Briefing

THE DATA JOB

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Enterprise Solutions

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Talk to us

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In the final analysis

A report from Gartner in February 2017 forecast the business intelligence (BI) and analytics software market to grow by 7.3% in 2017 – but all analysis isn't equal. 'Modern BI and analytics' is outstripping the market as a whole, reflecting a continuing shift from IT-led reporting to business-led analytics, including self-service.

Just as firms' clients want to be able to take more actions to begin, progress and recalibrate matters in their own time – including where time may be very much of the essence – firms are under pressure to extend new possibilities for their own people to be more productive with every passing, precious minute.

Whether or not firms buy the broader business case for agile working and a corresponding cut in the need for micro-management, they simply can't afford to make people wait for the data they need that can make the difference between a job well done and a lost case or client. Rather than risk the right data not being there when it's needed for a big decision, better to give them the access and power to find it for themselves.

But one of seven key dynamics, says Gartner, is that users need to analyse an ever more diverse and complex combination of data sources and models to make those decisions. And a trend for incorporating more real-time events and streaming data from devices and sensors piles on more pressure. It's no good giving people grand new levels of responsibility for their performance if inadequate tools mean that's simply unrealistic. Those more complex combinations of data sources call for an "ability to rapidly prepare, clean, enrich and find trusted datasets in a more automated way," says Gartner.

We hear there could even be a role for our new friend machine learning, not only to reduce time-to-insight across different practices and departments further but also to ensure that comes at no cost to data quality. It could be the very thing to get employees and AI working together in true harmony.

RICHARD BRENT EDITOR

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Refine, report, repeat

How up to snuff are law firms' analytics, reporting and business intelligence capabilities? Kayli Olson reports

G etting business intelligence and internal data analytics right is a feat for any firm. Do it right, and it can improve performance in individuals, drive efficiencies in teams, help IT with relevant network analytics performance, even drive diversity and equality information – and improvement – across the business.

Do it wrong and firms risk missing out on achieving vital KPIs, failing to gain edge over competition and more importantly, failing to deliver on promises to their clients.

Jeff Wright, operations director at TLT, says: "The ability to deliver analytics today is huge. There are two main challenges – first, identifying analytics that are meaningful to you as an organisation and, second, providing them in a visual way that is easy to digest and allows people to explore details further if needed."

The business intelligence landscape is certainly changing shape in the legal sector as firms branch out from purely financial and time-based reports and into more operational and client-relevant analytics.

Geraldine Gallagher, head of business intelligence at DWF, says: "Businesses are recognising that they can identify new ways of working by exploring the analysis of the whole book of business. This has changed considerably from what people used to consider important, which was very financial and traditional. Now, we're getting much more business and process focused."

Time for granular IT

Law firms have also started to use some alternative approaches to data and reporting by using the likes of enterprise resource planning (ERP) systems – for example, from SAP and LexisNexis – and even forms of artificial intelligence to streamline reporting processes and improve predictability of outcomes.

An ERP system allows firms to consolidate management information from across the firm into one place – the obvious benefit being no need to fish around for data – although getting a system that's fairly new to legal up and running has it's management challenges of course. However, Linklaters has been working with SAP since 2002, and a few firms have followed down the path. Norton Rose Fulbright was due to go live with the first stage in a huge-scale implementation of SAP this month.

Shoosmiths already has some experience of some of the work that would be involved. Colin Hannent, head of financial planning and analysis at the firm, says: "A big challenge with business intelligence reporting is inconsistent data across systems or cumbersome reconciliation processes to make sure they're synced. It was one of the key drivers for simplifying our infrastructure.

"In the finance team a number of processes have been simplified or eliminated, allowing more time to be spent supporting our legal advisers and the ongoing growth of the

business without necessarily growing overheads."

But ERP isn't the only way to get more granular. Michelmores makes use of BI tools, so the burden of providing fee earners with unique and relevant information no longer lies with business analysts or financial systems teams.

Neil Attree, IT director at Michelmores, points out many large firms will have dedicated management information (MI) teams proficient in combing and combining various legacy data sources to produce consolidated analysis.

"We try to keep things simple by getting clean data sets, ideally containing a single version of the truth. However, a key advantage is the use of tools containing AI to help with the analysis and management of both the structured and unstructured data.

"Having intuitive and intelligent tools instead of having individuals doing all that legwork is probably the biggest area where improvements are being made."

