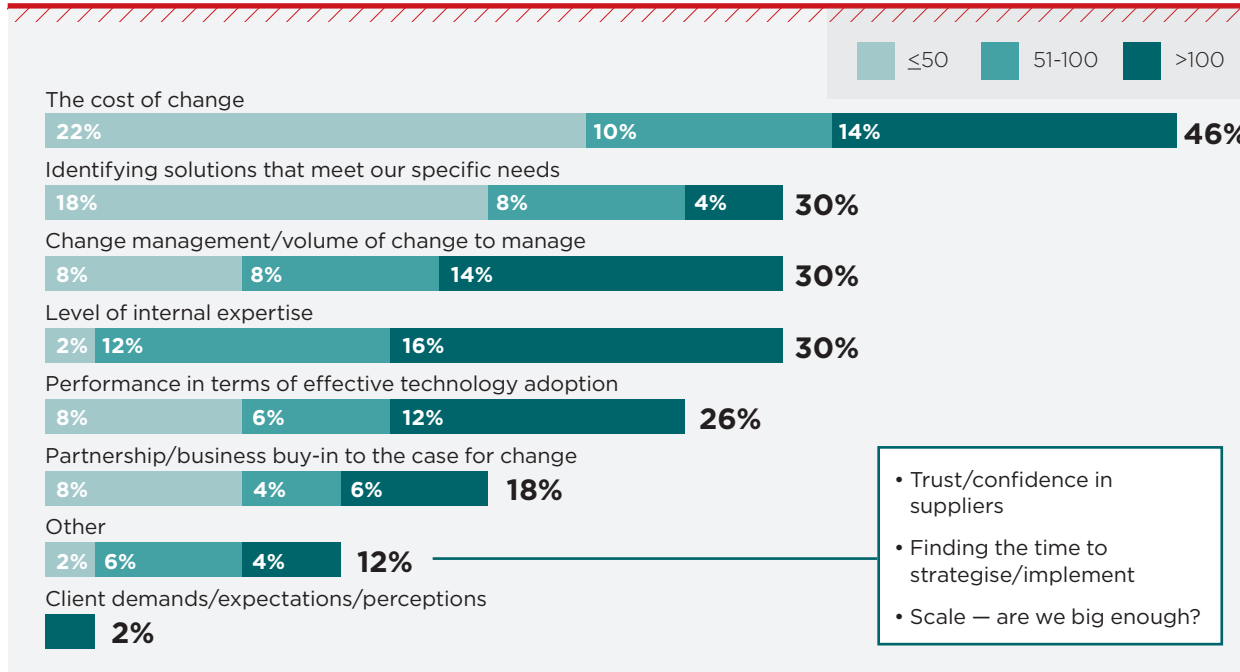
Nichols at Lawrence Stephens adds: “People can sometimes overestimate the short-term value of technology investments and underestimate the longer-term impact. In the here and now, however, there's work to do to take full advantage of the full capability of

“ We don't need lots of data that shows a saving of a certain number of minutes a day — we need to know the lawyers are finding it quick, responsive and easy to use, and feel that it saves them time.”

RICHARD PRICE, FINANCE AND IT MANAGER,
MAURICE TURNOR GARDNER

The top perceived barrier to technology progress is cost. Smaller firms are also more likely to struggle finding solutions they believe meet the business needs

What are the TWO biggest barriers you see to making more progress with technology?



systems to reengineer processes. We want to systematise wherever we can, so lawyers will spend most of their time adding value.” He adds that technology should also be leveraged strategically to create consistency across a firm’s different areas as it grows.

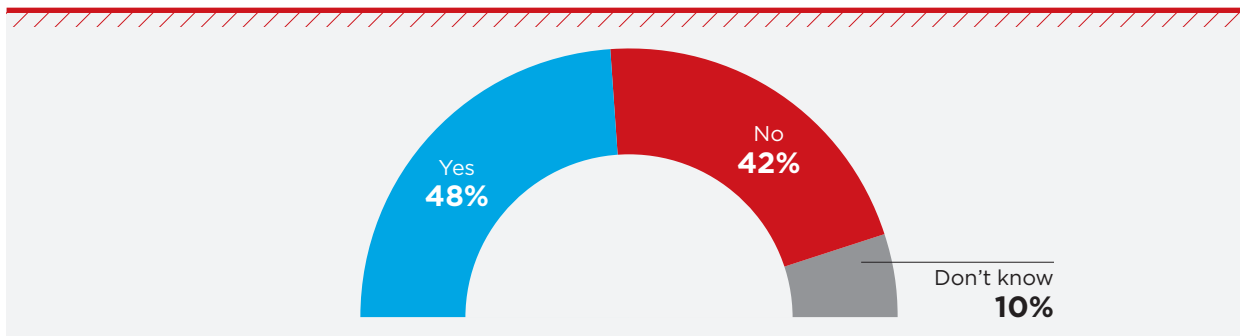
However, Price at MTG believes a lot of the evidence of technology’s value really comes in the form of users’ experience and subsequent feedback: “We don’t need lots of data that shows a saving of a certain number of minutes a day — we need to know that the lawyers are finding it quick, responsive and easy to use, and feel that it saves them time during that day.”

One of the biggest shifts seen in this year’s research is towards any such transformation now taking place in the cloud. Less likely to be as encumbered with legacy technology that makes the move a more complex proposition, the number of SME firm leaders who say they will always choose cloud options as a platform has increased from a fifth in 2024 to almost three-fifths (59%) in 2025 (p23).

