

The New Era of Law:

Why Now is the Time to Digitalise Your Firm

The legal industry is undergoing a rapid transformation. Competition is fierce, traditional models are being replaced by new, digitally-powered processes, and the pressure is on to improve service delivery, reduce costs, sign new clients, and bring new levels of efficiency to well-established processes.

And the challenges don't end there either. At the start of 2020, the economic uncertainty added an entirely new set of problems to an industry already finding itself exploring new ground. But, it also presented an opportunity. With an increased need to facilitate remote working, and a new dependence on digital technology, there's never been a better time to digitalise your firm.

With years of experience helping law firms digitalise processes and improve efficiencies, this white paper shares Deltek's insights into the seven biggest benefits of a digital approach to law.



TABLE OF CONTENTS

- 2 Two Lawyers. One Brief.**
- 2 Entering a New Era: The Seven Major Benefits of Digitalising Your Law Firm**
 - 2** 1. Gain visibility across the entire firm
 - 3** 2. Boost profits and reduce costs
 - 3** 3. Drive more efficient processes
 - 4** 4. Attract and manage the right talent
 - 4** 5. Pursue and onboard new clients
 - 4** 6. Augment processes with AI, machine learning, and more
 - 5** 7. Ensure security and compliance
- 6 Conclusion**

Two Lawyers. One Brief.

Our experience in the industry tells us that law firms present a unique challenge where digitalisation is concerned.

Workforce demographics have changed in recent years, and attitudes towards technology are divided. Today, an established older generation of lawyers shares its office space with younger legal minds – those from generations Y and Z. And their expectations, demands, and preferred methods of working can, at times, be worlds apart.

Millennials will represent 35% of the global workforce in 2020. By 2025 they will represent 75% of the workforce.¹

While those that have been in the industry a long time rely on proven, paper-based processes, these new joiners want digital, self-service solutions, the latest devices, and the option of remote and flexible working.

With employee turnover on the rise, providing the solutions that make all of this possible is a must to keep the sharpest minds of the next generation on your team. But, you also don't want to leave your most senior and experienced professionals behind. After all, it's these people who produce the most revenue.

Digitalise with solutions that suit every member of your organisation.

For you to succeed with your digitalisation, it's vital to strike the right balance, and implement solutions that suit every member of your organisation. This could be a combination of digital and manual processes – or a

digitalisation strategy that completely automates many of the time-consuming, paper-based processes that take up your high-value lawyers' time.

Choosing the right solution isn't always easy, though. What 'right' looks like will depend on the individual needs of your firm, and identifying that may require the guidance of an experienced technology provider.

Entering a New Era: The Seven Major Benefits of Digitalising Your Law Firm

At Deltek, we've spent years working with law firms looking to implement more modern, agile and efficient ways of working. This experience has taught us that there are seven major benefits for those willing to embrace digitalisation:

1

GAIN VISIBILITY ACROSS THE ENTIRE FIRM

A truly integrated practice management or ERP system can provide vital, real-time visibility into your people, clients, cases, finances, and processes – all from one place. This enables you to easily track essential KPIs, such as revenue and profit per partner, with faith that what you're seeing is accurate.

These insights also allow you to identify areas of inefficiency that may have otherwise gone unnoticed. And you can make better-informed decisions in every area of your business – such as which lawyers to assign to which cases, or how rates need to change to ensure profitability without putting off potential clients.

As well as fuelling short-term wins, having this information to hand can be a catalyst for more long-term strategic changes within the firm, and help ensure you get the most from every client, case and fee earner.

Overall, we've found that professional services firms achieving greater visibility have experienced up to 30% better margins.²

¹ <https://whattobecome.com/blog/millennials-in-the-workplace/>

² https://info.deltek.com/Nordics-Next-Generation-Legal-Agile-Law-Firm?sourceid=60&utm_source=in-whitepaper-link&utm_medium=Download&utm_campaign=LegalWPOct2020&partnerref=Download_in-whitepaper-link_LegalWPOct2020

Top 10 KPIs for Law Firms

The ten most important KPIs for firms that want to improve efficiency are:

1. Firm Revenue
2. Profit Per Partner (PPP)
3. Average Hourly Rate
4. Work in Progress (WIP)
5. Days Sales Outstanding (DSO)
6. Client Profitability
7. From RFP to Deal
8. Write-Offs
9. Client Retention
10. Market Share

You can read more about this in [Managing KPIs to Accelerate Your Business](#).