But, Andrew Edginton, chief operating officer at Gowling WLG, says there are too many applications in the legal market that are potentially offering very similar things – which risks a "sea of sameness."

He says: "The true value lies in those applications that really take the time to understand a firm's reporting requirements, and develop solutions that support us to deliver services to our clients and understand performance and opportunities – and help get behind the data to find true insight."

And it's not just technology that enables reporting to make a difference in delivering legal work or changing behaviours – there also needs to be new ways of thinking about providing transparent and relevant business intelligence. Those ideas could also come from outside legal.
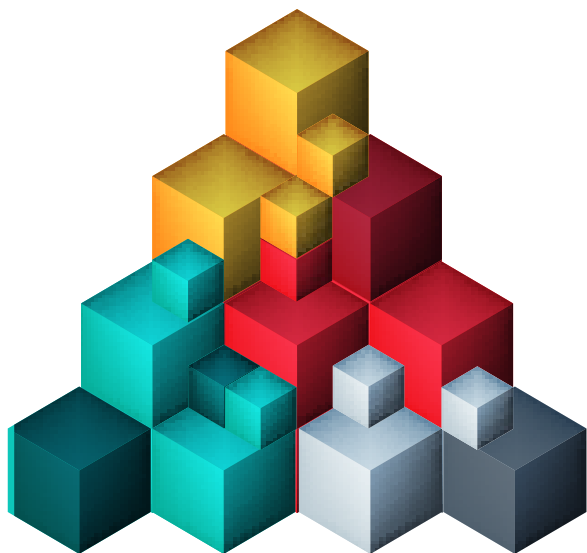
Gallagher at DWF says: "In the engineering and manufacturing industries, for example, businesses have traditionally viewed their books of business as a sort of 'pipeline' of what the future holds in terms of work coming in and that work's resource requirements. I think that legal businesses are now starting to adopt this approach, which will bring much more granularity and insight than we've seen in the past."

Wright at TLT agrees: "The biggest change that will deliver more benefits is the ability to capture activity at a very granular level, specific to work type, and being able to map that to the profile of different types of work."

More granular reporting can also improve the accuracy of outcomes when using predictive analytics or AI – which can in turn help to make pricing more accurate.

"Having price points or transaction-relevant analytics that are particular to work types alongside time-recording activities helps people to understand the price of their products. We can look into driving efficiencies and it gives our people the confidence in their levels of pricing, which in turn gives them a competitive edge," Wright explains.

Future vision

Another use of analytics, he says, is where TLT does work as a loss-leader. The firm uses analytics to check if the work is truly delivering the profit it has planned for.

The use of AI technologies and predictive analytics to help support scenario planning is becoming more of a feature of our reporting toolkit, says Edginton at Gowling WLG.

"We're also interested in how new technologies, such as blockchain, can further develop our reporting. The challenge is identifying the right reporting issue to apply these technologies to though, rather than merely finding a use for the technology."

DWF is also looking at how to use data to predict outcomes. Gallagher says: "For our internal processes it's to make those as efficient as we can, but it's also for our clients. We work with clients' data to look at their own processes in order to provide insight into their key business challenges."

"The best way to present data is the way that an audience will best be able to absorb and understand it, and then take action based on it."

Geraldine Gallagher, head of business intelligence, DWF

"SAP has opened the door to providing relevant information and we are now seeing a demand for even more granularity."

Colin Hannent, head of financial planning and analysis, Shoosmiths
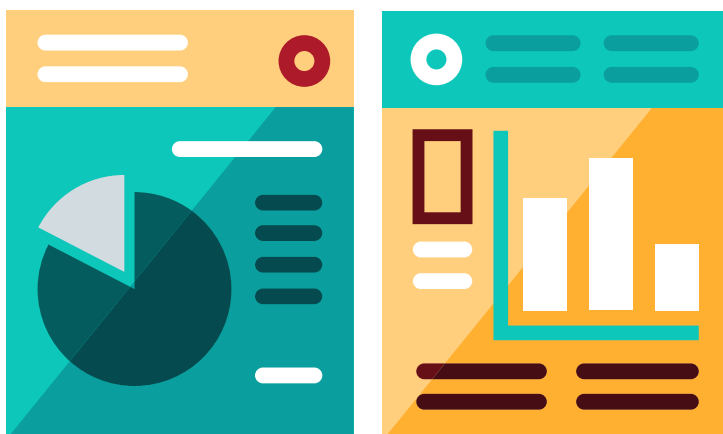
Michelmores' Attree says analytics allows his firm to see how long people are spending on particular files and if they're using the right resources for the job.