Another quarter (27%) would describe their approaches to the matter as ‘cloud first’ — systems should either be moved to cloud versions or replaced with an alternative when

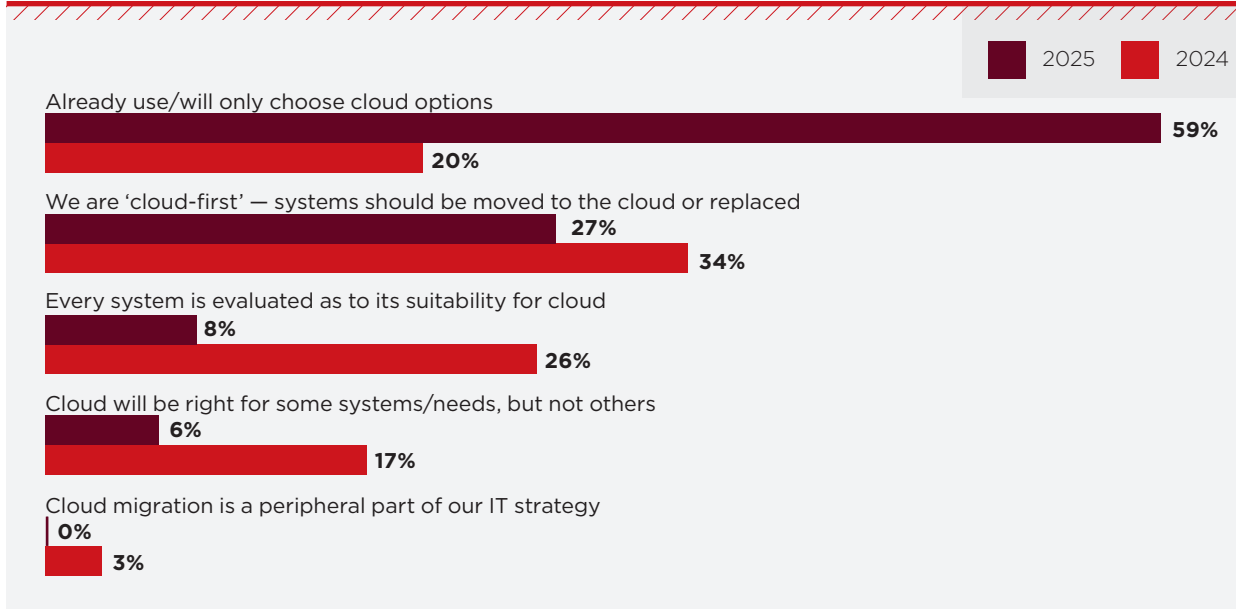
Only half of leaders are confident they can establish IT ROI

Do you believe the firm can realistically assess ROI in new technology?



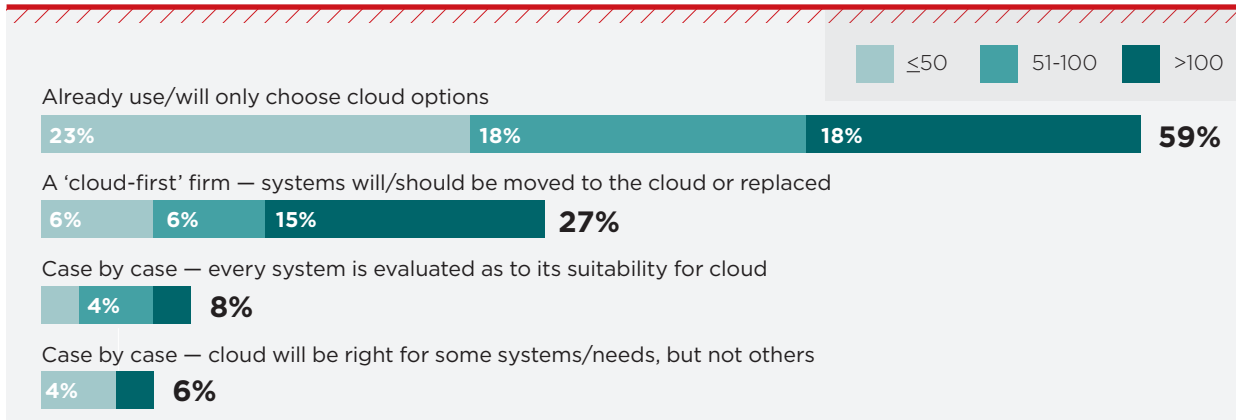
Three-fifths of leaders say firms will only choose cloud-based solutions – increased from one fifth in 2024

Which statement best describes your firm’s approach to how systems are managed?



SME firms of all sizes appear convinced that cloud is the best course

Approach/attitude to how IT systems are managed (% of firms by headcount)



possible — and just 6% now believe cloud is the best destination for only some of a firm’s systems. It’s notable that firms across the headcount bandings are on board with the business case here — and over three-quarters (77%) are apparently led by an expected risk management advantage as they look to future-proof operations, with the flexibility to scale use, update consistently and securely, take advantage of new features and alter course in line with strategic or operational goals as required (p25).

With the experience of key talent and effectively collaborative teams at work a leading priority, almost two-thirds (63%) also prefer a cloud solution for a more efficient

“ We want to leverage what we have rather than adding more to the tech stack. An open API enables you to add all sorts of enhancements, but it’s important first to explore and get more use from the investment.”

JASON PARRY, HEAD OF FINANCE, DOYLE CLAYTON

PARTNER COMMENT



Firms prioritise productivity for the people — the time to invest is now

DOUG HARGROVE, SENIOR VICE PRESIDENT, LEGAL AND PROFESSIONAL SERVICES, ONEADVANCED

The LPM Frontiers report has cemented what many in the legal industry are coming to realise: software innovation, such as cloud technology and generative AI, is not just optional but essential for law firms aiming to secure their future. The report finds that over half of UK law firms (59%) are committed to leveraging cloud solutions, with over a quarter (27%) transitioning their systems to the cloud.

