Prism

Enhanced Productivity

for the legal sector
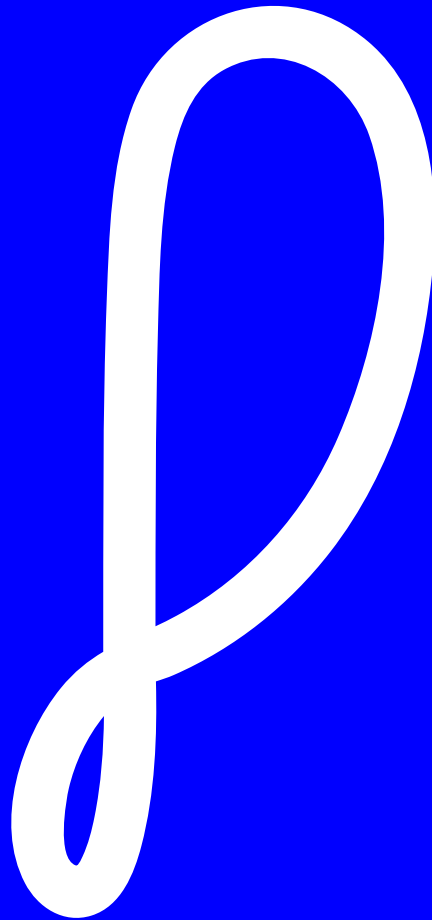
PRODUCTIVITY WHITEPAPER

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New, disruptive players are entering the legal space, and law firms are now under threat from accountancy firms and alternative service providers who can offer legal services in a more transparent, simplified and fixed-fee manner whilst delivering superior client satisfaction.

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To compete law firms need a fresh approach to end-user productivity that enhances their corporate performance, and to deliver a more personalised client experience. This needs to be intertwined with technologies which can cope with our 24-7, always-on, world to meet the demands from an ever-shifting client base as clients become more 'tech-savvy'.

End-user productivity can make or break a law firm. **If legal professionals have access to the right tools, they can get their work done quickly, effectively, and in a more collaborative manner,** meaning end-user productivity increases and the law firm can expect to thrive. But if staff are constantly hindered by obstacles, such as trying to cope with poor software and system integrations or insufficient training as firms undergo Merger & Acquisitions (M&A) activity or grow organically, then productivity suffers, and the law firm's performance falls.

For law firms, technology innovation is a powerful force for change. By leveraging technology in smarter ways, law firms can evolve into a diverse, global, inter-disciplinary, tech-enabled industry that is focused on improving access to and delivery of efficient, metric driven, affordable legal services to a wider client base, whilst attracting and retaining the best talent moving forward.

So, are you ready to future proof your law firm?

End-user productivity can make or break a law firm.

INTRODUCTION

Law firms are up against enormous cost pressures as legal work becomes more commoditised and clients push for better deals. As competition grows law firms and in-house counsels need to differentiate themselves from their competition.

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The once traditional culture of the legal workplace is changing rapidly into one of a forward-thinking, collaborative and creative environment that sees law firms cater for their ever diverse, multi-generational workforces where collaboration tools, IT and employee engagement merge across the whole firm to increase user productivity and performance.

With the changing nature of work comes the need for a fresh approach to end-user productivity that enhances corporate performance. For law firms to be competitive and profitable, all partners and staff need to be able to work in a smarter way that allows for collaboration whilst still having the same work experience no matter which device or the environment in which they are working.

This provides a real challenge in relation to IT and requires a strategic approach to change in firms where some senior law professionals – who are resistant to change – fail to appreciate that the adoption of new technologies can seriously improve their performance, and therefore increase the profitability of the firm.

## ENGAGING WITH EMPLOYEES TO INCREASE PRODUCTIVITY

Productivity continues to be a major issue affecting the legal world. According to Thomson Reuters research* one of the main causes for diminished productivity for the law professional is the amount of time wasted searching for past emails and documents.

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Add to this the challenges related to document creation and management, and it is not surprising that many lawyers and paralegals are losing as much as 2.3 hours a week searching for – but not finding – the right documents and emails and another 2 to 3 hours trying to recreate the documents they failed to find.

