How Mid-sized Firms Leverage Technology and Measure Success

LITERA

It's no secret that the legal space has a reputation for being archaic and resistant to change. However, increasing external pressures are forcing even small and mid-sized law firms to bridge traditional tactics and the use of technology. Clients and young associates alike expect firms to utilize technology to deliver higher quality service.

What's driving this change? How can firms utilize technology to innovate, and how can firms measure the innovation/implementation of technology to show a return on investment for the business?

Increasing Pressure

The pressure to leverage technology is driven by several factors, including demands from a new, more technology-aware workforce and the transformation of other professional services industries. Over the years, buyer behavior across other professional services has changed and these increased expectations are, in turn, also being demanded of law firms by clients and associates.

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Competition

First is the ever-changing competitive legal landscape. In addition to competing with large and medium firms for clients, lawyers must now also contend with competition from "non-traditional" legal service providers.

Beyond competing, the real kicker is this: compared to businesses in similarly regulated industries, law firms are seen as inefficient, both in terms of cost and productivity. In most professional service industries, technology has driven change, enabling faster turnaround times and improving client communication. Clients are now putting pressure on firms to deliver the same efficiencies, and as a result, niche solutions are emerging, designed to enhance a lawyers' workflow.

Millennial Workforce

The second driver of change comes from a new wave of lawyers; a workforce that demands technology and innovative practices. In a **recent poll**, Microsoft found that 93% of millennial workers said that working for a company with updated technology, services and solutions was important to them; almost half (48%) said that it was "extremely important."

This group considers technology an essential part of their personal and professional work. For small and mid-sized firms looking to retain current lawyers and attract cream-of-the-crop talent, ensuring that staff has access to innovative technology is the key to future success.

Reaching Consensus on Firm Goals

Even the newest technology is no guarantee of innovation. In the legal space, attorneys should be wary of distracting and unnecessary tools that don't contribute to their work. But mid-sized firms are starting to embrace meaningful tech solutions to meet their clients' needs—to automate and quickly deliver certain work at a fraction of the cost. In doing so, they can free up resources, which can be better spent on more complex tasks that are harder to automate.

Before deciding to "innovate," it's worth considering what this really means for your business. As the saying goes: "for something to be managed, it must

be measured." Having an "agreed upon definition" across the firm for innovation will allow you to measure what innovation (if any) is happening, and what impact it might be having on the business.

This consensus is no easy task—it will likely take your business a few months to create and agree to something. However, once this is set in place, things will be significantly easier—it will allow stakeholders to set goals and allocate resources and measure the success of those projects.

Utilizing Technology

When considering legal technology for your firm, two questions should stay top of mind:

1. What business problem are we solving?

2. How can we measure its impact?

There are hundreds of legal technologies available, and deciding where to begin can be overwhelming. Before implementing complex systems that may seem attractive, there is tremendous value in focusing on getting the basics right.

Lawyers spend a significant amount of their time within Microsoft Office, but how many lawyers are proficient in using Outlook or Word? How many are carrying out manual review or spending too much time on manual tasks that can introduce risk (especially when things go wrong at 2am)?

What tasks can be scaled? Through automation, which could be done better and faster? Answers to these questions should provide a good starting point.

See the Tools Used By Mid-Sized Law Firms

Measuring Impact

Clients are always looking for the highest value work from their lawyers, and often expect technology to make for faster, more efficient service and delivery. Small- and mid-sized law firms that can deliver true value by leveraging technology stand to gain the most, and can stay competitive with larger firms by making the most of their billable time.

With this push toward a more tech-enabled firm, those responsible for implementing new solutions need to stay specific—both in terms of

the functionality these tools provide and how they measure the tools' contributions to their business. The foundational question is this: How will this tool enable lawyers to spend more time on high-value work?

Evaluating Your Options

When considering how to measure success, firms must look toward both the tangible and intangible benefits a solution can offer.

Here are three metrics to consider before implementing a solution:

Adoption

It's well accepted that the greatest barometer of success in terms of new technology within a firm is adoption. Technology that is left unused on a lawyer's workstation delivers no value to the lawyer, firm or client, and undermines confidence in legal technology.

Firms will want to see a certain level of usage across the products they introduce. The level of usage should be considered with the type of product in mind—for example, a solution that scrubs metadata from emails will be used significantly more than the software that is used to review drafting errors in your transactional documents.

Calculating ROI

Consider both the rate of adoption at your firm and the amount of time ordinarily spent on a certain type of work (and the hourly rate at which a lawyer is able to bill) to get a useful metric for return on investment. Depending on the number of attorneys on staff and their billable rate, firms can see substantial ROI from the right technology with minimal uptime.

Calculate my ROI

Small- and mid-sized law firms that can deliver true value by leveraging technology stand to gain the most, and can stay competitive with larger firms.

At an average billable rate of $200/hour (a conservative figure!), and assuming 45 working weeks, that's a return of $9,000 additional billed hours per user/year. Even if these hours aren't recovered, it is still 45 hours per year, per lawyer available for other, more productive activity that can add value to your clients.

Before choosing tech solutions like Contract Companion, run a quick ROI calculation to both establish a business case and measure the results, post-purchase, for any solution the firm is looking to deploy.

Quality of Work

Compared to the big firms, the reputations of smaller firms is more prone to change based on the quality and reliability of their work. Although these metrics are significantly harder to quantify, it should be afforded equal weight in a firm's assessment of any technology.

Depending on the purpose of a chosen software, it is possible (and encouraged) to make certain assumptions.

For example, if the software allows the automation of document review, it could be assumed that it will flag more potential issues than a human, it will do a more thorough review than can be done manually, and it will help to improve the quality of the document assuming that the flagged items are actioned.

Additionally, we've listed some intangible benefits that technology offers, which often are overlooked:

- Ensuring consistency across all documents (both in terms of quality and style/brand)

- Improved turnaround time to your clients (being able to deliver a draft on the same days as you receive instructions)—This can serve as a significant competitive advantage

- Reducing the risk of errors in final-form documents

- Improving morale/increasing retention rate— Reducing time spent on mundane, low-value work, and perhaps allowing the lawyers to leave 10 to 15 minutes earlier each day!

In a market where clients are demanding more for less, there is increased scrutiny from small- and mid-sized firms as to the return on investment delivered from the solutions deployed.

Being able to show measurable improvements will allow the firm to appease both clients and staff, while continuing to thrive.

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