This shift is driven by the urgent need for risk management, cited by 77% of leaders. Cloud technology offers robust advantages in areas like data security, disaster recovery, and compliance management. By automating updates and ensuring seamless adaptability, the cloud allows firms to remain current without added strain on resources. Simpler IT management also makes a compelling case, resonating with over half of leaders who seek to move away from storing, maintaining and upgrading costly physical infrastructure.

These changes go beyond operational gains. Over half of

leaders also point to the cloud as a vehicle for efficiency and productivity. Centralised workflows, faster data movement and reduced IT burdens allow staff to focus on what matters most: high-value client and legal work. Technology also supports

Centralised workflows, faster data movement and reduced IT burdens allow staff to focus on what matters most: high-value client and legal work

talent retention, a critical focus given that nearly half say that their firms prioritise culture and employee satisfaction. By enabling staff to dedicate time to complex legal tasks while reducing administrative overhead, firms become more attractive to top talent.

The advent of AI adds an even

greater opportunity for transformation. AI can enhance outcomes by improving the quality and speed of services, while enabling more cost-effective operations. But it also raises questions about integration. How do firms ensure these tools are deployed securely and cohesively within existing ecosystems? Forward-looking firms are already exploring these questions, recognising that successful utilisation requires robust strategy and governance.

Innovation in technology isn't just a competitive advantage: it's a near-mandatory step for firms navigating an increasingly complex landscape. Investing in tools like cloud technology and AI is how these law firms ensure resilience, flexibility and growth in a fast-changing world. Now, the question becomes not 'if' but 'how' today's law firms will make this leap.

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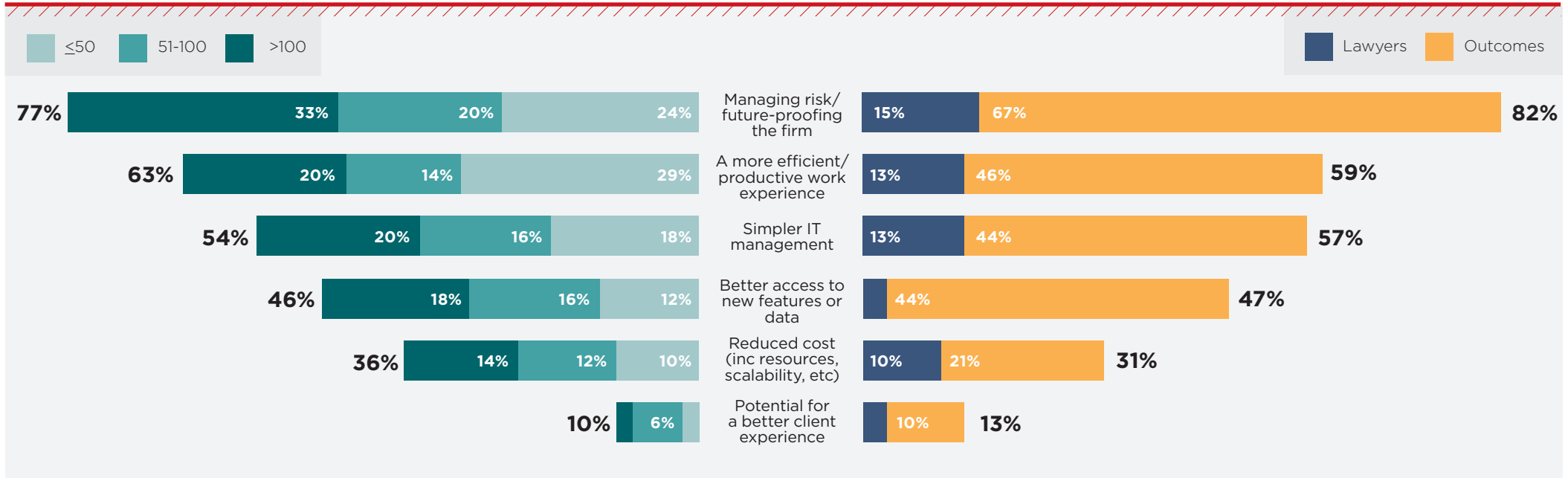
and productive (and profitable) workforce. Moreover, half see the case for a more resilient and focused IT function within the firm where a well-resourced provider is instead managing the day-to-day update and security protocols, and so there is no need to maintain onsite servers. Leaders at firms more focused on providing 'outcomes' are also significantly more likely to see advantage in access to timely, reliable data, new tools for its analysis, and the resulting insight to make better business decisions.

Doyle Clayton recently changed its practice management system and document management system after almost two decades. Parry explains: "We had hired a head of IT a year earlier for their technical skill and dedicated attention to lawyer workflow challenges, so recognised this was the right time for a proper migration — and now we want to leverage what we have rather than adding more to the tech stack. An open API enables you to add all sorts of enhancements, but it's important first to explore and get more use from the investment.

"It's also empowering for our people to hear a very positive message about the technology they're using — if it's not doing what they

Future-proofing and improved productivity are the top business benefits SME leaders expect from a cloud strategy

Most significant THREE drivers/anticipated business advantages leaders cite as steering them towards cloud for systems today



need, we can change it rather than endure it,” he adds.

Price adds that moving the remainder of his firm’s non-cloud legacy systems is a priority for a more harmonious user experience. “Now that most systems are cloud-based we recognise how much easier it becomes to access what you need to work remotely — exactly the same experience wherever you are, on whichever device.”

