

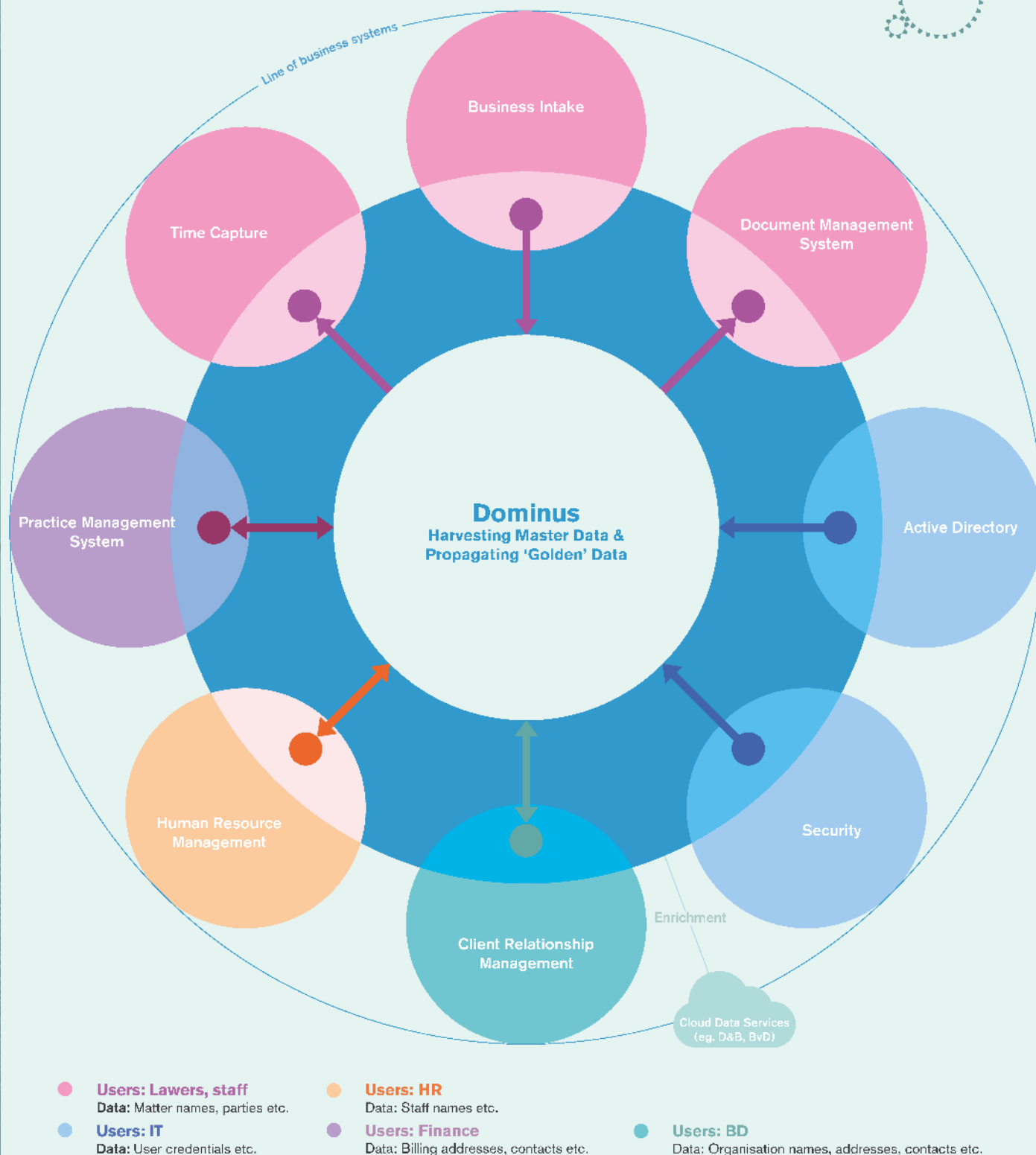
Briefing

FUTURE TECH
Briefing polls top 100 law
firm leaders for a glance
into legal IT landscapes
of 2017



LEGAL IT LANDSCAPES





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this year's Legal IT
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 OUR VIEW


It's not big, but it is intelligent

Rupert Collins-White, **Briefing's** editor-in-chief

I've been writing about legal technology for a long time (since around 1895) and I've not seen a unity of opinion like this before – perhaps the adoption of email is an equivalent, or use of 'the internet'.

The almost universal interest in machine learning and artificial intelligence in this year's Legal IT Landscapes survey is so loud as to almost drown out everything else – possibly drowning out a little reality with it. It's not 'intelligent', and it's not really artificial either, because that would be to give it a broad, human-like benchmark to compare it against, and that's not correct (or fair). But it will, it's now quite clear, be a big thing in legal.

You might say that we shouldn't split out AI/machine learning from process automation and TAR/document review (which we have in this report when it comes to reporting on which technologies respondents name as impactful technologies). After all, AI in legal is really just automation – and like all other kinds of automation, it's going to be used most to clean up 'grunt-level' human tasks carried out by paralegals and the like today.


Therefore, anyone who says that it *won't* have a big impact on the staffing levels and types of jobs present in legal business over the next 10 years is either mad or stupid, in my opinion. I've read many articles that start with the phrase: "No, AI won't take your job ...", but that's a dangerous statement to make. It very

well may take out a swath of fee earner jobs, reformat the knowledge role and smash up the e-discovery business. It may do much more. When it comes to betting against the impact of AI, those in the expertise business may do well to remember the first rule of poker: if you don't know who the patsy is, it's you.

But in this 2017 Legal IT Landscapes, the real big story, to my mind, is data. GDPR is coming – whether you believe in Brexit or not, we reckon. And the world of legal business needs to make much better use of its financial, analytics, customer and knowledge data than it ever has before in order to be competitive, both against other firms and NewLaw/non-law entrants.

Many firms aren't using the kinds of solutions they really should be to get to grips with the data they have, if our research is right. More than that, they're not putting data into the firm through correct or consistent routes.

This will create bad data – and bad data is bad for business. The Information Commissioner doesn't like it either.

I hope you get a lot out of **Briefing** Legal IT Landscapes 2017 – we enjoyed researching it and putting it together. And thank you to everyone who helped us by responding and commenting – we raised over £250 for Shelter this year. Now that's good data. 

When it comes to betting against the impact of AI, those in the expertise business may do well to remember the first rule of poker: if you don't know who the patsy is, it's you.

INDUSTRY VIEW

Structural challenges

Neil Renfrew, managing director, Athenian IT



This is the first survey I've seen that asks questions about data in law firms. This is welcome as, when lawyers leave, what they leave behind is data stored on computers. It's in the form of 'content' (emails and documents – probably in a document management system) and 'structured' data relating to clients, matters, contacts and the like (probably in loads of SQL databases). Therefore, after its people, data is a primary asset of any firm. Assets are supposed to be managed and leveraged to add value but, all too often, data isn't recognised as such.

I think structured data is the poor relation because content is already a healthy talking point. And the poorest of it is master data (clients, matters) and metadata (work types, sectors) because transaction data has to be well enough managed – at least to collect money.

Master data and metadata have a major role in business intelligence. Yet 57% of respondents do not agree that they have the data to enable pricing, and 70% do not agree that they have the tools to assess the cost of the work they do. However, firms rated the importance of data 'centrality' as 7.6/10, so I'm willing to bet that there are master data and metadata quality and consistency issues in many firms. Firms rated the effect of data quality from 3.6 to 4.5 out of 5 in its impact on fundamental areas of work. So they know that data is important but still seem to suffer from issues such as completeness, accuracy, integrity, validity and consistency.

Poor-quality master data and metadata can have significant negative effects, including reputational damage (such as poor risk assessment based on poor data searched for conflicts), operational inefficiencies (such as quality data not being available to the people who need it, when they need it), and managerial risks (such as inaccurate metadata misleading strategic decisions).

So what to do? I'd suggest starting by establishing a data governance regime modelled on other sectors in which data is already recognised as a fundamental asset. Clarify data ownership and develop clearly delineated, delegated responsibilities. Square this with client requirements (information barriers and data locations). Implement continual quality checking and improvement (assets decay if they're not maintained). Rationalise IT systems data integration (implement a 'hub and spoke' architecture to achieve consistency).

So don't just sit there – do something before you're overwhelmed by a PMS data migration or a conflicts implementation that forces you to confront your data issues when you already have enough on your plate.

If you need a friend to help, we are specialists in dealing with data conundrums – email me at neil.renfrew@athenianit.com ►

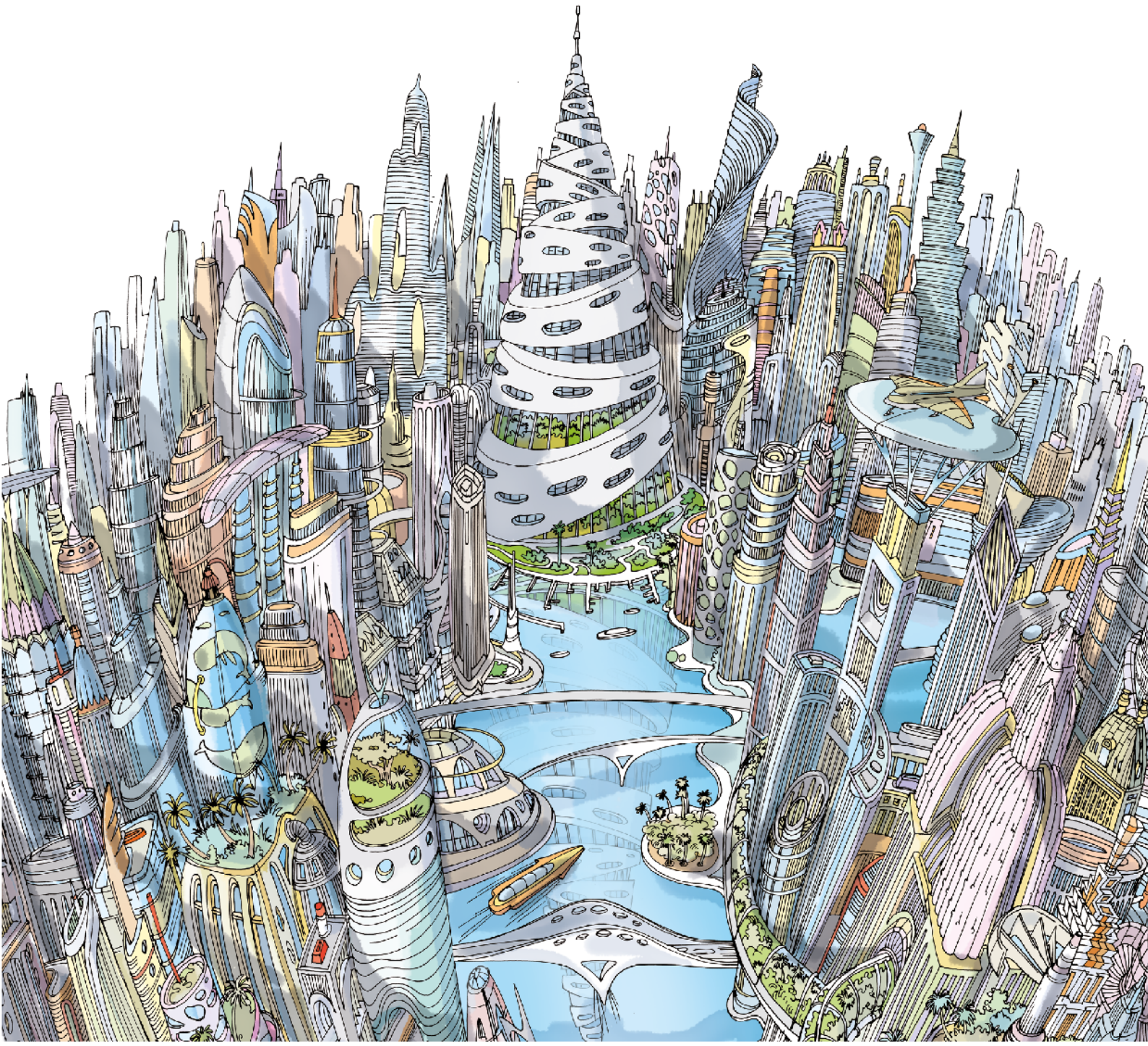
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INDUSTRY VIEW

