



The case for change

To thrive tomorrow, law firms must embrace disruption today

Today's leading law firms each have unique brands, specialisms, cultures, and traditions stretching back many decades. Yet at the same time, they also share many similar characteristics. Often a product of mergers and acquisitions, law firms have been predominantly office and paper-based, while operating in siloes.

Already behind the curve with adoption of modern working practices like working from home, very few have significantly invested in modernising their enterprise systems to enable them to harness the power of digital. Instead, taking a piecemeal approach, they are leaving an outdated suite of legacy IT systems in place.

Today, law firms remain at a tipping point.



It's time to build the next generation law firm

When the global Covid-19 pandemic hit, government sanctioned lockdown restrictions severely disrupted law firms and clients alike. Firms were forced to refocus and address several years of underfunding in IT. Many adapted quickly and were able to facilitate digital access and remote working for their people on a mass scale in a matter of weeks. Client engagement also moved online, along with internal meetings and training.

Even though 80% of the UK's top law firms identified technology as their number one priority over the next two to three years, the large-scale digital transformation that occurred in 2020 wasn't anticipated. Nor was the pace at which it had to happen.

The pandemic, however, has shown law firms that change at pace is not just possible, but can also bring about new, more positive outcomes that benefit lawyers and clients alike. For example, greater levels of digital collaboration and integration are required in today's remote workplace.

Some firms may now be resting on their laurels, believing that the digital transformation they underwent last year is 'job done.' We believe this perspective is misplaced. The move to dynamic virtual working, without an accompanying culture shift, may have unintended consequences. These include the risk of a 'forgotten generation' of junior lawyers and a future workforce that require a modern workplace as a condition of employment.

An increased demand from clients—expecting higher levels of ongoing digital collaboration and more innovative fee arrangements—should also be anticipated.

This, coupled with concerns around how to stay relevant and compete in a buyer's market for legal services—which sees the demand for lower complexity or high volume work shifting away to alternative legal service providers or in-house lawtech—results in a need for firms to differentiate themselves.

Emerging stronger in 2021 and beyond

Those who embrace disruption can reinvent their business model. They can embed digital transformation across their entire organisation. And they can build a more inclusive and innovative culture. They will be better positioned to explore how new lawtech applications can enhance client value, by using data, analytics, low code applications and advanced collaboration tools. They will engage with clients more collaboratively going forward. And they will be in a prime position to emerge stronger in 2021.

For many law firms still rooted in tradition, the scale of transformation has been huge.

But further change is vital to build the law firm of tomorrow—change that will impact the internal culture, the business model, technology investments, ways of working, client service and billing. This is a wake-up call for law firms to offer more value to their clients going forward



Embracing the challenges of change

If 2020 was the year of reaction, 2021 is the year of investment in business transformation for long-term growth. But many of the same challenges remain. It's only by overcoming these obstacles that leading law firms can continue to deliver exceptional client value:

- Culture and deep-rooted traditions: By far the biggest barrier to change is organisational inertia. This is kept in place by traditional ways of operating and a culture that does not encourage an innovation mindset or challenge the status quo. For change to be effective it needs to be leadership-driven and have a clear north star that is centred around continuous improvement and meaningful outcomes that better serve clients.

- Technological debt: Many law firms are operating on legacy systems. These now urgently need upgrading to meet the demands of a modern organisation. Law firms have been slow to adopt cloud technology. This pushes them further behind comparable professional services industries in using technology to improve business resilience, cost efficiency and enterprise agility.

- Customised niche applications: Many firms run niche, highly bespoke industry-specific applications that don't integrate easily with other technology, or that of their clients. Because of this, performance continues to decline while maintenance costs escalate. New lawtech is creating opportunities in the market. It could transform the delivery of legal services. But these new tools highlight the gulf between today's new applications and those that are still in use across many firms. Without addressing the fundamental hygiene factors, those that have brought in an innovation function and are dabbling with lawtech will struggle to realise the value of such innovation

- Accessibility: Covid-19 has hugely accelerated the need for virtual and flexible working. This challenges the predominant culture of office presenteeism and will likely have a lasting impact, with the office no longer being the default place to work. Many law firms may have succeeded in deploying remote collaboration tools. But they must continue to enhance and expand this offering to enable flexibility, in order to retain talent. They should provide remote access to the necessary tools and applications to allow any employee to work on any device, anywhere, at any time. Key to this is secure access to the systems and resources they require.

- Inconsistent business processes: There's often a lack of consistency in core business processes. This may be the result of mergers and acquisitions or federated operating models. Addressing this will improve business performance significantly and embed greater digitisation. Application of newer capabilities, such as robotic process automation can drive huge value in this space.

- Training and continuous improvement: Lawtech is evolving and new generations of trainee lawyers join the legal sector each year. As a result, wider and deeper training is needed on topics of growing importance to tomorrow's industry. Remote working environments mean junior lawyers are not in the line of sight of senior partners—so greater consideration must be given to on-the-job training, mentoring and coaching.