Brech at Ignition agrees: “As a young firm with a lot of hybrid-working — some are fully remote on limited hours — and operating

modest premises, it’s especially important that everything is user-friendly, integrated and always accessible to people. They need to be able to snap in and out of the environment very easily. There was a period during lockdown when we had no premises at all. It would be quite a challenge for us even to locate a server!”

For Pryke, however, the big driver in the cloud direction is for cost certainty: “We want partner suppliers that allow us to forecast longer-term costs to enable a level of control, rather than technology that comes with an

unknown future price tag.”

Nichols at Lawrence Stephens adds: “We have no on-premises servers, having long recognised there is more scalability with cloud-based systems.”

He also sees firm-wide data management and reporting as a priority area for action. “Feedback from clients is extremely positive about the collaborative nature of the firm’s work across practices, but while we’re awash with data it can be a challenge to identify the right key metrics to assess that success other than at a very high client level.”

MACHINE MOVEMENT

One third of leaders report a plan to adopt generative artificial intelligence for at least administrative business support — but two-thirds find accuracy of output the biggest barrier to doing more



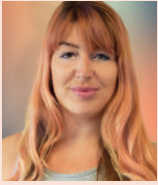
One area where firms' plans for increased IT investment could potentially be directed in 2025 is systems and tools that bring the power of generative artificial intelligence (genAI) to bear, either to increase fee earner efficiency in accessing information, researching and even producing pieces of legal work, or to optimise some of the key operational processes where timely consistency counts, such as elements of compliance, client engagement and billing.

The number of leaders expecting a material advantage from larger law firms building out use cases here, before they go on to invest themselves, has fallen (p28) — from 59% in 2024 to just over half (51%). However, that hasn't prevented more than a third (37%) from managing to establish some form of official plan to explore or trial genAI-enhanced products for some of these purposes (p30). Another third (35%) expect a plan for this to be in place by the end of 2025, with the number reporting 'no plans' falling from 71% to 24%. Is the pressure to keep pace with the competitive advantages any peers may start to see beginning to outweigh concerns about reputational or

other business risk if use isn't adequately supervised and controlled (or fears of an investment where the expected benefits do not indeed materialise)?

In line with other recent research, the areas of workload where SME firm leaders are most likely to expect a specific boost centre on their people's general administrative efficiency surrounding the legal work, either introducing more to individuals' sets of daily tasks (59%) or effectively managing types of teamwork (57%) — for example, handling coordination and consequences of internal meetings, optimising project management plans and prioritising actions, or producing more efficient or effective communications (p28). However, almost half (44%) also expect to leverage genAI in the process of creating some pieces of legal work itself within 18 months — while those leading largely 'outcome'-focused firms are more likely to see potential for uptake in areas such as compliant client risk assessment and onboarding (31%), client relationship management (21%), external communications (18%) and managing billing (13%). The most significant perceived pitfalls they identify continue to be the risk either of lower-quality

PARTNER COMMENT



Fierce competition focuses minds on AI for efficiency and service innovation

NICKY BAKER, MARKETING MANAGER, LEAP

With AI becoming a key focus in the legal sector, it's no surprise over half of industry leaders believe law firms will benefit from adopting AI in the next 18 months. As firms navigate an increasingly digital landscape, innovation remains a top priority, as nearly all surveyed firms plan to maintain or increase technology investments in the coming year. However, challenges such as cost, resource allocation and internal expertise remain significant barriers to digital transformation. Without addressing them, firms risk falling behind in an increasingly competitive market.

Beyond competition from local firms, they now face pressure from geographically dispersed firms and larger counterparts with greater resources. To remain competitive and sustain long-term success, firms are looking to invest in key areas such as technology, staff retention and innovation to future-proof their operations.

AI is transforming the legal profession by automating time-consuming tasks, enhancing

accuracy and optimising operational workflows. It can quickly review large volumes of legal documents, extract key information and identify relevant precedents in a fraction of the time it would take a human –

Challenges such as cost, resource allocation and internal expertise remain significant barriers to digital transformation. Without addressing them, firms risk falling behind in an increasingly competitive market

significantly reducing the time spent on drafting and analysis.

At LEAP, we recognise the transformative potential of AI in legal practice to improve client service and drive innovation in how services are structured and priced. Our AI-powered platform

brings together legal drafting, research and analysis, allowing firms to operate with greater speed while ensuring compliance with legal standards.

Beyond operational efficiency, AI empowers legal professionals to concentrate on high-value tasks while reducing the burden of manual work. By automating routine processes, AI helps to alleviate the pressure on fee earners, minimising burnout and improving overall job satisfaction.

As the legal industry continues to evolve, firms that proactively invest in technology and innovation, while addressing internal barriers to change, will be better positioned for success. Firms that take decisive action now – whether by adopting cloud-based solutions, embracing AI, or modernising pricing models – will secure a stronger foothold in the future of legal services.

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work reaching clients and exposing the firm (64%) or to the security of its data (50%). But more than a third (36%) believe the firm doesn't have enough bandwidth to explore all the options in the market and business opportunities as required (p30). Again, this is more likely to be seen as a significant problem than the cost of the technology in question (21%).