Delivering more with data

Keith Lipman, president and founder, Prosperoware



The legal industry is in the midst of a fundamental shift. We're being simultaneously challenged by clients to deliver work at an expected price while struggling to address security. Both impact working practices and technology is a crucial factor, the Legal IT Landscapes survey results reveal that most firms are still working on deploying technology to address these new challenges.

The results echo what managing partners have been telling us – that firms haven't yet sufficiently leveraged the data they already have. They believe business intelligence or management information is a starting point and want more than just simple dashboards to properly exploit their data to improve profitability.

As an enterprise software company whose data-first practice management platform has built significant momentum in the pricing space, we're not surprised that pricing is top priority for firms for 2017. Continued pressures on fees and flat margins have driven firms to focus on technology to help them remain competitive, and data is key to understanding economics.

Firms have evolved their thinking, no longer seeing value in simple 'data management'. They're looking at data warehouses and integrated platforms that deliver more than a single capability – this is highlighted by the recognition that finance, business development, marketing, knowledge management, and risk are all being driven by data.

Matter management efforts over the past few years have failed, mostly due to complex interfaces and workflow plus all-at-once approaches, which hurt adoption. Firms still want comprehensive platforms and single-database solutions, but they're implementing systems that can help them transition at their own pace.

Reporting remains a challenge for most firms, highlighted by the fact that report-generation is being measured in number of days rather than minutes, with more than 60% of respondents needing between a day and a full week to generate them. Firms don't yet have the technology, so they continue to rely primarily on manual methods for measuring financial performance – more evidence that they'll need to be adopting better solutions.

Meanwhile, mirroring what we've heard from general counsels and heads of risk, security remains important. Firms recognise the need to be prepared for the General Data Protection Regulation, and the demand from clients to limit access to their data continues to grow since the Panama papers breach. We think this area will continue to be of importance to firms over the next year, especially as the US also adopts further regulation in this space.

Overall, the next 12 months should bring a further evolution in targeted technology investments. ▴

Continued pressured on fees and flat margins have driven firms to focus on technology to help them remain competitive, and data is key to understanding economics.

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INDUSTRY VIEW

Platforms for change

Phil Beavan, head of professional services, Board



American statistician W Edwards Deming once said: “In God we trust, all others bring data.” And having been told for years that there are only two certainties in life (death and taxes), it’s probably time to add a third – data.

If you think we’re already swamped, then brace yourself. The number of devices connected to the internet will more than double over the next four years, with the volume of data doubling every 12 months – that’s 16 times more data by 2020.

Gathering and storing data is the easy part. Doing something meaningful with it is where many firms fail.

Too much data is collected either because it can be, or someone believes it should be, and this year’s Legal IT Landscapes results are a mixed bag.

Take for example pricing and costing of work – fundamentals in any other sector and increasingly critical within legal, given the rise of AFAs.

Over a third of respondents don’t believe that their firm has the data needed to price and cost work correctly and, of the 43% who do, only a third say they have the correct tools to work with it.

While three-quarters of firms say that they now have a defined process for collecting management and performance metrics, over half analyse this information manually: 61% needing between one and seven days to respond to requests and generate ‘ad hoc’ financial reports.

On the positives, the march to the cloud

is finally gathering pace – with around 60% of respondents stating that they will be moving major software to cloud platforms within the next five years. It’s an improvement – but the sector continues to lag behind.

Interestingly, around a third of respondents say they will never move to the cloud, presenting a great opportunity for those firms that embrace what is no longer a new, unproven technology.

Everyone who responded agrees that mobile technologies are fundamental to making firms more productive, with over two-thirds saying that they will have more people than desks within four years.

Times are changing fast, and getting the right tools is now absolutely critical to success. As the only integrated reporting, budgeting and management platform on the market, our experience at Board mirrors the results reported here.

To discuss what all of this means for your firm, or to find out more about the number-one decision-making software for law firms, contact pbeavan@board.com ►

If you think we’re already swamped, then brace yourself. The number of devices connected to the internet will more than double over the next four years, with the volume of data doubling every 12 months – that’s 16 times more data by 2020.

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INDUSTRY VIEW

Harder, better, faster, stronger

Dan Simms, managing director, Software Cloud



Wondering why I used a Daft Punk song as a title? It's because I believe that cloud technologies help law firms work harder, deliver better service, react faster in an ever-changing market and, ultimately, make their businesses stronger.

Half of survey respondents' clients prefer data to be stored on premise. It may surprise them, but there's a good chance that their sensitive data is already in the cloud. For example, email processing services like Mimecast are used throughout the legal industry, providing off-site cloud archiving.

In my opinion this isn't a risk, but a great start.

The Microsoft cloud has matured. Large organisations – banks included – happily store sensitive data in the cloud and reap the business benefits of the Azure platform.

Using Azure, complex data analysis becomes quick and practical with Microsoft PowerBI. Enterprise Mobility Suite, Office 365 and Skype for Business provide the flexible working and mobility that modern law firms now rely on. Even artificial intelligence offers tangible benefits in large-scale contract reviews and automated decision-making.

Cloud services are the perfect way to alleviate pressure on IT departments and help them to focus on client service and business-driven tasks. In an age where time is short and fixed-rate work proliferates, this has never been more important.

GDPR is on the horizon – and on the minds of many IT, security and risk professionals. However, 57% of respondents told us that their systems and processes will not be GDPR compliant. How will they address this? Will they invest in additional security to be compliant, or will they choose cloud products that already have this level of security?

I fully expect to see a shift to cloud services driven by GDPR. Just as businesses use payment processors to maintain compliance with PCI standards, I foresee law firms using cloud technologies to ease the GDPR burden.

So what's causing slower cloud uptake in the legal sector than adjacent industries? Just over half (53%) of survey respondents didn't know where client data was most secure. Having taken a 700-person law firm through ISO 27001, the information security gold standard, I know that I wouldn't be able to match the security resources of Microsoft, Amazon or IBM.

Microsoft is investing \$1bn in security-related research and products this year alone.

The cloud offers huge security, capability and agility advantages. Can your business keep up without it? From my point of view the definitive answer is no. ▀

Cloud services are the perfect way to alleviate pressure on IT departments and help them focus on client service and business-driven tasks. In an age where time is short and fixed-rate work proliferates, this has never been more important.

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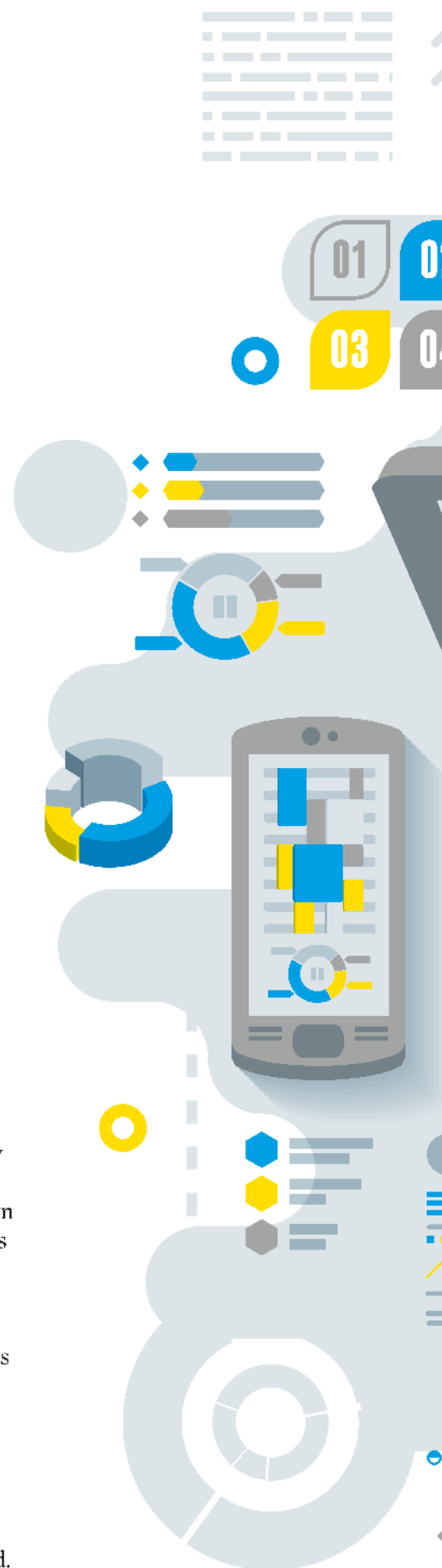
Tech your chances?

Do law firms have an IT strategy fit for the purpose of powering them into a more prosperous future? Richard Brent and Kayli Olson report

It has been two years since **Briefing** last ran Legal IT Landscapes – and the legal profession has changed dramatically over that period. After years of waiting to see if firms would bite at the Legal Services Act, the first wholly UK-owned firm has now opted for an initial public offering – and embarked on the strategic acquisition path that lay behind that particular financing decision. Another ‘first’ alternative business structure to float has, however, run into a fair spot of bother – and the experience most likely to influence others is unclear. But with the big accountancy and consultancy players, KPMG, PwC and EY, now two years into their own ABS licences, firms are sure to be keeping a regular eye on any business growth options that might make them fitter for competitive purpose.