"Mining that information also provides really good insight as to how we might do things differently. And equally for clients, being able to spot trends or areas of high cost, and then to give them advice back as a result of that analysis, is of significant value."

Wright at TLT says: "It's especially helpful in providing trend and portfolio analysis for clients – giving clients' people information around the net result of their work ethic and how it could be, or needs to be, better is a really powerful force in driving change."

Hannent at Shoosmiths says: "The need for quickly available and increasingly granular reporting to validate or alter previous decisions will increase and so we are continually looking for ways to streamline and make relevant data available to those that need it.

"SAP has opened the door to providing relevant information and we are now seeing a demand for even more granularity. In particular, we're working much more closely with our BD team to ensure we're providing them with necessary information to manage and grow client partner relationships."

Less is (sometimes) more
After all is said and done – or in this case, data is gathered, defined and refined – firms need to make sure they get the presentation right.

Wright at TLT says having a dashboard that focuses on the main KPIs is likely to mean digestible sets of visuals – they might be temperature gauges, or speed dials, or percentages and achievement charts. "It's important to be able to have a keen sense of how you or your team is doing at a glance.

"When it comes to the harder information, it's

useful to step away from the funkier graphics and move more towards traditional pie and bar charts – that way you can delve into the detail and jump back out of it again.

"But having a uniform way of looking at each data type is important, because although you are dipping in and out of different levels, the visual you get is consistent."

Attree at Michelmores adds: "Graphical representation is key. It's like driving a car – you have a range of information that's presented to you on the dashboard but the key metrics are 'have I got enough fuel?' and 'how fast am I going?'. Those sorts of key metrics need to be in the forefront. Other can be more prominent as and when you need to review them.

"The same can be said with management information – reports should show key summary information and consolidated graphics with the ability to drill down into the detailed data if people need it."

At the end of the day, no matter the visualisation or where the information is coming from, if it's not the right information then it almost might as well be no data at all.

DWF's Gallagher says: "The priority is understanding your audience – who in the business needs what information. The best way to present data is the way that an audience will best be able to absorb and understand it, and then take action based on it."

It's important that firms provide performance metrics and information that's relevant to the needs of the firm, teams and individuals alike, says Attree at Michelmores.

"We have to be careful not to cause information overload, where data might be missed or obscures the key points. People then can't see the wood for the trees – it has to be the right metric and not data for data's sake." ◢

▶ INDUSTRY ANALYSIS

BI and the bottom line

Ben Weinberger at Prosperoware says the best BI and analytics platforms
lead to better business discipline

F irm revenues have suffered another blow: realisation just experienced its biggest six-month slide in years, dropping to 88.6%, according to the Thomson Reuters Peer Monitor Economic Index. This means that, on average, firms collect less than 89 pence on every pound for work performed at negotiated or agreed-upon rates.

Combine that with stagnant growth, work moving in-house at the rate of about £3bn every year (BTI Consulting), and the use of alternative legal services providers by 74% of law departments (Georgetown Law Center's 2017 report), and it's clear that law firms need to improve their client-value management skills to succeed. From gaining a better understanding of their costs to leveraging the information gained from matter delivery, it's critical for firms to understand how to deliver to an agreed budget and meet client expectations.
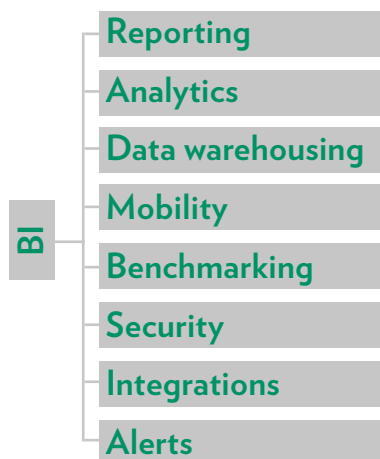
Firms now recognise that they need to do better, and popular projects today appear to be around firm-centric financial management (often termed BI) as well as improving the client-centric processes of business development and marketing. For firms to work effectively, these core competencies require targeted access to firm data; firms possess mountains of data and yet fail to leverage it. This is why so many are turning to BI and analytics platforms: they're looking to be more strategic with decision-making in the hope of seeing better, more profitable outcomes.