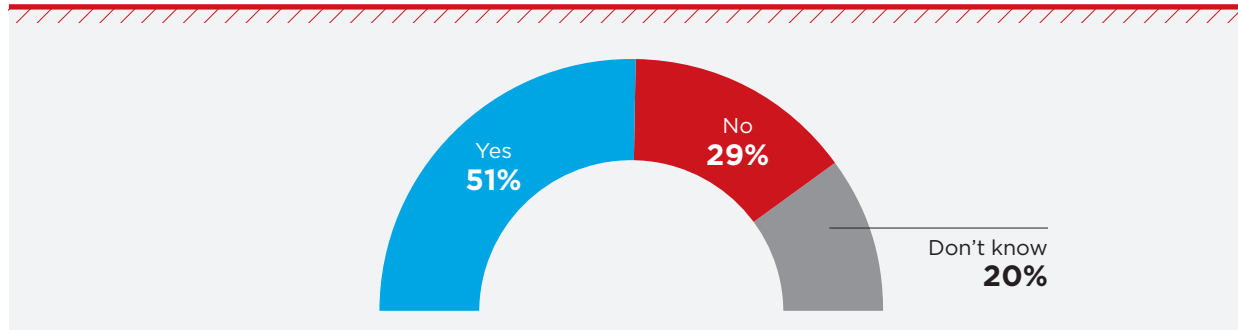
Pryke at Hamblins says: "The most promising use cases centre on saving people's time carrying out highly repetitive tasks." In his firm's work mix there is the frequent creation of litigation chronologies, for example: "which could conceivably reach a point where AI gets them 90% correct". However, he agrees

“The most promising use cases centre on saving people's time carrying out highly repetitive tasks.”

MATTHEW PRYKE, MANAGING PARTNER, HAMLINS

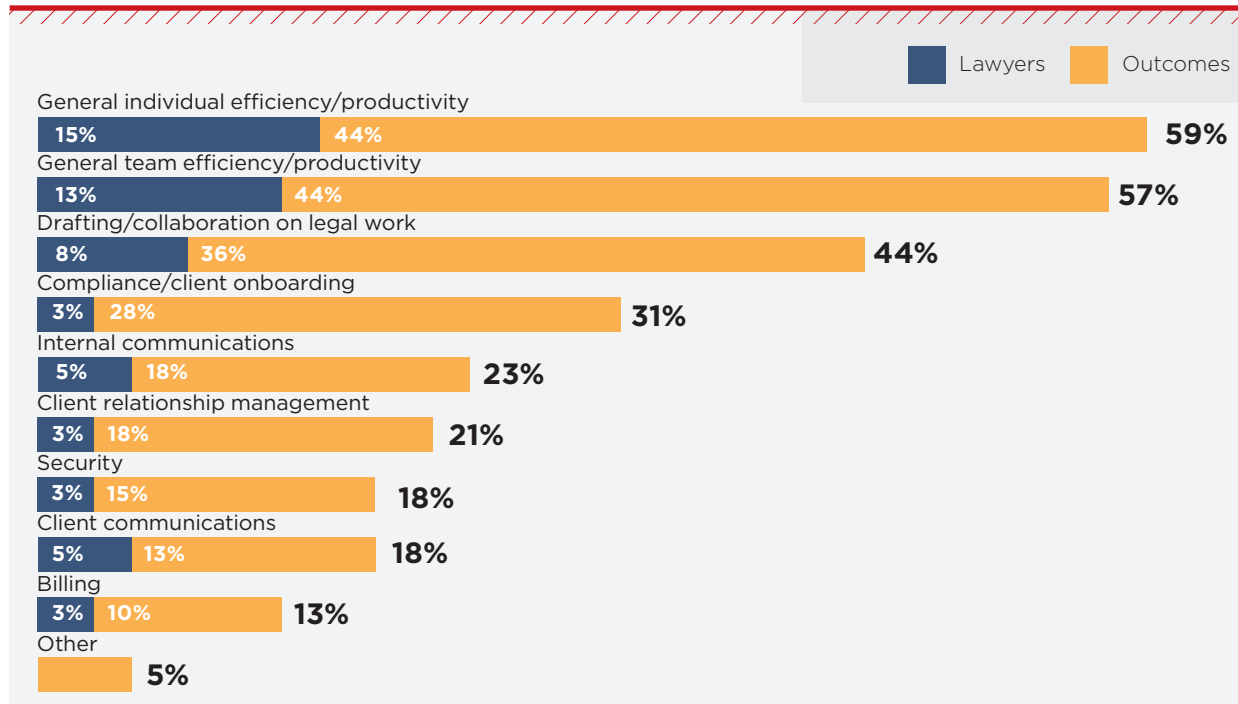
Half of SME leaders expect their firm to benefit from larger firms' AI adventures

Do you think your firm will see a benefit from larger firms exploring and establishing genAI/LLM use cases in the next 18 months?



Leaders of firms that sell client 'outcomes' are more likely to expect broader application of generative artificial intelligence to improve business processes

Where will your firm be seeking efficiencies or process improvement with genAI in the next 18 months?



that there is then a question about how work like this is priced for the firm to capture the efficiency gain — frustrating progress.

He adds: “AI hallucinations can still be at a level which prohibits very confident use, and you already see some firms — perhaps more than expected — developing their own solutions. They may not want to open their sensitive data to the larger engines, while the external solutions being developed that are provably solving real problems often target the higher volumes seen at larger law firms.”

Price, however, observes: “A firm of our size does not have a big budget for AI — we can’t invest in building our own large language model and would need to accept we’ll be a follower to an extent, relying on others with

“ Large investments, like practice management, document hosting and sharing, apply to a whole practice. We are a small firm, with many practice areas doing a little of a lot of different things ... with other potential investments it can be hard to find the repeat work at the right volume.”

ZACHARY BRECH, CFO, IGNITION LAW

PARTNER COMMENT



Ensuring legal technology enhances rather than hinders user experience

JILL SCHORNACK, VP OF PRODUCT, NETDOCUMENTS

This study underlines that firms clearly recognise the positive impact technology can have on client experience. Cloud is fast becoming a non-negotiable, providing firms with solid foundations on which to innovate and drive efficiency. Now attention is clearly turning to AI adoption. The research demonstrates that firms already appreciate the impact AI can have — for instance, using generative AI to drive client communication, or boosting client relationship management.