Bearing in mind that **a single lawyer can generate up to 100,000 pages of documents in a single year** (source: research Purdue University), it is no surprise that without the right search solution, many spend hours looking for a past proposal, a key client communication from several months prior, or many other forms of work product and client communications which are stored in emails, local drives or cloud file shares.

This inability to retrieve important communications is **costing law firms in excess of £50,000 per lawyer per year**. Not only does this represent a serious information governance failure, but the time wasted searching for documents and past emails is not billable time and directly cuts into a firms' profit margin.

But transforming legal services for a fast-moving digital workplace is not always that easy. Often hampered by the old-fashioned deployment of legacy systems and old processes for law firms these systems attract huge, often hidden costs to maintain, and are certainly poorly suited to cloud deployment.

2.3 hours a week lost in searching for – but not finding – documents and emails cuts into firms' profit margins.
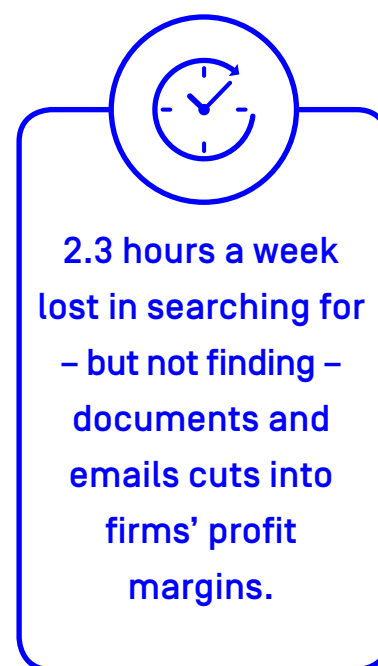
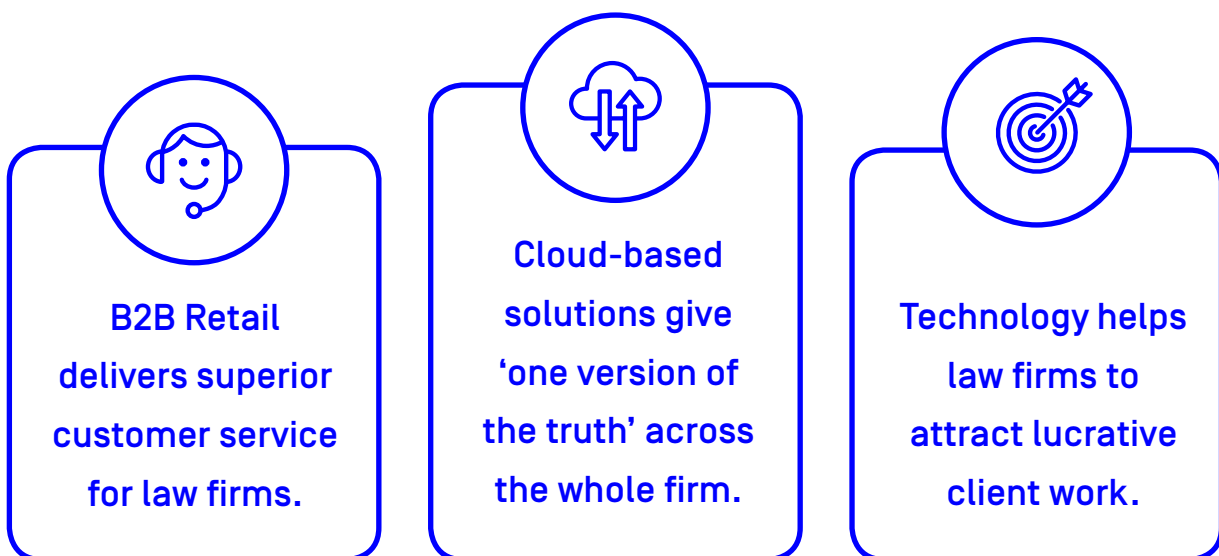* Source: Thomson Reuters, 2018 Report on the State of the Legal Market

Worryingly, some law firms are still purchasing software which was written decades ago when security was not the critical factor like it is now. Not only does this mean that firms are finding themselves at risk of rapidly rising support costs, but it also excludes them from accessing new services.