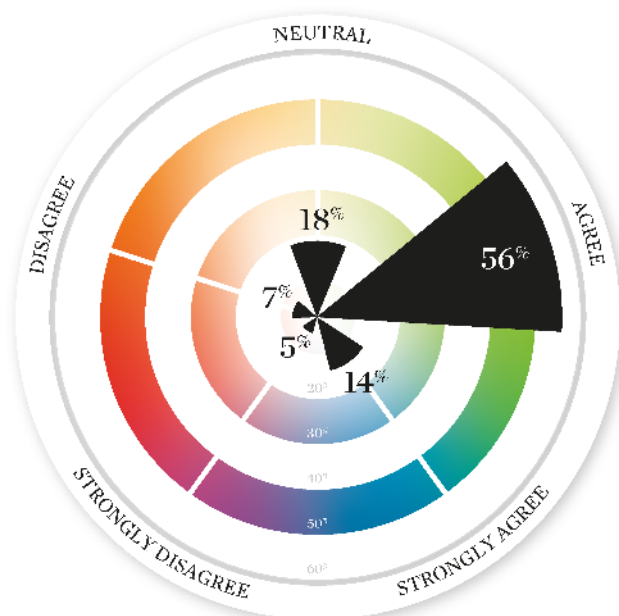
That’s before you factor in that the UK is now (apparently) leaving the European Union. After the anxiety of the financial crisis, businesses are all faced with a prolonged period of uncertainty once again – and who’s to say what that might mean for client-side pressures this time around?

Either way, a new information security regime – the EU’s General Data Protection Regulation – will press ahead. The regulation comes into force, and – unlike a directive – automatically applies to member states, in 2018, when the UK will most certainly still be hanging around. And assuming organisations want to keep doing cross-border business with the bloc, they’ll need to show they’re meeting the same standards

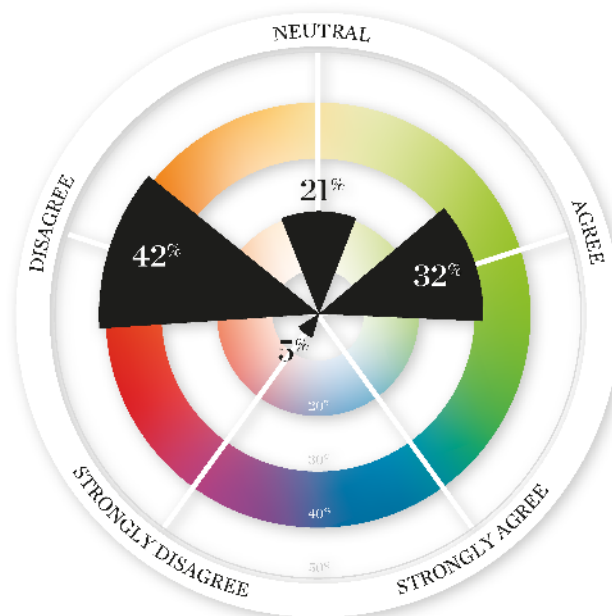




1 NewLaw/non-law firm business such as the Big Four/Axiom et al are a threat to law firms, specifically in relation to their use of technology ...



2 The IT leader role in top-tier UK/international law firms has the same level of executive/decision-making power as IT leaders in other sectors ...



of data privacy and protection.

And joining the ABSs, the accountants and the criminal hackers, we now find a new group wants a piece of the action – so-called law firm ‘robots’. Their long-term intentions apropos the profession are rather harder to divine, but in 2016 firms certainly haven’t been shy of partnering with a new breed of software vendor to start the ‘alternative intelligence’ revolution rolling (citing, of course, increased consistency and quality, and lower cost, for their clients).

Spending disbelief?

In this context, the importance of a strategy for IT investment should be clear. Firms need to be factoring fast-changing developments – including in that technology itself – into their regular risk profiling and management processes. Ultimately, they need to make evidence-based decisions about which moves are truly business-critical to keep up with the increasingly varied competition.

For example, more than half (70%) of respondents to Legal IT Landscapes 2017

agreed that: “NewLaw or ‘non-law’ firm businesses such as the Big Four and lower-cost entrants are a threat to law firms specifically in relation to their use of technology.” Only a tenth of respondents (12%) disagreed with this statement – with more, in fact, strongly agreeing (14%).

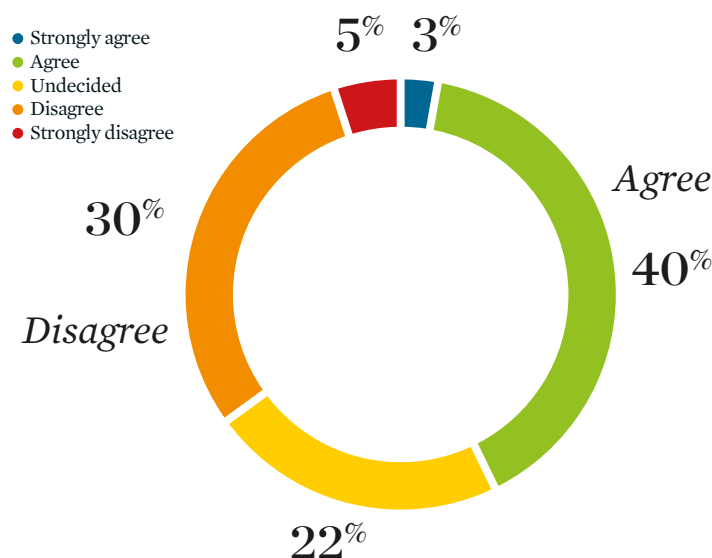
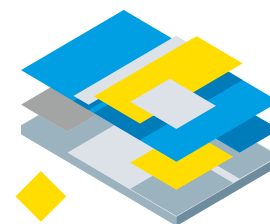
However, this raises the question of exactly where ‘traditional’ firms need to be investing most to see off this threat – and the new entrants, in particular, are notorious for being decisively data-driven operations. Can law firms provide the same quality of data? And do they need the same systems to do that? This year’s survey finds firms spending an average 4.7% of their revenues on IT as a whole. That’s up from the 4.1% that we registered back in 2015. But because of



I’ve now been working in the legal industry for three years, and I do notice people seeing a need to spend a bit more.

DAVID AIRD, IT DIRECTOR, DAC BEACHCROFT

4.7%

AVERAGE PERCENTAGE OF REVENUE
SPENT ON INFORMATION TECHNOLOGY
IN LEGAL

3 My firm has the **data** that it needs to enable those pricing work to get that pricing, and the cost of the work to be done, right.

the inherently small sample a 'top 100' survey brings, this may indicate no substantive change. Either way, and however crude a measure, it's still significantly less than other industries would spend on boosting their efficiency and competitiveness using IT – including, perhaps, industries that might wish to compete with legal even more in future.

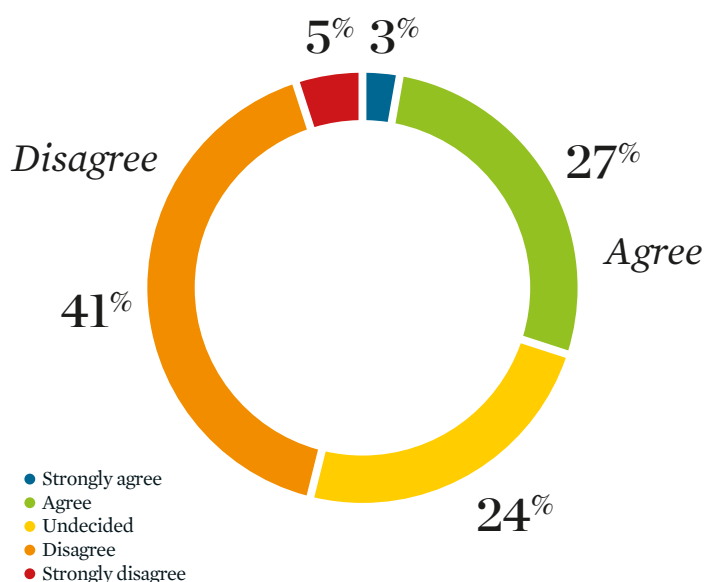
Alastair Mitchell, chief operating officer at Pinsent Masons, says: "We make a point of benchmarking ourselves against other firms – and there are some areas where we know we need to spend more on infrastructure to give fee earners what they need. We're currently developing a strategy for the

investment that'll make us that much more competitive."

David Aird, IT director at DAC Beachcroft, adds: "The recession probably led law firms to take an even more cautious approach to investment than historically. However, my sense is that's now changing, especially with the rise of artificial intelligence. I've now been working in the legal industry for three years, and I do notice people seeing a need to spend a bit more."

Nevertheless, it's hard to put a positive spin on the news that just a third (32%) agree with the statement: "The IT leader role in a top 100 UK/international law firm has the same level of decision-making power as IT leaders in other sectors." Almost half (47%) of respondents disagreed with this statement.

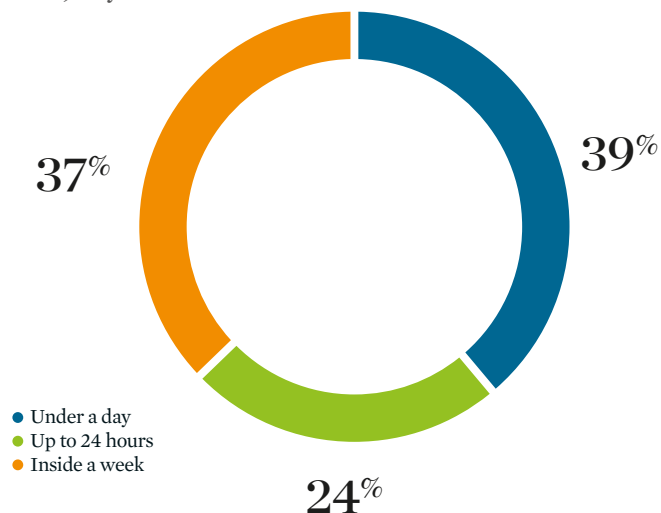
4 My firm's partners and fee earners have the **tools** to correctly assess the cost of the work they do.



Data to remember

Why is the advanced data capability of new players a competitive threat? The better their access to information, the better they're able to plan, budget and scope work for clients – and that means they can potentially undercut the law firm structure in a pitch scenario. But it might seem a little ironic that, although the traditional partnership passes out profit to its partners, it's the business that invests most in its data quality that can drive forward profitability through

5 How long does it typically take to respond to and generate ad hoc financial reports for partners (or others that can request them) at your firm?