Across law firms and corporate legal teams, the desire to adopt AI is getting stronger by the day. With a steady stream of use cases emerging, the potential has become too great to ignore. For all this urgency, however, firms must ensure AI enhances rather than hinders the user experience.

A strategy for successful AI adoption

As AI is evolving so quickly, it can be difficult to keep pace. This is reflected in the research; a significant number of respondents cite the cost of change, and change management, as barriers

to making progress on their technology journey.

Indeed, by adopting different third-party legal AI tools in a piecemeal fashion, firms risk increasing the change management burden. What's more, weaving workflows across a

By adopting different third-party legal AI tools in a piecemeal fashion, firms risk increasing the change management burden

patchwork of AI apps introduces additional data security concerns and makes it difficult for legal professionals to do their best work. All this can have a detrimental impact on both productivity and client service.

For successful adoption, AI needs to meet legal professionals where they work and should sit in

the background of applications users work in every day, triggered by their daily activity. Within a document management system (DMS), for example, simply uploading a document can automatically trigger AI-powered document classification and profiling. Or, when lawyers move documents into a matter folder, AI can automatically update the case chronology. With this approach, you don't make change management easier — you avoid it completely, enriching experience without the user changing behaviour or learning a new tool.

By bringing AI to content, rather than requiring it to be migrated to standalone AI platforms, legal teams will maximise the value of these technologies while minimising disruption. At a time when firms are looking for quicker ROI in technology investments, it's time to take a more intelligent approach to AI adoption.

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deeper pockets to ensure models are well trained with the most accurate data and our confidential data is kept away. Where that is the case, we can push forward and investigate any fits with the fabric of our firm.”

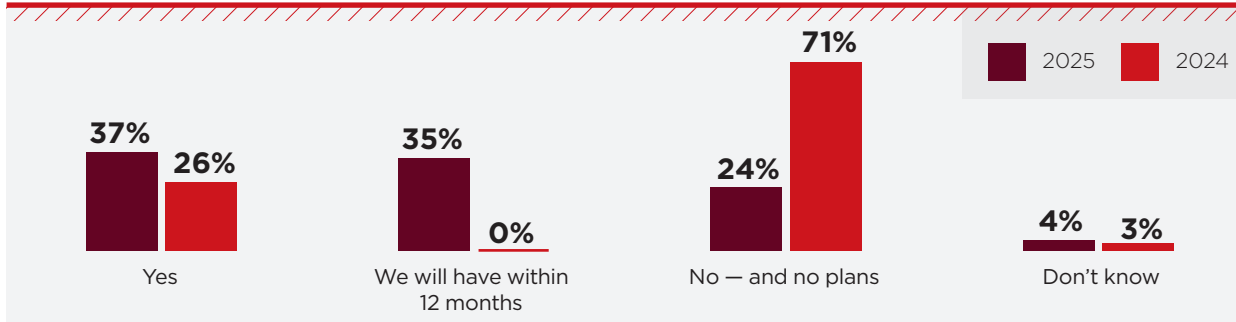
Brech at Ignition also highlights the scalability challenge for an SME law firm. “Large investments, like practice management, document hosting and sharing, apply to a whole practice. We are a small firm, with many practice areas doing a little of a lot of different things, and with other potential investments it can be hard to find the repeat work at the right volume.”

Nichols at Lawrence Stephens adds: “Law firms have long taken successive steps to disaggregate what they do, and it's likely AI will be another extension of that — but junior lawyers will need to be trained effectively and develop good understanding of what it takes to be a ‘legal technologist’ as it can encompass a lot of what they currently do.”

Indeed, demonstrating an approach to opportunities working with AI is likely to be an important feature of many firms' future recruitment and retention efforts. Price observes: “Many young lawyers will of course

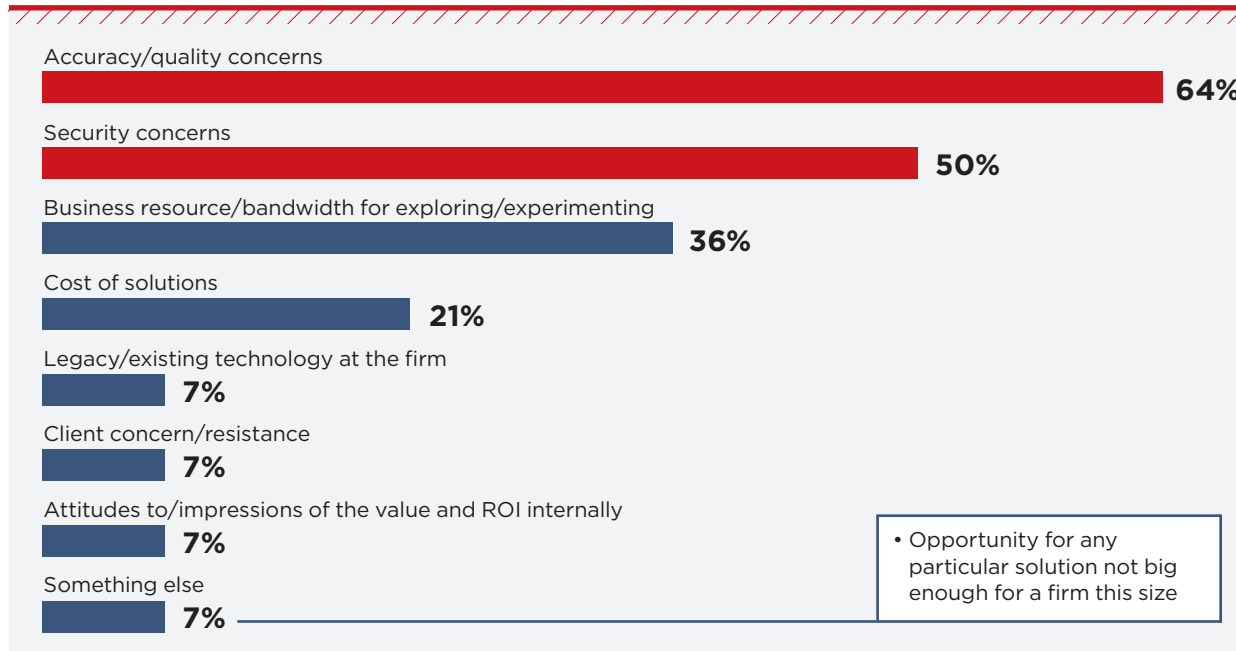
Almost three-quarters of leaders say the firm has a plan (or is planning) for genAI