It is clear that law firms need to modernise systems to give them the agility to innovate faster and exploit emerging cloud services and the transformative capabilities of Artificial Intelligence (AI). Prism coined the phrase "B2B Retail" some years ago to represent the idea that just because you are using digital tools to assist clients and present information, you still need to create an environment that feel like a face-to-face customer service environment but by using digital tools. In this environment, staff can assist clients – both corporate and consumer – to give a seamless experience.

In the multi-generational workforce of the legal world, firms need to borrow from the great customer experience journey and provide unexpected delight amongst employees that inspires, motivates, creates loyalty and provides the technological collaboration tools which help both employee growth and corporate performance.

Moving from on-premise to cloud-based solutions that unlock data previously kept in standalone systems (or silos) to provide "one version of the truth" across all systems, is being welcomed by both clients and employees. The cloud breaks down these silos and allows data and documents to be used across multiple applications, and on multiple devices. This ability to collaborate virtually and physically is vital as lawyers need anytime, anywhere access to content which they can share and edit collaboratively in a secured environment.

Collaborating with a wider group of partners on projects is known to boost a lawyer's billed revenue considerably. As their use of collaborative tools increase, they start seeing the real benefits and efficiencies which can be gained, and their preferences shift as they realise that without technology, fee earners will not be competitive – and they will not be able to turn things around quickly enough, resulting in client dissatisfaction.

B2B Retail delivers superior customer service for law firms.

Cloud-based solutions give 'one version of the truth' across the whole firm.

Technology helps law firms to attract lucrative client work.

Law firms, like companies in other industries, are turning to cloud-delivered apps to improve client communication and prioritise customer service. The new breed of Legal Apps for the cloud allows for the creation of templates for more routine workflows or custom builds for larger projects. In addition, these apps organise and manage all of the firm's cases in one comprehensive platform providing everything from time tracking and scheduling appointments, to managing files with unlimited document storage.

The worldwide growth in legal tech innovation is influencing how lawyers are using AI as a time saving tool when reviewing large volumes of documents and digital content in multiple languages. In addition, with efficiencies driven by AI, many firms are investing in AI systems to carry out contract and document reviews, e-discovery and due diligence procedural tasks usually undertaken by junior employees and paralegals. We can anticipate the legal profession moving to a more creative, consultancy-based mindset where the efficiencies of agile working will give rise to the ability to tailor task-orientated spaces for optimum productivity as more tasks become even more automated.

Although the cloud presents specific challenges in the legal services industry around security, privacy, data protection, and e-discovery, cloud management complexities are the same as for other verticals. For the legal sector working in the cloud with its secure login infrastructure via the web, or mobile app means that a law practice can become virtual with staff working anywhere.

Adopting mobile and collaborative working practices and strategic initiatives underpinned by technology, helps law firms to attract lucrative client work and retain high-value clients and win new business with the most attractive clients. This allows a law firm's brand to be seen as more strategic, and not just reactive. Giving more undivided attention to the client's needs will give firms the reputation needed to put them above the competition.

Collaboration tools are key and, like other industry sectors, law firms are also experiencing challenges in attracting and retaining the best staff. The latest mobile and collaborative working keeps individual employee engagement high and reduces stress, burnout and turnover. Law firms of the future that are able to flex and evolve to meet the changing demands of the next generation of young lawyers and clients will be competitive when it comes to attracting the brightest and best Millennial talent who will expect collaborative technology as standard, and current employees will remain more engaged.

Fee earners become more competitive using collaborative tools.

WELLBEING AND ITS IMPACT ON PRODUCTIVITY

Attitudes are changing, and wellbeing in the workplace is being talked about more openly in the profession. A recent survey by The Law Society revealed that the key stress factors for junior lawyers are high workload, lack of support, client demands/expectations, ineffective management, and dealing with their own productivity issues.

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The survey found that firms who have adopted flexible working practices allow a better work-life balance and are attracting more talented staff.

However, law firms are struggling to improve employee engagement in the workplace, and many question themselves "Is this firm the right organisation for my future ambitions?"*. Compared to other sectors such as accountancy and management consultancy, only 52% of employees within law firms feel that they are engaged and valued by the firm. Between job roles, whilst 66% of partners say that they feel engaged, only 43% of associates say they feel the same. This 23% difference between the engagement level of partners and associates shows that one in four associates feel actively disengaged at their firm, a worrying trend given that associates are one of the largest drivers of profitability at firms and will become the future partners and leaders of the sector.