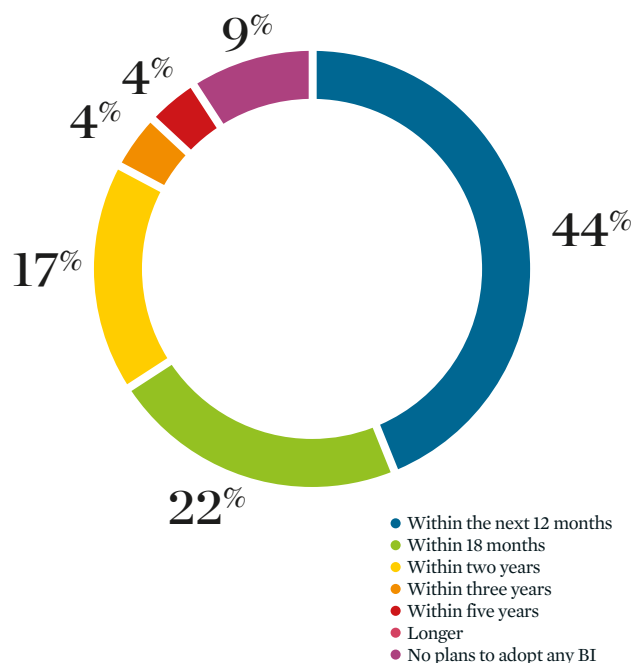
more consistent pricing.

The majority of firms ‘get’ the value of data – but do they somehow manage to get that data itself? Two fifths say ‘yes’, they do have the data to enable the people pricing legal work to get the cost/pricing balance correct, thereby hopefully protecting profitability. A third disagree. However, the proportions are reversed when it comes to whether they have the ‘tools’ to interpret that data to assess cost correctly. Just under a third (30%) say they have – and almost as many aren’t sure. More than two-fifths say they do not.

Jonathan Patterson, development director at DWF, is one who gets the data in both senses – and says this issue is very much on his firm’s radar. “We’re currently investing in a startup that’s developing collaborative scoping software for working more closely with the client, to build a better picture of the details of the job, and use that to calculate what it will cost and ensure it fits to budget.

“We are also keeping an eye on the consumer trend for digital marketplaces to see if that is filtering through and how it might affect the price of work over time.”

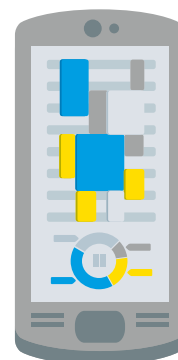
6 Over what timescale might your firm adopt a business intelligence solution?



Christina Blacklaws, chief operating officer at Cripps, agrees that the market is challenged in the field of pricing – especially this year: “Firms that have pricing policies and a range of IT tools may also feel like they cannot utilise some of those effectively due to the change in the market – certainly a post-Brexit world, there has been some impact on pricing.

“But having bespoke training for partners and associates, coupled with capturing data, can provide insight for good pricing practice and ensure that the model is working,” she says.

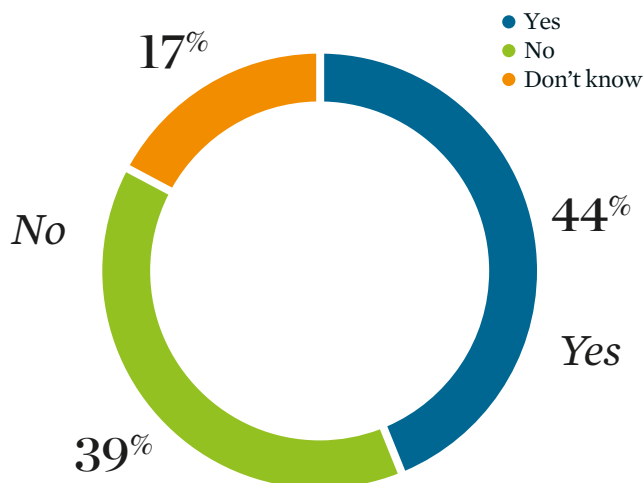
Just as important as the accuracy of data is its timeliness – indeed, as business cycle times get ever shorter, the data that arrives at your desk too late is arguably poor-quality data. So although two-fifths (39%) of respondents said they could now create financial reports for partners and others in “under a day,” almost as many (37%) said this could only be done



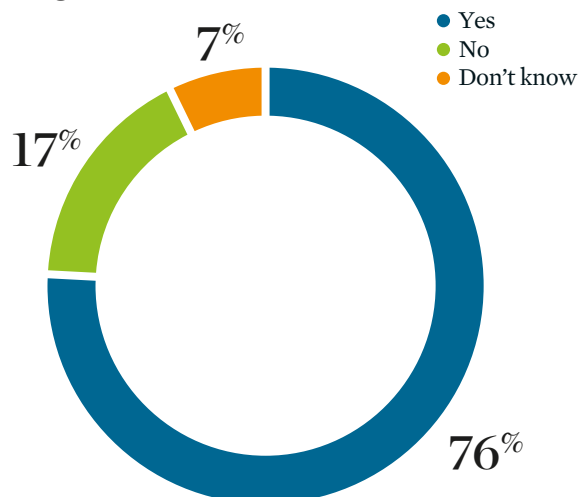
Having bespoke training for partners and associates, coupled with capturing data, can provide insight for good pricing practice and ensure that the model is working.

CHRISTINA BLACKLAWS, CHIEF OPERATING OFFICER, CRIPPS

7 Do you think using a dedicated business intelligence tool gives your firm a competitive edge?



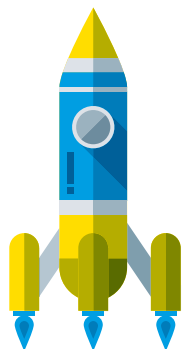
8 Does your firm use a business-defined collection of metrics or management information to judge the business's overall performance (often called corporate performance management)?



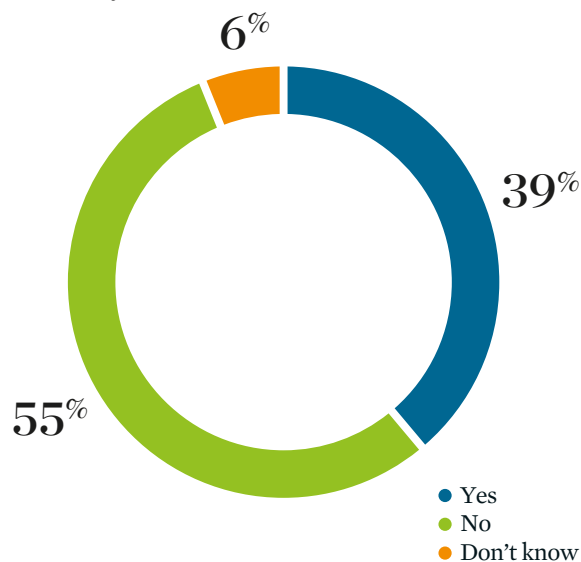
“inside a week.” You can burn through a lot of client money in a week ... A quarter (24%) said it could be done within a 24 hour window – probably overnight. To us, this suggests that for fewer than half the UK's busiest firms have truly timely data. It's worth noting that one trend of the last couple of years has seen firms taking time zones into account when opening new strategic centres. That's not only to pass on deadline-driven legal work while one half of the world gets its fair share of sleep – it's also more efficient resourcing of the administrative burden that supports it. A global firm needs round-the-clock service, and today that really depends on round-the-clock data.

Blacklaws at Cripps says her firm can provide partners with financial reports within 24 hours. “With our dashboards now, we have a series of bespoke reports for different roles and the information is live. And we are moving to a system that will be even more contemporaneous.”

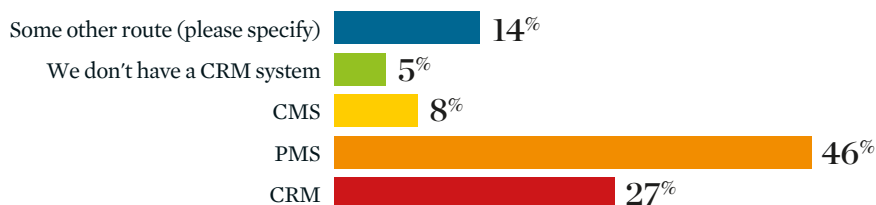
Two-thirds of respondents also expect their firm to adopt a business intelligence solution within 18 months to improve data's integration and efficiency. Only 9% have no plans at all to adopt BI. Intriguingly, among those



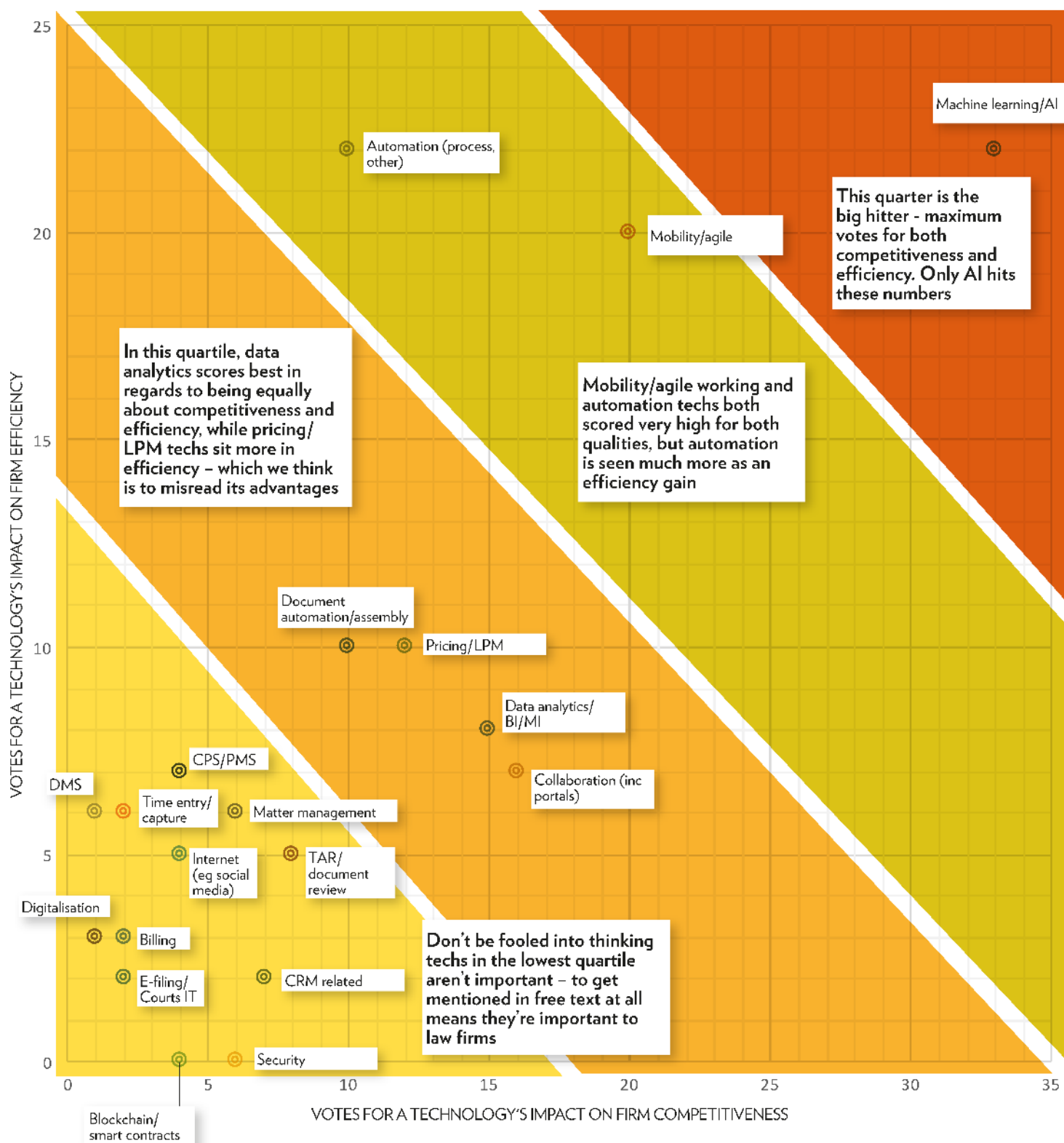
9 Does your firm have a dedicated IT solution to do collect and judge KPI or is it analysed manually?