2

BOOST PROFITS AND REDUCE COSTS

With meaningful, real-time insights into factors like utilisation and billable work, your finance teams can gain visibility of everything they need to forecast with confidence and make the decisions that can boost profits and cut costs – such as increasing fees, or no longer taking less profitable jobs.

In our experience, **one of the huge benefits of digitalising processes is the automation of labour-intensive, repetitive tasks**. With these taken care of, your lawyers and partners will find themselves with more billable hours in the day and less time spent tangled in red tape.

Although it's unlikely your firm will go completely paperless, there are also big savings to be made on paper and storage costs. This might not sound like a big deal, but a law firm's printing costs can account for up to 3% of its total revenue.³ And, as an added bonus, eradicating this use of paper can help you achieve your corporate social responsibility targets.

All in all, research shows firms that embrace digital technologies can find themselves cutting costs by as much as 24%.⁴



A firm's printing costs can account for up to 3% of its total revenue.³

3

DRIVE MORE EFFICIENT PROCESSES

One thing law firms often talk to us about is a lack of efficiency in their working processes. It might surprise you to learn that today's employees spend up to a quarter of their time looking for the information needed to do their jobs.⁵ So what would happen if you could win that time back?

Instant, secure, anytime, anywhere access to information is vital in an environment where you need to deliver services quickly and easily – and a big benefit for your potential clients.

With cloud-based technologies, you can provide real-time access to up-to-date information.

This makes it far easier to share important financial details with the relevant parties, and eradicate that lost time chasing important files and figures.

³ <https://www.nikecsolutions.com/en/7-reasons-why-law-firms-digitise-their-client-matter/>

⁴ https://info.delttek.com/Nordics-Next-Generation-Legal-Agile-Law-Firm?sourceid=60&utm_source=in-whitepaper-link&utm_medium=Download&utm_campaign=LegalWPOct2020&partnerref=Download_in-whitepaper-link_LegalWPOct2020

⁵ <https://economictimes.indiatimes.com/jobs/employees-spend-more-than-25-of-their-time-searching-for-the-information-they-need-to-do-their-jobs-citrix/articleshow/69839496.cms?from=mdr>

By reducing paper processes and digitalising documents, you can also eliminate the risk of duplication, errors and lost information. So not only are your processes more efficient, they're more accurate, too.

Importantly, digitalising in the cloud also enables remote working. In light of the economic uncertainty, this is essential. But even without these unique circumstances, it can help dramatically improve organisational efficiency.

When your employees can work from anywhere, there's no more wasted time in the day – and journeys between locations become opportunities to tick tasks off the to-do list. What's more, employees are generally found to be happier, more productive and more likely to stay in their roles when provided with flexible working options.

The other big efficiency gain provided by digitalisation is automation. Today, many firms are starting to automate processes like billing and document management to save valuable hours in the day, and free fee earners to focus on higher-value engagements.

4

ATTRACT AND MANAGE THE RIGHT TALENT

Today's generation of young workers has greater expectations, and more choice and power in the job market, than any that has come before it.

For firms looking to hire the brightest minds, this means two things: you have to be able to attract these people, which means standing out from the crowd. And you have to be able to keep them, which means continually living up to their expectations.

8.21% of millennials have switched jobs in the last 12 months.⁶

When you consider that more than 8% of millennials have switched jobs in the last year, you may get an idea of how difficult this is.⁶

⁶ <https://whattobecome.com/blog/millennials-in-the-workplace/>

One thing we know for sure is that firms that can provide the latest technologies, along with remote working options supported by cloud-based applications, tools and services, stand to gain an advantage in this market.

But digitalising your law firm isn't just about making the right impression or providing the right tech – there are other ways it can help with talent management, too. Many firms are using programs to automate parts of the recruitment process, and gain visibility into the workforce to make sure the right people are on the right cases – and performing in the right way.

5

PURSUE AND ONBOARD NEW CLIENTS

The firms we work with are traditionally used to winning clients through reputation and word of mouth. However, as the industry continues to become more competitive, this may no longer be enough.