Andy Haldane, Chief Economist at The Bank of England, says part of the UK's productivity problem comes as a result of poor levels of training and employee engagement. "Levels of investment in employee training and learning is less than half of that of our European competitors" and "despite evidence that employee engagement contributes to higher productivity, overall levels of employee engagement are low in the UK by international standards".

*Source: AON – The state of partner and employee engagement in the legal sector

Law firms must address the 'vacuum' in wellbeing and employee engagement and make it a bottom-line issue as a strategy for success.

When an employer invests in the employee's wellbeing, they feel valued and reciprocate directly with renewed employer loyalty and by working harder and more efficiently. While some law firms are highly innovative and seek to engage and empower their employees to create a high-performance culture, it is yet to become the norm, and many firms are still behind with the curve when it comes to employee engagement. It is clear that law firms must address this 'vacuum' in wellbeing and employee engagement and make it a bottom-line issue as a strategy for success.

The key to attracting and retaining top talent lies in creating a caring culture in the workplace that builds emotional attachment for employees through positive experiences. Not only do employees expect the right technological tools to be available to help them do their jobs with greater productivity, but they also expect employers to be willing to invest in people for the long term.

This is particularly relevant when attracting and retaining the Millennial workforce who look for more than just a payslip – they want to work for companies who are not only ethical, environmentally conscious, and accountable – but are also willing to invest in their careers and help them grow in their lives.

Showing that you are willing to invest in people for the long term by creating emotional attachment with your employees through positive experiences, is a key factor that moves you from being more than just the employer that people settle for, into one that transforms you into the employer of choice, and sets you apart from the competition without losing the value of experience where it counts.

A number of law firms and barristers' chambers have signed up to the fair pay scheme run by the charity, The Living Wage Foundation, and endorsed by the Law Society – and this is yet another way to ensure that firms attract and retain the best and motivated people.
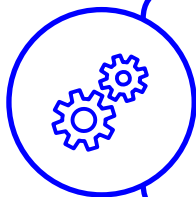
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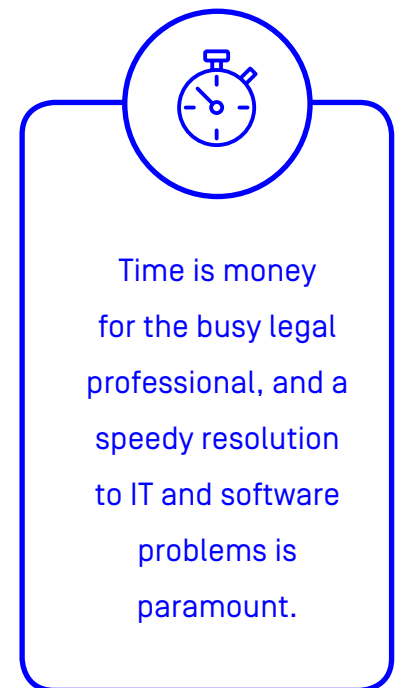
PRODUCTIVITY AND TECH SUPPORT

As firms break away from traditional strategies and begin aligning themselves with employee and client expectations, the use of workflow technologies will increase, and the boundaries between greater technology innovation and those supporting the legal sector will merge, and forward thinking law firms will be well positioned to benefit.

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Research cites* that less than 30% of a lawyer's day is spent on billable client tasks, with the rest of their days spent on performing a range of administrative functions, dealing with interruptions, or computer problems.

When IT problems occur and end-users find they are regularly suffering system and application crashes while doing their jobs, then not only are they losing time, but as lawyers meticulously track their time to bill appropriately it has a serious implication on revenue.

It is essential that all end-users have access to the IT support service regardless of their position in the firm. This ensures that individual problems are dealt with swiftly as they arise, and that employees can continue working with the minimal amount of interruption.

This is where IT support providers such as Prism come into their own. Time is money for the busy legal professional, and a speedy resolution to IT and software problems is paramount. IT needs to meet the demands of users, so that the best tools for the job can be used together seamlessly and intelligently at an individual and collaborative level.

Time is money for the busy legal professional, and a speedy resolution to IT and software problems is paramount.