10 Does your firm start matters or introduce clients via the firm's customer relationship management system, or your PMS/CMS etc?



IT'S A QUADRANT CHART JIM, BUT NOT AS WE KNOW IT



To best represent how many respondents mentioned which kinds of technology when we asked them which techs will have the biggest impact on their firms over the next five years in

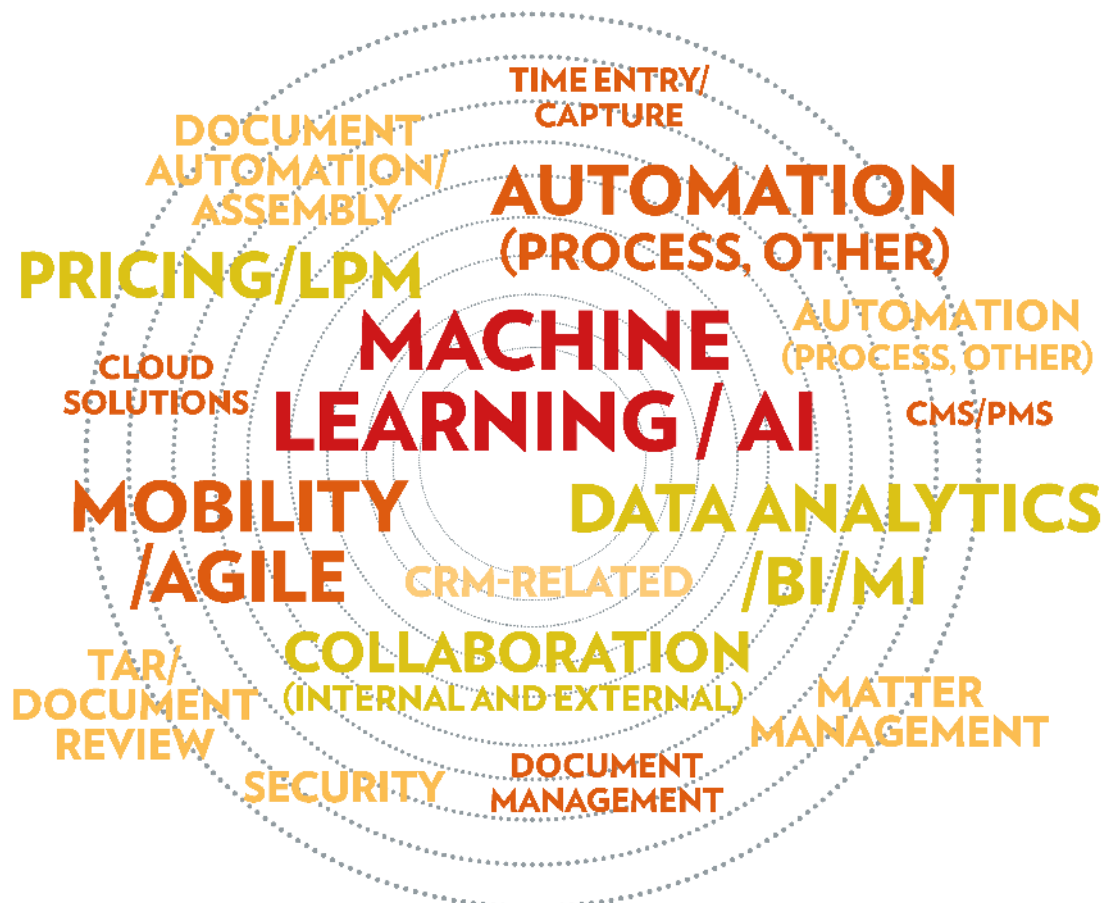
terms of either competitiveness or efficiency, we built this fancy chart. Top for both categories combined lie towards the top right. As you can see, three techs are miles ahead of the others.

COMPETITIVENESS, MEET EFFICIENCY

We asked the Legal IT Landscapes respondents to name (free text) up to five technologies they thought will have the biggest impact on how **competitive** and **efficient** their firm is over the next five

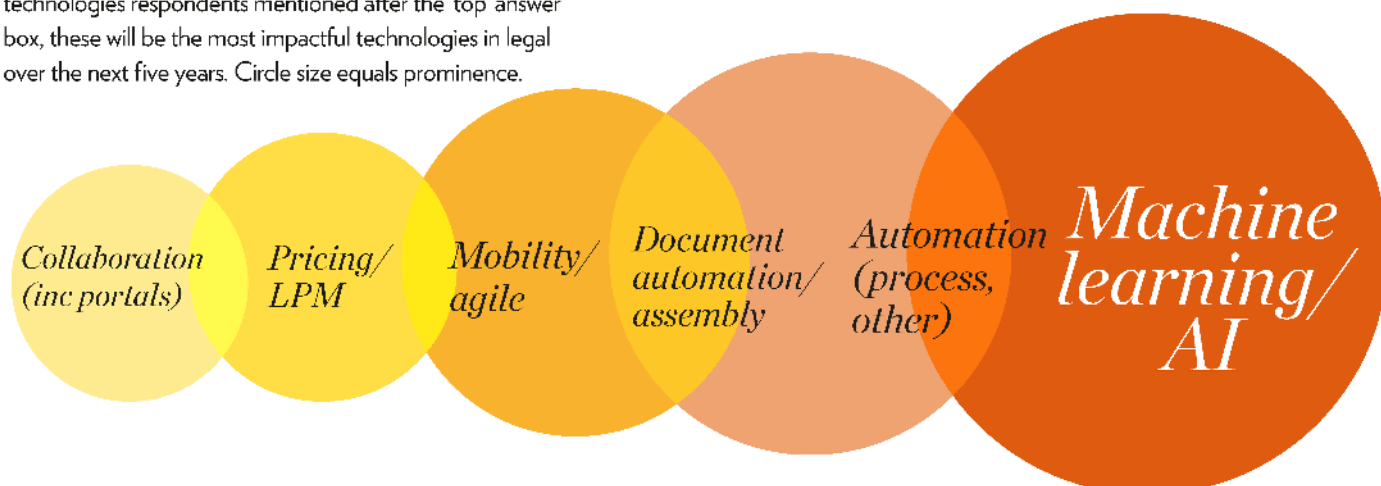
years – and the outcome couldn't have been clearer. When we combined the data to find which technologies 'won' across both categories, AI and related technologies wiped the floor. Mobility/agile and

automation came close to AI, while pricing/legal project management and document automation also scored high in terms of 'competitiveness plus efficiency'. This word cloud shows the biggest IT hits.

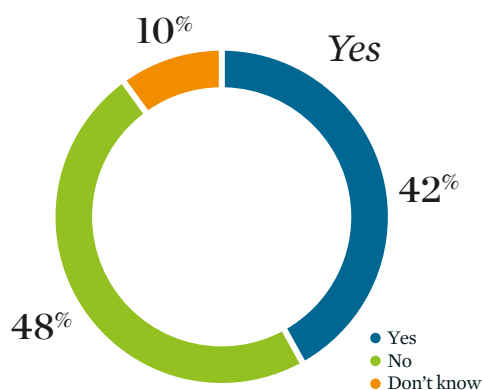


APPLYING A LITTLE FREUD

We set a lot of store in what people say first, or mention as 'most important' when we survey. If we discount all technologies respondents mentioned after the 'top' answer box, these will be the most impactful technologies in legal over the next five years. Circle size equals prominence.



11 Are your firm's clients affecting where you physically store data?



firms with BI solutions, there's a fairly even split between those who do and don't think "a dedicated business intelligence tool" gives their firm a competitive edge. A question mark may hang over whether law firms' people appreciate the connection between timely, integrated data and their eventual profitability – if they even view profitability as being at the root of their competitiveness (as **Briefing** is convinced it is).

One piece of good news on the data front is that three-quarters (76%) of people say their firms have a "business-defined collection of metrics or management information to judge overall performance." But only two-fifths have a dedicated IT solution to build and analyse those datasets. More than half apparently manage to make sense of them manually.

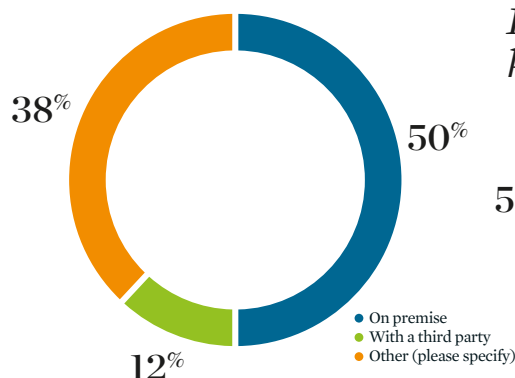
Security reach

Poor data quality – and discipline – affects everyone. Our research shows finance worse affected (see graph 14).

But how well is a firm's data managed and governed? Failing to integrate multiple systems has an adverse effect on connected, accurate decision-making, while also reinforcing siloed ways of working. Both patterns are potential problems for profitability.

Another pitfall may be how the data

12 Where they state a preference, do your firm's clients more often prefer their data to be on premise or stored elsewhere, such as a third party data centre?