Does your firm have an official plan to use genAI/LLMs as part of delivering at least some legal work product or to streamline your operational processes?



Over half still believe accuracy and security concerns are top barriers — and a third struggle to find time across the business

What are the most significant TWO barriers/challenges to the firm applying genAI within more business processes?



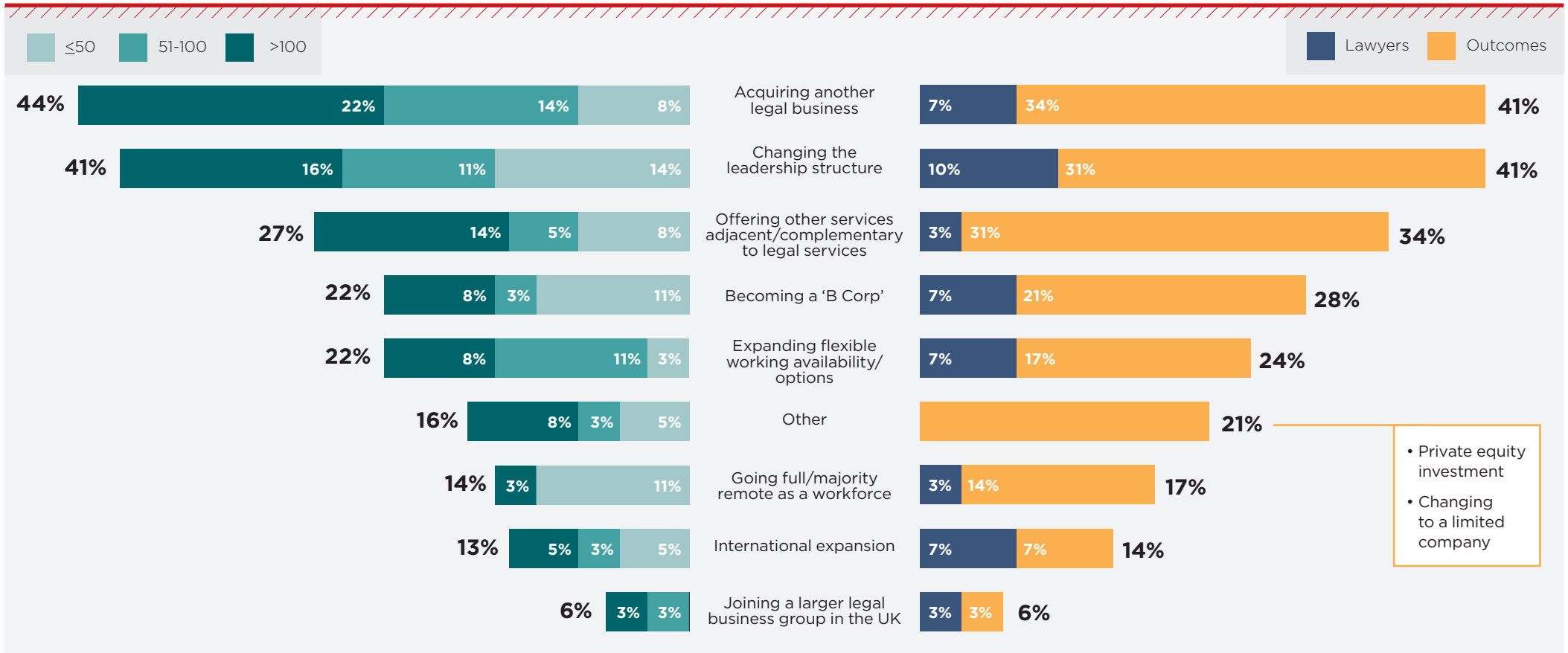
be considering their future careers in the context of a world of AI at work. It's said that AI won't replace lawyers, but lawyers who don't know how to use AI might lose out — and that could give preference to a business they see as trying to push the boundaries."

Gaffney at Payne Hicks Beach agrees: "There will need to be a major mindset shift in the training and development track for a lawyer to become a partner — people who become very good with data, systems and AI tools will probably progress faster." Like MTG, however, when the time comes his firm will also be investing in a supplier that has already invested "and continues to invest" in the technology to embed within its own infrastructure. "We won't try to create any AI tool of our own, and first there are other technology challenges to overcome," he says.