* Source: Infoware research "Optimizing Legal Document Creation - Time-saving tools that enhance the quality of your documents"

When it comes to IT, it is not enough to supply a tech solution and then leave staff to get on with it. Staff need, and want, training to help them get the very best from the system, whether that is from pre-installation training and hand-holding as a system goes live, on to extra training as the firm grows, and on-going training. IT Support must be flexible and scalable to ensure that all users are able to successfully use systems to increase performance.

But you can't have a mobile workplace without a unified communications platform that combines voice and cloud technology to let your employees and partners work across multiple devices – and as law firms embrace new technologies and seek more efficient ways of working in response to the demands of their clients, IT support will become even more important.

Overall, of growing importance to law firms is that IT systems must underpin good governance within the firm, increase process efficiency, and enable high-quality business development whilst providing access to powerful automation technology that will drive client engagement and keep pace with user expectations.

As the law firm grows whether it is organically, or by Mergers and Acquisition (M&A), the option for new users on-going training is necessary to quickly bring new members of staff up to speed. Existing staff also need on-going training from time-to-time particularly when new technologies acquired in law firm M&A need to be bolted-on to existing IT systems.

Likewise, when a firm undergoes a transition, streamlining and repositioning itself in the market, and refocuses its offerings as a practice, it is important that users are supported so that they can work efficiently without interruption. Therefore, IT systems need to operate at the maximum efficiency to cater for the demands of the new firm.

IT Support must be flexible and scalable.

However, the challenge of system integration *(something which Prism is well poised and well versed in managing through Prism Box)* requires a delicate balance between maintaining the integrity of the original technology whilst delivering an improved and seamless operation across the whole technology platform within the law firm to give staff and clients a more flexible and accessible method of service delivery that is available 'on-demand'.

According to research[*], between now and 2020, 100% of Top 10 and 40% of Top 11-25 firms cite technology as the key challenge facing the legal sector over the next two years. With technology playing such a pivotal role in the success of law firms, the implementation of the equipment-as-a-service (EaaS) model becomes attractive. For a law firm, the 'as-a-service' (or pay-as-you-use) model brings stability and predictability from a cash flow point of view to give a simpler financial model that eliminates the need for heavy IT capital expenditure.

With less of a drain on cash flow and liquidity, the EaaS model, becomes a key factor in business survival and growth, especially as law firms need to finance themselves through business transition in order to compete with the new disruptors entering the legal space.

*Source: PricewaterhouseCoopers – Law Firms Survey 2018

Time to talk to Prism?

To find out how we can help supercharge productivity in your legal business call us on **0345 121 7770** or email **productivity@prism.uk.com** to request a consultation.

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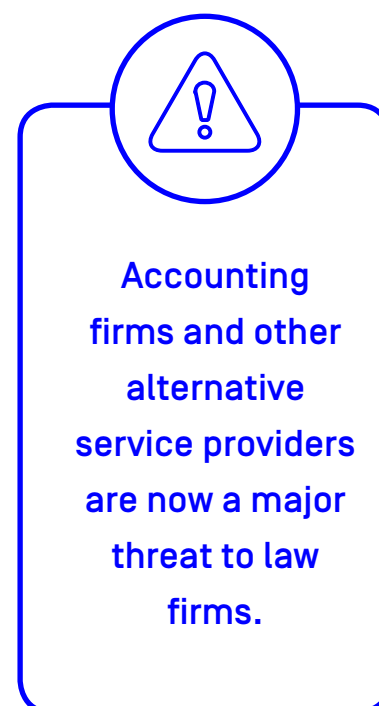
DISRUPTORS AND COMPETITION

New entrants and disruptors to the legal sector are likely to grow. According to a recent study* the Big Four, the world's largest consulting and accounting firms – consisting of Deloitte, PwC, KPMG and EY – could draw an annual revenue of $30 billion from legal services, were they to fully expand into the legal market.

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While the Big Four cannot yet compare to the largest firm in the world by revenue, they are catching up. All four have reported double digit year-on-year revenue growth in recent years, and there is the temptation to see the Big Four as just "another new competitor" in the already crowded market.

But with the legal market already heavily saturated, the majority of this revenue comes at a cost of market share currently owned by law firms. As a result, ALM Intelligence reports that two thirds of law firms surveyed said they were "concerned" about the threat posed by accounting firms and other alternative service providers, while 45% consider them to be a "major threat".