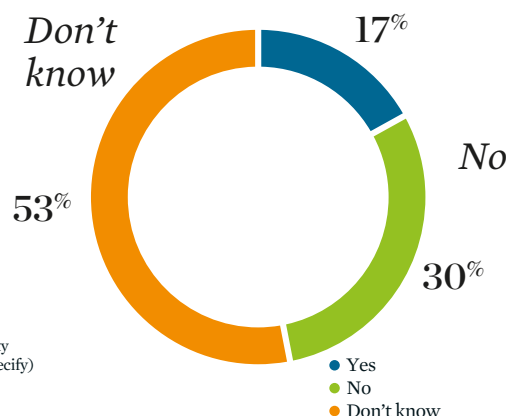


arrives in a system – any system – in the first place. For example, almost half (46%) of respondents said matter or client relationship information came in via the practice management system. Another quarter (27%) said things were kicked off using the client relationship management system (see graph 10 on p15). More striking than who is right or wrong is the inconsistency of procedure here – often a key ingredient in a business data debacle.

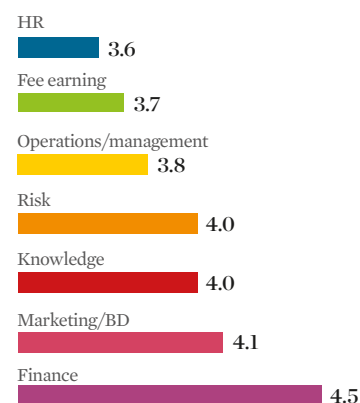
Blacklaws at Cripps says: "Entering client data correctly is absolutely vital. And where you start the process says something quite fundamental about your relationship with the client – is it one that is based on the relationship or is it much more transactional?"

And what about data security? As many firms are producing briefings for their own clients on the EU's looming General Data Protection Regulation, it's hard not to be a touch concerned that two-fifths (38%) of respondents said they don't know if their firm is ready for the core requirements, such as new breach notifications timelines and subject access requests. Almost a fifth are pretty sure they're not. Do firms even know whether they will fit into the category of company that will need an official data protection officer role? And what extra training and documentation may be required to demonstrate the higher threshold of

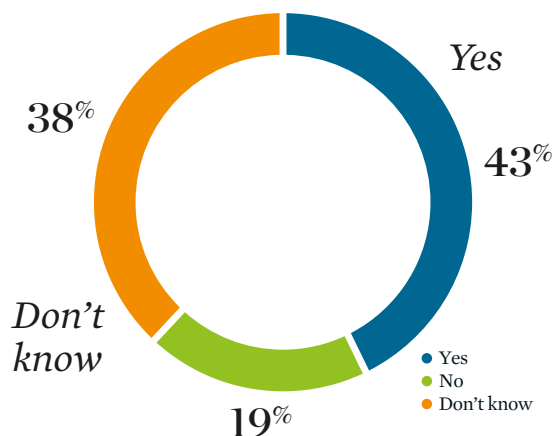
13 Are your firm's clients' assessments of where their data is most secure – being completely honest about it – correct?



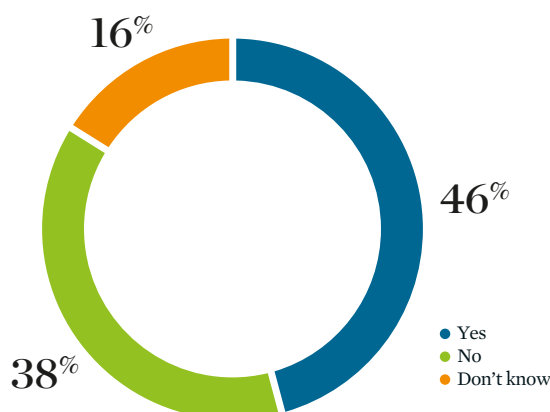
14 How much are areas of your firm's work affected by the quality of its data? (0=not at all affected, 5=highly affected) Averaged



15 Is your firm ready to treat personal/individual data in the 'correct' way in line with the GDPR or a close equivalent?



16 Are **clients** proactively requesting that you implement 'rights access' security, locking down their data to limit access?



accountability faced with any incident?

James Mead, head of IT at Stewarts Law, says: "We should really be investing in cybersecurity for its own sake, rather than to prepare for one piece of legislation. And firms need to appreciate the threat landscape as it applies to their firm. For example, risk assess everything on your information asset register, identifying levels of risk and where the gaps are."

Nick Galt, IT director at Boodle Hatfield, adds: "Many people are likely to leave it until the last minute, but it's a larger problem than it's given credit for and needs addressing now. Although IT has a part to play, it's policy that needs to take the lead. The systems are capable. We just need to configure them, and that requires decisions to be taken at business level."

When it comes to infrastructure, certainly, the survey finds a particularly challenging factor is the very clients whose data the firm needs to protect. More than four in 10 respondents report clients affect their firm's data storage practices (42%) – and in half of cases of client interference, the data is expected to be held onsite. This is not, generally, the truly safest place. But remarkably, more than half of those polled say they don't even know whether those clients' assessments of the security credentials are correct – a worrying indication that,

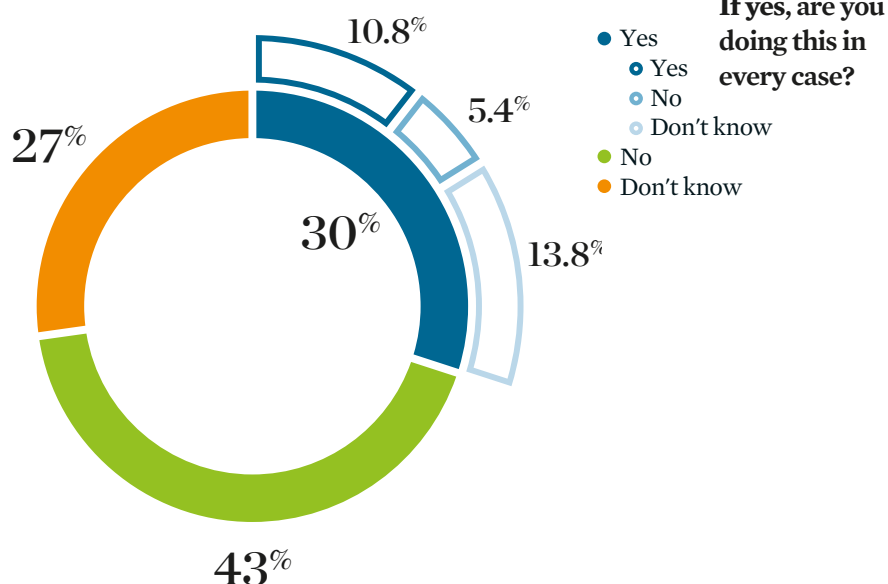
despite clients being potentially mistaken about where data is safest, firms are simply doing as they're told.

Approximately half (46%) of respondents say that clients are actively asking their firms to implement rights access to lock down their data from prying eyes. But the GDPR also cracks down on how long data is kept – seeking to ensure that storage is proportionate to business need. Lawyers love to have a rummage around their old cases – especially if the details are down in good old-fashioned paper form. Digitally-advanced or not,

We should really be investing in cybersecurity for its own sake, rather than to prepare for one piece of legislation.

JAMES MEAD, HEAD OF IT, STEWARTS LAW

17 Is your firm being asked by any clients to delete/dispose of data in line with their information lifecycle/data destruction policies?



however, almost a third have clients who ask for data to be disposed of in line with their own data lifecycle policies. But only a third of those are obliging “in every case” – and nearly half have no idea whether they are complying with such client requests or not. This could be a further sign that firms need to get their own houses in order when it comes to confident information security.

David Bullock, IT director at Ward Hadaway, says: “Certifications, such as the government’s Cyber Essentials programme, help us with client data management. But the most important thing is to reinforce messages about ‘click risk’ constantly.

“We have the systems in place for protection. It comes down to people. Encouragingly, here we’re actually seeing an increase in people being more savvy and referring things that seem like a scam.”

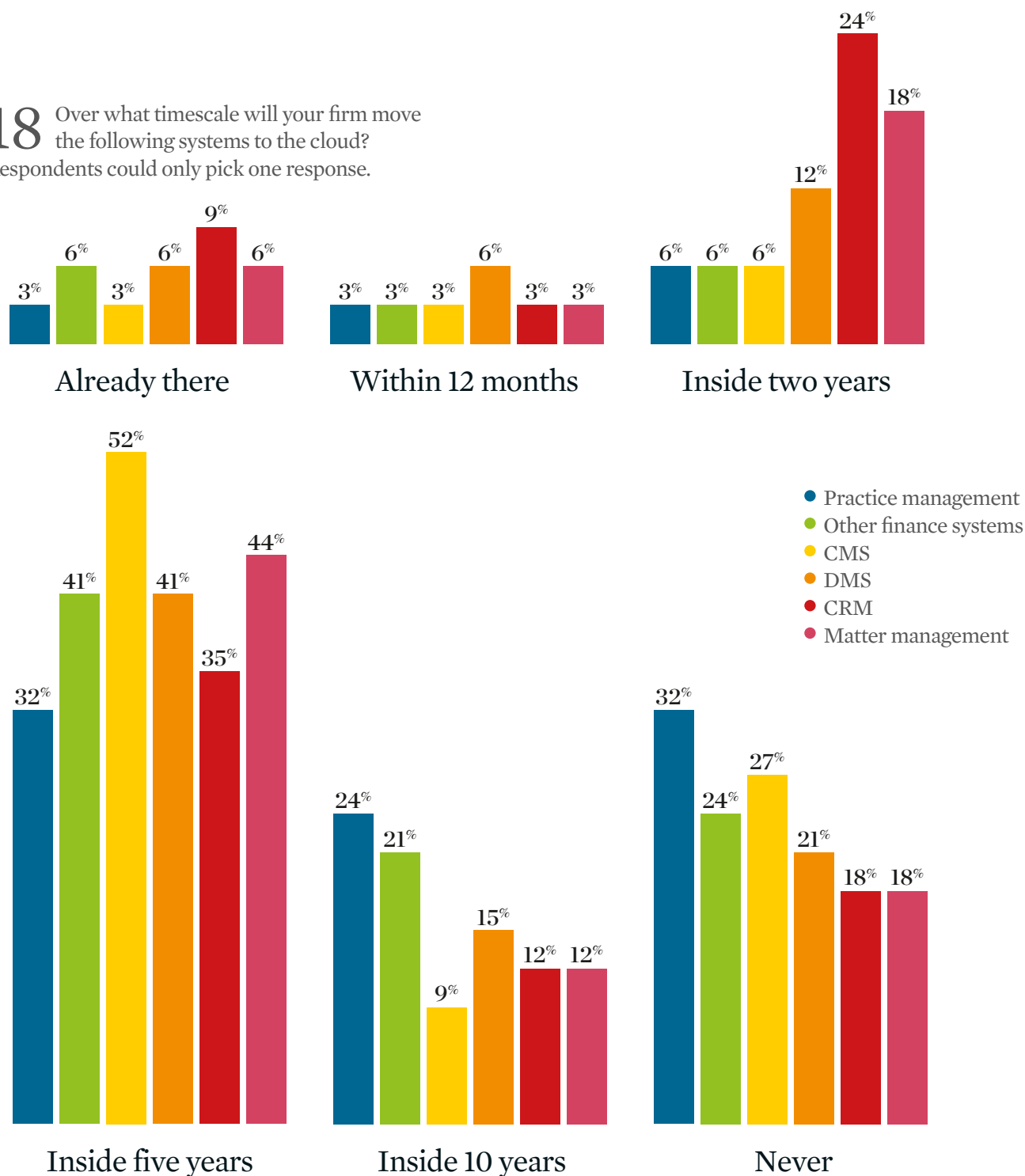
Clouding the issue?