BI, though, is just technology; on its own, it's insufficient. As a few firms fumbled through BI initiatives in recent years and headlines highlighted internal projects that were abandoned, it's become clear that proper use of BI may not be so simple. Understanding and making use of good and bad performance metrics is far more complex than simply buying generic tools to display them. Knowing what to measure, how to calculate it, and what format to display the information in has proved challenging for many. This is why firms have started looking to specialised platforms for financial management information and marketing management information (FMI and MMI).

New, not new

BI is not new. The earliest known use of the term 'business intelligence' goes back to 1865, when Richard Millar Devens used the term to describe how banker, Sir Henry Furnese, gained profit by receiving and acting upon information about his environment, before his competitors.

The BI market, of course, has matured since then, although it seems a relatively new concept for law firms. Gartner's 2017 'magic quadrant' on the topic highlights that firms looking to implement BI and

BI
- Reporting
- Analytics
- Data warehousing
- Mobility
- Benchmarking
- Security
- Integrations
- Alerts

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analytics face a crowded market, including generic, all-purpose BI frameworks from vendors such as Tableau, Microsoft and Qlik.

Generic BI solutions address the technology, not the process. Appropriate information gathering methods, proper data aggregation, complex computation, and efficient delivery are all important to facilitate strategic decision-making for firms. Without integrated processes or workflow to leverage information, firms are missing an ideal opportunity to effect change and improve their bottom lines.

Actionable BI: Analyse, reveal, act with FMI and MMI

Firms at the forefront are finding ways to make use of BI to gain much needed, real-time visibility into their data to enable decisions that ensure profitability – from identifying and nurturing profitable opportunities, through pitching, pricing, winning and retaining more business.

For many firms, the financial and experience data needed to succeed is still spread across multiple unconnected legacy systems. This means they remain challenged to understand their cost structures – and, therefore, to price effectively, demonstrate the right experience and expertise appropriately, and generate winning RFP responses quickly and efficiently. Firms are looking to vendors to deliver systems that enable this integrated capability – something they've been unable to achieve on their own.

Financial management information system

BI, used properly, can enable a firm's financial information to be actionable on micro and macro levels. Firms are beginning to see the benefits of data aggregation – including summarising transactional information – when integrated with pricing and budgeting. Firms seeing the most

benefit from such systems have made sure they deliver flexible views and incorporate the complex computations that enable them to make appropriate decisions. This includes flexible cost allocations, which incorporate compensation, direct allocations (such as for secretaries, business development, and so on), and overheads that take into account distribution, weighting and other factors. Further, enabling proactive monitoring and alerting helps partners adopt such systems and learn better business behaviours. Adding specific, role-based interfaces enables firms to address this challenge more holistically.

Marketing management information system

Modern business development practices are also essential. Data aggregation for this should be flexible and comprehensive, yet non-intrusive, to ensure adoption. The data can then be used to help firms track and forecast pipelines, generate proposals to streamline and reduce costs and improve results, as well as allow firms the ability to understand expertise and experience.

Integrated data is the key

The common denominator tying all these processes together is data. Firms now understand that there is more to their data than just time and billing. They sit on mounds of it and, until recently, didn't fully leverage the value of it. They're finally starting to put together all the various pieces and recognise the full benefits of tracking and measuring data for improving and enhancing their business performance.

Data – when leveraged fully – will help firms understand whether each matter is a good engagement or a bad engagement; whether margin is appropriate and the matter is sufficiently profitable or whether the client is actually costing the firm money. For targeting and winning new business, data can help a firm understand what experience they have with each type of client or matter, and enable them to better customise responses to RFPs and proposals to ensure greater likelihood of success. Furthermore, it helps firms determine what risks exist and what assumptions they should draw.

In essence, it's about the data and how firms use it. ◣

▶ **INDUSTRY INTERVIEW**

Keep it real time

Andy Lilley, product director at LexisNexis Enterprise Solutions, says that joining up your practice, financial and talent management data is the key to managing a more insightful business

F rom paper-light working to advice by app, the legal industry is one of many seeing efficiency gains thanks to a period of digital transformation.

Those should transform, in turn, into measurable increases in client service and satisfaction – but Andy Lilley, new product director at LexisNexis Enterprise Solutions, says one of the best digital decisions you could make is moving to a new model for managing your internal data.