While business improvement opportunities unlocked by AI might follow, certain foundations also first need to be in place — and SME firms are busy prioritising them. Raja anticipates that a new case management system for Bowling & Co, when he has found it, will initially enable more efficient administration (including mobile time

Almost half of leaders say their firms have acquired another – with leadership structure itself also an area of strategic intervention

Which of these business transformations has your firm either already made, or is it currently actively pursuing? Choose all that apply



recording), risk management and — after some much-needed data-cleansing — client relationship management. “With the dataset in a good place there is then potential for lawyers to keep in touch with clients more consistently and implement improved

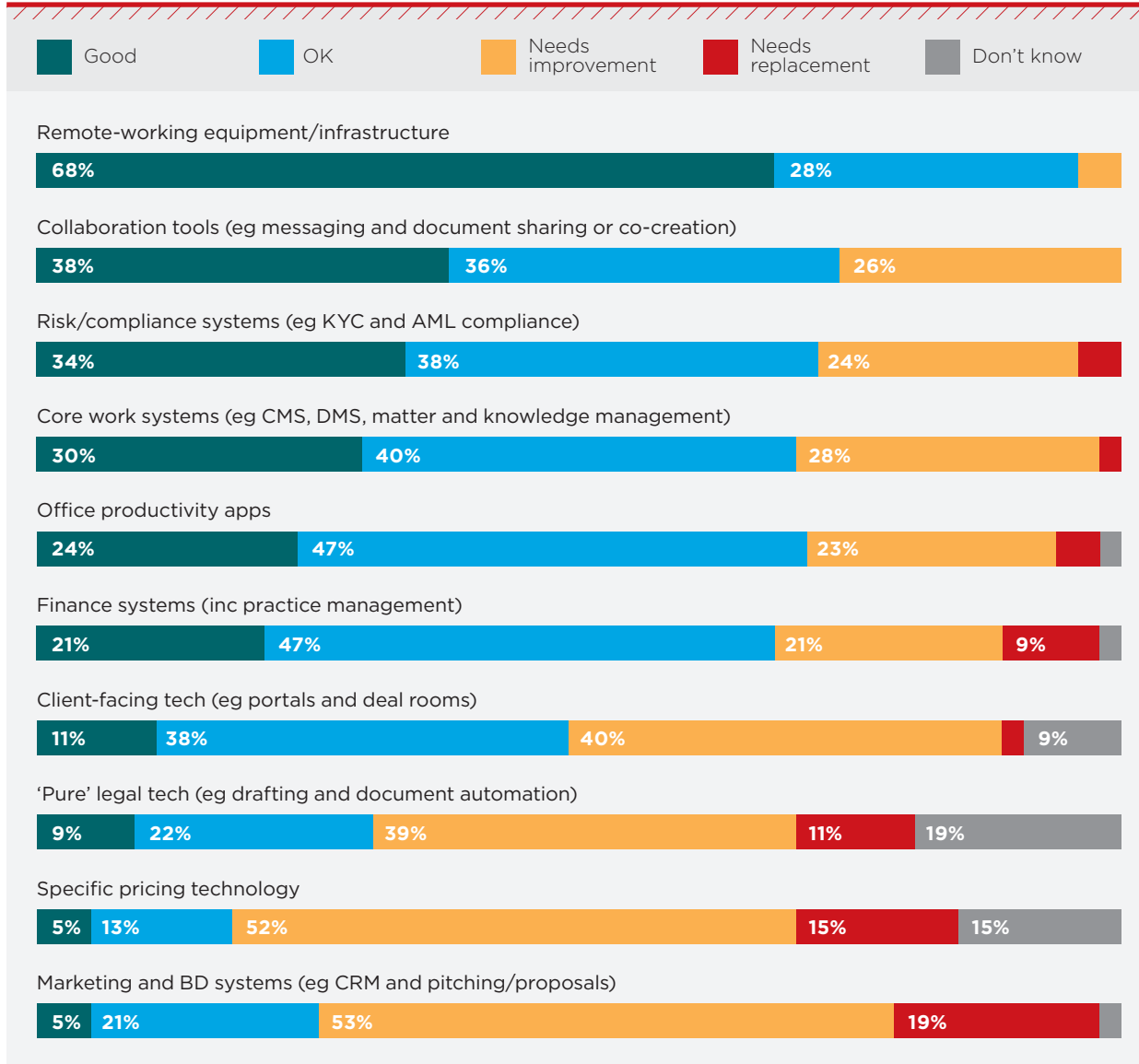
workflows, with more opportunities to engage with clients and contacts,” he says.

Payne Hicks Beach is exploring the idea of replacing its practice management system, which would be “straight into the cloud”, says Gaffney. “The current system is

overcustomised and unruly, to the point where it’s difficult to upgrade or make other fundamental changes, and we can’t let that hold the firm back.” Tackling this is a prerequisite for any meaningful investigation of AI use cases to follow.

Marketing remains the IT area of most concern to leaders in 2025

How would you rate (overall) each of these areas of technology solutions as currently provisioned at your firm?



Strategic moves and shakeups

Many may be battling to differentiate what they do in the eyes of both clients and their own people — and after seeking growth through acquisition (44%) or paying closer attention to the specifics of the leadership structure (41%), the move that firm leaders are most likely to be looking at is an expansion of the service offering into some new areas (p31). The more needs they can meet, of course — according to the theory — the less likely it is a valued client will look elsewhere. Over a fifth (22%) also report their firm has become or is set to be a B Corp — a certification signalling it has met, and continues to monitor, certain high standards in accountability for sustainability and social investment performance.

At the same time, private equity firms are showing interest in law firms with credible efficiency-boosting potential — indeed, recent research from accountants Hazlewoods suggests those backed by PE are growing revenue at twice the overall industry rate.

Of course there's a link to financing the purchase of some potentially game-changing technology here — which, as we've seen, can otherwise be a strategic struggle for a highly stretched SME. It's striking that the areas of technology where leadership is most likely to see a need for system improvement concern either the direct client experience or firms' efforts to engage and develop their client base more effectively (left).