If clients need to decide whether they trust their firms with sensitive data, firms need to decide whether they trust the cloud – which may well be informed by those clients’ preconceptions of what is and isn’t secure. When we asked – two years ago – whether firms would migrate “significant” systems (such as finance, practice management or CRM) to the cloud, a third said they expected to do so within two years. So that means by now! This time we broke that question down by specific system – and responses peak at the five-year mark. Law firms seem to see the cloud as a secure prospect – but they also seem to be moving the goalposts for when to make their big move.

And the other big finding is that



18 Over what timescale will your firm move the following systems to the cloud?
Respondents could only pick one response.



although half of respondents view legal IT – for example, the case management system – as suited to a cloud environment come 2020, there’s another peak of people saying that this will “never” happen (we didn’t provide that as an option last time). It’s notable that as many people think their firm will never move their PMS to the cloud as think it’ll be there in five years. The market is divided.

Aird at DAC Beachcroft says: “Our risk

team has carefully considered proposals for cloud use, which included discussions with our clients. Our board is keen for us to investigate all the available options for data storage needs, working alongside clients, and the cloud is firmly on our agenda.”

But James Mead at Stewarts Law says: ‘cybersecurity’ isn’t the most significant cloud barrier in his firm. He accepts that “providers are generally able to do a fine

job of delivering secure platforms.

“But there are other practical concerns, particularly keeping up with the rate of change that cloud imposes. Of course it’s agile – and that’s great – but can it really ensure complete compatibility, and how well will change management teams be able to keep pace with a rapidly changing user experience?”

Nick Galt at Boodle Hatfield agrees. “People cite security as a concern, but you really can’t match the resources of those providers, so their security is definitely higher. But it can be difficult to co-ordinate cloud, as there’s so much interdependency between a firm’s systems.”

And David Bullock at Ward Hadaway brings it back to the issue of client acceptability. “For new clients it could be as simple as giving them an opt-out, but I think existing clients should have the right to opt in or out,” he says. “There’s no question it’s a viable choice, but you do need to manage to take clients with you on the journey.”

Desk dilemma

There’s no disagreement, however, when it comes to what is possibly **Briefing’s** biggest topic of the year – the growing appetite, among both firms and employees, to work away from their desks – as it’s just more efficient that way. In 2016, office moves have been the catalyst for new agile working policies – more flexible than ‘flexible’ – in some cases even forcing people to work more from home (or, of course, the coffee shop, taxi and etc) on cost grounds. There simply isn’t the space for them at work every day – it would be too expensive. True hotdesking arrangements have picked up the pace, with several large firms investing in new technologies (devices and headsets) that allow them to drift around the office’s desks and break-out environments, docking to work – or dial in – as they go.

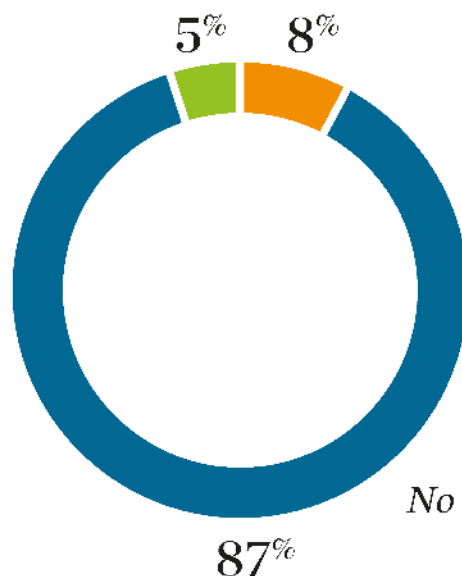
“Does working from home mean we’re less productive?” says Bullock. “Far from it. We can get much more done.

“The only annoying thing is that I have

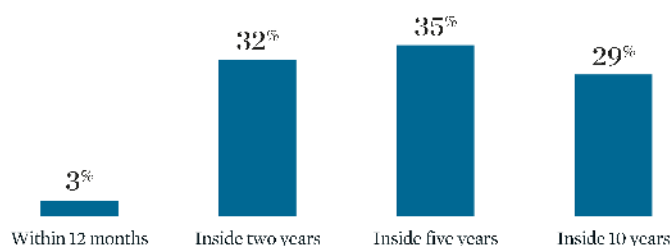


19 Does your firm currently have significantly (>10%) more people than desks for them all to sit in?

- No
- Don't know
- Yes



20 Over what timescale might your firm move to a point where it employs significantly (>10%) more people than it has desks for them all to sit in?



to make my own tea – but I should really do that anyway,” he laughs.

There’s a clear consensus in this research that “mobility technologies are now fundamental to making law firm people more productive” (58% strongly agree, 42% agree).

Patterson at DWF is one. “Anecdotal research shows productivity is higher – and it would have been impossible for us to grow as quickly as we have, cost-effectively, without adopting agile quite early on,” he says.

“One group of our people work 100% virtually. We have a scheme for remote workers in which they can buy portable office space on a salary-sacrifice basis. We also have a defined population of agile workers, who use an intranet app to view and book possible desk space, with some areas left non-bookable for extra flexibility.”

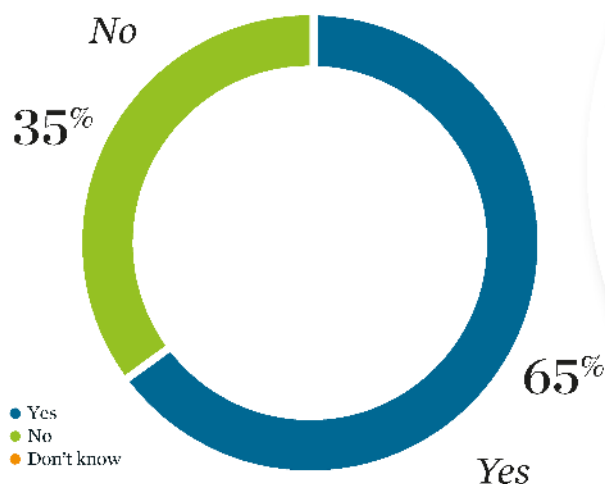
And it follows that ‘unified’ communications solutions are also very much ‘in’ to ensure that where the fee earner goes, consistent client service follows. Two years ago we asked whether firms were piloting desktop-to-desktop video communications – or at least



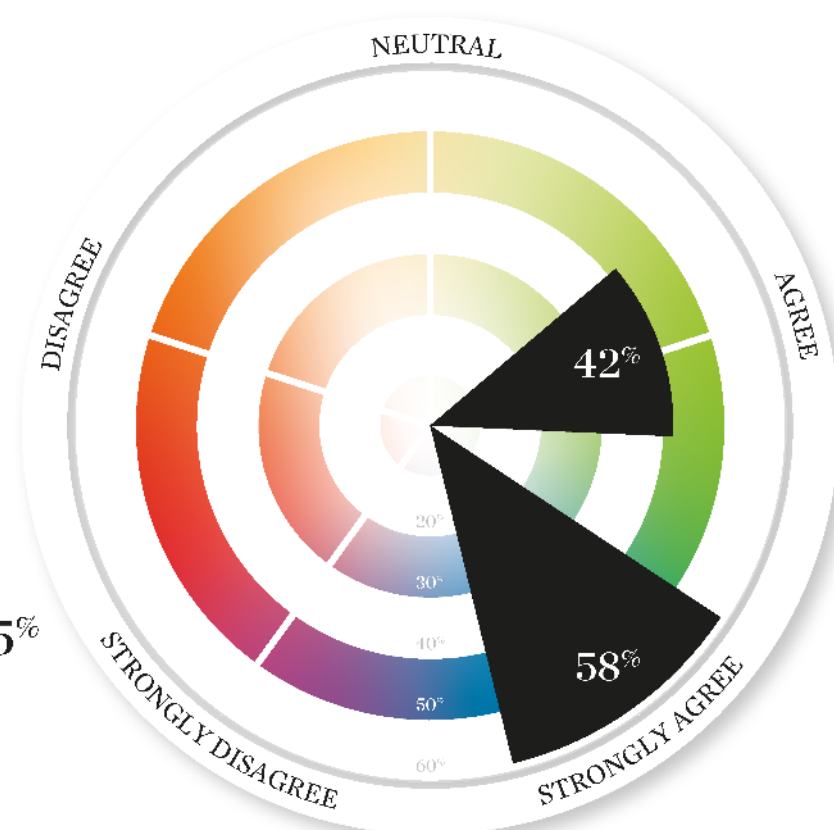
People cite security as a concern, but you really can’t match the resources of those providers, so their security is definitely higher.

NICK GALT, IT DIRECTOR, BOODLE HATFIELD

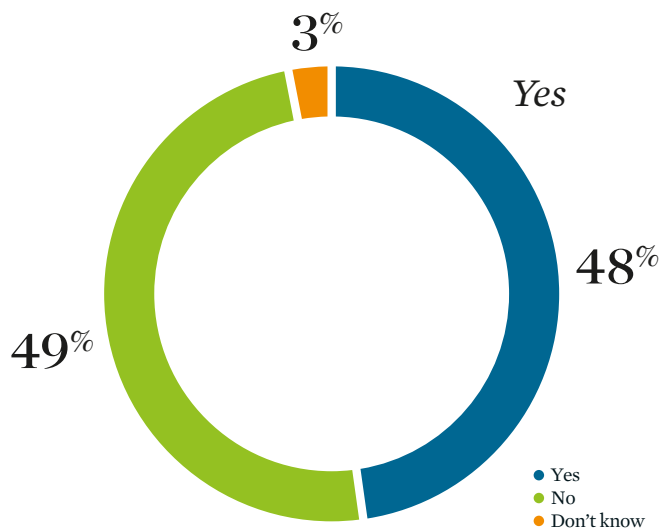
21 Is your firm currently using ‘presence’ to allow users in teams to set their availability/visibility and see others’ availability?