- Complex regulatory landscape: Complex regulations and jurisdictions pose constraints for law firms that operate globally, when defining a digital practice



52%

of legal and compliance leaders are now concerned about thirdparty cyber risks due to remote working risks since COVID-19

To deliver a world-class client experience, the law firm of the future must invest in strategic business transformation.

To keep in step with clients—many of whom are making similar investments to fuel growth— it needs to operate virtually with a digitally enabled, diverse workforce that can collaborate securely across multiple geographies.

Without this, firms won't be able to drive client satisfaction, which will negatively impact the bottom line.



The future enablers of exceptional client value

To maintain the word-class client experience expected of the legal sector, law firms must seize the opportunity to reinvent how they operate in today's market. In our view, the law firm of the future will be characterised by six hallmarks of success



01

Collaborating virtually, from anywhere

Many clients now use globally accessible and scalable collaboration tools for their business operations. To keep pace with clients and to stay ahead of the competition, law firms need to engage with clients on their tools and be comfortable—as an enabler—with new collaborative ways. For example, the exponential growth and business acceptance of electronic signature caused by the pandemic. Embracing collaboration tools would also enable employees to access matter documents, emails, time recording and billing systems securely from any device, anywhere.

02

Securing the enterprise with agility

Cybersecurity has taken on a new level of urgency. Attackers can exploit new vulnerabilities across platforms and systems. The cybersecurity landscape requires law firms to implement new operating models and quickly deploy technologies. This is done to support ethical jurisdiction and operating policies to secure client matters and privileged materials. A secure, modern workplace powered by Microsoft 365 is recommended. It can often address client, information security, risk and compliance requirements within the firm

03

Adopting a best-in-class approach

End-to-end value chain improvements streamline and modernise both client-facing and internal processes. And they tackle margin shrinkage. Firms should move from monolithic process platforms into a more adaptive feature-rich environment. This will drive the ability to use and reuse best-of-breed processes across common systems architecture

Only 2% of law firms are completely reliant on the cloud

04

Leaving internal admin to AI

The ability to remove administrative overheads from matter lifecycle processes allows for greater focus on delivering valued outcomes for clients. This is true from initial client contact and matter inception through to billing and collections. Artificial intelligence (AI) tools automate contract analytics, e-discovery and predictive compliance. This enables fee-earners to focus on delivering client value.

05

Maximising the power of data

The importance of data-driven decision-making needs to be recognised from the top and embedded across the law firm. It should be aided by investment in cloud and other technologies such as Machine Learning. Not only will optimised reporting, insights and deeper data-driven decision-making improve business efficiency—through enabling more accurate pricing, WIP/billing outputs and reduced write-offs—trends and analytics will make fee-earners more competitive, surfacing key commercial and legal insights when they need it most. Having clear insight into matter economics will provide firms with the ability to lead the way in alternative fee arrangements.

06

Making change stick

No amount of transformation will deliver the desired result without impactful change management. It is critical that change programmes engage with all stakeholder groups in a meaningful way throughout a transformation journey in order to understand what is required to drive successful outcomes and put measures in place to ensure success.

Move at the speed of right

To emerge stronger, we see law firms taking a more strategic approach to business transformation, with a holistic roadmap across the firm that addresses culture, people, process and technology.

Law firms are complex organisations managed by business leaders who may have differing views. It is critical that before embarking on a strategic programme there is a clearly articulated vision, led from the top, that partners across the firm are aligned to, with mutually agreed benefits and shared outcomes.

A clear roadmap towards this vision can be defined in as little as six weeks, though each firm's roadmap will be different depending on their own priorities. The degree and pace of business transformation should be executed in a way that is mindful of the firms' ability to adapt. And it should be prioritised according to their strategic business goals.

By adopting an agile approach to transformation, delivered in a series of smaller waves of change, firms can balance the twin challenge of keeping day to day operations going while investing for tomorrow.

In our experience, it is essential to partner with organisations capable of delivering this kind of transformation at scale, whilst being relentlessly focused on driving valuable outcomes.



What's your next step

With each law firm at a different stage of the transformation journey, here are some questions you can ask yourself to determine the shape of your future roadmap and where to prioritise your efforts.

Building your future foundations

Are your people adequately equipped to collaborate effectively, with secure access to matter documents from any device, anywhere?

Is your client's data secure (in the cloud) and can they sign documents digitally?

Is your infrastructure, secure, robust and affordable?

Do you have standardised, efficient business processes in place?

Enhancing your business performance

Do you have a secure modern workplace which satisfies risk and compliance requirements?

Can you provide your clients with portals, dashboards or other collaboration tools?

Is your business performance data easily accessible & driving business insight?

Have you automated some administrative or discovery tasks

Innovating for growth & client excellence

Are you able to support/maintain/evolve the requirements for "evergreen" applications?

Do you have self-learning end to end business processes powered by robotic process automation?

Are you leveraging data, machine learning and artificial intelligence for contract automation, e-discovery and predictive compliance?

Have you furnished your fee earners with self-service knowledge management capabilities?

The law firm of tomorrow embraces change today, reinventing the way it operates, investing in new technologies and building a culture of collaboration - all to deliver the best possible client experience

Contact us



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