"One big opportunity for law firms today is joining up sets of data that would traditionally be found in a multitude of different systems – for example, practice management with your financial and talent information.

"Joining up silos of information – bringing all your business intelligence together from across the enterprise – empowers users to be more client-facing and responsive to clients' changing needs, and ultimately to win more business."

That's the enterprise resource planning (ERP) model in a nutshell. And the scale of the gains is greater with another advance in digital transformation – moving that mass of information to the cloud.

"It's the scalability, flexibility and security of the cloud offering that ensures all those systems are continually up to date," explains Lilley. And the reliability of data is very important, as a key benefit of storing all the firm's management data in the same place is enabling people to make faster and better decisions.

Decisions, decisions

Cloud consumption of solutions changes the playing field for customers – including ERP system LexisOne, which combines tasks such as time recording, matter management and billing with finance, HR and talent management reporting, explains Lilley.

Having those data sets aligned with business processes in the ERP enables two types of business decision. Managers can track people's personal development against goals for more effective succession planning, but also gain greater understanding "of which people have the best combined sets of skills to work on any given client, matter, project or implementation," he says.

Together with time and billing information, that level of insight from across the firm is particularly important for ensuring that an increasingly global and agile workforce is deployed to best effect, as

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and when opportunities arise.

Fortunately, another ERP advantage is the speed at which raw information, once found, is processed to provide something immediately useful to the individual, whether a fee earner, relationship manager or secretary.

"One of the biggest benefits to the user is real-time information from right across the enterprise. Having LexisOne in the cloud cuts overheads – cost-effective in itself – but it also means reporting and analytics can occur as part of the solution," says Lilley. "There's no longer a need for segregation off to a data warehouse, where it takes days to extract the insight, by which time it's often already out of date – not to mention out of the hands of the users."

And timeliness is just one aspect of overall user experience – the factor that enables a firm's people to work the way the firm also needs them to if it's to embrace ideas like agile working to increase engagement and retention. "Employees want something familiar and intuitive – a system they genuinely want to work with because it helps them to perform," he explains.

Smarter choices

Lilley arrives at LexisNexis with both ERP and corporate payments experience across many sectors including financial services, but says what drives him is always how his own clients – in this case the law firm's groups of users – want to work.

"In a world of digital transformation user experience becomes a huge factor in any product's success," he says. "We use apps all day, every day – social media, navigation and online banking are just the most obvious – and there's a choice. We choose the ones that work for us, and not the ones that force us to work in a particular way."

That's the thinking that led the company to partner with Microsoft Dynamics 365 for finance and operations on the foundations of LexisOne. The familiarity of working with Microsoft makes any new processes easier to pick up.

On the other hand, you can't just give clients what they want. We all know about Henry Ford's (almost certainly apocryphal) 'faster horses'.

"Even more important than what clients say

they want is helping them to think one step ahead to stay competitive," says Lilley. "That needs an understanding of the root problems behind what firms request, as well as what their clients request of them."

It also requires looking beyond lawyers to the broader base of business services performance that makes up profitable and competitive work.

For example, LexisNexis follows an agile methodology, which includes partnering and engaging with firms to identify several "super users". The idea is that these people can represent the experiences and views of each business area, from HR and finance teams to the fee earner.

Like cloud, agile implementation also makes for a faster and more flexible experience. "It ensures that each group of users only has access to what they need," says Lilley.

Working with customers, LexisNexis considers the personas for these groups. HR, for example, involves two personas based on the data that different roles need to see to perform at their absolute peak.

"By joining talent and human capital management in ERP we're enabling employees to track and influence their own career development and performance objectives, but also HR business partners to recognise where and how talent develops fastest and most effectively."

In a future of yet more digital transformation – integrating some form of machine learning into the equation – combinations of data could even lead to resourcing decisions based on global teams with the highest probability of achieving the highest success rate. "But with tools such as Microsoft Power BI and machine learning to better model, analyse and visualise data the way end users want it, we can certainly drive even more informed, data-driven decisions in real time," says Lilley.

Of course, with more decisions at more fingertips, security needs to be a competing priority. Or does it? "The protective power of 3,500 security professionals is something any in-house solution could only dream of," says Lilley. So, being cloud-native with Microsoft Azure – as LexisOne is – ought to mean one less area of management data to lose sleep about. ◢

> "By joining talent and human capital management in ERP we're enabling employees to track and influence their own career development and performance objectives."