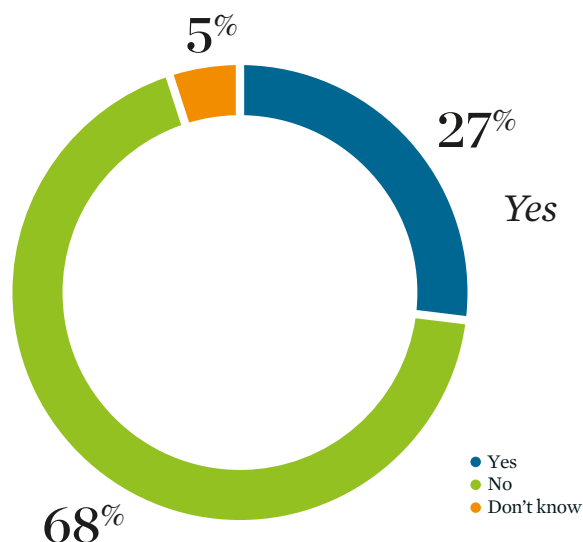
22 Mobility technologies are now more fundamental to making law firm people more productive ...



23 Can most people in your firm use desktop-to-desktop video communications for **internal** comms?



24 Can most people in your firm use desktop-to-desktop video communications for **external** comms including with clients about work in progress?



seriously considering it – and three-quarters were. This time we just wanted to know what was actually happening, and found that half of respondents now use video for internal communications.

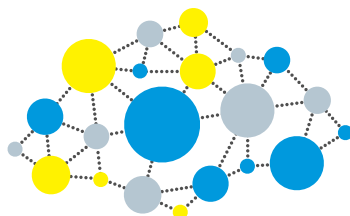
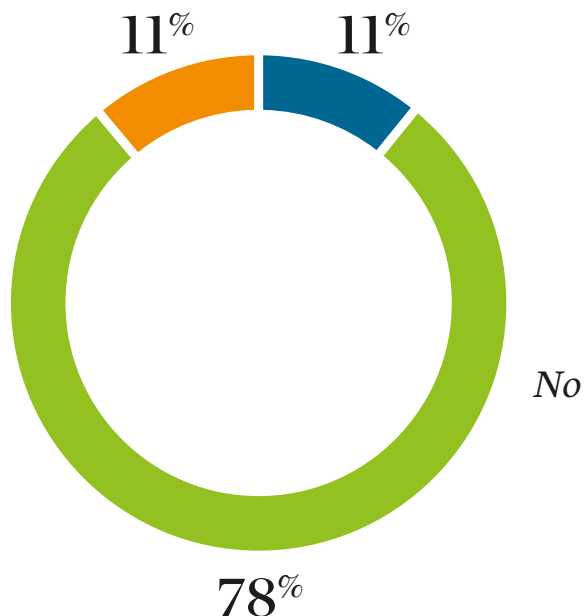
On the other hand, just a quarter of respondents said that most people at the firm use desktop video communications for external comms – specifically, of course, with clients.

“People sometimes need a period of ‘warming up’ to new technology, even if it’s available and useful,” suggests DACB’s Aird. “It’s a question of learned behaviours – probably generational in part, and certainly cultural.”

One group of our people work 100% virtually. We have a scheme for remote workers in which they can buy portable office space on a salary-sacrifice basis.

JONATHAN PATTERSON,
DEVELOPMENT DIRECTOR, DWF

25 Is your firm currently using ‘presence’ to manage and monitor the availability of fee earners?



Presence functionality on these systems is even more widespread in firms than video. Two-thirds say their firm uses it to help teams “set and see availability.” Interestingly, however, only around 10% already use this capability to proactively manage or monitor fee earners’ availability.

Finally for this section, just how agile will agile working eventually be? Currently, fewer than 10% of respondents say their firms have “significantly” more people than desks at work for them to sit at. But two-thirds believe this will be the case in between two and five years’ time. The aim is to increase productivity – but that’s an awful lot of changed behaviour for business services teams to manage efficiently.

“It’s great that people are focusing more on outcomes than presentecism – and this is one trend that definitely has the potential to be a game-changer,” says Aird at DACB.

Mitchell says Pinsent Masons will be aiming for 120% occupancy within the next five-years. “We’re currently in the middle of one office move, and we’ll have fewer desks than people in the new space

from day one. We’ll be encouraging our people to take advantage of working in a more agile manner.”

Patterson says DWF is on 20% and targeting 30%. But as the opportunities for mobile working increase to satisfy both clients and employees, so do the opportunities for that mobilised data to go astray. “Security is still something to think about,” he says. “For example, we have multi-level log-in, which will evolve further with innovation such as fingerprint technology.”

Does the AI have it?

Finally, we couldn’t possibly run a survey of legal IT at the end of 2016 without asking about automation’s tipped ascendancy to the realm of artificial intelligence. Just how soon will the more productive, more accurate – and quite possibly, nicer

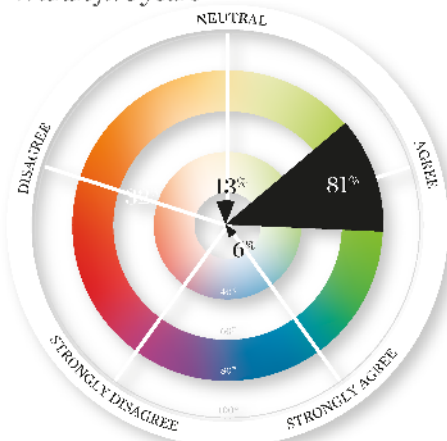


We’re currently in the middle of one office move, and we’ll have fewer desks than people in the new space from day one. We’ll be encouraging our people to take advantage of working in a more agile manner.

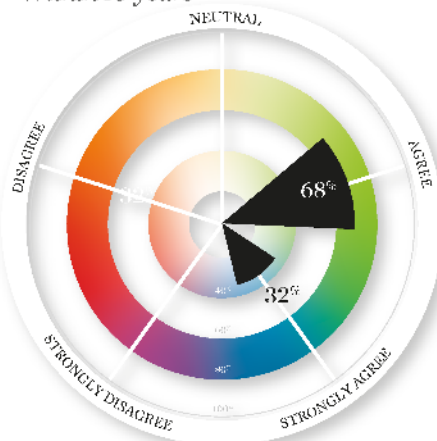
ALASTAIR MITCHELL, CHIEF OPERATING OFFICER, PINSENT MASON

26 Cognitive computing/AI systems, whether in-house or third party such as Watson, will result in a significant reduction in the number of fee-earning staff in law firms like mine ...

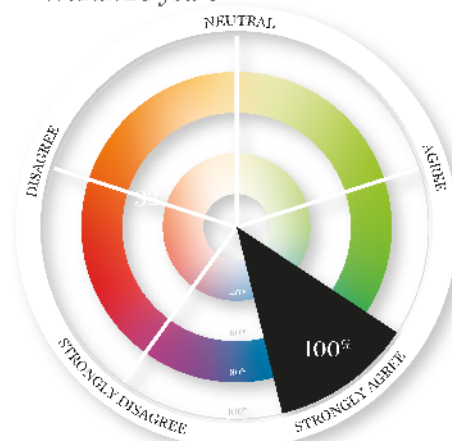
Within five years



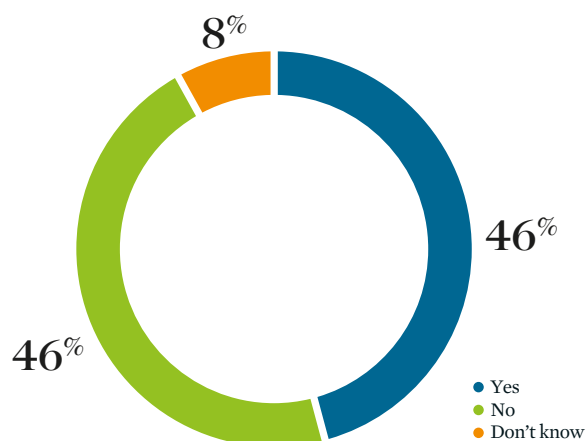
Within 10 years



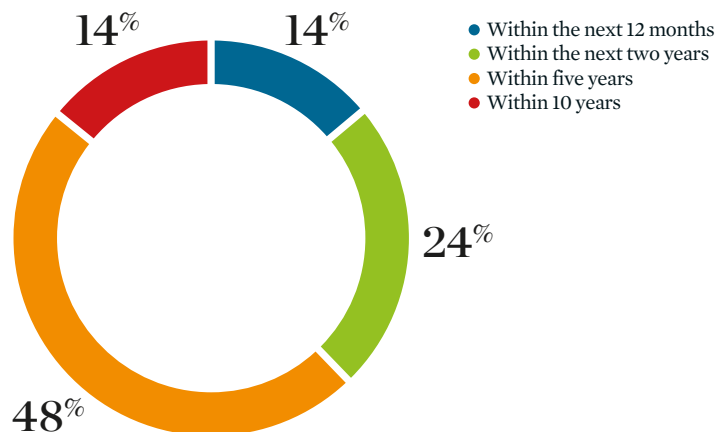
Within 20 years



27 Does your firm currently use some form of AI technology?



28 Over what timescale do you think your firm **will** be using some form of AI technology?



– ‘robots’ take over legal work from the lawyers?

We didn’t quite put it like that. But 87% of those polled say they think “cognitive computing/AI systems” – either in-house or third party – will mean a “significant” reduction in fee-earning staff within five years (some were neutral, there was no outright disagreement). And within 10 years? That’ll be 100%.

As many people say their firms are currently using ‘AI’ as say that they aren’t – and a quarter expect their firm to be using something going by this name within the next two years (a further half within the next five).

“To be honest, a lot of this at the moment is probably ‘dummy’ AI,” adds Aird. “We’re seeing some use cases, but it’s just too early to assess the difference these latest advances will ultimately make.”

Patterson at DWF agrees: “We do huge amounts of document review work where technology could help – or yes,

potentially replace what we do. But there is a tipping point to reach before a move like this makes sense. You really need to assess the economic arguments continually, but people might have a tendency to panic if they think they’re behind the market.

“Machine learning does have a potentially significant role to play in legal, but it’s not the answer to everything that some seem to think.”

Pinsent Masons unveiled an in-house AI tool in late 2016. Called Termframe, it’s the culmination of several years of design work, and has been turned into a product that assesses ‘Brexit risk’ in clients’ current and future contracts, as well as their wider supply chain (the latter tracked, as it happens, through the cloud). However, even Mitchell agrees that the AI business is a confusing one – with potential for overexaggeration. “A lot of people talk about AI without really understanding what it means. There’s a huge amount of hype – which isn’t the same as saying that it isn’t important.”