Mergers and Acquisition (M&A) in the legal space continue to rise as firms seek to expand their reach in search of new opportunities, or consolidate their offerings in order to balance liquidity and cash flow.

Whilst some firms are merging to fend off competition, the right M&A activity combined with an effective strategy can help firms to scale-up and develop market presence in specialist sectors in order to differentiate themselves from the competition. It is a trend we are likely to see continuing, with 40% of Top 10 law firms reporting that they are considering mergers between now and 2020, while 9% and 18% of Top 11-25 firms responding that a merger is very likely and somewhat likely respectively**.

Accounting firms and other alternative service providers are now a major threat to law firms.

*Source: ALM Intelligence, Elephants in the Room Part I: The Big Four's Expansion in the Legal Services

**Source: Resilience through change - PwC Law Firms' Survey 2018

With this trend comes the challenge of technology and systems integration. To benefit from generating more sophisticated, innovative and lucrative client work and retain high-value clients and win new business with the most attractive clients, firms must adopt mobile and collaborative working practices and strategic initiatives underpinned by technology.

As the demographics of a law firm's staff changes, so does its client base. As firms begin attracting Millennial clients, they need to be more dynamic in their approach. Millennials live in a digital space and expect 24/7 access to their legal matters. They put a high value on customer experience, and are only willing to hire you if the fixed fee is right. For them, it is a buyer's market, and they will not tolerate being billed for inefficiencies – especially those that could be easily remedied through technology. To stay engaged with Millennial clients, it is essential for law firms to be tech-enabled and be ready to satisfy the demands of the next generation of the market place.

There is no doubt that technology is shaping the legal world. A £1.2 billion programme started in 2016 to create a digital court system which would centralise customer services, closing down a handful of courts, will see the onset of the digital court system become a reality. We could find judges replaced by computers and the courtroom with the internet as the Ministry of Justice who is keenly aware of the savings that can be made by a reduced reliance on courts, aims to modernise aspects of the justice system by implementing new technologies and working practices.

Its aim is that by 2023, the court service could employ 5,000 fewer staff, cut the number of cases held in physical courtrooms by 2.4 million, and reduce annual spending by £265 million. Modernising the court service and the efficient use of technology will benefit all court users, says The Law Society.

Undoubtedly, digitalising the court system creates some big data and security issues. Managing the large amounts of data has proven a challenge, especially since in legal, it must be entered manually. Whilst liability for data breaches will sit with the legal firms themselves, as well as losing trust, they could find themselves in serious financial trouble as a result of fines and external legal action against them if they fail to protect client data.

However, big data also provides new insights and transparency for those seeking legal services. Law firms can utilise algorithms to make predictions on outcomes based on data from past cases. Where it could take a firm several days to determine whether a case was worth taking, using an algorithm the firm can make this decision in less than 30 minutes.

Law firms need to embrace technology in all its forms in order to streamline business processes, increase transparency and efficiency. For law firms and in-house legal departments struggling with cost and time pressures, legal professionals need advanced productivity tools which integrate and automate their processes to put them at the centre whereby increased productivity and efficiency becomes the norm.

THINKING DIFFERENTLY

To prepare themselves for the future all law firms need to have the courage to think differently in our ever-demanding 24-7, always-on, world. By leveraging technology in smarter ways law firms can evolve into a diverse, global, inter-disciplinary, tech-enabled industry focused on improving access to and delivery of efficient, metric driven, affordable legal services to a wider client base.

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For law firms, technology innovation is a powerful force for change. Successful law firms of the future will need to effectively promote agile working practices in order to increase productivity among employees and to attract the best talent moving forward.

Boosting your productivity not only improves the overall health of the firm, but it also increases staff morale. Law firms are not immune to the client service challenges faced by other sectors. People today are more impatient and more likely to share their experience on social media, so it is important to ensure that both your employees and clients are treated with the respect they deserve.

Elevating law firm productivity won't happen overnight. It requires the evaluation of your currently employed methods and systems and then implementing processes, policies and strategies to create a happy and healthy work environment for staff which will have a direct positive impact on your bottom line. Do not lose sight of the ultimate goal – when law firm productivity improves so will the level of client satisfaction.

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