By digitalising your client information with a practice management solution, you can track contacts, opportunities, estimates, proposals, and all associated communications with existing and potential clients, to monitor trends as they appear and make sure important opportunities don't get missed.

Having this kind of connected infrastructure can help you react faster and more efficiently to clients' needs. **And if you can quickly respond to new demands, then you're automatically a more attractive prospect – not just to your existing clients, but to new ones, too.**

In other areas, some firms are integrating digital marketing solutions within their practice management or ERP solutions to execute business development campaigns and increase engagement opportunities.

6

AUGMENT PROCESSES WITH AI, MACHINE LEARNING, AND MORE

Law is a very traditional industry compared to most, which means tech adoption is in its relatively early stages. However, it's likely that more advanced technologies will later take on an important role in the digitalisation of firms.

Tech adoption in the legal industry is in its relatively early stages.

Today, more than half of all lawyers expect AI, predictive analytics, machine learning, and big data to have an impact of the way their firm is run. And some are using these technologies already.

AI is currently being used for document review and discovery, contract analytics to accelerate due diligence in deals, and time entries and matters analysis. And this is really just the start.

The insights provided by these technologies can not only expedite time-consuming processes, but in the long run can transform core processes within legal firms and change the way key job roles operate.

Over 50% of lawyers expect AI, predictive analytics, machine learning, and big data to have an impact on the way their firm is run.⁷

7

ENSURE SECURITY AND COMPLIANCE

When we talk to firms, the sensitivity and confidentiality of client data is one of the main reasons they're initially reluctant to digitalise information. This is especially true when it comes to storing data in the cloud.

Non-compliance and security breaches can incur fines and damage reputations. **And law firms are regularly targeted by cybercriminals.**



15% of law firms recently surveyed showed signs of compromised networks.⁸

With a robust practice management system, you can ensure your data remains protected – either in the cloud or on-premises – and that only the right people within your firm have access to sensitive information, ensuring both compliance and customer privacy.

Although security-conscious eyebrows are sometimes raised when the cloud is mentioned, the truth is that data is much more vulnerable when you manage it yourself. In this scenario, you have to provide firewalls, intrusion detection, and other systems for every touchpoint on your network, and update each of them regularly.

Big cloud vendors, on the other hand, have security expertise that private entities can't match, and are certified compliant with the latest government data standards. Because of this, the perception of cloud technologies is beginning to change. Today, our new customers immediately turn to the cloud, and our existing ones are migrating that way, too. Security and uptime are two major benefits, but having access to the latest technology and functionality is another advantage that shouldn't be overlooked.

Digitalising your law firm isn't just about protecting your data, though. It also provides you with the opportunity to automate compliance, and gain the insights you need to ensure you know who you're working with – and that all your actions and interactions are within the bounds of legislation.

“We wanted to move to a leading ERP system for the legal business. Deltek Maconomy is purpose-built for law firms, and we are confident this will further facilitate our growth and improve competitiveness.”

– **Christopher Silian**, CFO, Wikborg Rein

⁷ <https://prismlegal.com/the-growing-importance-of-tech-enabled-law-practice/>

⁸ <https://www.scmagazineuk.com/15-law-firms-hacked-losing-clients-due-cybersecurity-concerns-recommendations/article/1684385>

Conclusion

Digital solutions are no longer an option for law firms looking to compete in the modern market. They are essential tools – and tools that provides lots of benefits. But choosing the right solutions isn't always easy.

By working with the right technology partner – one who knows your industry just as well as they know their own technology – there are huge advantages to be gained. You can reduce costs, boost profits, improve efficiencies, attract and retain the right talent, automate time-consuming processes and ensure security and compliance.

Based on years of industry experience, Deltek's modern cloud ERP solution is purpose-built for law firms looking to gain a digital advantage. To learn more about we can help your digitalisation project, visit deltek.com/lawfirms.

Want to get the wheels of digitalisation in motion? To find out more about the best way to digitalise your law firm, read our step-by-step guide, [here](#).

Visit deltek.com/lawfirms for more info.



Deltek.

Better software means better projects. Deltek is the leading global provider of enterprise software and information solutions for project-based businesses. More than 30,000 organizations and millions of users in over 80 countries around the world rely on Deltek for superior levels of project intelligence, management and collaboration. Our industry-focused expertise powers project success by helping firms achieve performance that maximizes productivity and revenue. deltek.com